

Loans Given by Public Sector Banks[*Translation*]

*168. SHRI VIJAY KUMAR
MALHOTRA:
SHRI PRAKASH V. PATIL:

Will the Minister of FINANCE be pleased to state:

(a) whether the public sector banks have taken a decision to distribute the loans on terms framed for the credit camps;

(b) if so, the details thereof; and

(c) the amount of loans distributed so far under the above scheme?

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

STATEMENT

Neither Government nor the Reserve Bank of India have formulated any specific terms or schemes for distribution of loans by public sector banks in credit camps. For the scheme of Integrated Rural Development Programme (IRDP) the application forms of beneficiaries are to be prepared in a camp attended by the beneficiaries, the block functionaries, the other concerned departments including the revenue department and the bankers. The camp system is advisable to save time and energy of the beneficiaries in the completion of the applications, and procurement of requisite documents. The public sector banks have also been organising the credit camps in order to provide credit assistance to weaker sections. The data reporting system of banks does not yield any regular information in respect of such camps. However, on the basis of an estimate arrived at, during 1985 to 1989, the public sector banks had organised 38702 camps in which Rs. 1103 crores were disbursed to 28.43 lakh beneficiaries.

SHRI VIJAY KUMAR MALHOTRA: Mr. Speaker, Sir, I would like to know whether there is any provision for waiving the loans upto Rs. 5,000 each distributed in the loan melas, as has been done in case of loans of farmers upto Rs. 10,000?

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, if you permit me, I can answer this question, otherwise this question is not directly related to the main question.

MR. SPEAKER: If it is not directly related, then leave it.

Shri Malhotra, you please ask the second supplementary question.

SHRI VIJAY KUMAR MALHOTRA: I would like to know whether the Government proposes to waive the loans of the poorer and weaker sections of the society, including artisans, craftsmen and small shopkeepers, who were given loans upto Rs. 5,000, each in loan melas on the lines of the provision made to waive the loans of the farmers? Some of them had received Rs. 2,500, some had received Rs. 5,000 and some others received just Rs. 1,000. It is true that these loan melas were organised by the Congressmen, with elections in their mind. Yet I would like to know whether any such proposal is under consideration of the Government?

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, if you permit, I can answer this question.

MR. SPEAKER: Yes, you may answer it.

PROF. MADHU DANDAVATE: It has been clearly stated in the Budget that we are waiving the loans, in consonance with the assurance we had given in our election manifesto. Accordingly loans upto Rs. 10,000 taken by farmers, weavers, artisans etc., which were due upto 2nd October, 1989, would be waived by the Government, but if

you go on including other new categories like petty shopkeepers, businessmen, students, scholars etc., then I think that it would not be possible for us to do so. First, let us fulfill the assurances we had given to some categories. We can think about others later.

SHRI MADAN LAL KHURANA: Mr. Speaker, Sir, through you, I would like to tell the hon. Finance Minister that on 3rd August, 1989 Vijaya bank distributed loans worth about Rs. 3 crores at a loan mela organised by it in the Moti Nagar area and the Minister of State for Finance, who is now sitting in the opposition, distributed those loans. If you want, I have got proof with me in support of this. At that time also, I had produced evidence to prove that each person was given 40 cheques each, which they deposited in a bank situated in Janakpuri. Many irregularities were committed in those loan melas. The matter was brought to the notice of the then Prime Minister and Shri Malhotra, Governor of Reserve Bank, in writing. Perhaps, a brother of the then Minister of State for Finance was one of the beneficiaries. Through you, I would like to know whether the Government would order an inquiry into the complaints regarding the loan mela that was organised in Moti Nagar on 3rd August? I am prepared to provide the necessary evidence, if required.

PROF. MADHU DANDAVATE: In the light of this question, I would like to make one thing clear in the House. I would also like to read out the provision made in the law so that the picture becomes clear. It has been clearly stated in the law that—

[*English*]

Section 13 of the Banking Companies Acquisition and Transfer of Undertaking Acts 1970, 1980 require public sector banks to observe the practices and usages customary among the bankers not to divulge any information relating to the affairs of the constituents.

{*Translation*}

Doing away with all secrecy, organising public

rallies and melas, announcing the amount of loans distributed to each beneficiary and the distribution of money in violation of all the existing laws might be fair from political angle but it is not fair in the eyes of law. The only assurance I can give to the House is that such things would not take place in future.

SHRI MADAN LAL KHURANA: You have not said anything about the inquiry. I would like to know whether any inquiry would be ordered to ascertain as to why so many cheques were given to each person at the loan Mela.

