

SHRI BASU DEB ACHARIA : I am not asking for a fresh waiver of loans. I am talking about the central cooperative banks which did not receive the amount in place of the loans waived.

SHRI P. CHIDAMBARAM : If there is a lapse in applying that scheme in the past period, if that lapse is brought to my notice, I will find out if there is a lapse. But there is no question of reviving the scheme or sanctioning any more money.

[Translation]

SHRI ANANT GANGARAM GEETE : Mr. Speaker, Sir, I would like to know the state-wise details of the disbursement of Rs. 107 crores which was made available to the State Cooperative Banks by the NABARD in the year 1995-96.

[English]

SHRI P. CHIDAMBARAM : Sir, I may not have the state-wise details of allocation of Rs. 107 crore. But I shall send it to the hon. Member in a couple of days.

Economic growth

*7. SHRI SONTOSH MOHAN DEV : Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn to the newsitem captioned 'economy to slump despite turn around by farm sector' appearing in 'The Hindu' dated February 1, 1997;

(b) if so, whether the economic growth of the country is expected to go down during the financial year despite a turn around by the agricultural sector;

(c) if so, whether despite a robust 3.7% growth in agriculture, forestry and fishing as compared to a negative 0.1% growth in 1995-96, the overall gross domestic product growth is expected to slip to 6.8% from 7.1% as estimated; and

(d) the main reasons for the same and steps the Government propose to take to improve the economic growth?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM). (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c). As per the advance estimates released by the Central Statistical Organisation, growth in gross domestic product (GDP) in real terms (at 1980-81 prices) at factor cost is placed at 6.8 per cent for 1996-97 compared with 7.1 percent in 1995-96 (quick estimate). The comparative sectoral growth profile of GDP during 1995-96 and 1996-97 is indicated below :

Growth rates in GDP at factor cost at 1980-81 prices by sectors

(Growth rates in per cent)

Sector	1995-96(Q)	1996-97 (A)
	2	3
1. Agriculture, forestry & fishing	-0.1	3.7
2. Mining and quarrying	7.0	1.7

	1	2	3
3 Manufacturing		13.6	10.6
4 Electricity, gas and water supply		9.1	4.2
5 Construction		5.3	4.6
6 Trade, hotels, transport and communication		13.3	9.4
7 Financial, real estate and business services		4.0	6.3
8 Community, social and personal services		6.2	4.9
Total GDP at factor cost		7.1	6.8

Q: Quick Estimate.

A: Advance Estimate.

(d) Since June 1996, the pace of economic reforms has been revived to promote faster growth. Several reform measures have been undertaken in the area of industrial delicensing, infrastructure sectors, foreign investment, trade policy, capital markets and financial sector.

SHRI SONTOSH MOHAN DEV : Sir, it is very difficult to put questions to a former colleague with whom I worked in the same Ministry. From the answer it seems that he has forgotten his past loyalties. I will come first to part (d) of the answer given by him. I would say very frankly that I did not expect such a reply from Shri Chidambaram. It says :

"Since June 1996, the pace of economic reforms has been revived. Several reform measures have been undertaken in the area of industrial delicensing, infrastructure sectors, foreign investment, trade policy, capital markets and financial sector."

That means, the previous Government of which he was a part, had done nothing, whereas all the things mentioned in the reply were done during the previous Government's time and not a single thing was done in his time. It is fair enough! Now he is in a new circle. It is difficult for him to act independently with 13 partners. We see it in the papers.

The economic situation of the country is a concern of everybody; it is not his concern alone. We should rise above politics on that point. The fact is that the gentleman sitting to his right has just now said that one of his partners, the Minister of Civil Aviation, is not doing what the gentleman is asking him to do. He has also said why people are not coming in. All of us are interested in the economic growth of the country.

From the chart of growth rates at 1980-81 prices that is given in the reply, it is clear that except in the sector of agriculture, forestry and fishing, the growth rate in GDP at factor cost has gone down virtually in all other sectors.

MR. SPEAKER : I think you have given enough explanation. Now, please put the question.

SHRI SONTOSH MOHAN DEV : I am putting the question, Sir. I have heard the Minister saying in private — the

average growth of GDP is seven per cent for the last three years. How does he justify it? Will he kindly reply in short? He is an expert in giving short replies. I have seen that. The Minister may kindly tell us.

SHRI P. CHIDAMBARAM : Why does my learned friend say that I say something in private and something else in public?

