

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3369
ANSWERED ON:30.08.2013
NAYAK COMMITTEE REPORT ON MSME
Ramasubbu Shri S.

Will the Minister of FINANCE be pleased to state:

- (a) the main recommendations made by the Nayak Committee in its report on 'Problem of timely availability of Working Capital to Micro, Small and Medium Enterprises (MSMEs);
- (b) whether the Government/Reserve Bank of India (RBI) has received complaints non-compliance of these recommendations by certain banks during the last three years and the current year;
- (c) if so, the details thereof along with the action taken thereon;
- (d) whether the Government has received any proposal to review these recommendations;
- (e) if so, the details thereof and the action taken/being taken by the Government in this regard; and
- (f) the steps taken/being taken by the Government to ensure provision of adequate loans to the MSMEs?

Answer

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

(a) to (e) : The main recommendations made by the Nayak Committee in its report on 'Problem of timely availability of Working Capital to Micro, Small and Medium Enterprises (MSMEs), inter- alia, include giving preference to village industries, tiny industries and other small scale units in that order, grant working capital credit limits to SSI (now MSE) units, extend 'Single Window Scheme' of SIDBI to all districts to meet the financial requirements (both working capital and term loan) of SSIs (now MSE), not to insist on compulsory deposit as a 'quid pro- quo' for sanctioning the credit, identify sick SSI (now MSE) units and take urgent action to put them on nursing programmes, standardise loan application forms for SSI (now MSE) borrowers; and impart training to staff working at specialised branches to bring about attitudinal change in them, among others.

RBI receives complaints in regard to sanction / disbursal of loan to MSME units. On receipt of such complaints, the matter is taken up with the Head Office of the concerned bank, for redressal. However, separate data on complaints against non-compliance of recommendations of Nayak Committee by banks is not maintained by RBI.

(f) : The Reserve Bank of India (RBI) has issued detailed guidelines to all scheduled commercial banks on lending to the MSME sector which, inter alia, provide for a time frame for disposal of loan applications, loan limit for dispensing the collateral requirement and earmarking for micro enterprises within the micro and small enterprise (MSE) lending.

Further, the Government has implemented various schemes namely, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, etc. to facilitate credit flow to the MSE sector.