

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**RAJYA SABHA**  
**QUESTION NO 02.03.2010**  
**ANSWERED ON**  
**LOANS TO ENTREPRENEURS**

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MISS ANUSUIYA UIKEY

Will the Minister of COAL, HEALTH AND FAMILY WELFARE, INFORMATION AND BROADCASTING AND FINANCE be pleased to state :-

- (a) Whether Government is aware that small and medium industries and entrepreneurs, under self-employment schemes, are facing difficulties in getting loans from public sector banks;
- (b) If so, the reasons for laxity on the part of public sector banks in providing such loans;
- (c) Whether Government would consider issuing directions to the effect so that public sector banks provide urgently required loan to the small and medium enterprises and entrepreneurs under Government self-employment schemes; and
- (d) If so, by when such direction would be issued?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI NAMO NARAIN MEENA)

(a) to (d): The credit flow to the Micro and Small Enterprises (MSEs) has increased over a period of time. The flow of credit from Scheduled commercial Banks to the Micro and Small Enterprises (MSE) during the last 3 years is given below:

(Amt Rs.in Crore

As on last reporting friday of March	Banks	Public Sector Sector Banks	Private Banks	Foreign Commercial	Scheduled banks
2007	102550	13136	11637	-127323	
2008	151137	46912	15489	213538	
2009	191307	47916	18138	257361	

The above statement reflects that Commercial Banks are increasingly lending to this sector. As per the extant guidelines issued by the Reserve Bank of India, loans granted by banks to Micro and Small Enterprises (MSEs) is treated as priority sector lending. While, no target for lending to MSEs has been fixed by the Reserve Bank for domestic, scheduled commercial banks, foreign banks operating in India are required to lend at least 10% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, to MSE sector. Further all banks are required to lend 60% of their total loans to MSE sector to Micro Enterprises only.