

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

UNSTARRED QUESTION NO:2898
ANSWERED ON:13.12.2005
REVIVAL PACKAGE FOR SSI
Barad Shri Jashubhai Dhanabhai

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

(a): whether the Small Scale Industries sector has requested the Government to reduce the rate of interest and chalk out a revival package for the sector; and

(b): if so, the assistance proposed to be extended to this sector to redress their grievances, State-wise?

Answer

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

(a): Yes, Sir.

(b): The banks have been advised by the Indian Banks` Association to lend to the small scale industries (SSI) sector at interest rates within a band of 2 per cent above and below their respective Prime Lending Rates (PLRs). Further, the Small Industries Development Bank of India (SIDBI) has operationalised Small and Medium Enterprises (SME) Fund under which loans are provided to the SSI at a rate of interest 2 per cent below the SIDBI's prevailing PLR. The Reserve Bank of India (RBI) also issued detailed guidelines to banks in January 2002 on detection of sickness at an early stage and taking remedial measures, and for rehabilitation of sick SSI units identified as potentially viable. These guidelines include, inter alia, change in the definition of sick SSI units, norms for deciding their viability, concessional finance, etc., with a view to helping the banks in detecting sickness at an early stage and taking corrective action for revival of the potentially viable sick SSI units. Further, in line with the `Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)` announced by the Central Government on 10th August 2005, the RBI has issued detailed guidelines on 8th September 2005 relating to debt restructuring mechanism to facilitate restructuring of debt of all eligible SMEs (including SSIs). While the development of SSI is primarily the responsibility of the State/UT Governments, the Central Government supports and supplements the efforts of the State/UT Governments through implementation of various schemes/programmes uniformly throughout the country for which allocation of funds is made scheme/programme-wise and not State-wise. The major schemes implemented by the Government relate to improving the flow of credit, infrastructure development, technology upgradation, marketing and entrepreneurial development.