

whether he will take steps to replace the transmitter of Betia also.

SHRI P. UPENDRA : I will see as to what can be done about it.

MR. SPEAKER: Shri Shailendranath Shrivastav (Absent). Next Question.

Losses in Regional Rural Banks

*360. SHRI DILEEP SINGH BHURIA:
SHRI K. PRADHANI:

Will the Minister of FINANCE be pleased to state:

(a) whether all the regional rural banks are incurring heavy losses;

(b) if so, the total losses incurred by these banks as on 31 March, 1990; and

(c) the action proposed to be taken by Government to remedy the situation?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c). A statement is laid on the Table of the House.

STATEMENT

(a) to (c). National Bank for agriculture and Rural Development (NABARD) has reported that out of 196 Regional Rural Banks (RRBs) functioning in the country, information is available with them in respect of 194 RRBs. As on 31st March 1989 their working results show that 46 RRBs have earned profits amounting to Rs. 1474 crores whereas 148 RRBs have incurred losses aggregating Rs. 61.39 crores. The accumulated losses of all the RRBs as on 31st March 1989 stood at Rs. 191.04 crores.

The financial position of RRBs which are incurring continuous loss is being monitored by NABARD every quarter and remedial action is suggested to the concerned RRBs and their sponsor banks. Based on the recommendations of the Working

Group on RRB (Kelkar Committee), several positive measures have been taken to strengthen RRBs, such as enhancement in their issued capital, reduction in the interest rate on refinance provided by sponsor banks from 8.5% to 7% and investment of surplus SLR funds of RRBs in Government securities of better yield etc.

Sponsor Banks have also been advised to play a more active role in fund management, staff training and internal audit of Regional Rural Banks (RRBs).

[Translation]

SHRI DILEEP SINGH BHURIA : Mr. Speaker, Sir, A cursory reading of the statement laid on the Table of the House by the hon. Minister gives an impression that the regional rural banks are likely to face crisis of existence in near future. These banks were set up with a view to giving credit to villages and freeing them from the clutches of middlemen. National Front Government announced the waiver of loans, but could not issue certificate to this effect to farmers, as a result thereof farmers would be declared defaulters by April or May this year and would be rendered ineligible for taking fresh loans from any bank. Hon. Minister has made a provision of Rs 1000 crores only for waiver of loans. Will it be sufficient for waiver of all kinds of loans of all farmers? Secondly, the ruling party has made a promise to the people that they would write off bank loans of all the farmers if they are voted to power. People reposing faith in their assurance voted them to power. Why don't the Government clearly declare the total amount of bank loans outstanding against the farmers and the time by which these loans would be written off? In absence of any clear-cut announcement by the Government, farmers would be forced to go to middlemen again. This is all I would like to know.

PROF. MADHU DANDAVATE: Mr. Speaker Sir, though the original question is quite different, yet I would like to reply the question put to me. During the course of my reply on budget discussion, I replied this

point in detail. However, I would like to repeat it if you permit me. We have laid down certain parameters regarding waiver of loans and the total amount of loans given by the public sector banks and the rural regional banks including the loans given by co-operative banks is about Rs. 2800 crores. As regards waiver of loans given by the co-operative banks, burden can be shared between the states and the Centre in ratio of 45:55 or 50:50. However, I do not want to put pressure on them. However, loans upto Rs. 10000/- given by the regional rural banks and public sector banks would be written off with the Central assistance. You need not worry on this account.

SHRIDILEEP SINGH BHURIA: Through my second supplementary, I would like to know by when the amount of waiver of loans will be credited to the concerned banks by the Central Government as neither any recovery is being made by the banks nor any deposits are received by them from the public after announcement of waiver of loans. As a result thereof, banks are facing financial crisis. They are not even in position to disburse salary to their employees including managers. The people voted you to power with high hope believing at the face value of your manifesto, so why are you hesitating in making a clear-cut announcement in this regard?

PROF. MADHU DANDAVATE: I would like to thank you for your compliment that the people have voted us to power. Now I come to the original question in reply to which I clearly stated that the viability of the rural regional banks would not be impaired as there would not be any additional burden on them. The waiver of loan scheme would be financed through central budget. So you need not worry as to what is there in our manifesto.

