

LOK SABHA DEBATES

LOK SABHA

[Translation]

Friday December 10, 1993 Agrahayara
19, 1915 (Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *In the Chair*]

ORAL ANSWERS TO QUESTIONS

Power loom Units

[English]

*121 SHRI C. P. MUDALAGIRIYAPPA:
Will the Minister of FINANCE be pleased to state :

(a) whether powerloom units in the country have been provided/are proposed to be provided financial assistance under the refinance schemes of the National Bank for Agriculture and Rural Development (NABARD) and the Industrial development Bank of India (IDBI)

(b) if so, the refinance assistance provided by NABARD and SIDBI to the above units during the last year and proposed to be provided during the current year; and

(c) if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) to (c) : A Statement is laid on the Table of the House.

STATEMENT

(a) and (b). Small Industries Development Bank of India (SIDBI) a wholly owned subsidiary of Industrial Development Bank of India (IDBI) and National Bank for Agriculture and Rural Development (NABARD) have been providing financial assistance under their refinance schemes to powerloom units.

The refinance disbursed by SIDBI for powerloom units coming up in the small scale industries (SSI) sector and not envisaging production of items reserved for handloom sector under its refinance scheme, was of the order of Rs. 76.09 crores during 1992-93. The data reporting system of NABARD does not yield separate figures for refinance provided for powerloom units. However, the total refinance for handloom and powerloom disbursed by NABARD on account of term loans during the year 1992-93. was of the order of Rs. 9.67 crores. NABARD provides short term credit limits to State Cooperative Banks (SCBs) for financing production and marketing activities of Powerloom Weavers' Cooperative Societies

(PWCS) in addition to Handloom Weaves' Cooperative Societies (HWCS). The limits sanctioned on account of Working Capital loans to SCBs for financing handloom/PWCS during 1992-93 amounted to Rs. 492.37 crores. The refinance for all such eligible proposes is provided by SIDBL and NABARD on an on-going basis and no specific activity-wise targets are prescribed in this regard.

(c) Does not arise.

[English]

SHRI C. P. MUDALA GIRIYAPPA : Mr. Speaker Sir, as you know, most of the powerloom production is in the hands of master weavers who in turn sub-contract to individual producers and they have little access to organised credit. I want to know whether the Government of India is working out any scheme to identify such individual producers and help them by financing.

[Translation]

DR. ABRAR AHMED : Mr. Speaker Sir, the loans are advanced to all the powerlooms by IDBI and SIDBI and are refinanced by NABARD. The hon. Member has been provided information regarding loans advanced last year as an answer to the main question. If the hon. Member wants more information, I would like to tell him that SIDBI has provided assistance to 2240 units during the last three years in which Rs. 72.48 crores (*Interruption*)

[English]

SHRI C. P. MUDALA GIRIYAPPA : That is not my supplementary question. The information on that is given by the Minister already in the Statement that is laid on the Table of the House. He has not understood my supplementary properly.

My supplementary question is, most

of the powerloom productions are in the hands of master weavers who in turn subcontract it to individual producers who have a little access to organised credit. Is the Government of India working out any such scheme to finance the individual producers?

[Translation]

DR. ABRAR AHMED : Mr. Speaker, Sir, the hon. Member wants to know about individual producers. There is no direct scheme of refiancing by SIDBI and NABARD as has been stated in the reply to the main question. Whatever assistance is provided within a State is provided through State Financial Corporation or Industrial Financial Corporation of the State.

[English]

SHRI C. P. MUDALA GIRIYAPPA : My second supplementary is, most of the powerlooms are suffering due to lack of adequate funds for modernisation. It seems that the Government of India, the banking institutions like NABARD or other subsidiary banks are not coming forward for financing modernisation of powerloom units. Is the Government considering to finance modernisation of such powerloom units and also to provide working capital to such type to unit's?

[Translation]

DR. ABRAR AHMED : Mr. Speaker, Sir, I have just submitted that NABARD does not provide direct assistance for this. It only provides refiancing and it refiances State Industrial Organisations. There is no such provision of giving direct assistance.

[English]

SHRI SOBHANADREESWARA RAO VADDE : Mr. Spak, Sir, from the answer given by the hon. Minister, the total refinance

for handloom and powerloom disbursed by NABARD is hardly Rs. 9.67 crores, which is a very small amount. Will the hon. Minister enquire into the matter and issue suitable instructions to NABARD to help these handloom weavers as well as powerloom units weavers, in big way because it is sector which is giving highest employment of self-employed people. The Cooperative Banks will be very near to these people and through NABARD more help can be given to them directly, instead of SIDBI.

I would request the Government to assure this House that more adequate finance to powerloom and handloom units would be given.

