



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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February 28, 2018

The Deputy General Manager &
Convenor, SLBC Goa
State Level Bankers' Committee,
Lead Bank Department, 2nd Floor,
Zonal Office, State Bank Bhavan,
M.G. Road, Post Box No. 12,
Panaji – Goa – 403 001.

Dear Sir

100th SLBC Meeting – Additional Agenda issues for discussion

With reference to the captioned meeting, we request you to include the following additional agenda issues for discussion based on the minutes of the 22nd Meeting of the Standing Advisory Committee on Flow of Institutional Credit to MSME Sector held on January 4, 2018 at RBI, Central Office, Mumbai. The following observations were made.

1. Joint Secretary, DFS said that it takes time for an entrepreneur to understand its cash flow pattern. He stated that considering these aspects a rigid repayment schedule would not be commensurate with the cash flow pattern, therefore, banks may go for flexible restructuring. The Chairman added that repayment schedule may be fixed by banks by giving due consideration to projected cash flows.
 - Realistic repayment schedules for loans to MSMEs may be fixed by banks by giving due consideration to projected cash flows to avoid the possibility of immediate stress in the account(s).

(Action – Scheduled Commercial Banks)

2. Secretary, Ministry of MSME stated that sometimes, due to delay in receipt of input tax credit, MSMEs are facing cash flow mismatches. In order to tide over the situation, he urged the banks to take a considerate view while sanctioning working capital limits.
 - In view of the cash flow mismatch faced by MSMEs due to delay in receipt of input tax credit under the GST regime, banks to take an appropriate view while sanctioning working capital limits.

(Action – Scheduled Commercial Banks)

3. Secretary, MSME informed that the Ministry had recently undertaken an evaluation study through Management Development Institute (MDI), Gurgaon on Prime Minister's Employment Generation Programme (PMEGP) loans. The study

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हिंदी आसान हैं ,इसका प्रयोग किजिए



revealed that against the RBI norms of collateral free loans upto ₹10 lakh, in some states collateral was being taken in all the loan accounts under the scheme. The banks requested the Ministry to share the findings with them so that they can find out the cases where collateral has been sought and take corrective steps.

- Ministry of MSME to share the findings of evaluation study done on Prime Minister's Employment Generation Programme (PMEGP) loans. The study revealed that against the RBI norm of collateral free loans upto ₹10 lakh, in some states collateral was being taken in all the loan accounts under the scheme. The banks requested the Ministry to share the findings with them so that they can find out the cases where collateral has been sought and take corrective steps.

(Action – Ministry of MSME & Scheduled Commercial Banks concerned)

4. SIDBI made a 'Presentation on 'Certified Credit Counsellors (CCCs)' scheme and explained the concept to the participants. There was a need to create awareness about the scheme amongst all the stakeholders.

- NCFE to create awareness about the CCSs scheme.

(Action – SIDBI)

5. After the 'presentation on Study on Financial Literacy of MSMEs' by RBI, it was suggested that financial literacy should aim at making the projects of the entrepreneurs more bankable i.e. there is a need for 'bankable literacy', which will require efforts from all the stakeholders.

- All stakeholders to create awareness amongst the MSME entrepreneurs so as to make the projects more bankable i.e. create 'bankable literacy'.

(Action – Scheduled Commercial Banks)

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Carey Mascarenhas'.

(Carey Mascarenhas)
Assistant General Manager