

Flow of Credit to Small Scale Industries Sector (SSIs)

IECD. No. 20 /08.12.01/2002-03

May 30, 2003

The Chairmen / Chief Executive Officers of
All Commercial Banks

Dear Sir,

Flow of Credit to Small Scale Industries Sector (SSIs)

Please refer to our circular IECD/5/08.12.01/2000-01 dated 16th October 2000 on the captioned subject.

2. Of late, we have been receiving representations from various quarters that the instructions requiring the banks to create sub-limit in the accounts of large borrower accounts to take care of payment of dues of SSI units for the purchases made from them, are not being adhered to by some of the banks resulting in avoidable hardship to the SSI units. In this context, you may please recall that the mechanism was designed and put in place on the recommendations of the Group of Ministers on Small-Scale Industries under the Chairmanship of Hon'ble Home Minister and was a major step towards development of the small scale sector. It is, therefore, incumbent upon the banks to adhere to the instructions meticulously.

3. In view of the above, you are requested to bestow your personal attention to the issue and ensure that above instructions are adhered to by all the concerned branches of your bank.

4. You may also issue necessary instructions to your internal inspectors/ auditors to check the position with regard to compliance of instructions relating to creation of sub-limits.

5. Please acknowledge receipt.

Yours faithfully,

(Smt. R.K.Makhija)
Chief General Manager