

India

Small Scale Industries Development Program (IV)(V)(VI)



Small industry credit recipient (brick works)

Outline of Loan Agreement

Loan Amount / Disbursed Amount	90,000 million yen / 90,000 million yen
Loan Agreement	January 1994 - December 1997
Terms & Conditions	Interest rate 2.3%/ 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	September 1994 - June 1998

Project Outline

Financing was extended to small-scale modernized industries via a micro-credit scheme of the Small Industries Development Bank of India (SIDBI), in order to contribute to development in this sector.

Results and Evaluation

This project (Phases IV-VI, ¥ 30 billion for each project) was the successor to the three yen loans (total: ¥ 69.8 billion) that were extended between 1988-91, and the funds were used to provide financing to small scale modernized industries, via SIDBI and then provincial, state-run credit organizations, state-run industrial development corporations, and commercial banks. Recipient small scale industries included textiles, machinery, foodstuffs, electricity/electronics, with some 82,840 companies receiving loans, which were used to fund investment in equipment, etc.

Small scale modernized industries in India account for approximately 40% of sales in the manufacturing industry and around 45% of exports, and since shortages of funds constituted a restricting factor, this project is evaluated as having supported the establishment of new companies and expansions to existing ones, and to have contributed to development in this sector.

Under the Phase IV-VI loans, approximately 30,000 companies per year, on average, received funds, of which 28,000 were new companies. Target companies and numbers of new employees for each of the phases are as follows: Phase IV: 37,000 companies/550,000 people; Phase V: 31,000 companies/440,000 people; Phase VI: 15,000 companies/160,000 people, or a total of 1.15 million people, which, according to estimates, has had a considerable impact.

The operating rate of the corporate borrowers is roughly 90% and remains favorable, and SIDBI is experiencing few problems in collecting receivables from the loaning banks.