

**GOVERNMENT OF INDIA  
SMALL SCALE INDUSTRIES  
LOK SABHA**

STARRED QUESTION NO:38  
ANSWERED ON:22.07.2003  
CREDIT FACILITIES TO SSI SECTOR  
IQBAL AHMED SARADGI

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

(a) whether any meeting has been held with the Ministry of Finance and Heads of various commercial banks to discuss the issue of extending credit facilities to the SSI sector; and

(b) if so, the details alongwith the action taken thereon?

**Answer**

THE MINISTER OF STATE FOR SMALL SCALE INDUSTRIES AND DEVELOPMENT OF NORTH-EASTERN REGION ( D THAKUR )

(a) & (b): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) & (b) IN RESPECT OF THE LOK SABHA STARED QUESTION NO. 38 FC  
REPLY ON 22.07.2003

(a): The issue of extending credit to the Small Scale Industrial (SSI) sector was discussed with the heads and representatives of various commercial banks in the meeting of Reserve Bank of India's Standing Advisory Committee to Review the Flow of Institutional Credit to the SSI sector held on 15th January, 2003. The Committee is headed by the Deputy Governor, RBI and the Ministry of SSI and Ministry of Finance are also members. To review the implementation of the decisions of the Standing Advisory Committee meeting held on 15th January, 2003, RBI held another meeting with the Ministry of SSI and the Heads and representatives of various commercial banks on 2nd June, 2003. Recently, the Minister of State (Expenditure, Banking & Insurance) also took a meeting with the Chief Executives of the public sector banks on 25th June, 2003 in which issue of lending SSI sector was also discussed.

(b): Some of the new important decisions taken by the Government relating to credit facilities to SSI are as under :-

(i) As per the announcement made by the Finance Minister in the Union Budget 2003-04, the Indian Banks' Association has advised the banks to adopt the interest rate band of 2% above and below their prime lending rates for secured advances.

(ii) Banks have agreed to enhance the composite loan limit from Rs. 25 lakhs to Rs. 50 lakhs for the SSIs.

(iii) Ministry of SSI has identified 60 clusters for focused development of SSI. The list of 60 clusters was sent by the Ministry of SSI to the RBI. RBI in turn has written to the commercial banks to formulate credit plans. Banks to initiate necessary action for incorporating SSI's credit requirement in the States Credit Plans.

(iv) Credit Guarantee Trust Funds for Small Industries (CGTSI) to review its decision in respect of loans upto Rs. 5 lakhs.