

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1697
ANSWERED ON:10.12.2004
FUNDS FOR RURAL PROJECTS BY BANKS
Deshmukh Shri Subhash Sureshchandra

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to make laws for borrowing dollar funds from the RBI for undertaking the infrastructure projects;
- (b) if so, the details thereof;
- (c) whether it is a fact that banks and financial institutions are not willing to support rural projects in sectors like roads, healthcare, education and agriculture; and
- (d) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) and (b): Government is of the view that a proposal regarding utilization of a part of foreign exchange reserves for undertaking infrastructure projects and modalities relating thereto requires careful assessment, inter alia, of the impact of such a measure on the fiscal situation, money supply, exchange rate, domestic interest rates and inflation and extant legal framework.
- (c): No, Sir.
- (d): Does not arise.