

LOK SABHA DEBATES

LOK SABHA

*Friday, August 26, 1994/
Bhadra 4, 1916 (Saka)*

*The Lok Sabha met at
Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

OBITUARY REFERENCE

MR. SPEAKER: Hon. Members, I have to inform the House with profound sorrow of the passing away of one of our former colleagues, Shri N.P. Kesharwani.

Shri N.P. Kesharwani was a member of Sixth Lok Sabha during 1977-79. He represented Bilaspur Parliamentary Constituency of Madhya Pradesh. Earlier he was member of Madhya Pradesh Legislative Assembly during 1974-77.

He was an advocate by profession. He started his political activities as a Student Union Leader of Nagpur University. Apart from other organisations, he served as the Director of Land Development Bank, Bilaspur and as Chairman of Mugeli Municipal Council during 1968-72.

An active parliamentarian, he took keen interest in the proceedings of the

House and also served as a Member of Committee on Government Assurances.

Shri Kesharwani passed away on 8 February, 1994 at New Delhi at the age of 64 years.

We deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences of the bereaved family.

The House may now stand in silence for a short while as a mark of respect of the deceased.

11.03 hrs.

*The Member then stood in silence for
a short while.*

ORAL ANSWERS TO QUESTIONS

11.05 hrs.

[*English*]

Financial Assistance From Germany

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*461. SHRI SUDHIR SAWANT:
DR. RAMKRISHNA
KUSMARIA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government of Federal Republic of Germany have recently agreed to provide financial,

assistance to the tune of 460 million Deutsche Mark;

(b) if so, the terms and conditions under which the assistance is likely to be given by that country; and

(c) the areas in which the assistance is likely to be utilised by the Union Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): (a) Under an agreement signed on 28.7.1994 between Government of India and Government of Federal Republic of Germany (FRG). Government of FRG have agreed to provide financial assistance to the tune of Deutsche Mark 460 million to Government of India.

(b) Out of the total financial assistance of DM 460 million. DM 245 million will be provided as soft loan at 0.75% p.a. rate of interest to be repaid over a period of 40 years including 10 years moratorium, DM 70 million as grant and the balance DM 145 million as a composite financial cooperative loan at an interest rate ranging from 2.2% to 4.4% p.a.

(c) The assistance will be utilised in the areas of coal mining, fertilisers, health, minor irrigation, environment protection, power, water supply and small scale industries.

[*Translation*]

SHRI SUDHIR SAWANT: It has been stated in the reply that Government of India will get 460 million Deutsche Mark from Germany as financial assistance. This amount will be utilised by the Central and the State

Governments. The terms and conditions on which the Government has taken this assistance and the terms and condition on which this assistance is provided to the State Governments are different. So, will the terms and condition on which the assistance is given to the State Governments for utilisation remain the same or would be different?

[*English*]

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Speaker, Sir, the Government of India gets external assistance. A part of it is utilised, in the Central sector and a part of it is utilised in the State sector. It is certainly true that the terms on which assistance becomes available to the Government of India, do not, necessarily are the same with the terms on which this assistance is passed on to the State Governments. That is because, not all the State Governments get the benefit of Central assistance. For example, for various reasons — we have the North-eastern States — we do not pose many projects for external assistance. So, we get the external assistance, we pool it and give it on standard terms to the State Governments, because the balance is available for utilisation for other States. So, it is certainly true that the terms of assistance on which loans are passed on to the States are not necessarily the same. But that is for wider policy reasons.

[*Translation*]

SHRI SUDHIR SAWANT: It is being given to the State Governments but nothing is known about it. The second problem which comes up before the State Government is that at first it spends the amount and later on, it is claimed. For example in Kharla

development in Maharashtra, E.C. is to pay Rs. 36 crore but three years have passed and the amount has not been received because they have not completed Phase-I. In this way we can not get the foreign assistance we are to get. Is there any monitoring mechanism of the Central Government for utilisation of the foreign assistance by the State Government?

