

Bill No. III of 2018

THE MICRO, SMALL AND MEDIUM ENTERPRISES
DEVELOPMENT (AMENDMENT) BILL, 2018

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BILL

to amend the Micro, Small and Medium Enterprises Development Act, 2006.

BE it enacted by Parliament in the Sixty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Micro, Small and Medium Enterprises Development (Amendment) Act, 2018. Short title and commencement.

(2) It shall come into force on such date, as the Central Government may, by notification
5 in the Official Gazette, appoint.

2. In the Micro, Small and Medium Enterprises Development Act, 2006, after section 10, the following sections shall be inserted, namely:— Insertion of new sections 10A and 10B.

"10A. (1) Every scheduled commercial bank either belonging to public sector or
10 private sector, shall lend to the micro, small and medium enterprises at the rate of eight per cent per annum. Lending rate and limit for lending of collateral free loan.

(2) Every micro, small or medium enterprises shall be entitled to collateral free loan up to rupees four crore from scheduled commercial banks.

Incentives and
concessions to
increase the
inflow of
equity capital.

10B. The Central Government shall, from time to time, notify such incentives and concessions to increase the inflow of equity capital into micro, small and medium enterprises, as it may deem fit."

STATEMENT OF OBJECTS AND REASONS

The Micro, Small and Medium Enterprises Development Act, 2006 aims to provide for facilitating promotion and development and enhancing the competitiveness of micro, small and medium enterprises (MSMEs) in the country and also develop skill among employees, management and entrepreneurs, provisioning for technological upgradation, marketing assistance or infrastructure facilities.

However, the MSMEs continue to face serious bottlenecks in its development, despite contributing eight per cent of the country's GDP and forty per cent of India's exports, employing about sixty five million people. Lack of access to adequate and timely credit at reasonable rate is the critical problem faced by this sector. Hence, there is an urgent need to make it compulsory by law for scheduled commercial banks, both public sector and in private sector, to provide affordable interest rates to MSME sector for their capital.

The Bill seeks to achieve the above object.

DR. T. SUBBARAMIREDDY

ANNEXURE

EXTRACT FROM THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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Section 10. Credit Facilities:— The policies and practices in respect of credit to the micro, small and medium enterprises shall be progressive and such as may be specified in the guidelines or instructions issued by the Reserve Bank, from time to time, to ensure timely and smooth flow of credit to such enterprises, minimise the incidence of sickness among and enhance the competitiveness of such enterprises.

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to amend the Micro, Small and Medium Enterprises Development Act, 2006.

(Dr. T. Subbarami Reddy, M.P.)