

vàls of visitors to these places at the time of the Asiad Games and certainly they will be looked after in these places as we look after all the tourists in the country.

### Scarcity of hard currency

\*125. PROF. MADHU DANDAVATE: Will the Minister of FINANCE be pleased to state;

(a) whether the attention of Government has been drawn to the news-item under the caption "Acute scarcity of hard currency" in the Delhi Edition of the "Times of India" of 4 June, 1982;

(b) if so, whether it is a fact that, as mentioned in the news-item, due to the recent spurt in the smuggling of gold and other commodities into India, commercial banks and other foreign exchange dealers in the country are now faced with an acute scarcity of hard currency notes and that particularly US dollars in cash have gone underground; and

(c) if so, what steps are being taken to prevent this acute scarcity of hard currency?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) Yes, Sir.

(b) Reserve Bank of India have reported that they have not received any complaint about shortage of foreign currency notes either from the travelling public or from authorised dealers/money changers.

(c) Does not arise.

PROF. MADHU DANDAVATE: It seems to be a very cursory reply. First I would request the hon. Minister, before putting my supplementaries, to request the Reserve Bank authorities to check up their statistics and records and find out whether the report sent by them is correct because in reply to part (a) of my question, he has said 'Yes, Sir'; that means, they have already seen the report

that has appeared in the *Times of India* of 4th June, 1982. There has been an elaborate report in the *Times of India* of 4th June under the heading 'Acute scarcity of hard currency'. Here the hon. Minister claims that the Reserve Bank has not received any complaints. I do not know whether those who are suffering from these difficulties have sent their letters of complaints to the Reserve Bank authorities or whether they have preferred to talk directly to the press narrating their complainis. If you have carefully gone through the report—and you have admitted that you have gone through the report—I would like to know whether it is not true that quite a good number of banking circles have already claimed that there is squeeze on the supply of foreign currency and they have attributed this to the hectic purchase on a big scale by the agents of smugglers who have been smuggling gold and other commodities including drugs. Not only the banking circles but, it has been reported in this very despatch, the Central Department of Revenue sources also have indicated that there is an increase in the incidence of smuggling in the recent past that has resulted in the payment crisis and as a result of that there is a jump in the demand for cash dollars and the Government is not able to meet the requirements of those who come forth with the demand for more and more foreign exchange. They have given the figures and I would like to know from the hon. Minister whether that is correct. The smuggling has increased and it is found that even when the demand is to the tune of 500 dollars, these agencies have not been able to meet the requirement. If this report which I have placed before you is correct, in that case, how is it that you say that the Reserve Bank has indicated that there have been no complaints at all?

SHRI PRANAB MUKHERJEE: In fact, when we saw the report of the *Times of India* of 4th June, 1982, we drew the attention of the Reserve Bank to it and asked them to give us their comments. The Reserve Bank said that they had not received any complaints and they had also checked up from cer-

tain offices, particularly in Bombay, and from certain important dealers. As the hon. Member knows, there are 68 dealers and all over the country more than 9,980 branches are operating who are dealing with foreign exchange in various categories. I do not rule out the possibility that in some branches sometimes there may be some shortage and they have to get it from their controlling agencies. There are various categories of the branches. Certain branches have their limitation, they have their limit; they are entitled to handle a particular quantity. Therefore, sometimes periodical shortages may be there, but the shortage is not of that magnitude as has been pointed out by the press report. That is why we enquired from the Reserve Bank as to what were their comments in that respect.

In regard to the second part of the question about smuggling, I myself have admitted on the floor of the House that gold smuggling is increasing mainly because of the price difference. In fact, in 1981, the total seizure of gold was 151 kgs. and in the last five months, from January to May, it has gone up to 558 kgs. because the price difference today is this: ten grams of gold in the Indian market are sold at Rs 1600 whereas the international price is Rs 960. In fact, in the Conference of the Collectors of Customs, I had to emphasize on taking strong measures to prevent smuggling. I can take the cue from the hon. Member and instruct my revenue intelligence to find out—it may be, there is some linkage—whether there is any linkage in it, but just at this time it is not possible for me to comment on it whether, because of this particular fact, there has been shortage. After all, they have to produce the documents. When there people are going to deal with them, they have to deal with legal valid foreign exchange documents. After all smugglers do not deal with legal documents. But anyway I will have a fresh look into that aspect of the problem.

**PROF. MADHU DANDAVATE:**  
More I ask my second supplementary,

I seek a clarification about the reply to my first supplementary. I would like to point out the specific source in this report which has stated that the Managing Director of a leading foreign exchange dealing firm has stated that the usual stocks that they used to maintain are equivalent to about 4 to 5 days and that even that they have not been able to maintain at all. He has also quantified the problem. The Minister has assured that he will go into all the records and find out whether the situation is correct and I hope he will do that and give a more comprehensive reply next time.

The second part of my supplementary is: is it not true that as a result of the higher demand of the US dollar, the dollar now sells at Bombay's parallel market for Rs 12 to Rs 12.30 as against the main official rate of Rs 9.20. When it is being sold at such a differential between the official rate and the non-official rate, is it not an indication of the fact that there must be some scarcity? That is the only reason why people prefer to pay a higher rate than the official rate of Rs 9.20.

