

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2151
ANSWERED ON:12.12.2008
BAL-OUT PACKAGE TO SMALL AND MEDIUM INDUSTRIES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to chalk out any policy to bail-out the small and medium scale industries from the economic recession; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The Government of India has announced a package on 7.12.2008 of measures for stimulating the economy containing, inter-alia, the following decisions to support the Micro, Small and Medium Enterprises (MSME) Sector:

(i) A refinance facility of Rs.7000 crore for SIDBI to support incremental lending, either directly to MSMEs or indirectly via banks, Non-Banking Financial Companies and State Financial Corporations to facilitate flow of credit to MSMEs.

(ii) The current guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE) on loans extended from RS.50 lakh to Rs.1 crore with guarantee cover of 50 percent to boost collateral free lending.

(iii) The lock in period for loans covered under the existing credit guarantee scheme reduced from 24 to 18 months, to encourage banks to cover more loans under this scheme.

(iv) To advise Central Public Sector Enterprises and State Public Sector Enterprises to ensure prompt payment of bills of MSMEs.