

ing terms. (1) Direct financing to the extent of ECU 21.2 million and (2) financing through the supply of vegetable oil to the extent of ECU 23.8 million. The assistance received would be channelised through the National Cooperative Development Corporation to the Kerala Kera Karshaka Cooperative Federation, which is responsible for the implementation of the project. The project has the support of the Government of Kerala. Therefore, the Government of Kerala is involved at every stage in this project and so also the Coconut Board that the hon. member has in mind

SHRI KUNJAMBU : I also want to know the approximate number of coconut growers that are going to be benefited through this programme.

SHRI EDUARDO FALEIRO : It is a wide programme and it is for the State as a whole. It is expected to be completed within five years from the date of agreement, i.e. 25 March 1988. It will fulfil the objectives of increasing the production of coconut through increased productivity, adoption of better management practices in cooperative movement and providing the members of Kerafed with Supplies and services and increasing their income through an integrated system of production, procurement, storage, processing, diversification and marketing of coconut products or by-products.

SHRI A. CHARLES : It is seen that a substantial amount has been allowed as aid. If passed on to the real coconut growers, it will help in stepping up the production of coconut which is the backbone of the State's economy. May I know from the hon. Minister, since there is a possibility of the funds being misused, whether there would be proper monitoring by the Government of India? And will the Minister ensure that this aid will really be passed on to the coconut growers so that the aid may really benefit them?

SHRI EDUARDO FALEIRO : We have no reason to believe that this money will be misused when in this project, Government of Kerala is involved and different organisations are involved and so also the Government of India is involved.

SHRI SURESH KURUP : As you know, the economy of Kerala is dependent on coconut cultivation and we wholeheartedly welcome this help given by the Central Government. But now, a serious apprehension has arisen in the minds of the farmers and the general public in Kerala due to the new Import Export Policy of the Government of India. It has been a standing demand of the people of Kerala and the Government of Kerala that the Central Government should not allow the import of coconut oil. In the new Import Export Policy, the Government has announced that it intends to import coconut oil on a large scale. I would like the Minister to clarify the position of Government of India with regard to this, because it affects the economy of Kerala.

SHRI EDUARDO FALEIRO : As the hon. member is aware, this Ministry does not deal with the export import policy.

[Translation]

MR. SPEAKER : Today you have told it.

[English]

Interest Free Loans to Cotton Growers

*777. **SHRI M. RAGHU MAREDDY† :**

SHRI SUBHASH YADAV :

Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has recently expressed its inability to provide interest free loans to cotton growers in the country;

(b) if so, the reasons therefor;

(c) whether Union Government propose to instruct all public sector banks to provide maximum relief to the farmers affected by natural calamities like drought and floods on interest free basis; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) to (d). A Statement is given below.

Statement

(a) to (d). The banks raise resources at certain cost and have also to bear operational expenses; it is, therefore, not possible for them to lend money without charging any interest. However, in cases of crops affected by natural calamities like drought/floods, relief in repayment of past dues, is provided by the banks in accordance with the guidelines laid from time to time by the Reserve Bank of India.

SHRI M. RAGHUMA REDDY : Sir, the reply of the hon. Minister is most distressing and it shows the anti-farmers attitude of the Ruling Party. Mr. Speaker Sir, you are a Krishi Ratna. As you are aware, for the last four to five years, the cotton growers are put to heavy losses and they have mortgaged what all they have. Andhra Pradesh ranks first with regard to area under cotton cultivation. Nearly four to five lakhs of hectares are under cotton cultivation. While many concessions have been given to the industries sector, the same facility has not been extended to the agriculture sector. Nearly Rs. 5000 crores are locked up in the form of bad debts in the case of industries, while there are only Rs. 700 crores in the agriculture sector. In the name of bad debts, you are giving all the concessions to the industries but you are not giving concessions to the farming community.