The President of India, while addressing the Joint Session, has stated that the average growth rate of the last three years is 7 per cent. That is the Government's position. At this point of time last year, the CSO estimated the growth in 1995-96 to be about 6.2 per cent. The year has ended with 7.1 per cent and I compliment the Government of the day for achieving 7.1 per cent growth. Today, the CSO is predicting as an advance estimate for 1996-97 that the growth rate will be 6.8 per cent. I am confident that growth rate will 6.8 per cent and perhaps more than 6.8 per cent. That is why, we make bold to say that perhaps India - thanks to a set of policies followed, may be with some weaknesses - may have reached a plane where seven per cent growth is possible, and if we continue to follow sensible policies even while adopting new policies according to the needs of the situation, it is possible, to achieve seven per cent growth rate year after year. But I am not satisfied with seven per cent growth. Seven per cent growth is not enough for this country. We must move to eight per cent growth. Now, what is holding back 8 per cent growth or more, as I have said on many occasions, is infrastructure. I have said here that infrastructure constrains growth in India - something to which my learned colleague pointed out a few minutes ago - by at least by one to two per cent. Since we came into power, we have revived the process of economic reforms and we have taken decisions on a number of areas. If you wish me to spell it out, I can spell out also, but that will become a speech. Wait for the Economic Survey. Wait for the Budget Speech. We do not believe that the economic growth is a partisan issue. In fact, my appeal is that let us make economic growth an issue on which we can all agree on a set of policies which will give us a minimum of seven per cent growth, aim at eight per cent in another three years and at the turn of the century, we must go to nine per cent growth, something which China has done, something which Korea has done, something which Indonesia is doing. There is no reason why India should not aim at eight per cent or more growth.

SHRI SONTOSH MOHAN DEV : Nobody can match his vocabulary. He is capable of putting the things for his Government. If Shri Chidambaram is satisfied with seven per cent.....

SHRI P. CHIDAMBARAM : I said that I am not satisfied with seven per cent.

SHRI SONTOSH MOHAN DEV : In view of the coming Budget and the scenario that we have been hearing in your Steering Committee, today you are asking for something said 'they' are opposing. You know whom I am referring to as 'they'. In that situation, I fully agree that this is above politics, and since it is above politics, and keeping the Budget

in mind which is going to be presented, will it be possible for you to maintain this seven per cent growth or even your average 6.8 per cent, if you are to concede to the demand of your Steering Committee?.... (Interruptions) The prices of ration declined. Now, there is a heat. You tried to increase it *enbloc* and then cut it. As a Harvard Graduate you did want to do it, but the Steering Committee did not agree. As regards the price of fuel, the burden is again on us..... (Interruptions)

SHRIMATI GEETA MUKHERJEE : Will you be happy with lesser price?

SHRI SONTOSH MOHAN DEV : You deal with Women's Bill, not with this..... (Interruptions)

So, in view of this, may I ask you one question. Take for example mining or manufacturing. The percentage of manufacturing has gone down from 13.6 to 10.6. The percentage of electricity, gas and water supply has gone down from 9.1 to 4.2. I am not saying this just because the Prime Minister has come. He has repeatedly given importance to electricity or power. He has also declared various policies. I do not want you to disclose your Budget. Keeping this in view, I want to know what mechanism could be there to see that these sectors which are neglected, as per 'a' can be improved. You should also keep this in mind that you should not burden the people of this country.

SHRI P. CHIDAMBARAM : These are not figures carved in stone. These are estimates made by the CSO. Please compare column 1 with column 2. Column 1 pertains to the quick estimate made after the year for the CSO. Column 2 pertains to an advance estimate made during the current year by the CSO. It is not really comparable in that sense. It is because, as I said, last year at this point of time, CSO said 6.2 per cent but the year ended with 7.1 per cent. But I think one must be patient. I am answering on behalf of the Government. Sir, Steering Committees and Working Committees have their own internal dynamism. I am answering on behalf of the Government.

SHRI P.R. DASMUNSI : Sir, the present economic situation in the country as a whole, in view of the statement made by the hon. Finance Minister, indicates the health of our economy which I am sure, on the basis of my own assessment is in a mess. In the light of the political and social projections of the United Front Government for the total commitment of the poor people, democratic secular forces and the Minister who had admitted just now that the infrastructure constraint is creating a basic problem for the economic growth of the country, we may visualise that all the foreign investors who came to India under the garb of the economic policy, their first attempt was to enter into the consumer market to exploit adequately the core sector of India's priority areas, specially infrastructure sector when they could have been persuaded to invest in these areas and India could have benefited a lot. But nothing has been done in this direction till now.

