

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:861
ANSWERED ON:25.07.2003
CREDIT FACILITIES TO SSI SECTOR
BHASKAR RAO PATIL;IQBAL AHMED SARADGI

Will the Minister of FINANCE be pleased to state:

- (a) the norms set by the banking sector for providing credit to the small scale industries;
- (b) the extent to which these norms have been applied for providing credit to this sector;
- (c) the overall percentage of such loans disbursed by each bank during each of the last two years and steps taken by the Government to penalise banks for non-implementation of the policy;
- (d) whether fall in interest rates during the last few years has led to a squeeze on the spread of the Indian banking sector; and
- (e) if so, the facts and details in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & b) : Reserve Bank of India have issued the guidelines from time to time for providing credit to SSI Sector. Some of the norms set for financing of SSI Sector are given in the Annexure-I. The norms prescribed by RBI are generally followed by the commercial banks. The issues relating to credit flow to SSI Sector are critically reviewed from time to time at the highest level in the meetings of Standing Advisory Committee on flow of institutional credit to SSI Sector under the Chairmanship of Deputy Governor, RBI wherein representatives of Ministries of Finance and SSI, Chief Executives of PSBs, representatives of SFCs and SSI Associations also participate.

(c): The information is placed in Annexure-II.

(d) & fe) : Reserve Bank of India has reported that there was a decline in the spread (ratio of net interest income to total assets) during 2001-02 for Scheduled Commercial Banks (SCBs). The details of bank-group wise net interest income as percentage of total assets (spread) for 2000-01 and 2001-02 are as under:

Net Interest Income (Spread) as Percentage of Total Assets:

2000-01 2001-02

Public Sector Banks 2.86 2.73

Private Sector Banks 2.33 1.58

Foreign Banks 3.63 3.25

All SCBs 2.90 2.60