

# LOK SABHA DEBATES

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## LOK SABHA

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Friday, December 29, 1989/Pausa 8, 1911  
(Saka)

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*The Lok Sabha met at Eleven or the Clock*

[MR. SPEAKER *in the Chair*]

[*English*]

### OBITUARY REFERENCE

MR. SPEAKER: Honourable Members, I have to inform the House of the sad demise of Shri K. Ramakrishna Reddy who was a member of the Fifth Lok Sabha during 1971-77 representing Nalgonda constituency of Andhra Pradesh.

An agriculturist by profession, he worked untiringly for the development of rural areas and promotion of education. A social and political worker, he was associated with various organisations in different capacities.

A philanthropist, Shri Reddy actively participated in the Bhoodan movement and donated 1/4th of his property to the movement.

Shri Reddy passed away on 26th November, 1989, at Hyderabad at the age of 71.

We deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for

a short while to express its sorrow

*The Members then stood in silence for a short while*

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11.02 hrs.

### ORAL ANSWERS TO QUESTIONS

[*English*]

#### Opening of Bank Branches in Rural Areas

\*83. SHRI ANADI CHARAN DAS: Will the Minister of FINANCE be pleased to state:

(a) the guidelines of the Reserve Bank of India for opening bank branches in rural areas under the Branch Expansion Programme;

(b) the district-wise number of bank branches in rural areas recommended for opening by the Government of Orissa, number in respect of which licences have been issued, the branches actually opened alongwith its break-up into commercial banks and regional rural banks during the last two years ending on November, 1989; and

(c) whether Government are contemplating to review the policy of opening of bank branches in rural areas so as to cover more and more rural areas?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c). A Statement is given below.

#### STATEMENT

(a) The aim of the current Branch Licensing Policy for 1985-90 is to achieve a coverage of 17,000 population (as per 1981

census) per bank office in rural and semi-urban areas of each development block and make available at least one bank office within a distance of 10 kms. from every village. Hilly tracts/tribal areas and sparsely populated regions have been given special consideration by relaxing the population norms from 17,000 to 10,000.

(b) Districtwise number of bank branches in rural areas recommended by the State Government of Orissa, number of licences issued and branches actually opened by commercial banks and Regional Rural Banks during the current Plan period ending November, 1989 are indicated in the *Annexure*

(c) On the basis of list of identified centres received from the State Government, Reserve Bank of India has allotted a total number of 366 rural and semi-urban centres in the State of Orissa under the current Branch Licensing Policy period. The banks have opened branches at 146 centres upto 30th November, 1989. The banks are required to open the remaining branches at 220 centres. Besides, 20 urban/port town centres have been allotted to the banks and they have opened branches at 17 centres. No more identification of any additional centres is contemplated. As such, there is no proposal to allot further centres to banks during the remaining period of the Seventh Five Year Plan.

## ANNEXURE

Statement showing number of bank branches in rural areas recommended by the State Government of Orissa, number of licences issued by Reserve Bank of India, number of branches opened by commercial banks and Regional Rural Banks during the current Plan Period upto November, 1989

District	Centres recommended by State Government of Orissa	Licences issued by RBI	Branches opened by	
			Commercial Banks	Regional Rural Banks
1	2	3	4	5
1. Balasore	42	30	7	1
2. Ganjam	45	33	12	7
3. Bolangir	24	16	7	4
4. Koraput	45	25	2	3
5. Cuttack	83	45	13	—
6. Kalahandi	17	16	1	6
7. Mayurbhanj	33	28	9	2
8. Keonjhar	18	18	7	2
9. Dhenkanal	15	9	1	—

District	Centres recommended by State Government of Orissa	Licences issued by RBI	Branches opened by	
			Commercial Banks	Regional Rural Banks
1	2	3	4	5
10. Puri	77	49	20	—
11. Sundargarh	23	14	3	5
12. Sambalpur	87	59	19	4
13. Phulbani	24	24	5	6
	533	366	106	40

**SHRI ANADI CHARAN DAS:** Mr. Speaker, Sir, I have gone through the Statement laid on the Table of the House and I am glad that the hon. Union Minister for Finance has been pleased to furnish the information as I required.

