

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5243

ANSWERED ON:10.12.2010

LOANS TO INDUSTRIAL/CORPORATE SECTOR

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Will the Minister of FINANCE be pleased to state:

- (a) whether the loan facility is provided by the Public and Private Sector Banks to the industrial/corporate sector in the country including rural areas;
- (b) if so, the details thereof and if not, the reasons therefor alongwith the average percentage of loan provided to the industrial/corporate sector out of the total loans provided by the said banks during the last three years and the current financial year;
- (c) whether the percentage of loans provided to the construction and small and medium industries sectors remained different from the percentage of loans to the industrial/corporate sector during the said period;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the corrective steps taken/being taken by the Government in this direction?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : RBI has intimated that loan facilities are provided by public and private sector banks to industrial/corporate sector in the country covering both urban and rural areas. Data on advances given by Banks to industries is furnished as below:

Advances by SCBs to Industries

Bank Group Items Amount Outstanding (Rs. Crore) at end

March 08 March-09 March-10 Sept., 10

New Private Gross Advances 359,305 389,358 428,184 490,190
Banks of which

Advances to 79,106 92,885 121,133 158,675
Industries (22.0) (23.9) (28.3) (32.4)

Old Private Gross Advances 113,040 130,297 156,407 160,297
Banks of which

Advances to 33,479 37,795 47,687 49,715
Industries (29.6) (29.0) (30.5) (31.0)

Public Sector Gross Advances 1,696,333 2,103,763 2,519,331 2,653,728
Banks of which

Advances to 651,282 807,251 1,035,302 1,095,232
Industries (38.4) (38.4) (41.1) (41.3)

Source RBI: Off-site returns (Domestic Operations). Figures in parentheses represent percentage share in gross advances.

(c) & (d): RBI has intimated that data on loans to small and medium industries is not separately available and loans to `construction` and `small & medium industries` are components of loans to industries,

(e): In order to address the issues connected with the Micro, Small and Medium Enterprises (MSME), government had set up a Task Force under the Chairmanship of the Principal Secretary to the Prime Minister in August 2009 to reflect on the issues raised by the various MSME Associations and make recommendations for resolving the issues. Based on the recommendations of the Task Force, RBI has advised the Banks` to achieve 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts. As per extant RBI guidelines to Banks, 60 % of MSE advance should go to micro enterprises. The banks have been advised that 60 per cent of the MSE advances to the micro enterprises is to be achieved in stages viz. 50 percent in the year 2010-11, 55 per cent in the year 2011-12 and 60 per cent in the year 2012-13.