

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:356
ANSWERED ON:16.12.2005
LOAN TO SMALL AND MEDIUM ENTERPRISES
Chakraborty Dr. Sujan

Will the Minister of FINANCE be pleased to state:

- (a) the overall Net Bank Credit (NBC) in absolute terms in each of the last three financial years ;
- (b) the NBC in absolute terms to the Small and Medium Enterprises (SME) sector alongwith the percentage share SMEs thereof in each of the last three financial years ;
- (c) whether the percentage share of SMEs is progressively declining ;
- (d) if so, the reasons therefor ;
- (e) the NBC in absolute terms to the tiny sector along with the percentage share of the tinys thereof in each of the last three financial years; and
- (f) the specific steps the Government propose to take for enhancing the share of NBC for the SME and tiny sectors ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a)to(f): A statement is laid on the Table of the House. STATEMENT PLACED ON THE TABLE OF LOK SABHA IN REPLY TO PARTS (A) TO (F) OF LOK SABHA STARRED QUESTION NO.356 FOR ANSWER ON 16th DECEMBER, 2005 REGARDING 'LOAN TO SMALL AND MEDIUM ENTERPRISES' TABLED BY DR. SUJAN CHAKRABORTY.

(a)&(b) The data on Net Bank Credit (NBC) and outstanding loan to SSI sector from Public Sector Banks for the last three financial years is given below.Comparable data on medium enterprises is not being collected.

(Rs. in Crores)

Year	Net Bank Credit (NBC)	SSI Sector	Outstanding loan to NBC	Percentage to NBC
2002-03	477899	52988		11.1
2003-04	558849	58277		10.1
2004-05	717805	67634		9.42

Provisional

(c)&(d) The percentage of loans to SSI sector to NBC shews a declining trend. This is largely attributable to a higher rate of growth in net bank credit vis-a-vis the rate of growth of credit to the SSI sector. The economy has also undergone structural changes as a result of which credit to other sectors has overtaken that to the SSI sector.

(e) Data on credit to tiny sector from Public Sector Banks for the last three years is as undents, in Crores

Year	Net Bank Credit (NBC)	to Tiny Sector	Outstanding loan (NBC)	Percentage to NBC
2002-03	477899	26937		5.64
2003-04	558849	30825		5.52

(f) A 'Policy Package on Stepping up credit to SME sector' has been announced in the Parliament on August 10, 2005 which inter-alia includes fixing self targets for funding Small and Medium Enterprises (SMEs) to achieve a minimum 20% year on year growth in credit to SMEs. The objective is to double the flow of credit to the SME sector by 2009-10, i.e. within a period of 5 years. The credit to small scale units which stood at Rs.67,600 crore for 2004-05 is sought to be raised to Rs. 135,000 crore by 2009-10. Reserve Bank of India has issued instructions in this regard advising all banks to implement the policy measures.