

[English]

Small Scale Industrial Units

*158. SHRI K. PRADHANI : Will the Minister of INDUSTRY be pleased to state :

(a) whether small scale industrial units contribute as much as 30 percent of the country's exports;

(b) whether large scale industrial units are allowed to borrow upto 19 percent of their turnover, whereas SSI units get 8 percent;

(c) whether the Government propose to remove this discrepancy to liberalise the flow of credit to SSI units; and

(d) if so, by when and if not, the reasons therefor?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir. The direct exports from the small scale industries during the year 1994-95 aggregated Rs. 29068 crores accounting for 35.51% of the country's total exports of Rs. 82674 crores.

(b) The Nayak Committee set up by the Reserve Bank of India in December, 1991 to examine the adequacy of institutional credit to the SSI sector and related aspects, while reviewing the profile of working capital adequacy for SSIs had inferred on the basis of available data as at March, 1990 that the ratio of bank financing of working capital to total production in respect of medium and large industries was about 19.4% and the similar ratio for SSI sector as a whole was 8.1%.

(c) To liberalise the flow of credit to SSI units, Reserve Bank of India have instructed banks that henceforth village industries, tiny industries and other SSI units having aggregate fund-based working capital limits upto Rs. 1 crore from the banking system are to be provided working capital limits computed on the basis of a minimum of 20% of their projected annual turnover. Banks have also been advised to adopt the extant Government of India definition of small scale industries for the purpose of reckoning bank advances to SSI units under priority sector.

To further increase the flow of bank credit to small scale sector, a 7-Point Action Plan was announced in 1995-96 budget which emphasized on time bound action for setting up specialised bank branches, adequate delegation of powers at branch and regional levels, examining the adequacy of credit to their performing SSI units through sample surveys, taking steps to sanction as far as possible composite loans (covering both term loan and working capital) to SSI entrepreneurs, regular meetings of bank officials with SSI entrepreneurs, sensitizing bank managers etc.

(d) Does not arise.

IMF/WB Loan

*159. SHRI SOUMYA RANJAN : Will the Minister of FINANCE be pleased to state :

(a) the various loans received by the Union Government from the International Monetary Fund (IMF) and the World Bank during the last three years with terms and conditions thereof; and

(b) the principal amount and interest repaid so far?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) The total inflow of loan/credit assistance received for on-going projects from the World Bank and IMF by the Union Government during the last three years is given below :

	1993-94	1994-95	1995-96
IBRD (in US \$ million)	907	556	454
IDA (in US \$ million)	668	1004	741
IMF (in SDR million)	231	Nil	Nil

The total amount of loan/credit assistance tied up on new projects with World Bank and IMF by the Union Government during the last three years is given below:-

	1993-94	1994-95	1995-96
IBRD (in US \$ million)	-	350	413
IDA (in US \$ million)	711	977	926
IMF (in SDR million)	Nil	Nil	Nil

IBRD (International Bank for Reconstruction and Development) is the normal lending arm of the World Bank. The terms and conditions of IBRD lending include a repayment period of 20 years inclusive of a grace period of 5 years. The interest rate is variable and revised semi-annually and at present it is around 7.1% per annum. The commitment charge on the undisbursed balance is 0.75% per annum. For the last six years, World Bank has been giving a rebate of 0.5% due to timely repayments and therefore Government has paid only 0.25% per annum as commitment charge.

IDA (International Development Association) is the concessional lending window of the World Bank. The terms and conditions of IDA assistance, known as Credit, include a repayment period of 35 years, inclusive of a grace period of 10 years. IDA credits carry no interest charge but a service charge of 0.75% which is levied on the disbursed portion of the credit. Commitment charges on undisbursed balances are fixed every year upto a maximum of 0.5% but for the last eight years no commitment charge has been levied by the World Bank due to timely repayments.

The loan drawn from IMF is payable in 3½ to 5 years. Interest, known as charges is payable on

outstanding loan and the current rate of charge is 4.27% per annum.

(b) The details of principal amount and interest repaid to the World Bank and IMF are given below:

	1993-94		1994-95		1995-96	
	Repay.	Int.	Repay.	Int.	Repay.	Int.
IBRD (in US \$ m.)	709	620	757	646	815	631
IDA (in US \$ m.)	175	115	194	122	228	131
IMF (in SDR m.)	96	182	805	153	1138	107

Jute Packaging Materials

*160. SHRI RUPCHAND PAL : Will the Minister of TEXTILES be pleased to state :

(a) whether the Government are aware of recent Supreme Court's judgement in favour of compulsory jute packaging by concerned industries including Fertilizer and Cement industries; and

(b) if so, the steps the Government propose to take to ensure that all concerned industries to comply with the above judgement?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) and (b). In a recent judgement dated 25.4.96, the Supreme Court has upheld the constitutional validity of the jute packaging materials (Compulsory Use in Packing Commodities) Act, 1987. Subsequent to the decision of the Supreme Court, the Standing Advisory Committee set up under the said Act has met to give appropriate recommendations. Concerned industry interests have also been given full hearing. Meanwhile, in respect of packaging of urea, for which the earlier Reservation Order was valid up to 30.6.96, the provisions of the order have been extended up to 30.9.96. For other commodities covered in the Order, there is no change in the percentage of reservation, as at present.

Intellectual Property Rights Agreement with W.T.O.

1080. SHRI SANAT KUMAR MANDAL : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government of USA has decided to keep India on a priority watchlist under special trade provisions especially when both the countries were signatories to the trade related aspects of intellectual property rights (TRIPS) agreement of the World Trade Organisation;

(b) whether the U.S. is hauling India before a World Trade Organisation arbitration panel in Geneva over New Delhi's failure to provide patent protection for pharmaceutical and agricultural chemical products; and

(c) if so, the reaction of the Government thereto?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) Yes, Sir.

(b) and (c). On 2 July 1996, the US has sought consultations with India in the matter of Intellectual Property Rights under the Dispute Settlement Understanding of the World Trade Organization. India will be holding consultations with US for the resolution of this dispute.

Funds for Handicrafts

1081. SHRI RAMCHANDRA VEERAPPA : Will the Minister of TEXTILES be pleased to state :

(a) whether Karnataka Handicraft Development Corporation has submitted any proposal for financial assistance for the works, like woodcraft, bronze craft, hand painting, carpet weaving, clay sculpture and bamboo craft; and

(b) if so, the action taken by the Union Government thereon?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) and (b). The information is being collected and will be laid on the Table of the House.

Capital Mobilisation for PSEs

1082. SHRI SANDIPAN THORAT : Will the Minister of INDUSTRY be pleased to state :

(a) whether the Government are working on a new resource mobilisation strategy from the capital market for the Central Public Sector Enterprises (PSEs) to mop up the larger funds required to finance its modernisation and expansion programme;

(b) if so, the details thereof; and

(c) the details of requirement of funds for modernisation/expansion/diversification public sector undertaking wise for the next three years?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b). The Central PSUs like any other commercial organisations are permitted to mop up funds required to finance their modernisation & expansion