

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

UNSTARRED QUESTION NO:1115  
ANSWERED ON:01.03.2000  
CREDIT REQUIREMENTS IN SMALL SCALE INDUSTRY  
UMMAREDDY VENKATESWARLU

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

- (a) whether any efforts have been made to institutionalise the credit requirements of the small scale industries in the country;
- (b) if so, the details thereof?
- (c) Whether lack of adequate and timely credit has resulted in major problems for the small scale industries;
- (d) if so, the details thereof;
- (e) whether the Government propose to prevail upon the nationalised banks to come forward and give liberal assistance to the small scale sector; and
- (f) if so, the steps the Government propose to take to ensure that the credit bottleneck for the small scale industry is removed?

**Answer**

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

(a) & (b): There already exists an institutional mechanism at the district level to assess the credit requirement of small scale industries and incorporate the same in the annual Credit Plan for the district. The lead bank is responsible for monitoring the implementation for the District Credit Plan. Government has taken various steps to enhance the flow of credit to SSI units, which, inter alia, includes earmarking 60% of SSI credit under priority sector lending for tiny sector units.

(c) to (f): There has been a steady increase in the flow of credit to the SSI sector, which has risen from Rs. 16,783 crore in March 1991 to Rs. 42,674 crore in March 1999 accounting for 17.3% of the net bank credit. The RBI issues elaborate guidelines from time to time for time-bound disposal of loan applications from small enterprises and closely monitors the disposal of loan applications by banks. The Government is also proposing to introduce a Credit Guarantee Scheme to further enhance the comfort level amongst banks to lend to SSI and tiny sector units.