

Shri Sham Lal Saraf: Is it tied or untied loan?

Dr. K. L. Rao: They are tied in the sense that they are meant for these specific projects.

Shrimati Savitri Nigam: May I know whether some percentage of machinery will be indigenous and whether some spare-parts also have been asked for so that the work will not stand still in case of any difficulty?

Dr. K. L. Rao: Spare parts are asked with all the machines. We are getting the spare parts. We are trying to introduce the indigenous element, but I regret it has not been possible to do so. We hope that in the Fourth Plan we will be able to introduce some element of indigenous manufacture.

Shri R. S. Pandey: I want to know whether the equipment that we get from U.S.S.R. is cheaper in price as compared to that of other countries.

Dr. K. L. Rao: These prices are fixed on the basis of world-wide market prices.

Utilisation of External Assistance

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 *153. { **Dr. L. M. Singhvi:**
 { **Shrimati Savitri Nigam:**
 { **Shri Sham Lal Saraf:**

Will the Minister of Finance be pleased to refer to the statement regarding the report of the Committee on Utilisation of External Assistance laid on the Table on the 16th April, 1964 and state:

(a) the steps taken in pursuance of the recommendations made by the Committee on Utilisation of External Assistance and accepted by Government; and

(b) to what extent and in what way the rate of utilisation of external assistance is likely to improve as a result of the implementation of the recommendations?

The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha): (a) Action has already been taken to implement the decisions on some recommendations. The foreign assistance that is committed to specific projects or programmes has been removed from the purview of half-yearly allocations. With a view to replacing the existing system of individual releases of foreign exchange to public sector projects by a system of concurrent audit on a sample basis by an Audit Office in the Finance Ministry, an Audit Officer has been appointed. The question of assistance for preparation of project reports has been taken up informally with foreign Governments and institutions. In many instances, the action required to implement the decisions will be of a continuing character.

(b) While it is expected that the rate of utilisation of external assistance will be improved as a result of these measures, it is not possible to quantify this.

Dr. L. M. Singhvi: As the hon. Deputy Minister for Finance has stated that some of the action to be taken would be of a continuing character, we would like to know whether there is existing adequate machinery for keeping under watch continually the procedures and the pattern of utilisation of foreign exchange assistance. What is that machinery and how far is it adequate?

Shrimati Tarkeshwari Sinha: Various Ministries are interested and they meet together from time to time for doing the reappraisal of the projects and to see what steps should be taken to improve it. Apart from that, there are other agencies, like, the investment centres which also help in this regard. Now, a coordination is maintained between all these agencies to see that foreign exchange is utilised on a more equitable basis.

Dr. L. M. Singhvi: What were the principal deficiencies detected in

the utilisation of foreign exchange in this country, and may I know whether it was also not felt by the Government that it would be better to have a separate, permanent machinery for watching over the utilisation of foreign assistance and, if so, what measures have been taken by the Government?

The Minister of Finance (Shri T. T. Krishnamachari): As my hon. colleague has mentioned, the responsibility of individual Ministries in this regard is being constantly brought home to them.

Besides, there are two agencies available to the Ministry of Finance and to the Planning Commission to keep a watch in regard to the utilisation now. One is the machinery of co-ordination which calls for frequent reports, not only in regard to performance but in regard to execution of schemes and is able to detect from time to time the deficiencies in performance and execution, and to relate them to the utilisation of foreign exchange. The other machinery which my colleague has mentioned is the Economic Affairs Department, which is in the charge of a high-placed officer, who will now be assisted by an audit officer also in regard to the performance audit.

All these schemes are being continuously looked into. It may be that this will be all right, or it may be that this will not be perfect: it might be necessary in the context of the advance planning for the Fourth Plan that we may have to have special agencies in the Ministry for this purpose; it may be that we might need a special agency, especially, in regard to power projects. But this is a matter which is continuously under examination.

