

Working Capital Finance

2504. DR. B. L. SHAIKESH: Will the Minister of FINANCE be pleased to state:

(a) whether of late the shortage of working capital finance is much more acute than before;

(b) whether any norms have been laid down for the assessment of working capital requirements; if so the details thereof; and

(c) whether in view of the recent developments in the country like the mushrooming of leasing companies, Government propose to change the working capital assessment norms?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) The Reserve Bank of India (RBI) has reported that the outstanding bank credit to the industrial sector, which is mostly in the form of working capital finance, has increased by Rs. 4304 crores during the financial year 1986-87.

(b) RBI has laid down norms for assessment of working capital requirements of industrial units. These norms basically pertain to minimum margins from the borrowers and maintenance of inventory and receivables as per parameters prescribed.

(c) The credit delivery system prescribed by RBI remains under constant review. The RBI have recently announced some liberalisation in the operation of the credit authorisation scheme which *inter alia* provides for deviations upto 20% of the prescribed norms relating to inventory and receivables based on merits of each individual case.

Revival of Sick Units by Financial Institutions

2505. DR. B. L. SHAIKESH: Will the Minister of FINANCE be pleased to state:

(a) whether the strategy of the financial institutions stipulating that the existing managements of sick companies should bring in at least 20 per cent of the total financial requirements before they start funding by and large failed;

(b) whether the sick companies promoters are unwilling to quit or sell their enterprises and are not easily amenable for revival through normal funding programme or by merger with healthy companies; and

(c) if so, the powers Government propose to vest in the financial institutions to enable them to act on their own in preventing sickness in industry and to bring about order in the corporate world?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c). The Industrial Development Bank of India (IDBI) has reported that normally the financial institutions insist on promoters bringing in atleast 20% of the additional financial requirements for rehabilitation of sick units before disbursement of loan. However, in deserving cases promoters are allowed to bring in this contribution in a phased manner and the funding by institutions is also done on pro-rata basis. Rehabilitation packages are worked out by the financial institutions for viable sick units which may *inter-alia* envisage amalgamation or merger of the sick unit with another company or its sale, besides provision of various reliefs and concessions. While formulating packages institutions also consider about the adequacy of the management set up. Under their loan covenants, the institutions are usually vested with powers to effect certain structural changes in the management. These powers are, however, to be exercised with the cooperation of the assisted concerns. Under the Sick Industrial Companies (Special Provisions) Act, 1985, the Board for Industrial and Financial Reconstruction (BIFR) has been vested with certain powers which *inter-alia* include organising preparation of

schemes which may include change in, or take-over of management of the sick industrial company, amalgamation of the sick industrial company with any other industrial company, sale or lease of a part or whole of any industrial undertaking of the sick industrial company, etc.

Trade and Development Report of UNCTAD

2506. DR. B. L. SHAILESH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have seen the 1987 Trade and Development Report (TDR) of the United Nations Conference on Trade and Development (UNCTAD) according to which danger of recession remains strong; and

(b) if so, whether Government propose to take any steps to arrest the continuing slide of commodity prices so that the national economy is able to realise its growth potential in the light of the observations made in the above Reports?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) According to the Trade and Development Report of UNCTAD for 1987, the expansion of economic activity in the developed market economy countries has slowed down over the last 18 months, bringing them close to the edge of recession.

(b) India has given full support to the Integrated Programme for Commodities adopted at UNCTAD IV in 1976 which, *inter-alia* seeks to stabilise commodity prices and deal with other problems confronting them through international commodity agreements. The validity of the Integrated Programme was reaffirmed at UNCTAD VII held in Geneva from 9th July - 3rd August 1987.

Progress in Joint Long-Term Indo-US Research Project

2507. DR. B. L. SHAILESH: Will the

PRIME MINISTER be pleased to state:

(a) the progress made in the joint long-term Indo-US research project aimed at accurate monsoon forecasting in India;

(b) the impact of non-receipt of the super computer from the U.S. on this project; and

(c) how is it proposed to proceed with this joint monsoon research project in the absence of the super computer being made available by the U.S.?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. R. NARAYANAN) (a) There is no joint long-term Indo-US Research Project aimed at accurate monsoon forecasting in India. However, there are long-term programmes for cooperation

(b) and (c) Do not arise

Proposal to Launch New Schemes by U.T.I.

2508. SHRI SRIKANTHA DATTA NARASIMHARAJA WADIYAR: Will the Minister of FINANCE be pleased to state:

(a) whether some new schemes are proposed to be launched by Unit Trust of India;

(b) if so, the names of these schemes and the date from which these schemes are proposed to be introduced; and

(c) the details of these schemes?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The Unit Trust of India propose to launch a few new schemes during the year 1987-88. Of these, only one scheme viz. Growing