

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*

0.08 hrs.

RESOLUTION RE INCREASE IN MAXIMUM GUARANTEE LIMIT IN RESPECT OF CENTRAL CO-OPERATIVE BANKS AND TAMIL NADU STATE CO-OPERATIVE BANK

THE MINISTER OF AGRICULTURE AND IRRIGATION (SHRI PRAKASH SINGH BADAL): Sir, I beg to move:

"Whereas the Government of Tamil Nadu have guaranteed the repayment in respect of the Central Co-operative Banks and the Tamil Nadu State Co-operative Bank, the Maximum limit of Short Term Credit, Medium Term Credit and Medium Term Conversion loans to the extent of Rs. 3,870.00 lakhs in the Government of Tamil Nadu, Cooperation Department G.O. Mr. No. 321, cooperation dated 30-6-1971;

And whereas it is considered necessary to increase the maximum guarantee limit in respect of the Central Co-operative Banks and the Tamil Nadu State Cooperative Bank to the extent of Rs. 6,115.00 lakhs;

And whereas the Tamil Nadu Legislative Assembly has been dissolved, the Lok Sabha hereby resolve that the Government of Tamil Nadu may increase the limit or guarantee in respect of the Central Co-operative Banks and the Tamil Nadu State Co-operative Bank to the extent of Rs. 6,115.00 lakhs as required under section 73-D of the Tamil Nadu Co-operative Societies Act, 1961 (Tamil Nadu Act 53 of 1961)."

MR. CHAIRMAN: The Resolution is before the House.

SHRI O. V. ALAGESAN (Arkonam): While supporting this resolution, I should like to say a few words as to how the co-operative movement suffered and to what depths it sank in Tamil Nadu under the DMK rule. In cooperative movement, the composite state of Madras from which I come and Punjab from which the hon. Mover of the resolution hails, both the states were leading and it was going on healthy lines. Unfortunately, when in Tamil Nadu the DMK party took over the administration, the co-operative movement in Tamil Nadu was one of the worst sufferers. It was distorted, prostituted to benefit private pockets and private parties and partisans of the DMK party. Just as various branches of administration were poisoned, by the corrupt DMK rule, the Co-operative Movement was also poisoned and the poor farmers were helpless. After the Advisers' regime in Tamil Nadu was installed under the President's rule, the non-official bodies, the non-official Boards of Directors were abolished and these Co-operative Banks, Central Banks and other Apex Banks were put under special Officers. At my suggestion in one of the meetings of the Committee of the M.Ps. on Tamil Nadu, the Advisers' regime appointed a Cell to go into the working of the various Central Banks, that is, the District Apex Banks and the enquiry led to startling revelations as to how funds were misappropriated, how reckless was the issue of loans to partymen, and the misuse of official cars. They went on Kashi Yatra and Rameshwaram Yatra. Now, I would like to mention how corruption prevailed in the Co-operative Department. The employees of the various banks were compelled to go on leave and temporary men were recruited and money was taken from them. I can quote an instance where a person became a Minister after he was the President of the Central Bank and he used to steal petrol from the car belonging to the bank, every day sys-

[Shri O. V. Alagesan]

tematically. It was going on even after the gentleman became the Minister of the Tamil Nadu Government. One night when his son was stealing petrol from the car belonging to the Central Bank, it so happened that the petrol tank got fire and the poor young fellow died as a result of the fire. This was the sorry state of affairs in Tamil Nadu. And I hope the Hon'ble Minister will get hold of those reports and try to reform the co-operative sector as much as possible. There was another Minister who created societies over night. All his employees were registered as members of the Co-operative Societies. Over night huge amounts were sanctioned as loans only to be appropriated the next day. I think it is the subject matter of the Enquiry before the Sarkaria Commission. I do not know whether it has completed the enquiry or not. But this is the state into which the Co-operative Movement sank under the DMK rule and the DMK Government. It is a great pity that the co-operative movement which was once so beneficial and developing on healthy lines should have come to this sorry pass under the DMK rule.

