

the specific recommendations and suggestions made by the Reserve Bank in respect of the credit requirements, or credit gap of districts where the survey has been completed?

SHRI H. M. PATEL: It is true that this survey was undertaken with a view to find out the credit requirements for the year 1977-78 and 1978-79 in the 16 States. The work has now been completed. But it has to be analysed and the credit gap soon worked out for 1977-78. It is true that half the year will have gone, but it cannot be helped, because the work was only recently completed.

श्री श्रीम प्रकाश त्यागी : क्या मंत्र महोदय को जान है कि रिजर्व बैंक में पहले स्टेट को-ऑपरेटिव बैंक को लोन दिया जाता है और वहां से वह डिस्ट्रिक्ट को-ऑपरेटिव बैंक को जाता है और उस के बाद वहां से काश्तकार के पास पहुंचता है। इस प्रकार से क्या यह सही है कि हर एक बैंक अपना इंटरैस्ट जोड़ता चला जाता है और काश्तकार पर वह इंटरैस्ट जा कर बहुत अधिक पड़ता है? यदि हां तो क्या काश्तकार के हितों की रक्षा करने के लिये क्या आप काश्तकार को डायरेक्ट लोन दिलाने की चेष्टा करेंगे ताकि उस को कम से कम रेट पर लोन मिल सके।

SHRI H. M. PATEL: The hon. Member has raised a correct question. We are endeavouring to reduce the number of intermediaries. In fact, the Reserve Bank gives it finances direct to the district co-operative banks and, wherever necessary, also to the State Co-operative Banks where the district co-operative banks do not exist.

SHRI SHYAMNANDAN MISHRA: Has the survey also sought to make the much-needed distinction between the credit requirements for production and the credit requirements for consumption?

SHRI H. M. PATEL: Yes, Sir. I think both the sectors are being surveyed in this.

SHRI SAMAR GUHA: The first answer of the hon. Minister to my question appears to be rather silly, if not ridiculous, because the gap is not only between these 348 districts. There is credit gap everywhere, all over India. In reply to my question, the hon. Minister said that the money deposited with the rural banks all over India, more than half the money, is being taken away by the urban areas for development of industries and some credit or loans to the traders and big businessmen. In view of that fact, I want to know whether the whole policy of giving credit to the rural people by the nationalised banks in the rural areas will be looked into, reviewed and seen that at least all the money deposited with the rural banks in the rural areas are given as credit to the rural people. Secondly, I want to know about the differential rate of interest that was introduced by the earlier Government for the benefit of the rural people, to what extent it has achieved its objective.

SHRI H. M. PATEL: The hon. Member has gone away from the question that has been put. But I am prepared to tell him this, that though it will not be correct for me to give the assurance that whatever money is deposited by the branches of the banks in the rural areas will always be used there. I can give him the assurance that the credit requirements of the rural areas will be fully met. That is why this assessment and survey. Wherever the differential rates are permissible, they are continuing.

#### Return of Soiled Notes to the Reserve Banking

\*590. SHRI RASHID MASOOD: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether he is aware of the hardship the general public is facing due to soiled and mutilated bank and currency notes being unacceptable to shopkeepers, banks, Government offices and others and on account of the stringent policy of the Reserve Bank of India in receiving back spoiled notes from banking and other financial institutions;

(b) whether he is aware of the fact that in places where the State Bank of India acts as a "treasury chest" on behalf of the Reserve Bank of India, it does not undertake exchange of torn notes; and

(c) what steps does he propose to take in order to simplify the procedure for the return of spoiled notes to the Reserve Bank and to improve the quality of paper on which notes are printed?

**THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL):** (a) to (c). A statement is laid on the Table of the House.

#### *Statement*

The question relates to acceptance and exchange of soiled and mutilated notes. According to the Reserve Bank's terminology, a 'soiled note' is a note which has become dirty due to normal wear and tear but which is otherwise whole and entire and has not been mutilated in any manner and a 'mutilated note' means a note which is torn and is composed of pieces or of which a portion is missing; the notes of which the mutilations are minor are called 'slightly mutilated notes'.

2. Ordinarily, there should be no difficulty for the members of the public in exchanging the 'spoiled notes', the 'slightly mutilated notes' and even two half notes provided both halves are clearly identifiable as belonging to the same note, as all the public sector banks, including the State Bank of India, have already been instructed by the Reserve Bank to afford requisite facilities to the public in this regard. All offices of the Posts and Telegraphs Department and the Railways have also been authorised by the Reserve

Bank to accept soiled and slightly mutilated notes from the public in payment of dues. Notes with major mutilations are, however, required to be sent to or tendered at the offices of the Reserve Bank of India for examination and payment as admissible under the RBI (Note Refund) Rules, 1975 which have replaced the 1935 rules. In order to make the general public aware of these facilities, a public notice was issued by the Reserve Bank on the 8th June, 1976 which was also reported in the Press on the 13th June, 1976. All Public sector Bank were asked by the Reserve Bank to display prominently copies of the public notice at the premises of all their branches. A copy of the public notice is laid on the Table of the House. [Placed in Library. See No. LT-797/77]. In order to minimise the hardship to the general public in the exchange of mutilated notes priority is accorded, in the Reserve Bank Offices, for the disposal of cases involving fewer notes.

