

stated that the prices of agricultural commodities have gone up. I want to know from the hon. Minister whether the prices rose when the commodities were released from the godowns of the traders in the market or at a time when the farmers sold them to the traders? In my view the prices have risen when the commodities were sold to the farmers and the consumers by the traders. The prices did not rise when they passed on to traders from the farmers.

SHRI VISHWANATH PRATAP SINGH : Mr. Speaker, Sir, the hon. Member has raised a very pertinent question. It was because of this that the Government announced the prices of sugarcane in time and allowed an increase therein. It was decided in respect of oilseeds that Vanaspati Industries would use 10 per cent indigenous oil and an increase has been effected in the quantum of imported oil, so that the farmers could know about it and get remunerative price. The increase has been allowed keeping both these factors in view.

[*English*]

Buy-Back Arrangements with Italy

*84. **SHRI AKHTAR HASAN :** Will the Minister of COMMERCE be pleased to state :

(a) whether a delegation from the Commission for Industry and Commerce of Italy visited India recently;

(b) if so, the subjects discussed during discussions with them; and

(c) whether the visit has contributed to boost buy-back arrangements with that country?

THE MINISTER OF COMMERCE (SHRI ARJUN SINGH) : (a) Yes, Sir.

(b) The delegation from the Commission for Industry and Commerce of the Italian Chamber of Deputies exchanged views on commercial and economic relations between India and Italy.

(c) The delegation was not a buyers' delegation and could not have been involved in any business transactions.

[*Translation*]

SHRI AKHTAR HASAN : Mr. Speaker, Sir, will the hon. Minister please tell whether any agreement was signed with the delegation after exchange of views? If so, will this House be taken into confidence about that?

SHRI ARJUN SINGH : Hon. Speaker, Sir, as I said earlier, this foreign delegation was a deligation from the Chamber of Deputies which is the counterpart of our Lok Sabha. They had come only for exchange of views and, therefore, there was no question of signing any agreement with them.

[*English*]

Karnataka's Share in Small Savings Collections

*85. **DR. V. VENKATESH :** Will the Minister of FINANCE be pleased to state :

(a) whether Government of Karnataka have urged the Union Government to enhance the State's share of small savings collections from 66 per cent to 75 per cent;

(b) if so, whether the Union Government have taken any decision in this regard; and

(c) when the request of the Karnataka Government is being acceded to?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Yes, Sir. A suggestion to this effect was made by the Government of Karnataka at the meeting of the National Savings Central Advisory Board held on 27-9-1985 at New Delhi.

(b) and (c). It has not been possible to accept the suggestion in view of budgetary constraints and the liberal terms that these loans enjoy.

DR. V. VENKATESH : Next to commercial taxes and excise, the small savings is the major source of mobilising funds for development in the States. In spite of Karnataka being the first State in the South in mobilising the small savings, the State

Government is also suffering from financial constraints. While the resources of the State Government are very limited and that of the Government of India are more, why not the Government of India come forward to provide 25 per cent of the share of the small savings ?

MR. SPEAKER : Is there any place where they are bountiful and there is no constraint ?

DR. V. VENKATESH : The States are suffering more and the Government of India has got wide opportunities.

SHRI JANARDHANA POOJARY : It would be for the benefit of the House if I state the cost factor to find out whether we have got more funds after the small savings collections and whether the Central Government is left with more funds or whether we are giving more funds to the States.

PROF. MADHU DANDAVATE : Say something for the benefit of Karnataka.

SHRI JANARDHANA POOJARY : If you permit me, within one minute I will give the figures. Small savings collection less Union territory collections for 1982-83 was Rs. 1,633 crores. Out of this loans to the State Governments amounting to Rs. 1,119 crores have been given. Interest on savings deposits and savings certificates came to Rs. 690 crores. Payment to P and T Department for SB and SC work i.e. expenditure was Rs. 55 crores. Commission to Agents was Rs. 29 crores. Establishment charges on National Savings Organisations were Rs. 3 crores. So, loans to the State Governments and expenditure comes to Rs. 1,896 crores, while we are getting Rs. 1,633 crores. So, outgo from the Central Government on this item was Rs. 263 crores. Here, we also have received some interest from the State Governments on small savings loans. Keeping that into account also, the percentage of the net receipt from the small savings to the net small savings collections during 1982-83 was 0.92. This is the position of the Central Government. Moreover, if you kindly take into consideration the assistance that is flowing to the State Governments, 85 per cent of the income-tax goes to the States; 100 per cent of Central Sales tax goes to the States

and 45 per cent of the Union Excise Duty also goes to the States. So, we are providing sufficient funds to the State Governments.