Then, coming to Andhra Pradesh, this year, nearly 20 people committed suicide because they were not in a position to repay the loans, which they have taken from the commercial banks, private, co-operative and other banks. I welcome the Government of India's gesture for deputing the Deputy Governor of Reserve Bank, Mr. Ojha, to Andhra Pradesh.

I want to know from the hon. Minister what steps he proposes to take regarding remissions and what incentives you are going to provide to the farmers of Andhra Pradesh whose plight is very bad ?

I would request the hon. Minister to write off all the loans and also waive the interest on the loans given to the farmers. I want to have a categorical reply from the hon. Minister.

SHRI EDUARDO FALEIRO : As desired by the hon. Member, I will

give him a categorical reply. The plight of the farmers or the cotton growers in Andhra is not due to banks and also not due to financial institutions. As the hon. Member himself hinted at and he very well knows that those who have been asking the farmers to pay back the loans as a result of which they were put to great distress are not the commercial banks. It is not our banks. It is the private moneylenders who are doing it.

As far as banks are concerned...

SHRI M. RAGHUMA REDDY : He is avoiding the reply. It is not because of the private money-lenders, but it is due to the harassment of the commercial banks.

SHRI C. JANGA REDDY : It is due to the harassment of the commercial banks.

SHRI EDUARDO FALEIRO : I think the hon. Speaker has not called Jangaji. *(Interruptions)*

I will clarify the position.

[Translation]

SHRI C. JANGA REDDY : Mr. Speaker did now allow me to ask the supplementary.

MR. SPEAKER : Jangaji did not attend the House for many days and therefore he thinks that he can ask the question even without my permission.

[English]

SHRI EDUARDO FALEIRO : Sir, we have issued instructions to the banks not to collect these loans which are overdue and also not to take action for the time being—whether it is regarding capital or whether it is regarding interest. This is point number one.

The second point is that the instructions which are there are detailed instructions. I will just give you the gist of some of them. I can give you gist of all, if you so desire. These are general instructions which apply to all drought hit areas, including Andhra Pradesh.

PROF. N.G. RANGA : Let them be placed on the Table of the House.

SHRI EDUARDO FALEIRO : I will place them on the Table of the House the instructions relating to drought and flood relief to all States, to all people which includes Andhra Pradesh also. In addition to that, I would say regarding our banks, which are there, particularly in those States and in those districts, which have been most affected.

The lead banks for Prakasam District (Syndicate Bank) and Guntur District (Andhra Bank) have reported that decisions have been taken to provide various reliefs to the cotton farmers in these districts. In Prakasam District, Syndicate Bank convened a district level meeting on 21.2.1988 under the leadership of the District Collector and as decided in the meeting, all branches of commercial banks were advised to consider converting crop loans into medium term loans, rephrasing the existing term loans, providing fresh finance to farmers for raising crops as also for other occupations such as keeping milch animals, waiver of overdue interest, withholding auction of gold offered as security, renewal of agricultural gold loans and even providing gold loans out of season to meet urgent requirements of farmers. In Guntur District, Andhra Bank had convened a meeting with the district authorities and bankers. At the DCC meeting for Guntur, some decisions were taken. I will lay it on the Table of the House.

PROF. N G. RANGA : What about Krishna ?

SHRI EDUARDO FALEIRO : That information also, I will give it to the hon. Member.

[Translation]

SHRI C. JANGA REDDY : Prakasam Guntur and Hyderabad are cotton growing areas but nothing has been told about them.

MR. SPEAKER : Please speak when you are allowed to, but not in this self-imposing manner.

[English]

SHRI EDUARDO FALEIRO : I will just conclude this answer by saying, what is the position of bank assistance to persons affected by drought.

By the end of October, 1987, as far as Andhra Pradesh is concerned, the amount of assistance given in different forms goes to the extent of Rs. 6165.63 lakhs. Alongwith Andhra, Karnataka and Tamil Nadu are the other States which have most benefited from the bank assistance in the context of the present drought.

