

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PATTABHI RAMA RAO) :

(a) and (b) The Government have not made any study of the accumulation of black money at the top level growing beyond proportion. However, all possible measures to unearth black money including administrative, legislative and institutional are being taken from time to time after constant review.

**Applications Received for Assistance to Small Tea Growers by United Commercial Bank, Calcutta**

2873. SHRI GULSHER AHMED : Will the Minister of FINANCE be pleased to refer to the reply given to Unstarred Question No. 10375 on 6th May, 1983 regarding assistance to small tea growers by United Commercial Bank, Calcutta and state :

(a) the total number of applications that have been received by the bank till now with State-wise break-up for ten financing for the year 1981-85 ;

(b) whether it is a fact that large number of such applicants have overdrawn their past years accounts and thereby kept a substantial shortfall in their respective accounts ; and

(c) if so, the facts thereof and action being proposed to be taken so that public finance may not be siphoned out other than for the purpose for which same is given for re-hypothecation a/c holders ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) :

(a) to (e) The information has been called for from the bank, and to the extent available and feasible, will be laid on the Table of the House.

**Suffering of Small Scale Industry as a Result of Credit Curb**

2874. PROF. MADHU DANDAVATE : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that as a result of increase in cash reserve ratio three times in 1983, the small scale industries' production suffered as a result of credit curb ; and

(b) if so, what steps are proposed to avoid such a situation after the recent announcement of the RBI to impound 10 percent of the growth of deposits in commercial banks ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) :

(a) and (b) No, Sir. Keeping in view the twin objectives of containing inflationary pressures in the economy and encouraging economic growth and development in a planned manner, various instruments of credit policy, including the liquidity ratio, are operated by the Reserve bank of India. The measures taken in 1983 were in continuation of the policy of efficacious smoothening of liquidity. The banks have not had and are not expected to have any difficulty in providing adequate credit to the productive sectors of the economy including small scale industries as a result of the changes in cash reserve ratio and the impounding of 10% of the growth of deposits in commercial banks. If individual banks face temporary liquidity problems, such banks would be provided by Reserve Bank of India discretionary refinance for short periods on merits.

**Bengal, Nagpur Cotton Mills in Rajnandgaon**

2875. SHRI SHIVENDRA BAHADUR SINGH : Will the Minister of COMMERCE be pleased to state :

(a) the profit/loss of the Bengal, Nagpur Cotton Mills Rajnandgaon (Madhya Pradesh) which is under the National Textile Corporation ;

(b) the plans of Government to improve the mills ; and

(c) whether any expansion programme is before Government ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P.A. SANGMA): (a) The mills incurred a loss of Ks. 2. 22 crores (provisional) during the year 1982-83 and loss of Rs. 0. 4 crores (provisional) during April 83—September 1983.

(b) In order to improve the performance of the mill, the NTC Ltd. and Financial Institutions have sanctioned a sum of Rs. 320. 38 lakhs for its modernisation.

(c) No, Sir.

#### Rate of Interest Charged by RBI for Additional Food Credits

2876. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government of Kerala have represented that the rate of interest charged by the Reserve Bank of India for additional food credits are quite high on the plea that it is used for commercial operations;

(b) whether they have also brought to the notice of Government that this credit is only used for the purchase of rice from outside the State by the Civil Supplies Corporation (which is a State owned organisation) and issued to the ration card holders at subsidised rates in order to check the price rise on which Government of Kerala is spending 4 to 5 crores per annum and therefore this is no commercial operation; and

(c) if so, whether Government propose to direct the Reserve Bank of India to reduce the rate of interest at least at par with the food credits or even below?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c) The Government of Kerala has represented that the rate of interest on the credit limits authorised to it for purchase of rice from other States at market

prices for distribution through the Public Distribution System in the State be reduced from 18% as at present charged to 12.5%. The States, including the State of Kerala, are authorised food credit at a concessional rate of interest of 12.5% only for procurement of foodgrains within the State at prices fixed by the Government of India and/or for taking delivery from the Central Pool for distribution under the public distribution system, under the established overall national policy in regard to foodgrains. For the purchase of foodgrains within the State or inter-state purchases, at price above those fixed by the Government of India, food credit is authorised at a rate of interest of 18%. Keeping in view the overall resource position and deployment of bank funds in priority sector and to other weaker sections, at concessional rate, it is not possible to reduce interest rates on such credit.

#### Violations of Banking Norms by National Co-operative Bank Limited

2877. SHRI NAWAL KISHORE SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India had unearthed violations of set banking norms and several instances of imprudent practices with serious implications of malpractices by the management of National Co-operative Bank Limited, Bombay;

(b) if so, full facts thereof; and

(c) the action taken against the bank employees involved in the fraud?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c) The inspection conducted by RBI officers during the period 31st January to 28th March 1983 with particular reference to the Bank's financial position as on 30th September, 1982 revealed serious irregularities in the functioning of the bank. The Reserve Bank of India,