

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*

0.08 hrs.

TUTORY RESOLUTION RE IN-  
CREASE IN MAXIMUM GUARAN-  
TEE LIMIT IN RESPECT OF  
CENTRAL CO-OPERATIVE BANKS  
AND TAMIL NADU STATE CO-  
OPERATIVE BANK

THE MINISTER OF AGRICUL-  
TURE 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 Cen-  
tral 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 dis-  
solved, the Lok Sabha hereby re-  
solve 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 (Arko-  
nam): While supporting this resolu-  
tion, 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 pri-  
vate 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 sug-  
gestion 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 pre-  
vailed in the Co-operative Depart-  
ment. 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 be-  
longing 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.*