

[Translation]

### Setting up of Textile Mills

4347. SHRIMATI BHAVNA BEN DEVRAJ BHAI  
CHIKHALIA

SHRI SHIVRAJ SINGH :

Will the Minister of TEXTILES be pleased to state :

(a) whether some State Governments have requested the Central financial institutions for providing long term loans to set up cooperative textile mills in their States;

(b) if so, the details thereof as on November, 1996; and

(c) the action taken by the Union Government thereon so far?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA) :

(a) to (c). Government is not aware whether some State Governments, except Maharashtra, have requested the Central Financial Institutions for providing long term loans to set up Cooperative Textile Mills in their States. As regards the state of Maharashtra, the following cooperative spinning mills are reported to have approached the All India Financial Institutions like Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI) etc for sanction of long term loans :

1. Sagreshwar Sahakari Soot Girni Ltd.,
2. Swami Ramanand Bharti SSG Ltd.,
3. Babasaheb Ambedkar SSG Ltd.,
4. Mungansji Maharaj SSG Ltd.,
5. Priyadarshini SSG Ltd., Shirpur,
6. Priyadarshini SSG Ltd., Yavatmal.

The Financial Institutions examine requests for loans in the context of their norms and after taking into account all relevant factors in this regard.

[English]

### Setting up of Local Area Banks/ADFC

4348. SHRI K. PARASURAMAN : Will the Minister of FINANCE be pleased to state :

(a) whether the cooperative banks in rural areas have been working viably and purposefully;

(b) whether the Government have taken a decision to permit establishment of private sector local area banks and Agricultural Development Finance Cooperation at the Panchayat and District levels respectively;

(c) if so, the details thereof; and

(d) the details of such establishments taken place so far, State-wise?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) While Cooperative credit institutions have been extending credit to a large number of persons in rural areas, their operations have been, in many cases adversely affected by poor recoveries, low resources mobilisation, high cost of management, bureaucratisation of management and other factors.

(b) to (d) With a view to strengthen the institutional framework for providing rural credit, it has been decided to allow the establishment of private local area banks and to set up State Agricultural Development Finance Companies. As far as local area banks are concerned, these would have an area of operation limited to two or three contiguous districts with a minimum paid up capital of Rs. five crores, of which the promoters capital shall be atleast Rs. two crores. These would be required to adhere to the requirement of lending 40% net bank credit to priority sector of which 10% should be to weaker sections. Further, the liquidity/requirements and the interest rate regime would be the same as for regional rural banks. Reserve Bank of India (RBI) has reported that no licence has so far been issued to any local area bank. As far as State Agricultural Development Finance Companies (SADFCs) are concerned, these are expected to promote investments in high-tech agriculture, floriculture, horticulture etc. by providing expertise in identification and appraisal of projects, by financing such projects directly or through syndication and by providing other related services.

National bank for Agriculture and Rural Development (NABARD) has been entrusted with the responsibility of promoting these companies. 55% of the equity is expected to come from the private sector and the rest could be subscribed by the State Government and other public finance institutions. No SADFC has been established so far.

### Automatic Teller Machines in Banks in Gujarat

4349. SHRI N.J. RATHWA : Will the Minister of FINANCE be pleased to state :

(a) the details of branches of the State Bank of India and other nationalised banks in Gujarat, location-wise, especially in tribal areas wherein automatic teller machines have been installed;

(b) the details of the branches in which the proposal of installing these machines is presently under consideration; and

(c) the time by which these machines are likely to be installed there?