

[Translation]

New Credit Policy

4304. SHRI SHIVRAJ SINGH
SHRI RAMESHWAR PATIDAR :

Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has recently announced a new credit policy.

(b) if so the objectives thereof and the details of the changes made in the new policy in comparison to the previous policy; and

(c) the extent to which the control on financial sector is likely to be relaxed as a result thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (c) The monetary and credit policy for the second half of 1996-97 was announced by the Reserve Bank of India (RBI) on October 19, 1996. The monetary and credit policy package aims, inter alia, at further lowering of pre-emptions by reducing reserve requirements, enhancing interest rate flexibility, ensuring credit support to important sectors such as agriculture, small scale industry and exports, freeing the banking system to provide foreign currency loans to its customers, freeing banks to set down their own ground rules for consortium lending arrangements and allowing banks to purchase share/debentures in secondary market.

The salient features of the policy were as follows:-

(i) Lowering of the Cash Reserve Ratio by 2 percentage points between October 1996 and January, 1997 in four equal phases of 0.5 percentage points each with effect from the fortnights beginning October 26, 1996, November 9, 1996, January 4, 1997 and January 18, 1997 respectively.

(ii) Lowering of the export credit refinance limits of banks from the fortnight beginning November 9, 1996.

(iii) Raising the target for export credit by 2 percentage points to 12 per cent of net bank credit to be achieved by the end of March, 1997.

(iv) Lowering the ceiling interest rate on term deposits of 30 days and upto one year by one percentage point to 'not exceeding 10.0 per cent per annum' effective October 21, 1996.

(v) Rationalisation of the interest rate prescription on post-shipment export credit effective from October 21, 1996,

whereby a larger part of export credit would be required to be provided at lower interest rate.

(vi) Advice to banks to announce the maximum spread over Prime Lending Rate (PLR) that they would charge borrowers in the category (with credit limits of over Rs. 2 lakh) to whom PLR stipulations apply. (PLR is the minimum rate applicable to large borrowers with credit limits over Rs. 2 lakhs).

(vii) Exemption from selective credit controls for commodities which were subject to the controls, except buffer stocks and unreleased stocks of sugar to sugar mills, with effect from October 21, 1996. The minimum margins on unreleased stocks of sugar was lowered by 5 per cent effective October 21, 1996. In the case of buffer stock of sugar, the prescription of a zero per cent margin would continue.

(viii) Permitting banks to provide foreign currency denominated loans to their customers out of their resources under the Foreign Currency Non-Resident (Banks) (FCNR) (B) deposit scheme.

(ix) Freeing banks to lay down their own ground rules for consortium lending arrangements.

(x) Extending the coverage of the loan system for delivery of credit and modifying the scheme to impart more flexibility.

(xi) Allowing banks to purchase shares and debentures in the secondary market within the existing ceiling of 5 percent of the incremental deposits in the previous year (for purchases) including from the primary market and through development through underwriting and investments in mutual funds.

Further, in order to encourage borrowers to switch over to Loan System of Credit Delivery, banks were advised in February 1997 that they could prescribe PLRs and spreads over PLRs separately for Loan Component and Cash Credit Component in the Credit Delivery System with approval of their respective Boards.

Financial crises in PSUs

4305. SHRI RAM TAHAL CHAUDHARY : Will the Minister of INDUSTRY be pleased to state :

(a) the number of Public Sector Undertakings facing grave financial crises;

(b) whether some units of Public Sector do not have working capital and if so, the details of such units; and

(c) the steps taken to provide assistance to these units so as to make them commercially viable ?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) to (c) The requirement of funds by the Public Sector Undertakings (PSUs) and the means for meeting the requirement keep varying from time to time and depend upon general conditions in the money market and availability of funds with the PSUs and the Government. Need based financial assistance through plan as well as non-plan budgetary support is provided by the Government to overcome resource constraints including working capital requirement, subject to the availability of funds.

High Court Benches

4306. SHRI MAHESH KUMAR M. KANODIA :
SHRI KASHIRAM RANA :
DR. LAXMINARAYAN PANDEY :
SHRI B.L. SHANKAR :
SHRI A. SAMPATH :

Will the Minister of LAW AND JUSTICE be pleased to state :

(a) whether the Government have received some proposals from the State Governments for establishing additional benches of High Courts in their States;

(b) if so, the details thereof; and

(c) the steps taken by the Government thereon ?

THE MINISTER OF STATE OF THE DEPARTMENT OF LEGAL AFFAIRS, LEGISLATIVE DEPARTMENT AND DEPARTMENT OF JUSTICE (SHRI RAMAKANT D. KHALAP) : (a) to (c) No specific, complete proposal has been received from any State Government, in consultation with the Chief Justice of the concerned High Court, for establishing a bench of the High Court away from its principal seat.

[English]

Acquisition of Land

4307. SHRI L. RAMANA : Will the Minister of COAL be pleased to state :

(a) the area of land acquired by the Government for coal mining under the coal bearing areas (Acquisition and Development) Act, 1957, during the last three years;

(b) the number of such coal mines in which mining operation has been started; and

(c) the reasons for not starting mining in other mines ?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) During the last three years 5,188.47 hectares of land in all rights and 12,178.46 hectares of land in mining rights have been acquired for coal mining under the Coal Bearing Areas (Acquisition and Development) Act, 1957.

(b) Out of 29 mines, mining is under operation in 24 mines.

(c) Reasons for not starting mining in other five mines are as under :

(i) In four mines the project is under process of sanction.

(ii) In one mine the project is under formulation and mining operation will start in Xth Plan.

Grant to Tea Gardens of West Bengal

4308. SHRI AMAR ROYPRADHAN : Will the Minister of COMMERCE be pleased to refer to the reply given to Unstarred Question No. 1603 dated August 16, 1995 regarding unauthorised Tea Gardens in West Bengal and state :

(a) whether the Government have provided any grant to the tea gardens;

(b) if so, the criteria for sanctioning grants to these tea gardens;

(c) whether such a grant has been sanctioned to the tea gardens of West Bengal during the last three years;

(d) if so, the details thereof, year-wise and garden-wise;

(e) whether such a grant has also been sanctioned in respect of unauthorised tea gardens; and

(f) if so, the reasons therefor ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) Tea Board, through its development schemes, has been rendering financial assistance by way of long-term loan subsidy, grant-in-aid and interest subsidy on bank loan to all segments of the tea industry.

(b) Since the industry is composed of units of different sizes and of varying economic strength, the developmental schemes of Tea Board are designed to