

imposed in exporting garments, handloom garments from this country? Do the terms and conditions that are there in the agreement bring about any colossal loss to the handloom garments industry in the country?

**SHRI RAM NIWAS MIRDHA :** The world trade in textiles, including garments, is governed by the GATT agreements and under those agreements we negotiate with each country or group of countries as to how much they will let us export to their country. The obvious reference is that they do not want unrestricted entry into their home markets of articles produced by us. Our effort on the other hand has been that in every revision of these agreements with the respective countries or group of countries like the EEC, we ask for higher and higher quotas of various varieties. Our approach in these negotiations has been that we should give more attention to handlooms, whether of garments or made-ups. And in this respect not only this agreement with Norway but lot of other agreements that we have negotiated during the last one year have been to the advantage of the handloom sector which was our aim when we started the negotiations.

**SHRI H.A. DORA :** Sir, he has not answered my question at all, as to why that ceiling is imposed and the reasons for imposing the ceiling.

**SHRI RAM NIWAS MIRDHA :** The ceiling has been imposed by the importing country. They agreed to have the handloom agreement, but they said, to start with they will have a ceiling. They do not want their home market to be swamped by our goods, even of handlooms. So, whatever little progress we have made is substantial and in the next round of negotiations we will ask that ceiling to be increased.

**SHRI GOPAL KRISHNA THOTA :** I would like to know from the hon. Minister, what are the seven garments, textile garments that have been placed under quota restrictions.

**SHRI RAM NIWAS MIRDHA :** These items are, jackets and blazers, trousers, T-shirts, etc., pull-overs and sweaters, etc., bed linen and ladies' blouses.

**AN HON. MEMBER :** We are importing Bofors guns from Sweden.

(Interruptions)

#### Total Authorisation and Utilisation of External Assistance

\*615. **SHRI SYED SHAHABUDDIN :** Will the Minister of FINANCE be pleased to state :

(a) the cumulative total authorisation and utilisation of external assistance in terms of loans and grants upto 31 March, 1977, 31 March 1980, 31 March, 1985 and 31 March, 1988 ;

(b) the total outstanding amount payable on the above mentioned dates ;

(c) the amount paid as principal and interest on external assistance during the last three financial years, year-wise ; and

(d) the estimated amount payable during the current financial year ?

**THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) :** (a) to (d). A statement is given below.

#### Statement

(a) Information is given in the Annexure below.

(b) The total loans outstanding on Government Account, computed on the exchange rates prevalent on the relevant dates, is indicated below :

As on	(Rs. in Crores)
31-3-77	11089
31-3-80	12178
31-3-85	24004
31-3-88	Data not yet finalized

(c) and (d). The amount of principal and interest payable on these loans, year-wise is given below :

Year	Repayment of Principal	Payment of Interest (Rs. Crores)
1985-86	698	544
1986-87	1029	772
1987-88 (RE)	1275	1037
1988-89 (BE)	1383	1258

## Annexure

## Amount of Cumulative Authorisation and Utilisation of External Assistance (Loan and Grants)

(Rs. in Crores)

Upto	Cumulative Authorisation			Cumulative Utilisation		
	Loan	Grant	Total	Loan	Grant	Total
1	2	3	4	5	6	7
31-3-77	14146	1770	15916	12543	1336	13879
31-3-80	18872	3113	21985	15310	2174	17484
31-3-85	33716	4677	38393	24024	3954	27978
31-3-88	Data not yet finalized.					

Note : 1. Amount of authorisation and utilisation in donor currencies have been converted into rupees at the Pre-devaluation exchange rate upto the end of 3rd Five Year Plan, post-devaluation rates upto 1970-71, at Pre-May 1971 rates for 1971-72 and at Central rates for 1972-73. Figures of authorisation for 1973-74 onwards have been worked out at by applying annual average rates. Utilisation figures for 1973-74 have been arrived at by applying the quarterly average exchange rate. For 1974-75, the average exchange rate for the respective month has been adopted and for subsequent period, the exchange rates applicable to the dates of transactions have been adopted.

2. Figures for utilisation are inclusive of suppliers' credit and non-Government Loans upto 1977-78. Subsequent data are in respect of Government Account only.

