

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2262
ANSWERED ON:05.12.2014
INTEREST RATE ON LOAN TO MSMES
Saraswati Shri Sumedhanand

Will the Minister of FINANCE be pleased to state:

- (a) The rate of interest on loan disbursed by Public Sector Banks (PSBs) to Micro, Small and Medium Enterprises (MSMEs) during the last three years and the current year, bank-wise;
- (b) Whether the Government has received any request from MSMEs for reduction of the said interest rates with a view to promote 'Make in India' campaign;
- (c) If so, the details thereof and the action taken by the Government thereon; and
- (d) The other steps taken by the Government to ensure adequate credit to MSMEs?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a): The rate of interest on loan disbursed by the Public Sector Banks (PSBs) to Micro, Small and Medium Enterprises (MSMEs) during the last three years and the current year, bank-wise is annexed.

(b)&(c): There are several suggestions received from various quarters to promote 'Make in India' and ease credit flow to MSME sector. Accordingly, Government has set up a Committee to examine the financial architecture for the MSME sector and to give concrete suggestions accordingly. The Terms of Reference (TOR) of the Committee includes:

- (i) Assessing the current structure of flow of finance to MSME sector—delivery channels, products and services and policy environment.
- (ii) Comparison with financial architecture in other developed and emerging economies for strong support to MSMEs.
- (iii) Analysing the gap areas and suggesting measures for addressing the same with regard to the following to bring about significant improvement in India's position in ease of starting business and ease of doing business indices for speedy growth of the sector

(d): The Reserve Bank of India (RBI) has issued detailed guidelines to all scheduled commercial banks on lending to the MSME sector which, inter alia, provide for a time frame for disposal of loan applications, loan limit for dispensing the collateral requirement and earmarking for micro enterprises within the micro and small enterprise (MSE) lending.

Further, the Government has implemented various schemes namely, Credit Guarantee Trust for Micro & Small Enterprises, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, India Opportunities Venture Fund, MSE Refinance Fund to facilitate credit flow to the MSE sector.