**SHRI M. KALYANASUNDARAM** (Tiruchirapalli): Sir, I support this resolution and at the same time, I want to make some suggestions for the consideration of the minister. The amount mentioned in the statement may appear to be substantial—he seeks to authorise the Tamil Nadu Government to guarantee up to a maximum of Rs. 61 crores for giving loans to the ryots—but the reality is a substantial part of this amount will be used for conversion of the arrears. Consequently for the past four years, there has been serious drought in major parts of Tamil Nadu. Now the situation is much worse because even the delta area has become drought-affected. So, this will not meet the needs of the situation. Even if the monsoon is favourable, the ryot will require at least two years to get repaying capacity. That is why I suggest that all the short-term loans will

have to be converted into medium and long-term loans. Thousands of petitions are pending before the banks for re-conversion. Pressure is mounting on the special officers and collectors. So, instructions may be given to accept liberally proposals for conversion of short-term loans to medium and long-term loans. Even that will not be adequate. Fresh credit must be available to the ryots to meet the situation. Distress sales of land, cattle, etc. are taking place. It is a pitiable sight in the rural areas, specially in regard to small farmers. Even the rich farmers are no better. So, I request the minister to study the problem more closely and give relief.

Mr. Alagesan missed to mention one important point, *i.e.* bogus loans or benami loans. Benami loans to the extent of several lakhs of rupees were issued during the DMK regime for which the innocent farmers are now harassed. The ryot does not know whether he took the loan or not, but his signature is there and the officers come to attach his land. It is not a stray case. In one district alone benami loans are estimated to be Rs. 30 lakhs. Such things have happened during the DMK regime. That is why the Central Bank elected representatives were removed and the banks were put under the charge of special officers. Several allegations against former Presidents and other office-bearers are under enquiry. So, I suggest that the amount should be increased and real relief should be given to the ryots. At the same time, instructions must be given to deal with complaints properly and relieve the ryots from the burdens of benami loans. Proper enquiry must be conducted into benami loans and the persons responsible for granting such loans and forging the signatures of the ryots must be punished. The innocent ryots must not be harassed.

**SHRI PRAKASH SINGH BADAL:** Sir, this is a very routine regulation. As you are aware, as per Section

73-D of the Tamil Nadu Co-operative Societies Act, 1961, the State Government may fix the maximum limit of guarantee of repayment of loan or advance taken by State Co-operative Bank and concerned Central Co-operative Banks and the State Government may increase the maximum limit in consultation with both Houses of the Legislature. It is proposed by the State Government to enhance the maximum limit from Rs. 3870 lakhs to Rs. 6115 lakhs to meet the increased requirements of credit from Reserve Bank of India. Since the Tamil Nadu Legislative Assembly has been dissolved approval of Parliament for enhancement of the maximum limit of guarantee is necessary. Present limit of Rs. 3870 lakhs had been fixed in the year 1971. So, this is entirely in the interest of farmers.

My friend has drawn my attention towards the fact that the maximum short term loan should be changed into medium term. He will be pleased to know that out of this amount Rs. 4375 lakhs is only for this purpose. This is being done keeping in view the drought conditions prevailing in that area.

My attention was drawn towards the cooperative conditions in Tamil Nadu. In that connection, I can only say that we will look into the matter.

MR. CHAIRMAN: The question is:

"Whereas the Government of Tamil Nadu have guaranteed the repayment in respect of the Central Cooperative Banks and the Tamil Nadu State Cooperative Bank, the Maximum limit of Short Term Credit, Medium Term Credit and Medium Term Conversion loans to the extent of Rs. 3,870.00 lakhs in the Government of Tamil Nadu, Co-operation Department G.O. Ms. No. 321, Cooperation dated 30-6-1971;

And whereas it is considered necessary to increase the maximum guarantee limit in respect of the Central Cooperative Banks and the Tamil Nadu State Cooperative Bank to the extent of Rs. 6,115.00 lakhs;

And whereas the Tamil Nadu Legislative Assembly has been dissolved, the Lok Sabha hereby resolve that the Government of Tamil Nadu may increase the limit of guarantee in respect of the Central Cooperative Banks and the Tamil Nadu State Cooperative Bank to the extent of Rs. 6,115.00 lakhs as required under section 73-D of the Tamil Nadu Cooperative Societies Act, 1961 (Tamil Nadu Act 53 of 1961)."

*The motion was adopted.*

DR. SUBRAMANIAM SWAMY (Bombay North East): On account of the late hour, I agree to postponement of Item No. 25 in my name on the understanding that this will be taken up in the early part of the next session.

SHRI SAMAR GUHA: On account of the late hour, I also agree to postponement of Item No. 26 in my name with the consent of the House on the understanding that this item should get priority in the business agenda in the next session.

MR. CHAIRMAN: Is it the pleasure of the House to postpone these Items or continue with them?

SOME HON. MEMBERS: Postpone.

MR. CHAIRMAN: The House agrees to postpone these items.

The House stands adjourned *sine die*.  
20.25 hrs.

*Lok Sabha then adjourned sine die.*