

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

UNSTARRED QUESTION NO:2525  
ANSWERED ON:14.03.2001  
LOAN TO SSI SECTOR  
ANANDRAO ADSUL;SRINIVASULU KALAVA

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

- (a) whether small scale industries have been included under priority sector for providing guaranteed loans to them by the financial institutions particularly the banks in the country;
- (b) if so, the percentage of loans meant for the small scale industries out of the total loans to be provided as per the directions issued by the Government in this regard;
- (c) whether these directions are not being followed;
- (d) if so, the reasons therefor; and
- (e) the average percentage of loans being provided to the small scale industries at present?

**Answer**

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

(a): Yes, Sir.

(b): No separate target is fixed for lending to Small Scale Industries (SSIs) for loans to be advanced by Indian Banks. Advances to SSIs are included in the overall target of 40% under priority sector to be achieved by banks. However, in order to ensure that banks do not ignore the credit needs of smaller units among SSIs, it has been stipulated that banks should lend atleast 40% of their advances to SSI sector to those units whose investment in plant and machinery is upto Rs. 5 lakhs and 20% to those units whose investment in plant and machinery is between Rs. 5 lakh and Rs. 25 lakhs. The foreign banks in India have been given by the Reserve Bank of India a target of 10% of net bank credit to be achieved by them for loans to SSIs. As at the end of March, 2000 they have achieved the target and the percentage stood at 10.23.

(c): No, Sir.

(d): Does not arise.

(e): As per the Reserve Bank of India, as on 31st March, 2000, public sector banks net credit to small scale sector was 15.63% of their total net bank credit.