

**Assistance to Less-Developed States by Industrial Finance Corporation**

\*157. SHRI GANESH GHOSH ;  
SHRI K. M. ABRAHAM :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the orders given by the Government to Industrial Finance Corporation with regard to the quantum of assistance given to the less developed States have not been implemented so far;

(b) if so, the reasons thereof;

(c) whether it is also a fact that Government did not pursue the implementation of their directive; and

(d) if so, the reasons thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE, (SHRI P. C. SETHI) : (a) and (b). Government had issued a directive to the Industrial Finance Corporation in 1948 that in its operations, it should assist, as far as may be practicable, the industrial development of backward provinces/areas in order that they may attain a more balanced development. The Corporation has extended assistance of the order of Rs. 105 crores to 134 units in the relatively less industrially developed States of Andhra Pradesh, Assam, Bihar, Madhya Pradesh, Rajasthan, Orissa, Uttar Pradesh and Jammu and Kashmir. This constitutes about 33% of the total assistance granted by the Corporation, as at the end of 30th June 1969. No application for setting up a worthwhile project in a less developed State has been rejected by the Industrial Finance Corporation.

(c) and (d). Reduction of inter regional disparities is a much wider question of which provision of financial assistance by the institutions is only one part. It will be appreciate that in giving financial assistance for projects in the backward areas the Corporation has, by and large, to depend on applications for assistance from entrepreneurs for setting up viable projects in such areas. These in turn depend on the infrastructural and other facilities available in the areas. It is mainly the responsibility of the respec-

tive State Governments to provide such facilities. In order, however, to encourage more projects being set up in the backward areas the Corporation has recently announced certain concessions in respect of small and medium sized projects proposed to be set up in such areas.

The salient features of the proposal are as follows :—

- (i) a reduction in the effective rate of interest (the present normal effective rate is 8%)
- (ii) lowering of the margin of security (the Corporation normally aims at 50%);
- (iii) extension of the initial moratorium period for repayment of loans;
- (iv) a longer amortization period;
- (v) greater contribution by the Corporation to the project cost inclusive of participation in equity and preference capital by way of underwriting facilities; and
- (vi) reduction in the charges for processing or examination of applications for assistance, in the commitment charge on undisbursed loans; relief in legal charges and recovery of other incidental expenses etc.

Caution to I.O.C. in further dealing with M/s. Hind Galvanising and Engineering Co.

\*158. SHRI SAMAR GUHA : Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state :

(a) whether in view of the recommendations made by the Estimates Committee in their 86th Report (Fourth Lok Sabha), Government have asked the Indian Oil Corporation Ltd. to be very cautious in their dealings with Hind Galvanising and Engineering Co. (Pvt.) Ltd. in placing their further orders of barrels on them due to their suspending supply of barrels and thus forcing them to purchase barrels from M/s. Suppliers Corporation at an exorbitant