

Speaker, Sir, the rehabilitation problem is the concern of the State Government. It does not relate to the Central Government.

[English]

SHRI ANIL BASU: Sir, the erosion in the down Farakka Barrage is a very serious problem and you know the Farakka Barrage is on the international border between Bangladesh and India. The Ganga river flows between the border and there is a continuous erosion in the Ganga river down the Farakka Barrage. That is why the Farakka Barrage Authority submitted a scheme to check erosion of the Ganga River down Farakka Barrage. Sir, I want to get a precise answer from the Minister as to whether they are going to execute the scheme submitted by the Farakka Barrage Authorities to check the erosion in the Ganga river down Farakka Barrage.

[Translation]

SHRIMATI KRISHNA SAHI: Mr. Deputy Speaker, Sir, there is no such border problem near Farakka. It is a fixed border and, as such, there is no problem before us.

[English]

SHRI ANIL BASU: Sir, the Minister has not replied to my question. What is the use of having Question Hour in the House if she does not reply to my question.

SHRIMATI KRISHNA SAHI: I have replied to his question, Sir. (Interruptions).

RBI report on Currency and Finance

*347. SHRI C. JANGA REDDY:
DR. A.K. PATEL:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India in its report on currency and finance has expressed serious concern over drop in foreign exchange earnings during the current year while the repayment obligations to International Monetary Fund would be higher than in the previous year and also that there would be a spurt in outgo, on account of service obligations of external assistance;

(b) the steps Government have taken to curb wasteful expenditure specially in foreign exchange and with what results; and

(c) the guidelines issued in this regard to various Ministries and State Governments?

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

(a) In line with the Government's policy in respect of the balance of payment, Reserve Bank of India has also advised continued vigilance of the Balance of Payments in view of the deteriorating international environment and its adverse impact on efforts to promote exports and the increasing debt service ratio on account of repayment obligations to IMF and those of external assistance and commercial borrowings.

(b) and (c). Incurring of foreign exchange expenditure is permitted in accordance with the provisions in the Import-Export Policy, the Foreign Exchange Regulations Act, 1973 and the Exchange Control Manual which lay down the guidelines for access to imports and foreign exchange expenditure by all agencies, including Ministries and State Governments. The Balance of Payment position is also continuously monitored by Government and necessary corrective action taken as and when necessary.

[Translation]

SHRI C. JANGA REDDY: Mr. Deputy Speaker, Sir, I have gone through this statement. But I have not been able to understand what steps the Government has taken to reduce the expenditure? I would like to know from the hon. Minister how much interest has the Government to pay for IMF loan this year? Besides, what impact will the ever depleting foreign exchange as compared to expenditure will have on the economy of the country? Further, what steps are you taking to check it?

[English]

SHRI EDUARDO FALEIRO: Sir, we are very cautious in utilising our foreign ex-

change resources. What we are doing is that we are following our traditional policy of taking precaution in imports, with the result, with all the cautious approach, we have to maintain our valuable foreign exchange reserve to utilise them only in the productive sectors. That is how India has a very high credit rating in the world. Now, the hon. Member wants to know what further steps we are taking to reduce the imports. I have mentioned most of them in parts (b) and (c) of my answer. I will be more specific now and I will mention the following that they are also encouraging import substitution and therefore building domestic production in major areas like fertiliser, cement etc. As a result of this, there is an increased production in fertiliser from 5.7 million tonnes in 1985-86 to 7 million tonnes in 1986-87, which is a major achievement for which I am sure, the hon. Member is going to congratulate the Government, you will congratulate the Government, the Opposition will congratulate the Government, because it is a major achievement. The imports in this sector have come down. Secondly, we have taken various fiscal and monetary measures to discourage imports of non-priority items. Our imports are linked with productivity, to strengthen our economic base and discourage imports in non-productive items. We have taken various fiscal and monetary measures. We have imposed 5% auxiliary duty. Thirdly, we have curbed consumption in petroleum product: Apart from energy conservation measures, Government have also hiked, the House knows, the price of petroleum product recently and it is like to have a salutary effect on the consumption.

