

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4763
ANSWERED ON:23.04.2010
ASSISTANCE FROM ADB TO MSME
Majhi Shri Pradeep Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether the Asian Development Bank has offered loan for the development of micro, small and medium enterprises in the country;
- (b) if so, the details thereof;
- (c) whether SIDBI has been authorized as the borrowing and executing agency for the said loan;
- (d) if so, the details of the terms and conditions of the said loan; and
- (e) the details of action plan prepared by the Government for utilization of said loan for promotion of MSME in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAINMEENA):

- (a) & (b) An agreement has been signed with ADB for a loan of US\$ 50 million to SIDBI on 19th March, 2010. ADB has also approved a Partial Credit Guarantee (PCG) facility of US\$ 250 million for the Micro, Small and Medium Enterprises (MSME).
- (c) & (d) Yes Sir, SIDBI has been authorised as the Borrowing and executing agency for the loan. The detailed terms and conditions are enumerated in the Loan Agreement, which inter-alia includes 15 years term with interest rate determined in accordance with London Interbank Offer Rate (LIBOR) based lending facility and commitment fee of 0.15% per annum.
- (e) The plan provides for channelizing the loan to micro enterprises in 12 states under SIDBI's supervision, 30% directly and 70% through participating financial institutions. Qualified female entrepreneurs are to be given preference to access the loan.