

हायरेंट किसानों से कपास खरीदने के बजाये बिचौलियों से खरीदी है और आध सेंटीमीटर के तन्तु के भाव के बजाये पॉन सेंटीमीटर का भाव दिया है, जिससे निगम को नुकसान हुआ है ?

PROF. D. P. CHATTOPADHYAYA: The CCT's policy is to purchase cotton as far as possible directly from the growers. There may be some cases where it may be possible that they may have purchased from the middlemen. But the policy is to purchase as far as possible from the growers directly.

SHRI S. R. DAMANI: The hon. Minister has mentioned about the quantity that the Corporation is going to purchase, or it has decided to purchase. May I know from the Minister whether along with the quantity, any price has also been fixed for the purchase of cotton from the various States? If so, what are the details in this regard?

PROF. D. P. CHATTOPADHYAYA: It is a very large question. Sir. It is a very important question, I don't contest that. But I am supposed to answer the question about the financial difficulties of cotton weavers. If he writes to me about this thing I will be glad to collect and supply him the information.

SHRI S. R. DAMANI: He has mentioned about the quantity. I would like to put a question with reference to that only. At what price they are going to purchase? That is what I asked. Has that policy decision been taken in the matter? My question is connected with the reply which the hon. Minister has already given in this regard on the floor of the House about the quantity.

MR. SPEAKER: The scope of the question was a little expanded by the first gentleman who put the question Shri Y.P. Mundal. He went to Gujarat and other places. In spite of the fact that I invited his attention to relevancy you replied to it and now you are the victim of your reply. You can better answer it now.

PROF. D. P. CHATTOPADHYAYA: The CCI decides its price policy from time to time depending upon its own commercial intelligence and commercial judgment. There is no uniform price for all the States. There are States like Maharashtra. Till a few days back there was monopoly purchase price. So, it all depends upon the commercial intelligence and commercial information available with the Cotton Corporation.

Financial ventures by Banks for Power Generation and Housing Programmes

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47. **SHRI M. RAM GOPAL REDDY :**

SHRI K. MALLANNA :

Will the Minister of FINANCE be pleased to state :

(a) whether the Governor of Reserve Bank has told the States that the banks could not finance ventures like power generation programmes and housing because of great pressure on bank resources ;

(b) whether the State Government representatives have sought further acceleration of credit to priority sectors, faster branch expansion in rural areas and liberal financing of industries in backward areas; and

(c) if so, the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH : (a) to (c). A statement is laid on the Table of the House.

Statement

Presumably the hon. Members are referring to the views expressed by the Governor of the Reserve Bank and the representatives of the State Governments at the Second Meeting of the Regional Consultative Committee for nationalised banks for the Northern Area held at New Delhi on the 2nd January, 1974 under the Chairmanship of the Union Finance Minister.

At this meeting the Governor referred to the increasing commitments of the banks

in subscribing to the market borrowings of the Central and State Governments and their corporate bodies and in meeting the credit requirements of the priority sectors. Against this background, the Governor felt that it may not be possible for the banks to lend substantially for power generation schemes and housing programmes, many of which may not be strictly bankable, except indirectly through subscription to the market bonds that may be floated by these bodies.

At this meeting the representatives of the State Governments stressed the need for opening more bank offices particularly in the rural and unbanked areas and for stepping up flow of credit to priority sectors and for industries in backward areas. These are all accepted objectives and it has been and would continue to be the endeavour of the banking system to achieve them.

SHRI M. RAM GOPAL REDDY: The Minister said 'for power generation schemes and housing programmes, many of which may not be strictly bankable' etc. This is what he says in the statement. May I know about the details of the amounts which have been advanced to these two institutions? If so, what is the experience?

SHRI K. R. GANESH: Sir, immediately I do not have the facts. The question relates to certain discussion which took place in the zonal Committee of the Northern Consultative Committee in Delhi. The question related to certain representatives of States demanding credit from the commercial banks for housing, for generation of electricity and electricity distribution purposes.

