

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 448
TO BE ANSWERED ON: 24.07.2023

CHALLENGES FACED BY MSMEs IN ODISHA

448. SHRI NIRANJAN BISHI:

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

- (a) the steps taken by Government to overcome the challenges faced by MSMEs in Odisha in getting loans from banks ;
- (b) whether Government has evaluated the collateral demands that banking institutions place on MSMEs in Odisha;
- (c) the actions being taken to ensure that the collateral requirements for MSME loans in Odisha are fair and appropriate for the size and financial capacity of the businesses; and
- (d) if so, the details thereof ?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (d): The details of certain measures taken to improve flow of credit to MSMEs in the country including the State of Odisha are given below:

- i. Priority Sector Lending Guidelines: In terms of Master Direction on 'Priority Sector Lending (PSL) – Targets and Classification' dated September 4, 2020, all bank loans to MSMEs conforming to the conditions prescribed therein qualify for classification under priority sector lending.
- ii. Collateral requirements of MSME units: Schedule Commercial Banks (SCBs) have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in MSE category. RBI issued circular No. RPCD.SME & NFS. BC. No. 79/06.02.31/2009-10 dated May 6, 2010.
- iii. With effect from 01.04.2023, the credit limit for Guarantee Coverage under Credit Guarantee Scheme for Micro & Small Enterprises has been enhanced from ₹ 2 crore to ₹ 5 crore and the annual guarantee fees have been reduced by 50% .
- iv. Under the revised guidelines of Prime Minister's Employment Generation programme (PMEGP) issued on 13.05.2022, the project cost for Manufacturing and Services have been enhanced to Rs. 50.00 Lakh and Rs. 20.00 Lakh, respectively from Rs. 25.00 Lakh and Rs. 10.00 Lakh.

: 2 :

- v. Under Aatmanirbhar Bharat packages, the Government of India has announced Fund of Funds to infuse Rs. 50,000 crore equity in MSMEs which have the potential and viability to grow. Under this scheme Government has a provision of corpus of Rs. 10,000 crore from Government of India.
- vi. New revised composite criteria of Investment & turnover for classification of MSMEs adopted on 26.06.2020.
- vii. No global tenders for procurement up to Rs. 200 crore.
- viii. "Udyam Registration" for MSMEs, for Ease of Doing Business w.e.f. 1.7.2020.
- ix. Launch of Udyam Assist Platform on 11.1.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit for availing the benefits under Priority Sector Lending.
- x. Infusion of Rs.9,000 crore in the corpus of Credit Guarantee Fund Trust for MSEs to enable an additional credit of Rs. 2.00 lakh crore at reduced cost (Budget announcement 2023).
- xi. CGTMSE provides credit guarantee to its member lending institutions for loans extended by them to micro and small enterprises (MSEs) without any collateral security and third party guarantee.