**SHRI PRANAB MUKHERJEE:** The implication is obvious, because after all we have no control over the illegal market. But because of the demand and supply—even in the legal market, the demand may be more and supply is less the prices may go up. It is not merely because of that fact. Perhaps the hon. Members might have noticed that for quite some time now dollar prices are firming up. It is not merely so in our country but in other countries also. I do not know whether it is because of this reason that suddenly there has been a spurt in demand of the US dollar. But as I have already said, sometimes this problem may happen in any Branch and even in the controlling office they may not have sufficient stock. Therefore, this type of casual shortage and periodic shortage may take place in a particular Branch or with a particular dealer. I do not rule out that possibility. But I wanted to point out that it is not of that magnitude. It has been so, the Reserve Bank would have got that information.

**Ex-Servicemen's Transport companies at Chandrapura, Bihar**

\*126. SHRI A. K. ROY: Will the Minister of DEFENCE be pleased to state:

(a) whether he is aware of the operation of the ex-Servicemen's companies in the coalfield of both Bharat Coking Coal Limited and Central Coal-fields Limited as a part of the rehabilitation programme of ex-Servicemen and also to fight anti-social elements;

(b) if so, facts in details;

(c) whether such companies were declared to be cooperative of the ex-Servicemen free from exploitation but in practice they were working as the private companies of a few officers creating a new tension in the fields and if so, steps taken thereon;

(d) whether he is aware of a continued lock out of such two transport companies for the last three months at Chandrapura (Bihar) involving ex-Servicemen, defeating rehabilitation programme; and

(e) if so, facts in details and the steps taken thereon?

THE DEPUTY MINISTER IN THE MINISTRY OF DEFENCE (SHRI K. P. SINGH DEO): (a) to (c). A statement is laid on the Table of the House.

**Statement**

(a) Yes, Sir.

(b) These companies are managed by ex-service officers and registered with the Registrar of Companies. According to the scheme, 90 per cent of the employees are to be ex-servicemen and upto 90 per cent of the shares of the company are to be given to ex-servicemen employees and their dependents. All ex-servicemen employees are allowed to take shares in the company.

(c) These companies are not cooperative. All ex-servicemen employed in a company are allowed to take shares for better participation in managing the affairs of the company.

(d) and (e). The management of the two transport companies at Chandrapura was forced to declare lock-out on 11th March, 1982 after some of the employees of these companies went on strike on 9th March, 1982. An officer of the Directorate General of Resettlement visited Chandrapura some time back and offered to arbitrate between the management and the workers of the two transport companies, but the workers were of the view that since the dispute is *sub judice*, they could prefer a decision from officers of the Labour Department of the State Government. Efforts are being made by the Labour Department to settle this issue.

SHRI A. K. ROY: This polite and innocent statement does not promise any relief to the ex-servicemen now on the streets without any work because of the lock-out of the two companies. These companies are not ordinary companies. They are all military companies and ex-servicemen companies. Their owner is the Brigadier and the workers are the Jawans. These companies were set up in the coal fields with some specific purpose to fight the mafia of the private contractors who exploit the labour. These companies were set up by the Government giving all financial aid, vehicles, registration and providing contracts expecting that they should work as an ideal company and in such a company, if lock-out and strike take place, naturally it should be a matter of concern to all and it involves the goodwill of the Defence Ministry and especially the Resettlement Department.

In view of this fact, I would like to ask the Minister because in his statement though very polite and very innocently worded, he has not given any indication as to what steps the Defence Ministry is going to take to solve this problem because the Asst. Labour Commissioners both at the Centre and the State have failed to solve or failed to bring any solution.

In view of that, I would like to know from the Minister whether any step has been contemplated or any intervention

has been envisaged from his end so that the solution could be brought about in this unique class struggle between the Brigadier and the jawans.

MR. SPEAKER: He does not like the innocent part of the answer.

SHRI K. P. SINGH DEO: Firstly, Sir, there is no class struggle between the Brigadier and the ex-servicemen. The answer is very clear that the Director from the Directorate General of Resettlement in charge of self-employment had visited some time in March and he offered to lend his services to bring a rapprochement between the management and the labour. But the employees thought that since the case was *sub-judice* they would rather like to wait for it for the court to give the decision. The hon. Member is also aware that the Directorate-General of Resettlement will be visiting that area very soon to try to resolve this crisis.

SHRI A. K. ROY: Sir, the second question that I would like to ask him is this. Those companies should not act as private limited companies. Though he said that ninety per cent of the shares should be held by the employees, to my knowledge, uptill now, not a single purchase of the share is held by the employee.

Secondly, if you were to remove the element of antagonism in such companies, you must reconvert and give some broad directions so that such companies act as cooperatives with employees as its owners so that the matter could be sorted out amongst themselves in a very smooth manner.

Sir, my information is that some sort of difficulties the total organisation is facing from the B.C.C.L. as also from the D.V.C. The corruption and mismanagement of the B.C.C.L. is also affecting the working of the ex-servicemen. I want to know whether the Defence Minister will take up the specific points with the Minister for Energy and sort that aspect of the matter?

