GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 2513
TO BE ANSWERED ON 08.08.2022

INCREASING LOAN CREDIT TO MSMEs SECTOR

2513. SMT. PHULO DEVI NETAM:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the details of bank credit/loan to the Micro, Small and Medium Enterprises (MSMEs) during the last five years from Financial Years 2017-18 to Financial Years 2021-2022, year-wise;

(b) whether the real growth in bank credit to the MSMEs sector has dropped from November 2015-16 to 2020-21;

(c) if so, the details thereof and reasons therefor, year-wise; and

(d) the steps being taken by Government to increase the loan credit to MSMEs sector?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): As informed by the Reserve Bank of India (RBI), the details of outstanding credit to the Micro, Small and Medium Enterprises (MSMEs) during the last five years from financial year 2017-18 to financial year 2021-22, year-wise are attached as Annex-I.

(b) & (c): As informed by the RBI, the growth in outstanding credit to MSMEs by Scheduled Commercial Banks (in absolute terms) in March 2020-21 over March 2015-16 stood at 46.70%.

(d): Some of the measures taken for improving flow of credit to MSME sector by the Government and as informed by RBI are as under:

i. Udyam, e-Shram, NCS and ASEEM portals are being interlinked for credit facilitation, skilling and recruitment.
ii. Emergency Credit Line Guarantee Scheme (ECLGS) is administered by Department of Financial Services (DFS), Ministry of Finance. Under the scheme, fully guaranteed and collateral-free credit from Scheduled Commercial Banks, Financial Institutions, is provided to eligible MSME units. It has been announced in the Union Budget 2022 to further extend the scheme till 31st March, 2023 with the total cover of Rs. 5 lakh crore.

iii. Credit Guarantee Scheme (CGS) for Micro and Small Enterprises is providing collateral free loan up to a limit of Rs. 200 lakh to MSEs with a guarantee coverage ranging from 50% to 85% for various categories of loans.

iv. Scheduled Commercial Banks have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in the MSE sector.

v. In order to solve the problem of delayed payment to MSMEs, RBI has issued guidelines for setting up and operating the Trade Receivables Discounting System (TReDS).

vi. In view of the need to support the viable MSME entities on account of the fallout of Covid-19, it was decided to extend the facility for restructuring existing loans to MSMEs up to ₹50 crore classified as 'standard' without a downgrade in the asset classification subject to certain conditions.

vii. With a view to improve monetary policy transmission, banks have been advised to link loans to Micro and Small Enterprises to an external benchmark.

viii. The “Co-Lending Model” under ‘Priority Sector Lending’ envisages better leverage by using comparative advantages of banks and NBFCs in a collaborative effort and aims at improving the flow of credit to the unserved and underserved sectors of the economy (including the MSME Enterprises).

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Annex-I

Annex-I as referred to in Rajya Sabha Unstarred Question no. 2513 part (a) for reply on 08.08.2022

Credit outstanding to MSME Sector by Scheduled Commercial Banks

Amount outstanding in Rs. crore

Year ended	All Scheduled Commercial Banks (Amt O/s)
March 2018	13,24,239.35
March 2019	15,10,650.52
March 2020	16,13,582.17
March 2021	17,83,924.80
March 2022*	22,27,539.40

Source: Reserve Bank of India

* Data is provisional