

### Credit Facilities from Banks

\*699. DR. FAROOQ ABDULLAH:  
SHRI P. M. SAYEED:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the dear money policy has been stepped up making bank credit more scarce and costlier from July, 1, 1980;

(b) if so, whether some bank borrowers will not get further credit facilities and all borrowers will have to pay higher interest;

(c) if so, whether any directive has been issued by the Reserve Bank of India in this regard;

(d) if so, the details of the same; and

(e) the reasons for making bank credit more scarce and costlier?

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

In the context of the substantial expansion of money supply during the last few years and the pressure of inflationary forces in the economy, the Reserve Bank have been following a policy of restraining credit expansion and inducing borrowers to exercise utmost economy in the use of credit by discouraging excessive inventory build up and promoting quicker turn around of funds. The policy aims at prevention of bank credit for hoarding and profiteering while at the same time meeting the genuine needs for increased production and investment.

The measures taken by the Reserve Bank in pursuance of this policy from time to time, include:

(i) higher liquidity stipulations.

(ii) reduced refinance facilities.

(iii) curtailment of credit limits to bigger borrowers.

(iv) increased cost of bank credit to sectors other than specifically exempted.

On July 1, 1980 the Reserve Bank of India have communicated to the banks further changes in the refinance/rediscouinting facilities and have also advised them that the incidence of 7 per cent interest tax introduced in the budget for 1980-81 is to be passed on to borrowers on a pro-rata basis.

These measures are expected to lead to some increase in the cost of bank credit to the borrowers. The credit policy does not envisage denial of credit to borrowers for meeting genuine requirement for increased production and investment

DR. FAROOQ ABDULLAH: The nationalisation of the banks and the 20 point programme of the Prime Minister, I believe, were to help the down-trodden and weaker sections of the society. I would like to know from the hon. Minister (a) whether this new rate of interest will not apply to those people who belong to weaker sections; and (b) whether the government will make procedures easier for grant of loans to them because under the present rigid rules no loan is sanctioned without a little feedback to the concerned functionaries.

(c) What is the total number of loans sanctioned to the weaker and downtrodden section of the society and in how many cases the loan has not been repaid?

(d) Will those people who have not repaid the loan before 1st July 1980 have to pay a new, higher rate of interest?

SHRI R. VENKATARAMAN: I have already stated in my reply to the debate on the general budget that the interest rates will not be increased in the case of differential rate in-



terest, DRI schemes. Persons having an income of Rs. 2,000 in the rural areas and Rs. 3,000 in the urban areas are entitled to the DRI scheme and in this case there will be no increase in the interest rate. In respect of other items, the Reserve Bank is working out what is the pro-rata increase in the interest rates which would be necessary as a result of the levy of the 7 per cent tax on interest which has been introduced in the budget. As soon as they work it out, they will give details. Actually my hon. friend's question relates to something which the Reserve Bank has done to control the liquidity of money supply in the country. What they have done is in respect of certain re-finance and rediscounting they have increased the rate of interest so that credit supply and rediscounting facilities might become a little more costly and thereby money supply might go down. As for loans given and loans outstanding, I would require notice because it requires collection of a lot of statistics.

DR. FAROOQ ABDULLAH: What is the number of loans sanctioned by nationalised banks in Jammu and Kashmir and (b) whether it is a fact that representations have been sent to the Minister that these banks have not given adequate loans to the weaker sections of society in Jammu and Kashmir in comparison to other states?

SHRI R VENKATARAMAN: I have not got the figures in respect of Jammu and Kashmir. But I may inform the House that I met the Chief Minister of Jammu and Kashmir yesterday and I have promised to go to Jammu and Kashmir immediately after the budget session and hold a meeting of the banks there and see that the facilities which are given by the banks in other states are fully extended to Jammu and Kashmir also.

SHRI NIREN GHOSH: The nationalised banks are supposed to give banking facilities to the weaker sec-

tions of the community and the Reserve Bank is to monitor it including the co-operative sector. Is it a fact that the Maharashtra Government and the Chief Minister of Maharashtra have written off about Rs. 50 crores that was given to the marginal farmers by way of relief? Is it a fact that 7 to 8 acres of dry land may be excluded and is beyond the purview of this relief given by the Government? They belong to the category of small farmers, marginal farmers or even below that. Has there been any complaint that though we stand for the relief of the marginal and poor farmers, there are crores of rupees involved in fictitious manner—fictitious land and no such person exists. May I know whether Government would institute a probe into the entire affairs?