THE MINISTER OF DEFENCE  
AND HOME AFFAIRS (SHRI R.

VENKATARAMAN): Sir, the company has offered the shares to the workmen. The employees have refused to take the shares. The reason is that the employees say that they will not get enough profits out of these. The contradiction here is that while the employees want higher wages and the companies are unable to pay higher wages, higher emoluments, they say that the company is not making profits and, therefore, we cannot take shares. At the same time, the companies should pay higher wages. This is the unfortunate position in which the company finds itself. This is not like one of those exploiting companies. This is a company of ex-servicemen which is for the benefit of the ex-servicemen. The whole idea is that all the ex-servicemen should become members of the company, the shareholders of the company and share in the total profits of the undertaking. We have offered these shares and we are even now willing to give all the shares to the employees. We invite them to become members of the company and then share in the administration as well as in the profits. But, there is some difficulty which the hon. Member pointed out. He knows the thing much more than I do. The difficulty is that we are on contract with the D.V.C. and we are on contract with the coal companies—the B.C.C.L. These companies have not increased the transport charges. Since the transport charges are not increased, I am unable to pay higher wages to my employees. So, this is linked in a way with the earnings of the company from the coal companies with which they have a transport contract. We are trying to discuss with those coal companies and the D.V.C. and, if they improve our rates, certainly, the company will pass that on to the workmen. There is no question of exploitation here. (*Interruptions*).

SHRI RAJESH PILOT: May I know from the hon. Minister whether it is a fact that this procedure of making co-operative societies of ex-servicemen has proved a success in the transport business, in the sector of coalmines in Jamshedpur and all that? Is there any plan in the Ministry to encourage such a procedure in other parts of the country to



resettle the ex-servicemen and boost their morale to a further extent?

**SHRI R. VENKATARAMAN:** This is the objective with which the companies were started. But, our experience is very disheartening, finding that we have lock-out closing down of the company because of the strike we wonder whether this experiment is succeeding at all. In fact, the ex-servicemen must feel that they are part of the undertaking and cooperate with the management who are again part of themselves. If they take the attitude of confrontation as labour-management difference then it will be difficult for companies of this kind to function.

**PROF. K. K. TEWARY:** Sir, the objective of this programme of resettlement of ex-servicemen is laudable. One of their objective is to fight anti-social elements in this region. My information is that in some cases there is link-up between anti-social elements and big-wigs of this company. I would like to know whether the hon. Minister is aware of the illegal operations of these gangs to pilfer and cart away tons of coal?

**SHRI R. VENKATARAMAN:** I totally deny this charge. Apparently the hon. Member does not know the situation there. My friend, who is representing this area, knows that this sort of company formed by ex-servicemen is trying to save coal mines from the mafia gang.

**PROF. K. K. TEWARY:** My point was whether you will inquire into the charges which are levelled from time to time?

**SHRI R. VENKATARAMAN:** There is no such charge.

#### Sale of Indian currency at discount In Arab countries

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\*127. **SHRI RAM VILAS PASWAN:**  
**SHRI RAJESH KUMAR SINGH:**

Will the Minister of FINANCE be please to state:

(a) whether it has come to the notice of Government that Indian currency in

Dubai and in some other cities of Arab countries is sold at a discount of about 25 per cent;

(b) if so, what are the facts; and

(c) Government of India's reaction thereto?

**THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE):** (a) to (c). There has been a Press report to the effect that the Indian rupee is selling at a discount in Dubai. This report relates, however, to free market quotations which by their very nature are few, unauthorised and fragmentary. The remittance rate available through banking channels is quite distinct from the free market rate and does not show any major fluctuations.

**श्री राम विलास पासवान :** अध्यक्ष महोदय, हिन्दी के जवाब में इन्होंने कहा है कि यह रिपोर्ट मुफ्त बाजार दर के सम्बन्ध में है जो स्वाभाविक रूप से बहुत कम अप्राधिकृत और छुटपुट होती है। मुफ्त बाजार होता क्या है, क्या वहाँ मुफ्त में सब कुछ मिलता है ?

**अध्यक्ष महोदय :** मुफ्त है कि मुक्त है।

**श्री राम विलास पासवान :** मुफ्त है।

**अध्यक्ष महोदय :** मुक्त फ्री का अनुवाद किया होगा। फ्री मायने मुक्त होता है।

**एक माननीय सदस्य :** फ्री मायने स्वतंत्र होना चाहिए।

**श्री राम विलास पासवान :** फ्री का ट्रांसलेशन है मुफ्त, हम समझते हैं कि मुफ्त ही होगा।

**अध्यक्ष महोदय :** छपा गलत होगा। यह मुक्त बाजार है।

**श्री राम विलास पासवान :** आपने कहा है कि समाचार-पत्रों में इस आशय की रिपोर्ट आई है। समाचार-पत्रों में यह बहुत पहले आ गई है और राज्य-सभा में अप्रैल में प्रश्न उठाया गया था। यही जवाब वहाँ भी दिया गया था। मैं जानना चाहता हूँ कि अब तक कोई इन्क्वायरी हुई है या नहीं? समाचारों में जैसा आप कहते हैं, बहुत

