

SHRI JYOTIRMOY BOSU : Do you say that they are not collecting funds? They are collecting money from the textile mills, they are collecting money from Daldia, they are collecting money from Mr. Goenka and everybody.

MR. SPEAKER : You cannot say in the House what you cannot say outside.

SHRI PRIYA RANJAN DAS MUNSI : You are allowing this Member everyday to make allegations.

SHRI BHAGWAT JHA AZAD : I want to remind this hon. House and the Minister that only in the recent past I had said that the Civil Aviation Department had drawn up a plan to buy Boeings from America rather than the planes that had been offered to this Government from the Soviet Union on cheap credit; also the Russian planes were more serviceable. But the Minister denied it then, and I was prepared to lay the plan which I had with me on the Table of the House. I want to know why, without considering the Russian offer of planes which are cheaper and better, the Government went in for purchasing Boeings from the United States of America.

SHRI RAJ BAHADUR : The orders for these three Boeings about which I am speaking were placed as far back as 8th October, 1973. In regard to future acquisition in the Fifth Plan period, we shall certainly give the fullest possible consideration to the Russian planes as well along with the others.

SHRI JYOTIRMOY BOSU : Why is it that they have chosen to deal with American private sector in preference to Soviet public sector?

SHRI RAJ BAHADUR : This is wrong. The whole matter is under consideration.

Request made by Kerala Government regarding Credit Policy

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*143. **SHRI C. K. CHANDRAPPAN :**
SHRI A. K. KOTRASHETTI :

Will the Minister of FINANCE be pleased to state :

(a) whether the Kerala Government have requested the Centre to reconsider the present policy of credit squeeze in relation to small scale and export oriented industries ;

(b) if so, the broad features of their request ; and

(c) the decision of Government thereon ?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : (a) to (c). Chief Minister, Kerala, in a communication addressed to Union Finance Minister, has stressed that the current credit policy should be so revised that the tempo of industrialisation is not disrupted in relatively underdeveloped States such as Kerala. The Chief Minister has also referred to broader question of regional distribution of bank credit in the country and has suggested that steps should be taken to secure a more equitable distribution. Another point raised by him is that the bank credit should not be made available to those who use it for speculative purposes. He has also made the point that if credit restraint is essential, it should be in respect of the credit to monopoly houses and to large scale industries and that a rational credit policy should not disrupt the tempo of industrial production nor should it discourage the volume of exports.

The points made by Kerala Government are part of the accepted policy of the Central Government and even the short term changes in the credit policy, effected to meet emergent situation, seek to sustain the tempo of industrialisation. encourage growth of small-scale productive endeavours, particularly in the underdeveloped areas. curb the use of bank credit for non-

[Shri Yeshwantrao Chavan]

productive purposes and thus subserve the accepted long-term socio-economic objectives.

SHRI C. K. CHANDRAPPAN : The hon. Minister has stated that the suggestions made by the Kerala Government form part of government policy. But has the attention of Government been drawn to the fact that small-scale industries and particularly export-oriented traditional industries like handloom, coir etc. are suffering due to the credit squeeze policy of Government while on the other hand the big business houses as in the past, really benefited by getting money from various government organisations?

SHRI YESHWANTRAO CHAVAN : The latter part of his question is not based on facts. As for the former part, in the beginning of the operation of this credit policy certain difficulties were experienced in the case of exports. The Reserve Bank certainly kept its watchful eye on this developing situation and later on it revised the policy to see that export efforts are not affected by the policy. I am sure if any particular aspect of it is still causing handicaps, that can also be looked into. I am sure the present working of the policy has not affected any export effort.

SHRI C. K. CHANDRAPPAN : The hon. Minister made a very general statement. What are the concrete measures taken by Government to help small scale industry to get over the difficulty presented by the credit squeeze policy? Secondly, he denied the second part of my question that big business houses and big industrialists and speculators are getting enough credit as they wanted. I would like to know what actually was the result of the new policy on this sector, the big business houses and speculators.