[*Translation*]

SHRI C. JANGA REDDY: Mr. Deputy Speaker, Sir, my supplementary question was very specific. I wanted to know how much interest will the Government have to pay for IMF loan during this year and the next year and what effect will it have on our economy? I had asked this question from the hon. Minister through you to which he has not replied.

[*English*]

How much interest have you paid this year?

SHRI EDUARDO FALEIRO: I think the hon. Member wants to know on a specific point which does not directly arise from the question he asked. The information is not immediately available with me.

PROF. MADHU DANDAVATE: It is there in the Budget paper.

SHRI EDUARDO FALEIRO: If it is there in the budget papers, you will get it. I am sure that the hon. Member has the Budget papers, and the Budget papers are the documents of the House, he is supposed to know. In any case I will give this information to the hon. Member.

[*Translation*]

SHRI C. JANGA REDDY: Will the Prime Minister stop his foreign tours in view of their being unproductive and will the wasteful expenditure being incurred on Commonwealth Conference be reduced? (*Interruptions*)

[*English*]

MR. DEPUTY-SPEAKER: No, no. That cannot be.

PROF. MADHU DANDAVATE: Sir, I would like to know from the hon. Minister whether according to the Budget that has been presented here, it is not a fact that in 1988-89 our total interest payment liability will be of the order of Rs. 6,913 crores, which would be 68 per cent of the total external borrowings and the domestic borrowings, and if 68 per cent of the entire borrowings, the domestic as well as external, are going to be spent in repayment, don't you feel that when the borrowings are mainly brought in order to build up our capital assets, our asset building activity will suffer, to that extent the developmental activity will suffer and to that extent it will contribute to the inflationary pressure of the economy?

SHRI EDUARDO FALEIRO: The hon. Member is under a misapprehension. The interest that we paid is paid on the foreign borrowings. I will clarify, Sir, that the interest we are paying on the debt servicing

capital, actually that we are paying on the debt servicing, is the percentage of our receipts and to the extent of about 20 per cent is going to be receipts, which is our own money resulting from our exports, that is our money, not external assistance, exports from invisibles, from tourism, from NRI remittances, about 20 per cent. As I have said, this money we have borrowed, is the IMF funds that we borrowed from 1981 to 1984, and we are paying it now, this has been used for productive purposes, to strengthen the infrastructure of our economy, and the hon. Member will be happy to know, and he will applaud the fact that as a result of this we have attained an industrial rate of growth of about 8.5 per cent continuously over the last 4 years, that is, this rate of growth is unprecedented in the history of the country, it is unprecedented in the history of post-Independent India and, Sir, it quite rare, quite extraordinary and quite high even in the global terms considering all countries in the world.

PROF. MADHU DANDAVATE: The overall growth is between 1 per cent and 2 per cent.

SHRI HAROOBHAI MEHTA: Sir, the Government spent about 11 lakh Pounds on hosting Reliance Cup and they also are going to spend something on sending the Tennis player to Israel despite the occurrences in Israel well-known to the world. Can the Government not think in terms of saving foreign exchange at least by cutting some programmes of sports which are not always necessary?

SHRI EDUARDO FALEIRO: Surely, Sir. About sports, the hon. Member will agree....

SHRI HAROOBHAI MEHTA: Foreign exchange is the expenditure on sports, which is not a basic need of the people.

SHRI EDUARDO FALEIRO: It is not directly linked to this Ministry as far as the commitment on sports is concerned...

SHRI HAROOBHAI MEHTA: Foreign exchange part is linked with the Ministry.

Nobody will be able to go to Israel without the Government sanctioning the foreign exchange.

SHRI EDUARDO FALEIRO: No. I am not talking about Israel, I am talking about sports.

SHRI HAROOBHAI MEHTA: Israel is one instance, Reliance is another.

SHRI EDUARDO FALEIRO: I will say about the sports. The whole country wants the sports to be encouraged. But I have no comments to make as far as Israel is concerned; it does not pertain to this Ministry, nor do the other matters.

