

concessional rate of interest on pre-shipment credit, post-shipment credit and for financing exports on deferred payment terms for the duration and within the maximum rates specified by R.B.I. Where pre-shipment or post-shipment credit is required to be extended beyond the period stipulated for concessional ceiling rates of interest, RBI has advised the banks to charge a reasonable and as low a rate of interest as possible, taking into account the priority character of export credit.

Apart from providing working capital finance to units engaged in exports or units engaged in manufacturing for exports, banks have been giving added attention in respect of term finance to industries where a substantial part of the output is meant for exports or where new potential for exports can be quickly built up.

Effective from February 1, 1976 a new scheme entitled Duty Draw Back Credit Scheme has been introduced under which banks grant advances to exporters against their entitlements for Duty Drawbacks as provisionally certified by the Customs authorities. Since banks obtain refinance for these advances from Reserve Bank of India free of interest for a period of 90 days they in turn provide these advances to the exporters free of interest up to a period of 90 days.

Banks have also been permitted to issue bid bonds and performance guarantees in respect of deferred payment contracts up to the value of less than Rs. 50 lakhs where the credit period does not exceed 5 years.

Since August 1975, pre-shipment credit facilities are also extended to firms exporting consultancy services for meeting the expenses of technical and other staff employed for the project and purchase of any materials required for the purpose as also guarantee facilities.

#### "Operation Credit Flood" in Rural Areas

954. SHRI D. D. DESAI: Will the Minister of FINANCE be pleased to state:

(a) whether regional rural banks have been told to launch the "Operation credit flood" in rural areas;

(b) if so, the broad features thereof; and

(c) whether this would cover loans to rural clients for non-productive purposes also?

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE): (a) to (c). The Regional Rural Banks have been asked to provide finance for all productive ventures of the small/marginal farmers, agricultural labourers, rural artisans, etc. in their respective areas of operation. They have also been instructed to provide limited quantities of consumption loans for meeting contingent expenditure relating to the educational and medical requirements of their clientele.

#### Credit Squeeze

955. SHRI C. K. CHANDRAPPAN: Will the Minister of FINANCE be pleased to state:

(a) whether the "Credit squeeze" in force for more than a year and re-inforced just before the current busy season has been far from effective;

(b) if so, the reasons therefor; and

(c) how much bank credit was advanced during the busy season in both food and non-food sections?

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE): (a) and (b). The credit restraint policy, with emphasis on selectivity, has

contributed a great deal to the containment of inflationary pressures and bringing about price stability. During the current busy season, the broad framework of this policy is being retained with selective liberalisation, with the objective of stimulating industrial production.

(c) During the current busy season upto February 27 1973, gross bank credit increased by Rs. 1174 crores, of which credit for public food procurement accounted for Rs. 599 crores. During the corresponding period of 1974-75 busy season, gross bank credit increased by Rs. 690 crores, of which credit for public food procurement was of the order of Rs. 189 crores.

#### Import and Export Trade with U.S.A.

956. SHRI BISWANARAYAN SHASTRI: Will the Minister of COMMERCE be pleased to state:

(a) the latest pattern of the import and export trade with U.S.A.;

(b) whether the export trade with U.S.A. is on the decline and if so, the reasons thereof; and

(c) the steps taken to improve the position?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI VISHWANATH PRATAP SINGH): (a) In 1974-75 U.S.A. accounted for about 11.4 per cent of our exports and about 16.3 per cent of our imports. The major items of our exports to USA were jute goods, cotton textiles, cashew kernels, sugar, fish and pearls, precious and semi-precious stones while the main items of our imports from USA consisted of wheat, fertilizers, machinery (electrical and non-electrical) and transport equipment.

(b) No, Sir. Our total exports to the USA in 1971-75 were of the order of Rs. 375.79 crores as against Rs. 345.22 crores in 1973-74 and Rs. 275.74 crores in 1972-73.

(c) While our exports to the USA have constantly been increasing since 1971-72, Government have taken various steps for promotion of our exports to that country such as participation in the specialised trade fairs, sponsoring of sales-cum-study teams/delegations, conducting of market surveys, holding of a Buyers-Sellers Meet etc.

#### Assistance given by nationalised banks and Financial Institutions to small and medium entrepreneurs

957. DR. RANEN SEN. Will the Minister of FINANCE be pleased to state:

(a) whether the nationalised banks and financial institutions have decided to take steps to liberalise the assistance towards the large number of small and medium entrepreneurs;

(b) if so, the salient features thereof; and

(c) how many small and medium entrepreneurs were given such assistance in 1974-75 and 1975-76?

THE MINISTER OF STATE IN-CHARGE OF THE DEPARTMENT OF REVENUE AND BANKING (SHRI PRANAB KUMAR MUKHERJEE):

(a) and (b). In keeping with the accepted policy to encourage small entrepreneurs, commercial banks, including public sector banks have evolved schemes for assisting small scale industries and small entrepreneurs.

Public sector banks have also formulated special schemes for financing craftsmen and technical entrepreneurs. Under these schemes, banks show special consideration in respect of security, margin, rate of interest, repayment schedule etc. In deserving cases and if the amount of accommodation needed is small, banks consider extension of financial assistance without any margin and also grant clean advances.