

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) and (b). Economic liberalisation can affect prices of essential commodities in different ways. For example, liberalisation of imports of essential commodities generally helps to contain the rise in prices of essential commodities. On the other hand, liberalisation of export controls can, in the short run, put upward pressure on prices. Economic liberalisation and price movements are closely related. In the short-run, depending upon forces of supply and demand, prices may sometimes rise. In the long-run, however, free market in commodities ensures optimisation of costs and prices.

In order to counter the short-term adverse impact of liberalisation on prices of essential commodities, Government has undertaken active supply management measures and also taken steps to contain the fiscal deficit and growths of money supply. To augment domestic supply of essential commodities, Government have allowed OGL imports of edible oils, sugar, pulses, etc at concessional duties. Government has also undertaken large open market sales of wheat and rice from public stocks.

Bye-lane on NH No.52

375 DR ARUN KUMAR SARMA : Will the Minister of SURFACE TRANSPORT be pleased to state :

(a) whether the Union Government propose to construct a bye-lane on National Highway No 52 at Lakhimpur;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF SURFACE TRANSPORT (SHRI T.G. VENKATRAMAN) : (a) to (c) No Sir. There is no Provision for Lakhimpur bypass in 8th five year plan. Works of improvement to National Highways are being taken up depending upon the availability of funds and Inter-se priority Bypasses have been given lower priority

[Translation]

Concessional Rates of Interest on Loans to SSIs

376 SHRI ANANTH KUMAR .
SHRI SATYA DEO SINGH .

Will the Minister of FINANCE be pleased to state

(a) whether the Union Government propose to give relaxation in interest rates and accord priority in providing loans to the small scale industries;

(b) if so the details thereof; and

(c) the time by which the final decision is likely to be taken in this regard?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) to (c). The Reserve Bank of India (RBI) has reported that as per the present interest rate policy, the rate of interest is linked to the quantum of loan and the purpose-wise linkage has been done away with.

RBI has further reported that based on the recommendations of the Nayak Committee, it has simplified the procedure for providing credit to small scale industrial (SSI) units. All commercial banks have been instructed by RBI to sanction working capital limits of less than Rs. one crore to SSI units on the basis of 20% of their projected annual turnover. Banks have also been instructed to give preference to village industries, tiny industries and other small scale units in that order, while meeting the credit requirements of the SSI sector

Price Rise

377 SHRI NITISH KUMAR :
JUSTICE GUMAN MAL LODHA

Will the Minister of FINANCE be pleased to state

(a) whether 100 commodities recorded 10 per cent price rise as reported in Daily Tribune dated May 15, 1996.

(b) whether inspite of inflation rate falling down the prices of 33 food products have registered a double digit increase between April, 1995 and March, 1996;

(c) if so, the reasons therefor; and

(d) the steps taken by the Government to contain the price rise?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) to (c) At the end of March, 1996 the Wholesale Price Index stood at 299.5 as against 286.8 a year back, thus registering an annual rise of 4.4 per cent. The magnitude of change in Wholesale prices of various commodities during the year from April, 1995 to March 1996 is listed below :

No. of Commodities	% Changes
63	No change
84	Negative
72	Less than 5%
80	5-10%
2	10%
120	above 10%
26	Not available
447	