Shrimati Savitri Nigam: Is the hon. Minister aware that huge funds are lying unused in the PL-480 funds which were meant for the rehabilitation and education of the handicapped, and if the answer be in the affirmative, what are the new methods which are going to be adopted or

what is the new machinery which is going to be set up to have better co-ordination and to achieve better results?

Shri T. T. Krishnamachari: In the first place, I would submit that the matter is not quite germane to the main question, but I would like to assure the hon. Member that there are not huge funds which remain unutilised. The funds allocated for the specific purpose which my hon. friend has in mind happen to be limited. But it is quite conceivable that the appropriate Ministry has not made arrangements for the purpose of executing the schemes. It is in contemplation, in fact it is the intention of Government to give some special thought in regard to the question of handicapped persons and handicapped children, and I do hope that some policy statement will emerge before long from Government.

Shri Sham Lal Saraf: May I know whether from experience it has been found that because of priorities not having been assigned beforehand, the funds available in foreign exchange could not be utilised to the full with the result that the progress of projects both in the public and in the private sectors has been retarded, and if so, what steps are being taken to enable the Government and also the spending Ministries or Departments to get the foreign exchange in time, as soon as it is available with the Finance Ministry?

Shri T. T. Krishnamachari: I would like to submit respectfully that there is no question of failure to assign the priorities; the priorities are assigned. But it often happens that while we make arrangements for obtaining foreign assistance through aid programmes, the local project schemes are not fully ready, to enable us to execute them quickly. Sometimes, it happens that there is a shortage of some important raw material, which is critical. That happened last year in many cases. For ins-

tance, there was a general shortage in the country for welding electrodes.

So, it is not really a question of defect in assigning priorities. The priorities are assigned by the Planning Commission in consultation with the appropriate Ministries. On that, there is no difficulty at all. It is a question of the preparation that has to be made or the ground that has to be prepared in time for utilisation of the foreign assistance, and it is there where we find a certain amount of lacuna. This is being looked into.

Shri Indrajit Gupta: Is the general experience of Government that this under-utilisation of foreign assistance is more due to faulty implementation here of the projects or to wrong assessment or over-assessment of the quantum of foreign assistance in the first place?

Shri T. T. Krishnamachari: The latter part of the hon. Member's presumption is not generally right. It may be that there are cases where they have anticipated more than what they would get.

Generally, the reasons for the lack of utilisation that we have come across are due to faulty preparation here rather than to the question of the assistance not being available.

Shri Ranga: Is it not also the duty of the Finance Ministry to see that in their unnecessarily being too anxious to utilise the foreign exchange which has been allotted for specific projects according to schedule or much too soon, there might not be unnecessary wastage and also the pushing up of the working of development projects in an uneconomic manner? After all, we do not lose anything by not utilising it and by postponing it for a time in order that we may be able to make the best possible use of it.

Shri T. T. Krishnamachari: While I recognise the responsibility of the Finance Ministry which has been pinpointed by my hon. friend, I do not think that the Finance Ministry is over-anxious to use the foreign ex-

change that is not available. In fact, the availability of foreign exchange is much smaller than our needs. It is a question of tying up the two. What is available has to be quickly used. As I have said repeatedly, it is often a question of defective planning and defective preparation, or of some defect in thinking out what all critical supplies are needed for the purpose of executing a particular project.

श्री हुकम चन्द कछवाय : क्या मन्त्री महादय बतलायेंगे कि किन किन देशों से ऐसी सहायता मिली है जिसका हमने उपयोग नहीं किया और ऐसे कितने देश हैं जिनकी दी हुई सहायता का हमने उपयोग किया है। जिनका उपयोग नहीं किया क्या उसके पीछे कोई राजनीतिक कारण था। यदि हाँ, तो कौन सा।

