

allocation of land, supply of power and finance given to other 100 per cent export oriented units ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P.A. SANGMA) :

(a) No, Sir. Issue of green cards has already commenced.

(b) Does not arise.

SHRI SUSHIL BHATTACHARYA : Sir I would like to know from the Hon. Minister how many firms applied for and how many firms have been issued the green cards from January to July this year.

SHRI P. A. SANGMA: Sir, the Government has decided to issue green cards to three categories of units : (1) those units which have already gone into production, (2) those units which are likely to go into production within this year, and (3) those units which have taken effective steps. So, under these categories of units, 79 units have been identified and the green cards have already been prepared, out of which 9 have been already distributed.

SHRI SUSHIL BHATTACHARYA : May I know from the Hon. Minister the names of those industries which come under the special category of 100 per cent export-oriented ?

SHRI P. A. SANGAMA : So far we have received 470 applications. Out of this 313 units have been approved.

I am sorry I do not have the list of these 313. If the Hon. Member wants, I can furnish the list to him.

Deposit Credit Ratio of Scheduled Banks in Rural Areas

*186. SHRI GEORGE FERNANDES : Will the Minister of FINANCE be pleased to state :

(a) what is the current deposit ; credit ratio of the scheduled banks in the rural areas;

(b) whether Government propose to direct the banks to invest the deposits of each district within the district itself; and

(c) if not, the reason therefor ?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) to (c) A Statement is laid on the Table of the House.

Statement

Available data shows that as at the end of June 1982, the rural branches of the scheduled commercial banks had a credit: deposit ratio of 58.7 per cent

It is not proposed to direct the banks to utilise deposits mobilised by their branches in each district in that district itself as it will cut at the very root of the banking business which involves mobilisation of savings wherever available and their free movement for utilisation wherever required in consonance with the national priorities. Besides, such an approach of local utilisation of resources, if adopted in respect of bank deposits, would have serious implications for mobilisation of resources for national developmental programmes. It will also prevent the banks from deploying their funds according to the national priorities.

However, recognising the fact that the rural branches of the banks need to involve themselves actively in supporting productive ventures in rural areas and not to function as deposit mobilising units only, Government have advised the banks to endeavour to attain a credit : deposit ratio of 60 per cent in their rural branches. They have also been advised to avoid large inter-regional disparities in attaining the ratio.

श्री जार्ज फर्नांडीस : अध्यक्ष जी, मेरे प्रश्न पूछने का उद्देश्य यह था कि अगर सरकार की नीति में कुछ परिवर्तन लाने की बात हो तो अच्छा रहेगा जिससे कि गांवों की बचत का पैसा गांवों के विकास के लिए गांवों में ही रहे। न सिर्फ बैंक बल्कि एल आई सी, पोस्टल सेविंग्स यूनिट ट्रस्ट इत्यादि में गांवों की बचत का पैसा गांवों के विकास के लिए ही रहे। यह मेरा उद्देश्य था। मन्त्री जी के जवाब से एक तो ऐसा लगता है कि वे कुछ आंकड़ों का आधार लेकर अपने को बचाना चाहते हैं और हमें गुमराह करना चाहते हैं। दूसरे वे यह बताते हैं :

“It will also prevent the banks from deploying their funds according to the national priorities.”

तो वे कौन सी नेशनल प्रायर्टीज हैं जिनमें आप गांवों की बचत का पैसा गांवों के विकास के लिए गांवों में ही रखने के लिए जिले को आधार मानकर रोक लगाते हैं—इसका जरा खुलासा करने की कृपा करें।

SHRI PRANAB MUKHERJEE : I think I would not explain to the House what are the national priorities. But at least one example I can give which the Hon. Member is fully aware of. Out of every 100 rupees of the bank deposit 35% is S.L.R. and 8.0% is CRR which are utilised substantially to finance the development planning. Investment in Government securities and bonds from the banks are being made out of it (*Interruptions*). 35% is SLR and C.R.R. and is varying. Presently it is 8.0%. Some time back it was 7.5%. So out of every Rs. 100, credit is roughly Rs. 47 to 48.

