

Therefore, it is not that the price will have an impact merely by production.—overall—unless the whole movement, availability of coal is improved. I think it will not directly have an impact on that. I can increase coal production, but if I increase coal production what will I do with it ?

MR. DEPUTY - SPEAKER : Shri Mohanlal Patel. Absent.

Shri Ajoy Biswas

Writing Off Loans Taken From Bank By Small And Marginal Farmers

*246. SHRI AJOY BISWAS : Will the Minister of FINANCE be pleased to state :

(a) whether the Union Government have any proposal to write off the loans taken by the small and marginal farmers from the different nationalised banks which are overdue for many years ;

(b) if so, the details thereof; and

(c) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c). A Statement is laid on the Table of the House.

Statement

(a) No, Sir.

(b) Does not arise.

(c) Within the framework of RBI guidelines the nationalised banks raise deposits and lend a portion thereof to borrowers. The rate of interest for advances, which differ from category to category, is also decided by the Reserve Bank of India. The advances to small and marginal farmers are given at a comparatively lower rate of interest.

It is not possible for the public sector bank to write off loans on a large scale which are given out of the funds raised

from the depositors.* If this were to happen, it will be difficult to raise deposits and provide further credit to farmers and others.

SHRI AJOY BISWAS : The Government in their reply have stated that it is not possible for the public sector banks to write off loans taken by the small and marginal farmers. But the Government have written off arrears of income tax amounting Rs. 30 crores. 77 percent of the total number of operational holdings are held by the marginal and small farmers. Because of their low holdings, sometimes they are not able to pay loan instalments. Thus interest goes on accumulating on that loan. In such cases, the banks do not allow further loan to these farmers. So, there should be a distinction between wilful defaulters and non-wilful defaulters. Will the Government consider that the small and marginal farmers are relieved from the payment of interest and the amount may be shared in equal proportion by the Government of India, the State Government, RBI, IDBI and the concerned bank as was done in 1979 for the drought affected areas in UP ?

SHRI JANARDHANA POOJARY : The money that is deposited in the banks, belongs to the people of this country. The loan is given to the small, marginal and other farmers for productive purposes. So far as small and marginal farmers are concerned, we have been giving subsidy to them. There is an Integrated Rural Development Programme for that. For marginal farmers the subsidy element is to the tune of 33.1/3 percent, for small farmers it is 25 percent and the tribal farmers it is 50 percent. The money with the bank has to rotate. Unless small and marginal farmers pay back that amount, it cannot be rotated and given to other persons including weaker sections of society. If due to specific reasons like calamity, flood, drought, etc. it is not within the capacity of these farmers to pay back the loan, in such cases we are re-scheduling and re-phasing it. In some cases where it is beyond the capacity of small and

marginal farmers, then there is the Deposit Insurance and Credit Corporation. When it is found that the loan is not recoverable, the concerned banks approach this Corporation and there will be insurance to the tune of 70 to 75 per cent of the loan. But there is no proposal before the Government to write off the loan or the interest as suggested by the Hon. Member.

SHRI AJOY BISWAS : If their loan is not re-phased, definitely they have to switch over to the money-lenders and the big land owners. It is a serious problem in rural areas. A recent study has revealed that the number of agricultural accounts pertaining to small and marginal farmers with the public sector banks, is only 10 per cent. That shows that the money of the nationalised banks is going to the big farmers and landlords, and only a fringe of the problem has been touched by the nationalised banks. The big farmers and the money-lenders have a close tie with the banks. They discourage small and marginal farmers to derive benefits from the banks in order to maintain their control over them. So, my specific question is whether the Government will liberalise the scheme for granting loans and other facilities to the small and marginal farmers so that they can be benefited more from the nationalised banks.

SHRI JANARDHANA POOJARY : For IRDP, even in the Budget there is a provision. Apart from that there is a scheme known as differential Rate of Interest Scheme, under which we are giving loans at the rate of 4 per cent. Sir, as you are aware, and the House is also aware, we have to pay interest at the rate of 11 per cent if the amount is deposited with us for more than five years. The other expenditure that is incurred on furniture, fixtures, salaries, etc., comes to two to three per cent. That means, for every Rs. 100 we have to incur an expenditure of about Rs. 13 to Rs. 14, including interest. Under IRDP, we are giving loans at the rate of 10 per cent and under DRI scheme we are giving at the rate of 4 per cent, to weaker sections and the small

and marginal farmers. This is within the knowledge of the Hon. Member. So many times it has been stated in the House that we have to provide some amount for statutory liquidity ratio and for cash reserve ratio also some amount should be provided for developmental activities. Whatever amount is left after that, 40 per cent of that has to go to priority sector. Therefore, the amount that is left for giving loans to other sectors, is not substantial. So far as the weaker sections are concerned, the 'weaker section' has been redefined and now 10 per cent of the total advances after making provision for the statutory liquidity ratio and the cash reserve ratio, or 25 per cent of the 40 per cent amount that is given to the priority sector, will go to the weaker sections. So, as on today, we are not in a position to liberalise the schemes.

