

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:420
ANSWERED ON:23.11.2012
COLLATERAL FREE LOAN
Tagore Shri Manicka

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has received any complaints from the small entrepreneurs against the banks while getting loans despite the provision of collateral free loan up to Rs. 10 lakhs; j
- (b) if so, the details thereof; and
- (c) the details of action taken/being taken by the Government to safeguard and protect the small Industries and entrepreneurs in this regard?

Answer

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

a) & (b): The Complaint Management System of the Government of India [Centralised Public Grievance Redress and Monitoring System (CPGRAMS)] does not catch the data relating to complaints received from small entrepreneurs against banks regarding rejection of collateral free loan proposals. However, complaints received in Banks, SIDBI as well as Reserve Bank of India (RBI) in this regard are dealt with under the Customer Care guidelines of RBI.

(c): In order to encourage banks to provide more credit to Micro and Small Enterprises (MSEs) and to mitigate the problem of risk perception amongst banks, Government of India alongwith SIDBI set up Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) in July 2000, which provides credit guarantee to collateral free/third-party guarantee free loans upto Rs. 1 crore extended by banks/Financial institutions to MSEs. Cumulatively, as on October 31, 2012, a total of 9.33 lakh accounts have been accorded guarantee approval for Rs. 45,190 crore, out of which 89% of the guarantee accorded (8.31 lakh) are for loan upto Rs. 10 lakh.