

assure hon. Members that we will take every measure to protect handloom industry in the north-eastern region.

[*Translation*]

**SHRI R. P. SUMAN :** Mr. Speaker, Sir, the number of weavers in U. P. is very large and keeping in view their serious problems government have established spinning mills in the State; out of these mills, eight spinning mills are working in U. P., but these spinning mills are manufacturing in stead of stable yarn, other yarns as a result of which the weavers are facing a serious problem. I would, therefore, like to ask the hon. Minister whether he would see to it that staple yarn is manufactured in these spinning mills and it is made available to the weavers.

**SHRI CHANDRASHEKHAR SINGH:** Mr. Speaker, Sir, as I have said just now, so far as the availability of yarn is concerned, there does not seem to be any difficulty in it at present. We would be able to make such an arrangement very soon that there would be no difficulty in its production and its supply to weavers.

[*English*]

#### Simplification of Selective Credit Controls

\*901 **SHRI K. RAMAMURTHY :** Will the Minister of FINANCE be pleased to state :

(a) the measures announced by the Governor of Reserve Bank of India during his recent meeting with the Chief Executives of major scheduled commercial banks in order to rationalise and simplify selective credit controls to take care of the impact of the high rates of inflation ; and

(b) the details of the steps taken to help to contain the growth of liquidity ?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARY) :**

(a) and (b). A statement is laid on the Table of the House.

#### Statement

In the meeting with the Chief Executives of major scheduled commercial banks held on April 6, 1985, the Governor of the Reserve Bank of India announced several measures to rationalise and simplify selective credit controls and to contain growth in liquidity within reasonable limits. These measures includes :

- (i) The Statutory Liquidity Ratio (SLR) has been raised from 36 per cent to 37 per cent to be completed in two stages.
- (ii) The threshold for food refinance is being raised from Rs. 4,600 crores to Rs. 5,800 crores, to be completed in three stages by September 27, 1985.
- (iii) The refinance rate on food credit has been raised from 10 per cent, to 11.5 per cent and on stand , by refinance from 11 per cent to 12.5 per cent.
- (iv) For commodities where there is a stipulation on the level of credit based on certain base years, the new base period will uniformly be the three-year period 1980-81, 1981-82 and 1982-83 (November-October).
- (v) In the case of foodgrains, pulses, vegetable oils and vanaspati, cotton and kapas, and sugar, gur and khandsari, the multiplicity of minimum margins prescribed for each broad commodity group has, to the extent possible, been reduced. In the case of oil-seed, however, the existing structure of minimum margins was not being altered.
- (vi) Advances to roller flour mills against wheat have been totally

exempted from all the provisions of selective credit controls.

- (vii) Advances upto an aggregate limit of Rs. 25,000 per borrower against stocks of commodities covered by selective credit controls have been totally exempted from these controls. The earlier exemption limit was Rs. 5,000.

**SHRI K. RAMAMURTHY :** The intention of my question is to know the high rate of inflationary trend in the country because of which there is an unprecedented price rise in the country and the common people are suffering. Of course, the selective credit control is one of the weapon in the hands of the banking sector to control the free flow of credit by which they can contain the inflationary trend. The Governor of Reserve Bank has announced certain measures which were decided in the meeting of the Chief Executives. Definitely it will help to contain inflationary trend in the country. May I know whether these measures have helped contain the unprecedented inflationary trend after the Budget? Has any review been made after 6th April and what is the present rate of inflation prevailing in the country?

**SHRI JANARDHANA POOJARI :** The issue has been discussed on the floor of the House not only in Lok Sabha but Rajya Sabha also a number of times. A number of questions have been placed before the House, both Starred and Unstarred, and we have discussed this matter in detail here. I request the hon. Members not to harp much on this issue because many times it is said that it is seasonal and it is on account of the Budget. All these things have been discussed here. But there are unscrupulous elements in the country harping much on this issue. It is going to be counter-productive. On the contrary, some of the people will exploit the situation. That is why we have discussed this issue in very detail and measures

are also being taken. One of the measures that has been taken to contain inflation is to mop up the resources which are in circulation. For that purpose, the Reserve Bank of India has raised the statutory liquidity ratio by one per cent. That has to be done by July, 1987. By raising one per cent we are going to mop up the resources to the tune of Rs. 800 crores to Rs. 1,000 crores. In addition to that, in order to contain the inflation, some measures have been taken to rationalise and simplify it.