चीज निकलती है। जो आपने कहा है कि रीमिटेस रेट और फ्री मार्केट रेट, मैं जानना चाहता हूँ कि इन दोनों का क्या रेट है और दोनों में क्या अन्तर है। क्या आपने यह भी पता लगाने की कोशिश की है कि वहाँ यह कौन ले जा रहा है। अधिक पैसा जो वहाँ गया है, बराबर इस सदन में इसकी चर्चा चली है, बखिया, हाजी मस्तान के सम्बन्ध में आपके साठ-गांठ के सम्बन्ध में तो यह पैसा कौन ले जा रहा है, कैसे ले जा रहा है और क्यों ले जा रहा है? क्या कभी आपने इसकी जांच करवाई है? यह सब कैसे हो रहा है?

**SHRI PRANAB MUKHERJEE:** First of all I would admit and acknowledge my deficiency in providing the correct Hindi translation of free market. But I would not agree with the conclusion of the hon. Member that we have not checked into the position. Actually what I mentioned in reply to the Question in Rajya Sabha and here too when my attention was drawn thereafter I checked..

**SHRI SATYASADHAN CHAKRABORTY:** It can be 'khula bazar'.

**SHRI PRANAB MUKHERJEE:** I admit that Shri Satyasadhan Chakraborty has better knowledge of Hindi than I do.

**DR. SUBRAMANIAM SWAMY:** Because he moves in 'Bara Bazar'.

**SHRI PRANAB MUKHERJEE:** He not only moves into 'Bara Bazar' but also sometimes in 'Chor Bazar'.

**SHRI SATYASADHAN CHAKRABORTY:** This is the most unkindest cut.

(Interruptions)

(SHRI PRANAB MUKHERJEE: I think that I can seek the indulgence of Prof. Chakraborty. I hope he will not mind it. Anyway, we checked up and I can give the figure of the actual fluctuation through banking channel and

in the open market. The hon. Member knows that hawala trade takes place. That trade here is illegal but in these countries it is their normal practice. (Interruptions) we have no control over the hawala trade happening in those countries. Between April 1981 and April 1982 the official rate for every hundred rupee has been as follows: In April 1981 it was 44/57 dh. for every hundred rupee. Now it is 39.25 dh. Therefore, in terms of percentage. It will be about ten per cent. In the open market it has gone up. Earlier in April 1981 it has been 38.5 dh. per hundred rupee; In April 1982, it is 28.90 dh. Therefore, it is not correct to say that we have not checked up. We have checked up and as the hon. Member knows, export and import of currency is prohibited. But as large number of workers are going from here to those Gulf countries, we give them some modest amount—Rs. 20 per head,—so that they can meet initial expenses immediately. Many of them are not accustomed to foreign currency. Our report says a part of these is being transacted in these methods.

As you know, Gulf countries are also important centres for smuggling goods from those countries to India. It is a chronic problem with which we are fighting. Sometimes also some amount of money is being smuggled, that is, Indian currency. (Interruptions) I do not rule out that possibility, Sir. But as I said, we are tightening our Enforcement machinery and we are trying to prevent it.

**श्री राम विलास पासवान :** अध्यक्ष महोदय, देश के लिए यह एक विशेष स्थिति है, क्योंकि मंत्री महोदय ने कहा है कि यहां से वर्कर्स काफी बड़ी संख्या में वहां जाते हैं और जब वे वहां से आते होंगे, तो वे निश्चित रूप से भारतीय मुद्रा ही लेना चाहेंगे, क्योंकि वह विदेशी मुद्रा से सस्ती है। वे वहां से विदेशी मुद्रा नहीं लाते हैं। प्रेस रिपोर्टों में बताया गया है कि वहां पाकिस्तान की स्थिति भारत से अच्छी है। मैं जानना चाहता हूँ कि क्या मंत्री महोदय ने पता लगाया है कि क्या सिर्फ उस देश

में यह स्थिति है या दूसरे देशों में भी इसी तरह की स्थिति है। क्या भारत सरकार इसमें चिन्तित नहीं है, क्योंकि यह हमारी बिगड़ती हुई अर्थ-व्यवस्था का दायक है ?

**SHRI PRANAB MUKHERJEE:**

The answer lies in the improvement of the basic economic situation and firming-up of the value of the Indian rupee. Now, if Indian economy would stabilise, naturally, the value of the Indian Rupee will also stabilise. With regard to the question of 'remittances'—from abroad, as the hon. Member himself knows, it is increasing substantially every year. Therefore this kind of benefit which are getting from our workers abroad is much more than this type of little bit of apprehensions from time to time, syanig, what may happen, and all that. What may happen, nobody can say. Nobody can say, this money is coming out of that. It may be just a hypothetical conclusion. But as I said, the benefit which we are getting from the remittances are much more compared to even the type of difficulties which we may face. If the hon. Member is interested, I can give him the figures. In the year 1977 the remittances were of the order of 1908.33 crores. In 1981, these have increased to 4621.76 crores. Of course, they take other invisibles also.

