

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

UNSTARRED QUESTION NO:1926  
ANSWERED ON:09.03.2015  
FINANCIAL ASSISTANCE TO MSME  
Venugopal Shri K. C.

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

- (a) whether the Government has taken any measures to ensure the flow of credit and resources to Micro, Small and Medium Enterprises (MSMEs) across the country ;
- (b) if so, the details thereof along with the measures taken by the Government to protect the MSMEs which are self financed or funded by non-institutional sources;
- (c) whether the Government proposes to extend the Joint Liability Mechanism to MSMEs; and
- (d) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI GIRIRAJ SINGH)

(a) & (b): As per the Prime Minister's Task Force Report on MSMEs (2010), the banks shall have to achieve 20 per cent year-on-year growth in credit to micro and small enterprises (MSEs), 10 per cent annual growth in the number of micro enterprise accounts and also have to allocate 60 per cent of the MSE advances to the micro enterprises.

The fulfillment of these provisions is being regularly monitored by the Reserve Bank of India and Government of India. In addition, to facilitate easy flow of Collateral free credit to Micro, Small and Medium Enterprises (MSMEs), the Government has been operating Credit Guarantee Fund Scheme for Micro and Small Enterprises. The Reserve Bank of India (RBI) has also issued guidelines for banks to mandatorily dispense with collateral requirement for loans upto Rs.10.00 lakh to MSEs. The Ministry also implements Prime Minister's Employment Generation Programme and Credit Linked Capital Subsidy Scheme, wherein margin money and capital subsidy are given to bring down the effective cost of loan. The Government is promoting MSME sector units which are self financed or funded by non-institutional sources through Marketing Development Programme, Cluster Development Programme, Entrepreneurship Development Programmes and National Manufacturing Competiveness Programme etc.

(c) & (d): Ministry of Micro, Small and Medium Enterprises does not have a proposal to extend the Joint Liability Mechanism to MSMEs. Joint Liability Mechanism has utility in a set up of Micro Finance Programmes and Ministry of MSME does not currently have a Scheme on Micro Finance.