

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:494
ANSWERED ON:03.12.2004
LOAN TO SSI
Singh Shri Chandrabhan Bhaiya

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank have issued instructions to all Banks to implement some recommendations of Dr. A.S. Ganguly Committee regarding distribution of loans in Small Scale Industries Sector;
- (b) if so, the details thereof;
- (c) whether the Government has identified 60 classified regions; and.
- (d) if so, the manner by which the distribution of loans will be made in small scale industries sector after identifying different regions of all States including Madhya Pradesh by the Reserve Bank of India State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) :- Yes, Sir. Reserve Bank of India (RBI) has issued instructions to all banks on some of the recommendations of the Ganguly Committee vide circular dated 4th September, 2004. The instructions for the banks briefly stated are as under:

(i) Besides the 60 clusters identified by the Ministry of Small Scale Industries for focused development of SSIs, banks may identify new clusters and also adopt cluster based approach for financing.

(ii) Lead Banks may consider sponsoring specific projects as well as widely publicize the successful working models of NGOs operating in South India and some other states which service small, tiny and individual entrepreneurs.

(iii) Banks operating in the North East region may consider sanctioning higher working capital limits to SSIs, based on their commercial judgement due to the peculiar situation of hilly terrain and frequent flood causing hindrance in the transportation system.

(iv) Banks may consider exploring new instruments for promoting rural industry and to improve the flow of credit to rural artisans, industries and rural entrepreneurs.

(c) & (d):- Yes, Sir. Ministry of Small Scale Industries had identified 60 clusters focused development and advised RBI to disseminate the relevant information to all public sector banks for initiating further necessary action and incorporating their credit requirements in the State Credit Plans. Accordingly, RBI has forwarded the details of the 60 clusters so identified all over India (including Madhya Pradesh) to the SLBC Convenor banks to constitute a special group of bankers and State Government Officials to resolve various issues arising on financing the clusters and report the developments to SLBC. RBI has also advised its Regional Offices to ensure

that the issue on financing of the identified clusters is taken up at the SLBC meetings.