

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1787

ANSWERED ON:10.03.2017

Credit to MSMEs

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Micro, Small and Medium Enterprises (MSMEs) sector is facing liquidity and credit constraints during the last two months;
- (b) if so, whether the Government has decided to increase the credit guarantee limit of MSMEs;
- (c) if so, the details thereof;
- (d) whether the Government has instructed the banks to provide additional working capital limit to MSMEs borrowers to overcome temporary difficulties consequent upon withdrawal of legal tender status of Rs.500 and Rs.1000 notes and if so, the details thereof; and
- (e) the steps taken by the Government to provide relief to MSMEs in repayment of interest on working capital loans ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (e) :

On consideration of representations consequent to the withdrawal of legal tender status of Specified Bank Notes of Rs.500 & Rs.1,000, Government and Reserve Bank of India (RBI) have taken several steps to provide relief to Micro, Small and Medium Enterprises (MSMEs). These, inter-alia, include enhanced working capital (WC) limits, factoring in cash deposits for determining WC limits, increase in WC limits for cashless / digital transactions, increase in coverage of loans under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) from Rs.1 crore to Rs.2 crore, extension of cover under CGTMSE to loans upto Rs.2 crore extended by Non-Banking Finance Companies (NBFCs), additional period of 90 days for recognition of a loan account upto Rs.1 crore as substandard, etc.
