

**Recommendations of Fourteenth Finance Commission
on release of grants to States**

1014. SHRI BHUPINDER SINGH: Will the MINISTER OF FINANCE be pleased to state:

(a) whether any steps have been taken for evolution of a new institutional arrangement, as recommended by the Fourteenth Finance Commission, for identifying the sectors in the States that should be eligible for grants from the Union and identifying and providing area specific grants etc; and

(b) if not, will the Minister take immediate steps on this score, as it would facilitate early release of specific-purpose grants (as visualised by the commission) in favour of the State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) The Fourteenth Finance Commission at Para 9.110 has urged the Union Government to consider a larger, sustained and more effective direct intervention for the upgradation of administration as well as development of the areas covered under the proviso of Article 275 (1) and excluded from the consideration of Finance Commission in the Terms of Reference, in order to bring such areas on par with other areas.

The Government has approved a One Time Assistance of ₹ 1000 crore under Special Assistance under Demand No. 37 of Ministry of Finance in 2015-16 (BE) based on the examination of various pending priorities by NITI Aayog towards 'One time assistance to areas covered under Sixth Schedule of the Constitution'. This assistance has been proposed for development of the areas covered under the proviso to Article 275(1), which are excluded from the consideration of Fourteenth Finance Commission, in order to bring such areas on par with other areas.

Raising of Funds by Indian Entrepreneurs

1015. DR. PRABHAKAR KORE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Indian entrepreneurs struggle four to five times more to raise money as compared to their American and European counterparts and the difficulty increases manifold if the entrepreneur is from the deprived sections or women; and

(b) if so, what are the steps taken by the Government to create level playing ground for Indian entrepreneurs, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) No, Sir.

All companies intending to raise money from public through issuance of specified securities have to, inter-alia, comply with requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Companies Act, 2013. Such requirements uniformly apply to all companies and there is no differentiation whether the promoter/entrepreneur is from deprived sections or women. Thus, any company complying with the said requirements can raise money from public through issuance of specified securities.

The RBI has also advised the banks, inter-alia, the bank shall have to achieve a 20 per cent year- on-year growth in credit to micro and small enterprises, allocation of 60% of the MSE advances to the micro enterprises and 10% annual growth in number of micro enterprise accounts.

(b) SEBI has taken several measures, inter-alia, minimum offer to public, minimum promoters' contribution by Alternative Investment Funds (AIFs), conditions for fast track issuances amended to enable more number of listed companies to raise further capital using fast-track route, initiatives for development of the startup ecosystem in India etc. to ease the raising of funds through issuance of equity shares by Indian entrepreneurs.

Under the revised Priority Sector Lending guidelines, a target of 7.5% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Scheduled Commercial Banks (SCB) for lending to Micro Enterprises.

Further, the Government is promoting MSME sector in the area of credit, marketing, infrastructure, technology, skill development and competitiveness through implementing various schemes namely, Credit Guarantee Fund Scheme, Performance and Credit Rating Scheme, Marketing Development Programme, MSC-Cluster Development, Credit Linked Capital Subsidy Scheme, Entrepreneurship Development Programme, National Manufacturing Competitiveness Programme etc.

Legal Norms for NBFCs

1016. SHRI MANSUKH L. MANDAVIYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware about the fact that many non-banking finance companies and urban cooperative banks are offering attractive interest rate to common