

defence in good stead. Defence is a key sector. There are a lot of imports in defence. But the hon. member will appreciate that all the requirements for defence cannot be converted to total indigenisation. Even if we attempt to do that, we will fail; almost no country is able to meet all its own defence needs by total indigenous R&D and production. In a country like India, which is a developing country, we have to concentrate on those areas which are strategic and essential and which are not available to us from other countries easier or cheaper in the intervening period as we go to total self-sufficiency. In the intervening period, we are faced with a situation where a very large arms sale is taking place, has been taking place in the past and is likely to take place in the future. One is on of our neighbours and we have to match that by whatever means is available to us. There can be no reduction in our defence preparedness. And I would request the Hon. Member not to try and subvert the country by trying to reduce the defence preparedness of the country.

PROF. MADHU DANDAVATE : Just a minute, because this is a very important national issue. I think his allegation of information, misinformation, has arisen out of his misunderstanding of my question. I am aware of the fact and I congratulated during the debate on the Defence Budget last year that actually our Research Department is doing very good work in the field of Defence. I was not referring to Research and Development in the field of Defence. I was talking about the actual manufacture of sophisticated weapons for which we have to rely on the foreign countries and I am going on the basis of your document. It is not my misinformation; unfortunately, Mr. Prime Minister, it is your misinformation. I have only suggested that you should correct your misinformation and try to have better manufacture not only in the field of research and development but better manufacture of sophisticated weapons. That is what I am suggesting. Please correct your misinformation.

SHRI RAJIV GANDHI : That is where he is a little misinformed. There is

better manufacture through our own R&D taking place now than there has ever been in Defence.

MR. DEPUTY SPEAKER : Next question. Dr. Rajhans.

SHRI RAJIV GANDHI : Something we would prefer not to tell you.

MR. DEPUTY SPEAKER : SHRI Ram Pujan Patel.

PROF. MADHU DANDAVATE : That is the trouble. Planning Commission and Defence are treated as holy cows. They do not reveal how much milk they give.

SHRI RAJIV GANDHI : Let me assure the hon. member that Defence may be a holy cow but when it is called upon to give, milk, three or four times in the life of this country it has delivered the milk.

(Interruptions)

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI SUKH RAM) : The Planning Commission also is a holy cow in the sense that it gives milk to the whole nation in the form of economic growth.

(Interruptions)

PROF. MADHU DANDAVATE : I will lay the information on the Table next time.

Payment of loans to beneficiaries under poverty alleviation programmes

*111. SHRI RAM PUJAN PATEL : Will the Minister of FINANCE be pleased to state :

(a) the steps proposed to arrange for direct payment of bank loans to beneficiaries under the programmes undertaken by Government for lifting the poor above the poverty line; and

(b) the outlines thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (c) A statement is given below :

Statement

The banks have been providing loans under poverty alleviation programmes to the persons living below poverty line for undertaking productive ventures. At present, the amount is paid directly to the supplier of goods/assets so that the assistance is not utilised for any other purposes. As an experimental measure a scheme for direct cash payment, of loan plus subsidy, to the beneficiaries under Integrated Rural Development Programme (IRDP) has been started from the current financial year in 22 selected development blocks of the country. After receiving cash from the bank, a beneficiary can purchase the assets/goods. If he acquires animals or an item of a standard make/brand, he has to submit a receipt for the purchase. In other cases relating to purchase of sundry goods under the Industry, Services, Business Sector where cash disbursement is restricted to Rs. 3,000—, the beneficiary has to submit a utilisation certificate.

[Translation]

SHRI RAM PUJAN PATEL : Mr. Deputy Speaker, Sir, the hon Minister has given a detailed reply to the question. According to his reply, 22 development blocks have been selected under the IRDP programme in which beneficiaries get direct cash payment of loan plus subsidy. I want to ask the hon. Minister whether the same scheme would be implemented all over the country? It has been seen till now that the poor beneficiaries are not able to get the entire amount of the loan. At least 40 per cent of the amount is pocketed by others. We increase the budget allocations for all these schemes every year, so that the poor people could be brought above the poverty line. But it has been seen that the money does not reach them. Secondly, there is a discrepancy between Government figures and what is actually happening in the rural

areas. Hence, it is our responsibility to keep a watch over such things. Therefore, the hon. Minister should make such arrangements which could benefit the poor. Thirdly, has there been any survey to identify the percentage of people who have been brought above the poverty line? Besides, what is the reason that the Government figures and the actual situation in the villages differ?

