

[Dr. Subramaniam Swamy]

betrayal of labour, whatever the legal merits or lack of it. That has to be decided by the courts, but the fact is that Parliament can take a view of the unilateral undoing of an agreement of this sort. Therefore, I would urge the Labour Minister and the Finance Minister that this black act of the previous Congress Government must also be undone and that labour in the LIC must be given what they were entitled to by collective bargaining.

I think it would be improper for me not to say something about bonus to railwaymen also. I realise the Government's difficulties in payment of bonus to railwaymen. Nevertheless, it is my duty as the Vice-President of the Bharatiya Rail Mazdoor Sangh to say that the railwaymen valiantly fought against the Congress Government and its black policies. Their demand for bonus is genuine in the absence of a national wage policy. I would disagree with the view that we should wait for a national wage policy before we think in terms of giving bonus. I would say that we should have *ad hoc* arrangements to pay bonus and once a national wage policy comes, we can think of readjusting the bonus. I do not think it is a question of lack of money. There are many ways in which Government can raise money without taxation. There are 20 million tonnes of foodgrains lying in stock. How much has been stolen or eaten away, I do not know.

SHRI SAUGATA ROY (Barrackpore): American aid will be there.

DR. SUBRAMANIAM SWAMY: With your co-operation, Russian aid may also be made available.

I certainly think that Government can sell 10 out of the 20 million tonnes of foodgrains. This will give cheap food to the people. They will not be able to sell it at Rs. 105 per quintal, the rate at which they bought through deficit financing. So, they may have

to make a loss if they sell it today, but enough money can be generated.

So, while these clowns of the Congress Party watch in despair, let us redeem our promises one by one. They have lost not only the Lok Sabha elections, but also the State Assembly elections, and they are about to lose more elections. So, let us fulfil our promises as early as possible.

17.30 hrs.

#### HALF AN HOUR DISCUSSION

##### VILLAGES COVERED BY NATIONALISED BANKS

SHRI P. RAJAGOPAL NAIDU (Chittoor): I had asked a question of the hon. Finance Minister to know how the various banks are working in the agriculture sector and how much credit they have given to the agricultural and other labour in the towns. The Finance Minister said that 4540 branches of 14 nationalised banks were functioning and that there were no statistics to show as to how much money was given to the agriculturists, how many villages were covered and how many agricultural workers were covered. I want to bring to the notice of the hon. Finance Minister about the actual working of the nationalised banks in rural areas so that he may improve upon it.

For Chittoor district, Indian Bank is the lead bank and other banks have started certain branches but these branches are only a few. The Minister has said that they are started in places where 10,000 people are there. It may be true but how many villages have they covered? For example, in Chittoor district, not even 100 central villages have been covered. There are certain restrictions on them. When agriculturists ask for money, they say that they cannot go beyond five or ten kilometres. They select one or two villages. In Pillaru they selected one village consisting of five or six families. In the nearby

villages, handloom workers live and they want credit for purchasing looms etc. but they are not being given loans. The officers who come to the villages are not interested in rural areas and, therefore, the lending position is becoming very difficult. The Finance Minister knows that private money lending is becoming very difficult because of the liquidation of loans which had been done in the past. Therefore, the credit gap is increasing and now these banks have to fill up that gap. The Finance Minister must evolve a policy of extending the credit to all the needy persons in the villages. I suggested to the Finance Minister previously that all these nationalised banks must be merged together and they must finance cooperative credit societies. The Finance Minister said that so long as these nationalised banks existed, there would not be any competition. For the present, let us agree on this. But we have to see whether there is any competition or not. For example, there is a branch of the UCO bank in Bhipani. The State Bank branch is also there nearby. When the agriculturists approach the State Bank Branch at Bhipani for loans, they say that they cannot go out of their jurisdiction and that they cannot enter into that jurisdiction. So, in practice, there is no competition. Therefore, the Finance Minister should give instructions to all the rural branches that they should give loans to all the persons who are near to them.

