

Government that there should not be an excessive volatility in the rupee market and an orderly condition is maintained. Necessary attention is always paid in this regard. Accordingly, the value of the rupee goes up and down in the market.

SHRI HARIKEWAL PRASAD : Sir, after the nuclear tests by India, America, Japan and other countries of the world have imposed economic sanctions against India due to which value of rupee as compared to dollar, has gone down substantially. Now, a new situation has arisen after the test conducted by Pakistan. In these perspectives what measures are being taken to control the depreciation of the rupee.

SHRI YASHWANT SINHA : Mr. Speaker, Sir, the nuclear testing is a very recent incident but if we go back to the period from 1991 to 1996, there was 40 per cent depreciation in the value of rupee. No nuclear bomb was tested at that time. During the regime of the earlier Government there was 11 per cent devaluation of rupee, and at that time also no nuclear test was conducted. As I said, when something happens, it may or may not have an immediate effect but it has some psychological impact which leads to increased buying and selling activity. Now whatever happened recently like the imposition of the sanctions by America and other countries has created a feeling which may not have an immediate effect. But due to these sentiments there was a change in rupee value, I can produce today figures of this change. This test was conducted on 11th May. On 12th May when market opened, the value of the rupee was same as was on 8th May. Even on 13th May it remained same on 14th May there was a slight fall in its value which continued unabated. This is known as sentiment in the market.

[English]

Sentiment, Mr. Speaker, Sir, also plays a very important role. Sentiment is sentiment, it is not related often to the reality on the ground.

SHRI MURLI DEORA : The hon. Minister just replied that after testing the nuclear device, there was not much devaluation in the Indian rupee compared to the dollar. But what we read from the reports which had appeared in the last weeks, it seems that there is a steep fall in the value of an Indian rupee compared to a dollar. It may be due to the sentimental reasons. What steps the Government is proposing to take, if such possible economic sanctions come from Japan, America and Germany?

SHRI YASHWANT SINHA : If you look at the value of a rupee on the 19th of March when this Government took over the office and until yesterday, the fall in the value of a rupee has been to the extent of 4.23 per cent only.

SHRI MURLI DEORA : Otherwise in the last one full year, there was a fall to the extent of 4.48 per cent. So, Mr. Minister you have mentioned in your own reply that in

the entire year of 1997-98, it was 4.48 per cent. Now, you are talking about the last two weeks. **SHRI YASHWANT SINHA :** The hon. Member represents Mumbai and he is more aware than most other people about what happens in the currency market. He must be aware of this fact often pressures build up.....(Interruptions)

SHRI MURLI DEORA : That is why I am asking what steps the Government wants to take.

SHRI YASHWANT SINHA : Pressures build up from time to time and there have been a number of instances in the past where such pressures had built up and the value of a rupee compared to a dollar has gone down substantially. Often it has gone down by eight or nine per cent. So, it was in that context that I was saying that within these last few days, it was around four per cent.

Now, I explain to you the policy of the Government. The policy of the Government is to maintain orderly conditions in the currency market. The policy of the Government is to ensure that no undue volatility takes place. If the hon. Member has looked at the market behaviour, he will notice that often when the market has opened in the morning, there has been something like a run. It has had a wide margin, but subsequently as the day passed, it corrected itself and the peak value which had been touched in the course of the day, came down. That means the market is correcting itself and the market is not supporting the speculators. This is a very very good thing.

Even today, Sir, before I came to this House, I checked up the position and I am very happy to report to the House that at about 1045 hours, the markets were very stable. Now, that is what I am interested in. The market must behave in an orderly fashion. We will not control the value of the rupee because as I have said, it is being bought and sold. But the orderly conditions in the market must prevail. That is the concern of the Government and the RBI is keeping a close watch on this situation.

