

Meeting of heads of Banking Institutions

*248. SHRI K. LAKKAPPA:†
SHRI SATISH PRASAD
SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether he had convened a meeting of the heads of the banking institutions to consider effective implementation of the 20-point programme;

(b) if so, the guidelines issued to the banking institutions to ameliorate the lot of the weaker sections of the country;

(c) what other steps have been taken to provide credit facilities to the weaker sections in the rural areas and the urban poor; and

(d) what specific steps his Ministry propose to take to implement the 20-point programme in letter and spirit?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) to (d) A statement is laid on the Table of the House.

statement

(a) Yes, Sir.

(b) to (d) The loans of public sector banks for neglected sectors already cover a large number of beneficiaries of 20-Point Programme. In the above meeting referred to, the following broad conclusions were arrived at in order to revitalise the banks' participation in the implementation of the 20-Point Programme:—

(1) Banks will endeavour to raise the share of priority sectors in their aggregate credit from the present level of 33.3 per cent to 40 per cent over the next five years. Within this overall target, a significant proportion will be provided to the beneficiaries of the 20-Point Programme.

(2) Banks will evolve special schemes tailored to the requirements of the beneficiaries of the 20-Point Programme as part of their District Credit Plans.

(3) The Scheme of Differential Rate of Interest and the programme of establishing Regional Rural Banks will be pursued with greater vigour.

(4) The Reserve Bank will evolve a monitoring system to evaluate the performance of different banks in the implementation of the 20-Point Programme.

In pursuance of the above decisions the Reserve Bank of India have appointed two Working Groups. One Working Group will examine and report on the modalities of implementation of 20-point programme by banks. The other Working Group will review the system of data collection in respect of advances to the priority sectors for the purpose of monitoring the progress made by the banks in rendering assistance to the target groups under the 20-point programme.

SHRI K. LAKKAPPA: Mr. Speaker, Sir, the question relates to the 20-Point Programme. That is regarding convening of a meeting of heads of banking institutions. I have read the Statement.

MR. SPEAKER: Have you any objection?

SHRI K. LAKKAPPA: I have read the statement laid by the hon. Minister very carefully.

My question is about 'effective implementation' of the 20-point programme.

MR. SPEAKER: Please put a pointed question.

SHRI K. LAKKAPPA: My point is that the whole system of implementation of the 20-point programme has not been carried out either by the public sector banks or by the private sector banks as envisaged and directed by the then government and also during the last two and a half years various States had completely neglected it.

MR. SPEAKER: What is your question?

SHRI K. LAKKAPPA: I would like to know what are the names of the heads of the banks and institutions of the private and public sector banks who met and what are the decisions taken for effective implementation of the 20-point programme apart from the answer given out in the statement laid on the Table of the House.

SHRI BHAGWAT JHA AZAD: Sir, you institute two trophies one for the shortest question and the other for the shortest answer.

SHRI R. VENKATARAMAN: Sir, the 20-point programme was not implemented by the previous government. The 20-point programme was initiated by the Congress Government before 1977. Now, after coming back to power we are reviving the 20-point programme and asking the banks to give assistance in all those heads in which bank assistance is required. I held a meeting of the heads of the nationalised banks and then asked them to increase the amount of credit for the purpose of the priority sector from 33.1 per cent to 40 per cent. The Reserve Bank has appointed two committees—one committee to go into the various aspects of how to implement the 20-point programme through bank assistance and they said they will monitor whether this assistance flows to the people who deserve and to whom it is intended. Therefore, there is a committee to go into the question and this answer completely Mr. Lakkappa's question.

SHRI K. LAKKAPPA: My second supplementary question arising out of the answer given by the hon'ble Finance Minister is that I very much appreciate that he has got very serious approach to the implementation of the 20-point programme. I would like to know whether he is aware of the fact that the management of the public sector banks—the officialdom attached to these various banks—including the private banks have not been responsive to the needs of the weaker sections of the people in getting loans and there have been procedural wrangles and de-

lays. The same people who do not believe in this 20-point programme and the amelioration of the weaker sections of the society are there. Will the hon'ble Minister refer this matter to the two groups that he has envisaged to go into this aspect and see that there is complete overhaul of the administration in the banking system to make it easy to meet the situation?

