

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

UNSTARRED QUESTION NO:5163

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IMPACT OF RECESSION ON MSME

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

- (a) the details of the specific Micro, Small and Medium Enterprises industries most affected by global melt down;
- (b) the details of the products produced by such industries; and
- (c) the details of the steps taken by the Government to bail them out?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

- (a) to (c): The global economic slowdown adversely affected the export market for Indian industry, including the micro, small and medium enterprises (MSMEs). In particular, sectors such as textiles, leather, gems and jewellery, auto components, etc., were mainly affected. Keeping in view the impact of global economic slowdown on MSMEs, the Government, the Reserve Bank of India (RBI) and the Public Sector Banks took several measures for protecting and providing a stimulus to the MSMEs which, inter alia, included:
- (i) extending the loan limit under Credit Guarantee Scheme from Rs.50 lakh to Rs.1 crore with a guarantee cover of 50 per cent;
 - (ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs.5 lakh;
 - (iii) an advisory to Central Public Sector Enterprises to ensure prompt payment of bills of MSMEs;
 - (iv) interest subvention of 2 per cent in pre and post-shipment export credit to small and medium enterprises (SME) sector;
 - (v) refinance limit of Rs.7,000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to the micro and small enterprises (MSE) sector;
 - (vi) grant of need- based ad hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and
 - (vii) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.