

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7079

ANSWERED ON:08.05.2015

OTS SCHEME FOR SICK MSMEs

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

- (a) whether the Reserve Bank of India has any proposal for One Time Settlement(OTS) Scheme to sick Micro, Small and Medium Enterprises (MSMEs);
- (b) if so, the details thereof along with the total amount paid under OTS scheme to MSMEs during the last three years;
- (c) whether the credit flow to MSMEs sector has reduced during the last three years;
- (d) if so, the details thereof along with the details of loans provided to weaker section entrepreneurs during the said period;
- (e) whether the banks are facing any difficulties for insufficient credit flow from the Government; and
- (f) if so, the details thereof along with the steps taken/being taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): Reserve Bank of India (RBI) vide their Circular dated 1st November 2012 advised banks to put in place a Non-discretionary One Time Settlement (OTS) scheme for recovery of non-performing loans for the MSE sector, duly approved by its Board. It was also reiterated that the OTS scheme implemented by the bank is given wide publicity by placing it on their bank's website and through other possible modes of dissemination. Banks may also allow reasonable time to the MSE borrowers to submit the application and make payment of the dues in order to extend benefits of the scheme to the eligible borrowers.

RBI's present data generating system does not maintain the information in the manner as sought in the question.

(c) & (d): The credit flow to MSMEs sector has increased during the last three years. As reported by Scheduled Commercial Banks, the figures of outstanding as on the last Friday of March 2012 and as on March 31, 2013 and March 31, 2014 are as under:

(No. of A/cs in lakh)		(Amount Rs. in crore)	
Year	Micro and Small Enterprises	Medium	
Last Friday of	No. of A/cs	Amt O/s	No. of A/cs Amt O/s
March 2012	98.58	527684.58	0.93 153621.08
31 March 2013	111.86	687208.74	1.18 181815.41
31 March 2014	125.60	851092.48	0.84 188838.24

(e) & (f) Government of India(GoI) has undertaken lot of initiatives to increase credit flow to the MSME. In terms of the recommendations of the Prime Minister's Task Force on Micro, Small and Medium Enterprises (MSMEs) (Chairman: Shri T K A Nair) constituted by the Government of India, all Scheduled Commercial Banks (SCBs) have been advised on June 29, 2010 as under:

- i. Achieve a 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;
- ii. Allocate 60% of the MSE advances to the micro enterprises and
- iii. Achieve a 10% annual growth in number of micro enterprise accounts.

The Reserve Bank is closely monitoring the achievement of targets by banks on a quarterly basis.

GoI had set up SIDBI for the promotion, financing and development of industry in the MSME sector and to co-ordinate the functions of the institutions engaged thereof. SIDBI provides refinance support to eligible Primary Lending Institutions (PLIs), such as, banks, State Financial Corporations (SFCs) for onward lending to Micro and Small Enterprises (MSEs) which have pan India presence with more

than 90,000 branches. As on March 31, 2014 SIDBI disbursed Rs.21,096 crore to banks / FIs, benefiting more than 12 lakh viable and deserving MSEs. Further, during the FY 2013-14, Special Refinance Scheme (SRS) a new refinance facility of Rs.5,000 crore was extended by the Reserve Bank of India from November 14, 2013 for a period of one year. During FY 2014, as per the Union Budget announcement for FY 2013-14, the similar Refinance Fund of Rs. 10,000 crore was allocated to SIDBI out of PSL by RBI.