

Changes in Credit Guarantee Schemes for small scale industries

3811. SHRI N.R. LASKAR :
SHRI DHANDAPANI :
SHRI CHENGALRAYA
NAIDU :
SHRI MAYAVAN :
SHRI SAMINATHAN :

Will the Minister of INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS be pleased to state :

(a) whether it is a fact that the Reserve Bank has announced certain major changes in the credit guarantee schemes for small scale industries;

(b) if so, how far the changes will help credit institutions to liberalize their credit;

(c) how far these changes have been welcomed by the small scale industries; and

(d) what are the major changes announced by the Reserve Bank ?

THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS (SHRI F.A. AHMED) : (a) and (d). Yes, Sir. The Credit Guarantee Scheme for Small Industries has been modified with effect from 1st February, 1970. Under the revised scheme, it is no longer necessary for credit institutions to submit applications for guarantee in respect of each credit limit to the guarantee organisation for approval. Instead, once the credit institution enters into an agreement with the guarantee organisation, all advances made by that institution to eligible small scale industrial units will be automatically covered by the guarantee. The scope of the guarantee has also been extended to include all credit facilities allowed to small scale industrial units. The guarantee cover which previously varied according to the limits sanctioned, their utilisation and the amount defaulted has now been replaced by a fixed coverage of 75% of the amount defaulted or of the amount guaranteed, whichever is lower. The maximum amount recoverable from the guarantee organisation in respect of guaranteed advances

which was Rs. 2 lakhs per account is now Rs. 7½ lakhs in respect of working capital advances and a further Rs. 2½ lakhs in respect of term loan per borrower.

(b) The new procedure will save a lot of time and labour for the credit institutions and also dispense with delay in submission of individual applications for guarantee to the guarantee organisations. With the streamlining of procedure resulting from automatic guarantee, the credit institutions will now be able to devote more time and energy to contacting and meeting the credit needs of a much larger number of small scale industrial units. Moreover, the fact that all the advances would be covered by the guarantee scheme, will eliminate the need for separating marginal cases and increase the confidence of the bank officials in dealing with applications for loans.

(c) The small Scale Industries have generally welcomed the modifications introduced.

Recommendations of Committee on Child Welfare Programme

3812. SHRI JYOTRMOY BASU :
SHRI S.K. TAPURIAH :
SHRI B.K. DASCHOWD-
HURY :

Will the Minister of LAW AND SOCIAL WELFARE be pleased to state :

(a) the main findings and recommendations of the Committee appointed by Government to suggest suitable Child Welfare Programme; and

(b) the action being taken on these recommendations ?

THE MINISTER OF STATE IN THE MINISTRY OF LAW AND IN THE DEPARTMENT OF SOCIAL WELFARE (DR. SHRIMATI PHULRENU GUHA) : (a) The Committee in a comprehensive report have made 109 recommendations dealing with the problems of health, nutrition, education and special and general services for the welfare of the children. Copies of the report have been placed in the Parliament Library for the convenience