

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4724
ANSWERED ON:23.04.2010
ASSISTANCE TO MICRO SMALL AND MEDIUM ENTERPRISES.
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Will the Minister of FINANCE be pleased to state:

- (a) whether Government has any proposal to provide financial assistance to Micro, Small & Medium Enterprises (MSMEs) particularly traditional workers in coir, cashew, bamboo, fishing poultry, handicrafts etc;
- (b) if so, the details thereof and if not the reasons therefor;
- (c) the details of the Collateral Free Guarantee Scheme for MSMEs; and
- (d) the benefits of the said scheme to MSME`s in the remaining Eleventh Five Year Plan, State-wise and Enterprise-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Government of India announced a policy package for stepping up credit to Small and Medium Enterprises (SMEs) on 10th August, 2005 with the objective that Public Sector Banks (PSBs) fix their own targets for funding SMEs in order to achieve a minimum 20% year-on-year growth in credit to SME sector and to double the flow of credit within a period of 5 years. The flow of credit from Scheduled Commercial Banks to the Micro, Small and Medium Enterprises (MSMEs) has increased over a period of time as given below;

(Rs in crore)

Year as on 31st March	Public Sector Banks	Private Sector Banks	Foreign Commercial Banks	All Scheduled
2006	82434 (21.94%)	10421	8430	101285
2007	102550 (24.4%)	13136 (26.05%)	11637 (38.04%)	127323 (25.70%)
2008	151137 (47.4%)	46912 (257.1%)	15489 (33.1%)	213538 (67.71%)
2009	190968 (26.4%)	47916 (02.1%)	18188 (17.4%)	257072 (20.38%)

March 2009 data is provisional ## Figures in bracket indicate y-o-y growth in percentage.

Further, to minimize the impact of Global financial crisis, Government of India had announced two stimulus packages on 7th December, 2008 & 2nd January, 2009 under which a number of measures were announced for various industries including MSMEs apart from a Line of Credit of Rs.7000 crore to SIDBI to support incremental lending, either directly to MSMEs or indirectly via Banks, NBFCs and SFCs.

The Finance Minister in the Budget Speech for the year 2009-10 has provided interest subvention of 2 per cent on pre-shipment export credit up to March 31, 2010 for exports in certain sectors, which includes small and medium exporters. The same has been extended for one more year for exports covering handicrafts, carpets, handlooms and small and medium enterprises.

(c) & (d): Loan amount eligible for guarantee under collateral free guarantee scheme of the Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) has been increased from Rs.50 lakh to Rs.100 lakh, lock-in period has been reduced to 18 months

and guarantee coverage for loans upto Rs.5 lakh has been increased to 85% of the loan amount. As on March 31, 2010, 3,00,105 proposals from MSEs have been approved for guarantee cover for aggregate credit of Rs.11,559.61 crore, extended by 85 MLIs in 35 States / UTs. The State-wise Guarantees approved as on March 31, 2010 (cumulative) are at Annex-I.