There is no uniformity in the procedure of these banks. Let us take the State Bank of India. Even in the State Bank there is no uniformity of procedure. There is a branch at Chittoor and there is a branch at Bargarupalam. There are other branches also in other areas. The State Bank branch at Chittoor is having one procedure and the State Bank branch at Bargarupalam is having another procedure. There is no uniformity even in the procedure adopted by the State Bank. Therefore, the Government should give guidelines to them.

With regard to the agricultural sector, one Bank branch says that they are giving loans only for certain things and not for other things. Another branch says that they are giving loans only for poultry, not for dairy. When they are having limits, when they say that they are giving loans only for certain things and not for other things, how is it possible to get loans for other things? Let the Minister of Finance consider that also.

In the rural areas, the agriculturists are not able to get loans for constructing houses. The Finance Minister says that his party is interested in agriculture. He says that they are increasing the Plan allocation from 20 per cent to 40 per cent for agriculture. Is there any allocation for bank lending for agriculture? Unless there is such an allocation, it is not possible for the agriculturists to get loans. I had been to Cuppam. In Cuppam, the bank is giving loans only in towns, only for industry, not for agriculture. I can quote instances. If I am wrong, I may be corrected. But from what I hear and what I find, only 2½ per cent is going to agricultural sector. It must be increased to at least 30-40 per cent if agriculture is to improve as per their policy.

Coming to agricultural workers, they are not at all getting anything from these banks. They are the people who must come up. Unless they are given some loans, it is not possible for them to come up. Dairy is being developed; milk collecting centres are being organised. There is the milk production centre. The milk project is giving a guarantee for collecting loans and giving loans. Therefore, there is a guarantee for repayment. Wherever there is a guarantee for repayments, at least there they can give loans to agricultural workers to buy poultry, animals and other things.

Now I come to educated unemployed. I am glad that there is a scheme

[Shri P. Rajagopal Naidu]

for giving loans for self-employment. But the banks are not doing it properly. I myself wanted to encourage it. We submitted 120 applications. These were endorsed by the Industries Department. The Industries Department is a technical department. It knows whether, that kind of an industry should be started in a particular local area or not. They have given the marginal money also. But the Banks are not giving any loans because there is no proper procedure. They say, "This guarantee is enough" Again, they say, "It is not enough. You must give another guarantee." The educated unemployed are coming for getting loans. They ask, "Have you got any experience?". They say that educated unemployed can get a loan. How can they have training when they are coming from colleges? It is not possible. Therefore, unless they frame rules in such a way, it is not possible to encourage self-employment.

Now I come to interest. In the meantime, the Finance Minister changed the rules with regard to payment of interest. They have reduced the rate of payment of interest from 16 per cent to 12 per cent for those who are getting loans for industry and other things. They have reduced it to 4 per cent in the case of marginal farmers. The marginal farmer is a farmer who is holding 2½ acres of land and below. When you are reducing the rate of interest in the case of industries and other people who are taking a large portion of loans say, 72-80 per cent, why not reduce it in the case of small farmers? In the case of industry and other people, you are reducing it from 16 per cent to 12 per cent, why not reduce it from 12 per cent to 6 per cent in the case of small farmers who own less than 5 acres. That is my request to the Finance Minister.

With regard to recruitment, I congratulate Mr. Charan Singh for telling us that recruitment must be done from the rural areas. Unless people

are recruited from agriculturists, agricultural labour, artisans, it is not possible for them to take interest in helping the agriculturists and the rural people. Therefore, I request the Finance Minister to consider whether any allocation can be made in the recruitment also so that the rural people may be brought into the services. In agricultural colleges also, there is some allocation. Unless a person is a peasant they may not give him the priority like this. I am telling you this thing because you are extending your branches to the rural areas in the country. Unless he is from the rural area, it may not be possible for him to take interest or to know the locality or to know the mind of the people in the rural areas. Therefore, I again request him to consider whether it is possible to have that formula.