[*English*]

SHRI MANMOHAN SINGH: Sir, we do monitor the process the of projects funded by external assistance. In fact, this year, we are planning for extensive discussions with most of the State Governments where project execution is not up to the mark. So, we do monitor these projects on regular basis. Whenever, there are problems, we do bring it to the notice of the State Governments.

The other issue that has been raised by the hon. Member is with regard to procedures for reimbursement. We collect this external assistance only when it has been actually disbursed. We started a process of giving some advance assistance to the States, but there are limitations with the Central Government. The Central Government is itself in a very severe financial resource crunch. Therefore, we have limitations to give advance assistance for execution of these projects.

[*Translation*]

DR. RAMKRISHNA KUSMARIA: The Government of India has reached an agreement on 28.07.94 with the Federal Republic of Germany. I would like to know by when the amount of assistance will be received by the Government of India? I would also like to know whether the projects regarding coal mining,

fertilizers, health, small scale irrigation, environment presentation, electricity, water supply and small scale industries on which this amount is to be spent, have been prepared so that this amount can be utilised properly?

[*English*]

SHRI MANMOHAN SINGH: Sir, before commitments are made, a mission comes from the Federal Republic of Germany to look at the possible projects, which may be included in the protocol for a particular year.

This year's agreement does have an indicative list of projects and sectors. We have today an adequate pipeline and although these are subsequently firmed up by individual project agreement, as of now, this is the protocol list of various projects as well as sectors ...(*Interruptions*)

[*Translation*]

SHRI RAJENDRA AGNIHOTRI: Mr. Speaker, Sir, there are backward areas in the country because of lack of water supply, electricity and small scale industries in those areas. Therefore, will the hon. Minister be pleased to state whether major part of the assistance will be spent on the backward areas of the country like the projects of Bundelkhand in Madhya Pradesh to remove the backwardness of these areas?

[*English*]

SHRI MANMOHAN SINGH: While posing various projects for external assistance, due care is taken to see that there is a proper regional balance. But, I will be candid enough to say that in

some of the States which are really very backward, where there is such a problem of absorption, the project implementation is not as effective as it should have been. And, if project implementation is not that effective, it affects the whole climate for proper disbursement of external assistance. So, the answer to the hon. Member's question is while we do take adequate care at the time of posing the project to see that there is a broad regional balance but it is not always possible to adhere to that schedule because some States, for various reasons, do not have adequate absorption capacity.

DR. B.G. JAWALI: The money that is borrowed from Germany in particular and perhaps other international agencies, is passed on to the States for various developmental schemes. I would like to know from the hon. Minister whether any interest is recovered from the State Government for that amount. Secondly, whether the Government have any monitoring agency to see as to whether proper utilisation of this fund is there or not because we often hear stories that the money meant for various projects gets unnecessarily wasted?

SHRI MANMOHAN SINGH: I have already said that there is a monitoring mechanism in the Department of Economic Affairs. We do monitor the progress and pace of implementation of these projects. As regards the terms of assistance, these are the standard terms and interest rate is charged on them.

Rubber Tree Projects

*462. SHRI P.C. THOMAS: Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have assessed the demand for several parts

of a rubber tree like wood, latex, seeds and its oil in the foreign markets;

(b) if so, the details thereof;

(c) whether there is any commercial production of rubber seed oil in the country;

(d) if so, the details thereof; and

(e) if not, the steps being taken by the Government to start commercial production of rubber seed oil and research on the potentiality of these items being exported to the foreign markets?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION AND MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED): (a) to (e). A *Statement* is laid on the Table of the House.

STATEMENT

India is yet to explore full potentials in foreign markets for export of by-products of rubber plantation like rubber wood, rubber seed and its oil as most of these products are in the high demand inside the country. The commercial production of rubber seed oil was only 4500 MTS in 1993-94, which is consumed internally and there is not much scope for export at the moment. However, there is some possibility of treated rubber wood to be exported, provided internationally accepted specifications are achieved.

SHRI P.C. THOMAS: Speaker, Sir, the rubber wood, if treated chemically, can be used as good as any other wood—like the teak wood—for making furniture or any other such use. By using proper technology, as is used by Japan,