Keeping all these things in the background, will the Finance Minister consider that time has come for the United

Front Government within the light of their political and social philosophy to review the entire economic policy and to reorient the entire economic policy giving the highest priority to the core areas and not merely allowing in the name of liberalisation the foreign investors to come and loot our domestic market at the cost of our own national self-economic planning?

SHRI P. CHIDAMBARAM : Sir, this is a rather extraordinary statement coming from an hon. Member of the Congress (I). But the facts are otherwise. The Finance Minister and the Industry Minister of the Congress (I) gave out figures when the Government was in Office. I recall that at the end of the term, it was stated that about 82 per cent of all foreign direct investments flowed into priority, core and infrastructure sectors. It is, therefore, not correct to say that the bulk of investments is going to the consumer sector. Now, take what this Government has done. Only 6 per cent of the new FDI approved by this Government has gone to the consumer sector. I can give sectorally how investments have flowed. Telecom is 23.7 per cent, fuels, 18.5 per cent, metallurgical industry 6.7 per cent, chemicals, other than fertilizers 6.6 per cent and I can go on like this. Therefore, we should not give a wrong impression of what we have done. We should not give out wrong facts. It is possible that once you see one consumer industry coming up in a town or a village, you assume that all industries are like that. That is not so. The bulk of FDIs in the previous five years as well as in the last eight months has flowed and is flowing to the core, priority, and infrastructure sectors.

1200 hrs.

SHRI P.C. THOMAS : Sir, to attain the real growth which is envisaged, we have to give more stress on agriculture. The rural masses are looking forward to the Government, especially when the Budget is coming. How the Government is going to deal with this agricultural sector, which is the primary concern, that we have to see. But I am afraid to say that because of the policy of imports, normally the agricultural sector is facing a great difficulty and the farmers are in great distress. Will the Government see that the policy of imports is coined in such a way that the agricultural sector is not affected in any manner, at least, when you come with the Budget this time?

SHRI P. CHIDAMBARAM : Sir, it is the consistent policy of the Government of India for many many years that imports will not be allowed to affect the agricultural sector any way. There is no change in that policy. Wait for the Budget and we will address some of these concerns.

WRITTEN ANSWERS TO QUESTIONS

NABARD Loan for Irrigation Projects

*1. SHRI MAHENDRA SINGH BHATI
SHRI ANANT KUMAR HEGDE

Will the Minister of FINANCE be pleased to state :

(a) the amount of loan sanctioned for irrigation projects by the National Bank for Agriculture and Rural Development during 1995-96 and 1996-97 so far, State-wise; and

(b) the terms and conditions of the sanctioned loan?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) The details of the amount of loan sanctioned by National Bank for Agriculture and Rural Development (NABARD) to various State Governments during 1995-96 and 1996-97 (upto 31.12.1996) for irrigation projects out of Rural Infrastructure Development Fund (RIDF) - I and II are indicated in attached *Statement-I*. In addition, NABARD provides refinance assistance to banks for loans extended by them for minor irrigation purposes. The State-wise details of such refinance assistance extended by NABARD during 1995-96 and 1996-97 (upto 31.1.1997) are indicated in the attached *Statement-II*.

(b) The terms and conditions governing loans to State Governments under RIDF I and II are, *inter-alia*, as follows :-

- (i) The quantum of loan under RIDF-I is equivalent to 50% of updated/revised cost of project or balance cost of a project whichever is less. Under RIDF II, loans can be granted upto 90% of the updated/revised cost or balance cost whichever is less;
- (ii) Loans under RIDF I were available for ongoing projects only. Under RIDF II, besides ongoing projects, new projects are also eligible on a selective basis;
- (iii) Rate of interest on loans to State Governments under RIDF-I is 13% per annum while it is 12% per annum under RIDF II;
- (iv) Each drawal under RIDF is to be treated as a separate loan and is required to be repaid in three annual instalments at the end of 36th, 48th and 60th month, and
- (v) Loans under RIDF are sanctioned/released against State Government's mandate in favour of Reserve Bank of India. In case of loans to State owned Corporations, Government guarantee is also obtained, besides mandate in favour of RBI.