So far as the price rise is concerned, as you know, in 1979 so there was inflation to the tune of 21.4 per cent. Particularly during the period between March and August generally the trend of prices is to go up. Afterwards it comes down gradually. Last year also it happened like that, and in 1983 and 1984 also it had happened like that. Today the inflation has been 2.7 per cent in 6 weeks after the Budget. I am sure, if some measures are taken, the prices will definitely come down and that is why some measures are being taken. But if we create panic in the minds of the people, as I said unscrupulous traders will definitely take advantage of it and will raise prices of all the commodities. We are definitely controlling the prices. In the year 1979-80, inflation was 21.4 per cent which came down in 1980-81. In 1981-82 it came down to 2.4 per cent and last year it was only 7 and odd per cent. This year also we are sure that we are definitely going to contain it. So, that is my request to the hon. House.

**SHRI K. RAMAMURTHY :** Sir, so far as the rate of inflation in 1979-80 is concerned and onwards, I could see from the graph. Which the hon. Finance Minister had given us while he was replying to the debate, that the inflationary trend in the graph may go up and down. But once the prices shoot up, nowhere in the country they come down, nor. Since we have discussed this issue many times in this House, I want to know how far the

Government is seized of this matter and how serious they are in booking these unscrupulous fellows who have raised the prices, and what measures he is going to take.

**SHRI JANARDHANA POOJARY :** We have already written to the State Governments, which are the implementing authority, to take action against these hoarders. It is not within the purview of the Central Government to take action against them, State Governments have to take action. There are measures, there are enactments, but unfortunately these are not being implemented. I just give you an example. There is the Essential Commodities Act. There are various provisions under that Act and the State Governments can definitely take action against them under those provisions. During Emergency, actions were taken, prices were controlled, but unfortunately today some of the State Governments are not taking any action against these hoarders. That is why I have stated that whatever is possible within our means, we are doing.

So far as meeting of the requirements is concerned, we are meeting the genuine requirements of the trade and other industries, but we cannot give money for the purpose of hoarding and black-marketing. There we stop it and there the flow of liquidity in circulation is also contained.

#### **Substitute of Forest Timber for Packaging**

\*902. **SHRI DIGVIJAY SINH :** Will the Minister of COMMERCE be pleased to state :

(a) whether a national worksop was held in Delhi on the 30th and 31st July, 1983 on substituting forest timber for packaging of horticultural produce, tea, tobacco and textile ;

(b) whether the Seminar resolved that forests were being depleted fast

to manufacture wooden crates from subsidised wood ;

(c) whether representations have been made that the only solution to substitute wood is by corrugated fibre board boxes ;

(d) whether such a product can compete with subsidised wood without excise exemption ; and

(e) if not, whether Government propose to allow excise exemption on production of corrugated fibre board ?

**THE MINISTER OF STATE OF THE MINISTRY OF SUPPLY AND TEXTILES (SHRI CHANDRASHEKHAR SINGH) :** (a) to (e). A statement is laid on the Table of the House.

#### **Statement**

(a) Yes, Sir.

(b) Yes, Sir.

(c) Yes, Sir.

(d) Wooden crates have a precise advantage over corrugated fibre board boxes. Wooden crates are preferred for packing for ease in handling and for their end use as fuel.

(e) Corrugated board boxes, other than printed, are exempt from the whole of the Central Excise duty. Printed corrugated board boxes are exempt, if manufactured wholly out of kraft paper or out of kraft liner or corrugating media. It has not been found possible to grant any further exemption from excise duty on corrugated board boxes or on corrugated board.

**SHRI DIGVIJAY SINH :** We all know that for the rapid depletion of our forest wealth there are two important reasons. One is the use of wood as fuel mainly for our rural needs and