SHRI YESHWANTRAO CHAVAN : I can only give him certain information as to how credit expansion has taken place in the last quarter of 1973. This is possibly the only objective indicator of how the policy is working. If the hon. Member

will permit me to give some details of figures, the total bank credit extended in the last quarter of 1973 is about Rs. 626 crores out of which foodgrain credit took about Rs. 78 crores, export credit took about Rs. 100 crores, public sector undertakings other than the Food Corporation took Rs. 109 crores, the priority sector which is agriculture, small scale industry and allied things took about Rs. 145 crores and the private sector, mainly large and medium industry and wholesale trade, took about Rs. 194 crores. If, therefore, we go by the actual breakup of this expansion of credit, we find that 69 per cent of the incremental credit expansion during the last quarter of 1973 has gone to public sector enterprises including food procurement operations and to priority sectors. If this is any objective indicator, I think, I have every legitimate right to say that the statement made by the hon. member is not correct.

DR. HENRY AUSTIN : Are Government aware of the feeling of a large number of small scale industrial units and entrepreneurs who have been taking advantage of the surplus electricity now available in Kerala to put infra-structure to use electricity indigenously and also the feeling of suffocation by even the Electricity Board and public sector industries as a result of the credit squeeze in their efforts to expand their activity in the field of building up adequate infra-structure for utilisation of the electricity. Are the Government aware of it, and if the Government are not aware, will the Government kindly look into the matter and enable the Kerala Government to build up the infra-structure for the effective utilisation of the electricity available instead of their selling it at a nominal rate to others?

SHRI YESHWANTRAO CHAVAN : The building up of the infra-structure is something which is the normal responsibility of the planned developmental effort, budgetary effort and other efforts. I think we will have to make a distinction when we are talking of bank credit. Bank credit at present is for the operations of

the economy and I do not think bank credit as such can take a very heavy burden of the building up of the infra-structure or developmental activity. It certainly has its own role to play, but this distinction is to be remembered.

As far as the general point is concerned, I cannot say that we are unaware of the difficulties. Immediately after the credit policy for the busy season was declared, there was rather a panicky reaction and that was because we are not used to any credit planning. Therefore there was some initial reaction to it. But the Reserve Bank itself has very vigilantly stepped in wherever it found it necessary to do so. I think it is, by and large, now stabilised.

SHRI NIMBAIKAR : In view of the fact that the prices of raw materials are rising very fast, is not the credit squeeze going to work as a detriment to industrialisation and by curtailing credit even to big industries the small industries are also affected, because, as the ancillary units, very often this position is made use of in pushing on the difficulties of the big industries to the small industries? What does the Finance Minister intend to do about it?

SHRI YESHWANTRAO CHAVAN : Our main problem is to curb monetary expansion because that is also basically the cause of price rise and other inflationary forces working in the economy. The credit policy is intended to deal with this particular problem.

SHRI INDRAJIT GUPTA : It has failed completely.

SHRI YESHWANTRAO CHAVAN : We can discuss it later on. Let me complete my answer. What exactly is the credit policy expected to achieve is our major problem. The hon. Member said that the price of raw materials is rising and therefore it will be necessary for the industries, small or big or public or private, to have more working capital for that purpose.

That is completely a different problem. If it is related to productive capacity and its requirements and not for building up large inventories or such other speculative activities, then it is a different matter.

SHRI P. R. SHENOY : I would like to know whether the prices of any commodities have fallen as a result of the credit squeeze and, if so to what extent.

SHRI YESHWANTRAO CHAVAN : I would not make that claim at present.

International Flights to and from DUM-DUM airport

*146. SHRI SAMAR GUHA :

DR. RANFN SEN :

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state :

(a) whether international flights to and from Dum Dum Airport have been reduced to minimum;

(b) whether Dum Dum Airport has been reduced to second grade status in comparison to Delhi and Bombay airports; and

(c) if so, the reasons therefor?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI RAJ BAHADUR) : (a) The number of frequency of international flights depends on a variety of factors including the volume of Traffic to and through an airport. At present seven foreign airlines, namely, Aeroflot, Bangladesh Binan, British Overseas Airways Corporation, Burma Airways, Royal Nepal Airlines Corporation, Scandinavian Airlines System and Thai Airways, continue to operate to/through Calcutta,—in addition to the national carriers, Air India and Indian Airlines. The question of reducing international flights to the minimum does not arise.

(b) and (c). No, Sir. Government would welcome the operation of scheduled air services by foreign carriers to/through