

gramme announced by the Prime Minister, it is very necessary that these Banking Service Commissions are set up in various States. In view of the urgency of the matter, will the hon. Minister assure that a time-bound programme will be laid down for this purpose?

SHRI PRANAB KUMAR MUKHERJEE: So far as the second part of the question is concerned, we are trying to establish the Commission as early as possible. Regarding the first part of the question, I do not agree with the hon. Member that the nationalised banks have failed miserably and that they are not doing anything to promote the economy of the country.

SHRI P. R. SHENOY: Is the Minister aware that in the absence of the constitution of the Banking Commission, the managements in the banks are making appointments arbitrarily and they are not doing justice to backward classes and scheduled castes and scheduled tribes? If so, what action has been taken by Government to check this mal-practice?

SHRI PRANAB KUMAR MUKHERJEE: So far as new recruitment is concerned, they are giving preference to scheduled castes and scheduled tribes as per the directions of the Government. But at the same time, before nationalisation when there was no systematic policy about recruitment, in comparison to the total staff, the percentage may be very low. Still whenever we get complaints about it, we look into these and that is why we are establishing the Banking Commission to systematise the recruitment.

श्री शशि भूषण : मैं मन्त्री महोदय से जानना चाहता हूँ कि जिस तरह से हमारा बैंकिंग काम्प्लेक्स बढ़ रहा है, उस को देखते हुए, जैसे कि आई० ए० एस० और आई० पी० एस० की सविसेज हैं, बैंकिंग सविन बनाने की भी आप कोई योजना बना रहे हैं। इसके साथ-साथ

जो बैंड प्रायनाइजेसन्ज जैसे कि आई० एस० एस०, नक्सेलाइट्स, मानन्दवार्गी और जवायते इस्लामी इनके लोग इन बैंकों में काम कर रहे हैं, जोकि 20 सूझी कार्यक्रम के विपरीत काम कर रहे हैं, उन को निकालने के लिए आपने क्या योजना बनाई है ?

SHRI PRANAB KUMAR MUKHERJEE: If some specific information is given, we can act upon that.

SHRI BHOGENDRA JHA: At present, the Indian private banks have got deposits of 1263 crores and the foreign-owned banks have got 859 crores. I would like to know, whether apart from the nationalised banks, the Government is also considering to streamline the management and services of these foreign-owned banks also and if any hindrance is found in that, is it proposed to nationalise them?

SHRI PRANAB KUMAR MUKHERJEE: So far as recruitment by Banking Service Commission is concerned, that is related to nationalised banks, it relates neither to foreign banks nor to Indian private banks

High Rate of Interest for Bank Credits

*258. **SHRI BHOGENDRA JHA:** Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the fact that unemployed graduates and engineers are complaining of high rate of interest for bank credits which is hampering rapid industrialisation and consequent employment and

(b) if so, whether Government are taking any steps to reduce the rate of interest?

THE MINISTER OF STATE IN CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE): (a) and (b). A statement is laid on the Table of the House.

Statement

Since 1973-74, Government and the Reserve Bank of India have taken a series of measures with a view to containing inflationary pressures in the economy and holding the price line. These measures aim at restricting the expansion of money supply and bank credit and channelising the available bank funds, on a selective basis, for meeting the genuine needs of production and investment, exports and the priority sector including unemployed graduates and engineers, on the basis of well-defined national priorities. An essential element of these measures has been to make credit dearer so that it is utilised only for genuine needs and to make savings and bank deposits more attractive by providing a higher rate of interest on deposits. Consequently, the minimum lending rate fixed by the Reserve Bank of India which governs the rate of interest charged by banks on their advances, has been raised from 11 per cent to 12½ per cent with effect from July, 1974. However, the Reserve Bank of India have specifically exempted from the provisions of the minimum lending rate directive certain categories of advances such as advances upto Rs. 2 lakhs granted to small scale industrial units and covered under the Credit Guarantee Scheme, loans and advances upto specified limits granted to transport operators, agriculturists and small businessmen, retail traders, etc., and covered by the Small loans Guarantee Scheme of the Credit Guarantee Corporation of India Ltd, advances for exports and advances under the scheme of differential rates of interest, etc. If the assistance provided by banks to unemployed graduates and engineers falls within the exempted category of advances as specified above, banks generally provide such assistance on concessional rates of interest as against the prescribed minimum lending rate of 12½ per cent.