[*Translation*]

DR. ABRAR AHMED : Mr. Speaker, Sir, I agree with the hon. Member that we receive complaints in this regard. As I have now said just that NABARD and SIDBI provide only refinancing. The State Financial Corporations and State Industrial Corporation will have to see that they get loans from them and then these are refinanced through NABARD and SIDBI.

[*English*]

DR. VASANT NIWRUTTI PAWAR : There are so many problems in the powerloom industry. Hence the Government has appointed the Abid Hussain Committee. I would like to ask through you, whether the Government is going to implement the Hussain committees recommendations and adopt those for financing powerlooms.

Mr. Speaker: This is for the Minister of Textiles to answer.

[*Translation*]

SHRI RAJNATH SONKAR SHASTRI: Mr. Speaker, Sir, the hon. Minister

has stated that loans are sanctioned by Industrial Corporations to powerlooms and handlooms.

11.09 Hrs

[SHRI NITISH KUMAR *In the Chair*]

Generally it is seen that when small weavers or small powerloom owners apply to Industrial Corporations for loans, the Industrial Corporations follow a long process and the applicants are called upon to fulfill many formalities. The amount of security, the time since when their powerloom is functioning etc. are to be shown in the application. That's why, it takes about one year in the getting loans. I would like to know whether Minister will direct Industrial Corporations to adopt such a process which may ensure timely sanction of loans to small handloom and powerloom owners as per their requirements ?

DR. ABRAR AHMED : All the State Finance Corporations and Industrial Corporations are under full administrative control of the respective State Government and work on their directions. The hon. Member has stated some of their problems which are justified. He should contact the concerned State Government and we will also try to convey the problems to the State Governments.

SHRI CHANDRAJEET YADAV : The hon. Minister has admitted that the problem is a serious one. He has been repeatedly saying that the State Controlled Finance Institution advance direct loans. But keeping in view that this is the second fact that the biggest industry of the of our country and also the fact problem of common man of earning a living is also involved, whether he is working in powerloom industry or handloom industry his problem is getting more serious day-by-day. Last year All India Conference had taken place which was addressed by the

Prime Minister. He had given an assurance that the Government would chalk out a scheme to ensure a direct and speedy grant of loans with a view to help the industry and overcome the problems by the weavers. A common weaver does not get even working capital and equipment. The middlemen take advantage of the situation. That's why the weaver is frustrated and suffering a lot. Whether the Government propose to formulate a comprehensive scheme with the assistance of Ministry of Textiles, Ministry of Finance and the State Government with a view to help them and make them self-reliant? Because crores of people depend on that?

DR. ABRAR AHMED : I would like to say in the context of the problem mentioned by the hon. Minister that the Ministry of Textiles formulates a scheme or a policy. It contacts the other when it is required to do so Ministries for coordination. When the Ministry of Textiles submits a scheme to the Ministry of Finance. The role of Ministry of Finance is only to provide financial assistance and to work accordingly and take steps.

SHRI CHANDRAJEET YADAV : When the Prime Minister himself had given an assurance that their Government is giving attention to that. You cannot escape your responsibility by saying that it is for the State Government to take action and we will take action only after the State Government has taken steps. Will you also take initiatives because your department is supposed to finance it ?

DR. ABRAR AHMED : The Ministry of Finance works on the directions issued by the Prime Minister.

SHRI A. ASOKARAJ : The hon. Minister in his reply has said that the total re-finance for handloom and powerloom disbursed by NABARD on account of term

loans was of the order of Rs. 9.67 crores. I would like to know from the Hon. Minister how much of this amount was earmarked for Tamil Nadu and secondly, from the amount which was disbursed to Tamil Nadu, how much of loan was given by nationalised banks and how much of loan was given by the co-operative banks.

[Translation]

DR. ABRAR AHMED : The loans sanctioned to Tamil Nadu by SIDBI are meant for 203 units. The amount sanctioned for the year 1991-92 is Rs. 179.79 lakh and for the year 1992-93 it is Rs. 96.78 lakh.

[English]

SHRI A. ASOKARAJ : I asked for the details regarding how much amount was given by the nationalised banks and how much amount was disbursed by the cooperative banks.

DR. ABRAR AHMED : This question is related only to SIDBI and NABARD.

SHRI SUDHIR GIRI : Mr. Chairman, Sir, the powerloom units engage a good number of people. There are some fake units. These fake units draw loans through the State Cooperative Banks. I would, therefore, like to know from the hon. Minister whether there is any effective machinery which can properly examine whether the loans sanctioned are properly utilised or not.

[Translation]

DR. ABRAR AHMED : Mr. Chairman, Sir, I said it at the outset that Financing is provided by SIDBI and NABARD. It is further disbursed by the state Finance Corporations and their units. The purpose is to ensure that the loans are utilised properly and to check the bungling if any, in the sanction of loans ?