

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 1786

ANSWERED ON 31ST JULY, 2023/ 9 SRAVANA, 1945 (SAKA)

‘Loan Sanction’

1786. SHRI JUAL ORAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been some slowdown in loans sanctioned to struggling business and Micro, Small and Medium Enterprises (MSMEs) in the pre and post COVID-19 period;
- (b) if so, the comparative details thereof and the reasons therefor; and
- (c) the corrective steps being taken/results yielded, loan-wise during the last three years and current year, specially for Odisha?

ANSWER

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

(a) and (b): Facilitating credit flow to the Micro, Small and Medium Enterprises (MSMEs) has been a policy priority of Government of India (GoI) and consistent support is extended to the sector in terms of availability of loans at affordable rates. As per the information furnished by Reserve Bank of India (RBI), the details of gross loans outstanding of Scheduled Commercial Banks (SCBs) for the MSME sector of the country and for the state of Odisha, is as under:

(Amount in Rs lakh crore)

FY	MSME Loans Outstanding of SCBs	
	All India	Odisha
2019-20	16.97	1.34
2020-21	18.45	1.43
2021-22	20.44	1.71
2022-23	23.99	2.03

From the above table, it is observed that there has been a consistent growth in MSME loan outstanding of SCBs both on a pan India basis as well as for the state of Odisha, since 2019-20.

Also, in terms of percentage share, while the proportion of MSME loans in total outstanding loans of SCBs has increased from 16.81% in FY 2019-20 to 17.53% in FY 2022-23, the share of Odisha within the overall MSME loans of the country has increased from 7.89% to 8.46% during the corresponding period.

(c) Various measures have been taken for increasing access to credit and finance for MSMEs in the country including Odisha. These, *inter-alia*, include:

- i. New revised criteria for classification of MSMEs based on both investment size and turnover.
- ii. Inclusion of Retail and Wholesale Traders as MSMEs w.e.f. 2.7.2021.
- iii. Pradhan Mantri Mudra Yojana (PMMY) scheme launched in April, 2015 to provide collateral free loans up to Rs10 lakh to Micro and Small business units.
- iv. 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.
- v. Special restructuring window was put in place for MSMEs under COVID Resolution Frameworks for MSMEs announced in August, 2020 and May, 2021 for entities with aggregate exposure to lending institutions upto Rs.25 crore and Rs.50 crore respectively.
- vi. Target fixed for Scheduled Commercial Banks (SCBs) for lending to Micro Enterprises, under priority sector lending norms.

In addition to the above-mentioned measures, 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 which was valid till 31.3.2023, provided for collateral free loans to existing eligible borrowers with 100% guarantee in respect of the eligible amount as per the Scheme guidelines.

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.
