

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

UNSTARRED QUESTION NO:3633

ANSWERED ON:15.12.2014

CLCS AND CGFT SCHEMES

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

(a) the aims and objectives of the Credit Linked Capital Subsidy Scheme (CLCSS) and the Credit Guarantee Fund Trust(CGFT) meant for Micro, Small and Medium Enterprises (MSMEs);

(b) the credit flow to the MSME sector and the growth registered by this sector during each of the last three years and the current year, State/UT-wise;

(c) whether the Government proposes to increase the limit of capital subsidy for purchase of machinery and plant under the CLCSS and CGFT and if so, the details thereof along with the subsidy provided during each of the last three years and the current year, State/UT-wise; and

(d) the steps taken by the Government to ensure adequate credit flow and to improve growth rate of the MSME sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI GIRIRAJ SINGH)

(a): The aims and objectives of Credit Linked Capital Subsidy Scheme (CLCSS) are to facilitate technology upgradation of Micro and Small Enterprises (MSEs) by providing 15% capital subsidy (limited to maximum Rs.15.00 lakhs) for purchase of Plant & Machinery. The aims and objectives of Credit Guarantee Fund Trust are to give impetus to the young entrepreneurs in the micro and small industries by making available guarantee for collateral free credit facility (term loan and/ or working capital) extended by eligible lending institutions to new and existing micro and small enterprises.

(b): As per the data compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks, credit flow to MSMEs in the country at the end of March, 2011; March, 2012; March, 2013 and March, 2014 (latest available) is as under:

(Amount in crores)

Banks	Scheduled Commercial Banks			
	As at the end of March, 2011	As at the end of March, 2012	As at the end of March, 2013	As at the end of March, 2014 (P)
Outstanding credit to MSEs	486016.67 (8.77)	528616.83 (30.00)	687208.74 (23.13)	846134.80
Outstanding credit to Medium Enterprises	129027.48 (19.06)	153621.08 (18.35)	181815.40 (3.75)	188641.19
Outstanding credit to MSMEs	615044.15 (10.93)	682237.91 (27.38)	869024.14 (19.07)	1034775.99

Source: RBI P: Provisional () Figures in parentheses indicate y-o-y growth.

State-wise/ UT wise credit to MSEs(latest available) is placed at Annex-A. State/UT-wise credit to medium scale industries (latest available) is placed at Annex-B.

(c): A proposal for upward revision of ceiling of eligible subsidy under CLCSS (which is at present 15% of the term loan with maximum limit of Rs.15.00 Lakh) is under consideration. The amount of subsidy provided under CLCSS during last three years and current year, State /UT-wise is at Annex-C. No subsidy is provided under Credit Guarantee Fund Scheme for micro and small enterprises.

(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 sub-targets for micro enterprises within the micro and small enterprise (MSE) lending. In terms of the recommendations of the Task Force on MSMEs under the chairmanship of the Principal Secretary to the Prime Minister, the RBI has advised the banks to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts. The banks have also been advised that the allocation of 60 per cent of the MSE advances to the micro enterprises is to be achieved. Further, the Government is implementing various schemes namely, Credit Guarantee Scheme, Credit

Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, etc. to facilitate credit flow to the MSE sector.