SHRI R. VENKATARAMAN: This question does not relate to Maharashtra. There are some special problems in respect of Maharashtra. If a separate question is put, I will collect all the information.

SHRI NIREN GHOSH: Why and how does it not arise, I cannot follow. If any question is inconvenient to them, they will say, it does not arise.

MR. SPEAKER: At least you cannot say in the case of Shri Venkataraman.

SHRI NIREN GHOSH: The Reserve Bank of India is supposed to Monitor it. Whenever the question is inconvenient to them, they say like that

श्री हीरालाल शार० परमार :  
अध्यक्ष महोदय, मैं माननीय मंत्री जी से यह जानना चाहता हूँ कि बैंकों की तरफ से जो पददलितों को 1 परसेंट भी लोन नहीं दिये जाते हैं और दो दो साल से उन की एप्लीकेशन्स पड़ी हुई हैं, तो ऐसे बैंकों के कर्मचारियों के खिलाफ आप कोई इन्क्वायरी कराएंगे और उन के खिलाफ कोई कार्यवाही करेंगे ?



**SHRI R. VENKATARAMAN:** Again this is a question of implementation. I have said that in this case we will try to institute some kind of machinery which will go into it and see that where policy is not fully implemented, it is implemented to the satisfaction of the persons concerned.

**SHRI OSCAR FERNANDES:** It is seen from the answer of the hon. Minister that the Members of the Boards are not taking interest in the implementation. There is a question that Members of Parliament should be included in the Board as Members. I would like to know what action is the Government taking to implement this?

**SHRI R. VENKATARAMAN:** I cannot answer this question at the moment.

**MR. SPEAKER:** What steps do you want to take about implementation?

**SHRI R. VENKATARAMAN:** The question was about the Members of Parliament being included in the Board. The Government has to take a decision as a whole. I cannot commit myself on this question.

#### **Agreement for Supply of Iron Ore to Rumania**

\*702. **SHRI M. V. CHANDRASHEKHARA MURTHY:**

**SHRI B. V. DESAI:**

Will the Minister of **COMMERCE** be pleased to state:

(a) whether India and Rumania have signed an agreement for supplying 4.5 million tonnes of iron-ore to Rumania;

(b) if so, the main features of the agreement;

(c) when the shipment to Rumania is likely to be made; and

(d) whether any delegation of Rumania had visited India in July, 1980 and had visited mines and ports?

**THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE):** (a) Yes, Sir.

(b) and (c) The agreement provides for shipment of 4.5 million tonnes of iron ore during the period July, 80 to June 1981. This comprises of 3.6 million tonnes of fines and 0.9 million tonnes of lumpy iron ore. The total quantity of 4.5 million tonnes included an optional quantity of 2 million tonnes for which option can be exercised by mutual agreement between the two parties in two stages by 31st October and 31st of December 1980.

(d) Yes, Sir.

**SHRI M. V. CHANDRASHEKHARA MURTHY:** I want to know from the hon. Minister whether Government of Rumania has expressed interest in assisting our country in various projects like Iron Ore Pelletisation Plant in Kudremukh and Iron & Steel Plant at Vijaynagar in Karnataka. If so, details thereof.

**SHRI PRANAB MUKHERJEE:** The question relates to iron ore. He brings in the question in regard to the establishment of a plant in Vijaynagar, which is very sensitive. It is very difficult for me to reply immediately. But so far as the Rumanian suggestions are concerned, it is true that we are exploring the possibilities of co-operating with each other in many areas, including getting assistance from Rumania in establishing the pelletisation plant.

**SHRI M. V. CHANDRASEKHARA MURTHY:** Is it a fact that the export of iron ore since the last two years has been declining and if so, what does the Government propose to do to improve export of iron ore?

**SHRI PRANAB MUKHERJEE:** So far as 1979-80 is concerned, it is true that the export was less by nearly 1 million tonnes compared to earlier years. One of the major reasons for that was that there was a strike in the