

**Penalty on Premature Withdrawal of Deposits**

313. DR. C. SILVERA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has issued some directives to all primary cooperative banks not to levy penalty on premature withdrawal by depositors;

(b) if so, the details thereof; and

(c) the steps taken by the RBI to ensure that these directives are fully and honestly implemented by cooperative banks?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) Reserve Bank of India (RBI) has not issued any directive to the Primary Cooperative Banks advising them to levy penalty on premature withdrawal of deposits by depositors.

(b) Does not arise.

(c) Violations, if any, noticed during the course of inspections of the banks under section 35 of the Banking Regulation Act, 1949 are taken up by the RBI with the concerned banks for rectification.

**\* Overdues of Banks in Agricultural Sector**

314. SHRI PRAKASH KOKO BRAHMBHATT: Will the Minister of FINANCE be pleased to state:

(a) whether, in the agricultural sector, the overdues of commercial banks including the regional rural banks and co-operative banks have reached a staggering level of 43 per cent of the demand;

(b) if so, the total overdues as on June 30, 1988;

(c) the extent to which these overdues have further increased upto June 30, 1990;

(d) the extent to which the overdues in the co-operative banks have been less in comparison to commercial banks;

(e) the main reasons therefor; and

(f) the steps being taken to recover the dues from farm sector which have increased considerably?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) For the year ending June 1988, the percentage of overdues to demand in case of Primary Agricultural Cooperative Societies (PACS) was 40.65% (latest data available). For the Regional Rural Banks (RRBs), this figure was 51.11% and for Public Sector Banks, the same was 43.2%.

(b) The total overdues as on June 30, 1988 were Rs. 2132 crores for Primary Agricultural Cooperative Societies (PACS), Rs. 630 crores for Regional Rural Banks (RRBs) and Rs. 2207 crores for Public Sector Banks.

(c) to (f). The figures of overdues for June, 1990 are not available. While cooperative banks are mainly involved in financing agricultural and rural development activities, the same is only one sector of financing for the commercial banks and as such the comparison between the two may not be wholly appropriate. The banks take a number of steps to improve recovery performance in respect of their advances. These guidelines relate to banks taking effective measures like strengthening and gearing up of organisational structure both at controlling

offices and field level, adopting systematic approach to lending, toning up pre-lending appraisal system and post lending supervision techniques involving, inter-alia, constant contact with the beneficiaries to ensure that the defaults are brought down to minimum and launching of recovery drives with the help of State Government officials. The banks have also been advised by Reserve Bank of India to create a separate recovery calls for a cluster of nearby branches for continuous and effective supervision and recovery where overdues exceed 50% of demand and agricultural advances are sizeable.

#### **Pig Iron Plants in Karnataka**

315. SHRI SRIKANTHA DATTA NARASIMHA RAJA WADIYAR: Will the Minister of STEEL AND MINES be pleased to state:

(a) the number of pig iron plants set up in Karnataka;

(b) whether Government have examined the proposal to set up some additional pig iron plant at Bellary in the State; and

(c) if so, whether the plants would be set up in the public, private or joint sector?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI BASAVARAJ PATIL): (a) to (c). Pig Iron Industry having been delicensed, subject to certain locational restrictions, entrepreneurs have the discretion to select a location of their choice. According to the information available in the Department of Steel, M/s. Uni Metal & Ispat Ltd. have a proposal to set up a Pig Iron Project at Bellary in Karnataka State. Presently, Department of Steel has no information regarding any other proposal for setting up of Pig Iron plants in Karnataka either in the Public, Private or Joint Sector.

#### **Consignment Tax**

316. SHRI MAHENDRA SINGH MEWAR: Will the Minister of FINANCE be pleased to state:

(a) the manner in which it is proposed to check the illegal avoidance of Central Sales Tax (CST) through the medium of consignment of goods from one State to another, on which CST is not levied;

(b) the recommendations of the Law Commission other than those incorporated in the Constitution (Forty-sixth Amendment) Act, 1982; and

(c) the recommendations of the Committee of Chief Ministers and when was its last meeting held in this regard?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH):

(a) The proposal to levy tax on inter-State consignment of goods is intended to check large-scale avoidance of tax through the medium of inter-State consignment of goods, since central sales tax cannot be levied on such consignments.

(b) No specific number of the Law Commission's report has been referred to. However, the Constitution (46th Amendment) Act, 1982 was based on the recommendations contained in the 61st report of the Law Commission which was placed on the Table of the Lok Sabha on 21st March 1978.

(c) The Committee of Chief Ministers held its last meeting on 15th July 1989, but its recommendations remained inconclusive.

#### **Cut on Expenditure**

317. SHRI B. DEVARAJAN: Will the Minister of FINANCE be pleased to state: