

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

UNSTARRED QUESTION NO:1243

ANSWERED ON:24.07.2017

Interest Rate of Loans to MSMEs

Gupta Shri Shyama Charan

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

- (a) whether Micro, Small and Medium Enterprises (MSMEs) are being provided loans at high rate of interest in the country and if so, the details thereof;
- (b) whether the condition of loanee MSMEs becomes very miserable in the situation of any natural calamity;
- (c) if so, whether any investigation has been conducted by constituting any committee in this regard and if so, the details and the outcome thereof and if not, the reasons therefor;
- (d) whether MSMEs are adversely affected due to strictness of different regulatory bodies; and
- (e) if so, the remedial measures being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARATHIBHAI CHAUDHARY)

- (a): Reserve Bank of India (RBI) has deregulated the rates of interest on bank loans. The banks have been advised by the RBI to sanction all their advances with reference to the Marginal Cost of Fund Based Lending Rates (MCLR) with effect from April 1, 2016. As a result, there is no concession specifically for the Micro, Small and Medium Enterprises (MSMEs) as per the general guidelines of the RBI and individual banks are free to take their own decisions.
- (b) & (c): Yes, the condition of loanee MSMEs may sometimes become miserable in the situation of a natural calamity. The RBI guidelines have provisions for scope of special incentives to MSMEs to deal with such situations of natural calamity. The Ministry of Micro, Small and Medium Enterprises has not set-up any committee to ascertain the condition of MSMEs in such natural calamity situations.
- (d): The Ministry of Micro, Small and Medium Enterprises has not received representations/grievances from MSME units / Associations regarding strictness of different regulatory bodies.
- (e): Does not arise, in view of (d) above.