

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 1984

ANSWERED ON 13th MARCH, 2023 / 22 PHALGUNA, 1944 (SAKA)

‘Credit to MSMEs’

1984. SHRI SANJAY KAKA PATIL:

Will the Minister of FINANCE be pleased to state:

- a) whether a number of Micro, Small and Medium Enterprises (MSMEs) are still reliant on informal financing today;
- b) if so, the details thereof along with the corrective steps taken by the Government to provide more financial assistance to these MSMEs;
- c) whether it is also true that most women entrepreneurs lack the required assets to obtain loans or financial assistance for their businesses;
- d) if so, whether the Government plans to direct financial institutions to come up with alternate ways of credit check to solve the issue of lack of collateral for credit to MSMEs; and
- e) if so, the details thereof?

ANSWER

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

(a) and (b): A progressive and vibrant Micro, Small and Medium Enterprises (MSME) sector network and its substantive share to manufacturing output and exports are significantly contributing to the growth of the economy. In this background, the Government of India has consistently supported the sector in terms of meeting their credit needs at affordable rates through various initiatives as under:

- (1) A broad trend in the overall growth of credit of Scheduled Commercial Banks (SCBs) for the MSME Segment is as below:

FY	MSME Advances Outstanding (in crore)
FY 2019-20	16,97,836
FY 2020-21	18,45,188
FY 2021-22	20,44,788

Source: Reserve Bank of India

- (2) As announced in the budget 2023-24, the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is being revamped by way of infusion of Rs. 9,000 crore in its corpus. This will enable additional collateral-free guaranteed credit of Rs. 2 lakh crore, with a reduced cost of credit.
- (3) In the wake of Covid-19 pandemic, 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 to ease their

liquidity position. The Scheme provides for collateral free loans to existing eligible borrowers with 100% guarantee in respect of the eligible amount as per the Scheme guidelines. The scheme is valid till 31.3.2023.

Number and Amount of Guarantees issued under ECLGS

(Number in crore and amount in Rs. Lakh crore)

Particulars	Total	Share of MSME
Number of loans guaranteed	1.19	1.13 (95.17%)
Amount guaranteed (in Rs crore)	3.63	2.40 (66.14%)

**figure in brackets indicate MSME as percentage of Total*

- (4) 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.
- (5) Special restructuring window was put in place for MSMEs, to support them in view of reduced cashflows during the pandemic, through:
 - (i) Resolution Framework 1.0, announced in August, 2020 which permitted implementation of restructuring till March, 2021; and
 - (ii) Resolution Framework 2.0, announced in May, 2021 which permitted invocation of restructuring till 30th September, 2021 to be completed within a period of 90 days.

(c) to (e): Credit guarantee schemes have been launched to address the issue of lack of collateral for Micro, Small and Medium Enterprises and offer alternate ways to enhance flow of collateral free credit to the MSME sector, namely:

- (i) Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): CGTMSE facilitates access to collateral free credit upto Rs. 2 crore for micro and small enterprises including women owned enterprises. As on 28.02.2023, out of total 69.04 lakh guarantees amounting to Rs. 4.06 lakh crore, issued under the scheme, 14.34 lakh guarantees amounting to Rs. 58,237.25 crore have been issued to women beneficiaries, which constitute 20.77% in number and 14.34% in amount.
- (ii) Pradhan Mantri Mudra Yojana (PMMY): The Scheme was launched on 08.04.2015 to extend collateral free loans upto Rs. 10 lakh to individuals including women to enable them to set up or expand their business activities. As on 24.02.2023, out of total of 39.65 crore loans amounting to Rs.22.41 lakh crore extended under the scheme, 27.20 crore loans amounting to Rs. 10.04 lakh crore have been extended to women, which constitute 68% in number and 45% in amount.
- (iii) Stand Up India Scheme: Stand-Up India Scheme is to facilitate loans from Scheduled Commercial Banks (SCBs) of value between Rs. 10 lakh and Rs.1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and one-woman borrower per bank branch for setting up greenfield enterprise in manufacturing, services or trading sector and also for the activities allied to agriculture. As on 28.02.2023, out of total of 1,75,008 loans amounting to Rs.39,517 crore extended under the scheme, 1,40,140 loans amounting to Rs. 32,161 crores have been extended to women, which constitute 80% in number and 81% in amount.
