

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1276

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CREDIT FLOW TO MICRO SMALL AND MEDIUM INDUSTRY

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the credit flow from public sector banks and private sector banks has increased to the Micro, Small and Medium Industry over a period of time;
- (b) if so, the details thereof during each of the last three years. State-wise;
- (c) the loans granted under the different rates of interest schemes and recovered by Public Sector Banks from the above industry during the above period, State-wise, bank-wise;
- (d) the details of Non Performing Assets (NPA) in respect of the Small and Medium Industry borrowers vis-a-vis the large industry;
- (e) whether the Government proposes to give special package to each State in this regard including reduction in interest rate particularly for West Bengal; and
- (f) if so, the details thereof ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) Yes, Sir. The credit flow to the Micro, Small and Medium Industry has been showing an upward trend. Compilation of data by the Reserve Bank of India (RBI) for the Small and Medium Enterprises was started only after March, 2006. However, as reported by R 31, the total outstanding amount of credit to the Small Scale industry (SSI) sector by the Public Sector Banks during the last three years is as under:

(Amounts in Rs. crore)

Year	March, 2005	March, 2006	March, 2007
Advances to SSI sector	68,000	82,434	1,27,323

The total advance granted by private sector banks to SSI sector during the last three years from March, 2005 to March, 2007 is as under:

(Amounts in Rs. crore)

Year	March, 2005	March, 2006	March, 2007
Advances to SSI sector	8,668	10,447	13,063

State-wise data showing total advances granted by public sector banks to SSI sector during the last three years is given in Annex-1.

(c) The total number of loans, amount outstanding and recovery position by public sector banks under the Differential Rates of Interest (DRI) Scheme for last three years i.e. 2005, 2006 & 2007 is as under:

Year ending	No. of accounts (in lakh)	Amount outstanding (Rs. in crores)	Amount recovered (Rs. in crores)
2005	1.94	385.27	120.01
2006	2.44	490.22	152.03
2007	1.52	634.46	148.39

(d) The amount of Non Performing Assets (NPA) of the SSI sector in the books of Public Sector Banks for the last three years viz 2005, 2006 & 2007 is Rs. 7,835 crore, Rs. 6,917 crore and Rs. 5,843 crore respectively. The amount of Non Performing Assets (NPA) of the SSI sector in the books of Private Sector Banks for the last three years viz 2005, 2006 & 2007 is Rs. 97.39 crore, Rs. 80.74 crore and Rs. 64.45 crore respectively.

(e) & (f) Reserve Bank of India has deregulated the interest rates on advances above Rs. 2 lakh, including loans to small and micro industrial enterprises in 1994. These interest rates are determined by the banks themselves with the approval of their Boards. As

regards the special package to SME Sector the Government (in the Ministry of MSME) has initiated some steps to enable the Micro and Small Enterprises (MSEs) to grow vertically rather than exhibit the current pattern of horizontal growth. These steps inter alia, include:

(i) enabling MSEs to obtain 15% subsidy for adoption of 48 currently identified modern technologies by availing financial assistance of up to Rs 1 crore under the Credit Linked Capital Subsidy Scheme,

(ii) assistance for the upgradation of infrastructure in industrial clusters under the Micro and Small Enterprises Cluster Development Programme (MSE-CDP).