

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
STARRED QUESTION NO. 303
TO BE ANSWERED ON 10.08.2023

**CHALLENGES FACED BY MSMEs IN
GETTING LOANS FROM BANKS**

*303. SHRIMATI RAMA DEVI:
 SHRI RAMESH CHANDER KAUSHIK:

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

- (a) the steps taken by the Government to overcome the challenges being faced by the Micro, Small and Medium Enterprises (MSMEs) in getting loans from banks in Bihar, Haryana, Maharashtra, Jammu and Kashmir, West Bengal and Jharkhand;
- (b) whether the Government has made an assessment of the collateral securities being demanded by the banking institutions while offering loans to MSMEs in Bihar, Haryana, Maharashtra, Jammu and Kashmir, West Bengal and Jharkhand and if so, the details thereof;
- (c) whether any action is being taken to ensure that the collateral requirements for loans being demanded from MSMEs in Bihar, Haryana, Maharashtra, Jammu and Kashmir, West Bengal and Jharkhand are fair and reasonable according to the size and financial capability of their business; and ?
- (d) if so, the details thereof?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

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

STATEMENT REFERRED TO IN REPLY OF PART (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. *303 ON “CHALLENGES FACED BY MSMEs IN GETTING LOANS FROM BANKS” FOR REPLY ON 10.08.2023

(a) to (d): The, Government has taken many measures to improve the flow of credit to MSMEs in the country including the States of Bihar, Haryana, Maharashtra, Jammu and Kashmir, West Bengal and Jharkhand. Some of them 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: Scheduled Commercial Banks have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in Micro & Small Enterprises category. RBI issued circular No. RPCD.SME & NFS. BC. No. 79/06.02.31/2009-10 dated May 6, 2010.
- iii. CGTMSE provides credit guarantee to its Member Lending Institutions for credit extended by them to Micro and Small Enterprises without any collateral security and third party guarantee.
- iv. 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%.
- v. 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).
- vi. Under the revised guidelines of Prime Minister’s Employment Generation programme issued on 13.05.2022, the project cost for Manufacturing and Services has been enhanced to Rs. 50.00 Lakh and Rs. 20.00 Lakh, respectively, from Rs. 25.00 Lakh and Rs. 10.00 Lakh.
- vii. Under Aatmanirbhar Bharat, the Government of India has announced Self Reliant India Fund to infuse equity in MSMEs which have the potential and viability to grow.
- viii. New revised composite criteria of Investment & turnover for classification of MSMEs adopted on 26.06.2020.
- ix. “Udyam Registration” for MSMEs, for Ease of Doing Business w.e.f. 01.07.2020.
- x. Launch of Udyam Assist Platform on 11.01.2023 to bring Informal Micro Enterprises under the formal ambit for availing the benefits under Priority Sector Lending.
- xi. No global tenders for procurement up to Rs. 200 crore.

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Details of guarantees approved cumulatively under the Credit Guarantee Scheme for Micro and Small Enterprises in respect of the States of Bihar, Haryana, Maharashtra, Jammu and Kashmir, West Bengal and Jharkhand, since inception in 2000-01 till 31.03.2023 are given below:

| Guarantees approved under Credit Guarantee Scheme for Micro and Small Enterprises | | | |
|--|---------------------|--|----------------------------|
| Sr. No. | States / UTs | Cumulative guarantees approved (since inception in 2000-01 to 31.03.2023) | |
| | | Number | Amount (Rs. crore) |
| 1 | Bihar | 2,77,918 | 15,045 |
| 2 | Haryana | 1,43,110 | 14,232 |
| 3 | Maharashtra | 5,61,045 | 49,729 |
| 4 | Jammu & Kashmir | 2,11,523 | 6,230 |
| 5 | West Bengal | 3,44,546 | 22,525 |
| 6 | Jharkhand | 1,93,012 | 14,153 |