SHRI M. RAGHUMA REDDY : I refer to the Debt Relief Act introduced in 1938 by Rajaji as Prime Minister of the then Madras Presidency to liquidate the debts of agriculturists and to say that since the Act is very much in force in A.P., it should be invoked for the purpose. Under the shelter of Section 4, sub-section (e) of this Act, the banks are not extending loans to the farmers *i.e.* as per that Section. Will the Minister consider deleting that section from the main Act, and extend the loan to all the cotton-growing areas and tobacco-growing areas, so that it will be helpful to the farmers ?

With regard to natural calamities, whatever you say, anything that you have given, is given as advance, and not as a grant. In any State, if there are droughts or natural calamities consecutively for 3 or 4 years, will you consider it as a grant, and will you waive interest on the total loans, as we are doing in the cooperative sector ? In Andhra, in the cooperative sector, we have waived interest on the cooperative loans. In a similar way, will you consider waiving interest by commercial banks also, in the case of natural calamities where for consecutively 3 or 4 years some districts are affected ? Will you consider this there also ?

In Andhra Pradesh, not only Krishna and Guntur, but all the 19 districts except three districts grow cotton. Will you extend these facilities, which you have extended, to all the other districts also—as the State Government has already announced Rs. 50 crores as relief to the farmers ? Will you extend these facilities to all these districts; if you want to be a favourite of the farmers, you can do this.

SHRI EDUARDO FALEIRO : We want to be a favourite of the farmers. We want to be a favourite of the entire people of this country; and we are the favourite of the farmers and the entire people of this country. That is how we are setting here. But apart from that...

SHRI M. RAGHUMA REDDY : You are the favourite of industrialists, and not of farmers.

SHRI EDUARDO FALEIRO : Empty rhetoric is not going to take us anywhere. What I am saying is that many valuable suggestions have been made by the hon. Member. I am going to place them before this high-level team of the Reserve Bank of India, because on these matters we go by the advice of the Reserve Bank of India. As we have mentioned, we have already deputed a team there. The Reserve Bank has deputed a team, and all the suggestions will be placed before that team, for their consideration.

[Translation]

SHRI C. JANGA REDDY : Mr. Speaker, Sir, due to the injustice done to the cotton growers of Gontur and Prakasam districts, some of them have suffered badly. The Government have announced certain concessions for them. Cotton is also grown in Warangal, Adilabad and Kareem Nagar districts and the farmers of these districts are also in great difficulty. Through you, I want to ask the hon. Minister whether he will be pleased to extend the concessions given to Guntur and Prakasam districts to these districts also without placing them before the Reserve Bank of India? Now the Government proposes to convert crop loan into long term loan, but the burden of loans on the farmers is increasing as a result thereof. Do you want the farmers to remain under debt always? You are using this loan as a weapon to keep farmers under debt. I want to know whether the Government is going to waive the loans given to farmers? It is better if you completely write off the loans given to farmers as it has been done in Haryana. The Reserve Bank of India is not ready even to waive the interest on the loans of Cooperative Banks. I would like to say that the loans of the Commercial Banks in India is only 11 crore rupees and apart from this, there are other loans also which are not more than Rs. 11 crore. The total amount of loan therefore, in India is only 22 crore rupees. To write off this amount of 22 crore rupees is a small thing for the Government. I, therefore, want to know from the hon. Minister whether he pro-

poses to issue orders to write off the loans given to farmers or not?

[English]

SHRI EDUARDO FALEIRO : Banks are service organizations, about they are also financial organizations and, therefore, it is not the practice of the banks, and the hon. Member will agree with me that it is not a good financial practice, to write off loans just across the board.

[Translation]

SHRI C. JANGA REDDY : The Government have been writing off huge sums of loans in industries.

