

MSME Ministry reviews Credit & Performance Rating Scheme

Ministry of MSME organized a review and consultation meeting on Credit and Performance Rating (being implemented through NSIC) with industry associations on November 21, 2012 in New Delhi. Mr Vivek Rae, Secretary MSME chaired the meeting along with Mr CK Mishra, Joint Secretary, MSME and Mr HP Kumar, CMD NSIC.

The Credit Rating Scheme is a flagship scheme of the Ministry under which one time financial assistance to the extent of Rs. 25,000 to Rs. 40,000 is given to Micro and Small Enterprises (MSEs) depending upon the slab of turnover. The purpose of the scheme has been to augment flow of credit to MSEs by enhancing credibility of business and financial data of the enterprise through third party rating. It was envisaged that getting third party 'Rating' will lead to easier access and lower cost of credit for MSEs.

For the first time, the findings of Study of the ["Performance & Credit Rating Scheme for Micro & Small Enterprises"](#) on the scheme were also shared with stakeholders.

While several industry associations, including FISME, highlighted that ratings are not making substantial difference to either the ease of getting credit or cost of credit, the Credit Rating Agencies put the blame on bankers for not allowing enough weightage to the ratings.

Ministry of MSME is considering ways to improve performance of the scheme.