

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5750
ANSWERED ON:02.05.2003
CREDIT FACILITY FOR N.E. STATES
MONI KUMAR SUBBA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether a delegation of the Federation of Industries and Commerce of NorthEastern Region (FINER) called on the Governor, Reserve Bank of India to seek the muchneeded support for the Industrial development and economic resurgence of the region and to invite attention to the low credit debit ratio of leading Banks in the region;
- (b) if so, the precise demands made by FINER delegation; and
- (c) the response of the RBI and the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL);

- (a) Reserve Bank of India (RBI) have reported that a delegation of the Federation of Industries and Commerce of North-Eastern Region (FINER) had called on Governor, RBI on 13.2.2003 during his visit to Guwahati.
- (b) Some of the steps suggested by the FINER in respect of credit delivery in the N.E. Region are given below:â€”
 - (1) The commercial banks operating in the NE Region should have their controlling/ sanctioning authorities offices in the NE Region at least at the level of Zonal/Regional Office with sanctioning power of upto Rs. 500 lakh in respect of any single borrowing entity.
 - (2) The commercial banks handling industrial advances of significant magnitude in the NE Region should be directed to locate dedicated commercial/industrial finance branches to handle commercial/industrial advances with exposure above a cut off limit say Rs. 25 lakh to expedite the credit delivery process of such advances in major industrial centres of NE Region.
 - (3) The bank should strive to raise the standards of appraisal and monitoring of advances by uninducting specialized, dedicated and trained staff having adequate exposure to the Region.
 - (4) RBI and commercial bank boards should have representation of the North East.
 - (5) Time limits for disposal of loan proposals set by RBI should be strictly adhered to.
 - (6) RBI should convene quarterly meetings of important commercial banks with industry associations to monitor credit flow.
- (c) Following the FINER's aforesaid meeting with Governor, RBI had convened 2 meetings of Senior Bankers, State Government Officials and Members of FINER at Guwahati to consider inter-alia, the steps suggested by FINER. IT was felt that Banks need to augment their efforts to increase flow of credit to small and marginal farmers and the industry for enhancing CD Ratio in the region.