**श्री राजेश कुमार सिंह :** जहाँ तक इस बात का संबंध है कि इंडियन करेंसी वहाँ पर इतने सस्ते दामों पर बिक रही है, आप जानते हैं कि 1980-81 में हमारा ट्रेड डीफिसिट 5,000 करोड़ रुपए था और 1981-82 में और 3,000 करोड़ रुपए का डीफिसिट होने की सम्भावना है। विदेशों में इंडियन रुपए की वैल्यू बहुत गिर गई है। पिछले 11 महीनों में डालर के अगोस्ट उसकी वैल्यू 14 परसेंट गिर गई है, इजरायल के अगोस्ट 1.06 परसेंट, स्विस फ्रैंक के अगोस्ट 12.46 परसेंट और जैपनीज येन के अगोस्ट 7.11 परसेंट गिर गई है। जिन कंट्रीज के साथ हमारा ट्रेड है, उनमें से अधिकांश देशों की गणबूत करेंसी के मुकाबले रुपए की वैल्यू बहुत गिर गई है। वास्तविक स्थिति यह

है, मुझे ऐसा लगता है कि आया जब इंटरनेशनल मानेटरी फंड से रुपया लोन लिया गया तो मंत्री महोदय की ओर से इस तरह का कोई आश्वासन दिया गया था कि हम भविष्य में रुपयों की कीमत गिराएंगे या सरकार का कोई ऐसा इरादा है, उस डिक्लैरेशन को करने की कोई ऐसी बात है जिस की प्रतिक्रिया ऐसी हो रही है कि विदेशों में हमारी करेंसी की कीमत गिरती जा रही है ?

**SHRI PRANAB MUKHERJEE:**

I am afraid, the hon. Member has confused the whole issue. It is not a question of giving any assurance that we will allow our rupee to be depreciated. In fact, on earlier occasions, not on this occasion, we have given illustrations of appreciation and depreciation of Indian rupee over a period of time and you will find that sometimes it appreciates and sometimes it depreciates. This is because our currency is linked with a basket of currencies; it is not merely tied up to pound sterling, as was the earlier practice. It depends on a number of factors.

It was only in reply to the limited question whether in Dubai or Gulf market, the Indian rupees are sold cheaper as compared to the official rate, that I gave the figures with reference to the question of the hon. Member.

**MR. SPEAKER:** Mr. Swamy—you are an expert.

**DR. SUBRAMANIAM SWAMY:** Yes, I am an expert; I know about these things, but I do not do them.... (Interruptions) In fact the best way to find out when there is going to be an election in India is to look at the exchange rate for Indian rupee in the unofficial market in Dubai, and then you will have an idea.... (Interruptions)

I would like to know from the Minister whether his attention has been drawn to a number of reports how the foreign banks which operate on both sides are creating accounts where the hard currency is accepted in foreign countries and the relatives of those who are making remittan-

ces are paid in rupees here. By this process, the country is defrauded of foreign exchange and the value of rupee comes down. I would like to know whether the Government has taken up this matter with the Interpol, particularly in view of the fact that recently a number of foreign banks of that area have opened up their branches in Bombay and whether due care has been taken in this regard.

**SHRI PRANAB MUKHERJEE:** In regard to the opening of foreign banks, in the last week myself I gave the figures in reply to some questions. Particularly, the type of transactions which the hon. Member is mentioning has not come to my notice.

#### **IDA Credit for HYDEL PROJECTS**

\*129. **SHRI AJIT BAG:**

**NIREN GHOSH:**

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided for IDA credit for hydel projects from the World Bank;

(b) if so, the details thereof; and

(c) what are the terms and conditions of the credit?

**THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE):**

(a) to (c). Discussion are in progress for seeking World Bank Group assistance for the Upper Indravati Hydro-electric Project in Orissa.

The terms and conditions of the World Bank group assistance for this project would be finalised only after the project has been appraised by the World Bank and negotiations therefor are concluded in due course.

**SHRI AJIT BAG:** A news item appeared in the Economics Times dated 10th June, 1982 that the Finance Mini-

stry has decided to propose only a hydel power project to the World Bank for IDA credit facility in view of the tough conditions the bank is laying down for thermal projects. I would like to know whether any long term hydel power plan has been prepared and if so, what are the projects and what is the estimated outlay for these projects?

**SHRI PRANAB MUKHERJEE:** I would like to inform the hon. Member that this is the first hydel project that we are proposing to the World Bank. The assistance which we received from IDA and World Bank till now was related to thermal power projects. That is why it is taking some time for appraisal and also to make the project report up to the mark for the requirement of the World Bank group studies. But if we find that the criteria is acceptable to the World Bank group, we may pose for more hydel power projects for assistance from the World Bank group. But so far as the present case is concerned, this is the first one of the major hydel projects which we are posing before the World Bank group for assistance.

**SHRI AJIT BAG:** My second Supplementary, Sir I would like to know from the hon. Minister how the Finance Ministry proposes to go ahead with the thermal projects in view of the tough conditions which the World Bank is laying down in respect of the IDA credit facilities for these projects?

