

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:1639
ANSWERED ON:07.03.2001
SHORTAGE OF WORKING CAPITAL
NAWAL KISHORE RAI;SUSHIL KUMAR INDORA

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES be pleased to state:

- (a) whether the production in the small scale industries sector is being affected due to shortage of working capital;
- (b) if so, the details thereof;
- (c) whether Government have taken any steps to solve the situation; and
- (d) if so, whether the Government have not been able to find out a solution to this problem of the small scale industries sector despite recommendations made by various committees in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

- (a) & (b): The production of Small Scale Industries (SSI) sector has increased from Rs. 2,98,885 crores in 1994-95 to Rs. 5,72,887 crores in 1999-2000 at current prices. The outstanding credit to SSI sector to Public Sector Banks, Private Sector Banks and Foreign Banks has increased considerably from Rs. 29,152 crores at the end of March 1995 to Rs. 55,973 crores at the end of March 2000.
- (c) & (d): Government has taken a number of steps to improve the credit flow to SSI sector with a view to strengthen the SSI sector which inter-alia include simplified procedure for sanction of working capital loan upto Rs. 5 crores based on normative requirement of 20% of the annual projected turnover of the units, dispensing with collateral for loans upto Rs. 5 lakhs, formulation of Credit Guarantee Scheme, enhancement of Composite Loan limit to Rs. 25 lakhs, enhancement of limit of project cost upto Rs. 50 lakhs under the National Equity Fund Scheme.