

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 461

ANSWERED ON 24TH JULY, 2023/ 2 SRAVANA, 1945 (SAKA)

‘NPA in MSMEs’

461. SHRI BALASHOWRY VALLABHANENI:

Will the Minister of FINANCE be pleased to state:

- (a) the number of Micro, Small and Medium Enterprises (MSME) units benefited under Emergency Credit Line Guarantee Scheme (ECLG) as a part of Aatma Nirbhar package, State-wise;
- (b) whether one out of every six micro and small units benefited under ECLG turned into Non-Performing Assets (NPA) and if so, the details thereof;
- (c) whether the NPAs stood at Rs. 11,893 crores and if so, the details thereof and the reaction of the Government thereto;
- (d) whether the higher rate of interest (9.25% imposed by banks and 14% by NBFCs) is one of the causes for huge NPAs; and
- (e) if so, the details thereof and the measures taken/likely to be taken by the Government to address this problem?

ANSWER

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

(a) 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 was valid till 31.3.2023. As informed by National Credit Guarantee Trustee Company Limited (NCGTC), the agency operating the scheme, as on 31.3.2023, guarantees amounting to Rs. 2.42 lakh crore benefitting 113.75 lakh MSME customers have

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

(b) As informed by NCGTC, 111.04 lakh micro and small enterprises (MSEs) were supported under ECLGS with guarantees amounting to Rs 1.78 lakh crore. Out of this, 18.65 lakh accounts amounting to Rs. 11,341 crore have been classified as Non-Performing Assets (NPAs). In terms of amount, the share of NPA thus constitutes 6.36% of total loans guaranteed for MSEs.

(c) As informed by NCGTC, as on June 30, 2023, loans amounting to Rs.13,233 crore to MSMEs supported under ECLGS have turned NPA, which constitutes 5.45% of the total MSME loan amount of Rs. 2.42 lakh crore guaranteed under ECLGS. This is considered reasonable keeping in view the severity of the impact that the pandemic has had on businesses, particularly for MSME enterprises.

(d) to (e) The guidelines of the Scheme provide for interest rate cap of 9.25% p.a. for Banks and 14% p.a. for Non-Banking Financial Companies (NBFCs), which has ensured continued low interest rates on loans availed under ECLGS. 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 incidence of NPAs in lending by banks, including in the MSME sector, is attributable to a number of factors, which include overall performance of the borrowing entity, macroeconomic conditions, sectoral issues, global business environment, etc.

Annexure I referred in Lok Sabha unstarred question 461 reg. ' NPA in MSMEs'**STATE WISE DATA ON MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)
LOANS GUARANTEED UNDER EMERGENCY CREDIT LINE GUARANTEE
SCHEME (ECLGS) AS ON 31-3-2023**

| STATE NAME | Total No of Guarantees Issued | Total Amount Guaranteed (In Rs. crore) |
|-------------------------|--|---|
| ANDAMAN & NICOBAR | 2,111 | 149 |
| ANDHRA PRADESH | 2,39,507 | 9,349 |
| ARUNACHAL PRADESH | 2,056 | 79 |
| ASSAM | 5,44,917 | 3,052 |
| BIHAR | 7,84,634 | 4,028 |
| CHANDIGARH | 6,368 | 790 |
| CHHATTISGARH | 1,93,216 | 4,149 |
| DADRA & NAGAR HAVELI | 2,181 | 291 |
| DAMAN & DIU | 966 | 189 |
| DELHI | 93,941 | 12,513 |
| GOA | 12,083 | 1,080 |
| GUJARAT | 3,49,318 | 24,488 |
| HARYANA | 1,91,133 | 10,079 |
| HIMACHAL PRADESH | 48,687 | 1,855 |
| JAMMU & KASHMIR | 34,451 | 1,246 |
| JHARKHAND | 2,95,405 | 3,454 |
| KARNATAKA | 8,72,832 | 16,053 |
| KERALA | 5,30,867 | 8,532 |
| LADAKH | 825 | 43 |
| LAKSHA DEEP | 374 | 2 |
| MADHYA PRADESH | 5,49,388 | 8,084 |
| MAHARASHTRA | 9,74,103 | 34,105 |
| MANIPUR | 9,658 | 112 |
| MEGHALAYA | 11,277 | 174 |
| MIZORAM | 3,461 | 52 |
| NAGALAND | 7,319 | 67 |
| ORISSA | 9,27,216 | 5,459 |
| PONDICHERRY | 22,369 | 448 |
| PUNJAB | 2,05,254 | 8,399 |
| RAJASTHAN | 5,26,694 | 13,622 |
| SIKKIM | 8,179 | 113 |
| TAMILNADU | 8,75,167 | 27,140 |
| TELANGANA | 1,18,837 | 9,620 |
| TRIPURA | 62,095 | 276 |
| UTTAR PRADESH | 7,89,625 | 17,100 |
| UTTARAKHAND | 70,292 | 2,789 |
| WEST BENGAL | 20,08,592 | 13,745 |
| Grand Total | 1,13,75,398 | 2,42,725 |

