

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UN-STARRED QUESTION NO. 6523  
TO BE ANSWERED ON 6<sup>th</sup> APRIL, 2018 / CHAITRA 16, 1940 (SAKA)

'NPAs of MSMEs'

**6523 : SHRI KUNWAR BHARATENDRA :**

Will the Minister of FINANCE be pleased to state :

- (a) whether there is such a high incidence of Non-Performing Assets (NPAs) in the Micro, Small and Medium Enterprises (MSME) sector and if so, the reasons therefor;
- (b) whether the Government has introduced any scheme or programmes specifically to address the high incidence of NPAs in the MSME sector besides the revised classification norms recently approved by the Reserve Bank of India (RBI) and
- (c) if so, the details thereof ?

ANSWER

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

(a) to (c): Non-Performing Assets (NPAs) in Micro and Small Enterprises (MSE) Sector as on 30<sup>th</sup> September 2017 as reported by Scheduled Commercial Banks (SCBs) were 8.34% of total outstanding advances to them as against 10.21% for the banking sector as a whole.

The reasons of NPAs in MSEs, inter-alia include, lack of demand, shortage of working capital, non-availability of raw materials, power shortage, marketing problems, labour and management problems, equipment problems, delayed payments, etc.

In order to provide a simpler and faster mechanism to address the stress in the accounts of Micro, Small and Medium Enterprises (MSMEs) and to facilitate the promotion and development of MSMEs, RBI has issued guidelines on 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' to banks for implementation thereof. The revival and rehabilitation of MSMEs having loan limits up to Rs.25 crore is taken up in terms of these guidelines.

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