

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2253

ANSWERED ON:12.08.2011

LOAN TO SMES

Jagannath Dr. M.;Jakhar Shri Badri Ram ;Rani Killi Krupa

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to bring down lending rates for the Small and Medium Enterprises (SMEs) to affordable rates;
- (b) if so, the details thereof;
- (c) whether the SME Sector has been facing problems in securing loans in the country including Rajasthan; and
- (d) if so, the reasons therefor and the steps taken/proposed to be taken by the Government in this regard?

**Answer**

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

(a) & (b): Reserve Bank of India (RBI) has reported that interest rates have been deregulated by RBI and are governed by the banks' own lending policies. All categories of loans are henceforth priced only with reference to the Base Rate and Banks are not permitted to lend below the Base Rate with effect from 1.7.2010.

(c) & (d): Small Industrial Development Bank of India (SIDBI) has reported that total outstanding credit to MSME in Rajasthan as on March 31, 2011 stood at Rs. 1676 crore registering a growth of 81% from previous year. Further, in order to ensure availability of sufficient credit to MSE Sector, Banks have been advised by RBI to achieve the following targets:

i) 60% of MSE advances for Micro Enterprises by 2012-13, to be achieved in three stages: i.e. 50% by 2011, 55% in 2012 & 60% in 2013.

ii) Banks are advised to achieve a 20% year-on-year growth in credit to micro and small enterprises.

iii) Banks are advised to achieve 10% annual growth in the number of micro enterprises accounts.