

(c) what are the reasons for the decline in the aid amount ?

THE MINISTER OF FINANCE/
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(SHRI Y. B. CHAVAN) : (a) and (b). Yes, Sir. For the year 1970-71 the actual commitments, in terms of bilateral aid agreements, of non-project and are expected to amount to 474 million (Rs. 356 crores) including aid agreement yet to be signed with Italy, as compared to the total amount of 700 million (Rs. 525 crores) considered desirable by the Aid India Consortium.

(c) Absence of non-project aid from the International Development Association and the lower commitment of non-project aid by the U.S.A. as compared to indications given at the Consortium meeting are the main reasons for decline in non-project aid for 1970-71.

Charter Flights Between India and Europe

105. SHRI A. D. MANI : Will the Minister of TOURISM AND CIVIL AVIATION/

be pleased to state :

(a) what are the terms and conditions on which charter flights are Organised by Air India between India and Europe ; and

(b) whether these charter flights have been economically profitable ?

THE MINISTER OF TOURISM AND CIVIL AVIATION/

(DR. KARAN SINGH) : (a) Terms and conditions under which Air-India operate charter flights including those between India and Europe are governed by International Air Transport Association Resolution 045.

Us Non-Project Loan Agreement

106. SHRI SUNDAR MANI PATEL :
SHRI JAGDISH PRASAD
MATHUR : SHRI M. K.
MOHTA :

Will the Minister of FINANCE/
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be pleased to state :

(a) whether a non-project loan agree-

ment amounting to Rs. 116.25 crores has recently been concluded with the U. S. Government ;

(b) what is the total amount of non-project loan given by the U. S. Government to the Government of India during the last three years ;

(c) the details of the present loan along with the project for which the loan is proposed to be utilised ; and

(d) the amount, if any, left over unutilised from the previous loans granted by the U. S. Government under non-project loans and the manner in which the amount was utilised or proposed to be utilised ?

THE MINISTER OF FINANCE/

(SHRI Y. B. CHAVAN) : (a) A non-project loan agreement for Rs. 116.25 crores was concluded with the U. S. Government on 13.3.1971. The loan amount was raised to Rs. 127.50 crores by an amendatory agreement signed on 22.4.1971.

(b) The non-project loans authorised to the Government of India by the U. S. Government during the last three years viz. 1967-68, 1968-69 and 1969-70 aggregate to Rs. 506.03 crores.

(c) The present loan is not intended for any specific project and is available for financing the import of a variety of items like fertilizers, industrial raw materials, maintenance spares, etc. The loan permits imports from the U.S.A. and certain eligible lower-income countries. The terms of the loan are repayment over 40 years inclusive of a 10-year grace period with interest at 2% per annum for the first 10 years and at 3% per annum thereafter.

(d) As on 1.4.1971, the unutilised balance available in the previous non-project loans amounted to Rs. 99.90 crores. This amount is fully covered with import recommendations and is expected to be utilised in due course.

Loans to Small Scale Industrial Units

107. SHRI S. C. ANGRE : DR.
BHAJ MAHAVIR :

Will the Minister of FINANCE/

be pleased to state :

(a) whether it is a fact that financial

tightness is being experienced by the small scale industrial units these days ;

(b) whether this is due to the ceiling placed on refinance by the Reserve Bank of India :

(c) whether the State Bank of India Is also hesitant at present in sanctioning new loan applications to these units ; and

(d) the number of such applications sanctioned since December, 1970, to date as compared to the corresponding period last year ?

THE MINISTER OF FINANCE

(SHRI Y. B. CHAVAN) : (a), (b) and (d). Statement is laid on the Table of the House.

(c) The information is not readily available and the same will be placed on the Table of the House when received.

Statement

(a) and (b). The Reserve Bank of India has not fixed any ceiling for borrowings by scheduled commercial banks for financing of small scale industries. They can borrow

from the Reserve Bank, at the bank rate, irrespective of their net liquidity ratios, to the extent of the increase in their short term advances to small scale industries covered under the Credit Guarantee Scheme, over the stipulated base period. Banks can also obtain refinance from I.D.B.I. at a concessional rate of 5 per cent in respect of their term loans to small industries covered under the Credit Guarantee Scheme, provided the borrower is charged an effective rate of interest not exceeding 8½ per cent. The procedure for availing of refinance from I.D.B.I. has been simplified since December 1970 and refinance for amounts upto Rs. 2 lakhs is almost automatic. The market position was, however, a little tight and this also must have affected the small scale industrial units, in that all the demands for credit may not have been adequately met ; according to the Reserve Bank of India, no bank has so far complained that the general credit stringency has affected the flow of bank credit to small scale industrial projects.

(d) Data on number of units financed by State Bank of India, its subsidiaries, 14 nationalised banks and other scheduled commercial banks since December 1970 to February 1971 are given below :

No. of small-scale industrial units financed by Scheduled Commercial Banks.

	As on the Last Friday of			
	December 1969	February 1970	December 1970	February 1971*
State Bank of India	21874	24077	31437	32063
Subsidiaries of SBI	9506	10757	16188	16625
14 other nationalised banks	32508	35445	46257	47237
Other scheduled commercial banks	7706	7687	10204	8708
Total	71594	77966	104086	104633

◆Provisional

Data for the subsequent period are yet to be furnished to the RBI by the scheduled commercial banks.