

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 1822

ANSWERED ON 13th FEBRUARY, 2023 / 24 MAGHA, 1944 (SAKA)

‘ECLGS Support to MSMEs’

1822: SHRI ADALA PRABHAKARA REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the details of Ministry of Micro, Small & Medium Enterprises (MSMEs) that were prevented from becoming NPAs on account of support under Emergency Credit Line Guarantee Scheme (ECLGS), State-wise;
- (b) whether the Government has implemented any other financial support schemes to help prevent MSMEs to become NPAs; and
- (c) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a): The Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 as part of Aatmanirbhar Bharat Abhiyaan to support eligible Micro, Small and Medium Enterprises (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. This scheme covers all the sectors of the economy.

As per the information received from National Credit Guarantee Trustee Company Limited (NCGTC), the agency operating the scheme, as on 31.1.2023, guarantees amounting to Rs 3.61 lakh crore have been issued under ECLGS, benefiting 1.19 crore borrowers. The share of MSMEs under ECLGS is as below:

Share of MSMEs under ECLGS

	Share of MSME
Number of loans guaranteed	1,13,53,254 (95.18%)
Amount guaranteed (in Rs crore)	2,39,147.53 (66.16%)

*Figure in brackets indicate MSME as percentage of Total

The state-wise details of Micro, Small and Medium Enterprises (MSMEs) loans guaranteed under the scheme is enclosed as Annexure I to this reply.

As per a research report dated 23.1.2023 of the State Bank of India on ECLGS, almost 14.6 lakh MSME accounts, of which about 98.3% of the accounts were in the micro and small enterprises categories, were saved. In absolute terms, MSME loan accounts worth Rs. 2.2 lakh crore improved since inception of ECLGS for entire banking industry. This means that around 12% of the outstanding MSME credit has been saved from slipping into non-performing asset (NPA) classification due to ECLGS.

Further, the Economic Survey 2022-23 states that the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector has been remarkably high, over 30.6 per cent, on average during Jan-Nov 2022, supported by the extended Emergency Credit Line Guarantee Scheme (ECLGS) of the Government of India. It adds that the recovery of MSMEs is proceeding apace, as is evident in the amounts of Goods and Services Tax (GST) they pay, while the ECLGS is easing their debt servicing concerns.

(b) and (c): The incidence of NPAs in lending by banks, including in the MSME sector, is attributable to a number of factors, which include macroeconomic conditions, sectoral issues, global business environment, governance issues in the borrowing entities, etc. Measures taken to support MSMEs are intended to enhance credit flow to the sector and improve the overall credit health of businesses in the sector. Various measures have been taken for increasing access to credit and finance for MSMEs in an affordable manner. These, *inter-alia*, include:

- i. New revised criteria for classification of MSMEs based on both investment size and turnover.
- ii. 'Udyam Registration' for MSMEs, for ease of doing business.
- iii. Inclusion of Retail and Wholesale Traders as MSMEs w.e.f. 2.7.2021.
- iv. Pradhan Mantri Mudra Yojana (PMMY) scheme launched in April, 2015 to provide collateral free access to institutional finance to unfunded Micro/Small business units with collateral free loans up to Rs10 lakh.
- v. In the wake of Covid-19 pandemic, Emergency Credit Line Guarantee Scheme (ECLGS) launched in May, 2020 to support eligible Micro, Small and Medium Enterprises (MSMEs) and business enterprises in meeting their operational liabilities and restarting their businesses.
- vi. The pspbloansin59minutes Portal was launched to facilitate in-principle approval of loans of up to Rs 5 crore to MSMEs without human intervention.
- vii. Trade Receivables Discounting System (TReDS) has been operationalized to address the problem of delayed payments to MSMEs.
- viii. For better transmission of monetary policy, RBI has advised banks to link all new floating rate loans to external benchmark for MSEs from 01.10.2019 and Medium enterprises from 01.04.2020.
- ix. Special restructuring window was put in place for MSMEs, through:
 - (a) Resolution Framework- I, announced in August, 2020 which permitted implementation of restructuring till March, 2021; and
 - (b) Resolution Framework II announced in May, 2021 which permitted invocation of restructuring till 30th September, 2021 to be completed within a period of 90 days.
- x. Target of 7.5 percent of Adjusted Net Bank Credit (ANBC), or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, fixed for Scheduled Commercial Banks (SCBs) for lending to Micro Enterprises, under priority sector lending norms.

Annexure I referred in Lok Sabha unstarred question 1822 reg. ' ECLGS Support to MSMEs'		
STATE WISE DATA ON MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs) LOANS GUARANTEED UNDER EMERGENCY CREDIT LINE GUARANTEE SCHEME (ECLGS) AS ON 31-1-2023		
	Total MSMEs	
STATE	No of Loans Guaranteed	Loan Amount Guaranteed (Rs. In crore)
ANDAMAN & NICOBAR	2,093	146.33
ANDHRA PRADESH	2,38,835	9,231.68
ARUNACHAL PRADESH	2,054	78.76
ASSAM	5,44,632	3,012.69
BIHAR	7,83,615	3,959.88
CHANDIGARH	6,332	784.09
CHHATTISGARH	1,92,634	4,087.11
DADRA & NAGAR HAVELI	2,161	282.23
DAMAN & DIU	955	187.12
DELHI	93,672	12,422.28
GOA	11,928	1,043.92
GUJARAT	3,47,592	24,021.59
HARYANA	1,90,812	9,980.56
HIMACHAL PRADESH	48,544	1,829.49
JAMMU & KASHMIR	34,358	1,236.14
JHARKHAND	2,94,716	3,413.38
KARNATAKA	8,71,099	15,765.45
KERALA	5,29,710	8,404.91
LADAKH	824	42.52
LAKSHA DWEET	374	2.08
MADHYA PRADESH	5,48,468	7,970.59
MAHARASHTRA	9,71,628	33,439.94
MANIPUR	9,641	111.24
MEGHALAYA	11,263	173.04
MIZORAM	3,456	52.24
NAGALAND	7,315	66.20
ORISSA	9,25,611	5,388.44
PONDICHERRY	22,317	439.18
PUNJAB	2,04,733	8,318.20
RAJASTHAN	5,25,681	13,467.61
SIKKIM	8,159	109.64
TAMILNADU	8,73,362	26,659.55
TELANGANA	1,18,435	9,511.21
TRIPURA	62,090	274.55
UTTAR PRADESH	7,86,697	16,839.22
UTTARAKHAND	70,005	2,754.55
WEST BENGAL	20,07,453	13,639.92
Total	1,13,53,254	2,39,147.53

Source: National Credit Guarantee Trustee Company Limited (NCGTC)