

**Squeezing of Credit**

\*369. **Shri Virendrakumar Shah:**

**Shri Yashpal Singh:**  
**Shri S. C. Samanta:**  
**Shri Madhu Limaye:**  
**Dr. Ram Manohar Lohia:**  
**Shri S. M. Banerjee:**  
**Shri George Fernandes:**  
**Shri Maharaj Singh Bharati:**

Will the Minister of Finance be pleased to state:

(a) whether Government are aware of the hardships caused to the trade by the recent credit squeeze;

(b) whether Government are also aware that a number of firms dealing in commodities have not been able to meet their financial commitments in the wake of the credit squeeze;

(c) whether the credit available to the cotton trade is sufficient to cover 50 per cent of its requirements; and

(d) whether Government propose to come to their help by liberalising credit?

**The Minister of State in the Ministry of Finance (Shri K. C. Pant):** (a) and (b). It appears that some banks curtailed credit limits to trade in the beginning of April, 1967 to ensure compliance with the Reserve Bank directive of October 28, 1966, requiring banks to advance to industry and export/import trade at least 80% of their seasonal credit expansion. This might have caused temporary difficulties in some cases. The position is likely to have eased considerably by now, since the directive of the Reserve Bank has ceased to be operative with effect from the 28th April, 1967.

(c) Commercial bank credit is available upto 85% of the last year's level against permits issued by the Textile Commissioner.

(d) The Reserve Bank is prepared to consider, on merits, any application for enhancement of the credit limit.

**Nationalisation of Banks**

\*370. **Shri V. Khrishnamoorthi:**

**Shri Yashpal Singh:**  
**Shri R. Barua:**  
**Shri Vishwa Nath Pandey:**  
**Shri D. N. Patodia:**  
**Shri C. C. Desai:**  
**Shri Dhirendranath:**  
**Shri D. C. Sharma:**  
**Shri S. C. Jha:**

Will the Minister of Finance be pleased to state:

(a) whether Government have any proposal to nationalise the scheduled banks owned by private individuals; and

(b) if not, what other controls Government contemplate to impose on the banking industry to maintain the price level?

**The Minister of State in the Ministry of Finance (Shri K. C. Pant):** (a) and (b). The Government is examining the nature and extent of its control over banking institutions and will take such steps as may be necessary to extend effective social control over these institutions to serve the cause of economic growth.

**Power Generation at Kotah**

\*371. **Shri P. Gopalan:**

**Shri Umanath:**  
**Shri Satya Narain Singh:**  
**Shrimati Suseela Gopalan:**  
**Shri E. K. Nayanar:**  
**Shri Onkar Lal Berwa:**  
**Shri Meetha Lal:**

Will the Minister of Irrigation and Power be pleased to state:

(a) whether it is a fact that the cost of generation of electricity in the turbine at Kotah is about 300 per cent higher than the normal cost of power generation in Rajasthan;

(b) whether the turbine was closed formally because of the higher cost of production; and