R. V. Gupta Committee on Agricultural Credit

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*44. **SHRI V. V. RAGHAVAN :**
SHRI SURENDRAN CHENGARA :

Will the Minister of FINANCE be pleased to state:

(a) whether R. V. Gupta panel on agricultural credit set up by RBI has recommended far reaching changes in improving the flow of credit and simplification of procedure for agricultural credit in the country;

(b) if so, the details of the major recommendations made in the report and the Government's reaction thereto;

(c) the present status of the report and likely implications of the recommendations on farm economy;

(d) the reaction of farming community/experts to the major recommendations made by the Committee; and

(e) the time by which the Government is likely to finalise its view and take appropriate decision on the report?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN) : (a) to (e) A statement is laid on the Table of the House.

Statement

(a) to (e) Reserve Bank of India (RBI) set up a one man Committee of Shri R.V. Gupta (former Deputy Governor, RBI) in December, 1997 with the following terms of reference:

- (1) To study the working of the credit delivery system for agriculture through field level interaction with farmers, agriculturists, borrowers of commercial banks and bank staff and analyse the constraints in the flow of such credit to the farm sector.
- (2) To make suggestions for simplification and improvements in systems and procedures including reduction in paper work for delivery of farm credit.
- (3) To make proposals on other initiatives that may be taken by commercial banks to facilitate credit delivery to the farm sector.

The Committee submitted its report to RBI on April 21, 1998. RBI has reported that the Committee's recommendations cover the following areas:

- (i) Recommendations on operational aspects relating to agriculture credit. These recommendations cover, *inter alia*, rationalisation of internal returns of the banks, delegation of powers to branch managers, introduction of composite cash credit limits to farmers, introduction of new loan product with saving component, cash disbursement of loans, dispensation of "No Dues certificate" and discretion to banks on matters relating to margin/security requirements for agricultural loans above Rs. 10,000.
- (ii) Recommendations on aspects like abolishing of stamp duty for agriculture loans, matters relating to mortgage of land subsidy-linked credit, bank finance to tenant farmers and assistance in recovery of loans.
- (iii) Recommendations of simplification of application forms, agreements and other covenants/documents for agricultural loans and rationalisation of internal returns of bank for monitoring agricultural and other advances.

Major recommendations so far accepted by RBI include, *inter alia*, simplification of procedure regarding loan applications, agreements/documents etc., rationalisation of internal returns of banks, delegation of powers to branch managers, introduction of composite cash credit limits to agricultural farmers, introduction of new loan products with saving component, cash disbursement of loans, dispensation of NoDue Certificates, discretion to banks on matters relating to margin/security requirements for agricultural loans above Rs. 10,000 etc. All scheduled commercial banks have been advised by RBI to implement the above recommendations of the Committee. Further, RBI has requested Indian Banks Association (IBA) to work out simplified application forms and documents for agricultural loans and rationalisation of internal returns by branches for adoption by all banks. Certain recommendations such as abolition of stamp duty for agricultural loans, assistance from State Governments for recovery of bank dues, matters relating to mortgage of land, dispensation of compulsory rural posting of bank officials, matters relating to subsidy linked credit etc. have been referred by RBI to the Government for consideration.

The Committee has also made certain recommendations for reforming the rural credit delivery process. These include:

- (a) Freedom to commercial banks to fix rates of interest for loans of all amounts.
- (b) Target for agricultural lending to be based on flow of credit through preparation of Special Agricultural Credit Plans (SACPs).
- (c) A substantial modification of Service Area Approach.
- (d) A thorough review of existing system of subsidy linked loan programmes.

SHRI V.V. RAGHAVAN : Mr. Speaker, Sir, the Gupta Committee Report is against the vital interests of small and marginal peasants.

For instance, the freedom to commercial banks to fix rates of interest for all loans, for all amount is to punish the poor people and favour the big business houses. The banks consider the poor peasantry as unwanted people on earth. This attitude of the banks has driven the peasantry to the merciless moneylenders and ultimately to mass suicide.

At the same time, under the very nose of the RBI and the leading banks, Harshad Mehtas and fake institutions loot our banks at the cost of our exchequer and even some of the corporate houses owe huge amounts to banks. No steps have been taken in this regard and no prosecution has taken place so far in such cases. But a poor peasant who owes a meagre sum of Rs. 100 is prosecuted and harassed. This attitude of the banks has to be changed.