3. Sporadic complaints are, however, received from the public about certain difficulties experienced by them in getting soiled or slightly mutilated notes accepted in payment or exchanged at certain branches of the banks etc. These difficulties do not arise out of any procedural instructions issued by the Reserve Bank in receiving back spoiled notes from banking and other financial institutions. The Reserve Bank looks into every such complaint and advises the bank concerned to ensure that unrestricted facilities are provided to the public in this regard. Even as late as April 1977, the banks had been advised by the Reserve Bank to offer the exchange facilities to the maximum possible extent.

4. With a view to mitigating the difficulties which continue to be experienced by the general public despite the issue of the Note Refund Rules 1975, or those arising from the said rules, the Reserve Bank is examining how best these rules could be further revised, simplified and liberalised. The question of, and the extent to which, the public sector banks

could be authorised to accept in payment or for exchange the mutilated notes is also being examined by the Reserve Bank.

5. The quality of paper has been substantially improved in recent years and it compares favourably with international standards; constant efforts are, however, being made by the Security Paper Mill Hoshangabad, which manufactures currency and bank note paper, to achieve still better quality with improved raw materials and finishing processes.

**SHRI RASHID MASOOD:** Will the hon. Minister tell the House the difference between the cost of the paper used previously for printing currency notes and the cost of the paper used at present?

**SHRI H. M. PATEL:** This does not arise out of the main question which relates to soiled notes.

**SHRI RASHID MASOOD:** This does arise because due to the inferior quality of the paper, notes get soiled and mutilated. Anyway, I will put my second supplementary.

Will the Ministry take steps to see that these soiled and mutilated notes are accepted by the post offices and nationalised banks also and passed on to the Reserve Bank?

**SHRI H. M. PATEL:** Under the present orders, these soiled notes are accepted not only at the Reserve Bank but at all the nationalised banks. They cannot be accepted by the post offices because there are other difficulties for the post offices.

**श्री उग्रसेन :** मैं माननीय मंत्री जी से स्पष्ट रूप से जानना चाहता हूँ कि, राष्ट्रीयकृत बैंकों की वान तो छोड़िये जो स्टेट बैंक की शाखायें विभिन्न जिलों में हैं, वे भी फटे पुराने नोटों को नहीं लेती हैं, क्या इस के लिये वह कोई नया परिपत्र भेजेंगे ताकि वह वॉर्चें इस तरह के नोट ले सकें और जनता की तकलीफ दूर हो सके ?

**SHRI H. M. PATEL:** Yes, Sir. I think we will take every step to see that the soiled, torn notes etc., within the rules laid down by the Reserve Bank, will be accepted at the State Bank its branches.

**जौधरी बलवीर सिंह :** क्या मंत्री महोदय यह बतायेंगे कि ज जाया किये गये नोट बैंकों में चले गये थे, वह नोट फिर से किसी ऐजेन्सी के मारफत मूल्क में वापिस आ गये, जिगके लिये काग्रेस के कुछ बड़े बड़े महान नेता जिम्मेदार थे, इस के बारे में रोज अखबारों में पढ़ा गया है, तो क्या इस के बारे में इन्क्वायरी शुरु हुई है या नहीं ? यदि नहीं तो कब इन्क्वायरी शुरु करवायेंगे ? इन लोगों ने जो कुछ किया है, उस के बारे में अखबारों में बयान आ चुके हैं जिन लोगों ने इन डिफेक्टेड और मुहर लग चके नोटों को फिर मूल्क में चलाया उन को क्या कोई सजा दी जायगी ?

**SHRI H. M. PATEL:** Certainly, wherever we find that anything irregular has been done, we shall take action.

RE: SHORT NOTICE QUESTION

**SHRI SHYAMNANDAN MISHRA:** I am on a point of order. So far as this short notice question is concerned, I think it is not necessary to point out that the Chair has gone into the urgency of the matter and that, of course, must be there. But so far as the House is concerned, this urgency is not conveyed to us because the question is not intelligible at all. Kindly look into the text of this short notice question. Whether you are able to form any impression about the substance of the question. The question simply says: whether the attention of the Government has been drawn to the news report appearing in the Hindustan