

**GOVERNMENT OF INDIA**  
**MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES**  
**RAJYA SABHA**  
**QUESTION NO 27.11.2009**  
**ANSWERED ON**  
**EFFECT OF RECESSION ON SMES**

131

Smt. Mohsina Kidwai

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

- (a) whether Government's initiatives for mitigating the hardships of Small and Medium Enterprises (SMEs) have not really percolated down to the ground level;
- (b) if so, the facts and details thereof;
- (c) whether Government has taken any fresh steps to protect the small and medium enterprises which are hard hit by the current economic slowdown; and
- (d) if so, the details thereof?

**ANSWER**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES

(SHRI DINSHA PATEL)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) IN RESPECT OF THE RAJYA SABHA  
STARRED QUESTION NO.131 FOR ANSWER ON 27.11.2009

(a) to (d): Keeping in view the impact of global economic slowdown on micro, small and medium enterprises (MSMEs), the Government, the Reserve Bank of India (RBI) and the Public Sector Banks have taken several measures for protecting and providing a stimulus to the MSMEs which, inter alia, include:

(i) extending the loan limit under Credit Guarantee Scheme from Rs.50 lakh to Rs.1 crore with a guarantee cover of 50 per cent;

(ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs.5 lakh;

(iii) interest subvention of 2 per cent in pre and post-shipment export credit to small and medium enterprises (SME) sector;

(iv) refinance limit of Rs.7,000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to the micro and small enterprises (MSE) sector;

(v) grant of need-based ad hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and

(vi) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent. These policy measures/initiatives and thrust on augmenting credit delivery to the sector have resulted in increasing the outstanding credit to micro and small enterprises (MSE) sector from the Public Sector Banks from Rs. 1,51,137 crore as at the end of March 2008 to Rs. 1,91,307 crore as at the end of March 2009 (latest available). For the promotion and development of MSMEs and to enhance their competitiveness, the Government is laying thrust on the implementation of ongoing schemes/programmes, which include National Manufacturing Competitiveness Programme, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, Cluster Development Programme, Prime Minister's Employment Generation programme and Market Development Assistance Scheme. In addition, a special fund of Rs.4,000 crore has been provided to SIDBI to incentivise Banks and State Financial Corporations (SFCs) to lend to MSEs and to facilitate the flow of credit at reasonable rates to the sector. Further, a High Level Task Force under the chairmanship of the Principal Secretary to the Prime Minister has been constituted to address the issues of MSME sector.