SHRI BHOGENDRA JHA It is true that the Reserve Bank had followed the policy of making credit dearer in

1973-74 and that was correct also and that has helped our national economy. That was with a view to restrict the capacity of the wholesalers, manipulators and hoarders. Here, the question relates to aiding the small-scale industries so that national production could be helped to advance. Here, the reply is that that very policy applies to this sector. Here, I would like to know whether the Government do propose that the unemployed engineers, graduates and others who resort to their own self-managed industries, are going to get bank credit at the preferential rates of interest and if so, the quantum of the limit that the Government want to fix for that.

SHRI PRANAB KUMAR MUKHERJEE In the statement also I have mentioned that upto Rs 2 lakhs they are entitled to have concessional rates. But, here, in this matter, I would like to draw the attention of the hon. Member that apart from these types of concessional rates, in respect of the term loans given by the financial institutions in the areas which are notified by the Planning Commission as Backward Areas, they are entitled to have concessional rates of interest from the financial institutions on term loans. But, regarding these types of loans on concessional rates, the limit is Rs. 2 lakhs.

SHRI BHOGENDRA JHA What is the concessional rate? Is it 11 per cent of the preferential rate of interest? That was the question.

SHRI PRANAB KUMAR MUKHERJEE That will depend upon the merits of the case. I cannot say it. But it is below 12½ per cent.

SHRI BHOGENDRA JHA: Perhaps he could not understand my question...

MR. SPEAKER Now, your second supplementary

SHRI BHOGENDRA JHA. Second supplementary I ask. But that also I want to know. The preferential rates

of interest relate to the credit policy of the Government. So, I want to know whether these unemployed graduates even within the limit of Rs. 2 lakhs are going to get bank credit at the preferential rates of interest or not.

Secondly, in the whole of the country including the backward areas as notified by Planning Commission and accepted by the Reserve Bank, are the graduates or even uneducated persons who are running small scale industries going to get loans at the preferential rates of interest or not? It is not a question of an individual case. It is a question of policy to be adopted for this sector, the small-scale sector for the country as a whole

SHRI PRANAB KUMAR MUKHERJEE: So far as the policy is concerned, I have already indicated that the small-scale industries are entitled to have it, but regarding the quantum of interest rates, it depends on the viability of the projects and certain other factors also. That is why it is not possible for me. But the policy is there

SHRI BHOGENDRA JHA: rose.

MR. SPEAKER: He has answered. He does not want to give more than what he has said.

SHRI BHOGENDRA JHA: In the statement, the concessional rate means 11 per cent.

MR. SPEAKER: He does not want to give more information than what he has already given. What can I do?

SHRI S R DAMANI: The hon. Minister has mentioned about the concessional rate of interest for small-scale industries and unemployed graduates. May I know from the hon. Minister whether any concession has been given in the margin on the advances made to these sectors—small-scale industry, medium-scale industry and industries in backward areas.

SHRI PRANAB KUMAR MUKHERJEE: I could not follow the question. If he can kindly explain the question I can answer.

MR. SPEAKER: Concession in the margin. Do you provide more or less margin than for others?

SHRI PRANAB KUMAR MUKHERJEE: No.

SHRI S. R. DAMANI: Will he consider it? For the small scale industry the margin is very high and they cannot get the necessary money.

श्री रामावतार शास्त्री: मैं यह जानना चाहता हूँ कि देश के कमजोर वर्गों के लोगों ने और खास तौर से ग्राम इण्डिया बीवर्स फेडरेशन ने सरकार से क्या इस बात की मांग की है कि बुनकरों को जो बैंकों से कर्ज दिये जाते हैं, उन के सूद की दर 4 परसेन्ट रखी जाए? अगर यह बात सच है और सरकार की जानकारी में यह आई है, तो इसके बारे में मन्त्री जी का क्या कहना है?

SHRI PRANAB KUMAR MUKHERJEE: So many representations are coming for concessional rate of interest. Keeping the overall position we shall have to take a decision. I cannot react in this way.

SHRI BHOGENDRA JHA: Hon. Minister is not understanding the question. The concessional rate is 11 per cent whereas the preferential rate is 4 per cent.

MR. SPEAKER: He will understand now.

Disclosures under Voluntary Disclosure Scheme

*261. **SHRI SHASHI BHUSHAN:** Will the Minister of FINANCE pleased to state

(a) whether the persons making disclosure of hidden wealth under Volun-