He is asking a specific question whether any advance has been made at all. I do not have the figures with me at the moment. But, I can supply the same to him.

SHRI M. RAM GOPAL REDDY: You said that it is not strictly bankable. What do you mean by this?

SHRI K. R. GANESH: It means that the banks have got money to be made available to various sectors. Electricity as well as housing are the long gestation period projects. The banks would very much like to roll their money as early as possible. The general strategy of the banks has been to finance short-term projects and to give working capital. The Reserve Bank of India's Governor had said that for these long term gestation period projects like housing and electricity funds are available in other sectors, i.e. in planning and various other things under the State Governments. It may not be possible for the commercial banks to do so. A certain liquidity ratio has also been fixed for the commercial banks to finance the projects.

SHRI M. RAM GOPAL REDDY: Sir, the Minister has said that the Minister's from the States have requested the Reserve Bank to open more branches in rural areas. But, while opening the banks in the rural areas, are they also taking any precautionary measures to avoid thefts and other things. In Andhra Pradesh, recently a sum of Rs. 6 lakhs had been looted from the rural bank. So, I want to know from the hon. Minister what is the policy in this regard? While opening the branches in the rural areas, whether any precaution will be taken to give protection to the employees in the rural branches.

SHRI K. R. GANESH: This question is not understandable because the demand is to open more and more banks for the improvement of the country's economy. According to that policy, more and more banks are opened in the rural areas. And commercial banks are also going into the rural areas. A majority of the banks have been opened in the rural areas after nationalisation. He is raising a specific question about thefts and security and vigil to be given to those branches. They would have to be dealt with in that framework.

श्री रामगोपाल रास्त्री : अध्यक्ष महोदय, आर्थिक संकट के नाम पर सरकार ने सरकारी

कर्मचारियों और दूसरे लोगों को मकान बनाने के लिए जो कर्ज पहले दिया जाता था उसे बन्द कर दिया है, इस बात को देखते हुए क्या यह उचित नहीं होगा कि बैंकों की तरफ से उन लोगों को मकान बनवाने के लिए कर्ज दिया जाये ताकि वे अपने मकान बनवा सकें ? शहरों में मकान की समस्या बहुत ज्यादा है । इसीलिए लोग मकान बनवाने के लिए दरखास्त देते हैं । लेकिन सरकार भी न दूँ और बैंक भी न दें तो फिर वह जाएंगे कहाँ ? इसके बारे में आपका क्या कहना है ?

SHRI K. R. GANESH: Whatever resources are available with commercial banks those will have to be allocated according to certain priorities. There are priority sectors. Agriculture, small scale industry, road transport, self-employment etc. are some of the priority sectors. Some of the banks have given advances to their account-holders also for building houses so that they may be able to maintain the surplus available money to them. I cannot indicate any strict policy in regard to this as it would depend upon the available resources and the allocation to various sectors. In the interest of the economy, it is necessary that it goes immediately to the priority sectors.

SHRI K. LAKKAPPA: Mr. Speaker, Sir, the very purpose of nationalisation of banks has been defeated because of the recent restriction that has been imposed in accelerating the process of credit facilities in backward areas. For example, restrictions have been imposed for agro-based industries in rural parts of the country. That restriction has not been removed.

MR. SPEAKER: Mr. Lakkappa, no introduction please. Please put your questions.

SHRI K. LAKKAPPA: My point is that such restrictions on agro-based industries will create more problems in the already undeveloped areas. So, I would like to know from the hon. Minister whether he would give an assurance to the

effect that such restrictions would be removed. Otherwise it will result in dissatisfaction in the rural backward areas.

SHRI K. R. GANESH: There is no restriction as far as the priority sectors are concerned.

SHRI K. LAKKAPPA: Restrictions are there and loans have not been given even for garo-based industries in the rural parts, and all the banks are refusing loans.

MR. SPEAKER: I am very much in sympathy with the hon. Member because for such a long question the hon. Minister has given a very summary answer. I think he cannot help it. That is all I can say.