By not depending upon these retired RBI Officers' reports, will the Government examine afresh the hardships caused to the peasantry by the Credit Policy of all the banks?

SHRI KADAMBUR M.R. JANARTHANAN : Sir, I want to assure the hon. Member that the Gupta Committee, the one-man Committee, which was appointed by the RBI has gone to the field, gone to the banks and has interacted with small farmers also before preparing the report. Therefore, keeping in view the interest of the small farmers that Committee was formed. I would like to assure the hon. Member that the Government wants to safeguard the interests of small and marginal farmers.

If the hon. Member may kindly see the answer, which we have given, he will come to know that the main recommendation of the Committee is to give more powers to the Branch Managers and easy accessibility of the small farmers to the Branch Managers so that they may get loans. The interest rates have also been considered by the Committee. If you see the report the regulated rates of interest operate as a barrier in sanctioning of small loans. So the main purpose of the Committee is mainly to increase the income stream of the farmers.

I would like to draw the attention of the House that the main purpose of this Committee was more on the assets which a person is having and not on the old system of Land Development Bank which gave loans on the value based assets. The income stream of the farmers must be increased on this only.

This has been circulated to the Members. If the hon. Member is interested to know more he can come to me and I can show him the reports and operations and recommendations of the Committee. Actually, the Committee's recommendations are in the interest of small and marginal farmers. So, we should not undermine or question the appointment of the Gupta Committee. This efforts of the one-man Committee should be praised by the country. Some of the recommendations are already in the process of implementation.

SHRI V.V. RAGHAVAN : Sir, I am sorry to say that I have not got the proper reply. I have gone through the report which had appeared in the papers. I have also gone through the comments of eminent people who know things. My contention is that the very purpose of the Government is defeated by the main recommendations of the report.

MR. SPEAKER : Please put your supplementary.

SHRI V.V. RAGHAVAN : Sir, my first question has not been replied so far. I am putting my question.

My question is, without depending on the reports of the Gupta Committee or Narasimhan Committee, would the Government independently examine the issues faced by our peasantry? It is a very dangerous position now.

SHRI YASHWANT SINHA : Sir, Gupta Committee, one-man Committee, was appointed by the Reserve Bank of India. It was not appointed by the Government. It was a Committee appointed by the Reserve Bank of India with a set of terms of reference, the basic purpose of which was to facilitate the flow of credit to the farmers.

Now, Gupta Committee has given its report to the Reserve Bank of India. The Reserve Bank of India has examined the recommendations. There are some which need to be examined by the Government. There are some which need to be examined in consultation with some other agencies. That examination is going on. I would like to assure the House that absolutely, in unmistakable terms there is nothing; no decision will be taken by this Government which will be anti-farmer. We are pro-farmer and we shall continue to take the best decisions in their interest.

SHRI SURENDRAN CHENGARA : Mr. Speaker, Sir, the small farmers always find it difficult to get loans from banks and the cooperative societies are easily approachable for them. Will the Government consider the proposal to disburse the agricultural loans to farmers through the primary cooperative societies under NABARD? Easily the bank authorities take action against the small farmers in regard to recovery of their dues. The big farmers, I mean the rich farmers, find some way out to escape from such recovery proceedings. Will the Government take some measures to help the small farmers?

SHRI KADAMBUR M.R. JANARTHANAN : Sir, the Question pertains to Gupta Committee recommendations in regard to making changes and increasing the flow of credit to the farmers. I would like to mention that out of 43 recommendations, as has already been said by the Cabinet Minister, 26 recommendations were on the move and some recommendations are under examination.

I would like to inform to the hon. Member that Gupta Committee is a Committee appointed by the Reserve Bank of India, fully in the interest of the small farmers, to have radical changes so that they can easily approach the banks and they can have easy method of getting loans. Therefore, it is completely a new approach. The Committee's recommendations have a new approach. Some of the recommendations have been accepted by the Government and some recommendations are under consideration. Therefore, I assure the hon. Member that the small farmers' interest will be protected and safeguarded. The main purpose of this Committee will hold good to the farmers.