If you look at the annual market borrowing which is supporting the annual plan, it is nearly Rs. 4000 crores. Secondly, coming to the area of credit : deposit ratio in the rural areas, there too we have taken their credit needs into account. In this scheme

when we directed that 60% of the deposits should be ploughed back in the rural areas. My predecessor Shri Venkataraman deliberately decided that while determining the 60% credit deposit ratio we should not take into account full SLR and C.R.R. so far as rural branches of the Commercial Banks are concerned. That has been made up from deposits in the urban, semi-urban and metropolitan branches. Keeping that in view the present ratio which I had indicated is 58% and our objective is to reach 60%.

If we look at the other angle, I do entirely agree with the Member that there is need for ensuring funds for rural development. I am not disputing that question. But what I am trying to point out is what has been done in that direction and figures are important because you do not have any other indicator. So, keeping that in view, if you look at the Regional Rural Banks which are wholly operating in the rural areas, their activities are confined to one or two districts, their credit deposit ratio is more than Rs. 100%-. I will be able to give figures for the information of the Hon. Members. The total of 121 regional rural banks, whose figures are presently available with me, I am not talking of 142 because I do not have figures for all the banks which has been established, but I am confining to 121 whose figures are available to me. The deposits are Rs. 382 crores.

But their advances were Rs. 463 crores. Thus in the Regional Rural Banks (RRB), the credit-deposit ratio is more than 100% and we have deliberately accepted that policy that instead of siphoning off the resources from the rural areas, the RRB should draw more from other areas to provide it in the rural areas. The scheme is well-know to the Hon. Members that we want to cover, by the end of the Plan, 170 regional rural banks. Already we have established 142 in number.

Sir, we shall have to look into another angle also. Take the investment in the agricultural sector. It is not that the entire investment in the agricultural sector which is primarily in the rural areas, is done either from the Regional Rural Banks or

from the rural branches of the commercial banks. In terms of figures in December, 1980 Rs. 2374 crores a sizable amount was invested in agriculture in the rural areas—I have not taken this into account in the 58.7% credit-deposit ratio—which came from the semi-urban or urban branches.

Therefore, our objective is to reach 60% credit-deposit ratio to see that the rural branches of the commercial banks play a vital role in the development of the area under its command and to reach the

targeted figure which we have fixed for ourselves.

श्री जार्ज फर्नान्डीस : अध्यक्ष महोदय, मंत्री महोदय ने कितने सरल और आसान तरीके से सदन को गुमराह किया है। सरकार की नीति का देश पर क्या असर हो सकता है, यह मैं चन्द दिनों पहले उन्हीं के मंत्रालय द्वारा दिए गए आंकड़ों से स्पष्ट करना चाहता हूँ और मंत्री महोदय को बताना चाहता हूँ।

(लाख रुपयों में)

श्रेत्र/राज्य	जमा राशियां	ऋण
बिहार	1972	846
हजारी बाग	66	20
मधुबनी	21	12
मोंघर	56	16
मुजफ्फरपुर	73	31
नवदा	10	5
पलामू, जहां लोग आज भी भूख से मर रहे हैं	27	8
बैंकूरा, जो मंत्री महोदय का सूबा है	35	8
बीरभूम	41	14
बरदवान	291	80
कूच बिहार	22	9
मिजोराम	23	2
सिक्किम	6	1
अरुणाचल प्रदेश	13	2
मेघालय	62	13

अध्यक्ष जी, यदि आप बिहार के पिछड़े जिलों में जायेंगे तो वहां अधिक लूट होती है। आप मध्य प्रदेश के जिलों में जायेंगे, जहां पर कि डकैती और बहुत ही पिछड़ापन है, वहां ज्यादा असंतोष है। पूर्वांचल में भी इसी प्रकार की स्थिति है। अध्यक्ष जी, एक जिले का पैसा जुटता है, गांवों को पैसा जुटता है, उसको शहर में पुंजीशाह बनाने के लिए खर्च करते हैं। यह हालत न सिर्फ बैंकों की है, पोस्टल सेविंग्स में भी यही हालत है। पोस्टल बैंकों में 10 हजार करोड़ रुपया जमा है, जो 6 करोड़ 7 लाख लोगों ने जमा किया है और औसत एक आदमी का 1200 रुपये है। सारा का सारा पैसा पोस्टल सेविंग्स में गांवों की बचत का होता है, उसको पुंजीशाह बनाने और दिल्ली में एय्याशी और बड़े आदमी बनाने के लिए खर्च होता है। इन आंकड़ों के आधार पर मैं मंत्री महोदय से यह जानना चाहता हूं कि जो बचत का पैसा छोटे लघु, कुटीर उद्योगों और किसानों का जमा है, उस पैसे को उसी जिले में कर्ज के रूप में दिया जाएगा या नहीं — क्या मंत्री महोदय इस नीति को स्वीकार करेंगे ?