PROF. MADHU DANDAVATE: I would like to tell the House that we would like to work within the rules in future. If on the basis of the old complaints, which are there before us, we start raking them up or constitute a commission to enquire into them, then we would get entangled in them and it would not be possible for us to do anything worth while during our term of five years. (*Interruptions*)

SHRI VIJAY KUMAR MALHOTRA: Are you trying to cover up all the scandals like this?

PROF. MADHU DANDAVATE: Whatever you are saying, is incorrect. We are not trying to cover up any issue.

Mr. Speaker, Sir, what Shri Malhotra is saying is not correct. We do not want to cover up any scandal. There is no need of appointing a fresh Commission of inquiry for this purpose. We will take it up at the level of our department and see as to what steps should be taken in this regard.

[*English*]

SHRI JANARDHANA POOJARY: The hon. Finance Minister was pleased to state that he has made a provision of Rs. 1000 crores in the Budget for giving debt relief to rural people particularly genuine defaulters. As stated by him earlier, the dues from the small and marginal farmers come to about Rs. 14000 crores. This is what he had said in a statement outside the Parliament. There is no limitation for the land holdings.

Even a person who is owning 100 acres of land will be covered by this debt relief. Further he had stated that there is a condition that they should not be wilful defaulters. This amount will not be sufficient to give any relief to the people there is already a provision in the existing system to give debt relief by the banks and already they have been giving debt relief. There is nothing new in this procedure.

MR. SPEAKER: What is the question?

SHRI JANARDHANA POOJARY: Instead of relief given by the banks now there is a budgetary allocation. That is the only difference. May I know from the hon. Minister what exactly is the amount due from small and marginal farmers including persons who are having unlimited land holdings, who include big farmers? (*Interruptions*)

PROF. MADHU DANDAVATE: Before I reply to the question that he has put I will read out again the original question:

- "(a) whether the public sector banks have taken a decision to distribute the loans on terms framed for the credit camps;
- (b) if so, the details thereof; and
- (c) the amount of loans distributed so far under the above scheme."

I wish to make it clear that though I consider this extraneous to the main question if you permit me to reply to the question I will give the full reply.

MR. SPEAKER: Please do.

PROF. MADHU DANDAVATE: He has raised a very significant question. He says that in the budget we have allotted only Rs. 1000 crores for debt relief and he has also raised the question of wilful defaulters. I wish to make it very clear that wilful defaulter is defined as one who has the capacity to pay but is not paying. Our contention and experience is that the poor people, those who

are in distress conditions and who deserve help and assistance from the Government, whatever we provide for them, should not be exploited by those elements which are in spite of good positions, trying to exploit them. On the other hand, those who affect the credibility of the banking system, I accept that they should be excluded. Then he has asked a second question how is it that different degree of debt relief has been explained. I made it clear in the Consultative Committee meeting and I make it clear here also that there can be various parameters. In some of the estimates they have taken into account the overdues and current dues. They have taken into account the short term loans and long term loans. They have taken into account even those loans of Rs. 10000 and less while the total size of the loan is Rs. 50,000 or Rs. 60,000. They have also taken into account various sizes of holdings. If you have the permutations and combinations of these factors, you have different estimates. I made it clear in the Consultative Committee which I will make clear here also that (i) if you take all the overdues up to 2nd October, 1989; (ii) if you take all the loans which are only below Rs. 10,000; (iii) if you exclude the wilful defaulters; and (iv) if you take into account kisans, artisans and weavers, the whole amount comes to be Rs. 2,800 crores, and out of that, the debt relief that is to be given by the Centre for those banks and institutions which are under its jurisdiction, that is, nationalised banks and also the Regional Rural Banks, it comes to almost fifty per cent or less than that. That responsibility we will take. For that, this allocated amount is sufficient. We have also been writing to the Chief Ministers that a similar scheme may be followed in the States for cooperative credit institutions and in that case if they want some assistance, we are prepared to negotiate that. That is the scheme that we have.

SHRI RAMESH CHENNITHALA: Sir, the Minister has rightly pointed out in his statement that the credit camps are usually being conducted by the banks with the cooperation of the Block officials and others. The applications which are finalised in the credit

camps are being forwarded to the banks but they are lying pending in the banks. They are not being cleared by the banks. So, I want to know whether the Minister will give strict instructions to the banks to distribute loans which are cleared in the credit banks.

PROF. MADHU DANDAVATE: Sir, I will follow his guidance and necessary guidance will be given.

[*Translation*]

SHRI RATILAL KALIDAS VARMA (Dhandhuka): Sir, in Gujarat, loans were granted by the banks for the purchase of tempos to the labourers, who were rendered jobless on the closure of mills there. But because of the increasing inflation, they fail to pay their weekly instalments of loan and resultantly their tempos are impounded by the banks, which deprives them of means of their livelihood. So I would like to ask the hon. Minister whether some leniency will be shown in their cases and they will be given some relaxation.

