

SHRI BRAHMA DUTT : The question does not relate to foreign borrowing, But only I can say about the first part of the question of Shri Datta that there are no differences of opinion between the Government and the Reserve Bank on the matters referred in the Question. Discussions take place. There has been no difference of opinion. I cannot promise that there will be no difference of opinion and I will bring it to the notice of the hon. Members. The whole thing, the whole question has arisen out of a mis-reporting which was clarified later on by one of the newspapers. There is no question of preferential treatment to this or to that. We have to take care of the Public Sector. We have to take care of Private Sector. We have got different methodology. I can assure the hon. Member at this time, there has been no difference of opinion between the RBI and the Government ..

(Interruptions)

SHRI AMAL DATTA : That is a part of the original question i.e. about the preferential treatment...

(Interruptions)

SHRI BRAHMA DUTT : I deny it. There is no preferential treatment .

(Interruptions)

SHRI ANANDA GAJAPATHI RAJU : Mr. Deputy -peaker, Sir, recently the Indian Railways raised some funds through tax-free bonds which they had issued and these bonds were all cornered by the commercial banks and used them for re-financing various operations. Would this kind of practice be stopped? These commercial banks and the public undertakings are going to take over tax-free bonds. Then, the general public will not have the advantage of this facility and this will result in cornering of funds by certain quarters to the detriment of others...

SHRI BRAHMA DUTT : We keep a close watch on this situation. None of the sectors is starved of funds but rather they are over-subscribed. We keep a close watch

on the situation. If a situation arises, we take corrective measures. Why should we imagine ?

SHRI C. MADHAV REDDI : Has it come to the notice of the Government that several State Governments had requested the Reserve Bank, Planning Commission and the Government of India to permit them to raise tax-free 10 per cent rate of interest bonds just like the Central Sector Companies? If so, whether Government has considered the request; whether Government is going to permit the State Sector also to raise bonds like this? Sir, in each Annual Plans, in each Five Year Plans, public sector has been allowed, the States are allowed and the Planning Commission allows the public borrowings, And that is decided on merit that where they have to borrow, what they have to do. We cannot give a blanket cheque to them.

Utilisation of Deposits in Nationalised Banks in Bihar

*657. **SHRI VIJOY KUMAR YADAV :** Will the Minister of FINANCE be pleased to state :

(a) the number of nationalised banks branches in Bihar ;

(b) the amount deposited therein ;

(c) the percentage of the total deposits spent on the development works in Bihar and the percentage of the total deposits given to other States ; and

(d) the difficulties being experienced in spending most of the deposited amount for development works in Bihar to accelerate the pace of its development ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (d) A statement is given below.

Statement

(a) and (b) According to the provisional information available from Reserve Bank of India, 28 public sector banks, as

at the end of September 1986, had 2443 branches in Bihar with deposit balance of Rs. 4051 crores.

(c) and (d) The credit deposit ratio of public sector banks in Bihar as at the end of September 1986 was 36.3 per cent. The present data reporting system does not yield information relating to percentage of deposits of any one State deployed in another State. However, the banks are now required to keep 37.5 per cent of their total time and demand liabilities in Government or approved securities which in turn is utilised for the purpose of investment in various States. The credit deposit ratio of banks in Bihar is at a lower level than the All India average and the main factors responsible for it are erratic availability of power, unsatisfactory communication facilities inhibiting industrial growth and absence of adequate number of bankable schemes emanating from the State,

[*Translation*]

SHRI VIJOY KUMAR YADAV : Mr. Deputy Speaker, Sir, the question is about backwardness of Bihar. The hon. Minister has said that credit deposit ratio in the different banks in Bihar is 36.3. It is lower than All India average and the money deposited in these banks is utilised for other states. This is what he has said in his reply. I would like to know from the hon. Minister whether it is a fact that in several states, out of the money deposited there in the banks, somewhere 80 per cent and somewhere 100 per cent is utilised for the developmental activities or is given as loan. If so, which are those states ?

