

(DDT, BHC) Heavy Engineering Corporation, Hindustan Paper Corporation, Richardson & Cruddas (1972) Limited, Steel Authority of India Limited, Bharat Aluminium Co. Limited, Bharat Gold Mines Limited, Indian Petrochemicals Corporation Limited (DMF), Mining & Allied Machinery Corporation, Triveni Structural Limited, Hindustan Cables Limited (Rupnarainpur), Hindustan Machine Tools Limited, Indian Telephone Industries Limited (Bangalore) (Strowger Telephones), Indian Drugs & Pharmaceuticals Ltd., (Synthetic Drugs Plant), Bharat Heavy Electricals Limited and Tannery & Footwear Corporation.

NOTE: Units Hindustan Cables Ltd. ((Rupnarainpur), Hindustan Machine Tools Ltd. and Tannery & Footwear Corporation show a positive growth rate at current prices.

Loans from European Money Market

741. SHRI SHIVA CHANDRA JHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have approached the European money market for loans; and

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

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) and (b). Yes, Sir. Commercial borrowings have to be resorted to because of constraints in the availability of foreign exchange largely due to hike in oil prices. However, such borrowings will be availed of only in respect of high-yielding projects which cannot be financed either by multilateral/bilateral soft credits or deferred suppliers/buyers credits.

Euro-dollar loans to the extent of \$208 million have already been secured during the last three years. Negotiations are in advanced stage for raising loans for the Oil & Natural Gas Commission (\$200 million) and for the Orissa Aluminium Project (\$680 million).

Rate of Interest Charged by Banks from Farmers

742. SHRI SHIVA CHANDRA JHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the farmers are given loans by all the banks in the country on compound rate of interest;

(b) if so, what are the reasons therefor; and

(c) if the reply to part (a) above be in the negative, what are the various rates of interest charged from farmers for the loans given by banks in the country?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b). Farmers are granted loans for agricultural and allied activities by commercial banks at concessional rates of interest. As a measure of financial discipline the banks are not precluded from charging compound interest on overdues. They have been advised that no compound interest should be charged on current dues. If the default is due to natural calamities whereby the repaying capacity of borrowers is badly affected banks are expected to give extension of time for repayment/convert short term loans into medium term loans. In such cases, the outstandings are to be reckoned as current dues and banks do not charge compound interest thereon.

(c) Various rates of interest charged from the farmers are at Annexure.

ANNEXURE

All commercial banks, as per the instructions issued are required to charge with effect from 1st July, 1980 following rates of interest on advances granted for agricultural purposes:—

(A) Direct lending		Rate of interest % p.a.
1. Term loans with a maturity of not less than 3 years		
(a) For minor irrigation/Land Development		Not exceeding 10.25
(b) For diversified purposes as defined by ARDC		
(i) Small Farmers		Not exceeding 10.25
(ii) Other Farmers		Not exceeding 11.35
2. Small Farmers		
Advances not exceeding Rs. 2500/- whether extended as short, medium or long term.		Not exceeding 11.85
(B) Indirect lending through PACS/FSS		Societies Ultimate borrower
(i) Short term :		
(a) loans upto Rs. 2500		9.70 11.85
(b) Loans above Rs. 2500/-		9.70 Same as charged by the cooperatives in the area.
(ii) Term loans with maturity of not less than 3 years		
(a) For minor irrigation/Land Development		8.65 10.25
(b) Diversified purposes		
(i) Small Farmers		8.65 10.25
(ii) Other Farmers		9.70 11.35
(C) All eligible borrowers under DRI Scheme		4.00

Changes in the constitution of world Bank and I.M.F.

743. SHRI SHIVA CHANDRA JHA:
Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have made some proposal for making changes in the constitution of the World Bank and the International Monetary Fund Organisations; and

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

THE MINISTER OF FINANCE
(SHRI R. VENKATARAMAN): (a) and (b). No, Sir. However, the Inter-Governmental Group of 24 on international monetary affairs, which represents developing member countries of the two organisations and of which India is a member, has from time to time, urged that the developing countries should have a greater say.