Even Government may stand as a guarantee to the weaker sections of the country for the effective implementation of the twenty-point programme.

SHRI R. VENKATARAMAN: The hon. Member had a number of complaints against the manner in which the banks had been implementing the twenty-point programme. Sir, I have some figures with me which do not fully justify the criticism, though there is room and scope for improvement. All that I have said is this. We have taken note of the feelings in this country that greater assistance should flow to the vulnerable sections of society and weaker sections of society. Therefore we have constituted this committee not only to see that aid flows to those sections but also to monitor whether it flows according to our instructions. Therefore I would request the hon. Members to wait for 3 or 4 months and watch the way in which the banks function. And if they still come forward with any specific suggestion we will rectify the mistakes, any, which may be pointed out.

श्री सचिव प्रसाद सिंह : अध्यक्ष महोदय, देहाती क्षेत्रों में बहुत से ऐसे गांव हैं जहां से बैंकों की दूरी बहुत काफी है और बैंक उन गांवों को अपने आपरेशन एरिया में लेना नहीं चाहते हैं। मैं मन्त्री महोदय से जानना चाहता हूं क्या सभी देहाती इलाकों को बीस-सूती कार्यक्रम के अन्तर्गत बैंकों के आपरेशन एरिया में लेने का आदेश दया जाएगा ?

SHRI R. VENKATARAMAN: Such of those villages are intended to be covered by the co-operative societies and co-operative banks.

If the hon. Member wants any particular or specific area to be included, then, the Government will examine the thing and then make its recommendation to the Reserve Bank.

श्री मलिक एम० एम० ए० खा : अध्यक्ष महोदय, बैंकों से गरीब और कमजोर वर्ग के लोगों के लिए लोन केबिलसिले में जो प्रोसीजर है वह इतना लम्बा और थका देने वाला है कि लोग परेशान होकर बैठ जाते हैं। मैं मंत्री महोदय से जानना चाहता हूँ कि जो मजूदा प्रोसीजर है क्या उसको इतना आसान बनाने की कोशिश करेंगे कि जो गरीब आदमी अपनी तरक्की के लिए लोन लेना चाहें उनको जल्दी से जल्दी लोन मिल जाए ?

MR. SPEAKER: This is a suggestion—it is all right.

SHRI R. VENKATARAMAN: We have taken steps to streamline the procedure. Actually the application form has been streamlined. On the back of the application form we have printed various particulars in regard to which they will be eligible for getting loans and all those things.

श्री शिव कुमार सिंह ठाकुर : अध्यक्ष महोदय, जो बैंक देहाती क्षेत्रों में खोले गए हैं उनका लाभ गांवों में रहने वाले बड़े किसान ट्रैक्टर, मिनी बस इत्यादि खरीदने में उठा लेते हैं। मैं मंत्री महोदय से जानना चाहता हूँ क्या वे यह निर्णय लेंगे कि बीस-सूत्री कार्यक्रम के अन्तर्गत 50 प्रतिशत से अधिक लोन गरीब तथा पिछड़े हुए तबके के लोगों को देने की व्यवस्था की जाए ?

SHRI R. VENKATARAMAN: one per cent of the credit is reserved for lending to people who are holding marginal and submarginal forms. That is given at a concessional rate, what is known as the DRI, at four per cent. We have also said that sixty per cent of the rural deposits received in the area must be lent out

to that area. This will ensure that the rural deposits are utilised for the people in the rural areas.

As regards the question that only richer farmers are able to get benefits, I would like to mention that we have so streamlined the procedure that the people who want loans upto Rs. one thousand need not give any guarantee, need not provide any surety and people who want loans upto Rs. five thousand for agriculture and allied purposes, if they give the surety or guarantee of their crops, etc., it would be considered sufficient. So, we have provided all the facilities for the people belonging to the weaker section.