Nationalisation of banks and opening of branches in suburban and rural areas aims at liberalisation and protecting the common people from the exploitation of the private moneylenders and facilitate infrastructural initiatives in agriculture and business etc. Keeping in view the real objective of this policy, the Government of Orissa have recommended 53 branches to be opened in all the 36 districts out of which the Reserve Bank of India has issued licences to 366 and the concerned commercial banks have so far opened only 146 branches. May I know from the hon. Finance Minister whether he will direct the concerned commercial banks to open the rest of the branches to whom licences were issued by the Reserve Bank of India during the financial year, that is, up to March 1990?

**PROF. MADHU DANAVATE:** Sir, it is a fact that the Orissa State Government had recommended opening of 533 banking centres and the Reserve Bank of India had issued licences only for 366. Though there is a gap between the two, it is an accepted fact—even the State Governments realise that if they want to achieve a certain target, it is better to make a larger demand. Therefore 533 were demanded. The Reserve Bank of India carefully scrutinised the demand and decided that 366 could be considered. As the hon. Member has rightly pointed out, actually 106 commercial banks and 40 regional rural banks have been opened which comes to 146. There is again a gap between the 366 licences and the number of banks actually opened which is 146. In spite of the fact that 366 licences were issued, the gap is there because of inadequate infrastructural facilities like the availability of buildings and other facilities. But, I can assure the hon. Member it will be our constant endeavour to see that whatever the number of licences that are issued, we will try our best in coop-

eration with the State Government of Orissa to improve the infrastructural facilities and try to complete the 366 centres as far as possible.

**SHRI ANADI CHARAN DAS:** Sir, I am glad that previously it was decided that within the population area of 17,000 one branch should be there. But in the tribal areas, it was considered to give some relaxation, that is, within the population area of 10,000 one branch should be opened. As you are aware, Orissa is a very backward State and particularly our population that is Adivasis and Harijans are there about 40 per cent. We are being exploited by the private sahumars and money-lenders. It is still continuing in the hilly areas and rural areas. Keeping this fact in view, I would like to know whether the Government proposes to direct the Reserve Bank of India to issue the remaining 167 licences to the concerned commercial banks to open their branches in the rural areas. I also request the hon. Finance Minister that more branches should be opened in the tribal areas.

**PROF. MADHU DANAVATE:** Sir, we would like to take a special note of the backward areas. The recent elections in Orissa have proved that though Orissa is politically advanced, it is financially and economically backward. We will take note of the fact that there are large sectors of tribal areas in Orissa. Therefore, we have decided to relax the population limit of 17,000 to 10,000 in the case of tribal areas. In tune with this new relaxed criteria, I can assure the hon. Member that we will expeditiously try to complete the quota of those centres which are given licences by the Reserve Bank of India.

**SHRI HANNAN MOLLAH:** Sir, regarding these regional rural banks one high-powered committee was appointed headed by the Additional Secretary to the Government of India, Ministry of Finance and that committee opined that there is no substitute for regional rural bank for the rural areas. Is it not a fact that All India Regional Rural Bank Employees Association has demanded

"Rural India for Rural Bank" to serve the rural poor people under the new concept of Service Area Approach? The new Government has also declared that 50 per cent of their budget will go to the rural people. Now, 80 per cent of the people are living in rural areas. In spite of all this, the Reserve Bank of India, without changing their branch licencing policy, have stopped giving new licences. I would like to know whether the Government will direct the Reserve Bank that they should leave the urban areas and open new branches in the rural India; or

(b) whether the Government will consider a proposal to form a national rural bank or rural banking corporation so that a separate banking system like IDBI, Housing Bank, Exports Bank, Small Scale Industries Bank, rural bank will serve the rural India.

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, keeping in mind the banking interests of the rural sector, it has already been decided to adopt the service area approach under which each bank will be requested to adopt certain number of villages, about 15 in number. They will be supplied the necessary facilities. If the banks are able to get attached about 15 to 20 villages, in that case, special consideration will be given as far as credit facilities and other assistance are concerned. Now this will be a more effective step rather than forming some Corporation at the national level which will be only top heavy and as a result of that, advantages will not accrue to the villages. Our service area approach will be more beneficial and I can assure the hon. Member, keeping in mind the rural areas, we will try to implement it effectively.

SHRI N. TOMBI SINGH: As the Government is aware, Northeastern areas are difficult areas in many respects, particularly in the banking field. The Lead Banks are there in different small States of the North-eastern Area and with particular reference to the State of Manipur, its Lead Bank is the United Bank of India. But the licences issued by the Reserve Bank of India have not been utilised and they are on the verge of being

surrendered, although there is so much need for the opening of these branches in different district headquarters and town committee areas of the North-eastern States particularly in foot hill areas of the State of Manipur.