(Interruptions)

MR. SPEAKER : Order.

SHRI PRANAB MUKHERJEE : Sir, I would not enter into the basic presumption. There are no two opinions that we must ensure that a sizable amount of deposit in the rural area is being ploughed back in the rural area itself.

That is the position. Why are we talking of 60 percent credit-deposit ratio ? We are talking of that because we accept this principle that there should be a sizable plough back of the resources in the rural areas. But at the same time, we shall have to keep in mind what is the position from which we started and where we have reached.

Just the day when you nationalised these banks—I am not talking of postal and other savings—your total rural credit was Rs. 54 crores and in 14 years, from Rs. 54 crores, it has gone upto Rs. 3792 crores.

SHRI GEORGE FERNANDES : Out of how many crores of rupees ? It is out of Rs. 55,000 crores.

SHRI PRANAB MUKHERJEE : Rs. 54 crores out of Rs. 144 crores—in terms of percentage, it is 37; Rs. 3792 crores out of Rs. 6464 crores—in terms of percentage, it is 58.7. Therefore, we shall have to assume that it will take time. It is nobody's case that there is no need of rural credit. I myself have admitted on a number of occasions that in spite of our best efforts, the gap is there. When Mr. Y.B. Chavan was the Finance Minister, at one point of time he said, "It is my primary concern how to bring the entire rural area within the institutional credit system."

PROF. MADHU DANDEVATE : He is now the Chairman of the Finance Commission.

SHRI PRANAB MUKHERJEE : He is taking case of that. I am not going to speak about the Finance Commission. That is the subject of Mr. Satyasadhan Chakraborty.

The problem of rural credit is a serious one. They themselves appointed Prof. Dantwala to look into how the institutional arrangement for the rural credit could be strengthened. Therefore, we are making efforts in that direction. There may be a gap between our expectation and our actual performance. But we are trying to bridge that gap. It is not my case that whatever is necessary we have been able to do. It is equally not my case that nothing is being done. Substantial progress has been made. But we have to make much more progress. We are taking measures in that direction.

I will accuse my Hon. friends there. If they would not have scrapped regional

rural bank, distortion in the deposit credit ration today could have been prevented. As I have given you the figures, in 1975, we established 5 banks; in 1976, we established 34 banks. Suddenly, they discovered that something, some politics, was to be done with regional rural bank scheme and they said, let expansion be stopped. During their entire three year period, from 1977 to 1980, the total number of banks were not more than 20. Again, when we took it up, we had to build it up. Today the total number of 142 banks. This is an institution which can serve the rural areas in the most effective manner because their clientele is also small and marginal farmers, weaker sections of the community, artisans and poor people.

He quoted some figures about Sikkim and Meghalaya. Their entire banking structure is different. He knows it very well. He knows much better than me. Therefore, in Sikkim, I am providing the support to the cooperative sector. The population/branch ratio is the highest in Sikkim. But that is not going to solve the problem because banking culture is to be developed in Sikkim. In Meghalaya, as you are well aware, because of their peculiar social system, the traditional banking system cannot be operated. We have to have new type of arrangement so that the banks can cater to their needs. Mostly, the assets are held by the communities, not by the individuals.

These problems are known to him. The States in which rural areas are within the mainstream and which are acquainted with banking culture today are because of the regional rural banks. Take, for example, West Bengal. We have brought all districts in West Bengal under regional rural banking system. The credit deposit ratio of RRBs has increased. Today, the position is that it is 103.8 per cent. So, we are trying to do this thing. Still there is a gap and we will try to bridge that gap.

MR. SPEAKER : Before I call Mr. Kurien, I would like to say that we must have some targeted objectives.

SHRI PRANAB MUKERJEE : We did it. Actually we reached the target in 1982. (*Interruptions*)

MR. SPEAKER : I know; I have been fighting this case myself.

