

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:658
ANSWERED ON:24.11.2006
CREDIT RATING SYSTEM
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any credit rating system for small and medium scale enterprises;
- (b) if so, the details thereof; and
- (c) the extent to which the rating system has been helpful for the small and medium enterprises ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : A `Performance and Credit Rating Mechanism for Small Scale Industries (SSIs)` through National Small Industries Corporation (NSIC) is in operation wherein 7 rating agencies viz. CARE, CRISIL, Dun & Bradstreet, FITCH, ICRA, ONICRA and SMERA have been empanelled for rating of micro and small enterprises. Rating is based on a combination of credit and performance factors including operations, finance, business and management risk. SSIs have the liberty to choose from among the empanelled Rating Agencies and the fee structure is based on turn-over of the unit.

(c) : The Scheme has made good strides in terms of empowering small enterprises to secure credit from banks and financial institutions with comparative ease and better terms. It has also helped to enhance the recognition of the rated units among its buyers and customers.