

Annual report of the International Monetary Fund

1482. SHRI N. P. CHENGALRAYA NAIDU: Will the Minister of FINANCE be pleased to state.

(a) whether it is a fact that the International Monetary Fund in its annual report for 1978 has warned that the present combination of slow growth of world trade and high unemployment coupled with protectionist action threaten to frustrate the aspirations of the developing countries;

(b) whether any recommendations for improvement in economic policies have been made in the report; and

(c) whether it is also a fact that critical observations about India have been made in the report; if so, what is the Government of India's reaction thereto?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) Yes, Sir. The Annual Report of the International Monetary Fund for 1978, *inter-alia*, states that the combination of slow growth of world trade and high unemployment appeared to be generating increased resort to protectionist actions and danger that these might escalate. The prevailing conditions thus threatened to create an environment unfavourable to the trading interests of all countries. Such an environment could be frustrating to the aspirations of primary producing countries, both developed and developing; the economies of those countries are highly dependent on markets in the industrial world and on the maintenance of access to such markets.

(b) The Report, *inter-alia*, emphasises that policies aimed at greater flow of real resources from developed countries to developing countries, providing better access to markets of developed countries for products of developing countries, implementation of programmes to bring about better pattern of world payments balances

leading to greater stability of exchange markets and greater price stability, greater utilisation of resources in developing countries and support to surveillance by the International Monetary Fund to promote effective functioning of the International Monetary System would contribute to enhanced prospects for a more satisfactory rate of economic expansion throughout the world economy. The Report further states that such an improvement of basic underlying conditions would provide the essential foundations for greater stability of exchange markets and this stability would, in turn, help to achieve the higher growth rates desired and improve the prospects for developed and developing countries alike.

(c) No, Sir. Does not arise.

Participation of Banks in Village Development Programmes

1483. SHRI N. P. CHENGALRYA NAIDU: Will the Minister of FINANCE be pleased to state;

(a) whether Government have expressed their concern over the slow progress made by the banks towards increasing their lending through the co-operative societies;

(b) whether Government have also pointed out to the banks that their performance in relation to the village development programmes is also not satisfactory; and

(c) if so, what steps Government propose to take to ensure greater participation by the banks in the above programmes?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): Yes, Sir.

(b) Presumably, the Hon'ble Member is referring to Village Adoption Scheme taken up by the commercial banks for integrated development of the village economy in all its aspects in a phased manner.

The following statement indicates the progress of the Scheme:—

	No. of villages	No. of A/cs financed	Amount outstanding (Rs. crores)
December 1976	45382	11,73,310	234.08
June 1977	49700	13,08,003	249.80
December 1977	54918	15,23,022	297.21

(c) The Government of India has requested the State Governments as well as the public sector banks to resolve the difficulties in the way of smooth flow of commercial banks' credit through Primary Agricultural Credit Societies, especially in as much as it concerns the taking over of the overdues of the societies proposed to be ceded to the banks. The Reserve Bank of India keeps a watch over the progress and performance of banks under the Village Adoption Scheme.

Cash Compensatory Support for Exports

148-1. SHRI SANTOSH KUMAR SAHU: Will the Minister of COMMERCE AND CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) whether there is any proposal under Government's consideration to allow cash compensatory support for exports on a long term basis; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, CIVIL SUPPLIES AND COOPERATION (SHRI ARIF BEG): (a) and (b). The present cash compensatory support rates on selected export products are valid upto March, 31, 1979. Data are being collected from Export Promotion Councils, Commodity Boards, etc., with a view to enable the Government to (a) select products for cash compensatory support and (b) decide the rates for such products from 1-4-1979 onwards. The

new rates of Cash Compensatory Support will generally be kept stable for a period of the next three years.

Opening of New Branches by the Scheduled Banks

1435. SHRI SITARAM KESRI:

SHRI DHARAMCHAND JAIN"

SHRI BHISHMA NARAIN SINGH:

SHRI KALP NATH RAI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have formulated any scheme for the expansion of activities by the Scheduled Banks by opening new Branches;

(b) if so, what are the details thereof; and

(c) whether in preparing this scheme the recommendations made by the James Raj Committee with regard to the opening of new Branches by banks during the next five years have been kept in view?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) and (b). The Reserve Bank of India have reoriented their branch licensing policy, to ensure that the branch expansion effort of the commercial banks during the next three years would be devoted to the task of improving banking coverage in the districts having population per bank office in excess of the national average. The Reserve Bank of India Propose to examine the branch banking needs of the deficit districts on a district