**SHRI SYED SHAHABUDDIN :** I am handicapped because the latest figures with regard to the cumulative authorisations or cumulative utilisation on 31st March, 1988, or even of the total outstanding loans on that date have not been supplied. I appreciate that seven or eight days is too short a time to finalise the figures. But I imagine, in financial statistics there is something called "quick estimates". With your permission, I would like to make a quick estimate. I find that as for total loan outstanding between 1980 and 1985 it has doubled. So, I imagine, in the years between 1985 and 1988 it should have gone up by roughly about 60 per cent. That is to say, our liability on outstanding loans as of 31 March, 1988 should be of the order of about Rs. 40,000 crores ; and similarly our cumulative utilisation on 31st March 1988, if we have roughly had the same level of utilisation as between 1980 and 1985 should be of the order of another say Rs. 6,000 crores or Rs. 7,000 crores which should take us to about Rs. 35,000 crores.

Now, with these two figures, it is easy to understand why there is a rising concern and disquiet in the country about our mounting debt liability. In fact, various economists have said that we are fast approaching the precipice and are going to fall into the debt trap. That has caused much concern in the country. Therefore, my first question to the hon. Minister would be, what steps is he taking in order to ensure that we do not fall into a debt trap ?

**SHRI EDUARDO FALEIRO :** Sir, we have been taking steps not to fall into debt trap. We have always taken steps not to fall into debt trap. I say this in the context of the fact that we have a very high credit rating in the world. We have never defaulted in payment of our dues and whatever money we get for development purposes has yielded extremely good results. If the hon. Member wants to get an idea of how well we have managed our economy and how cautious we have been in borrowing, I am prepared to give him some figures which will indicate the position.

**SHRI SYED SHAHABUDDIN :** Confirm the estimates that I have given.

**SHRI EDUARDO FALEIRO :** You wanted to confirm something. Sir, he gave some quick estimates, which neither he nor

I can confirm for obvious fact that they are quick estimates.

I will just mention for the information of the hon. Member and the House. According to World Bank, the debt outstanding as a percentage of GNP in several countries, which the hon. Member has in mind when he spoke about debt trap. I had spoken on the last occasion when we discussed this issue in this House. Regarding the debt trap, it is of the order of 90 per cent and above as a percentage of GNP and ours is just 14.8 per cent.

So, there is no question at all of putting in the category of other countries which had fallen into debt trap. For the further elucidation of the hon. Member, I would like to say that the total debt servicing (public and publically guaranteed debt) as a percentage of export of goods and services is as follows :

India	18.1 per cent
Argentina	50.4 per cent
Brazil	33.2 per cent
Chile	30.8 per cent
Mexico	36.8 per cent
Indonesia	29.3 per cent
Pakistan	26.8 per cent
Algeria	51.5 per cent
Turkey	31.3 per cent

I can go on giving figures to show how well we have managed our economy. I would like to add that most of the money...  
(Interruptions)

**SHRI S. JAIPAL REDDY :** Compare with the better placed countries.

**SHRI EDUARDO FALEIRO :** You compare with the better. Then, I will tell you how the position is.

Now, Sir, we have managed our money and our assistance very well. Our external assistance is tied up with projects. As a result of that, we have been able to increase our exports tremendously. I will just give the figures in a minute.

Sir, exports increased as a result of improvement in our infrastructure by 15.3 per cent in rupee terms, which is 10.4 per cent in US dollar terms in 1986-87. In the first nine months of 1987-88, it showed an increase of 24.7 per cent in rupee terms, that is, 22.4 per cent in dollar terms, compared to the corresponding period in 1986-87. This is the progress that we are making. As a result of the money that we have borrowed, we have utilised this for our projects, as I said, and we have increased our ratio of import substitution; we have strengthened several core sectors of our economy, like, fertiliser sector and power sector. I can give further information to show how we have managed well even compared to the period, if the hon. Member would like to know, during which his Government was in power.

**SHRI SYED SHAHABUDDIN :** Mr. Deputy-Speaker, I did not bargain for a full lecture on the economic management of our country. My question is related only to external assistance account. It does not cover the entire balance of payments account. What I am worried about is, do we borrow by one hand and give away by the other? Are the two amounts roughly balancing each other? Have we reached that point, where the net external assistance available to us is becoming meaninglessly small, because I find here that roughly speaking, from the figures that have been supplied, between 1980 and 1985, it went up from Rupees seventeen thousand and odd crores to Rupees twenty seven thousand and odd crores, that is roughly by another Rupees two thousand crores every year. This is the additional liability that is incurred. Now the payment that we have been making, as given here, on account of principal and interest, is of the order of Rs. 2500 crores. I would like to know the actual position as of now as to the level of our borrowing every year and the level of our repayment every year.