SHRI JAGPAL SINGH: Will you kindly give the time limit by which the loans would be written off?

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, it has been the practice of the

House that only those members in whose names original question is slated, are permitted to put supplementary thereon. It seems that other members are putting supplementary (Interruptions)

SHRI DILEEP SINGH BHURIA: Mr. Speaker, Sir, how much time will it take?

PROF. MADHU DANDAVATE: Will you please give me some time to reply to your question about time. I would like to submit that as soon as Finance Bill is passed by the House and budget session is over, we will start working on it. We have made provision for it.

[English]

SHRI JANARDHANA POOJARY: The main question is regarding the Regional Rural Banks. It is a low cost structure. The Regional Rural Banks are low cost structure. These Regional Rural Banks are doing very good job in the rural areas serving the poor people, particularly the weaker sections. Now, the new Regional Rural Banks are incurring losses and the old and established Regional Rural Banks are not incurring any losses. But there is a demand from certain quarters that the Regional Rural Banks should be merged with the nationalised banks. The culture of the nationalised banks are quite different from that of regional rural banks. May I know from the hon. Minister whether he is going to categorically state that there will not be any merger of Regional Rural Banks with the nationalised banks?

PROF. MADHU DANDAVATE: Sir, when the previous Government was there, there was a Kelkar Committee (Interruptions) I am replying to the question. Sir, there have been various suggestions. One of the suggestions has been that the Regional Rural Bank should be merged with the sponsoring bank. We are not in favour of this proposal at all. On the contrary, there was a Committee which had made very constructive suggestions. One is that the reason for RRBs incurring losses is mainly due to the impact of the narrow spread, restriction and choice of

classes, areas of operation as well as other restrictions and therefore they have suggested that we should provide them broader capital base, we should provide them less interest rate and we should be able to provide them better facility for investment. We will take those constructive suggestions into account and avoid the doubts which the hon. Members is having.

SHRI BAL GOPAL MISHRA: I would like to know whether the Government are aware of the fact that Bolangir Anchalik Gramya Bank of Orissa, one of the old Regional Rural Banks of the country has sustained a loss of Rs. 3.75 crores during last year. What action Government propose to take to prevent these losses?

PROF. MADHU DANAVATE: We were aware of the fact and we are taking due steps in order to see that the crisis is removed.

SHRI H.K.L. BHAGAT: Sir, the hon. Minister has stated in his Budget speech that the wilful defaulters who despite their capacity to repay the loans will be excluded from debt relief and loans of only such defaulters who are unable to repay would be written off. In this regard, I would like to know from the hon. Minister who will decide as to whether a particular individual has capacity to pay or not. Will it not breed corruption? What arrangements have been made to check corruption in it? What are the criteria to decide as to which loans are to be written off or which not?

[*English*]

PROF. MADHU DANAVATE: Sir, I have already replied this question. I will again reply. We will not leave it to the tender mercy of the bank officers to decide who are the wilful defaulters. That will give scope for the corruption and therefore the basis for accepting a norm is one who has the capacity to pay and has not been paying and that should be considered by the banks to decide about the wilful defaulters, and the basis of the accepted definition of wilful defaulters which you were accepting all these years will not be followed. (*Interruptions*).

WRITTEN ANSWERS TO QUESTIONS

Proposal of Indian Overseas Bank for Assistance to House Builders

*351. **SHRI M.V. CHANDRASHEKARA MURTHY:** Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has rejected the proposal of the Indian Overseas Bank to float a subsidiary company in association with the General Insurance Corporation for increasing the assistance to house builders/owners; and

(b) if so, the facts and details thereof?

THE MINISTER OF FINANCE (PROF. MADHU DANAVATE): (a) to (b). A proposal was received by the Government of India and Reserve Bank of India from Indian Overseas Bank to set up a housing finance subsidiary which envisaged a participation of the Bank with the General Insurance Corporation. The matter is under consideration.

[*Translation*]

Production and Export of Tea

*352. **SHRI RAMLAL RAHI:** Will the Minister of COMMERCE be pleased to state:

(a) whether there has been a decline in the export of tea;

(b) if so, the extent of fall in the exports during the last three years, year-wise and the reasons therefor;

(c) the projections in regard to exports of tea by India by the end of this century;

(d) whether tea production has also gone down; and