

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

STARRED QUESTION NO:131
ANSWERED ON:14.07.2004
REVIVAL PACKAGE FOR SSI SECTOR
Chauhan Shri Nihal Chand

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

- (a) whether the Small Scale Industries sector has requested the centre to reduce the rate of interest and chalk out a revival package for the SSI sector in urban and rural areas;
- (b) if so, the reaction of the Government thereto;
- (c) whether the SSI sector which provides the largest employment after agriculture has not been given adequate attention by the Government; and
- (d) if so, the assistance proposed to be extended to this sector in order to redress their grievances in various parts of the country?

Answer

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

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) IN RESPECT OF THE LOK SABHA STARRED Q.NO. 131 FOR REPLY ON 14.7.2004

(a) & (b): Yes, Sir. To facilitate loans at lower rate of interest for small-scale industries (SSI) sector, the Public Sector Banks have been advised to adopt the interest rate band of 2% above and below their respective Prime Lending Rates (PLRs). For revival of sick SSI units, the Reserve Bank of India (RBI) has issued detailed revised guidelines to the banks in January, 2002 based on the recommendations of the Working Group set up under the Chairmanship of Shri S.S. Kohli, which includes, inter alia, change in the definition of the sick SSI units, norms for deciding on their viability, concessional finance etc. The revised guidelines will facilitate the banks to detect sickness at an early stage and take corrective action for revival of the potentially viable sick SSI units.

(c) & (d): The promotion and development of Small Scale Industries (SSIs) has been a conscious policy of the Government. High importance is attached to the development of this sector because of its ability to generate large-scale employment, which is next only to agriculture. While the development of SSIs is primarily the responsibility of the State/UT Governments, the Central Government supports and supplements the efforts of the State/UT Government through implementation of various schemes/programmes uniformly throughout the country. The major schemes implemented by the Government relate to improving the flow of credit, infrastructure development, technology upgradation, marketing and entrepreneurial development.

The recent initiatives taken for the promotion and development of SSIs include cluster development, enhancement of composite loan limit from Rs. 25 lakh to Rs. 50 lakh, advice to banks to adopt interest rate band of 2% above and below prime lending rates, providing collateral free loan upto Rs. 25 lakh to SSI units having good track record, setting up of Small and Medium Enterprises (SMEs) Fund of Rs. 10,000 crore under SIDBI, enhancement of loan limit under Laghu Udyami Credit Card (LUCC) from Rs. 2 lakh to Rs. 10 lakh, etc.