

Decision on the National Bank's Aid to Cooperatives

(Attachment issued by the Central Cooperative Enterprise Management Bureau and the Head Office of the People's Bank of China Yinhefangzi No. 7 Instructions) February 1952

1. In order to support the development of cooperative undertakings, the National Bank shall give various preferential treatment to cooperatives in lending. Cooperatives shall strengthen economic accounting and accept the supervision of the National Bank in terms of financial planning and the use of loans. Cooperatives shall implement the cash management method stipulated by the National Bank.

2. Loan planning and control of cooperatives:

A. For cooperative loans with a long-term loan period of more than one year, before the beginning of the year, the National Cooperative Federation shall draw up a plan, submit it to the Central Finance Commission for approval, list it as a financial budget allocation, lend it to the bank, and use it according to the plan.

B. For cooperative loans with a short-term loan period of more than one year, in addition to preparing an annual plan, a quarterly loan plan must be compiled from bottom to top every quarter. The National Cooperative Federation prepares a plan for specific distribution to large administrative regions or provinces, and then the head office and the head office issue the distribution plan according to the system. Within the scope of this plan, the subordinate banks and local cooperatives negotiate loans at any time according to needs.

C. When a cooperative request a loan, it should provide a description of the purpose and the business plan approved by the superior, and draw up a loan contract. The bank can send staff at any time to understand the business situation of the cooperative and the use of the loan. The cooperative should provide various facilities for such inspections and help. In the course of business operation, if the cooperative needs overdraft due to special circumstances, it should submit opinions within the planned loan amount, submit it to the local bank for approval to facilitate the overdraft method.

D. In order to vigorously support the rapid development of cooperatives, the loan interest rate of supply and marketing cooperatives can be reduced by 10% according to the state-owned commercial loan interest rate, and the production cooperatives can be reduced by 10% compared with state-owned factories. The deposit interest rate is the same as that of state-owned enterprises.

E. In principle, a cooperative loan must have a mortgage and a guarantor. If due to factual difficulties, the bank agrees to be guaranteed by the higher-level cooperative, that is, no collateral will be provided. The superior should be responsible for urging the subordinate agency to perform the contract and repay the principal and interest on schedule.

3. Cooperatives shall thoroughly implement the cash management system and gradually draw up cash revenue and expenditure plans, and cooperatives at all levels and banks at all levels shall conclude various business contracts stipulating the various activities of cooperatives linked to money and finance, all through the State Bank, and the State Bank shall give preferential treatment to cooperatives when undertaking these businesses (deposit interest preferential treatment as above, exchange fees can be waived, insurance rate discounts are favored, the details should be determined by local banks, this principle, according to local conditions.))

4. For agricultural and sideline business loans held by banks, if the cooperatives in the lending area have the conditions, they should handle them through cooperatives as far as possible, and when cooperatives act as agents for this business, both parties to the cooperatives shall conclude a contract in advance to faithfully carry them out, and other businesses may also be entrusted to cooperatives when cooperatives may handle them (such as insurance, savings, etc.), and all agency businesses shall be contracted, handled according to the contract, and reported to the superior bank for reference.

5. Cooperatives at all levels should strengthen economic accounting, accumulate and make full use of their own funds, prepare financial plans and send copies of them to local banks. The State Bank will provide short-term capital support for the short-term turnover under the condition that the cooperative fully and rationally utilizes its own funds, and supervises the completion of its plan in terms of capital relations.

Note from Guangdong Branch of the People's Bank of China: 50/12/12 release #78 notification from the Central South District, to forward to the 12/6 head office general release #432 instruction "The "submission" refers to the level of transfer to the head office for approval" special Note.