THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Yes, Sir. The ECB policy is regularly reviewed and modified by the Government in consultation with Reserve Bank of India, keeping in view the evolving macroeconomic condition, sectoral requirements and investment demand. Effective from January 2, 2009, the corporate, engaged in the development of integrated township, as defined in Press Note 3 (2002 Series) dated January 04, 2002, issued by D1PP, Ministry of Commerce & Industry, Government of India are permitted to avail of ECB under the Approval Route. The permission has been extended up to December 31, 2009 keeping in view the current conditions.

Second, as per the extant ECB guidelines, units in the SEZ are permitted to access ECBs for their own requirements. Effective from June 30, 2009, SEZ developers have been permitted to avail of ECB under the Approval route for providing infrastructure facilities also, as defined in ECB policy, within the SEZ. However, ECB shall not be permissible for development of integrated township and commercial real estate within the SEZ.

Third, as per extant ECB policy, NBFCs are allowed to avail ECB with minimum average maturity of 5 years to finance import of infrastructure equipment for leasing to infrastructure projects. However, effective from January 2, 2009, Non-Banking Financial Companies (NBFCs), which are exclusively involved in financing of the infrastructure sector, have been permitted to avail of ECBs for on-lending to the borrowers in the infrastructure sector under the Approval route. Further since July 01, 2009, the stipulation that the direct lending portfolio of these lenders *vis-a-vis* their total ECB lending to NBFCs, at any point of time, should not be less than 3:1, has also been dispensed with.

(d) ECBs are being permitted as an additional source of finance to augment the resources available domestically to Indian corporate for financing import of capital goods, new projects, modernization/expansion of existing production units in real sector - industrial sector including small and medium enterprises (SME) and infrastructure sector - in India. The said ECB policy would facilitate the eligible corporate, financial institutions / NBFCs exclusively engaged in financing infrastructure development, development of integrated township and SEZ developers engaged in providing infrastructure facilities within the SEZ to raise ECBs, as defined in ECB policy.

Measures to reduce retail inflation

2616. SHRI SANTOSH BAGRODIA:

SHRI O.T. LEPCHA:

Will the Minister of FINANCE be pleased to state:

(a) what steps Government is taking to reduce the retail inflation, which is much higher than the wholesale price inflation;

(b) whether Government plans to bring down the retail price inflation lower than the wholesale price inflation; and

(c) if so, by when and in what manner?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Though overall wholesale price inflation measured in terms of year on year change in Wholesale Price Index (WPI) has been declining since September 2008 and has become negative in June 2009, inflation in food items continues to remain high due to lower agricultural production in some crops, increase in the minimum support prices and growth in demand. Currently the retail price inflation, measured in terms of year on year change in Consumer Price Index-Industrial Workers (CPI-IW) and Consumer Price Index - Rural Labour (CPI-RL) is higher than wholesale price inflation due to relatively higher weight of food articles and food products in CPI-IW and CPI-RL and large margins between wholesale and retail prices.

The Government monitors the price situation regularly, with price stability being high on its agenda. Measures taken to contain prices of essential commodities include selective ban on exports and futures trading in food grains, zero import duty on select food items, permitting imports of pulses and sugar by public sector undertakings, distribution of imported pulses and edible oils through the PDS and release of higher quota of non-levy sugar. In addition, State Governments are empowered to act against hoarders of food items by holding in abeyance the removal of restrictions on licensing, stock limits and movements of food articles under the Essential Commodities Act of 1955.

In general, retail price inflation would be higher than wholesale price inflation, as wholesale prices are of bulk transactions, whereas retail prices includes transportation and distribution costs, unbundling charges, shop rent, etc. However, in the case of edible oils and pulses, the Government has undertaken subsidised distribution through the PDS for the economically weaker sections. Past analysis shows that the inflation trends tracked by the WPI and CPI indices have not always been in conjunction with each other.

Waiving of loans of weavers

2617. SHRI KAMAL AKHTAR:
SHRI NAND KISHORE YADAV:
Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has any plan to waive the loans of weavers especially in Uttar Pradesh and Andhra Pradesh, who are badly poverty ridden and are compelled to leave their hereditary job and are working as rickshaw pullers or construction workers;

(b) if so, the details of the loan waiver; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No, Sir.

(b) and (c) Do not arise.