SHRI HAROOBHAI MEHTA: I would have been grateful if he had dealt with the foreign exchange part at least.

SHRI EDUARDO FALEIRO: It is only foreign exchange. (*Interruptions*).

PROF. MADHU DANDAVATE: He wants emphasis, on self-reliance rather than on Reliance, according to him.

SHRI THAMPAN THOMAS: Sir, I comment on the manner in which he has answered this very important question. The question that has been raised is: What are the guidelines given by the Government to restrict the wasteful expenditure which is committed on foreign tours and whether it is applicable to the Ministers and the Government officials etc? I would like to know, and from the *Economic Survey* I found that 1.7 per cent is the lesser income this year, that is the income from outside.

MR. DEPUTY SPEAKER: You put the question. What do you want?

SHRI THAMPAN THOMAS: Sir, I am putting the question. I could not get the answer, even my friend who asked the question has not got the answer.

MR. DEPUTY-SPEAKER: First what you want, you ask.

SHRI THAMPAN THOMAS: The specific question is this. About the wasteful expen-

diture committed by the Government on foreign travels by the Ministers or by Government officials, what is the guideline and in what manner it differs from the previous year and in the last year how much more was spent and what is the reason for that and what is the reason for reduction of income from abroad. One of the factors is that labourers are going there and coming back and deposits are not there. Is that the reason? These are the things which I want to know.

SHRI EDUARDO FALEIRO: As I have said, as far as reduction of income is concerned, our exports have grown substantially by about 25% on this year, as compared to the previous years, as far as the figures available.

PROF. MADHU DANAVATE: That is because of devaluation of currency.

SHRI EDUARDO FALEIRO: This is in terms of rupees. Apart from the devaluation of currency, there has been substantial increase in value of our exports and reduction in the value of our imports.

As far as what the hon. Member wants to know regarding what the Ministry are doing, about the steps taken, some of the instructions issued recently are, travel budget of the various Ministries/Departments have been reduced. It has been decided to reduce expenditure on receptions, exhibitions and so on; minimise expenditure on publication and publicity and so on. These matters are being taken up.

As I have said, it is our policy to maintain a healthy level of reserves to reduce balance of trade deficit. We have been able to achieve substantially in the course of the last year. We will continue to do so; indications are that this deficit will be further reduced.

Central clearance to Vamsadhara Project Stage II

*348. SHRI V. SOBHANADREESWARA RAO: Will the Minister of WATER RESOURCES be pleased to state:

(a) what are the reasons for not according Central clearance so far to the Vamsadhara Project Stage-II; and

(b) the likely date by which the clearance will be accorded for Vamsadhara Stage II on the basis of the understanding in the meeting held on 15 January, 1987 between the Union Minister for Water Resources and Chief Ministers of Andhra Pradesh and Orissa?

THE MINISTER OF STATE IN THE MINISTRY OF WATER RESOURCES (SHRIMATI KRISHNA SAHI): (a) and (b). The Government of Andhra Pradesh has not obtained the concurrence of Government of Orissa to the project proposal. Clearance is also required from environmental angle and under Forest (Conservation) Act, 1980.

SHRI V. SOBHANADREESWARA RAO: Mr. Deputy-Speaker, I express my deep resentment over the callous manner in which the Government is giving replies to the questions from the hon. Members. You go through the question and the reply and you yourself will feel how inadequate the answer is. In spite of my question being quite clear, specific, the manner in which they have given the answer....

MR. DEPUTY-SPEAKER: What do you want to ask?

SHRI V. SOBHANADREESWARA RAO: What is the purpose of giving the question. It is better, you remove the Question Hour! (*Interruptions*)

MR. DEPUTY-SPEAKER: What is your question?

SHRI V. SOBHANADREESWARA RAO: What is the purpose of giving questions?

MR. DEPUTY-SPEAKER: Whatever you want, you ask the hon. Minister.

SHRI V. SOBHANADREESWARA RAO: If they give answer like that, is it going to serve any purpose?

MR. DEPUTY-SPEAKER: What do you want, you ask her.