**SHRI EDUARDO FALEIRO :** The figures have been given. Now, the question of the hon. Member is whether our percentage or level of our external assistance is going up substantially or is decreasing. I would like to give this information to the House...*(Interruptions)*.

**SHRI SYED SHAHABUDDIN :** In relation to the repayment liability.

**SHRI EDUARDO FALEIRO :** As I have said, the repayment liabilities we have never defaulted. Our credibility is very high...*(Interruptions)*. You cannot deviate from facts...*(Interruptions)*.

**DR. A.K. PATEL :** You are avoiding the question.

**SHRI EDUARDO FALEIRO :** I am not avoiding anything. I am prepared to give you all the information and I will give you some further information because these facts must be known, how our dependence on external assistance is getting less and less...*(Interruptions)* I am giving this to show that our dependence on foreign assistance is getting less and less...*(Interruptions)*.

**SHRI BASUDEB ACHARIA :** What you borrow and what you pay every year?

**SHRI EDUARDO FALEIRO :** We do not borrow to pay. We pay whatever we owe out of our own exports and remittances. It is to the level of about 20 per cent...*(Interruptions)*

**SHRI BASUDEB ACHARIA :** How much you borrow and how much you pay every year?

**SHRI EDUARDO FALEIRO :** If the hon. Member has taken the elementary care to go through the statement attached to the question, he would have got the figures. If you look at the statement it says that the total loans outstanding on Government Account, computed on the exchange rates prevalent on the relevant dates, is indicated below. Then from 1977 to 80, 85 and 88 the information is given that the hon. Member wanted...*(Interruptions)*.

**SHRI SYED SHAHABUDDIN :** I am talking of annual loan and annual repayment.

**PROF. MADHU DANDAVATE :** Why do you not listen to the sharp question that he has asked?

**SHRI EDUARDO FALEIRO :** As far as 1986-87 is concerned, Rs. 4584 crores is the total amount as debt servicing and the repayment of principal and interest which amounts to 21.77 per cent as percentage of exports and gross invisible remittances. But I would like to make it clear that we

are depending less and less on foreign assistance for our plans. Figures are as follows :  
...(Interruptions)

**SHRI SYED SHAHABUDDIN :** Nobody has asked that.

**SHRI EDUARDO FALEIRO :** He has asked.

**MR. DEPUTY-SPEAKER :** If he is not interested, you leave it.

**SHRI RAM SINGH YADAV :** The hon. Minister has just stated in reply to the question that the ratio of exports or percentage of exports has increased during the current year. If the ratio of exports has increased during the current year, then what has been the ratio of imports and what is the effect of it on the foreign exchange reserves ?

**SHRI EDUARDO FALEIRO :** Sir, the ratio of imports, we have said in this House, is much less than the ratio of exports. If the export is—I am quoting it from my memory—roughly at the rate of about 25, the import is at the rate of 13. So, this is a substantial improvement and, therefore, it contributes to improving our balance of payments position.

**SHRI D.N. REDDY :** Mr. Deputy-Speaker, Sir, the hon. Minister has given himself a very good certificate that the economy is doing very well. Unfortunately, the figures speak otherwise. May I know from the hon. Minister whether the interest on our borrowings, both external and internal, will next year go to about Rs. 14,000 crores, which is much more than the expenditure on our defence ? If this goes on like this, the country will almost become bankrupt and a day will come when all our earnings will go towards paying the interest only. Is it the way they are leading our country to the twenty-first century ? It does not show the efficiency of the Government, it is the greatest tragedy in the last twenty years. They always give a good certificate to themselves, but the actual figures are otherwise. The actual figures show that they are paying towards interest only more than what they are spending on defence in various years.

**SHRI EDUARDO FALEIRO :** Sir, I have already replied how much we are

spending on interest, how much we are paying on interest. The question has a specific scope. This relates to external assistance. If the hon. Member gives me a separate notice, I will reply to what the Member has asked...(Interruptions).

