

men I think, some decision can only be arrived at in these meetings.

MR. SPEAKER: Dr. Rajhans.

PROF. N.G. RANGA: No supplementaries in addition to the main question of the hon. Member? Can we have an assurance....

MR. SPEAKER: No deviation, Sir.

PROF. N.G. RANGA: Can we have an assurance that these contractors will be paid at least the minimum wages?

MR. SPEAKER: You are taking advantage, Sir.

Railways Link between Santhal Parganas and Hazaribagh

*276. DR. G.S. RAJHANS: Will the Minister of RAILWAYS be pleased to state:

(a) whether there is any proposal to connect Santhal Parganas and Hazaribagh districts with railways in the Eighth Five Year Plan; and

(b) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF RAILWAYS (SHRI MADHAVRAO SCINDIA): (a) There is no such proposal at present.

(b) Does not arise.

DR. G.S. RAJHANS: There is hardly anything to ask in addition to what has been told by the hon. Minister. But may I ask him to be a little literal and give a second thought to it?

SHRI MADHAVRAO SCINDIA: Mandar Hill-Dumka-Baidyanath Dham new broad-gauge railway line comes in this area. We have decided to update the survey and then it will be considered as to whether it should be referred to the Planning Commission or not.

Foreign Assistance to Nationalised Banks

*277. SHRI N. DENNIS: Will the Minister of FINANCE be pleased to state:

(a) whether any of the nationalised banks are in receipt of financial assistance from overseas organisations; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b). A statement given below.

STATEMENT

Under Loan Agreement signed by Government of India with the International Bank for Reconstruction and Development (IBRD) for Industrial Export (Engineering Products) Project and Export Development Project in January 1986 and May, 1989 respectively, Government India is able to obtain financial assistance to pass on to certain nationalised banks and to State Bank of India for providing credits to enterprises in India for promotion and upgradation of technology to increase competitiveness and exports of manufactured products.

These loans are to be repaid by Government of India to IBRD over a period of 20 years inclusive of a grace period of 5 years. The rate of interest is variable every six months depending on the cost of borrowings of the IBRD.

SHRI N. DENNIS: May I know the number of enterprises to which this assistance is extended, the names of the enterprises and the basis on which the selection is made? May I know the nationalised banks to which this assistance is passed on? We have negotiated two projects. The first project is the Industrial Export (Engineering Products) Project which was negotiated on the 21st January 1986 and the loan amount is 70 million US dollars. The benefits will go,

in this as well as in the next agreement which I will mention in a moment, to Bank of Baroda, the Punjab National Bank and the Canara Bank in terms of equity and to the State Bank in terms of quasi-equity. The second project is the Export Development Project which had been negotiated on the 26th May recently and the value is 66 million US dollars.

SHRI N. DENNIS: I would like to know whether the amount would be extended for the promotion of small scale industries in rural and backward areas. May I know the rate of interest of loans to the banks and the rate of interest that is levied from the enterprises?

SHRI EDUARDO FALEIRO: The participating banks which I have mentioned will provide credits to enterprises in India for promotion and upgradation of technology to increase competitiveness and exports of manufactured products. (*Interruptions*)

Writing Off the Agricultural Loans

*278. SHRI H.B. PATIL: Will the Minister of FINANCE be pleased to state.

(a) whether some State Governments have approached Union Government to write off agricultural loans;

(b) whether Union Government have pointed out that if the practice continued it would lead to total collapse of agriculture credit system;

(c) whether any State Government has written off the agricultural loans during the last three years;

(d) if so, the names of the State Governments which have written off the loans; and

(e) the total number of farmers benefited so far and the total amount involved therein?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS

IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (e). A statement is given below.

STATEMENT

Government and Reserve Bank of India are in principle not in favour of any generalised write off of agricultural (and other) loans as it tends to vitiate the climate of recovery as also the viability of the credit structure as a whole. According to available information, only the Government of Haryana is reported to have written off short/medium and long term cooperative loans in 1987 amounting to Rs. 33.52 crores. National Bank for Agriculture and Rural Development (NABARD) has further reported that as per their information the State Government do not appear to have entirely reimbursed this amount to the concerned cooperative institutions.

SHRI H.B. PATIL: Sir, it has been mentioned in the Statement that the Government and Reserve Bank are in principle not in favour of any generalised writing off of agricultural loans, whereas a lot of concessions are given to the industries. Why is the Government not thinking on those lines? When certain units become sick, you take a decision to write off their loans, but when the farmers do not get yield due to drought or other natural calamities, why should the Government not think to give them concessions and writing off of their loans etc.?

SHRI EDUARDO FALEIRO: There is no divergence as far as industry and agriculture are concerned in regard to the writing off of loans. Writing off of loans is done in terms of the general principles which govern the law of insolvency. When the money cannot be recovered, it is totally irrecoverable, then the only way is to write off the money. There is no discrepancy between the industry and agriculture on this fundamental principle.

[*Translation*]

SHRIBALKAVIBAIRAGI: Mr. Speaker, Sir, a separate half-an-hour discussion may kindly be allowed on this subject.