

We have not accepted any new conditionality. Because of that, I would say that the pressure is coming from the World Bank from different quarters. I would not mention all the names for this reason. That is independent of the conditionality of the IMF that we are having.

SHRI NIREN GHOSH: Sir, we have taken loans from the World Bank and others. When we take a certain amount as loan from them every year, fifty per cent of it goes to the debt servicing. Only the other fifty per cent of it we can utilize. That is the calculation. In view of the fact that the World Bank has adopted a stiff attitude to the IMF conditionality, we have been thrown open to the import market. Many indigenous industries are coming to a standstill or are suffering a great loss. I want to know whether all these things will be kept in view when you make future borrowings.

SHRI PRANAB MUKHERJEE: About future borrowings, we are very careful about it. Firstly, in regard to debt servicing what the hon. Member mentioned, namely, that 50 per cent is the rate of our debt servicing, is not correct. Till to-day, our debt servicing is at 11 per cent of our export earnings. To my mind, to a country of this size, that is not of a high order. Secondly, we should not confuse, though they belong to the same group—the I.M.F. functioning and the World Bank Group—the World Bank, IBD and IDA these have a different set of parameters and different set of functioning. Therefore one conditionality does not lead to the conditionality of the other. For instance, when we get IDA loan, the hon. Member is fully aware that in West Bengal we have some of the IDA's aid State projects. There it is mainly for the priority sector particularly. So far as we are concerned, we are utilising it for agriculture, for irrigation and for rural electrification

because the rate of interest is very low. There is practically no rate of interest. It is only .75 per cent service charge and the period of maturity, is 50 years so far as the IDA is concerned.

So far as IBRD loan is concerned, their rate of interest is 11.6 per cent and that is tied up with a specific project. We always try to tie it up with a specific project and we try to see that on completion of that project, we are in a position to pay back. At least on that issue, the hon. Member should complement us that is all the Governments till to-day are rather very conservative in so far as our borrowings are concerned.

Minimising of Borrowings from Private Capital Markets

*38. KUMARI PUSHPA DEVI
SINGH:

SHRI GHUFRAN AZAM:

Will the Minister of FINANCE be pleased to state;

(a) whether, according to International Development Association (IDA), if India goes in for too much of borrowing from private capital markets, its creditworthiness could suffer; and

(b) if so, what steps have been taken by Government to minimise borrowings from the private capital markets?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) and (b). A statement is laid on the Table of the House.

(a) In a recent study by the World Bank entitled "IDA In Retrospect" it has been said that while India's economic performance in recent years has been impressive, making it credit-worthy for private capital borrowings, too great a reliance on private capital markets could undermine the credit-worthiness that it now enjoys.

(b) Government are taking a number of steps ensure that the need for external financing is progressively reduced. These include—

(i) Increasing domestic exploration and production of oil and natural gas, development of alternative energy sources and reducing demand for petroleum products.

(ii) Import substitution in major areas like cement, fertilizers, non-ferrous metals, steel etc., by improving capacity utilisation and by additional capacity.

(iii) Achievement of better export performance through removal of infrastructure constraints, especially those in power, transport and ports, generation of larger export surpluses through increased production, improvement in the growth of competitiveness and efficiency in Indian industry combined with a system of incentives which would make export profitable and encourage export growth in areas of dynamic comparative advantage etc.

(iv) Adoption of measures which offer incentives for larger remittances from Indian nationals abroad.

(v) Adoption of an external finance strategy which ensures that essential imports needed by the eco-

nomy especially those for development are not constrained. Cost of borrowed funds from abroad is minimised and debt servicing obligations are kept within prudent limits. In order to achieve a as low cost of external resources as possible, it is the policy of the Government to maximise the amount of concessional assistance available and to use commercial credit selectively, keeping in view the availability of funds from other sources and the need to keep debt service within prudent limits.

KUMARI NISHPA DEVI SINGH: Mr. Speaker, Sir, I would like to draw the attention of the hon. Minister to this. Whether it is a fact that Government's attention has been drawn to the news item of Patriot, September 9, 1982 under the Caption 'Private Borrowings' by India and, if so, what is the parawise content of it and how much aid has been received by India through different sources and whether it is a fact that India is underlending, according to IDA as compared to receipts; as such, private market borrowings are warranting India?

SHRI PRANAB MUKHERJEE: So far as our approach to borrowing is concerned, I have already replied in my earlier question. In regard to figures, I can give them for the IDA and IBRD:

IBRD	Financial Year	1980	125 million dollars.
IDA	"	1980	1535
IBRD	"	1981	430 million dollars.
IDA	"	1981	1231 "
IBRD	"	1982	1264.8 "
IDA	"	1982	900 "

In regard to commercial borrowings, our approach is quite clear that we would like to have borrowings to that extent which enable us to do that in a difficult situation so far as debt ser-

vicings are concerned. On the other hand, to augment our developmental resources, we need more borrowing and we will apply our prudent judgment in respect of that.

SHRI SATISH AGARWAL: Our traditional share in IDA is 40 per cent down. This will create many problems. So, what does the Government propose to do in this behalf. This is part (a) of what does the Government propose to do in this behalf. This is part (a) of my question. Part (b) is this. May I know whether Government has evolved any scheme with regard to repayment in future particularly in view of the external payments difficulties at the moment? Our exports are not picking up as we liked. Our imports are increasing against our wishes. Naturally foreign loans are to be paid back in foreign currency, not by mobilising internal resources. Does the Government have a plan with regard to the repayment of these loans in future or debt servicing in future? Have you drawn up any plan for the next 10 years?

