

(c) An expenditure amounting to Rs. 192 crores has been incurred on the Ganga Action Plan. For monitoring of the Ganga and Yamuna, a total expenditure of Rs. 73.14 lakhs was incurred during the last three years.

(d) The names of the other rivers whose samples have also been tested include: the Brahmaputra, Indus, Sabarmati, Mahi, Narmada, Tapti, Subarnarekha, Brahmani, Mahanadi, Godavari, Krishna, Pennar, Kaveri, Baitarani, Periyar, Chaliyar, Ulhas, Pamba, Tambiraparani, Ghaggar, Kallada, Muvatupuzha, Karmana, Kundalica, Kolak, Damanganga, Achankali, Meenachi, and Manimala.

Action Plan have been formulated for Krishna and Kaveri and could be taken up for implementation depending on the funds available and the experience gained from the implementation of the Ganga Action Plan. An Action plan for Narmada is under implementation by the State Government of Madhya Pradesh.

(e) The Plan include schemes for treating industrial and domestic effluents.

[*Translation*]

#### **Compound Interest on Loans to Farmers**

1425. SHRI HARGOVIND SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the compound interest on loans advanced by nationalised banks to farmers is charged quarterly or half-yearly;

(b) whether it is permissible under the rules; and

(c) if not, whether the Government would direct the banks to charge compound interest as per the rules and to refund excess

interest, if any, charged from the farmers in violation of the rules?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) and (b). The Reserve Bank of India (RBI) has issued instructions to commercial banks regarding interest on agriculture advances as under:—

1. Repayment schedule of agricultural advances, whether short term or term loans should be so fixed or as to coincide with the time when the cultivator has sold his produce and is in funds. Payment of interest should be insisted upon only at the time of repayment of loan instalments.
2. Interest on current dues should not be compounded.
3. When crop loans or instalment under term loans become overdue, banks can add interest outstanding to the principal and compound the interest. However, total interest debited to an account should not exceed the principal amount in case of short term loans to small and marginal farmers.
4. Where the default is due to genuine reasons, banks should re-schedule the instalments under term loans. Once such a relief has been extended the overdues become current dues and banks should not compound interest.
5. Subject to the above, commercial banks can charge interest on loan account at quarterly or longer rests.

(c) By virtue of the powers conferred under Section 21 and 35A of the Banking Regulation Act, the RBI issues directives on interest rates on advances and it is mandatory for the banks to follow these directives. In case any instances are brought to the notice of RBI, the matter is taken up with the concerned banks and if it is transpires that the Bank has charged interest in excess of that prescribed by directives on interest rates on advances issued by RBI, the bank is asked to refund excess interest charged to the borrower.

[English]

**Small Industries Development Bank of India**

1426. SHRI A. CHARLES: Will the Minister of FINANCE be pleased to state:

(a) the norms fixed by the Small Industries Development Bank of India (SIDBI) for giving financial assistance to small industries;

(b) the financial assistance given by the Small Industries Development Bank of India in Kerala for small industries till 30 September, 1990; and

(c) the number of branches of the Small Industries Development Bank of India opened so far in the different parts of the country, with their locations?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) The norms fixed by the Small Industries Development Bank of India (SIDBI) for giving financial assistance to small industries vary from scheme to scheme. Such norms in respect of some of the major schemes for financial assistance to small industries are as under:

**A. Refinance Scheme**

- (i) Debt-equity Ratio (DER)—3:1
- (ii) Promoters' Contribution: 10% to 22.5% of project cost depending on the location of the unit and type of borrowers.
- (iii) Repayment Period: Flexible, Determined on the basis of capacity to repay the loan out of generation of internal funds.
- (iv) Interest Rate: two tier system of interest structure under which the first tier would apply during the period of implementation or 2 years whichever is shorter.

**B. Seed Capital Assistance**

- (i) DER: 2:1
- (ii) Promoters' Contribution: As applicable to refinance scheme.
- (iii) Repayment Period: Depending upon repaying capacity of unit with initial moratorium of 5 years. Repayment period shall not exceed that of term loan from SPCs/SIDC.
- (iv) Rate of Interest: Nil. Only a service charge of 1% p.a. is payable.

**(C) Direct Assistance Scheme to Specialised Marketing Agencies**

- (i) DER: 2 : 1
- (ii) Promoters' Contribution: 25%
- (iii) Repayment period: 10 years