

THE DEPUTY MINISTER IN THE
MINISTRY OF COMMERCE (SHRI
VISHWANATH PRATAP SINGH):

(a) Yes, Sir.

(b) The export of onions has been canalised through the National Agricultural Co-operative Marketing Federation of India Limited, New Delhi from 5th December, 1975. The Federation is making all efforts to enter new markets like USSR, Yugoslavia, etc., in addition to the traditional destinations. The exports during 1975-76 are expected to reach 100,000 tons.

**Rates of Interest for Bank Credits
advanced in Backward Areas**

991. SHRI BHOGENDRA JHA: Will the Minister of FINANCE be pleased to refer to the reply given to Starred Question No. 258 on 23rd January, 1976 regarding high rate of interest for bank credit and state:

(a) the rates of interest for credits within the limits of Rs. 2 lakhs advanced to unemployed educated persons, marginal and small farmers and other weaker sections in the backward areas of the country;

(b) what amount under the above categories have been advanced by the private and nationalised banks respectively in different States of the country and the backward districts of Bihar, in particular; and

(c) the total number of the applicants in the respective backward districts of Bihar who have been granted or whose cases are pending finalisation in each backward district of Bihar?

THE MINISTER OF STATE IN-
CHARGE OF THE DEPARTMENT OF
REVENUE AND BANKING (SHRI
PRANAB KUMAR MUKHERJEE):

(a) Reserve Bank's directive on minimum lending rate stipulates that the

banks would charge not less than 12.5 per cent on their advances, excepting the ones in categories specifically exempted from the operation of the minimum lending rate directive. Those in the exempted categories include advances upto Rs. 2 lakhs granted to small scale industrial units and covered under Credit Guarantee Scheme, loans and advances up to specified limits granted to agriculturists, small businessmen, retail traders and covered by the guarantee scheme of Credit Guarantee Corporation of India, and advances under Differential Interest Rate Scheme. The precise rates charged by the banks on these exempted categories differ marginally from bank to bank and depend upon the size of the advances, the nature and the period of the advances concerned, the purpose for which advance is being made, the overall judgement of the borrower's creditworthiness etc. Advances given by way of export credit are subject to ceilings for interest rates, which are currently 11.5 per cent for pre-shipment and post-shipment credit up to certain specified periods and 8 per cent for credit given for financing deferred payment exports. Advances given under Differential Interest Rate Scheme carry rate of interest of 4 per cent. For advances for which commercial banks get refinance facilities either from the Industrial Development Bank of India or from Agricultural Refinance and Development Corporation, the minimum lending rate stipulation does not apply and the maximum rates depend upon the terms prescribed by these respective institutions.

(b) and (c). The available data on State-wise advances of public sector banks under priority sector, Differential Interest Rate Scheme, Employment Promotion Programme and loans to small and marginal farmers are indicated in Statement I, II, III and IV respectively which have been laid on the Table of the Sabha. [Placed in Library. See No. LT-10481/76]. In so far as the backward districts of Bihar are concerned, the data available re-

late to end June 1974 and give sectoral breakdown of the scheduled commercial banks' advances in these districts. These are set out in Statement V laid on the Table of the House. [Placed in Library. See No. LT-10481/76].

Cut in Production by Textile Mills

992. SHRI BHOGENDRA JHA;
SHRI B S BHAURA:

Will the Minister of COMMERCE be pleased to state

(a) whether the cotton textile mills have deliberately cut back their production with a view to keep the prices at a high level;

(b) if so, the facts thereof,

(c) the measures being taken or proposed to be taken to stop them from playing these tricks; and

(d) the incentives Government have allowed to Textile Industry since the year 1975?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI VISHWANATH PRATAP SINGH)
(a) No, Sir Production during 1975 shows a marginal decline over the production in 1974, but this is attributable to fall in effective demand

(b) and (c) Do not arise

(d) No incentives have been given, but by way of relief financially weak units have been made eligible to exemption from production of controlled cloth for a period of one year Effective from January, 1976 the controlled cloth obligation of mills which had exported more than 20 per cent of their total production, will be based on the packing for domestic sales only

Foreign Companies, in India

993 SHRI BHOGENDRA JHA Will the Minister of FINANCE be pleased to state

(a) whether many foreign companies in India have begun to diversify their operations by starting new ventures taking advantage of the new

provisions in the Foreign Exchange Regulation Act; and

(b) if so, the facts thereof?

THE MINISTER OF FINANCE (SHRI C SUBRAMANIAM) (a) and (b) Under the Guidelines for administering Section 29 of the Foreign Exchange Regulation Act, 1973 which were laid on the Table of the House on 20th December, 1973, foreign companies engaged in low priority manufacturing activities or in trading activities have the option either to reduce their foreign equity to 40 per cent or to change the character of their activities by diversification of their operations to predominantly manufacturing activities covered by Appendix-I of the Industrial Licensing Policy, 1973 or predominantly export-oriented industries Prior permission of Reserve Bank of India under Section 29 of the Foreign Exchange Regulation Act, 1973 is required to be obtained for such diversification

Jute Trade with E.E.C.

994 SHRI K M 'MADHUKAR' Will the Minister of COMMERCE be pleased to state

(a) whether Government had talks with European Economic Community regarding jute trade, and

(b) if so, the facts and result thereof?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI VISHWANATH PRATAP SINGH):
(a) and (b) Preliminary talks have been held for negotiating a new jute agreement with European Economic Community but the agreement has not yet been finalised

Export of Musical Instruments

995 SHRI K M 'MADHUKAR' Will the Minister of COMMERCE be pleased to state

(a) whether India has wide range of musical instruments to offer for export;