[English]

SHRI JANARDHANA POOJARY : Sir, the scheme has been introduced recently and we have evaluated the performance for the last six months. In some blocks it has been successful and in some blocks the report says it is not successful. Let us wait for some time and further evaluate the performance. Whether to extend to other blocks or not, we will take a decision after a full examination. And so far as assistance that has flown to the weaker sections is concerned, under IRDP during the Sixth Five Year Plan we have been able to give to the weaker sections to the extent of Rs.3,101 crores, and IRDP through the banking sector and in the Seventh Five Year Plan the target is that we should give Rs. 4,000 crores as against Rs.3,000 crores in the Sixth Five Year Plan.

In addition to that, a sum of Rs.2,358 crores will flow a subsidy from the Central and the State Governments.

[Translation]

SHRI RAM PUJAN PATEL : Mr. Deputy Speaker, Sir, what I wanted to know was something else. I know that the Government is paying enough money and that the hon. Prime Minister has increased the allocation this year. But the question is whether the beneficiaries get the loans or not? The figures provided to us here are different, but when we go to our constituencies, we find that thousands of people are arrested for non-payment of loans. I want to know that if the beneficiaries are not getting the money, then what programmes could be

started or what policy should be formulated so that the beneficiaries could get the loans? We do not trust those to whom we are lending money but we trust those employees and officials.....

[*English*]

MR. DEPUTY SPEAKER : He has already said that some evaluation has been done.

[*Translation*]

SHRI RAM PUJAN PATEL : What you are saying is true. But I want to say that a system should be evolved by which the amount of loan upto a certain limit could be deposited in the banks and the beneficiaries could draw the money from time to time according to their need and, I think, then only it would benefit the poor. Will you devise such a system?

[*English*]

SHRI JANARDHANA POOJARY : As the hon. Member is aware of the fact we have introduced a new scheme under which the cash flows to the weaker sections directly. That experiment is being conducted. In the Sixth Plan we have been able to give assistance to 1.64 crore families as against the target of 1.5 crores. We do not say that there is no deficiency. Deficiencies are there. We are trying to improve upon it. But that does not mean that the poorer sections had not got the benefits under this scheme. This scheme has been very beneficial to the weaker section. In the Seventh Plan we are going to give second dose of assistance in order to improve further the economic conditions of those people who have been helped during the Sixth Plan.

[*Translation*]

SHRI VIJOY KUMAR YADAV : The hon. Minister has himself admitted that there are some shortcomings in the distribution of loans. You are having two types of schemes for this purpose. One is direct cash payment and the other is payment in kind. I want to know

whether any survey has been conducted to find out if the people are benefited more when payment is made in kind or when it is made in cash as has been introduced recently in some selected 20 development blocks? So far as I understand, the situation in my constituency and for that matter in the Constituencies of other hon. Members is not satisfactory. If some beneficiary is to get Rs. 3,000 as loan, out of it Rs. 2,000 is pocketed by officials and other intermediaries and the poor people and Harijans are not able to get anything. Has any survey been conducted to find out whether there has been any improvement after the cash payment system was introduced? If the situation improved, then it should be encouraged.

[*English*]

SHRI JANARDHANA POOJARY : The evaluation which has been done recently show that the assets found intact in 22 blocks were 66 per cent as compared to nearly 70 per cent in the old pattern of lending. This is the evaluation of six months. Let us watch the performance for some more time. We will come to a decision after seeing the performance after a longer period.

[*Translation*]

SHRI UMAKANT MISHRA : Mr. Deputy Speaker, Sir, there is only one significant poverty alleviation programme, namely I.R.D.P.—the Integrated Rural Development Programme—which was introduced by late Shrimati Indira Gandhi, and our present Prime Minister has carried it forward. It cannot be said that the rural areas are not getting any benefits out of it. They are getting benefits. But the point is that the money goes to the States, and is distributed to the people by the various branches of the banks. Many agencies are involved in the distribution simultaneously. They include the banks, the blocks, the Village Level Worker, and the revenue collection agency which together create all the mess. It is not that the loans are not distributed, but we see in the rural areas that every one feels harassed. So there must be one agency. Your funds are allocated from here. Let

these funds be distributed by the banks; blocks and other agencies should not be involved in it. There should be a technical person in the bank itself who could give the money straightaway. This technical expert could examine the project which the beneficiaries want to start, whether it is sheep rearing or setting up of an industry, and he should advise accordingly. Thereafter, it should be watched whether the beneficiary is implementing the project or not. The payment should be made to him so that he is satisfied that he has received the amount. Then it should be ensured that the money is not misused, people do not demand a share out of it or bribes are not taken...

(Interruptions)

[English]

MR. DEPUTY SPEAKER : Do not make a speech in Question Hour. Ask the question straightaway.

[Translation]

SHRI UMAKANT MISHRA : My question is whether the Government will make arrangements to ensure that there is no corruption in the distribution of loans under the IRDP and the amount is paid directly to the beneficiary and only one agency is involved in disbursement of the loans ?

