

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION No. 4273
TO BE ANSWERED ON 12.12.2016

BANK LOAN TO MSMEs

4273. SHRI SHYAMA CHARAN GUPTA:

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

- (a) whether the loans are reportedly provided at high rates of interest to the micro, small and medium Enterprises (MSMEs) in the country; if so, the details thereof;
- (b) whether the condition of borrower entrepreneurs become miserable in case of natural disasters;
- (c) if so, whether any inquiry committee has been constituted in this regard; if so, the details thereof and if not, the reasons therefor; and
- (d) whether the strictness of various regulators is having negative impact on MSME sector; if so, the details thereof along with the remedial measures being taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI HARIBHAI PARTHIBHAI CHAUDHARY)

(a): Interest rates have been deregulated by Reserve Bank of India. RBI has also advised Banks to sanction all their advances with reference to the Marginal Cost of Fund Based Lending Rates (MCLR) with effect from April 1, 2016.

(b) to (d): This Ministry has not conducted any study recently to ascertain the condition of borrowers during natural disaster. However, in terms of RBI master direction dated July 1, 2016 on 'Relief Measures by Banks in Areas Affected by Natural Calamities', there are provisions for relief to loans given, inter alia, to rural artisans, traders, micro / small industrial units or in case of extreme situations, medium enterprises.

Further, in order to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs, the guidelines in regard to 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' have been issued by RBI to banks on March 17, 2016 for implementation thereof. In respect of MSME loans above Rs. 10 lakh to Rs. 25 crore, the framework provides for committee approach for deciding corrective action plan for stressed MSMEs.