SHRI PRANAB MUKHERJEE: So far as the first part is concerned, as the hon. Member knows, we have registered our view and we have stated that our share should not be reduced from traditional 40 per cent. It is not a charity. All the objective criteria and the conditions which IDA established at the time when it was set up in the sixties have been fulfilled; in fact India's share should have been 56 or 57 per cent in I.D.A. but we restricted it to 40 per cent.

SHRI SATISH AGARWAL: Now it has gone down to 33 per cent.

SHRI PRANAB MUKHERJEE: Last year it was 34 per cent. The entry of China would definitely change the position. The kitty is the same. If the kitty is not enlarged and if the geographical operation extends naturally the share of the recipients would be reduced. Therefore our view had been that we do not mind if China enters and China seeks assistance from the IDA but it should not be at the cost of us. This is one point which we registered, which we tried to impress upon them. And many of the developing countries agree with our view, including some developed countries also.

Secondly, so far as IDA-VI is concerned, China is not entering into IDA-VI period..

SHRI SATISH AGARWAL: IDA-VII.

SHRI PRANAB MUKHERJEE: IDA-VII is there; they are entering into. That is precisely the reasons we are asking them to double the size of the IDA. But, even if it is not doubled, we do hope that substantial increase would be there. But still we have to keep our fingers crossed.

With regard to part (b), I wish to say, it is a policy matter. On the one hand we are to expand our exports; on the other hand we have to reduce our imports in the areas where we can do it. For instance, I can give you one example of oil exploration. Earlier, our total indigenous oil production was in the neighbourhood of 14 million tonnes a year. Last year we did 18 million tonnes. This year we going to do about 21 million tonnes. In broad words, import substitution is there to reduce our dependence. At the same time, for our earlier commitment we have to expand our exports and vigorous export promotion is needed.

SHRI AMAL DATTA: In the statement laid before the House, a number of measures have been enumerated, as to how the internal resource mobilisation will be made, how import will be substituted, and infrastructure of the country would be improved, etc., underlining thereby the need for increase in our foreign exchange. I suppose these are all well thought-out and properly enumerated measures. But I am surprised that the increase in the value of our imports do not find a mention in these measures. Increase in the value of our imports can take place in two ways: One is the increase in the quantum of our exports. The other is, the increase in the unit value of the export. It appears that, this has not been thought out by the Government in precise terms. One of the reasons which occurs to me is that as

usual the Government has a tendency to neglect the priorities when it comes to the Eastern region and at the time of the independence—you will allow me to remind you—that during 1947—50, more than 50 per cent of the exports of India comprised of items produced in the Eastern part of India, that is the traditional exporting items like jute, tea, etc. Now the value of those items has gone down substantially, at least has not increased keeping the inflation. In fact, the value of tea has gone down substantially and it is now less than the cost of production. Now, I would like the Government to clarify whether they have got any polliiy to increase the exports of thtse traditional items by making proper promotional efforts in this direction and in this connection I know that the efforts to increase the export of tea are very very poor and secondly whether the Government can by agreement with other primary producing countries increase the unit value of these commodities.

SHRI PRANAB MUKHERJEE: Firstly, I would like to remove the misconception which the hon. Member has that we are not trying to do anything in this direction. In fact, when I was in the Ministry of Commerce and now my colleagues in the Commerce Ministry are trying their best to have an International Commodity Agreement in respect of jute and tea. I do not want to go in percentage-wise in this regard. Perhaps it is a correct policy that from the stage of exporter of primary commodities and raw materials if we switch over to the exporter of finished products, it would be desirable. Therefore, the situation was that when India did not export any engineering items, chemical items or manufactured items, it only exported raw materials like tea, jute, etc. So a large share of the percentage of export was tea, jute etc. But the value of engineering goods exports 15 Rs. 1100 crores, the value of export of gems and jewellery is about 600 to 700 crores of rupees. Naturally, in terms of percentage, the share of tea and jute will come down. But at the same time, it is factually correct

that we have not been able to have some sort of understanding between the producing countries of these items. But it does not merely depend on us. Each country has its own problems. I do not want to mention the names of the countries. If we just wanted to have some sort of voluntary reduction in our total tea production with this volume of export, we could have earned much more. But we could not convince the other tea producing countries. I would not mention the name of the country because they have their own particular problem. Similar is the case with the jute. The hon. Member might have read the news item as to what is the precise problem. Even yesterday I had discussed with the Bangladesh Minister and he had some problems. We have to recognise that. But we are making effort to do that.

Secondly, sometimes it happens even volume increases in so far as that item goes, but the value realisation goes down. Sometimes the value increases but the volume remains constant or sometimes decreases. But in terms of overall percentage, the export is registering a growth of 28 per cent over the last year. But I am still keeping my fingers crossed as to what would be the final figure at the end of the year.

SHRI SATISH AGARWAL: Don't be complacent.

SHRI PRANAB MUKHERJEE: I won't be complacent. That is why I have said that I am keeping my fingers crossed.

Moving Kitchens to cater to Low-income Group People

*89. **SHRI D. L. BAITHA:** Will the Minister of TOURISM be pleased to state:

(a) whether a few moving kitchens have been started to cater to the need of low income group people by supplying meals and snacks at a reasonable low price in Delhi; if so, the details of the scheme;

(b) whether it is a fact that the despite the above scheme a large number of road-side unauthorised