

this crop. Even in respect of this present area under cultivation we are not able to sustain it because the international prices are much lower and the demand for this opium is falling. Therefore at this stage, we cannot afford to raise the prices.

DR. LAXMINARAYAN PANDEYA: Are you going to establish another Alkaloid factory?

SHRIMANMOHAN SINGH: No.

MR. SPEAKER: It is probably for the Industry Minister to reply.

Loans to Consumer Cooperatives

[English]

*1008. SHRI MOHAN RAWALE: Will the Minister of FINANCE be pleased to state:

(a) whether the Government have increased the rate of interest payable by the consumer cooperative on the loans from the cooperative banks;

(b) if so, the details thereof;

(c) the reasons therefor;

(d) whether the Government have received representations in this regard;

(e) if so, the details thereof; and

(f) the reaction of the Government thereto?

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (f). A statement is laid on the Table of the House.

STATEMENT

Prior to 22nd September, 1990, the rates of interest charged by banks on their various types

of advances were purpose specific, linked with location of activity, corresponded to the need of specific programmes etc. With a view to rationalise the lending rate structure, with effect from the above date, the interest rates are being linked exclusively to the size of the loan. Representations have been received by Government as well as by Reserve Bank of India (RBI) for concessional rates of interest for specific activities including those relating to advances for fair price shops. However, the structure of lending rates is determined by RBI taking into account a number of factors like the growth rate of the economy, the rate of inflation, the pace of monetary expansion, the cost of raising resources by banks and the profitability of banks, and the basic concept of linking the interest rates to the quantum of loans has not been changed.

The data reporting system does not indicate the quantum of banks loans extended to consumer cooperative exclusively. However, the advances granted to consumer cooperative stores form a part of retail trade advances of commercial banks which are treated as priority sector advances. The retail trade advances of all scheduled commercial banks for the last two years are as under:-

Year	Number of Accounts	Amount outstanding
March, 1990	46.41 lakhs	Rs.2490 crore
March, 1991	47.75 lakhs	Rs.2665 crore

SHRIMOHAN RAWALE: Mr. Speaker, Sir, the traders and the people, who indulge in black marketing and not pay tax, have their own method of doing their business. However cooperative Societies do obey the rules and also pay tax. Then why the Government has increased the rate of interest from 12% to 18%?

DR. ABRAR AHMED: Mr. Speaker, Sir, it is not that rate of interest has been increased from 12% to 18%. Earlier, the rate of interest depended

on the purpose for which loan was taken, but now, different slabs have been increased. The rate of interest upto Rs. 25,000 has been fixed at 12%, from Rs. 25,000 to 2 lakhs at 16.5% and 2 lakhs onwards at 17%.

of amounts involved will be known after negotiations.

Financial support by World Bank

*1006. SHRI V. SREENIVASA PRASAD:
SHRI G. DEVARAYA NAIK:

WRITTEN ANSWERS TO QUESTIONS

Sectoral Loans from World Bank

[English]

*1004. DR. D. WENKATESWARA RAO:
SHRI BOLLA BULLI RAMAIAH:

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have decided to seek new sectoral loans from the World Bank;

(b) if so, the details thereof;

(c) whether any proposal in this regard had been forwarded to the World Bank.

(d) if so, the reaction of the World Bank thereto; and

(e) the time by which the sectoral loans are likely to be received?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e). In order to meet the finance gap in our balance of payments, exceptional financing will be required from multilateral institutions like World Bank, IMF and ADB as also bilateral donors. In this context, discussions are being held with the World Bank for two or three sectoral loans in the areas of trade and investment activities, financial sector and the hydrocarbon sector. The time-frame and details

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has stopped its financial support to some ongoing projects;

(b) if so, the details thereof;

(c) whether these projects have been adversely affected and come to a halt;

(d) if so, the details and reasons therefor; and

(e) the remedial measures taken by the Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e). The Loan arrangement's agreed with lending institutions like the World Bank invariably stipulate that lack of compliance with agreed financial or other covenants can lead to the cancellation or suspension of support for project components. Pursuant to this, the World Bank have cancelled one project, viz., the U.P. Power Project on August 28, 1992 because of non-compliance with certain agreed financial covenants. An amount of \$302.95 million was cancelled on this project. Project-specific covenants have also resulted in the temporary suspension of assistance on the following projects:

1. Karnataka Power I Project
2. Karnataka Power II Project
3. Upper Krishna Phase II Irrigation Project.