

### Big Naval Powers in India Ocean

384. SHRI M. V. CHANDRASHEKARA MURTHY: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that U.S. Seventh Fleet is beefing up its combat readiness to counter a massive Soviet Naval build-up in the Indian Ocean;

(b) if so, whether this has posed a great threat to the Indian Navy;

(c) whether both U.S. and Russia have strengthened the Naval Force in the Indian Ocean;

(d) if so, whether the Naval Force of India has been fully equipped to meet the threat;

(e) if so, to what extent our Naval Forces have been kept alert; and

(f) what further steps are being taken to meet the situation?

THE DEPUTY MINISTER IN THE MINISTRY OF DEFENCE (SHRI K. P. SINGH DEO): (a) to (d). Government are aware that both the US and the Soviet Union have increased their Naval presence in the Indian Ocean. The build up of the Navies of the Great Powers in the Indian Ocean is a matter of concern for us. Government are constantly assessing the maritime security environment in the region and are taking all necessary steps to safeguard our security interests.

(e) The Naval forces are in constantly readiness to cope with the emerging situation.

(f) Necessary steps are being taken to curb the possible threats.

### Credit Policy of Reserve Bank of India

385. SHRI MADHAVRAO SCINDIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India has further relaxed its credit policy with effect from June 11, 1982;

(b) if so, what are the details thereof;

(c) how far this has improved the credit facilities for small and medium farmers and industries; and

(d) what steps are contemplated thereunder to prevent the misuse of the relaxations by unscrupulous speculators?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) Yes, Sir.

(b) With effect from 11-6-1982, the Reserve Bank of India has reduced the cash credit ratio from 7.25 per cent to 7 per cent and has announced 100 per cent refinance facility to the banks in respect of their credit for food procurement in excess of Rs. 2600 crores.

(c) and (d). The impact of the measures is being continually monitored by the Reserve Bank of India. Though the specific impact of these measures on the credit facilities to small and medium farmers and industries would be known only after some time, these measures will generally improve the availability of funds with the banks thereby enabling them to better cater to the credit needs of various sectors of the economy. In respect of priority sectors, which include small and medium farmers in the agricultural sector and small scale industries, even earlier the banks were required to ensure that the credit requirements of these sectors were fully met. The banks had also been instructed to secure better credit planning and ensure better flow of credit particularly to the small borrowers in the priority sector and the beneficiaries under the 20-Point Programme. Quick estimates for the ten months period ending January 1982 show that gross credit to the priority sectors expanded by Rs. 2110 crores as compared to Rs. 1399 crores during the corresponding period of the previous year. The need for enforcing credit discipline, however, continues. Within that parameter the banks have been advised that all genuine requirements for productive purposes of industries as well as the implementation of the 20-Point Programme including the Integrated Rural Development Programme should be fully met.

Bank credit is given only for productive purposes and not for hoarding and speculation. Thus the selective credit control measures of the Reserve Bank of India provide for higher margins and higher rates of interest in respect of credit against sensitive commodities.

#### **Prospect of Securing Concessional aid from the World Bank IMF Group**

386. SHRI MADHAVRAO SCINDIA: Will the Minister of FINANCE be pleased to state what are the prospects of securing concessional aid from the World Bank—IMF group for the next year commencing from July 1982 and how it compares with such aid during the year ending June 1982?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): The International Monetary Fund does not extend concessional aid.

During the World Bank Group's fiscal year 1982 (1st July 1981—30th June 1982), agreements were signed for assistance to various projects for a total of \$ 2084.5 million.

At the Aid India Consortium meeting held in Paris recently, it was indicated that assistance worth about \$ 2200 million would be available from the World Bank group. The exact amount would depend upon the number of projects processed during the year, the amount actually allocated to each and the availability of Bank group funds.

#### **Indo-British Economic Committee**

387. SHRI MADHAVRAO SCINDIA: Will the Minister of COMMERCE be pleased to state:

(a) whether the Indo-British Economic Committee met in London from June 22-24, 1982;

(b) if so, what specific problems faced by India in increasing exports to the UK and other issues were considered threat; and

(c) what was the outcome of the deliberations, item-wise?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA): (a) Yes, Sir.

(b) and (c). The Indo-British Economic Committee reviewed the growth of Bilateral Trade and Economic Cooperation and discussed problems related to areas like Textiles, Surgical dressings, Oleoresins, Tobacco, Groundnut extractions, enforcement of minimum standards for tea, amendment of UK Copyright Law. During the meeting, concern about the adverse trade balance was shared and the U.K. Government agreed to consider positively the proposals made by Indian Government for export promotion and marketing programmes under their Technical Cooperation Programme.

The British Government were urged to encourage British Nationalised Industries to make increased purchases from Indian suppliers and the British side undertook to explore the possibilities within the limits imposed by the autonomy of the British Nationalised Industries.

The British Government were also urged to lend their support to India's case with the European Community for improving the access for exports of Tobacco, Marine Products and hand-knotted Carpets. The Committee also reviewed the progress of Indo-British Industrial Cooperation particularly the implementation of various Memoranda of Understanding signed earlier at the time of visit of British Prime Minister to India.

#### **Replacement for HT-2 Basic Trainer Aircraft**

388. SHRI MADHAVRAO SCINDIA: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that though the IAF started searching for a replacement for the HT-2 basic trainer aircraft in November, 1965, it was only in July, 1981 that a prototype of the new trainer aircraft 'C' (HP-32) was flown and that its