Indian Affairs - Office of Public Affairs

Media Contact: Ayres -- 343-9431
For Immediate Release: March 14, 1968
Print PDF

Although credit is more and more essential for the Indian individual or tribe as emerging economic units, the Bureau of Indian Affairs revolving fund for Indian loans was $18.5 million short of demands upon it during fiscal 1967, Robert L. Bennett, Commissioner of Indian Affairs, reported today.

The revolving fund for Indian loans was first authorized by the Indian Reorganization Act of 1934, to total $10 million. The authorization was increased by several legislative acts between 1936 and 1967 until nearly $25 million was appropriated, and all this was loaned. The revolving fund is now being operated entirely with repayments on loans previously made and interest payments.

Although loan commitments are made and applications are authorized on a fiscal year basis, all commitments are made subject to the availability of funds. During fiscal 1967, Indians given expectations of loans to the extent of $18.5 million were disappointed when the funds failed to materialize under the authorization and appropriation limitations.

Requests for financing pending last June 30 totaled $743.5 million. These must be investigated to determine whether the proposals are economically sound and whether other sources of financing are available. In addition, various tribes made requests for loans totaling $84 million for tribal land purchases during fiscal 1967.

A survey conducted by the Civil Works Administration about the time the Indian Reorganization Act was passed -- nearly 35 years ago -- showed an Indian credit need of $65 million.

The Commissioner's announcement came with release of the "Annual Credit Report -- 1967" of the Bureau of Indian Affairs Division of Economic Development, which contains credit data for the fiscal year that ended June 30, 1967.

"The revolving fund is woefully short of the amount needed to enable the Indians to participate more fully in American social, economic, educational, and political life and permit them to exercise greater initiative and self-determination," said Commissioner Bennett.

The Commissioner pointed out that an Indian Development Loan Authority would be authorized by the proposed Indian Resources Development Act now before the Congress. Said he:

"The main feature of the Indian Resources Development Act is that it authorizes the appropriation of $500 million, not more than $100 million in the first five years after enactment, for an Indian loan guaranty and insurance fund and for a direct loan revolving fund.

"The loan Guaranty and insurance fund will be used to guarantee not more than 90 percent of anyone loan or to insure repayment of 15 percent of aggregate loans made by one lender. Direct loans will be made from the revolving fund to Indians who cannot obtain commercial loans either with or without a guaranty."

Tribes and other Indian organizations that have available funds on deposit in the United States Treasury or elsewhere are required to use their own money before applying to the Bureau of Indian Affairs for a loan. Some tribes operate credit and financing programs entirely with tribal funds. Others use their own money to the extent available, and supplement their funds with those borrowed from the United States.

At the close of 1967, tribes were using a total of $81.74 million of their own money for credit and financing. Customary lenders, both private and governmental, supplied $183.44 million. These lenders include banks, the Farmers Home Administration, savings and loan associations, and so forth.
