

## **Credit Facilities for Small Scale Industries (SSIs)-Collateral free loans**

RPCD.PLNFS.BC.No. 39 /06.02.80/2003-04

November 3, 2003

The Chairman/Managing Director  
All Scheduled Commercial Banks  
(including RRBs & Local area Banks)

Dear Sir,

### **Credit Facilities for Small Scale Industries (SSIs)-Collateral free loans**

Please refer to our circular RPCD.PLNFS.BC. No.90/06.02.80/2001-02 dated April 29, 2002 wherein the loan limit for dispensation of collateral requirement for SSIs was increased from Rs.5 lakh to Rs.15 lakh on the basis of good track record and financial position of the units.

2. In this connection, please refer to paragraph 50 of the Governor's Statement on the mid-term Review on Monetary and Credit Policy for the year 2003-04 forwarded with circular No. MPD.BC.241/07.01.279/2003-04 dated November 3, 2003 (copy of the paragraph enclosed). In order to further improve the flow of credit to SSIs, it has been decided that banks may, on the basis of good track record and financial position of the SSI units, increase the limit of dispensation of collateral requirement for loans from the existing level of Rs.15 lakh to Rs.25 lakh (with the approval of the appropriate authority).

3. We shall be glad if you will please implement the above decision and issue necessary instructions to your controlling offices/branches for appropriate action.

4. Please acknowledge receipt.

Yours faithfully,

**(Varughese John)**  
**Chief General Manager**

### ***Credit Facilities for Small Scale Industries***

50. In the annual policy Statement of April 2002, the loan limit for dispensation of collateral requirement was increased from Rs.5 lakh to Rs.15 lakh. In order to further improve the flow of credit to small scale industries (SSIs), it is proposed that:

Banks may, on the basis of good track record and the financial position of the SSI units, increase the loan limit from Rs.15 lakh up to Rs.25 lakh (with the approval of the appropriate authority) for dispensation of collateral requirement.