

Writing-Off of NPAs of SBI

722. SHRI R.S. GAVAL: Will the Minister of FINANCE be pleased to state:

(a) details of the loans written-off by State Bank of India and other Nationalised Banks during the last financial year;

(b) whether the write-off done in the last financial year is more than previous years;

(c) if so, the reasons therefor; and

(d) details of the recoveries of NPA by these banks during last financial year in comparison to previous year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a), (b) and (d) The details of loans written-off and recoveries made by State Bank of India (SBI) and Public Sector Banks for the years 2001-02 and 2002-03 are as under:—

Banks	Amount written-off		Recoveries made	
	2001-02	2002-03	2001-02	2002-03
State Bank of India	2626.23	4071.39	4559.35	6668.35
Public Sector Banks	6428.00	9448.00	14059.18	18730.15

(c) Banks have been able to increase provisions for Non-Performing Assets (NPAs) due to their improved performance. These provisions have been utilized to write off NPAs and cleanse balance sheets, avail tax benefits and to bring the level of NPAs down to the internationally accepted benchmarks. However, these write offs are technical in nature and banks continue their efforts to make recovery even from written off accounts.

Bank credit to SSI Sector

723. DR. P.C. ALEXANDER: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that bank credit to the Small Scale Industries sector, which was 17.5 per cent of the net bank credit at the end of March 1998, declined to 11.1 per cent at the end of March, 2003;

(b) if so, the reasons therefor; and

(c) what special measures are being taken/contemplated by Government to increase the share of Small Scale Industries sector in respect of bank credit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANDNDRAO VITHOBA ADSUL) : (a) and (b) Reserve Bank of India has reported that the quantum of credit to Small Scale Industries Sector (SSI) by the Public Sector Banks has gone up in absolute terms from Rs. 38,109 crores in March, 1998 to Rs. 52,988 crores as on March 2003. However, the loan outstanding to SSI Sector as a percentage to Net Bank Credit (NBC) has been showing a declining trend from 17.5% to 11.1% during the same period.

The decline in percentage terms of SSI advances can be attributed to the fact that the rate of growth of Net Bank Credit is higher than the rate of growth in advances to SSI Sector.

(c) In order to ensure that both long term and short term credit requirements of SSI Sector are adequately met, the following policy initiatives have, *inter-alia*, been taken by the Government and Reserve Bank of India:

- (i) Enhancement of working capital loan (computed on the basis of minimum of 20% of annual projected turnover) from Rs. 4 crores to Rs. 5 crores;
- (ii) Increase in composite loan limit from Rs. 25 lakhs to Rs. 50 lakhs;
- (iii) Raising of Project cost limit under National Equity Fund (NEF) Scheme from Rs. 25 lakhs to Rs. 50 lakhs;
- (iv) Providing collateral free loan upto Rs. 25 lakhs to the Units having good track record;
- (v) Adoption by Public Sector banks an interest rate band of 2% above and below their PLR for SSI Units; and
- (vi) The banks have been advised to fix selfset target for growth in advances to SSI Sector over the previous year's achievement and overall trends in growth of net bank credit.