

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2070

ANSWERED ON:04.08.2000

LOANS TO SMALL SCALE INDUSTRIES BY PUBLIC SECTOR BANKS

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government have given directions to the Public Sector Banks to extend highest possible help to tiny and Small Scale Industries;

(b) if so, the details thereof; and

(c) the other remedial measures have been adopted or proposed to be adopted by the Government to solve the problems of these industries?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) RBI has reported that banks have been advised to ensure that 40% of total SSI advances should be available for units with investment in plant and machinery upto Rs. five lakhs and 20% should be made available to units with investment in plant and machinery between Rs. five lakhs and Rs. twenty five lakhs. Thus, 60% of the funds earmarked for SSI sector go to small units in tiny sector.

(c) The following measures have been taken by the Government to solve the problem of tiny and small scale industries :

The exemption limit for collateral free loans for tiny sector raised from Rs. 1 lakh to Rs.5 lakh.

Raising of composite loan limit from Rs. 5 lakh to Rs. 10 lakh.

Lending by banks to NBFCs or other intermediaries for the purpose of on-lending to the tiny sector to be included in priority sector lending.

Credit Guarantee Fund Scheme for Small Industries (CGFSI) operated by SIDBI.

Technology Upgradation and Modernisation Fund (TDMF) Scheme run by SIDBI extended for a further period of three years.

National Equity Fund (NEF) Scheme operated by SIDBI. Eligibility raised to include project cost upto Rs. 25 lakhs and extended to all non-metropolitan areas.

Banks to set up specialised SSI branches in every district or in at least one industrial cluster in every district. Specialised SSI branches to obtain ISO Certificate.