

ORAL ANSWERS TO QUESTIONS

[English]

Special Steps to Assist Trade and Industry in States

*1. SHRI CHITTA MAHATA : Will the Minister of FINANCE be pleased to state :

(a) whether Government have taken special steps to assist trade and industry in all the States by increasing credit limits and re-scheduling loan payments ;

(b) if so, the details thereof ; and

(c) the extent to which West Bengal would get assistance in comparison to other States ?

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

Statement

Reserve Bank has been advising the banks to ensure that the credit assistance extended by them to their constituents is timely and adequate to meet genuine requirements of their productive activities, in accordance with national priorities. In October, 1984 in their circular to banks on the Busy Season Credit Policy, Reserve Bank has asked the banks to provide adequate credit support to sectors where there is a revival of industrial growth. Such support is expected to be extended by the banks in relation to the production performance of each borrowing unit. This does not imply any general enhancement of the credit limits.

Rescheduling of loans is undertaken by the banks to provide relief when the borrowers are affected by natural calamities or by other specific factors affecting production.

Since the credit requirement and terms of repayments are determined by the

banks with reference to the requirements of individual borrowers it is not possible to attempt any State-wise estimate in this regard.

SHRI CHITTA MAHATA : I have gone through the statement of the hon. Minister but I am not fully convinced.

I think one of the most important factors of the present crisis in trade and industry is due to the financial stringency and lack of credit facilities. Moreover, the limit is applicable to a great extent to the small scale industries and not to medium and large scale industries and trade. In view, of this, I would like to know from the hon. Minister whether Government have made any provision keeping in view the Tandon Committee and Marathe committee recommendations for revising the credit limit and financial assistance for the development of industry and trade.

SHRI JANARDHANA POOJARY: The basic tenet of the credit policy pursued by the Reserve Bank of India is to restrain credit expansion in aggregate terms. It is the duty of the Reserve Bank of India and the Government of India to contain the inflationary pressures in the economy. So we cannot afford to deploy funds so far as hoarding and smuggling is concerned. But we are meeting the genuine requirements of the trade and industry.

SHRI CHITTA MAHATA : I wanted to know whether you are implementing the Marathe Committee's recommendation or not.

SHRI JANARDHANA POOJARY : Marathe Committee's report has been accepted by Reserve Bank with certain modifications and we are implementing it. That is why I said that we are meeting the genuine requirements of trade and industry.

SHRI CHITTA MAHATA : The trade industry in West Bengal is affected for want of financial assistance and credit facilities from Central Government. In

view of this, what is the Government decision to provide more financial assistance and more credit facilities for the development of the sick industrial units and the proposed Haldia Petro-Chemical Complex and the Salt Lake industrial units in Calcutta.

SHRI JANARDHANA POOJARY : The flow of credit to any particular State depends upon the infra-structure facilities built in that particular area. It depends upon the economic activity particularly how the industries are coming up in that particular area, how the economic activities are progressing in that particular area. It depends upon the industrial relationship as well as the management and entrepreneurship that is available in the particular area. So far as small industries are concerned, in every area whether it is West Bengal or any other State, as I stated earlier, it depends upon the promotion of the small scale industries in a particular State.

SHRI BASUDEB ACHARIA : In order to provide financial assistance and credit to the sick industries in West Bengal, the Government of West Bengal sent a proposal for according approval for setting up a new bank in the State of West Bengal. May I know from the hon. Minister what steps have been taken in this regard, regarding opening of a new Bank or according approval of a bank in the State of West Bengal. This proposal came from the State 2 years back. What action has been taken in this regard ?

SHRI JANARDHANA POOJARY : This is under the consideration of the Reserve Bank. But at this stage there is no decision.

[Translation]

SHRI RAMSWAROOP RAM : Mr. Speaker, Sir, it has been observed that sometimes regional imbalance is caused because of the financial assistance that is given by the Centre to the State Governments. I would, therefore, like to know from the Hon. Minister whether the

Government propose to give financial assistance to the State Governments on the basis of population ?

[English]

SHRI JANARDHANA POOJARY : Sir, it is not population that is being counted while deploying assistance. It is based on economic activity.

SHRI PIYUS TIRAKY : Sir, the Finance Commission has already recommended that West Bengal Government was entitled to have Rs. 325 crores for its development work but due to the rejection from the Union Government the West Bengal Government was not given this sum. I would like to know why the amount which has been recommended by the Finance Commission was not given to West Bengal. Secondly, is it not a fact that since West Bengal government happens to be a non-Congress (I) government this money has not been released to it; thirdly, will the new government immediately release Rs. 325 crores to West Bengal government ?

SHRI JANARDHANA POOJARY : Sir, this question relates to special steps to assist trade and industry, that is, the assistance being given from financial institutions. It has nothing to do with the question that has been raised and the hon. Member may give a separate notice for the same.

Commissioning of National Aluminium Company Limited, Orissa

*2, **SHRI GIRIDHAR GOMANGO :** Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether the progress made by the NALCO, Orissa for commissioning the Alumina-Aluminium project has been delayed; if so, the reasons thereof;

(b) the progress made so far since the starting of the Alumina-Aluminium complex, component-wise ;