

**ANAND SHARMA URGES BANKS TO SHUN COLLATERAL-DRIVEN
MINDSET TO BOOST RURAL ENTREPRENEURSHIP**
*Credit Worthiness of Rural Entrepreneurs is high, Commerce & Industry
Minister tells delegates at the India Rural Business Summit & Exhibition*

NEW DELHI, March 23, 2010. Mr. Anand Sharma, Union Minister for Commerce and Industry, today urged banks to shun the collateral-driven mindset and lend to rural entrepreneurs to push the country's agenda of inclusive growth and sustainable development.

Banks and micro finance institutions will have to loosen their purse strings and give loans to rural micro enterprises without bothering too much about payback. "I can assure you that the credit worthiness of entrepreneurs in rural India is high and the chances of default are minimal," Mr. Sharma said while inaugurating the *India Rural Business Summit and Exhibition organized by FICCI with the support of the Department of Commerce, Ministry of Commerce and Industry.*

Mr. Sharma said there was an urgent need to impart training in skills and village enterprises would have to be upgraded and improved through technological and financial inputs to enable them to produce for the domestic and international markets.

The Minister said that the various developmental schemes like 'Bharat Nirman', Provision of Urban Amenities in Rural Areas (PURA) and the NREGS along with the Rs 3.14 crore farm loan waiver had collectively insulated rural India from the insensitivity of market forces, the vagaries of nature and the crash in rural credit.

'Inclusive growth had sent demand from the rural areas soaring and it is this vibrancy of 'Bharat' that had saved India from the onslaught of the global downturn', Mr. Sharma declared.

Mr. Rajan Bharti Mittal, President, FICCI, pointed out that giving a strong push to economic activities in the rural areas requires us to simultaneously improve infrastructure facilities in rural areas and education level and health standards among people residing in these areas. "What we also need is to develop and strengthen linkages between the hinterland and the urban centres across the country," he said.

Mr. Mittal underlined the need to realize that making people cross over from below poverty line to above poverty line is not an end that we seek to meet. "We must also ensure that just as the income levels of people belonging to the middle and high income brackets is growing at a fast pace, so too the income levels of people belonging to the low income bracket should rise. If we fail to do this, the distribution pattern of income in the country would only get skewed," he cautioned.

FICCI, he said, was proud to organize the summit as underlines the importance that industry attaches to the critical issue of 'inclusive growth' in the country.

Dr Amit Mitra, Secretary General, FICCI, stated that the ambitious and well- conceived programmes for rural development cannot take off until the real people i.e. the actor – agencies of development are provided with competent and appropriate technologies. Technology as engines of development has to reach and benefit the ultimate users.

He listed constraints that FICCI felt need to be addressed with urgency. These include: Lack of confidence - Rural population generally lacks confidence in their strength and competence; Socio-cultural barriers - only few rural backward poor are able to manage both home and business efficiently, devoting enough time to perform all their responsibilities in priority; Market-oriented risks - stiff competition in the market and lack of mobility makes the dependence of Rural Entrepreneurs on middleman indispensable; Motivational factors – attitude to take up risk and behavior towards the business society by shouldering responsibilities is not that high; Knowledge in Business Administration - Rural entrepreneurs need to be guided and their skills upgraded by capacity building; and Awareness about the financial assistance .

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