

Business Standard

Two per cent rate cut necessary to boost SMEs, create jobs: Nirmala Sitharaman

Union Minister Nirmala Sitharaman on Saturday defended her demand for 2 per cent cut in interest rates by RBI, saying it is essential to boost SMEs and create jobs, amid criticism that such a move would drastically affect fixed deposits.

"My comment about SMEs, their access to credit is based on real environment in which SMEs are doing business... World over interest rate is low... Equally, income generation/ jobs are important," she said in a series of tweets.

She said that for long periods, if rates would remain high SMEs would not be able to afford the borrowing.

Sitharaman was responding to two tweets by an individual: "Have you suggested 2 per cent cut in repo rate? Are you aware how will it affect the rate of interest on FDs?... Since you will probably never contest a direct election in your life, you are not really in tune with the mood of common people."

On not contesting elections directly, she said: "My contesting any (direct/indirect) election is my party's decision".

She is a Rajya Sabha member from Karnataka.

Further talking about SMEs, Sitharaman said in their respective areas they create jobs and they ask for support not charity.

Recently, the minister had pitched for as much as 200 basis points, that is 2 per cent, interest rate cut by Reserve Bank to help the cash-starved MSME sector.