May I know from the hon. Minister whether the Government will make an assessment of the total situation in the small State where the requirement of branches and the number of licences issued by the Reserve Bank of India and the utilisation of these licences so far. Will the Government make an assessment and pursue that at least, the licences issued should be fully utilised instead of surrendering.

PROF. MADHU DANDAVATE: Mr. Speaker, we will take a special note of the requirements of the hill States and smaller States many of which are also incidentally backward.

I agree with the hon. Member that in such hill areas and hill regions, the Lead Bank will play a very crucial and important role. We accept that particular role of the Lead Banks and particularly in such hill areas, we will request the Lead Bank to take up the role of coordinating the credit activities of various banks. There will be special Lead Bank committee which will be the coordination committee on which different interests will be represented. The Collector of that particular area will be the president of that committee and the Lead Bank will be the convenor of the coordination committee. We shall see to it that not only the difficulties regarding licences will be removed but we will also ask the Lead Bank to play an effective role in rural areas to bring about coordination of the credit institutions.

DR. BIPLAB DASGUPTA: One of the problems with the functioning of the rural banks is that their style of functioning is not much different from the style of functioning of the ordinary banks. Although all these banks have been set up to serve the rural people, actually the rural population has not benefited much from these because the style of functioning has not changed. That is why,

my first questions is, whether there would be any sort of action taken to reorient the whole method of functioning of the bank or the attitude of the personnel working in the rural regional banks. Without changing this, simply giving money would not serve the purpose of the rural population. There is also another thing, to ensure that a certain percentage of saving mobilised through the banking institutions is actually spent in the rural areas. The previous government has already fallen short of the targets which it had set for itself. Would you be able to actually improve the amount allocated to the rural areas? The credit deposit ratio should improve as far as the rural areas are concerned. Can you do something about it?

**PROF. MADHU DANDAVATE:** I fully share the perspective of the hon. Member that the style of functioning in the rural sector is to be basically different from the style of functioning of the bank which is in the urban areas. For instance, in rural areas, it is necessary that their specific conditions are to be understood while granting them credit facilities. It is exactly because of this reason that the lead banks had been set up as a coordinating agency and on that various interests in the rural areas are represented. I do concede that the style has not sufficiently changed but it will be our constant endeavour to see that in keeping with the habits and the perspective of the rural population, authorities connected with the lead bank will be required to change their style of functioning so that they will be more in tune and in consonance with the habits and the perspective of the rural population.

#### **New Steel Plants during Eighth Plan Period**

\*85. **SHRI SRIKANTA DATTA  
NARASIMHARAJA  
WADIYAR:**  
**SHRI P.C. THOMAS:**

**Will the Minister of STEEL AND MINES be pleased to state:**

(a) whether Government have a proposal to set up more steel plants in the country during the Eighth Plan Period; and

(b) if so, the details thereof including their number, locations and the estimated cost?

**THE MINISTER OF STEEL AND MINES AND THE MINISTER OF LAW AND JUSTICE (SHRI DINESH GOSWAMI):** (a) and (b). Yes, Sir. There are proposals to set up two steel plants, one near Bellary in Karnataka and other near Daitari in Orissa. These proposals would be considered for finalisation along with other investments in the VIII Plan.

**SHRI SRIKANTA DATTA NARASIMHARAJA WADIYAR:** I am glad to learn from the reply of the hon. Minister that two steel plants, one near Bellary in Karnataka and another near Daitari in Orissa are proposed to be set up during the 8th Plan. In this connection, I would like to know from the hon. Minister what are the estimated cost of these two steel plants and whether investment decision has been taken.

As far as I know the previous Congress Government had set up Vijayanagar Steel Ltd. and Nilachal Ispat Nigam for expediting the establishment of steel plants near Bellary and Daitari respectively. I would like to know what progress has been made by these two public limited companies with regard to land acquisition, construction of township, staff quarters and other related matters and how long the Government would take to complete these projects.

**SHRI DINESH GOSWAMI:** I want to make one thing clear. I have never said that these steel plants are being set up. What I am saying is that these are proposals for setting up these two steel mills. The hon. Member knows that so far as the two steel plants near Vijayanagar in Karnataka and Daitari in Orissa are concerned, these have chequered carriers. In fact, Vijayanagar plant was conceived as early as in 1970 and in 1971, even before the techno-economic