[*English*]

SHRI JANARDHANA POOJARY : Sir, no State has given so far 100% loans for the developmental activities. The Hon. Member knows that and is also aware of the fact that out of Rs. 100 deposit, the banks have to make provision for 37.5% as SLR and also 9.5% for CRR as reservation and 10% incremental deposit as Additional CRR. So, out of Rs. 100,

Rs. 57/- goes for this sector and out of remaining Rs. 43/- we have to lend as loans in the States. Now, here, not in Bihar, I am just referring to the Hon. Member we have given even more than that as loans to the State. The credit deposit ratio of all-India is 65.5%. So far as States are concerned, even including your Bihar State, banks have invested in the securities and that has been for developmental activities. Banks have invested about Rs. 614 crores for developmental activities in the state securities in 1985.

[*Translation*]

SHRI VIJOY KUMAR YADAV : Mr. Deputy Speaker, Sir, I have asked as to which are those states where the credit deposit ratio is more than All India average ?

[*English*]

SHRI JANARDHANA POOJARY : Sir, only in 7 States, the credit deposit ratio is above 65% and in some cases even about 90%. Here, the amount has flown from other sectors also like the Reserve Bank of India, from NABARD and other sectors. So, we accept the position that the credit deposit ratio is lower in Bihar because of want of certain infrastructural facilities, bankable schemes, shortage of power and want of communication facilities. These are the factors which contribute and exactly which are the States which have got more than funds, I will furnish to the hon. Member.

[*Translation*]

SHRI VIJOY KUMAR YADAV : Mr. Deputy Speaker, Sir, the hon. Minister has said that because of certain factors, more money cannot be invested there. The question arises as to whether all works are not being done due to inadequacy of funds. You have said that the power supply is irregular. You have also said that communication facilities are unsatisfactory. All these shortcomings exist in Bihar. The reason is that per capita investment as well as the general plan allotment is the least in Bihar. In addition,

whatever money people of Bihar themselves deposit that too is not utilised in that State and is given to other States. Keeping in view all these things and also the backwardness of Bihar, whether the hon. Minister will try to see that maximum allotment of funds is made to the State and the money which is deposited by the people in the banks is also utilised in that State itself. It should also be ensured that regional imbalance is removed by developing Bihar and bringing it at par with other States.

[*English*]

SHRI JANARDHANA POOJARY : It is a fact that the credit deposit ratio of Bihar is very low and that is why we have taken steps. Even the Reserve Bank Governor had gone and met the Chief Minister. Action has been taken and we are requesting the Hon. Member to approach the State Government. I have also written... (*Interruptions*).

Regarding the opening of the branches, the State Government has not sent the list of the branches duly identified. Out of 38 districts they have identified centres only in 16 districts. Not only that, so far as the priority sector is concerned, our banking performance is better in Bihar. As against 40%, we have given in Bihar for the priority sector 56.8%....(*Interruptions*).

He wants to know what steps we have taken. As far as the direct advance in agriculture is concerned, we have been able to give 19.9% as against 16% of All India target. In the case of weaker section, we have been able to give to the extent of 21.9% as against 10.8% of all India figure. So, steps are being taken.

DR. C.P. THAKUR : Even after the meeting of the Chairman of the Reserve Bank of India, I don't think the credit deposit ratio has improved in Bihar. About 14000 small scale industries are sick and major industries like Rohtak, Soap Paper Mills are also sick. Is the Department of Finance, Central Government doing something pointed to accelerate the industrial development of Bihar, so that this ratio will improve ?

SHRI JANARDHANA POOJARY : Steps are taken to examine the cases of all sick units and wherever it is necessary and whenever it is viable, action has been taken and accelerated flow of credit is given to them ; but on the merit of each individual case.

[*Translation*]

SHRI RAM BHAGAT PASWAN : The hon. Minister has said in his reply that Bihar has been provided Rs. 614 crores. I would like to submit that even now in Bihar several small scale and big industries are almost on the verge of being closed down due to financial crisis. I would like to know from the hon. Minister as to how many applications from the small scale industries have been received from Bihar and how much payment has been made against the amount demanded by them ? Are you going to make payment according to the demands made ?

[*English*]

SHRI JANARDHANA POOJARY : Sir, I don't have the information with me now.

Uncleared Loans given in Credit Camps

*658. **SHRI NARSING SURYA WANSHI :** Will the Minister of FINANCE be pleased to state :

(a) whether Government have decided that uncleared loans given in credit camps could be written off at any period of time ; and

(b) if so, the reasons for such decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) No, Sir.

(b) Does not arise.