

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:418
ANSWERED ON:22.04.2008
ASSESSMENT OF WORKING OF SMALL AND MEDIUM ENTERPRISES
Jagannath Dr. M.

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) Whether the Government has entered into an agreement with some Private Consulting and Rating Agencies for assessment of the working of Small and Medium Enterprises and the rating of their performance;
- (b) If so, the details thereof;
- (c) The details of Small and Medium Enterprises in respect of which assessment and rating has been carried out so far by these agencies; and
- (d) The action taken or proposed to be taken by the Government on the findings of these agencies?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a) & (b) Ministry of Micro, Small and Medium Enterprises is implementing a scheme of Performance and Credit Rating for Micro and Small Enterprises (MSEs) since 2005-06. National Small Industries Corporation Ltd. (NSIC), a Public Sector Undertaking under the Ministry, is the nodal organisation for implementing the scheme. Seven rating agencies viz., CARE, CRISIL, ICRA, FITCH, Dun & Bradstreet, ONICRA and SME Rating Agency of India Ltd. (SMERA) have been empanelled for rating the MSEs. However, the MSEs are at liberty to select any of the above empanelled rating agencies. Under the scheme the Government provides subsidy upto 75% of the rating fees, subject to a ceiling of Rs. 40,000/-, for the first year only.

(c) A statement showing the number of Micro and Small Enterprises (MSEs) rated year-wise is given below:

2005-06	2006-07	2007-08	Total	
No.ofMSEs rated	671	2170	3850	6691

(d) Government does not provide any direct assistance, other than the subsidy on rating fee, to the rated MSEs. Rather, the objective of the scheme is to encourage MSEs to get their Performance and Credit Rating done by a reputed Rating Agency to enable them better access to bank finance/credit and also help them in their marketing efforts. The Performance and Credit Rating provides the banks and other financial institutions with a trusted third party assessment about the strengths and credit worthiness of the rated MSEs. Some of the banks have also announced concessional interest rates for better rated MSEs. The rating obtained by an MSE also infuses a sense of confidence amongst the buyers and helps the rated MSE in the marketing of its products /services.