**SHRI PRANAB MUKHERJEE:** Sir, it is too general a question and I think it would not be possible for me to say on it.

It is true that concessional assistance from the IDA and other multilateral agencies are put in question and we are not quite sure to what extent we will get the concessional assistance. The hon. Member knows himself that we expected to have \$1600 million in the year 1981-82, but actually we have received \$900 million. Our share is being proportionately cut. Instead of

40 per cent share, I think it was just 34 per cent. That is a different issue and we have taken it up with various Governments. Even after the New Delhi consultation, this issue was taken up by the Prime Minister with the British Prime Minister and also with other countries, where we emphasised upon the necessity of maintaining the flow from concessional windows of the multilateral agencies for the development of developing countries.

In regard to the thermal power projects or other developmental projects which we have undertaken, if we don't get the concessional assistance own we will have to manage from our resources and we will have to see that projects go on according to schedule.

**SHRI D. P. YADAV:** Arising out of this question, I would like to ask the hon. Minister, whether he has recently visited Bhagalpur and in a conference of his party workers he had said that the funds will be no problem for the establishment of the Kahalgaon thermal power station? If he has said that there will be no dearth of funds, may I know whether he will commit in this very House by which time the fund will be made available fully to the Kahalgaon thermal power station and what steps has he taken for fulfilling the assurance given in his party workers meeting?

**SHRI PRANAB MUKHERJEE:** Sir, I am the last man to say that fund is not the problem, because I always have the problem of the funds. On that account, even to my colleagues, to the Chief Ministers to everybody including to my party workers, I say I have no funds. So, I am the last man to give any such blanket assurance.

Secondly, in regard to a particular power project I am not the ultimate authority to decide. It is to be routed and sponsored by the administrative Ministries. There are set procedures and they are to take decisions. What I mentioned was that if a project is approved, we will have to find out fund for them and then there will be no question of....

**SHRI D. P. YADAV:** Specifically you have mentioned Kahalgaon.

**SHRI PRANAB MUKHERJEE:** I am telling you, if Kahalgaon, x, y, z or any project is finally approved by the Government, we will have to find out resources for that.

**SHRI SATYASADHAN CHAKRABORTY:** Was it a pre-election speech or a post-election speech?

**SHRI PRANAB MUKHERJEE:** I leave it to your conclusion.

**DR. KRUPASINDHU BHOI:** Mr. Speaker, Sir, at the outset I must congratulate the Minister of Finance, because he has given the proposal to the World Bank for assistance, particularly to the Indravati Project. This project is a multilateral project and the project cost in the project report is Rs. 268 crores; and in this year particularly only Rs. 1 crore have been provided for this particular project. So I want to know (a) whether the Ministry of Finance has proposed the World Bank for only the hydro-electricity portion or for all the total project cost and (b) What will be the time limit for sanctioning of funds to this particular project through the World Bank, because Kalahandi and Koraput districts will be much more benefitted. These people are now facing a grim situation of drought. They are tribal districts. Will the funds from the World Bank be available, particularly within the time limit? I want to know this from the Minister categorically.

**SHRI PRANAB MUKHERJEE:** I am replying to the question of the hon. Member. So far as the World Bank is concerned, they will provide assistance only in respect of hydro-electricity side, and not for the irrigation part. The appraisal is expected to be taken up sometime in October 1982. After the appraisal is made by the World Bank, it would be possible for us to indicate what would be the actual total cost. I am afraid it will have to be updated, because it is on the basis of the earlier data and information. So, in regard to the actual cost, I am not making any comment at this stage.



### Integrated Rural Development Programmes in different States

\*130. SHRI UTTAM RATHOD: Will the Minister of FINANCE be pleased to lay a statement showing:

(a) whether any targets have been fixed for the nationalised banks in the matter of assisting the implementation of integrated rural development programmes in different States, (State-wise);

(b) is it a fact that the targets could not be fulfilled due to non-availability of funds from the nationalised banks; and

(c) if so, steps being taken to remedy the situation and fulfill the programmes under the Integrated Rural Development Programme?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c). A statement is laid on the Table of the House.

#### Statement

The objective of the Integrated Rural Development Programme, as laid down in the Sixth Five-Year Plan, is to provide assistance during the Plan period, by way of subsidy/institutional credit for specific income generating projects to 3000 families on an average in each block, identified from the bottom deciles of the rural population below the poverty line. The total institutional credit required for the programme for the Plan period has been assessed at Rs. 3000 crores. Against these broad parameters, public sector banks, in close co-operation with state-level agencies, are progressively providing increasing support by way of credit for the implementation of the Integrated Rural Development Programme. The progress of the programme is dependent on several factors, and availability of credit from the financial institutions is only one of them. Banks, on their part, have been including the needs of the programme in their credit plans, and availability of funds from them will not be a constraint in the implementation of the programme.

SHRI UTTAM RATHOD: As you are aware, we are trying to bring 50 per cent

of the people living below the poverty line, through this programme, above the poverty line. We have kept nearly Rs. 3,000 crores for this programme. But it has been felt that the nationalized banks do not extend credit facilities; and that is how this programme is hampered. I would like to know from the hon. Minister how far you have been able to fulfil this target in each State. If not, for each State give us the target.

