

if they do not work, I am told, for three years and eleven months and come back for one month in the fourth year, they are entitled to the entire salary. This is a sort of anomaly that has come about and this will have to be removed. Hon. members were putting questions why the expenditure had gone up. So, this is a sort of anomaly and this will have to be looked into. I am sure the hon. Member would agree that, while the reasonable demands of the workers will have to be met, there is also the other side of the picture, there will have to be performance, efficiency and discipline. Without these, you may be on increasing the salaries but no results would be achieved.

**SHRI DINEN BHATTACHARYYA :** Agitation was resorted to not only by the Development Officers but also by all the agents of the insurance companies. May I know whether, on a preliminary assessment, the Government has come to any figure, the amount that will be spent if the demands of these employees are met.

**SHRIMATI SUSHILA ROHTAGI :** So far as the agitation by the agents is concerned, I think, that was also a part of the entire agitation which was launched in July, and which ended in March—it was there for about eight months or so. The agitation which was launched by the agents was a part of that. It will be difficult to quantify exactly what the amount will be.

#### **Credit given by Nationalised Banks**

\* 452. **SHRIMATI PARVATHI KRISHNAN† :**

**SHRI VIJAY PAL SINGH :**

Will the Minister of FINANCE be pleased to state :

(a) whether nationalised banks have given credits to the Sugar Barons, Cotton Barons, Textile Barons, wholesale food traders and larger industrial houses with an asset of over Rs. 5 crores in 1972-73, 1973-74 and 1974-75 more than small industrialists, small traders and small agriculturalists in the same period; and

(b) if so, the facts thereof and reasons therefor ?

**THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM) :** (a) and (b) : A statement is laid on the Table of the House.

#### **Statement**

Since nationalisation, there has been a perceptible shift in the deployment of bank credit in favour of such sectors as agriculture, small industries, road and water transport, small trades, self-employment endeavours, etc. in which the small man is on the whole well represented. Thus, whereas at the end of June, 1969, outstanding advances of public sector banks to these sectors amounted to about Rs. 441 crores involving barely 2.6 lakh accounts and accounting for no more than 14.9 per cent of the total advances, by the end of June, 1974, the amount involved in this type of lending increased to Rs. 1688 crores, the number of accounts and the proportion to the total advances having gone up to 26.16 lakhs and 25.7 per cent respectively.

2. With the increased flow of credit to the above-mentioned sectors as also to such other equally important spheres of activity as public food procurement agencies, exports and public enterprises, the share of the traditional sectors, viz. private large-scale industries and whole-sale trade in the aggregate credit extended by the Banking system has declined from 54 per cent in end-October, 1972 to 51 per cent in end-April, 1974. Although the present system of statistical reporting does not provide for classification of advances according to the size of the asset holding of the borrowers, the fact that the share of larger borrowers in the aggregate bank credit has declined can be seen from the data separately compiled by the public sector banks regarding their outstanding advances to 75 industrial houses listed in the Monopolies Enquiry Committee's Report. The share of these houses in the aggregate credit of the 14 nationalised banks amounted to 19 per cent at the end of 1971. This proportion declined to 18.2 per cent by the end of December, 1972 and further to 15.2 per cent by the

end of December, 1973. In the case of the State Bank of India, this proportion has declined from 21.78% at the end of December, 1971 to 18.75% at the end of December, 1973.

**SHRIMATI PARVATHI KRISHNAN :** At the beginning of the statement, it is said :

".....there has been a perceptible shift in the deployment of bank credit in favour of such sectors as agriculture, small industries, road and water transport, small trades, self-employment endeavours, etc., in which the small man is on the whole well represented. . ."

At the same time, in the latter part of the statement they have said :

"Although the present system of statistical reporting does not provide for classification of advances according to the size of the asset holding of the borrowers, the fact that the share of larger borrowers in the aggregate bank credit has declined can be seen from the data separately compiled by the public sector banks regarding their outstanding advances to 75 industrial houses listed in the Monopolies Enquiry Committee's Report."

