

(vii) With effect from 26.08.96, the RBI has fully deregulated the interest rates that can be changed to the ultimate borrowers by the RBSs.

(viii) With a view to impart viability to lending operations of RRBs and to bring about uniformity in approach on lending alongwith commercial banks, RBI have recently stipulated that, beginning from 1st April, 1997, the advances of RRBs to priority sector should constitute 40% of their outstanding advances, as in the case of commercial banks.

Economic Growth

500. SHRI PRITHVIRAJ D. CHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether serious problems have developed in the growth of our economy due to the shortage of infrastructure facilities;

(b) if so, the details of problems and the steps taken to overcome them;

(c) whether the Government have formulated any plan and policy programmes in pursuance of the recommendations of the Experts Committee on infrastructure sector;

(d) if so, the details thereof; and

(e) the role assigned to domestic and foreign investors for the development of infrastructure facilities in our country?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) Seven infrastructural and core industries, namely, electricity generation, coal, saleable steel, crude oil, petroleum products, cement and fertilisers with a combined weight of 31 per cent in the Index of Industrial Production (IIP), have recorded a growth rate of 2.9 per cent in April-March, 1996-97 as compared to 7.8 per cent in April-March, 1995-96. While Gross Domestic Product (GDP), at factor cost, at constant prices, for the year 1996-97 registered a growth of 6.8 per cent as compared to 7.1 per cent in the preceding year, the manufacturing sector grew by only 8.1 per cent as compared to 13.6 per cent in 1995-96. The slowdown of growth in manufacturing in 1996-97 can be partly attributed to the poor performance of the infrastructure industries since some infrastructure industries are included in the index for manufacturing and more important weak infrastructure performance constrains the growth of manufacturing generally.

The Government's development strategy attaches high priority to the Development of efficient infrastructure and recognises the fact that provision and maintenance of adequate infrastructure facilities at reasonable cost are absolutely necessary for rapid economic growth on a sustainable basis. Several fiscal incentives have been offered

for setting up infrastructure projects.

(c) and (d) The Government has already implemented some of the recommendations of the Expert Group on commercialisation of Infrastructure Projects.

To provide long-term finance for the infrastructure sector the Budget, 1996-97 announced establishment of an infrastructure Development Finance Company (IDFC). The IDFC has since been incorporated under the Companies Act on 30.1.97 with an authorised share capital of Rs. 5000 crore. The Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on net inter-bank liabilities has been abolished. Foreign Institutional Investors (FIIs) have been allowed to participate in the debt market.

(e) Given the competing demands on limited resources available with the Government, the creation of quality infrastructure will need infusion of private capital, including foreign investment. Since December, 1996 the Government has allowed automatic approval for foreign equity participation upto 74 per cent in key infrastructure industries.

Currency Notes

501. SHRI RUPCHAND PAL:

SHRI A.G.S. RAMBABU:

SHRI ANIL BASU:

SHRI AJAY MUKHOPADHYAY:

DR. ASIM BALA:

Will the Minister of FINANCE be pleased to state:

(a) the annual production capacity of the currency notes in each of the printing presses and the total requirement thereof in the country;

(b) whether the production capacity of these presses is fully utilised;

(c) if so, the details thereof and if not, the reasons thereof;

(d) whether the Government propose to import currency notes to meet the requirements;

(e) if so, the reasons therefor and the amount of foreign exchange proposed to be spent thereon;

(f) whether the Government propose to modernise the existing presses to overcome the acute shortage of currency notes; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The production capacity of the currency notes and the requirement during 1996-97 was a under:-

(figures in million pieces)

Name of the Press	Capacity	RBI's requirement of fresh notes
Bank Note Press, Dewas.	1875	16,200
Currency Note Press, Nashik.	4000	

Besides, RBI is setting up two more note printing presses, one at Salboni in West Bengal and other at Mysore in Karnataka. When fully commissioned by the end of 1999, their production capacity will be 9900 million pieces per annum.

(b) and (c) During 1996-97, production of notes in Bank Note Press, Dewas was 1810 million pieces and in Currency Note Press, Nashik, it was 3336 million pieces. The Government has taken up modernisation of these Presses to replace old machines.

(d) and (e) The Government has authorised RBI to import bank notes of Rs. 100 and Rs. 500 denominations, of a total value of Rs. 1,00,000 crores, as a one time measure, to tide over the present shortage situation. The total CIF cost of imported notes will be US \$ 95.28 millions.

(f) Yes, sir.

(g) BNP/CNP modernisation has been taken up at an estimated cost of Rs. 536.02 crores. The modernisation programme will be completed by the end of 1998. After completion of the modernisation, the annual production capacity of BNP will be increased from 1875 million pieces to 2904 million pieces and that of CNP, from 4000 million pieces to 5400 million pieces.

Reservation Policy of SSI

502. SHRI NAWAL KISHORE RAI:

SHRI NITISH KUMAR:

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Sub-committee constituted under the chairmanship of Shri Sebastian Maurice of Indian Institute of Management, Ahmedabad, has recommended the abolition of reservation policy for small-scale industries;

(b) if so, the recommendations of the said sub-committee;

(c) whether the Government have also taken certain decisions after making study of these recommendations; and

(d) if so, the details of the said decisions and the reaction of the Government in regard to the abolition of reservation policy for existing small scale industries?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) to (d) The Sub-Committee constituted under

the Chairmanship of Shri Sebastian Maurice of Indian Institute of Management, Ahmedabad has not recommended abolition of the Reservation Policy for Small Scale Sector as this aspect was not part of the terms of reference of the Sub-Committee. The terms of reference of the Sub-Committee were confined to issues relating to finance, credit and sickness.

[Translation]

Special Items for SSI

503. SHRIMATI KETAKI DEVI SINGH: Will the Minister of INDUSTRY be pleased to state:

(a) whether there is any proposal under consideration of the Government to give the rights of production of some special items to small scale industries;

(b) if so, the details thereof; and

(c) by when a final decision likely to be taken in this regard?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) to (c) Government has already given adequate rights of production of special items to small scale industries under its policy of reservation. At present 821 items are reserved for exclusive production in the Small Scale Sector. Reservation/dereservation of items is a continuous process and is being reviewed periodically by the Advisory Committee on Reservation constituted by the Government under the Industries (Development & Regulation) Act, 1951. This Committee meets at regular intervals and recommends to the Government items to be added to and deleted from the list.

Smuggling through Bangladesh

504. SHRI BHAGWAN SHANKAR RAWAT: Will the Minister of FINANCE be pleased to state:

(a) whether the incidents of smuggling into the country through Bangladesh has come to light;

(b) if so, the details thereof;

(c) whether the Bangladesh Government has accepted this fact; and

(d) if so, the steps taken to check such incidents?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) Yes, a large number of cases of smuggling through Indo-Bangladesh border has been detected. The details of seizures made during the last 3 years are given below:

Year	Value of Seizure (Rs. in lakhs)
1994-95	3115.63
1995-96	3228.74
1996-97	2782.12