SHRI JANARDHANA POOJARY: It is a national programme; and it is a productive programme also. And under this programme, it is proposed to assist about 3,000 families in each block during the Plan period, and a subsidy to the extent of Rs. 1500 crores has been provided, to assist the beneficiaries; and a sum of Rs. 3,000 crores is to flow from financial institutions, including the cooperative banks. Now, in the year 1979, when the programme was implemented, a sum of Rs. 148 crores had been given as assistance. In the year 1980-81, a sum of Rs. 207 crores has been provided, and it has been disbursed. In the year 1981-82 a sum of Rs. 470 crores has been provided, and disbursed.

State-wise figures have been asked for. So far as Maharashtra is concerned, I am giving the figure, because the Member hails from Maharashtra. The total term credit mobilized and disbursed in 1980-81, so far as Maharashtra is concerned, is Rs. 1437.92 lakhs. In 1981-82, Rs. 3423.15 lakhs have been disbursed, showing an increase of 138.1 per cent. And regarding other States, I beg to lay them on the Table of the House.

SHRI UTTAM RATHOD: Especially in the Marathwada region, we have found that the nationalized banks are reluctant to extend their share, as they want security. I have enquired; and wherever I have enquired, I have found that they have not been able to extend this particular facility, to the people living below the poverty line, even upto 10 per cent to 15 per cent. May I ask the hon. Minister to tell us whether he is prepared to do away with this security clause, and ask the nationalized banks to give their share to all the people who

live below the poverty line, and who are eligible to take the benefit of this programme?

**SHRI JANARDHANA POOJARY:** As a rule, so far as security is concerned, already norms have been relaxed. For loan upto Rs. 5000/- no security is required; and the amount has to be given on the hypothecation of the assets created after giving the assistance. So far as loan upto Rs. 1000/- is concerned, it could be given on the execution of the bank promissory note. So far as the immovable property to be charged is concerned, the only equitable mortgage is sufficient; and no registration is required, so far as charging of the property is concerned, in order to avoid higher cost to the borrower. So far as insisting of the security is concerned, so far as the small and marginal farmers are concerned, so far as priority sectors are concerned, already instructions have been issued to this effect. If there is any instance where the bank people have not followed the instructions, it could be brought to our notice and we will take action.

**DR. KARAN SINGH:** It is well-known that the developmental problems of the Himalayan region are qualitatively different from those in the rest of the country because of the topography and because of the scattered population. Would the hon. Minister be pleased to tell us whether, in working out the details of this integrated rural development programme particularly in the Himalayan areas, Jammu & Kashmir and Ladakh and the northern area of Uttar Pradesh, any special norms—you are, of course, aware of this; you come from the plains, but I am talking of the mountainous areas—procedures for this rural development programmes have been worked out to ensure that the people living in these mountainous areas are also able to get adequate benefit from this programme?

**SHRI JANARDHANA POOJARY:** So far as the people living in hill areas namely, tribal areas, are concerned, (*Interruptions*)... so far as weaker sections are concerned, whether they are living in tribal areas or hill areas, I may say that

this scheme has been extended over there and all the benefits under this scheme have also been extended. The percentage of total cost as subsidy for the small farmers is 25 and for the marginal farmer, it is 33.1. So far as tribals are concerned, 50 per cent of the total cost is provided.

**DR. KARAN SINGH:** That is not my question. Perhaps he has not understood it. May be the Minister could throw some light on this.

**THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE):** I would just like to add to what my hon. colleague has already mentioned that this is a scheme where there are various components. As my colleague has explained, the State Governments are to provide subsidy and the Central Government are also to provide subsidy and the institutions are to provide money—both cooperatives and others. Perhaps the difficult problem which the hon. member wants to emphasise is this. In these areas, even the operation of the banks cannot be done through normal regulations. One State, I know. There is not even the individual ownership of the property. Therefore, the normal banking rules and providing assistance through the normal banking system cannot be done. But in order to implement this programme effectively there, we are issuing instructions to the banking sector. In view of the peculiar socio-economic problems of these areas and also to build up the necessary infrastructure so that these benefits could be given and could be accrued to the persons belonging to this area, I do agree that special attention will be necessary which will not be on the pattern of the plains or other developed areas.

**SHRI K. RAMAMURTHY:** I would like to ask the hon. Minister about the I. R. D. P. scheme. It is very much planned to bring the people below the poverty line above the poverty line. The Minister has just now pointed out how much money the Government of India is giving as subsidy. Sir, I am constrained to bring forth my view. These subsidies are not actually reaching the needy persons. The Government is spending a lot of money and it is being implemented

through the State Governments. I am not objecting to it. But is it reaching the needy persons, is the Government of India having a check over the persons on whom this money is being spent by the State Governments? I would like to know this from the hon. Minister.

**SHRI PRANAB MUKHERJEE:** In fact this is the problem I discussed with the Chief Executives of the Banks when I had a meeting recently with them. We are also getting complaints and it is not merely a question of allocating money or talking in terms of figures. But we have also to ensure that the benefits accrue to the persons for whom these are meant. But at the same time the hon. Member would appreciate that we cannot do anything but accept their functioning through the State Governments. That is why we have suggested that rural development organisations consisting of the District Collectors and experts from various fields such as agriculture, finance, sericulture, animal husbandry should identify the schemes. But I do feel that there is a lacuna in this type of supporting infrastructure and we will have to look into it and to see that the scheme is effectively implemented. I do not rule out the possibility of lacunae in the implementation stage.