The Government has said that they are going to help the backward community for housing facilities and therefore our Government has formulated a proposal to have a corporation. That corporation has given marginal money for construction of houses for backward people in Chittoor and they are using loans for construction of houses in Chittoor. They can get loan either from the State Bank or any other bank, but they are refusing it. I know about the State Bank. They say that there are no instructions from the Head Office. Is it not necessary to help them when we have taken up this programme to help the backward community and when we have assured them that we are going to help them? For housing facilities also, the banks should give them money. In this respect, we are having a provision in the sense that we can give them loan taking into account their paying capacity. To that extent, in instalments, they can be asked to repay the loan. Why I am telling all these things is because now the present policy is to be improved? Now the guidelines should be given and if possible all these Nationalised Banks

must be merged together. That is my request.

PROF. P. G. MAVALANKAR (Gandhinagar): Mr. Chairman, Sir, I am glad that Shri Naidu has brought this discussion because I think a lot more needs to be done for the villages and the rural India to be covered by these services. Therefore I think it is a good discussion which one needs to welcome.

Now I want to submit by saying that the Finance Minister's assurance this afternoon about the question of Nationalised Banks is all the more welcome. I can tell you that my doubts and reservations are cleared, because I feel that his assurance is sincere and well-meant and he did say, if I am correctly quoting him, that Government are keen to see that the nationalisation of banks continues to be strengthened in terms of better and improved services all over the country, particularly in the rural areas where the banks have not yet gone. His stout defence of the Bill earlier in the afternoon was welcome. The principle of nationalisation is acceptable to all. The main principle was not only economic justice but also attending to the credit needs and facilities of the weaker sections, of the rural areas, in the whole country. Now I want to ask Mr. Patel, the Finance Minister, whether, in his reply to the Unstarred Question out of which this discussion has arisen namely No. 867 of 18th November, what he has given by way of information is adequate and, secondly, whether whatever he has given in that original answer really satisfies him and the Janata Government. After all, much needs to be done in this direction of developing rural banking and, therefore, I start by asking, very briefly, a couple of questions. I do not want to make a long speech, and I am not permitted either.

My first question is this. With the right emphasis by the Janata Govern-

ment on rural development would the Finance Minister be able to tell us whether they have any plans or concrete proposals for strengthening rural banking—regional rural banks and the credit facilities in rural areas—in the next calendar year, 1978.

Secondly, I want to know whether the banking services in operation in the rural areas are really manned as efficiently as they are in urban areas. I do not think that, in urban areas, they are efficient. But whatever efficiency is there in urban areas, I want to know whether that modicum of efficiency, will obtain in rural areas also. We find a large number of people wanting to work in banks in urban areas, but they do not want to go to rural areas. So, the banks in the rural areas get neglected even in terms of recruitment of officers. Like the need for a senior professor going to teach lower classes, the Pre-University is opposed to Post-Graduate some seasoned officers must be obliged to have experience of rural areas so that they could act as friend, philosopher and guide to the agriculturists and other people in the rural areas in terms of banking facilities.

My third question is this. Does he feel that Government are taking adequate steps to see that the banking habit grows in rural areas? The original question was about villages covered by nationalised banks. I do not mind whether the nationalised banks cover 'X' number of villages or 'Y' number of villages or that whether the number should increase quickly or not. What I want to know is whether the villagers and the village-folk are given the necessary banking facilities, whether they are enabled to get themselves habituated to banking services. That is the point.

Lastly, I come to credit facilities in the rural areas, to the agricultural sector. From this year I have been connected with a rural constituency, namely, Gandhinagar, where 115 villages are there. And I know of many more villages also. It was for the

[Prof. P. G. Mavalankar]

first time that I came into closer contact with the rural people—during my election campaign. I find that the rural people are neglected in all aspects including this aspect, namely, banking credit facilities. The farmers are completely neglected. It is no use having a cooperative movement. We must have cooperative banks. Urban cooperative banks are there. But rural cooperative banks are yet to grow. I would like to know what Government have in mind in this regard. The money-lenders in the villages are charging a high rate of interest. The dependence on them must slow down and ultimately go. The rural people must get all credit facilities. The overall credit facilities to rural areas must increase. I want to know whether Government are doing something in this regard.

