

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO.108
TO BE ANSWERED ON 19.07.2021

Economically assist MSMEs initiative by Government

108. Shri Iranna Kadadi:

Will the Minister of **Micro, Small and Medium Enterprises** be pleased to state:

- (a) whether credit exposure to Micro, Small and Medium Enterprises (MSMEs) are a major challenge;
- (b) if so, whether MSMEs do not have the ability or the money to develop much needed finance vertical within their organization and if so, the details thereof;
- (c) whether there is a need to offer them the right products and funding at the right time and help them grow and if so, the details thereof; and
- (d) the type of initiative taken by Government to assist the MSMEs in economically backward areas including Karnataka?

ANSWER

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

(a) & (b): Access to institutional credit is considered to be a major challenge to the micro and small units across the world including India. Moreover, as most of the units exist in informal sector and are highly susceptible to market risks, they have very little scope for expansion through infusion of equity capital at their end.

(c) & (d): Reserve Bank of India has fixed a target for all Domestic Commercial Banks to provide 7.5 percent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure to MSME Sector. In addition to this, Government of India has also initiated a series of measures to cater to the diverse requirement of this sector which inter-alia include schemes such as Prime Minister's Employment Generation Programme (PMEGP) for Creation of Non-farm Self Employment through Institutional Credit, Credit Guarantee Scheme for Micro and Small Enterprises for Collateral Free Loans for Micro & Small Enterprises, Credit Guarantee Scheme for Subordinate Debt for revival of Stressed MSMEs, Fund of Fund Scheme for MSMEs for infusion of equity and growth capital in those Units which has potential for graduating to large units. All these schemes of Ministry of MSME are available across the country including economically backward areas of the country and the state of Karnataka.
