

Racket in NIC, Gujarat Unit

1360. SHRI V. NARAYANASAMY ;
Will the Minister of TEXTILES be
pleased to state :

(a) whether it is a fact that recently a multi-million rupee racket in the National Textile Corporation, Gujarat unit was busted by the Central Bureau of Investigation;

(b) if so, what is the total amount of money involved in the racket;

(c) what are the details of the persons involved in the racket; and

(d) what is the total amount of money so far recovered by Government from them?

THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA) : (a) and (b). The Central Bureau of Investigation, Ahmedabad, has recently registered a case for investigation involving the supply of substandard chemicals to NTC (Gujarat). As per First information Report (FIR), the extent of loss to NTC (Gujarat) in this case is estimated at around Rs. 80 lakhs.

(c) and (d). The case has been registered by CBI against three officers of NTC (Gujarat) and a private party. Action for recovering of the money, if any, will depend upon the receipt of the investigation report from the CBI.

Effect of Yarn prices on Handloom and powerloom industry

1361. SHRI D. B. CHANDRE
GOWDA;

SHRI HARVENDRA SINGH
HANSPAL:

Will the Minister of TEXTILES be
pleased to state •

(a) whether the handloom and powerloom industry in the country has been severely affected due to steep hike in prices of yarn;

(b) whether the Central Government have provided any relief to the handloom and powerloom industry so far; and

(c) if so, the d-tails thereof and what other steps Government propose to take to save the powerloom and handloom industry ?

THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA): (a) The handloom and powerloom industries have been affected due to increase in prices of yarn during the past year.

(b) Yes, Sir.

(c) A statement is attached.

Statement

(i) In order to safeguard the interests of the decentralised sector Government have taken certain corrective measures to check the recent hike in the prices of yarn which is basically due to the rise in prices of raw cotton. The export of staple cotton has been suspended. It has also been decided to permit import of cotton against export of cotton yarn/ cotton fabrics and made-ups on Advance Licence basis. Export of hank yarn upto-60s counts has been stopped.

(ii) In order to provide relief to the handloom industry, the following schemes are in operation ;—The Hank Yarn Obligation Scheme, Loan Assistance to the National Cooperative Development Corporation for setting up of new Weavers' Cooperative Spinning Mills and expansion of existing units, and yarn supply operations of the National Handloom Development Corporation. State Governments have also been advised to set up Yarn Price Fixation Committees for supply of yarn at reasonable prices to the handloom sector from Cooperative Spinning Mills/State Sector Mills/ NTC Mills.

(iii) In order to provide immediate relief to the silk weaving sector affected by rising prices of silk yarn, Government has allowed Central Silk Board (CSB) to import 100 tonnes of raw silk from China as a price stabilisation measure. As a long-term measure, a National Sericulture Project has been formulated by Central Silk Board in collaboration with State Governments

for increasing silk production in the country. The Project is proposed to be implemented with World Bank assistance.

iv) As far as Powerloom Sector is concerned, State Governments have been requested to encourage promotion of powerloom co-operatives so as to facilitate the provision of credit and marketing facilities. NABARD provides refinance for both term loans and working capital to powerloom cooperative societies. Refinance is also made available by IDBI. A scheme for establishment of powerloom service centres is under implementation to provide technical assistance to powerlooms and help in their technological upgradation and product improvement.

Central assistance taken by Kerala Government

1362. SHRI M. A. BABY : Will the Minister of FINANCE be pleased to state ;

(a) whether the Kerala Government had taken any financial assistance from the Centre during the first three years of the Seventh five year plan which was converted into long term, short term and medium term loans and if so, what are the details thereof;

Is. (b) what is the amount the State Government has already paid back and what is the balance; and

(c) what is the rate of interest charged on these loans ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) The Central Government have allocated the following Central assistance to Kerala during the period viz. (i) Rs. 774.22 crores for State's Annual Plans, (ii) Rs. 166.14 » crores for drought/flood relief measures, (iii) Rs. 241.86 crores as a medium term loan released in 1985-86 to clear 90 per cent of the State's overdraft as on 28-1-1985. The first two forms of assistance were normal in nature while the

third was a special dispensation to overcome the problem of persisting overdrafts of many States at that time. The said special assistance was given to the concerned States in the form of a medium term loan repayable in four equal annual instalments commencing from 1986-87. However, no grant given during this period was converted into a loan.

(b) The above said normal assistance is being recovered as per normal terms and condition. Half of the Special Medium term loan of Rs. 241.86 crores would be repaid to the Centre by March, 1988.

(c) The special loan of Rs. 241.86 crores carries an interest rate of 8 per cent per annum. The normal Central assistance carries an interest rate of 8 per cent, 8.75 per cent and 9.25 per cent for 1985-86, 1986-87 and 1987-88 respectively.

Separate Financial Institutions (or Small Scale Sector)

1363. SHRI HARVENDRA SINGH HANSPAL; Will the Minister of FINANCE be pleased to state ;

(a) whether there is any proposal under Government's consideration to set up a separate financial institution to take care of the credit requirements of the units in the small scale sector;

(b) whether the PHD Chambers of Commerce and Industry has also made a similar demand; and

(c) if so, what is Government's reaction thereto ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO):

(a) to (i) The PHD Chambers of Commerce and Industry has requested for, *inter-alia* a separate financial institutions to meet the credit requirements of small scale units. It has been decided to establish a Small Industries Development Bank of India. The new bank will be a subsidiary of the Industrial Development Bank of India,