SHRI T. R. BAALU : Sir, where is the time for me to put a question?..... (*Interruptions*) I have got only half a minute. Please allow me to put my question.

Gupta Committee has recommended subsidy linked loan. What is meant by 'subsidy linked loan'? If there is any subsidy-linked loan, how are you going to arrive at? How are the farmers going to benefit from this?

MR. SPEAKER : It is a straight question. Please give a straight answer.

.....(Interruptions)

SHRI T.R. BAALU : Sir, it seems that the Minister has not done his homework. What can I do?.....(Interruptions) Sir, the Cabinet Minister should answer on his behalf.....(Interruptions). There is only half a minute left. I should get the answer from the Minister. Sir, the time is up.....(Interruptions)

MR. SPEAKER : Mr. Minister, you can send the reply to him later.

SHRI KADAMBUR M. R. JANARTHANAN : I will send the reply to the hon. Member.

[Translation]

SHRI RAJESH PILOT : Mr. Speaker, Sir, I would like to draw the attention of the hon'ble Minister to the fact that the members of the House have just discussed about the problems and harassment caused to the people due to the indifferent attitude of the banks. These problems can be removed if bank loan limit is fixed for farmers. Suppose, I have 50 Bigha of land worth 50 lakhs of rupees, my bank loan limit can be fixed at Rs. 1 lakh. Then I can take the loan worth Rs. 1 lakh from the Bank at any time. If this can be done, all the problems of the farmers will be solved. Whether the hon'ble Minister is thinking in this direction.

12.00 hrs.

SHRI YASHWANT SINHA : Mr. Speaker, Sir, in reply to the question asked by the hon'ble Member, I would request him to wait for two-three days more for the presentation of the general Budget. If the question remains relevant even after that, I will give the reply.

WRITTEN ANSWERS TO QUESTIONS

[English]

New Exim Policy

*45. SHRI INDRAJIT GUPTA : Will the Minister of COMMERCE be pleased to state :

(a) whether the majority of 340 items shifted to OGL list are being produced by the Small Scale Industries (SSI) and as such the new Exim Policy would hit hard the SSI sector; and

(b) if so, the steps taken by the Government to safeguard the interests of SSI sector?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEDGE) : (a) and (b) Out of 340 items shifted to OGL, only 57 items are having small scale angle

either due to their reservation for manufacture in the small scale sector or having strong SSI production base. Further, 50 out of these 57 items were already importable against transferable SIL (Special Import Licence). The actual import of these 50 items during 1997-98 (upto to November, 1997) was approx. Rs. 28 crores. The Customs duty on imports provides safeguard to the SSI Sector.

Loans to Diamond Industry

*46. SHRI DADA BABURAO PARANJPE : Will the Minister of FINANCE be pleased to state:

(a) whether diamond industry and diamond exporters are facing hardship in getting credit from banks; and

(b) if so, the steps taken by the Government to provide loans to the diamond industry and diamond exporters?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) Reserve Bank of India (RBI) has informed that it has no information regarding any hardship faced by diamond industry and diamond exporters in obtaining credit from banks. The Gem and Jewellery Export Promotion Council has also reported that at present the diamond industry and diamond exporters are not facing any hardship in getting credit from banks. According to RBI, banks have been given full operational freedom to sanction credit facilities to borrowers based on their commercial judgement. Banks have also been advised to ensure that exporters' credit requirements are met in full and promptly and that no export order suffers for want of funds and cases, if any, of rejection of export credit proposals are brought to the notice of the Chief Executive of the bank concerned. Banks have been advised by RBI to ensure that necessary machinery is in place in their Head/Zonal offices to redress exporters' grievances regarding delay in granting credit limits/denial of credit limits.

Closed Cotton and Textiles Mills

*47. SHRI SADASHIVRAO DADODA MANDLIK : SHRI A. VENKATESH NAIK :

Will the Minister of TEXTILES be pleased to state:

(a) the number of Cotton and Textile Mills lying closed at present state-wise;

(b) the number of mills closed during 1996-97 and 1997-98, till date;

(c) the main reasons for their closure;

(d) the number of workers rendered jobless due to the closure particularly in Maharashtra; and