Keeping these facts in view, if we have to give more funds from the small savings to the States, the Central kitty will be reduced and backward States will suffer. Since we have to remove regional imbalances and improve the developmental activities of the backward States, it is not possible. We have already examined it, and found that it is not possible.

DR. V. VENKATESH : Under Section 80C of the Income-tax Act, the income-tax exemption is given for Rs. 40,000/-. Why can this not be increased to Rs. 50,000 ? I want to put a direct question to the Minister through you, Mr. Speaker. There are bonus amounts which are earned by the employees on which they pay income-tax. If they invest such bonus amounts in National Savings Certificates, they should get exemption from tax. This will give a big boost to the Governmental efforts to impound amounts like bonus for national activities and it will act as an anti-inflationary measure.

SHRI JANARDHANA POOJARY : I have noted the valuable suggestion given by the hon. Member.

SHRI R.P. DAS : I would like to point out that the argument that is advanced by the Government namely that they have no funds and there are budgetary constraints and there are liberal terms on the loans that are advanced to the States, are not valid. Since the entire amount is devoted to the developmental work of the States may I know from the Minister whether the Centre would consider the abolition of the interest on the States' share ? altogether ? This is my question.

SHRI JANARDHANA POOJARY : It is not possible. We have to give this interest to the small savers. After all we have to look after the interest of the people who give money to the national kitty for the developmental work.

SHRIMATI BASAVA RAJESWARI : Is there any other such proposal from any other State, apart from Karnataka ?

SHRI JANARDHANA POOJARY : In the meeting three States came forward with such a proposal. We have clearly told them in the meeting that it is not possible.

MR. SPEAKER : Next question—
No. 86.

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : Through not a question, it is propriety of the Chair, going so fast on questions, that the Minister's interest should be protected.

MR. SPEAKER : I think I am doing your job properly and will so that you could be just free !

PROF. MADHU DANDAVATE : In between we can raise points of order !

MR. SPEAKER : Q. No. 86.

External Debt Position

*86. **SHRI N. VENAKATA RATNAM :** Will the Minister of FINANCE be pleased to state :

(a) the debt position of India in respect of various countries and international financial institutions;

(b) the steps taken/being taken and under contemplation of Union Government to discharge the debt; and

(c) whether Union Government propose to mobilise the foreign securities of Indians to discharge the debts and pay them in local currency as was done in France and U.K. during World Wars I and II ?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : (a) to (c). A statement is given below.

Statement

External Debt :

(a) As on 1-4-1985 the outstanding debt of Govt. of India in respect of loans taken from foreign Govts. and multilateral institutions was Rs. 24004 crores. In addition India had outstanding repurchase obligations of Rs. 4887 crores on drawings made

under the Compensatory Financing and Extended Fund Facilities of the IMF.

(b) Repayment of debt is made mainly from country's export and invisible earnings. The overall external debt position at the moment is well within manageable limits. The level of country's external indebtedness and the likely burden of debt servicing are reviewed to ensure that they remain within prudent limits.

(c) Under the Foreign Exchange Regulation Act Indian nationals resident in India are not permitted to hold foreign securities except with the permission of the Reserve Bank.

SHRI N. VENKATA RATNAM : According to the statement our external debt position is about thirty thousand crores and the position is described by the Minister as within the manageable and prudent limits. What is our repayment capacity annually ? When do you consider this to be outside the 'manageable and prudent limit' ?

SHRI VISHWANATH PRATAP SINGH : The gross figure has to be compared to the capacity of the country to pay. The capacity of the country to pay is the export earnings and invisible earnings. And it is this ratio that is relevant for us rather than the gross. We can see it during 1977 to 1982. The non oil developing countries' percentage in 1977 was 14.8 per cent. Our percentage was 9 per cent during 1980-81. 24.5 per cent was the non oil developing countries' average in 1982. Ours in 1984-85 is about 13 per cent and 1985-86 it is about 16 per cent. In the 7th Plan it is envisaged that it will be about 19 per cent in 1988-89 and 18.8 per cent in the last year of the 7th Plan. We have managed our debt problems in a very prudent way. Even in future projection, it is within manageable limits.

SHRI N. VENKATA RATNAM : In answer to (c), you have said that under the Foreign Exchange Regulations Act, Indian nationals in India are not allowed to keep foreign securities with their funds. That is not my question.

My question is during the First and the