

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:698
ANSWERED ON:09.05.2003
LENDING TO RURAL INDUSTRY
SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have recently asked banks to reorient their policies to ensure more lending to the rural industries;
- (b) if so, whether the banks in rural areas are still reluctant to provide loans to rural industries and to the people living in the rural areas;
- (c) if so, whether any strategy is to be adopted to make the loans to the rural people/ industries without any hassles; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH):

(a) to (d) As per data available the net bank credit outstanding in respect of industries in rural areas has increased consistently as per details given below:

(Rs. tn crore)

Year	1999-2000	2000-2001	2001-2002
Rural	14803	17279	20689
Semi Urban	21634	23878	30737
Urban	35996	41356	52632
Metropolitan	141346	153917	167567
Total	213779	236430	271625

Small Scale Industries sector constitute most of the rural industries including cottage and village industries, handicrafts, handloom weaving, tiny enterprises, etc. Government/Reserve Bank of India (RBI) have taken several measures to provide relief and better loan facilities to small scale industries sector which also includes industries in rural areas, khadi and village industries, tiny enterprises. These measures include:

- (i) Computation of working capital requirements of SSI units on the basis of simplified method of minimum 20% of the projected annual turnover.
- (ii) Earmarking of the 60% of the fund of SSI financing for the benefit of tiny sector.
- (iii) Raising the composite loan limit from Rs. 10 lakhs to Rs. 25 lakhs.
- (iv) Introduction of new credit guarantee scheme for small industries by Small Industries Development Bank of India (SIDBI).
- (v) Introduction of penal provisions to take care of delayed payments to SSI Units etc.