PROF. P. J. KURIEN : I agree with the Hon. Minister that there should be national priorities and, therefore, it is not possible to advance all the deposits of the district in that district itself. I am also happy that he has given a directive that the rural credit-deposit ratio should be 60 per cent. But I would like to know whether he is aware of the fact that the credit-deposit ratio with regard to some States in the country is less than 50 per cent of this. Your direction is 60 per cent. In some States—I am not talking of districts but States—the credit-deposit ratio is less than 50 per cent, for example, in Kerala and some other States. This leads to regional imbalance. Even in IRDP loans where the nationalised banks are directed to give one per cent of their deposits for IRDP, the banks are insisting that the State average only be looked into, not branch-wise one per cent. If there is a certain amount of deposit in a branch, one per cent of that should be advanced for IRDP. But at least in Kerala, I am sure, the branches of the nationalised banks are not complying with this norm...

MR. SPEAKER : What is your question ?

PROF. P. J. KURIEN : When the Reserve Bank Governor visited Kerala ...

MR. SPEAKER : Put your question.

PROF. P. J. Kurien : I want to know whether the Hon. Minister is aware of the fact that the branches are not complying with the norm of one per cent advance, one per cent of deposits, in the districts. I also want to know whether he is aware of the fact that, in spite of their directive to comply with credit-deposit ratio of 60 per cent, the bank officials have an apathy towards the rural sector. If a rural entrepreneur comes, the bank officials discourage him with all their ability whereas if

an urban entrepreneur comes, the bank officials encourage him. I want to know whether he is aware of these and if so, what action he is going to take to advance more funds to the rural sector.

SHRI PRANAB MUKHERJEE : So far as Kerala is concerned, at least this much I can say that it is not 50 per cent, it is 66 per cent. This is the figure which has been given to me. If you say that it is wrong, I can check it, but this is what I am told.

PROF. P. J KURIEN : But I am told otherwise.

SHRI PRANAB MUKHERJEE : I am talking as a State.

(Interruptions)

Secondly, I think, he has confused himself a little between IRDP and differential interest rate. So far as one per cent is concerned, it is the differential interest rate scheme under which credit is given to the weaker sections of the community at four per cent rate interest. The present scheme is that, out of the total advances, one per cent should be made available by every bank to the weaker sections of the community. But it would be extremely difficult to monitor the scheme at the branch level. If you just look at it, there are 38,000 or 39,000 branches. At the branch level, it would simply not be possible. After all, bank money is to be put on a bankable project. In certain areas we may have to do a little more and in certain areas we may be able to do a little less. Therefore, the total overall picture has to be taken. It cannot be simply looked at every bank branch. By and large, that one per cent is being reached.

Coming to the area of motivation for the rural sector, I do entirely agree to it. In fact, because I was getting complaints about the banks' resistance to provide the necessary support to implement the Integrated Rural Development Programme; I have recently written to the Chief Ministers

to involve the local representatives, local social workers, in consultation, that some sort of a Committee should be there to oversee the finances for the IRDP consisting of the local Branch Manager, local BDO, local Panchayat Pramukh, whatever be the level, maybe Block Pramukh or the Panchayat Pramukh, and MLAS.. *(Interruptions)* MPs it would be extremely difficult because under your constituency there will be 15-20 blocks. I am talking of the grass-root level and MLAs are the representatives. These committees can oversee whether the Banks are responding to implement the scheme.

PROF N. G. RANGA : The penalty charges are too high. That is the difficulty.

PROF. RUP CHAND PAL : As the House is aware, quite a number of non-banking financial institutions are standing in the way of mobilisation of savings by the Scheduled Banks. We are happy that the Hon. Finance Minister has given a very serious thought to this question and regarding one such non-banking financial institution which has mobilised more than Rs. 300 crores, the largest one and which is cheating the rural depositors, I would like to ask the Hon Minister what positive, concrete and immediate steps the Government propose to take to help the Scheduled Banks mobilise more savings and which are at present suffering on account of the activities of non-banking financial institutions particularly in rural areas where they are cheating and duping the gullible and innocent rural folk.

SHRI PRANAB MUKHERJEE : The Hon Member is fully aware that the Bill is ready and it will be debated by the House itself.

PROF N. G. RANGA : May I put a supplementary, Sir ?

MR. SPEAKER : Next question—Dr. A. U. Azmi.