

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:715

ANSWERED ON:25.11.2011

CREDIT TO SMALL AND MEDIUM ENTERPRISES

Choudhry Smt. Shruti

Will the Minister of FINANCE be pleased to state:

(a) whether the high cost at which credit is made available to small and medium enterprises is the foremost impediment to enhancing their growth and competitiveness in the domestic and global market and also drives them to sickness;

(b) if so, the details thereof; and

(c) the steps taken/being taken by the Government to tackle such situation to help the Small and Medium Enterprises in the country including Haryana?

Answer

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

(a) to (c): Reserve Bank of India (RBI) has reported that all Scheduled Commercial Banks have achieved 34% year and year growth in March, 2011 in outstanding credit to MSE Sector as against the target of 20%. Several measures including mandating the banks to achieve a minimum 20% YoY growth in credit to Micro and Small Enterprises to ensure enhance credit flow, not to accept collateral security in the case of loans upto Rs. 10.00 lakh extending to MSE units, introduction of base rate system, to put in place MSE loan policy, restructuring / rehabilitation policy and non-discretionary one time settlement scheme for recovery of non- performing loans, specialized loan branches in every district etc. have already been taken to augment the flow of credit to MSE Sector.