

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1606
ANSWERED ON:14.08.2013
MANDATORY CREDIT RATING
Ajay Kumar SHRI

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the steps taken by the Government to ensure easy flow of credit to Micro, Small and Medium Enterprises (MSMEs) in the country;
- (b) whether the Government proposes to make credit rating mandatory through the Credit Information Bureau Limited; and
- (c) if so, the details thereof along with the time by which it is likely to be done?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a): To facilitate easy flow of credit to Micro, Small and Medium Enterprises (MSMEs), the Government launched Credit Guarantee Scheme for Micro and Small Enterprises in August, 2000 under which guarantee cover is provided for collateral free credit extended to micro and small enterprises (MSEs). In addition, the Reserve Bank of India (RBI) has issued guidelines in May, 2010, which mandatorily require banks to dispense with collateral requirement for loans upto Rs.10 lakh to MSEs. Further, the Ministry is addressing high cost of loans by implementing Performance and Credit Rating Scheme for Micro and Small Enterprises which provides financial support to MSEs for getting credit rated and consequently obtain loans at concessionary rate of interest. The Ministry also implements Prime Minister's Employment Generation Programme and Credit Linked Capital Subsidy Scheme, wherein margin money and capital subsidy respectively bring down the effective cost of loan.

(b) : No Madam.

(c) : Does not arise.