

[Translation]

Loan to Industries

545. SHRI PANKAJ CHOWDHARY: Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that adequate loan is not being provided to the industries by the banks at the reasonable rate;

(b) if so, the reasons therefor;

(c) whether the Government have formulated any scheme to make available adequate loan to the industries by the banks at reasonable rate; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) As reported by Reserve Bank of India (RBI), during the current financial year upto June 6, 1997, non-food credit of scheduled commercial banks has declined by Rs. 1,673 crores as against a decline of Rs. 6,253 crore last year. However, banks' investments in commercial paper/bonds/debentures/shares of PSUs/Corporate sector and bills rediscounted have increased by Rs. 2,392 crore upto June 6, 1997 during this year as against Rs. 698 crore upto June 7, 1996 last year. Thus, the total flow of bank funds to commercial sector has increased by Rs. 720 crore during the current financial year upto June 6, 1997 as against a decrease of Rs. 5,555 crore during the corresponding period last year, registering a turnaround of Rs. 6,275 crore.

RBI have further reported that interest rates have shown a definite and perceptible decline since mid-April 1997 across all maturities and instruments, including Dated Government Securities, Treasury Bills, Certificates of Deposits and Commercial Papers, Treasury Bills, Certificates of Deposits and Commercial Papers. The Prime Lending Rates of most banks have been reduced by one to one and a half percentage points.

(c) and (d) In April, 1997 RBI have taken several measures to ensure availability of adequate bank credit to support the growth of the real sector and to ensure that banks brought down the lending rates. According, the banks Rate was reduced from 12.0 per cent per annum to 11.0 per cent per annum and further to 10.0 per cent per annum with effect from the close of business on June 25, 1997.

Measures were also taken by RBI to improve the credit delivery system and flow of resources to industry which include inter-alia withdrawal of stipulation of obligatory consortium system of credit to borrowers with credit limits of over Rs. 50 crore and freedom to banks to assess the working capital requirements of borrowers.

Japanese Assistance

546. SHRI AMAR PAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Japan has offered to give assistance for the development of Indian projects during 1997-98;

(b) if so, the details thereof;

(c) the amount of assistance and by when it is likely to be received; and

(d) the reaction of the Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) The Government of Japan have pledged at the India Development Forum Meeting held in Paris on 24th June, 1997, the OECF loan assistance for 1997-98 for the following projects:-

(Yen million)

Sl. No.	Name of Project	Amount
1.	Simhadri and Vizag Transmission System Project	10,629
2.	Srisaillam Left Bank Power Station Project-III	14,499
3.	Dhauliganga Hydroelectric Power Plant Construction Project-II	16,316
4.	Bakreswar Thermal Power Station Project-II	34,151
5.	Tuticorin Port Dredging Project	7,003
6.	Punjab Afforestation Project	6,193
7.	Madhya Pradesh Sericulture Project	2,212
8.	Manipur Sericulture Project	3,962
9.	Rengali Irrigation Project	7,760
10.	The Small Scale Industries Development Programme-VI	30,000
Total		132,725

(c) The amount of assistance for each project is as per (b) above. The loan amount would be utilized depending upon the duration of each project which may vary from 3 to 7 years.

(d) The loan agreements for the above projects are expected to be signed sometimes in December, 1997/January, 1998 after conclusion of loan negotiations.

[English]

NTC Mills, Tirupati

547. SHRI K.S. RAYADU: Will the Minister of TEXTILES be pleased to state: