

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:136
ANSWERED ON:01.12.2004
CREDIT TO SSI SECTOR
Munshiram Shri

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

- (a) the total credit made available to small scale industries in terms of percentage of production from 1991-92 to 2003-04 by the Central Government;
- (b) whether the credit provided to small scale industries is less than their credit requirement and the reasons for such a huge gap;
- (c) whether the Government has constituted the Kapoor Committee and the Committee has submitted the report;
- (d) if so, the details thereof; and
- (e) the details of the implemented recommendations of Kapoor Committee in this regard?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): The credit facilities to Small Scale Industries(SSIs) are provided by the Primary Lending Institutions including the Commercial Banks. The details of loans advanced to the SSIs by the Public Sector Banks vis-a-vis production of the SSIs (at current prices) in terms of percentage from 1991-92 to 2003-04 is given at the enclosed Annexure. The advances to the SSI sector from Public Sector Banks have increased from Rs. 17,398 crore as at the end of March, 1992 to Rs. 58,277 crore as at the end of March 2004. In the context of target of growth in the SSI sector, the quantum of credit flow can not be considered as adequate. The reasons for inadequate credit flow to the SSI sector are high cost of credit, collateral requirements, elaborate procedural requirements, etc. due to which large number of SSI/tiny units are unable to access the required credit facilities from the Banks.

(c)to(e):In December,1997, the Reserve Bank of India (RBI) had appointed a One -Man Committee headed by Shri S.L. Kapur, the then Member, Board for Industrial & Financial Reconstruction(BIFR) to inter alia review the working of the system of credit delivery to the small scale industries and make suggestions on simplification and improvements in systems and procedures. The committee submitted its report to the RBI on 30th June, 1998 which contained 126 recommendations. The major recommendations of the Committee have already been accepted and implemented by banks/other agencies, which inter alia include delegation of more powers to branch managers of banks; simplification of application forms; opening of more Specialised SSI branches by banks; enhancement of the limit of composite loans; banks to pay more attention to the backward states; special programmes for training of branch managers; banks to make customer grievances machinery more transparent and simplify the procedures for handling complaints and monitoring thereof, etc.