are eligible to draw advances and withdraw from the Fund for various purposes as stipulated in the Rules governing drawal of advances and withdrawals. When a subscriber quits the service, the amount standing to his credit in the Fund shall be paid to him with interest.

Members of All India Services are governed by AIS (Provident Fund) Rules, 1955 which are identical in scope and content to the GPF Rules.

(ii) Contributory Provident Fund

The Contributory Provident Fund Rules (India), 1962 are applicable to Central Government Employees borne on non-pensionable services. The monthly contribution of the, subscriber will be not less than 10% of the emoluments and not more than his total emoluments and the contribution by the Government will be at the rate prescribed from time to time. This is presently 10%. The rate of interest allowed on CPF subscriptions is 12% compounded annually as in the case of GPF. Conditions governing drawal of advances and withdrawals from the Contributory Provident Fund are similar to those applicable in respect of General Provident Fund.

(iii) Employees Provident Fund Scheme, 1952

The Scheme is applicable to employees of factories/ establishments employing 20 or more persons. Employees drawing wages up to Rs. 5000 per month are compulsorily covered under the Scheme. The rate of subscription to the Fund is 12% of the montly wage in respect of employees in 172 classes of industries/establishments. In the remaining 5 industries, (brick, jute, coir, guargum and beedi), the rate of subscription is 10%. Under the Scheme, both the employer and the employee are required to make matching contribution to the Fund. Of the employer's share to the Fund, an amount representing 8.33% of the monthly wage is diverted towards the Pension Fund. The employees contribution plus the remaining portion of the employer's contribution is deposited in the individual accounts of the EPF subscribers. The subscribers are paid 12% interest on their monthly running balance. On retirement/resignation from service, the entire accumulation in the subscribers account together with interest is paid back to them. The employees are also entitled to non-refundable advances from their PF account.

(iv) Public Provident Fund

A PPF account can be opened by an individual on his own behalf or on behalf of a minor of whom he is the guardian or on behalf of a HUF of which he is a member or on behalf of an asociation of persons or a body of individuals consisting only of husband and wife governed by the system of Community of Property in force in the Union territories of Dadra and Nagar Haveli, Daman, Diu and Goa State. A person subscribing to GPF, CPF or EPF can also open a PPF account. The account can be opened in a Head Post Office or in a Branch of the State Bank of India or its subsidiaries and also at specified branches of some other nationalised banks. The minimum and maximum annual subscription permitted to the Fund in a financial year are Rs. 100 and Rs. 60,000/ - respectively. The balance in the PPF earns an interest at the rate fixed by the Government from time to time. The present rate of interest is 12% per annum. The members are entitled to withdrawal and loan facilities from the Fund as per provisions containod in the Scheme. The account can be closed on expiry of a period of 15 years. If, however, a subscriber intends to continue his account after maturity for any period of time, he is allowed to do so.

(b) There is no proposal at present to change the policies relating to the different schemes in force.

(c) and (d) Does not arise.

[English] 48-49

Abolition of the Scheme of DICGC

*159. SHRI BHARTRAHARI MAHTAB : Will the Minister of FINANCE be pleased to state:

(a) whether most of the State Financial Corporations and many Commercial Banks have ceased their operation from Deposit Insurance Credit Guarantee Corporation (DICGC) on account of high permia, low coverage and unsatisfactory services;

(b) whether the Expert Committee set up in this regard have recommended abolition of the present scheme of DICGC and making it user-friendly through SIDBI; and

(c) the steps being taken to implement the recommendations of the committee?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) The Deposit Insurance Credit Guarantee Corporation (DICGC) has reported that it has terminated the small loans (financial corporations) guarantee scheme, 1971 w.e.f. 31st March 1992 on account of negligible participation by the State Financial Corporations (SFCs) and in view of chronic and continuous default in payment of guarantee fee. A large number of commercial banks have also opted out after the revision of credit guarantee scheme *w.e.f.* Ist April, 1995 due to tightening of the terms of the scheme including increase in guarantee fee and delay in settlement of claims by DICGC.

(b) and (c) S.L. Kapur Committee set up by Reserve Bank of India (RBI) proposed setting up of a new credit guarantee corporation to cover loans sanctioned by public sector banks/financial institutions to SSI units upto Rs. 10 lakhs. Announcement for launch of a new credit insurance scheme for small scale sector has been made in the Budget Speech for 1999-2000. Loans & Advances

Priority Sector Lendings 49-50

*160. DR. S. VENUGOPALACHARY : Will the Minister of FINANCE be pleased to state:

(a) the details of the criteria/guidelines of RBI regarding priority sector lendings;

(b) whether food processing has been given priority sector status for lending purposes; and

(c) if not, the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) In terms of the Reserve Bank of India (RBI) guidelines, it is obligatory for public sector banks to lend 40 per cent of their Net Bank Credit (NBC) to prority sector, of which 18 per cent of NBC is required to be lent to agriculture and 10 per cent of NBC to weaker sections. The details of segments included in priority sector are given in the enclosed statement.

(b) Yes, Sir.

(c) Does not arise.

Statement

Segments included in priority Sector

1. Agriculture (both direct and indirect).
2. Small scale industries (including setting up of industrial estates) (SSIs defined as units with original cost of plant and machinery not exceeding Rs. 3 crore. The tiny sector units are those with original cost of plant and machinery upto Rs. 25 lakhs).
3. Small road and water transport operators (owning upto 10 vehicles).
4. Small business (original cost of equipment used for business not to exceed Rs. 10 lakhs; working capital limit Rs. 5 lakhs).
5. Retail trade (advances to private retail traders upto Rs. 5 lakhs).
6. Professional and self-employed persons (borrowing limit not exceeding Rs. 5 lakhs of which not more than Rs. 1 lakh for working capital; in the case of qualified medical practitioners setting up of practice in rural areas, the limits are double the above figures and purchase of one motor vehicles within these limits can be included under priority sector).
7. State sponsored organisations for SCs/STs.
8. Education (educational loans granted to individuals by banks under their own schemes).
9. Housing (both direct and indirect loans upto Rs. 5 lakhs).
10. Consumption loans (under the consumption credit scheme for weaker sections).
11. Refinance by sponsor banks to RBBs.
12. Loans to Self Help Groups (SHGs)/Non Governmental Organisations for onlending to SGHs.
13. Software Industry (credit limit upto Rs. 1 crore).
14. Food and Agro based processing sector.

Loans & Advances

Comments of A.P. Chief Minister on World Bank's Suggestions

Andhra Pradesh

1464. DR. T. SUBBARAMI REDDY :
SHRIMATI LAKSHMI PANABAKA :

Will the Minister of FINANCE be pleased to state:

(a) whether the Chief Minister of Andhra Pradesh has not agreed to some of the changes suggested by the World Bank before sanctioning the loans/assistance to the State Government;