My specific question was whether the nationalised banks have given credit to industrial houses with an asset of over Rs. 5 crores. If you do not have a statistical system whereby you are aware of the persons to whom you have given the credit, I would like to know how the governmental policy in seeing that the credit is deployed to the smaller sections and less richer sections will be followed and implemented.

**SHRI C. SUBRAMANIAN :** The hon. Member just gave the figure of Rs. 5 crores and wanted to know on that basis how far credit has been given. As a matter of fact we have what are called the 75 larger houses and naturally, we take note of them and try to find out what sort of credit facilities should be made available to them. Here,

what I have stated is that in our credit policy we have given priorities first to agriculture and allied sectors and then for exports and in the industrial sector, to those who produce the essential commodities for mass consumption. These are the types of priorities we have laid down. Perhaps even some of these priority items may be produced by a larger house. Simply because it is a larger house, I cannot say, 'Don't produce. I won't give credit for this purpose.' Therefore, you will have to look to the priority sectors rather than the size. Therefore, it is on that basis credit is given. If the hon Member's philosophy is that no credit should be given to the larger houses, then that is quite a different thing altogether. Here, we have to run the economy and wherever the production machinery exists, production has got to take place to-day in our country. Therefore, it is on that basis, on the priority basis and on the basis of the articles to be produced, that we have to give credit, whether it be larger houses or the smaller houses. But we do take care to see that if the resources are available with a particular concern—naturally there will be greater resources with the larger houses—to that extent, we curtail the purveying of credit to those houses.

**SHRIMATI PARVATHI KRISHNAN :** We have been told by the hon Minister that credit is given as a priority to agriculture. It is a fact that quite a lot of credit has been given to the small agriculturists this year and they have also been helped by the Agriculture Departments by giving them incentives to go in for high yielding strains, for instance, in cotton and jute. At the same time, to-day, the position in the country is that large stocks of cotton and jute are lying with small agriculturists. Why is it then that the banks are not giving sufficient credit to the Cotton Corporation and the Jute Corporation in order to lift those stocks and thereby enable the agriculturists also to repay their debts and get out of the difficulties? I would like to know whether the Government has clearly delineated their policy in regard to this and why is it that the credit that has been given to the Jute Corporation and the Cotton Cor-

poration which appeared in the statement given in reply to the previous question, is such a low amount and how is it that they do not see that these two things are properly delineated?

**SHRI C. SUBRAMANIAN :** There are two aspects. One is production and the other is trading operations. Our priority is for production programmes. Naturally, when the agriculturists produce, they should be assured of minimum price or what we call, a support price. Therefore, what should the function of the Cotton Corporation and the Jute Corporation? Should they take over all the functions of the jute magnates and purchase everything and then pass it to them? Or should it be an operation for the purpose of ensuring a support price to the jute growers? The same is the case with regard to cotton. Certainly, we should not consider in terms of taking over all the liabilities and responsibility of the private textile mill-owners and provide all the credit through the Cotton Corporation and then pass it on to the textile mills. As a matter of fact, many hon. Members do not realise that it is the mill-owners and it is the industrialists who are pressurising indirectly for the purpose of financing the Cotton Corporation or the Jute Corporation so that their liability may be lessened. One should be quite sure of it. Therefore, what we are interested in is that the farmer must not be forced to sell at a price which is below the support price. We will take all action to see that it does not go below support price.

**SHRI NATWARLAL PATEL :** Regarding long-staple cotton, prices have gone very very low. The Cotton Corporation of India is not provided with sufficient funds. I would like to know whether sufficient funds will be provided to the Cotton Corporation of India.

**SHRI C. SUBRAMANIAM:** Prices going down or high is a relative thing and during last year and year before last it reached certain heights which never existed before. It cannot be sustained at that level and it

has got to come to a reasonable level. That is why APC (Agriculture Prices Commission) had gone into it. And they have indicated support price which should be given to long-staple cotton. The prices ruling are at a much higher level than the prices indicated by APC. But still I do agree there is certain amount of grievance on the part of long-staple cotton growers because, on the basis of the higher prices, they have gone in for paying much higher support for the inputs. For example, I know, in case of cotton-seeds, some people have paid as much as Rs. 800 per k.g. and in some cases even Rs. 1,500, much more than the silver price. So, this will have to be taken into account. We are quite aware of the fact and my colleague is trying to work out a solution for this and I hope we will be able to find out some solution to this problem.

