

consider, is not giving it retrospectively, at least to give ad hoc increase to these pensioners who have become older than 70 or 75, and particularly those about 60 per cent of the pensioners who earn less than Rs. 100 as pension? That is my question.

SHRI CHARAN SINGH: As I have already said increase in pension in the case of pensioners is not possible. If Government accepts the suggestion made by the hon. members, then the Government will be arranged for increasing the deficit. The hon. member who has just now spoken has himself made a long speech and said that the deficit has increased.

Concession given by Public credit Institutions to Cooperative Societies

*647. **SHRI S. R. REDDY:** Will the DEPUTY PRIME MINISTER AND

MINISTER OF FINANCE be pleased to state:

(a) whether any concession is being given by the public credit institutions to the various cooperative societies, housing, industrial, consumer and agricultural cooperative societies; and

(b) whether Government propose to revise the rates of interest charged from cooperative societies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZULFIQUARULLAH): (a) The concessions given by the Reserve Bank of India to State Cooperative banks in granting refinance facilities are described in the statement laid on the table.

(b) The question of revision in rates of interest is kept under constant review by Government and the Reserve Bank of India and modifications, when considered necessary, are made from time to time.

Statement

Concessional Rates of Interest charged by Reserve Bank to State Cooperative Banks.

| Purpose | Rate of Interest |
|---|-------------------------|
| <i>Short term Credit</i> | |
| (i) Financing seasonal agricultural operations | 3% below Bank Rate. |
| (ii) Financing of production and marketing activities of cottage and small-scale industries | 2-1/2% below Bank Rate. |
| <i>Medium term credit</i> | |
| (i) Investment for agricultural purposes | 3% below Bank Rate |
| (ii) Conversion of short-term agricultural loans into medium term loans | 3% below Bank Rate. |
| (iii) Long term loans to State Governments for subscription to the share capital of cooperative credit institutions | 6% |

Note:—Bank Rate at present is 9%.

SHRI S. R. REDDY: The reply given by the hon. Minister against (b) is incorrect because it is the experience of almost all hon. members of this House that the rate of interest which the co-operative societies charge is anywhere between 14 per cent to 18 per cent. Now, from the statement, it appears that the bank rate is 9 per cent and the rate charged by the co-operative societies is less by 3 per cent. It is obviously an in-

correct reply. Will the hon. Minister correct his reply and let me know what is the actual rate charged by the societies to the consumers?

SHRI ZULFIQUARULLAH: The co-operative societies charge their own rates. The question is regarding re-financing. It is wrong to say that the re-financing rates are not correct. They are correct—3 per cent below the bank rate.

| Purpose | Rate of Interest |
|--|------------------------|
| <i>Short-term credit</i> | |
| (i) Financing seasonal agricultural operations | 3% below Bank Rate |
| (ii) Financing of production and marketing activities of cottage and small-scale industries | 2-1/2% below Bank Rate |
| <i>Medium term credit</i> | |
| (i) Investment for agricultural purposes | 3% below Bank Rate |
| (ii) Conversion of short-term agricultural loans into medium term loans. | 3% below Bank Rate |
| (iii) Long term loans to State Governments for subscription to the share capital of co-operative credit institutions | 6% |

The bank rate at present is 9 per cent. The question asked was about concessions given under these items. So, these are the rates.

SHRI S. R. REDDY: The bank rate is 9 per cent no doubt, but by the time it reaches the primary societies,

it becomes 15 per cent. Will the Government consider doing away with the intermediaries to reduce the rate of interest?

SHRI ZULFIQUARULLAH: It is regularly considered. Recently the rates have been reduced.