

economics. What is a debt? Debt means we are using the savings of another country. If the savings of another country can be used in our country that is good. What is important is what the hon. Member Shri Mahajan mentioned and that is, are we in a position to service that debt without detriment to our macro-economic stability?

**SHRI S. BANGARAPPA :** Sir, keeping in view the position prevailing in Mexico and keeping in view the strength of production and export in our country, are you in a position to say that our country's financial situation is well enough or to say that we have not yet reached an alarming stage as far as raising of these loans - domestic or global - is concerned? People are meetings those demands to clear off the debts.

**SHRI P. CHIDAMBARAM :** Sir, I am not an expert on Mexico but I have read some papers on the Mexican crisis which led to a collapse. The real reason was that Mexico had a very high Proportions of short-term debt and their management of the currency was very poor. But anyway, I am not drawing any comfort from that fact. All I am saying is that our export growth is high. Our GDP is growing between six per cent and seven per cent a year. If we continue to pursue the policies which will attract foreign investment. The NRI deposits as well as earnings through tourism, it will be good. As long as foreign inflows in the country are good, there is no danger of a debt trap. The External Debt Report says: "It is a matter of concern." But I will not use any harsher or stronger word like "alarming". We must be very careful and prudent in managing the debt. But we are confident that we can manage our debt.

**SHRI NIRMAL KANTI CHATTERJEE :** Firstly, I am intrigued by the figure. In terms of his Budget statement, our debt servicing in the current year would be Rs. 60,000 crore. Last year, it was Rs. 52,000. But as I add up, the figures do not exist. For instance, at the end of September, 1995 the interest payment for external debt was 4476 million dollars and the internal interest payment was Rs. 47,000 crore. These two together would come to Rs. 60,000 crore. While his statement says, at the end of the current year, it is Rs. 52,000 crore.

**MR. SPEAKER :** I you want an answer, put your question quickly.

**SHRI NIRMAL KANTI CHATTERJEE :** It is very easy to manage the debt service ratio. It is because we have a growth rate of seven per cent and inflation rate of 10 percent. So, you take into account this 17 percent as an addition.

**SHRI P. CHIDAMBARAM :** I am very grateful for the second part. It is very supportive. But the first question is indeed very perceptive. The external debt service of 4.4 billion dollars is the debt servicing not only on Government account but also on private, and commercial account. That debt servicing includes commercial borrowings. The figures add up to the last rupee. The

domestic debt servicing is Rs. 47,101 crore. The external debt servicing on Government account is Rs. 4899 crore. The total comes to Rs. 52,000 crore. This 4.4 billion dollars includes, not only Government debt servicing but it also includes debts contracted by private or commercial companies, the exports etc. Those figures are not addable.

## WRITTEN ANSWERS TO QUESTIONS

### Market for Textile Industry

\*325. **SHRI KRISHAN LAL SHARMA :** Will the Minister of TEXTILES be pleased to state :

(a) whether the Indian textiles and garment industry is losing its market abroad because of not enforcing quality control and delay in delivery schedules; and

(b) if so, the steps taken by the Government in this regard?

**THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA):**  
(a) There are no reports of our textiles and garment industry as a whole losing their market abroad because of not enforcing quality control and delays in adhering to delivery schedules. However, it may be true for some individual exporters.

(b) Does not arise.

### Delay in Export Proceeds by MMTC

\*326. **SHRI AMAR PAL SINGH :** Will the Minister of COMMERCE be pleased to state :

(a) whether the attention of the Government has been drawn to the news item appearing in the Economic Times dated June 27, 1996 under captioned "MMTC blacklisted for export proceeds delay";

(b) if so, the reasons for delay in realisation of the export proceeds; and

(c) the steps taken by the Government in this regard?

**THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLABULLI RAMAIAH) :** (a) to (c). The news item has come to Government's attention. It may be clarified that MMTC had not been "blacklisted" for delay in realisation of export proceeds. The Reserve Bank of India had issued certain directions on the subject of MMTC in January, 1996. These directions were withdrawn as soon as MMTC represented the matter with RBI in February, 1996. It may be pointed out that as against total exports by MMTC of Rs. 1,320 crores in 1995-96, the outstandings as on 31st December '95 were only Rs. 50.11 crores, i.e. less than 5%. The reasons for delay in the realisation of export proceeds include non-payment for wheat exports by a