SHRI CHITTA BASU (Barasat):

Before putting my question, I would like to raise something about the social aspect. The banks were nationalised with a certain social objective. One of the primary social objectives was to provide more credit to the rural population, to the rural agricultural population. The nationalised banks had also another very laudable objective of bringing about changes in the disparity of income between one section and another section. Having these two laudable objectives in view, I know from the hon. Minister whether he does not consider it quite right when I say that mere expansion of banks in the rural areas does not mean ruralisation of banks? In the reply it has been stated that 4500 banks have been established in the rural areas. My question is whether, merely by expanding branches in the rural areas the credit needs of the rural agriculturists have been completely met and whether there has been any change in the disparity of income between the rich peasants and the agricultural workers. With these things in view, my straight question is whether the Government proposes to review the credit-worthiness in this matter.

Secondly, may I also know when the Government proposes to meet the entire credit needs of the rural people through institutional finance so that they will not be necessitated to rely on non-institutional finance?

SHRI O. V. ALAGESAN (Arkonam):

Now, the emphasis is on asking the bank people to mobilise deposits; you fix targets and ask them to mobilise deposits. But there is no emphasis on diversification of the service of lending to various categories of rural people. Would the hon. Minister pay attention to this aspect also?

THE MINISTER OF FINANCE AND REVENUE AND BANKING

(SHRI H. M. PATEL): Mr. Chairman, a large number of questions have been raised but I think they all boil down to this question as to whether we are doing as much in the rural areas as was expected to be done. I have already said and I repeat that we are certainly not very happy with whatever has been achieved so far. In fact, I pointed out that when we started, less than 2 per cent of the credit requirements of the farmers were being met by the commercial banks, nationalised banks and so on (I am not including the cooperative banks) and today we have reached 10 per cent to 11 per cent. It seems to me that this is quite a sizeable progress but it does not mean that it is anywhere near meeting the full credit requirements of these people. Cooperative banks today meet about 25 per cent and the nationalised banks, State banks and cooperative banks put together meet 35 per cent. Therefore there is a long way still for us to go. All I can say is that we are striving to reach the goal of meeting the maximum possible credit requirements of the rural areas. It is because we were not able, even through the cooperative credit societies, to meet the requirements of the marginal and small farmers that this concept of regional rural banks was brought into existence. I may say that we are not satisfied with this also; in fact, as it is today, it has really not

filled the lacunae which we thought it would fill when it was brought into being. That is why I mentioned earlier that I have appointed two Committees, one to go into the question of rural branches and to what extent they have been able to achieve the objectives we had in mind, and the other to go into the regional rural banks to see whether it is the right approach or whether we should change the concept. So, we are not at all satisfied with the way things are going on. None-the-less we are somewhat satisfied that considerable progress has been made. I think it should be realised that progress in this direction must necessarily be slow.

I think, my hon. friend, Shri Mavalankar, must be aware that banking habits have not yet instilled even in the urban-dwelling people and to expect that the village folk will get to accept the banking system is to expect too much. What we can expect in the rural areas is to see that the credit requirements of the villagers are met. We do not need to teach them to write and sign cheques etc. now, because for that many other things will need to be done. As I said, the credit requirements are not adequately met, but we are definitely striving towards that. It will take a long time and I hope...

**SHRI O. V. ALAGESAN:** In how many years will you be able to meet the credit needs of the rural areas to the extent of hundred percent?

**SHRI H. M. PATEL:** I would be very happy if you tell me that assuming that you had the power, but I am quite sure, even you would find it very difficult to say by what date you would be able to achieve it.

I can only say that we are not just using these empty words that we will do this, we are striving towards that. It will be our aim to strive and do it as expeditiously and as quickly as possible. At the same time, I am quite frankly warning you that it must take quite considerable time. Now, the Rural Credit Survey Report came out, I think,

in 1947 or 1948 and it said that the co-operative credit societies, the cooperative banks etc. which had been in existence for a long time, had only been able to meet three percent of the credit requirements of the farmers of the rural areas. Today, they have come to twenty-five percent and they had a long lead. The nationalised banks came into the field much later.