**MR. SPEAKER:** Shri G. Narasimha Reddy.

**AN HON. MEMBER:** Sir, this is a very important question.

**MR. SPEAKER:** Finished. No, no questions.

Shri G. Narasimha Reddy.

#### 'Conversion of States' Over into Loans

\*131. **SHRI G. NARASIMHA REDDY:** Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Government have received requests from States to convert their overdrafts into loans;

(b) if so, the names of the States which have made this request and whether their requests have been acceded to; and

(c) whether the same pattern will be followed into other cases also?

**THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE):** (a) Yes, Sir.

(b) and (c). Requests were received from Assam, Gujarat, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Manipur, Nagaland, Punjab, Tripura and West Bengal. The requests of these State Governments have been taken care of by the package of measures recently announced by Government for regulating overdrafts of States and for clearing their deficits as at the end of 1981-82.

**SHRI G. NARASIMHA REDDY:** Sir, as the time is short I will put both the supplementaries at one time only.

As we all know, each State Government has taken different types of overdrafts. By different types, I mean variations in the amount. For instance, West Bengal has taken more than Rs. 300 crores while my State, Andhra Pradesh has taken only Rs. 3 crores and odd. This is only an indication that one of the factors is, mismanagement by the State Governments of the State finances. That is one of the factors. So, Sir, by this decision the Government of India have given premium to the State Governments which have been very badly managing the State finances. So, I would like to know from the hon. Minister, whether they have taken this decision. Are they going to consider the other State Governments, comparing their population and the finances to give them extra amounts which he has already given to West Bengal and other States? That is the first, Secondly, because lot of imbalance has been created in this... (*Interruptions*).

**MR. SPEAKER:** You get the answer for this because there is no time.

**SHRI PRANAB MUKHERJEE:** In fact, when I made the statement on overdrafts, I appreciated the States which are following the fiscal discipline and I requested the States which are not resorting to fiscal discipline to come to the fiscal discipline line.

And the second point is, it will have to be kept in mind that I have not given out grants to the States which have resorted to overdrafts. This is a medium term loan. So far as the States of special categories are concerned, that is a long term loan. And the others would be medium term loans. And we have to take this decision inspite of the fact that certain State Governments resorted to indiscipline and they did not listen to our warning—timely warning—and I warned them in the National Development Council meeting. But at the same time, we have to keep in view the special requirements of those States. We cannot simply forget their developmental needs and requirements because of the fault of their administrators.

MR. SPEAKER: Question Hour is over.

#### WRITTEN ANSWERS TO QUESTIONS

##### Increase in carrying capacity of Air-bus and Boeing 737 Planes

\*123. SHRI M. V. CHANDRASHEKARA MURTHY: Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines has decided to increase its passenger carrying capacity in Airbus and Boeing 737 planes by 10 per cent from 1 June, 1982;

(b) if so, to what extent additional capacity has been raised daily;

(c) what are the routes on which this increase has been effected; and

(d) to what extent this facility has reduced the rush of passengers and overcrowding?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI A. P. SHARMA): (a) Yes, Sir.

(b) With the induction of 2 Airbus aircraft in May, 1982 and re-scheduling of B-737 aircraft, there has been an increase of about 10 per cent (2500 seats per day) in the capacity offered by Indian Airlines in its summer schedule effective 1st June,

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1982. Four more B-737 aircraft are shortly to be added to the Indian Air-lines fleet.

(c) A statement giving the requisite information is attached.

(d) It would not be possible to quantify precisely the extent to which this facility has reduced the rush. However, this has considerably eased the pressure and reservations are available easily.

#### Statement

Routes on which the increase in capacity with the introduction of two Airbus aircraft and rescheduling of Boeing Services has been effected.

#### AIRBUS SERVICES

—Gauhati has been linked with the Airbus for the first time with the introduction of a daily service on the route Calcutta/Gauhati/Calcutta.

—The frequency of Airbus operation on Calcutta/Bombay/Calcutta route has been increased to 10 times a week from the earlier 7.

—The frequency of Airbus service on Bombay/Madras/Bombay route has been doubled (from daily to twice daily).

—Between Delhi and Srinagar 12 Airbus flights have been scheduled with 4 flights by B-737 aircraft.

#### BOEING 737 SERVICES

—Silchar was linked with Boeing 737 service for the first time with the introduction of a Calcutta/Silchar/Imphal service providing much relief to the growing demand on the North-Eastern region.

—A daily Boeing service, in lieu of earlier HS-748 service, has been introduced on Bombay/Poona/Bombay route.

—The frequency of B-737 service between Bombay and Baroda has been increased from 4 times a week to daily.

—On the Bombay/Cochin/Bombay route Indian Airlines have added 4 frequencies per week with B-737 aircraft providing a total of 18 B-737 flights per week on the route.