SHRI SUNIL MAITRA: While the Central Government has the 20-point Programme, the West Bengal Government are having 36-point programme. Under the 36-point Programme, the West Bengal Government has asked the banking sector to give credit to the fifty thousand share-croppers and poor peasants. Will the Central Government persuade the nine States which are directly under its control to extend the scheme to the people in those States also?

SHRI R. VENKATARAMAN: The credit for the share-croppers, that is, people who do not own land, is also available under the 20-Point Programme. If anywhere this facility is not being made available, then it may be reported and we will take it up with the Reserve Bank for suitable action.

SHRI R. L. BHATIA: The attitude of the bank managers is generally to ignore the investment in the agricultural sector, because most of them come from the cities and they are not interested in the agricultural sector. May I know from the hon. Minister if in his meetings with the heads of the various banking institutions, the attitude of the bank managers was ever discussed and whether any percentage has been fixed for investment in the agricultural sector under 20-Point Programme?

SHRI R. VENKATARAMAN: Out of the total credit by the banks, forty per cent is reserved for loans to priority sectors including those covered under the 20-Point Programme. And in this programme, agriculture gets the highest priority. I will give you the figures of the investment made in the agricultural sector by the nationalised banks. In the year 1976, that is the year ending June, 1976, Rs. 726 crores were given directly and Rs. 277 crores indirectly. In the next year 1977, Rs. 950 crores were given directly and Rs. 324 crores indirectly. In 1978, Rs. 1234 crores were given directly and Rs. 424 crores indirectly. In the year 1979, Rs. 1686 crores were given directly and Rs. 557 crores indirectly. This only refers to nationalised banks. Apart from this, there is the cooperative credit to the tune of Rs. 1440 crores. Besides this, there is also credit available from the non-nationalised banks.

Loans to Agriculturists for productive purposes

*249. **SHRI K. RAMAMURTHY:** Will the Minister of FINANCE be pleased to state:

(a) whether the nationalised banks have been directed not to insist on any guarantee for sanctioning loans upto Rs. 4,500 to the agriculturists for productive purposes; and

(b) if so, the details of the scheme?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) and (b) Yes, Sir. The Reserve Bank has advised all scheduled commercial banks, which include the nationalised banks, to adopt certain security norms according to which third party guarantees are not required for loans upto Rs. 5,000 for agriculture and allied activities. Such loans are given against hypothecation of crops or of moveable assets where such assets are created out of the loan amount. A further concession is given in the case of smaller loans upto Rs. 1,000; in such cases a demand promissory note or a

loan agreement is treated as sufficient security.

SHRI K. RAMAMURTHY: In his answer, the hon. Minister has stated that the Reserve Bank of India has only advised the commercial banks, including the nationalised banks, in this country to advance loans upto Rs. 5,000 without any third party guarantee. First of all, I must thank the Government for taking this decision. But will the Government, instead of advising on this important matter to the banks, give directions to them to implement this policy?

SHRI R. VENKATARAMAN: The advice of the Government to the Reserve Bank is always accepted. There is no need to give any directive. Directives are given when the advice is not accepted or followed.

SHRI K. RAMAMURTHY: In respect of these loans which are to be given to the agriculturists without third party guarantee or assurance, will Government treat them under the DRI schemes and as interest-free loans? Secondly, the top-level management in the nationalised banks are not having any faith in the implementation of this 20-Point Programme. In the case of persons appointed at the political level by the previous Government, will this Government come forward and change them; and will this scheme of loans of Rs. 5,000 and Rs. 1,000 be treated under the DRI scheme?

SHRI R. VENKATARAMAN: It is a hypothetical question. If the bank managers or the chief executives do not carry out the advice of the Government, then the Reserve Bank will certainly take appropriate action to enforce it.

SHRI K. RAMAMURTHY: The hon. Minister in his reply to the previous question has accepted that the top-level management appointed by the previous Government, have not implemented the 20-point programme. How will the same management im-