PROF. MADHU DANDAVATE: This is a suggestion for action and we will also think over it.

[*English*]

SHRI INDRAJIT GUPTA: Sir, according to a statement of the hon. Minister—statement relating to another question, that is, question No. 175, not this question—I find he has said that according to the latest data, the outstanding advances of public sector banks to the weaker sections, which include agricultural labourers and rural artisans, at the end of September, 1989, amounted to Rs. 8,825 crores, constituting 10.9 per cent of the net bank credit. May I know from the Minister whether this amount of Rs. 8,825 crores which covers only agricultural labourers and rural artisans and not the cultivating farmers—the small farmers and the marginal farmers—plus the amount which is outstanding from the small and marginal farmers—this is only from the public sector banks, therefore, I presume this has to be a

liability of the Government upto Rs. 10,000 loans—is to be written off? Obviously it cannot be written off in one year by providing Rs. 1,000 crores which he has provided in this year's budget. That falls considerably short of this figure. So, I would like to know from him whether there is some sort of phasing of the whole plan or how it is going to be done.

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, it is good that Shri Indrajit Gupta has raised this question because it will clarify a number of doubts. As far as the announcement is concerned, it very categorically says that dues up to the 2nd October, 1989 are to be cleared. Now, some loans which are taken, whose current dues go beyond 2nd October, 1989, I can assure the hon. Member that we have gone through these loans also. Out of these loans, that is, Rs. 8825 crores, the component which falls under overdues up to 2nd October 1989, will be covered by the scheme that we are undertaking and we shall stand by them. (*Interruptions*)

MR. SPEAKER: Next question. Shri Hannan Mollah.

SHRI JANARDHANA POOJARY: Sir, he has not clarified the point.

PROF. MADHU DANDAVATE: Let me clarify that point. It includes current dues as well as over-dues.

SHRI EDUARDO FALEIRO: How much?

PROF. MADHU DANDAVATE: We have gone through it and we have calculated the entire overdues including the artisans, landless labour and all that and that comes to Rs. 8200 crores. This includes the overdues as well as the current dues. As far as the current dues are concerned, we may evolve some other formula, try to find out whether relief can be given to them, but the component of Rs. 8825 crores which falls in the category, that is, overdue upto 2nd October 1989, will be completed.

SHRI EDUARDO FALEIRO: Mr. Speaker, Sir, please allow half-an-hour discussion on this question. The answer is not satisfactory.

MR. SPEAKER: Next question No. 169, Shri Hannan Mollah.

White Paper on Foreign Debt

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*169. SHRI HANNAN MOLLAH:
PROF. RUPCHAND PAL:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to issue a White Paper on loans taken from the International Monetary Fund and other world bodies since 1980 and its utilisation;

(b) whether Government propose to seek further loans from the International Monetary Fund in 1990; and

(c) if so, the details thereof?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) No, Sir.

(b) and (c). No, Sir. Does not arise.

SHRI HANNAN MOLLAH: Sir, as it is widely discussed, the foreign debt of this Government is to the tune of one lakh crore rupees. That is the Government loan. But there are other loans also, that is, commercial borrowings are also there, borrowings from the International financial institutions are also there. I want to know what are those amounts and whether the Government have reviewed the last 10 years' loans from International Finance Institutions. What are the amounts of borrowing by both the Government and the private sector from the International financial institutions?

PROF. MADHU DANDAVATE: As far as the total amount which has been given is concerned, it includes various components

of loans. We have loans from the World Bank, we have loans from the IMF, we have market borrowings and we have also Government to Government assistance and the figure that is given is aggregate.

SHRI HANNAN MOLLAH: I want to know whether the Government has reviewed all the loans.

PROF. MADHU DANDAVATE: I have already said that as far as IMF is concerned, there is no fresh application for loans and no negotiations are going on for the fresh loans from the IMF at all.

SHRI RUPCHAND PAL: Sir, as you know, when the IMF contract loan was discussed in this very House, the hon. Finance Minister who was at that time on the other side of the House, had been discussing about the conditionalities imposed by the IMF. May I know from the hon. Minister whether those conditionalities imposed by the IMF which were vigorously pursued by the previous Government are standing in the way of pro-people budget and pro-people economy pursued by this Government?

PROF. MADHU DANDAVATE: I think it is a hypothetical question. I have made it explicitly clear, even when we formulated our budget there was no application for IMF loan, there were no negotiations and our budget has remained completely unaffected by cancellation of IMF loan.

MR. SPEAKER: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

[English]

Interest on NRI Deposits

*164. SHRI YASHWANTRAO PATIL:
Will the Minister of FINANCE be pleased to state: