

**Credit Policy of Nationalised
Banks**

638. SHRI S. R. DAMANI :
SHRI BALATHANDAYU-
THAM :
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Will the MINISTER OF FINANCE
(VITTA MANTRI) be pleased to state :

(a) whether Government have finalised the policy regarding credit facilities to be given by the nationalised banks to formers, self-employed professionals, small entrepreneurs etc ;

(b) if so, the details thereof ;

(c) how much money is disbursed as loans to each category and the nature of guarantees covering such loans ; and

(d) whether recoveries are made according to the terms stipulated and what is the extent of defaults ?

THE MINISTER OF FINANCE
(VITTA MANTRI) (SHRI YESHWANT
RAO CHAVAN) : (a) After the nationalisation of 14 major commercial banks, the Government and the Reserve Bank of India advised the Banks to adopt a liberalised policy in respect of hitherto neglected sectors like retail traders, self-employed persons, artisans, farmers, road transport operators etc. The Banks have formulated special credit schemes for providing assistance to these categories of borrowers.

(b) Details of terms and conditions for advances under various schemes are given in the statement laid on the Table of the House. [Placed in Library See No. Lt.—23871].

(c) Loans outstanding as at the end of December 1970 by the public sector banks to borrowers in the priority and other

neglected sectors are given below :

Advances of public sector banks to priority and other neglected sectors

	(Rs. crores.) Amount outstanding December 1970
1) Agriculture	
(a) Direct finance (Excluding Plantations)	202
(b) Indirect finance	142
2) Small-scale industry	420
3) Road Transport Operators	37
5) Retail Trade and small business	75
5) Professional and self-employed persons	9
6) Education	3
	888

The Credit Guarantee Scheme for small scale industries introduced in July 1960 and modified with effect from February 1970 provides for a payment of 75% of the amount in default or the amount guaranteed whichever is lower. This scheme is administered by the Industrial Finance Department of the Reserve Bank. Advances to these sectors other than those mentioned at items 2 and 6 above are covered by the new credit Guarantee Scheme of the credit guarantee Corporation of India Ltd., promoted by the Reserve Bank. This scheme came into effect from the 1st April, 1971 and covers 75% of the amount in default.

(d) By and large, the recovery performance of loans given for agricultural development by commercial banks is satisfactory. In areas where the crops were affected by natural calamities of widespread nature the recoveries were adversely affected.