

# Government plans to develop a system for financial ratings of MSMEs, says Union Minister Nitin Gadkari

*There is potential for growth in sectors like shipping and biofuel industries, and banks should design products for such businesses, Gadkari said.*

JUNE 28, 2021 / 04:06 PM IST



Union Minister Nitin Gadkari (File image)

The government will develop a system of financial ratings for upcoming micro, small and medium enterprises (MSMEs) so that banks can make better credit judgments for such borrowers, Union Minister for MSMEs Nitin Gadkari said on June 28. He sought inputs from bankers for designing the system of ratings.

“I would request you that the MSMEs which have to start their business in the preliminary (stages), it is difficult for you to make a judgment about their integrity and capability. But there are MSMEs who are doing an excellent job. We can make some financial ratings for them. On the basis of that, now we need suggestions from the bankers on the procedure by which we can make these ratings,” Gadkari said. He was speaking at the launch of the Maharashtra chapter of Indian Bank’s business mentoring programme for MSMEs.

Broadly, the system of ratings will depend on the annual turnover, goods and services tax (GST) records, income tax records, exports and the credentials of each company. Profitability and the quality of the balance sheet will also be important factors, Gadkari said.

[Stocks](#) [Economy](#) [Companies](#) [Trends](#) [IPO](#) [Opinion](#)

Gadkari further said that industries like shipping and biofuels offer good financing opportunities for banks.

The Minister pointed to the government's decision to allow the production of ethanol from foodgrains and said that this offers good potential for growth in states like Maharashtra, Karnataka, Tamil Nadu and Uttar Pradesh.