[English]

SHRI JANARDHANA POOJARY : Sir, all the suggestions that have been made here by the hon. Member and others, inside the Parliament and outside the Parliament, will be kept in view at the time of taking the decision. In order to educate the people and to see that it directly reaches the weaker section and also to see that there is no element of corruption, we are holding the Credit Camps throughout the country, and in the presence of the people we are giving direct assistance to the people. That is why public functions are held.

SHRI P. KOLANDAIVELU : Sir, I appreciate the stand taken by the Government in the poverty alleviation programme. For all these programmes, such as, IRDP,

RLEGP and NREP, you are actually allocating more funds. With regard to IRDP, you have fixed some target. The target is one crore fifty lakh families by the end of the financial year. This target you want to cover and even you want to achieve more than the target. Some of the States are doing better work whereas in some of the States the funds allocated for IRDP are not being utilised for the purpose for which they have been allocated. Some States are doing better; if the target fixed for them is 100 per cent, they are achieving even 150 per cent. Take Tamil Nadu, for example. They are doing the work more than the target. So, I would like to know whether the funds given to those States which are not utilising them, will be given to those States which are doing more work.

SHRI JANARDHANA POOJARY : Sir, the target fixed is not that which has been stated by the hon. Minister. I have stated that the target was that one and a half crore people were to be given assistance during the Sixth Five-Year Plan. During the Seventh Five-Year Plan, two crores people will be covered under this programme. A sum of Rs. 4 000 crores will flow from the banks and the cooperative banks, in addition to Rs. 2,358 crores as subsidy.

So far as the performance of some of the States is concerned, particularly during this Plan period, in some years their performance is dismal and in some years they pick it up. The target is for the entire Seventh Five-Year Plan and earlier it was for the Sixth Five-Year Plan. We will congratulate those States which have gone ahead and crossed the targets which have been prescribed. So far as the fund is concerned, fund is available. So far as the programme is concerned, allocation will be there. In this year, for your information, a sum of Rs. 543 crores has been fixed as the target and this will go as subsidy on 50:50 basis. So, if they are going to cross this target, then we will examine.

[Translation]

SHRI MANOJ PANDEY : Mr. Deputy Speaker, Sir, it has come to our

notice that even after the names of the beneficiaries are recommended and sent to the banks for sanction of loans and even after they are sanctioned loans, disbursement is not made. In this way, the targets which are fixed are not achieved. I want to know from the hon. Minister whether he would order an inquiry into cases where sanction has been given but disbursement has not been made and where the targets have not been achieved? Will he examine such cases at the personal level?

[English]

SHRI JANARDHANA POOJARY : Sir, the DRDAs have to identify the beneficiaries, and after identifying the beneficiaries, they have to submit the applications to banks for sanction. It is the duty of the bank to process the application and sanction, and then the disbursement will take place. Now, this sanctioning should take place within fifteen days and if it is not done and if there are any instances which could be brought to our notice, we will take action.

RAO BIRENDRA SINGH : I would like to know from the hon. Minister whether it is a fact that poverty alleviation programme of the Government of India has not had the desired effect on account of large scale corruption in various agencies dealing with loaning and subsidy, like, banks, revenue agencies and development agencies in the Districts and Block. It is the element of subsidy, from 25% to 75% in different schemes, which encourages people to indulge in corruption and forces farmers and other weaker sections to give illegal gratification. Has the Government considered the suggestion given more than three years ago by the then Agriculture Minister that instead of subsidies being given for various development schemes, interest free loans should be provided to farmers for development purposes so that all this business of subsidy does not result in cuts at various levels and the people in weaker sections are not forced to pay money to obtain loans?

SHRI JANARDHANA POOJARY : This suggestion has been considered. The

feedback given to us and also the suggestions and recommendations from some of the State Governments and also coming from various quarters have gone to the extent of saying that the present system is better.

(Interruptions)

MR. DEPUTY SPEAKER : Let him finish.

SHRI JANARDHANA POOJARY : Various suggestions have been considered. We are examining further to eliminate subsidy element and directly to give loan (principal amount) without any interest. This is also being considered.

[Translation]

Inquiry into working of Gramin Banks

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*114. **SHRI BALWANT SINGH RAMOOWALIA :**

SHRI TEJA SINGH DARDI :

Will the Minister of FINANCE be pleased to state :

(a) whether Government have conducted any inquiry into the working of Gramin Banks to find out if these are serving their objectives;

(b) if so, the outcome of the inquiry; and

(c) the follow up steps taken in this regard?

[English]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c) A Statement is given below.

Statement

Government had set up a Working Group to examine the suitability of the existing structure of Regional Rural Banks (RRBs), taking into account the role assigned to them and to suggest appropriate measures for improving their overall capabilities. The Working Group has come