

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UN-STARRED QUESTION NO. 34
TO BE ANSWERED ON 2ND FEBRUARY, 2018 / MAGHA 13, 1939 (SAKA)

'Credit Facility to Industries'

34 : SHRI ASHOK MAHADEORAO NETE :

Will the Minister of FINANCE be pleased to state :

- (a) whether the Government has any plan to augment credit facilities to small and medium industries;
- (b) if so, the details thereof;
- (c) the target fixed for providing loan to small and medium industries during each of the last three years and the current year along with the loan amount disbursed thereof;
- (d) whether the public sector banks/financial institutions provide loan to sick small industries; and
- (e) if so, the details thereof ?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) and (b) :

Government and Reserve Bank of India (RBI) have taken several steps to facilitate easy loans to Micro, Small and Medium Enterprises (MSMEs). These inter-alia include, advise to all Scheduled Commercial Banks (SCBs) to achieve a 20% year-on-year growth in credit to Micro and Small Enterprises (MSEs), allocation of 60% of the MSEs advances to the micro enterprise accounts, a 10% annual growth in number of micro enterprise accounts, adoption of clusters, operationalising at least one specialised MSME Branch in every district etc. In addition, a target of 7.5% of Adjusted Net Bank Credit (ANBC) has been prescribed for Micro Enterprises. SCBs have been mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector and computation of working capital requirements of MSE units has been simplified to make it minimum 20% of the projected annual turnover of the unit.

- (c) RBI has mandated banks since April 23, 2015 to provide 7.5% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposure, whichever, is higher to Micro Enterprises under Priority Sector Lending (PSL) norms. Details of lending to Priority Sector-Micro Enterprises by banks for last three years is given at **Annex**. Further, on the basis of the recommendations of the Prime Minister's Task Force on Micro, Small and Medium Enterprises (MSME), Banks were advised to :
 - i. achieve a 20 per cent Year-on-Year growth in credit to Micro and Small Enterprises (MSEs),
 - ii. allocate 60% of the MSE advances to the Micro Enterprises and
 - iii. achieve a 10% annual growth in number of Micro Enterprise accounts.

The performance of banks with respect to the targets for lending to MSE sector by banks for last three years and upto September 30, 2017 is given at **Annex**.

(d) and (e) :

In order to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs, RBI

has, in consultation with the Ministry of MSME, Govt. of India, issued guidelines on 'Framework for Revival and Rehabilitation of MSMEs' on March 17, 2016.

The Committee(s) formed under the Framework may consider providing need based additional finance to the borrower, if considered necessary, as part of the rectification process.

Further, if the Committee decides that the enterprise requires financial resources to restructure or revive, it may draw up a plan for provision of such additional finance.

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I. Details of lending to Priority Sector-Micro Enterprises by banks for last 3 years
(Amount in Rs.crore)

As on March 31 of the Financial Year	Public Sector Banks			Private Sector Banks		
	ANBC	Micro Enterprises- Outstanding	% of ANBC	ANBC	Micro Enterprises- Outstanding	% of ANBC
1	2	3	4	5	6	7
2015	4689464.99	N.A.	N.A.	1238489.56	N.A.	N.A.
2016	5056593.76	321575.75	6.36	1468980.59	116473.45	7.93
2017	5329716.19	332369.51	6.24	1809536.23	148849.11	8.23
Upto September 2017	5198232.19	309994.05	5.96	1916962.60	151307.31	7.89

Source : RBI

N.A. - Not Applicable

II. Details of targets for lending to MSE sector by banks for last three years and upto September 31, 2017

Particulars	Public Sector Banks				Private Sector Banks				Foreign Banks				All Scheduled Commercial banks			
	(26)	(27)	(27)	(27)	(20)	(20)	(21)	(21)	(32)	(41)	(43)	(43)	(43)	(78)	(88)	(91)
	Mar 2015	Mar 2016	Mar 2017	Sept. 2017 (Prov.)	Mar 2015	Mar 2016	Mar 2017	Sept. 2017 (Prov.)	Mar 2015	Mar 2016	Mar 2017	Sept. 2017 (Prov.)	Mar 2015	Mar 2016	Mar 2017	Sept. 2017 (Prov.)
Attaining of target of 60% of MSE to Micro Enterprises	11	8	10	9	7	6	7	4	3	2	8	8	17	16	25	21
10 % y-o-y growth in number of Micro enterprises	16	22	13	7	14	11	7	8	5	6	8	7	31	39	30	22
20% y-o-y growth in credit to MSE sector	21	3	0	3	9	9	7	6	9	7	13	13	25	19	20	22

Source : RBI

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