

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
STARRED QUESTION NO. *154
TO BE ANSWERED ON 27th JULY, 2018 / SHRAVANA 5, 1940 (SAKA)

'SMALL AND MEDIUM ENTERPRISES'

*** 154 : Shri Dushyant Singh :**

Will the Minister of FINANCE be pleased to state :

- (a) whether his Ministry has taken any steps to encourage the demand for credit for the Small and Medium Enterprises (SMEs) after recapitalisation of banks;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether his Ministry has devised any plan for the Public Sector Banks (PSBs) to lay special focus on the credit generation for SMEs; and
- (d) if so, the details thereof and if not, the reasons therefor ?

ANSWER
FINANCE MINISTER
(SHRI PIYUSH GOYAL)

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

STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION NO. *154 FOR ANSWER ON 27th JULY 2018, TABLED BY SHRI DUSHYANT SINGH REGARDING SMALL AND MEDIUM ENTERPRISES.

(a) to (d) :

The recapitalisation of Public Sector Banks (PSBs) by Government was accompanied by a reforms package. The reforms agenda aimed at Enhanced Access & Service Excellence (EASE), encapsulates a synergistic approach to ensuring prudential and clean lending, better customer service, enhanced credit availability, PSBs as Udyami Mitras for Micro, Small and Medium Enterprises (MSMEs), and better governance. This inter-alia, includes Board approved policy for enhanced working capital to GST-registered MSMEs, enabling MSME financing through cluster-based financing and financial technologies (FinTech) , time bound and automated processing of MSME loan proposals, single point MSME relationship officers, registration of all Banks on Trade Receivables Discounting System (TReDS) for ease of bill realisation for MSMEs, credit-plus services for handholding of all borrowers including MSMEs to enable access to finance and enhanced bankability of proposals etc. The reform agenda comprehensively encourages demand for credit by MSMEs.

To further support MSMEs Government has reduced corporate tax to 25% for all MSMEs with turnover upto Rs.250 crore. In addition, to encourage formalisation of the MSME sector, Reserve Bank of India (RBI) has allowed banks and Non-Banking Finance Companies (NBFCs) to classify their exposure, as per the 180 days past due criterion, to all MSMEs with aggregate credit facilities upto Rs.250 million , including those not registered under GST, as a standard asset subject to certain conditions. Small Industries Development Bank of India (SIDBI) has onboarded 525 Certified Credit Counsellors (CCCs) since October, 2017 to extend credit advisory and handholding services to MSEs.

As per MSME-Pulse Report June, 2018, prepared by TransUnion CIBIL and SIDBI, Micro (credit exposure less than Rs.1 crore) and SME (credit exposure in the range of Rs.1 crore to Rs.25 crore) exhibited Year on Year (y-o-y) growth of 22.2% and 12.8% respectively between March, 2017 and March, 2018. Credit to MSME has continued to grow at a pace of 9.27% in March, 2018, 8.35% in April, 2018, 8.39% in May, 2018 on y-o-y basis.