

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2816  
ANSWERED ON:07.02.2014  
LIQUIDITY SUPPORT TO MSMES  
Venugopal Shri P.

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

- (a) whether the Reserve Bank of India (RBI) proposes to provide liquidity support to Micro, Small and Medium Enterprises (MSMEs) to the tune of Rs.5000 crore;
- (b) if so, the details thereof;
- (c) whether the RBI also proposes to include incremental credit to medium enterprises to qualify as priority sector lending;and
- (d) if so, the details thereof and the reasons therefor?

**Answer**

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

(a) & (b) RBI, in November 2013, has announced extension of refinance support of Rs.5,000 crore to SIDBI for easing the liquidity stress to Micro, Small and Medium Enterprises (MSME) sector. The refinance has been made available for direct liquidity support to finance receivables, including export receivables, to MSMEs by SIDBI or for liquidity support to MSMEs through selected intermediaries, that is, banks, Non-Banking Financial Companies (NBFCs) and State Finance Corporations (SFCs).

(c) & (d) In order to enhance credit delivery to the medium sector, RBI had decided to include, as eligible priority sector lending, incremental credit, extended to the medium enterprises by the scheduled commercial banks (excluding RRBs) over the outstanding credit as on November 13, 2013. The facility is available upto March 31, 2014 and within the overall target of 40 per cent.

The liquidity support comes in the wake of slowdown in the economy which has resulted in liquidity tightness in a large number of Micro and Small Enterprises (MSEs) in the manufacturing and services sector, particularly due to delayed settlement of receivables from large corporate, Public Sector Undertakings and government departments.

Further, on 2nd December 2013, the scope of this facility has been expanded to cover medium enterprises.