**SHRI K. GOPAL :** The statement is so cleverly worded that you cannot make out anything. The statement says that in the aggregate, credit of 14 nationalised banks amounted to 19 per cent at the end of 1971, 18.2 per cent at the end of 1972 and 15.2 per cent at the end of 1973. I would like to know (a) what exactly was the total amount of loan extended to big houses; and (b) whether the Minister is aware of the fact that some of the rules of these nationalised banks have defeated the very purpose of nationalisation. For instance one of the rules stipulates that the poultry farm should be situated more than 10 k.m. away from the office of the bank which means, if poultry farm is situated 10 k.m. away in rural areas that will not be entitled for credit from the banks. Will the hon. Minister kindly look into the rules and set them right?

**SHRI C. SUBRAMANIAN :** This is certainly a problem and I shall certainly look into it and try to find out where the bottle necks are and try remove them as quickly as possible.

**SHRI K. GOPAL :** I said, percentage is misleading.

**SHRI C. SUBRAMANIAM** : I don't have absolute figures here. I have got then industry-wise. Some of them might be big houses and some smaller houses. The figure regarding sugar is Rs. 74 crores in December 1972; in December 1973 it is Rs. 70 crores. Regarding Textiles this is Rs. 425 crores in December 1972 and Rs. 473 crores, in December, 1973.

**Jute.** Rs. 104 crores in December 1972.

Rs. 133 Crores in December 1973.

**Others.** Rs. 164 Crores in 1972.

Rs. 239 Crores in 1973.

Therefore, if it is taken into account according to priorities, you will find that the priority items have got more credits and in less priorities items, this has gone down. The whole difficulty here is that we cannot go by the size. We have to go according to the structure of the industry under which we give credits to priority or non-priority items.

**SHRI JAGADISH BHATTACHARYA** : I want to know from the hon. Minister what percentage of the total credit given by the nationalised banks is given to the industrial houses whose asset is over Rs. 500 crores ?

**SHRI C. SUBRAMANIAM** . I would like to have a separate question to answer this (*Interruptions*).

**SHRI P. VENKATASUBBAIAH** : The hon. Minister said that the intention is that the nationalised banks are expected to give credits to the agricultural sector, especially, to the weaker sections of the community. That is not being adhered to. Some of the nationalised banks, especially, the State Bank of India, are putting forward all sorts of objections such as the plea that some areas are beyond 10 km. and so on and so forth and, as a result of that, many people, especially the educated unemployed and also the weaker sections of the people are not getting proper credit

facilities. I would like to know whether the Ministry will advise the State Bank of India and other nationalised banks to open a sort of grievances cell so that these factors will be looked into expeditiously and some redressal of the grievances may be made.

**SHRI C. SUBRAMANIAM** : I am not sure whether the grievances cell for every branch is possible or not. But, generally, there is a grievance cell in the State Bank to look into these cases. The question posed by the hon. Member is that they have fixed a distance limit for the distribution of credits. But, that is based on operational difficulties. As a matter of fact, in the early stage, when we said that they should give credits, particularly, to the weaker sections of the society, like agriculturists, the credits were made available to them even though they were beyond 30 or 50 miles away. Unfortunately, there are no controls over the utilisation of the credits. Even the recovery of the credits became very difficult. That is why we have to fix some limits so that it would be within the operational reach of the branch. Therefore, it is a question of opening of more branches so that more areas are covered. This is under constant review of the banks. We are opening more and more banks, as the hon. Member is aware, in the country as a whole. But, apart from that, there is another problem. Certainly we cannot hope to reach all the rural areas through these commercial banks.

As a matter of fact, this will create distortions in the economy as a whole. That is why, we have taken the decision for the purpose of reaching, particularly, the farming community in the rural areas, that it should be on the basis of the establishments of what we call 'farmers service societies' in which the banks take responsibilities in certain areas indicated by state governments getting them organised and financing them. Where the cooperatives are strong, they take the responsibility. This process has just started.