

# MSMEs need more support from banks

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**T**he Reserve Bank of India (RBI) today asked banks to review their loan policy towards micro, small and medium enterprises (MSMEs), badly hit by the economic slowdown. "One has to be sensitive to the sector and put in a revised policy," RBI Deputy Governor Usha Thorat said at a conference here.

Noting that MSMEs were the "worst sufferers" when disaster strikes, she said there was a need to provide special relief to the sector on the lines of the National Equity Fund, recommended by the Chakraborty committee.

MSMEs are facing a slump in demand for exports and services, besides a build-up of large inventory, delayed payments and slowdown in remittances, Thorat said. About 12.8 million MSMEs provided jobs to over 300 million people and ac-



RBI Deputy  
Governor  
Usha Thorat

counted for 39 per cent of the manufacturing sector output and 33 per cent of exports, she said.

She further said RBI had taken 'unprecedented' measures to ensure liquidity and credit flow to MSMEs to help the sector during the recessionary period now and added that a special refinance facility under Section 17 (3B) was also extended to them.

Thorat, speaking at a one-day conference 'Learning from recession, saving an economy: Towards an MSME agenda', said the central bank has also given an in-principle approval to set up four credit information companies.