

(d) the reasons for imposing restriction on its export; and

(e) the steps taken to provide relief to the domestic granite processing units?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) The countries to which granite in various forms is exported are Italy, People's Republic of China, Japan, Belgium, Taiwan, USA, Thailand, Indonesia, Singapore, U.K., UAE and Netherlands.

(b) No, Sir.

(c) to (e) Does not arise.

[Translation]

**Loan to Priority Areas by Nationalised Banks**

\*160. JUSTICE GUMAN MAL LODHA :

PROF. PREM SINGH CHANDUMAJRA :

Will the Minister of FINANCE be pleased to state :

(a) whether Nationalised banks have been directed to provide 40 per cent of their total loan to priority areas;

(b) if so, the details thereof, the reasons therefor and when these directions were given to banks;

(c) whether according priority to development of industry and agriculture has become necessary in the present changing scenario and the need of capital investment in these sectors is being felt more;

(d) if so, the reaction of the Government in this regard;

(e) whether the Government propose to issue directions to the banks to increase the percentage of loan to priority areas;

(f) if not, the reasons therefor; and

(g) the effect thereof on the profitability of Regional Rural Banks?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) At present, nationalised banks are required to lend 40% of their net bank credit to the priority sector. Reserve Bank of India (RBI) have reported that in pursuance of the report of the 'Working Group on the modalities of implementation of the priority sector lending the 20-Point Programme', the banks were advised in October 1980 to achieve a target of 40% of net bank credit by March, 1985. The main objective of directed lending and to priority sector is to assist the weaker sections and the small borrowers under important segments of the economy. Against the target of 40 per cent, the lending of public sector banks as on the last

Friday of March 1995, March 1996 and March 1997 is as given below :

As on the last Friday of	Percentage of priority sector lending to net bank credit
March 1995	36.56
March 1996	37.75
March 1997	41.72

(c) and (d) Under the priority sector, banks have been advised to achieve a sub-target of 18 per cent to agriculture in view of the importance of agriculture to our economy. Lending to SSI Sector is also part of Priority Sector lending.

(e) and (f) The target for priority sector lending of public sector banks is considered adequate. There is no proposal at present to increase the target beyond 40% of net bank credit.

(g) Regional Rural Banks (RRBs) were originally allowed to lend only to the Target Group comprising small and marginal farmers, land less labourers, rural artisans and other weaker sections of society. Subsequently, they were allowed to lend upto 60% of their incremental lending during the year to Non-Target group borrowers. After a review in 1997, RRBs have been advised that from the financial year beginning 1st April, 1997, the advances of RRBs to priority sector borrowers should constitute 40% of their outstanding advances as in the case of commercial banks. From 26th August, 1996, interest rates of RRBs have been deregulated. These measures, including reallocation of loss making branches, more liberal Branch Licensing Policy, better avenues of business (fund and non-fund) and investment of surplus funds and reduction in transaction costs is expected to improve the profitability of RRBs.

[English]

**Deposits in NBs**

1546. SHRI RAM NAIK : Will the Minister of FINANCE be pleased to state :

(a) the total amount of deposit received by the Nationalised banks (NBs) during the year 1996-97, month wise;

(b) the total amount of loans advanced by nationalised banks every month during the year 1996-97;

(c) whether the Government are aware that the nationalised banks are flush with funds and are unable to find profitable avenues to the increasing deposits; and

(d) if so, the steps proposed to be taken by the Government to ensure full utilisation of the increasing deposits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available.

**Guidelines for Health Insurance Companies**

1547. SHRI BHAKTA CHARAN DAS : Will the Minister of FINANCE be pleased to state :

- (a) whether the Government propose to lay down some guidelines for health insurance companies;
- (b) if so, the details of such guidelines;
- (c) the time by which such guidelines are likely to be made effective; and
- (d) the steps being taken or proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) to (d) Under the existing Insurance Laws the general insurance business is an exclusive privilege of General Insurance Corporation (GIC) of India and its four subsidiaries. The intension of Government has been announced in the Budget Speech to enable general insurance industry to float joint ventures and also to allow the entry of selected Indian Companies in the health insurance sector. Comprehensive regulations will be made and enforced by the Insurance Regulatory Authority for all the health insurance service providers.

**CII Study on Domestic Savings In India**

1548. SHRI SULTAN SALAHUDDIN OWAIISI : Will the Minister of FINANCE be pleased to state :

- (a) whether the Confederation of Indian Industries study on domestic savings in India has suggested a multi-pronged approach to give a fillip to low savings ratio in India;
- (b) if, so whether the study states that higher domestic savings checks external liability to a large extent and lowers the dependence of foreign savings;
- (c) if, so the other suggestions made in the study report;
- (d) whether the government have examined them; and
- (e) if, so the action taken thereon ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) and (b) Yes, Sir.

(c) The other major suggestions made in the study report for increasing the level of savings in the country, inter-alia, include, increasing the effectiveness and efficiency of the financial institutions for mobilisation of savings, tapping the potential in the rural area; de-regulation of borrowing and lending rates; curbing the growing dis-savings by government and reduction in fiscal and revenue deficit.

(d) and (e) : The Central Government Budget for 1997-98 contains various measures/policy changes which are likely to have a positive impact on savings. In making policy changes the suggestions received from various institutions/individuals

are considered keeping in view the emerging economic situation.

**Suggestion made by Andhra Pradesh in Law Ministers's Conference**

1549. DR. T. SUBBARAMI REDDY :  
SHRIMATI LAKSHMI PANABAKA :  
SHRI G.A. CHARAN REDDY :

Will the Minister of LAW AND JUSTICE be pleased to state :

- (a) the main suggestion regarding setting up of Supreme Court Bench in Andhra Pradesh and increase in the number of High Court judges made by the State Government during the Law Minister's Conference held recently;
- (b) the reaction of the Union Government thereto;
- (c) whether the State Government had made a severe criticism regarding the slow progress in judicial reforms;
- (d) if so, whether the Union Government have decided to constitute a six Members Committee to go into this question; and
- (e) if so, the details thereof ?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP) : (a) and (b) Representations/suggestions have been made by the various Bar Associations, State Governments and other Organisations, from time to time, for setting up of Benches of the Supreme Court in various states, including Andhra Pradesh. According to Article 130 of the Constitution, the Supreme Court shall sit in Delhi or in such other place or places, as the Chief Justice of India may, with the approval of the President from time to time, appoint. As such, the matter was referred to the Chief Justice of India. No proposal has been received from the Chief Justice of India in this regard. No action is contemplated by the Central Government till such a proposal is received.

The Judge strength of all the High Courts, including Andhra Pradesh High Court, was received in 1995 on the basis of guidelines formulated on the recommendation of the Chief Justice of India. The Judge strength of Andhra Pradesh High Court was accordingly increased from 36 permanent/Additional Judges to 39 permanent/Additional Judges. As per the resolution passed in the Conference of the Chief Justices of High Courts and the Chief Ministers of States, the next review of Judge strength of High Courts will be due in 1998.

(c) The State Government expressed concern over the delay in disposal of cases in Courts and suggested that serious thought should be given to maintain public confidence in our judicial system.

(d) and (e) A Committee consisting of Law Ministers of six States namely Andhra Pradesh, West Bengal, Himachal Pradesh, Tamil Nadu, Mizoram and Rajasthan was set up for follow-up action.