[English]

SHRI EDUARDO FALEIRO : About interest, we shall surely consider. (*Interruptions*) As far as interest is concerned, we shall surely consider it and look at the merit of the case. We shall surely consider whatever facilities have been extended to the districts I have mentioned, should, other things being equal, be extended to the rest of the Andhra Pradesh. When the hon. member looks at the guidelines he will see that there are lot of facilities that the banks are prepared to extend to these people.

SHRI M. RAGHUMA REDDY : I request you to suggest to the government that farmers should be included in the crop insurance scheme.

MR. SPEAKER : There is nothing in it. They have taken upon themselves to adjust it.

[Translation]

I want to say one more thing.

[English]

PROF. N.G. RANGA : Is it right for us to assume that government have advised the RBI and the RBI agreed to extend what is known as moratorium so that they need not try to collect the arrears to debt, so far as cotton growers are concerned. The Deputy Governor of RB, who has just now returned from his tour in Andhra Pradesh, has agreed to waive penal rate of interest, accumulation of it and also for

the future, so far as farmers are concerned, because the farmers are subject to natural vicissitude and to go on charging from them penal interest is a criminal thing from my point of view. I hope the government would agree to it.

SHRI EDUARDO FALEIRO : I appreciate the suggestion, advice given by the hon. member, Shri Ranga. I feel that there is much substance in what he says. I will convey it to the RB. I appreciate specifically the practical point that under such circumstances the farmers should not be charged penal interest. I also appreciate the point that the loan should be re-scheduled; and the other points I am placing before the RB. Incidentally, the Deputy Governor's team that has gone there has not yet submitted their report to us. I will discuss all these matters with them.

SHRI SRIBALLAV PANIGRAHI : The farmers, due to crops failure in some areas, are in great distress and are just now not in a position to pay the loan and also the interest. So, there is a force in the demand for exemption of the interest at least. There is a crop insurance scheme in operation and that, is quite laudable. But due to improper working of the scheme the affected cultivators in different areas are not getting any relief. Therefore, the pressure on this sort of a demand, that is exemption of loan and interest is mounting up. What steps the government are taking for the proper implementation of the crop insurance scheme so that the affected cultivators get relief ?

SHRI EDUARDO FALEIRO : The crop insurance scheme is being monitored and implemented by the Ministry of Agriculture.

[*Translation*]

SHRI C. JANGA REDDY : Mr. Speaker, Sir, you were to say two things. You please say so that they may take it seriously. They are not going to listen to us. You are also a farmer. You please tell. . . (*Interruptions*)

Losses Suffered by State Bank of Indore

*781. **SHRI C. JANGA REDDY :** Will the Minister of FINANCE be pleased to state :

(a) whether the State Bank of Indore with 284 branches in the country has incurred a loss of about Rs. 50 crores so far;

(b) the steps being taken by the Government to check the loss;

(c) the causes of the loss; and

(d) the total amount distributed as loans by the bank during the period of incurring losses ?

[*English*]

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) The State Bank of Indore has not incurred any loss so far.

(b) to (d). Do not arise.

[*Translation*]

SHRI C. JANGA REDDY : Mr. Speaker, Sir, the reply given by the hon. Minister is far from facts. I quote you figures. A bank in Madras has incurred a loss of Rs. 6.58 crores. There is an article written in this regard which the hon. Minister perhaps has not gone through. I will send it to the hon. Minister. I want to know from the hon. Minister about the details of 284 branches. I think the hon. Minister has in mind the headquarter branch of Indore only. I would like to know about 284 branches. If you want I can produce the data. I want to know about the irregularities being committed in these 284 branches. I want to know about their profit also. Kindly also produce the balance sheets of these branches. Are these branches having profits and if so, how much ? Please also tell how many branches have been incurring losses.

[*English*]

SHRI EDUARDO FALEIRO : Neither the hon. Member has asked for information about the branches specifically, nor do I have it. But I surely have information which I can convey to the House, about the total situation of Bank of Indore. As far as all the branches are concerned, put together, in 1985 the profit made was