

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1225

ANSWERED ON:30.11.2012

COLLATERAL ON LOANS TO MSME

Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai

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

(a) whether the Government has received any complaints/representations against banks regarding collateral on loans given to Micro, Small and Medium Enterprises (MSMEs);

(b) if so, the details thereof;

(c) whether MSME has requested for strict implementation of easier loan norms for the sector; and

(d) if so, the details thereof?

**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 have classification to capture the data relating to complaints against collateral loan given to MSME. However, complaints received in Government Banks, SIDBI and Reserve Bank of India (RBI) in this regard are dealt with under the Customer Care guidelines of RBI.

(c & d) The Government has taken following steps to ensure easy flow of credit to MSME sector: -

i. PM Task Force on MSME targets monitored on a quarterly basis by GOI and RBI.

ii. SMERA (SME Rating Agency of India) accredited in September 2012 for the purpose of risk weighting, the banks claims for capital adequacy purposes in addition to existing five domestic credit rating agencies,

iii. Banks have been mandated not to accept collateral security in case of loans upto Rs. 10 lakhs extended to MSE units,

iv. Lead banks have been advised to operationalize at least one specialized MSE branch in every district,

v. Banks have been instructed to adopt IBA approved common application forms for loans upto Rs. 25 lakhs.

vi. India Opportunity Venture Fund (IOVF) set up in August 2012 with GOI support of Rs. 2000 crores in FY 2012-13 for enhancing equity support to MSME sector,

vii. SIDBI's strategy reoriented for addressing the financial & nonfinancial gaps in the MSME ecosystem.

viii. It has been decided to include SIDBI as an eligible borrower for availing of ECB for on-lending to MSME sector.

ix. RBI has allocated Rs. 5,000 crore to SIDBI in for FY 2012-13 in order to augment the refinance capabilities of SIDBI and stimulating the growth of MSEs.