

The Committee felt that by strengthening the cooperative credit structure and by determined attempts by the commercial banks including Regional Rural Banks the bulk of consumption credit requirement of the latter class should be looked after by the production credit system in operation at present. In order to fulfil this role, the Committee has stressed that the measures already prescribed by the Reserve Bank of India to strengthen the cooperative credit structure, including universalisation of membership should be implemented without any delay.

On the basis of the general experience, as to the level of borrowings of the groups of people having land 'nil' holdings and holdings upto 0.50 acre, the Committee has recommended the following purposes for which pure consumption credit apart from production loan should be given and also the ceilings of such loans :

Type of loan	Ceiling of loan fixed at
(a) Medical expenses relating to borrowers and members of their families	Rs. 250/-
(b) Education expenses for school	Rs. 100/-
(c) Marriage expenses	Rs. 250/-
(d) Expenses on funeral ceremonies as well as birth ceremonies	Rs. 75/-
(e) Expenses on religious ceremonies which are deeply rooted and considered inescapable by certain sections of society	Rs. 75/-

The Committee has computed the total requirements of pure consumption credit for the first year of the rural folk having 'nil' holdings or holdings measuring 0.01 to 0.50 acre and placed at Rs. 170 crores.

#### Loans by Banks for setting up Industrial Units in Punjab.

186. SHRI SAT PAUL MITTAL : Will the Minister of REVENUE AND BANKING be pleased to state :

(a) whether Government's attention has been drawn to a statement made by the

Chairman of the Industrial Development Bank of India at Chandigarh on the 17th April, 1976 to the effect that banks would make special efforts to encourage entrepreneurs to set up industrial units in Punjab;

(b) if so, whether any scheme has been prepared in this regard; and

(c) if the answer to part (b) above be in the affirmative, what are the details thereof ?

THE MINISTER OF REVENUE AND BANKING (SHRI PRANAB MUKHERJEE) : (a) to (c) In a Press Conference at Chandigarh on 17-4-1976, the Chairman and Managing Director, Industrial Development Bank of India (IDBI) had referred to the IDBI's special schemes, existing and envisaged, for assistance to new and technician entrepreneurs for setting up industries and for projects coming up in the specified backward districts/areas in various States/Union Territories including Punjab State.

The details of the schemes for concessional direct and refinance assistance to projects in the specified back-ward areas and concessions offered for technician entrepreneur projects are given in the attached Statement. (See below.)

The IDBI is also formulating schemes for provision of seed capital to new and technician entrepreneurs in the small-scale sector widening the operations of its scheme of refinance, and augmentation of hire-purchase facilities to the small-scale industry.

#### Statement

*Details of IDBI's schemes for direct and refinance assistance to projects in the specified backward areas.*

**1. IDBI's schemes of concessional assistance to units in specified Backward Districts/ Areas**—With a view to promoting the development of the comparatively backward regions, the IDBI as also other term-financing institutions have been operating since 1970 schemes of concessional assistance for projects in specified backward districts. The schemes have been liberalised from time to time. At present, the IDBI provides (a) concessional refinance assistance to SFCs/banks in respect of term loans upto Rs.30 lakhs to small and medium-sized projects in specified backward districts provided paid-up capital and reserves of the recipient units do not exceed Rs. 1 crore;

and (b) along with IFCI and ICICI, direct loan assistance upto Rs. 2 crores and underwriting assistance upto Rs. 1 crore on concessional terms to new projects as well as to expansion, diversification, renovation and rehabilitation programmes of existing units.

The concessions in respect of direct assistance to units located in backward areas include a lower rate of interest, viz., 9.5 per cent per annum against the present normal rate of 11.0 per cent; a reduced commitment charge of 0.5 per cent (which could be waived altogether in exceptional cases); lower underwriting commission of 1.25 per cent and 0.75 per cent for shares and debentures respectively; initial moratorium period upto 5 years; longer amortisation period of 15 to 20 years and participation in the Risk Capital on a selective basis. Besides, the IDBI follows a flexible attitude in respect of Promoters' contribution, margin requirements, rescheduling of repayment during the currency of loan, etc., depending on the merits of specific cases. In respect of refinance, the IDBI charges a special rate of 6 per cent, with the primary lender's rate being subject to a ceiling of 9.5 per cent; the normal rate of refinance is 9% with a ceiling of 12½% by the primary lending institution.

**II. Concessions to projects promoted by New Entrepreneurs and Technocrats**—The IDBI takes special care to be of assistance to projects promoted by new and technician entrepreneurs and extends the following important incentives in the field of direct assistance.

- (i) relaxation of the normal criterion of 20 per cent, promoter's contribution by 5 per cent (i.e. 15 per cent);
- (ii) underwriting of relatively larger proportion of Risk Capital.
- (iii) assistance in preparation of detailed feasibility reports;
- (iv) relaxation of debt-equity norm and extension of moratorium and loan repayment period.

In the field of indirect assistance, following concessions are offered for technician entrepreneurs :

- (i) debt-equity ratio is relaxed upto 15:85;

(ii) refinance assistance in the case of projects sponsored under State Govt's technician entrepreneur schemes is granted on semi-automatic basis,

(iii) the requirement regarding promoter's contribution is relaxed upto 15 per cent (as against normal 20 per cent) and is entirely waived in the case of projects under State Government's technician entrepreneur scheme.

### III Other Concessions offered are :

#### (i) Seed Capital Loans :

IDBI has agreed to treat the Seed Capital loans made under the Government of India's Half-a-Million job programme for educated unemployed as equity and also consider it as promoter's contribution for judging the adequacy thereof as also for the debt-equity ratio.

#### (ii) National Permit Scheme :

The IDBI has decided to provide 100% refinance for loans to Road Transport Operators holding National permits, where requirement regarding promoter's stake/contribution is also waived.

187. [Transferred to the 26th May, 1976.]

#### Pre-Budget and post-Budget Price Indices

188. SHRI SYED NIZAM-UD-DIN :  
SHRI LEONARD SOLOMAN  
SARING :

SHRI GIAN CHAND TOTU :

Will the Minister of FINANCE be pleased to state :

(a) what is the difference between the pre and post 1976-77 Budget price indices; and

(b) what are the names of the essential commodities prices of which have shown an upward trend or remained static in the post 1976-77 Budget period ?

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM) : (a) The Wholesale Price Index (1961-62=100) has risen by 2.5 per cent between March 13 and April 24, 1976.

(b) The prices of certain industrial raw materials and of some food items such as potatoes, oranges and bananas, milk and