

SESSIONAL PAPER No. 11 OF 1969 ON GOVERNMENT GUARANTEE OF
BANK CONSORTIUM LOAN TO THE INDUSTRIAL AND COMMERCIAL DEV-
ELOPMENT CORPORATION

In accordance with the Loans (Guarantee) Act, the Minister for Commerce & Industry has given notice of the following Motion:-

THAT, this House approves the proposal by the Government to guarantee a loan to the Industrial and Commercial Development Corporation from the Bank Consortium of a sum not exceeding K£470,000 to be repayable over a period of 5 years with one year moratorium at the rate of 7% per annum payable half yearly as contained on Sessional Paper No.11 of 1969 already laid on the Table of the House.

(President's consent signified)

(2) The Industrial & Commercial Development Corporation has negotiated a loan of K.shs.9,399,999/95 from the Consortium of Banks. The consortium consists of .-

(i)	The National Bank of Kenya	shs. 1,400,000.00
(ii)	Barclays Bank D.C.O.	shs. 2,666,666.65
(iii)	National & Grindlays Bank Ltd.	shs. 2,666,666.65
(iv)	The Standard Bank Ltd.	shs. 2,666,666.65
Total		shs.9,399,999.65

(3) This loan is to be used by the Industrial & Commercial Development Corporation for financing various undertakings and enterprises within the provision of the Industrial & Commercial Development Act. The loan is for 5 years with one year moratorium. Interest is at the rate of 7% per annum, payable half yearly.

(4) The Corporation, among other things, provides credit facilities to small African commercial and industrial enterprises for short periods for working capital and on long term basis for machinery and equipment.

In keeping with the policy of promoting effective African participation in the commercial sector of the economy, the Corporation started a commercial property loan scheme during the 1967/68 financial year. Since then the Corporation has given loans to African businessmen for acquisition and/or development of commercial properties in important trading centres.

(5) Its activities received a great impetus during 1968/69 financial year on account of, inter alia, the implementation of the Trade Licensing Act. This Expansion can be seen from the following figures relating to loans approved and actually issued to the African small scale commercial concerns and industries:-

	<u>Loans Approved</u>	<u>Loans Issued</u>
	K£	K£
Small Industrial	112,600	93,100
Commercial Loans	474,500	345,600
Property Loans	<u>650,900</u>	<u>215,000</u>
Total	K£1,238,000	K£653,700

(7) These figures show that the Corporation could only issue 53% of the amount of loan approved during the year 1968/69. It was to meet this shortfall that the Industrial & Commercial Development Corporation, the Ministry of Commerce & Industry, and the Treasury had to request the Consortium of Banks for a loan of Kshs.9,399,999.95.