

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE): (a) No, Sir.

(b) Does not arise.

Money Advanced by Nationalised Banks to Sick Units

7489, SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) what are the details regarding the number of sick units to which nationalised banks have advanced money to the extent of less than a crore of rupees per unit;

(b) the total amount involved in such sick units; and

(c) whether Government have assessed their performances?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b). As at the end of June, 1979, the total number of sick units individually enjoying bank credit of less than Rs. 1 crore from Public Sector Banks (14 Nationalised Banks on that date, State Bank of India and its associates) was approximately 21000, involving bank credit of about Rs. 313 crores.

(c) Banks monitor the performance of their assisted units. Efforts are also made by banks to identify potentially viable sick units and to rehabilitate such units through suitable nursing programmes.

Overdrafts by States

7490, SHRI G. Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) what is the amount of overdrafts drawn by each State from the Reserve Bank during the last two years, year-wise;

(b) what are the conditions on which these overdrafts are permitted; and

(c) whether efforts are being made by the Central Government to curb this practice?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) The overdrafts of the State Governments on the Reserve Bank of India reflect their daily cash position and vary in magnitude from day-to-day. Their quantum can, therefore, be indicated with reference to a particular date only. A statement showing the adjusted overdrafts of the State Governments on the last working day of the financial years 1978-79 and 1979-80 is placed on the Table of the House.

(b) Grant of overdrafts to State Governments is not specifically provided for in the Reserve Bank of India Act. Monetary transactions of the State Governments take place simultaneously at the numerous treasuries/sub-treasuries and banks. Overdrafts arise when disbursements in the accounts of State Governments exceed their receipts and the authorised ways and means limit. The Reserve Bank of India charges penal interest on overdrafts.

(c) A scheme for regulation of States' overdrafts was brought into effective operation from the 1st October, 1978. Simultaneously, the authorised ways and means limits available to the States from the RBI were doubled to provide a larger cushion to the States for temporary imbalances in the inflow of receipts and the pace of expenditure. The scheme provides that, as soon as a State Government has availed of 75 per cent of the authorised normal ways and means limits, the Reserve Bank of India will caution the State Government and if, despite such a caution, the State Government's account is overdrawn for more than 7 working days, the RBI

will automatically suspend payments which, will not be resumed until after the overdraft has been cleared.

All the State Governments concerned have been advised from time to time to so manage their finances as to avoid recourse to unauthorised overdrafts.

Rates of Interest of Bank Loans

1491. SHRI ARJUN SETHI: Will the MINISTER OF FINANCE be pleased to state;

(a) whether it is a fact that Banks charge different rates of interest on loans for different purposes;

(b) if so, what are the trade-wise rate of interest charged by the banks; and

(c) the amount of bank credit outstanding against the agriculture and industry sector, separately and the percentage of bank capital invested in both the sectors?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b). Yes, Sir. Broadly, the lending rates of these scheduled commercial banks, unless otherwise specifically stipulated/exempted by the Reserve Bank, vary between the minimum of 12.5 per cent and the maximum of 18 per cent (19 per cent for banks with Demand and Time liabilities of less than Rs. 25 crores) depending on the purpose of the advance, its tenure, credit standing of the borrowers, supplementary businesses to the bank out of borrowers' operations etc. The rates of interest for specific purposes stipulated by the Reserve Bank are set out in the *Annexe*.

(c) Quick estimates of the sectoral deployment of aggregate gross credit

of scheduled commercial banks as on March 1980* were as follows:

(Amt. Rs. crores)

Sector	Amount	Percentage to total
Agriculture	2766	13.0
Industry of which Small Scale Industry	10971	51.7
	2630	12.4

*Data are provisional.

Lending rates of scheduled commercial Banks as operative since September, 13, 1979

	Per cent
1. Minimum Lending Rate (General)	12.5
2. Maximum lending rate	
(i) Banks having Demand and Time liabilities of Rs. 25 crores and above	18.0*
(ii) Other Banks	19.0
3. Agriculture (Maximum Rates)	
(i) Term loans of net less than three years	
(a) For minor irrigation/land development	9.5
(b) For diversified purpose	
1. Small Farmers	9.5
2. Others	10.5
(ii) Small loans to farmers (not exceeding Rs. 2500 each)	11.0
4. Small Scale Industry (Maximum Rates)	
(a) Term loans of not less than three years maturity	
(i) Backward Districts	9.5
(ii) Other Districts	11.0
(b) (i) Composite Term loans of not more than Rs. 25,000 to artisans, craftsmen and tiny Industries	11.0
(ii) In Backward-Districts	9.5