A point was raised by Shri Naidu that there should be coordination between the working of the nationalised banks and the cooperative credit banks. That must be so and it is for this kind of thing that we have appointed these committees to see what kind of arrangement should exist between the two, and how to see that whatever effort is made, I produce the maximum result.

A question was put whether the officers etc. have the right attitude. Of course, they have not and there is no doubt about it. It is another thing which we want to do. We want to instil in those who are recruited for the rural branches and have to work there in the right attitude, right approach towards meeting the requirements of the villagers farmers and others.

**SHRI CHITTA BASU:** How are you going to do that?

**SHRI H. M. PATEL:** If I had all the answers to these questions, I would have readily given you; I do not wish to keep them to myself. But unfortunately, I do not know answers to questions myself; we are trying to find answers. If you have any suggestions to make, we will welcome them.

**SHRI ANNASAHAB P. SHINDE (Ahmednagar):** Why not recruit agricultural graduates?

**SHRI H. M. PATEL:** Agricultural graduates by themselves will not be able to do anything; they would of course, be an improvement. Earlier if you were present during the debate on the Banking Service Commission Bill, I did point out that we want to try and get to these areas and recruit

[Shri H. M. Patel]

more people from these areas so that they know the requirements of these areas, and then, we would be able to do better. This is one of the ideas we are trying. If we do not succeed, we will try another one. We want to keep on trying until we succeed in doing this.

Shri Chitta Basu said that mere expansion of the banks in the rural areas does not mean anything. I entirely agree with him. Therefore, I am not just for rural expansion. When Shri Naidu says that the village workers cover a certain area only, it does not frankly mean to me very much at all. I would like that whatever we do in the rural areas is done soundly and properly. This is not always possible. Now, when you mention that each Branch is required to cover an area of 10 K.M., that does not mean rigidly ten kilo-metres radius. There has to be some limit of the area which they can cover, which must be followed up.

18 hrs.

SHRI P. RAJAGOPAL NAIDU: Even if you agree, it has not been covered completely.

SHRI H. M. PATEL: I agree. I am admitting that. What I am saying is this. The necessity for having some kind of a limit is that we should be in a position to get to the area, get to the villages. There are difficulties of transport, communications etc. So, we do want to be realistic about it. If we merely say, yes, you must cover 50 kilometres, that does not mean anything, because he will not be able to cover it. Therefore, we say, this much at least should be there and you must cover all the villages which come within it.

Then, the hon. Member said that only one or two villages have been covered. I will certainly go into that question and see that the directives which we have given are scrupulously followed and that whatever we expect of them is really, in fact, achieved. But, I can assure you that there was no attempt at running away from answering any

of the questions. And, if I may say so, with all respect to the hon. Member Mr. Naidu, who put the question, our answers were all to the point and also gave as much information as we were in a position to give. We would like to assure him that there was no question of evasion. As you will see from whatever reply I am trying to give you, I do not want to evade the issue. I wish to point out quite clearly that we are not doing all that needs to be done in the rural areas and we are going to try to do it.

As I told you already, we have held three Consultative Committee meetings. I met Chief Ministers of at least ten of the States and discussed with them and I do hope that we shall do much more in this direction.

SHRI CHITTA BASU: Do you consider the necessity of reviewing the creditworthiness principle in respect of the rural people? I think you know all these things. Agricultural workers are not entitled to get many of the benefits. There are certain standards and guidelines. Are you prepared to revise or review those guidelines?

SHRI H. M. PATEL: They are being continuously revised. Had the normal banking requirements for the purpose of giving credit been followed strictly, little credit would have been made available for the rural areas. That is why we have already diluted them a great deal in order to be able to meet the credit requirements of the rural areas. We are going on studying, and there again, without jeopardising the bank's role, we shall see what can be achieved. After all, the banks have to get their money back, without unreasonable risks. And in this light, I think, we are able to meet to the maximum extent possible, their credit requirements.

18.04 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, December 6, 1977/Agrahayana 15, 1899 (Saka)