



माधव लाल

अपर सचिव एयम्
विकास आयुक्त

MADHAV LAL

Additional Secretary &
Development Commissioner

No.E.6 (85)/2008



भारत सरकार

सूक्ष्म, लघु एवं मध्यम उद्यम मन्त्रालय

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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Dated: 6th March, 2009

Sub: Attending special meetings of State Level Bankers' Committee (SLBC) and providing feedback on issues/matters concerning MSMEs- reg.

As you are aware, the Government, the Reserve Bank of India (RBI) and the Public Sector Banks have taken several measures for stimulating the economy to deal with the present global economic slowdown. The gist of measures aimed at facilitating the growth of MSMEs is enclosed at **Annexure-I**.

2. In this context, I would like you to note the contents of the letters written by Secretary (MSME) to the Chief Secretaries/Administrators of States/UTs recently, stressing on the following action points:

- (i) Holding of special monthly meetings of State Level Bankers' Committee (SLBC) on regular basis and bringing the unresolved credit related issues/matters concerning MSMEs to the notice of the MSME Credit Monitoring Cell which has been established in the Headquarters Office (copy of letter dated 12.02.2009 at **Annexure-II**).
- (ii) To reiterate the instructions to the State Government Departments and Public Sector Entities to adhere to timely payments to micro and small enterprises (MSEs) (copy of letter dated 20.02.2009 at **Annexure-III**).
- (iii) Holding of District Level Bankers' Committee (DLBC) meetings on regular basis to consider issues relating to credit flow to MSMEs, restructuring of dues, etc., and involve GM, DIC in monitoring the progress on this front (copy of letter dated 24.02.2009 at **Annexure-IV**).

3. The complete details of the MSME Credit Monitoring Cell have been posted on the web site of this office (www.dcmsme.gov.in). I would urge that the special meetings of SLBC be attended by you regularly and a regular feedback on the issues/matters concerning MSMEs discussed in the above forum provided to the Headquarters Office on a monthly basis. As regards timely payments to MSEs, you may get in touch with the concerned State /UT Authorities for expediting instructions to the State Government Departments/Public Sector Entities. You may also render assistance to the State/UT Industries Department/DICs to ensure effective monitoring of progress with regard to the various measures announced/initiated.

Encl.: as above.


(Madhav Lal)

To,

The Directors,
All MSME-Development Institutes.

Measures announced in different Packages in the light of the present Global Economic Slowdown for the Promotion of MSME Sector

(a) Stimulus Package announced on 7th December 2008

- Cenvat cut of 4 percentage points on all products for the remainder of the financial year (other than petroleum and those products for which the current rate is less than 4%).
- 2% interest rate subvention up to March 31, 2009 in pre-and post-shipment credit for small and medium enterprises sector.
- Guarantee cover under Credit Guarantee Scheme for Micro and Small enterprises on loans will be extended from Rs.50 lakh to Rs.1 crore with a guarantee cover of 50%.
- Lock-in period for loans covered under the existing Credit Guarantee Scheme will be reduced from 24 to 18 months.
- Government to issue an advisory to central public sector enterprises and request state public sector enterprises to ensure prompt payment of bills of MSMEs.

(b) Stimulus Package announced on 2nd January 2009

- Special monthly meetings of State Level Bankers' Committees would be held to oversee the resolution of credit issues of MSMEs by banks. Ministry of MSME and Department of Financial Services will jointly set up a cell to monitor the progress on this front.
- To enhance the flow of credit to micro enterprises, the guarantee cover extended by Credit Guarantee Fund Trust will be increased to 85% for credit facility up to Rs.5 lakh.

(c) Measures announced by the Reserve Bank of India

- Refinance limit of Rs.7,000 crore to SIDBI for incremental on-lending to the MSE sector, directly or through banks, NBFCs and SFCs.
- Banks have been advised to contribute an aggregate amount of Rs.2000 crore to the MSME Refinance Fund with SIDBI.

- As a one time measure, the second restructuring done by banks of exposures up to June 30, 2009, will also be eligible for exceptional regulatory treatment.
 - While sanctioning/renewing credit limits to their large corporate borrowers, banks have been advised to fix separate sub-limits, within the overall limits, specifically for meeting payment obligations in respect of purchases from MSEs.
- (d) **Measures announced by the Public Sector Banks**
- Public Sector Banks to grant need based adhoc Working Capital Demand Loans up to 20% of the existing fund based limits in respect of units having overall fund based credit facility up to Rs.10 crore.
 - Reducing interest rates for borrowing by micro industries by 1% (for all existing and new loans) and in respect of SMEs where banks have fund based exposures up to Rs.10 crore by 0.5%.
 - Moratorium period will be extended in respect of loans availed by MSMEs where project implementation has been delayed in the current scenario.
 - Finance for purchase of gensets will be made available on soft terms.
 - Public Sector Banks will set up Regional MSME Care Centres to facilitate MSME entrepreneurs for quick disposal of their grievances. The functioning of these Centres will be monitored directly by the Head Office and the list of these Centres will be posted on IBA portal and on the web site of each public sector bank.