**MR. DEPUTY-SPEAKER :** He is telling that afterwards he will provide the information...

(Interruptions)

**MR. DEPUTY-SPEAKER :** You give a separate notice and they will answer your question.

**SHRI BRAJAMOHAN MOHANTY :** Sir, as regards the loans, the payments are made at the prevailing exchange rate, but when the loans were borrowed, the exchange rate was quite different. I would like to know whether any exercise has been made to see whether there has been any loss or gain to India during the last ten years on account of changes in the exchange rate.

**SHRI EDUARDO FALEIRO :** Sir, the exchange rates are adjusted from time to time. We are tied to a basket of currencies. Some of these currencies go up or they godown. It varies from time to time. No definite statement at any point of time can be made for all that.

**SHRI C. MADHAV REDDI :** Sir, I notice from the statement that there is a gap between the cumulative authorisation of external assistance and cumulative utilisation. As far as the loan is concerned, it is O.K. If utilisation is less, we will be happy. But as far as the grants are concerned, while there is an authorisation, we utilise less. In the case of 1985, we have not utilised to the extent of Rs. 723 crores. Is it not a loss to us ? Would the hon. Minister kindly explain what is the reason for the low utilisation as against the authorisation ?

**SHRI EDUARDO FALEIRO :** Sir, the reason is that loans that we take are not for consumption purposes...(Interruptions).

**SHRI C. MADHAV REDDI :** Loans and grants.

**SHRI EDUARDO FALEIRO :** Loans and grants also. But I am particularly on loan money that we have to pay. We get it

for building up of projects. Sometimes the projects take time to mature. There is a long procedure to be followed and, therefore, delays do take place. There is, however, no loss to the country because these moneys then go on for the next period.

**PROF. MADHU DANDAVATE :** Sir, while replying to the earlier supplementary from the hon. Member, the Minister has said that our position of exports has improved and there is a considerable increase in the export. I would like to know from him whether it is not a fact that because our currency has been linked up to a number of European currencies and because there has been a devaluation, therefore, apparently it appears as if our percentage increase in the export in terms of the rupee value is more. Also, is it not a fact that the U.S. dollar has declined but there is no commensurate change in the exchange rate, so, as a result of this also it appears as if our exports to U.S. have also increased? If you take these factors into account and in absolute terms try to calculate the export, is it not a fact that the progress is not as you are trying to interpret?

**THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI) :** Sir, I have had the opportunity of responding to this particular point earlier also. In all humility, may I point out—of course, it is a fact, a factor, to reckon with—that whenever such devaluations or adjustments take place in the international currency market, it is reflected on the increased amount of our export in rupee terms. But I may assure the hon. Member that in net volume, also our exports have gone up. It is not just because of rupee adjustment that our export has gone up.

**Credit to Mauritius to Import Commercial Vehicles, etc.**

\*617. **SHRI H.N. NANJE GOWDA :** Will the Minister of FINANCE be pleased to state :

(a) whether Government have allowed Mauritius to import commercial vehicles, machinery and equipment from India on credit ;

(b) if so, the details thereof ; and

(c) whether any formal agreement has

been signed in this regard ?

**THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) :** (a) to (c). A statement is given below.

**Statement**

Government of India have extended credits to Mauritius to finance export of Indian goods and services, mainly capital goods, to that country, Export-Import Bank of India (EXIM Bank) has also extended lines of credit to Mauritius to facilitate export of Indian machinery and equipment including commercial vehicles. Recently, EXIM Bank signed an Agreement with the Government of Mauritius on 8-3-1988, providing for a line of credit for Rs. 5 crores for purchase of eligible capital goods, equipments, etc., from India by Mauritius. A list of eligible items under the line of credit is indicated below. The list, inter alia, includes machinery items, motor-vehicles and chassis, including three-wheelers.

*Eligible Items under the Credit Line*

1. Ships/barges, petrol boats.
2. Chemical and pharmaceutical plant and machinery.
3. Earth moving equipment like crawler tractors, shovels, excavators, loaders, dumpers, etc.
4. Electric motors, pumps and diesel/petrol engines.
5. Machine tools.
6. Material handling equipment like fork lifts, electric lifts, cranes, hoists, etc. add conveyor systems.
7. Motor vehicles and chassis, including three wheelers.
8. Rubber machinery.
9. Road and construction equipment including road rollers, tower boilers, continuous batch plants, stone crushers, asphalt mixers, concrete mixers and vibrators.
10. Agricultural implements and tractors.
11. Sugar machinery.