

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2916

ANSWERED ON:26.11.2010

FINANCIAL ASSISTANCE TO MSME SECTOR

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Will the Minister of FINANCE be pleased to state:

(a) whether the Small Industrial Development Bank of India (SIDBI) has provided financial assistance to the Micro.Small and Medium Entrepreneur (MSME) sector during the last three years and the current financial year;

(b) if so, the details thereof, State-wise including Gujarat alongwith the number of small scale industries benefited from such assistance; and

(c) the other corrective steps taken/ being taken by the Government in this regard?

Answer

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

(a) to (c) The credit disbursements by SIDBI to the MSME sector have increased over a period of time. The total disbursements, both indirect and direct, made by SIDBI to the MSME sector was Rs. 15,087.2 crore, Rs. 28,297.8 crore and Rs. 31,917.9 crore during FY 2008, FY 2009 and FY 2010, respectively, recording a growth of 12.4%, 47.1% and 12.8% during FY 2008, FY 2009 and FY 2010 respectively. During FY 2011 (April - September, 2010), SIDBI has disbursed Rs. 18,769 crore recording a growth of 81.9% as compared to the corresponding period of FY 2010 (April-September) i.e. Rs. 10,318 crore.

The amount of Direct credit disbursed by SIDBI to MSMEs, State-wise including Gujarat, during the said period is given in Annexure.

In addition to the credit assistance, SIDBI has been undertaking Promotional and Developmental (P&D) activities for the development of the MSME sector Steps taken to augment credit to the MSME sector are given below:

MSME (Refinance) Fund, 2008-09- Under this fund, amount of Rs.3326 crore was utilized for refinancing incremental lending to Micro and Small Enterprises (MSEs) by banks.Special Refinance Facility of Rs. 7000 crore from RBI, 2008-09 - This facility was used for funding incremental credit (w.e.f. Sept 30, 2008) for both indirect lending through banks and SFCs as well as direct lending to MSMEs.

WISE Refinance Fund 2009-10

An amount of Rs.4,000 crore was provided to SIDBI to incentivise Banks and State Financial Corporations (SFCs) to lend to Micro and Small Enterprises (MSEs) by refinancing 50% of incremental lending to MSEs out of which an amount of Rs.3800 crore was sanctioned and disbursed to 16 Public Sector Banks and to select SFCs.

Risk Capital Fund 2009-10: in order to meet the risk capital requirements of MSMEs, especially those involving innovations and new technologies, an amount of Rs.2,000 crore was provided to SIDBI for risk capital financing. As on September, 2010, Rs.836 crore has been committed to MSMEs and VC funds.

MSE Refinance Fund - Rs. 4000 cr - 2010-11 - In order to further stimulate the growth of MSEs, Rs.4000 crore was allocated under MSE (Refinance) Fund. Under the Fund, Rs. 3,650 crore has been allocated to Public Sector Banks and Rs. 350 crore has been earmarked for SFCs. Out of Rs. 3,650 crore allocated to PSBs, Rs. 1901 crore has been utilized till November 02, 2010.

Credit Guarantee: In order to augment greater credit flow to MSE sector, CGTMSE provides credit guarantee for all loans upto Rs. 100 lakh without collateral and/or third party guarantee under its Credit Guarantee Scheme. As on September 30, 2010, guarantee approvals were extended to 4,22,645 proposals covering credit assistance of Rs. 17,369 crore by the CGTMSE, out of which 97.5% of the proposals are for guarantee approvals upto Rs. 25 lakh.