

Government of India
Ministry of Finance
Department of Financial services

RAJYA SABHA

UNSTARRED QUESTION NO. 1346

ANSWERED ON TUESDAY, MARCH 11, 2025/ PHALGUNA 20, 1946 (SAKA)

NPA IMPACT ON MSMES AND MUDRA LOANS

1346. **Shri Ayodhya Rami Reddy Alla:**

Will the Minister of FINANCE be pleased to state:

- (a) the current trends regarding Non-Performing Assets (NPAs) among MSME borrowers under the Mudra loan scheme;
- (b) the details of the specific support or advisory services being provided to MSMEs to prevent their loans from becoming NPAs;
- (c) whether there is an impact on the reduction of NPAs associated with the growth and development of MSMEs through Mudra loans in the country; and
- (d) if so, the details thereof, including any studies or reports on correlation between NPA levels and MSME growth in States like Andhra Pradesh?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Status of Non-Performing Assets (NPAs) under Mudra loans disbursed to MSME borrowers is as under:

Financial Year	2021-22	2022-23	2023-24
NPA % against total disbursement amount	3.17%	2.58%	2.10%

(b) to (d) To prevent MSME loans turning NPA, the following initiatives have been taken:

- The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India, vide their Gazette Notification dated May 29, 2015, notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' (FRR for MSMEs) to address the stress in MSME accounts in the incipient stage and facilitate their revival. In continuation, RBI issued instructions vide its circular No. RBI/2015-16/338 FIDD.MSME & NFS.BC.No.21/06.02.31/2015-16 dated 17.03.2016.
- The Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 as part of Aatmanirbhar Bharat Abhiyaan to support eligible MSMEs and business enterprises in meeting their operational liabilities and restarting their businesses in the context of the disruption caused by the COVID-19 pandemic. The Scheme was operational till 31.03.2023. As per a State Bank of India (SBI) research report on ECLGS dated 23.1.2023, almost 14.6 lakh MSME accounts were saved. Of which, about 98.3% of the accounts were in the Micro and Small Enterprises categories. Around 12% of the outstanding MSME credit was saved from slipping into NPA classification due to ECLGS.
- Union Budget 2024-25 announced a new mechanism to ensure continued bank credit for MSMEs during periods of stress, particularly when they are in Special Mention Accounts due to circumstances beyond their control.
- No specific study on correlation between NPA levels and MSME growth has been carried out in the State of Andhra Pradesh.