श्रीमती तारकेश्वरी सिन्हा : पूरा जो लोन और क्रेडिट हमको फारेन क्रेडिट से मिला है और जिसको हमने यूटिलाइज किया है उसकी संख्या है २,६७१ करोड़ रुपये। जो अनयुटिलाइज्ड है वह रकम १,२२७ करोड़ है। यानी ६० प्रतिशत के लगभग का हमने उपयोग किया है।

श्री हुकम चन्द कछवाय : मेरे प्रश्न का उत्तर नहीं मिला।

अध्यक्ष महोदय : उत्तर तो नहीं मिला लेकिन सारा उत्तर मिल भी नहीं सकता कि कितना कितना किन किन देशों से आया है और कितने का इस्तेमाल हुआ और कितने का नहीं हुआ।

श्री यशपाल सिंह : क्या सरकार बतला सकती है कि इस कमेटी ने कोई ऐसी सिफारिश की है कि इण्डस्ट्री में कितना रुपया खर्च किया जाये और एग्रीकल्चर पर कितना खर्च किया जाये।

श्रीमती तारकेश्वरी सिन्हा : इस कमेटी का ताल्लुक इन बातों से था कि जो फारेन एक्सचेंज है या जो हमका सहायता मिलती है लोन और क्रेडिट के जरिये उसका इस्तेमाल किस तरह खूबसूरती से और अच्छी तरह से किया जाये, इसके बारे में यह कमेटी थी और उसने कुछ सुझाव दिये हैं जिन पर विचार किया जा रहा है।

Rise in Prices of Commodities

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Shri S. M. Banerjee:
Shri Prakash Vir Shastri:
Shri Harish Chandra Mathur:
Shrimati Savitri Nigam:
*154. Shri Vishwa Nath Pandey:
Shri M. L. Dwivedi:
Shri Sidheshwar Prasad:
Shri P. C. Borooah:
Shri Daljit Singh:
Shri Hem Raj:

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that prices of all essential commodities have gone up in the country in May, 1964; and

(b) if so, the steps taken by Government to bring down the prices?

The Minister of Planning (Shri B. B. Bhagat): (a) Prices of foodgrains, except wheat, and of edible oils, rose in May, 1964. Government have allowed increases in ex-factory prices of sugar ranging from Re. 1 to Rs. 14.5 per quintal in different areas. Prices of other essential commodities such as cloth, kerosene, coal, tea, salt, footwear and drugs and medicines have by and large remained stable.

(b) Wheat and rice are being supplied through an increasing number of fair price shops at controlled rates. The Reserve Bank of India has tightened selective credit controls to prevent the use of bank finance for speculative hoarding of essential commodities; forward markets are also regulated to check unhealthy speculation. Forward trading in ground-

nut oil and certain oilseeds has been banned with effect from 2nd June, 1964. The State Governments have been advised to regulate wholesale trade in foodgrains by enforcing the revised Licensing Order. Further steps will be taken as the situation warrants.

Shri S. M. Banerjee: Apart from the steps taken, which have been mentioned by the hon. Minister, may I know whether Government intend to set up a price stabilisation committee as recommended by the Asoka Mehta Committee in their report and also to try on an experimental basis State trading in foodgrains, because the Government machinery has failed now?

Shri Banga: If the Government machinery has failed, with State trading it will be worse.

Mr. Speaker: The second part of the question is only a suggestion for action. Only the first part of the question might be answered.

The Minister of Finance (Shri T. T. Krishnamachari): With your permission, I would like to crave the indulgence of the House to deal with this matter slightly in greater length than a question will warrant.

The position in all conscience is something which is extremely serious. Government are fully concerned about it. My hon. colleague Shri Lal Bahadur Shastri the other day did make a mention of this matter. We are not at all happy with things as they are. The fact is that while the shortages in certain commodities may be of a marginal character, the distribution system that exists in this country magnifies the defects, and it seems to Government now that even if there is a marginal surplus, the present position will continue because the distribution system at various stages will not respond adequately to the law of demand and supply. Unless we have a substantial surplus, the normal operative economic laws will not function. Therefore, we have come to a critical situation and