

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:701
ANSWERED ON:04.03.2005
SIDBI
Ahmad Shri Ateeq

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has turned down the proposal for converting the Small Industries Development Bank of India (SIDBI) into a commercial bank;
- (b) if so, the reasons therefor; and
- (c) the fresh steps taken by the Government to achieve the target fixed for disbursement of funds from the Small Industries Fund amounting Rs.10,000 crores by 2006 ?

Answer

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

- (a) Government has not received any proposal for converting Small Industries Development Bank of India (SIDBI) into a commercial bank.
- (b) Does not arise.
- (c) The cumulative sanctions out of SME fund up to 31st January, 2005 are Rs. 2082 crore. Steps taken to achieve the target for disbursement of SME fund by 2006 are as under:
 - (i) Apart from direct lending by SIDBI, SME fund is being deployed through other intermediaries at 6.25% to 7.25% p.a. rate for all Scheduled Commercial Banks and at 7.5% to 8% p.a. rate for SFCs and SIDCs`
 - (ii) To encourage credit deployment under SME fund, assistance is being dovetailed with Government sponsored schemes of Credit Linked Capital Subsidy Scheme and Technology Upgradation Fund Scheme.