

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2829

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CREDIT TO MSWIES SECTOR

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Will the Minister of FINANCE be pleased to state:

(a) the details of the schemes formulated by the Government for providing loan by Scheduled Commercial Banks(SCBS) to Micro, Small and Medium Enterprises (MSMEs) sector including women entrepreneurs, State/UT-wise during the last years and the current year.

(b) Whether the Government has any scheme/plan for revival of sick MSMEs units during the said period.

(c) if so; the details thereof; and

(d) the steps taken/being taken by the Government to strengthen MSMEs and ensure easy availability of loan to the MSMEs Sector?

Answer

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

(a) Small Industries Development Bank of India (SIDBI) provides financial support to MSMEs by way of (a) refinance to eligible Primary Lending Institutions (PLIs), such as, banks, State Financial Corporations (SFCs) for onward lending to MSMEs and (b) direct assistance in the niche areas like risk capital/equity, sustainable finance, receivable financing, service sector financing, etc.

Further, Ministry of Micro, Small and Medium Enterprises (MSME) is implementing Credit Guarantee Scheme under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and credit linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) through Banks with Khadi and Village Industries Commission (KVIC) as nodal agency.

(b)to (c) RBI in its circular issued on 1st November, 2012 has directed banks to provide non-discretionary one time settlement (OTS) to non-viable sick MSEs.

The revised guidelines for rehabilitation of sick Micro and Small Enterprises (MSEs) issued on 1st November, 2012 by RBI, inter alia, provide for:

(i) Early detection of sickness;

(ii) A viability study to form the basis of rehabilitation package to potentially viable sick MSEs; and

(iii) A non-discretionary one time settlement (OTS) scheme for the MSE sector.

Further, Small Industries Development Bank of India (SIDBI) has also introduced 'Management/ Restructuring of Stressed Assets and Rehabilitation Scheme for MSMEs'. The Scheme provides for relief and concessions (in the form of re-schedulement, reduction in rate of interest, funding of overdue/ future interest and waiver etc.) as well as need based additional financial assistance for revival of MSME sick units.

(d) The Government is promoting MSME sector in the area of credit, marketing, infrastructure, technology, skill development and competitiveness through implementing various schemes namely, Credit Guarantee Fund Scheme, Performance and Credit Rating Scheme, Marketing Development Programme.. MSC-Cluster Development, Credit Linked Capital Subsidy Scheme, Entrepreneurship Development Programme, National Manufacturing Competiveness Programme etc.

Some of the measures taken by Govt of India for ensuring easy availability of loans to the MSME Sector are given below:

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) were advised 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) Allocation of 60 per cent of MSE credit to micro enterprises which was to be achieved in three stages viz. 50% in FY 2010-11,

55% in FY 2011-12 and 60% in FY 2012-13; and

(iii) Achieve a 10% annual growth in number of micro enterprise accounts.