[*Translation*]

SHRI GIRDHARI LAL VYAS : You have just now informed that loans are granted to the small and the marginal farmers at subsidised rates of interest, but when the question of recovery of the loan arises then against an amount of Rs. 3,000 given as loan in a year, Rs. 15,000 are recovered 5 or 6 years. Besides, the expenses incurred on issuing the notices and on motor vehicles used for effecting recovery are charged from the borrower. In this way, the small amount snowballs into a big amount, and for recovering it, the lands etc. of the small and the marginal farmers are auctioned. On the one hand, the policy of the Government is to lift the people above the poverty line and on the other hand, they are ruining them by auctioning their lands in that manner. So, instead of recovering five times the amount of the loan, is it not possible for you to follow the provisions of the Civil Procedure Code wherein it has been provided that nobody can realise more than two times the amount of the loan? Similarly, will you consider this point that in the case of the small and the marginal farmers and other farmers who are unable to repay the loan in time due to some calamity, so much recovery may not be made?

[*English*]

SHRI JANARDHANA POOJARY : There are guidelines issued by the Reserve Bank of India for advancing loans to the weaker section. If there is anybody who violates those guidelines, it should be brought to our notice and we will definitely take action against him.

(*Interruptions*)

MR. DEPUTY SPEAKER : Already we have taken ten minutes on this question.

SHRI V. SOBHANADREESWARA RAO : Why not allow us ? For what purpose we have come here ?

(*Interruptions*)

MR. DEPUTY SPEAKER : There are so many other subjects on which you can ask questions. I have to cover so many questions.

SHRI V. SOBHANADREESWARA RAO : Why don't you give us an opportunity ?

MR. DEPUTY SPEAKER : I am very sorry. I am more liberal to all.

SHRI SOBHANANDREESWARA RAO : You have not given an opportunity to us; it is not justified.

(*Interruptions*)

MR. DEPUTY SPEAKER : I will allow you on some other question.

SHRI SOBHANADREESWARA RAO : You allow others to make a speech.

MR. DEPUTY-SPEAKER : That is why I am restricting all.

(*Interruptions*)

MR. DEPUTY-SPEAKER : Please sit down. All of you sit down. I am asking all of you to sit down. First you sit down. Then I will allow you. I would request all the members to co-operate with me.

(*Interruptions*)

MR. DEPUTY-SPEAKER : Please sit down. I am asking you all to sit down.

(*Interruptions*)

MR. DEPUTY SPEAKER : All are important questions. There are so many important questions.

(*Interruptions*)

THE MINISTER OF FINANCE AND COMMERCE AND SUPPLY (SHRI VISWANATH PRATAP SINGH : Sir, my colleague has fully answered the question in detail. He has explained that out of the 40 percent, which is allotted to the priority sector, one-fourth of that, i.e. 25 percent is reserved for the marginal and weaker sections. That is the priority we are giving. He has further explained that concessions are given for drought etc. Now the point raised by the Hon. Member, which is a valid point, is why it should go up to 4 times or 5 times. Now this portion of the loan has to take care of drought, flood, some concession in interest etc. So, when there is a default in payment, some other poor men, who are waiting for the same money will be deprived of it. If we do not recover the repayment, these people will be starved of loans, because it will come to a grinding halt. If he wants to save payment 4 or 5 times, the option is there with him to repay it in time.

(*Interruptions*)

MR. DEPUTY-SPEAKER : I will give opportunity on some other question.

(*Interruptions*)

SHRI VISWANATH PRATAP SINGH : I cannot answer when go many members ask question at the same time. If a question is put by one member, I can answer it.

(Interruptions)

MR. DEPUTY SPEAKER : Nothing will go on record.

*(Interruptions)***

SHRI VISWANATH PRATAP SINGH : If a question is put in a proper manner, I can answer it.

SHRI V. SOBHANADREESWARA RAO : In view of the fact that you have not agreed to write off the dues from small and marginal farmers, which are overdue since a long time, is it not a fact that some of nationalised banks are writing off loans that were given to the industrialists under 'bad' debts? Is it not a fact? Then why there is discrimination? Is it not unconstitutional? Therefore, will the Government reconsider the stand taken towards the small and marginal farmers and write off the loan dues lying for very very long time?

SHRI JANARDHANA POOJARY : Sir, unfortunately the Hon. Members did not understand my answer properly. As I have already stated there is Deposit Insurance and Guarantee Corporation. When it is beyond the capacity of the person to pay and when it is found that it is not a willful default, 75 percent of it is taken care of by that insurance corporation.

SHRI V. SOBHANADREESWARA RAO : Where is insurance? It is only on paper.

SHRI JANARDHANA PCOJARY : This body has written off bad dues earlier and it is writing off every year. But it is not for the Government to write off the dues I have made it very

clear. It is written off by that institution. If it finds that the dues cannot be recovered from the weaker sections, 75 percent of that loan will be absolved by the Deposit Insurance and Guarantee Corporation.

Another point is whenever it is found that these cannot be recovered at all for special reasons and that he is not in a position to pay at all and that it is not at all a willful default, in such cases there is a provision to write off. So, when banks find that it is not at all recoverable for special and convincing reasons, in such cases these are written off.

SHRI V. SOBHANADREESWARA RAO : Then why don't you write off in the case of farmers?

SHRI VISHWANATH PRATAP SINGH : We write off for rural sectors also. He has explained that.

MR. DEPUTY SPEAKER : Now, next question. Shri Shivendra Bahadur Singh.

SHRI BRJAMOHAN MOHANTY : Sir, since we are disciplined people, we should not be deprived of the opportunity to ask questions.

MR. DEPUTY SPEAKER : If it is so important a topic, you can give a motion and then we can discuss it. Why should the time of Question Hour be taken for this small topic. There are other Members waiting for the turn of their questions.

Growth rate of central coalfields limited during seventh plane

*248. **SHRI SHIVENDRA BAHADUR SINGH** : Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether the Central Coalfields