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Secretary of the Interior, Stewart L. Udall announced his support today of legislation that would make it possible to revive and strengthen the program of Federal loans to Indian tribes to help finance job-creating enterprises and greater development of human and natural resources on Indian reservations.

The Secretary's position was set forth in a favorable report on S. 1540, a bill that would remove the present $10 million legal limit on appropriations for the revolving loan fund of the Bureau of Indian Affairs.

"Removal of the limitation," Secretary Udall said, “would be most desirable. It would permit the Department to present and the Congress to consider appropriation requests for the revolving loan fund not in terms of an arbitrary dollar limit but on the basis of the actual justifiable needs that the Indians have for financing which they cannot obtain from other sources. We believe there are many opportunities for greater economic development and resources development on Indian reservations that are being held in abeyance today for lack of adequate financing.”

The repayment record of Indians on loans from the revolving fund, Secretary Udall added, has been excellent. As of last June 30, a total of $34,478,860 had been loaned from the fund. Of the $25,619,973 due through that date, over 96 percent had been paid, only 2.25 percent was delinquent, about three-quarters of one percent had been cancelled and approximately half of one percent had been extended.

The revolving loan fund, authorized in 1934, is used chiefly for lending to Indian tribal groups unable to obtain the financing they need from customary sources principally because of the trust status of their land and the lack of adequate bankable security. Loans are made to the tribal groups for financing tribal enterprises and cooperative enterprises, to encourage industry and for relending to individual members.

Many types of tribal enterprises have been financed from the revolving fund over the years since 1934. They include farming and livestock enterprises, recreational developments such as motels, land acquisition and management enterprises, arts and crafts developments, salmon canneries and fishing enterprises, and Eskimo trading posts in Alaska.

In addition to the loans received from the revolving fund, Indian tribes also use funds of their own for financing enterprises and relending to individual members. On June 30, 1960, the tribes were using nearly $24 million of their own funds for these purposes in comparison with $10,572,318 in loans receivable on that date from the revolving credit fund.

During the same fiscal year Indian tribes and individual Indians received over $75 million of financing from customary sources such as banks and production credit associations.