SHRI K. LAKKAPPA: I want answer for that question. May I know whether there are restrictions or not and whether the restrictions are going to be removed?

SHRI K. R. GANESH: I have said that there are no restrictions as far as the priority sectors are concerned.

SHRI M. SUDARSANAM: The credit squeeze has not achieved the expected results. In fact, the production is seriously affected because of the credit squeeze. May I know whether Government are prepared to reconsider the position ?

SHRI K. R. GANESH: Credit regulations do not fall within the purview of the main question. If you desire, I shall try to reply to it.

MR. SPEAKER: As you please.

SHRI K. R. GANESH: The first thing is that it is not credit squeeze but it is a question of the credit regulation and planning, and it was very necessary in the context of the present situation, in the context of controlling the accentuation of the inflationary spiral. As far as the priority sectors are concerned, as far as export is concerned, as far as the bill market scheme is concerned, and for all genuine production requirements, it has been stipulated that credit will be available.

श्री हुसैन बन्द कलाम : माननीय मंत्री जी ने कहा है कि ऋण देना बन्द नहीं किया है। यह बात सही है कि बन्द नहीं किया है लेकिन यह भी सही है कि लोगों का सरलता से नहीं मिल रहा है, इसकी गति बहुत धीमी हो गई है। क्या इस का कारण यह है कि अब तक जो ऋण दिया गया है, उस के वापस आने में काफी विलम्ब हुआ है और स्थापित सरकार यह विश्वास कर बैठी है कि जो पैसा गया है वह वापस आनेवाला नहीं है, इस लिये गति धीमी हो गई है ?

MR. SPEAKER: The question should not be in this form, namely 'Because this is so, therefore, that is so', but a straight question should be asked.

SHRI K. R. GANESH: I do not understand the hon. Member's question if he is referring to the present credit regulation.

MR. SPEAKER: His question is whether because the previous loans were not repaid, this has been done.

SHRI K. R. GANESH: There is no restriction of credit because certain loans have not been repaid. These are all provided for in the balance-sheets, and various other bad debts are also provided for. There will continue to be some bad debts. There is no restriction of credit just because certain bad debts may be there.

SHRI BHAGWAT JHA AZAD: May I know whether the concepts of priority of the Government as well as of the Reserve Bank are one and the same or they differ? If they do not differ, how is that in the case of power which is so essential for increased agricultural production, housing which is the immediate need of the people according to the Government and the Planning Commission and for measures to achieve commanding heights of the economy, advances are not being made available? For instance, to achieve the commanding heights, the Cotton Corporation which as the hon. Minister has

said, purchases cotton from the farmers, has not been given credit facilities for increased purchases, though it is running at a profit. How is it that the Reserve Bank does not allow credit to all these three important sectors which according to Government are priority sectors? What is the concept of Government in this regard as also that of the banks? Is there any lack in policy after nationalisation?

SHRI K. R. GANESH: I tried to indicate earlier that the priority sector well known—for direct and indirect finance agriculture, small scale industry, road transport and unemployed persons. This is the concept which has now been accepted as the priority sector.

As far as the electricity generation and housing are concerned, because of the fact that for these provisions are also there in other sectors, for example, the Planning Commission makes allotments and it is under the Plan, and availability of finance with the commercial banks is affected, and recently certain liquidity ratio have also been fixed, it was opined by the Reserve Bank in that particular meeting that because all these are long-gestation projects, the commercial banks may not be able to go into this.

As for the second aspect concerning rural electrification, the question of energising pump sets etc., the Reserve Bank has indicated that it will continue to give assistance.

Free Trade Zones

*48. SHRI P. R. SHENOY: Will the Minister of COMMERCE be pleased to state:

(a) whether there are any "free zones" in the country where industries are allowed to sell on liberal terms goods meant for 100 per cent export and if so, which are those zones and what are the liberalised terms; and

(b) whether there is any proposal to establish some new "free zones" of this type?