

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 3225

ANSWERED ON MONDAY, 16th DECEMBER, 2024/25 AGRAHAYANA, 1946 (Saka)

DEDICATED BANKS FOR MSMEs

3225. SHRI LAVU SRI KRISHNA DEVARAYALU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any plans to establish a dedicated bank for direct lending to MSMEs and if so, the details thereof;
- (b) the total credit gap faced by MSMEs in the country during the last five years;
- (c) whether the Government proposes to transform SIDBI into a full-edged direct lending bank for MSMEs and if so, the timeline for implementation;
- (d) the current designated percentage of MSME loans by RBI under the Priority Sector Lending (PSL); and
- (e) the details of the loans given by private and public sector banks to MSMEs during the last five years, year-wise?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a): Presently, no such proposal is under consideration in this Department.
- (b): The report of Expert Committee on MSMEs, headed by Shri U K Sinha, had estimated the credit gap in the MSME sector in 2019 to be Rs. 20-25 lakh crore. Subsequently, various initiatives of the Government of India and Reserve Bank of India (RBI) has facilitated flow of credit to MSME sector. Further, as informed by RBI, the credit outstanding of Scheduled Commercial Banks (SCBs) and Non-Banking Financial Companies (NBFCs) to MSME sector

has increased from Rs. 18.48 lakh crore as on 31.3.2020, to Rs. 31.70 lakh crore as on 31.3.2024.

(c): No such proposal is under consideration. However, SIDBI has direct lending portfolio of Rs.26,826 crore as on 31.03.2024 and it has estimated to grow to Rs. 48,700 crore by FY 2026-27.

(d): As informed by Reserve Bank of India, in terms of master direction on Priority Sector Lending (PSL)- Targets and Classification dated 4.9.2020, all bank loans to MSMEs conforming to the conditions prescribed therein qualify for classification under priority sector lending. RBI has fixed target of 7.5 percent of Adjusted Net Bank Credit (ANBC), or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for Scheduled Commercial Banks (SCBs) for lending to Micro Enterprises, under priority sector lending norms.

(e): As informed by RBI, year-wise details of the loans given by private and public sector banks to MSMEs during the last five years are as below:

Credit Outstanding to the MSME sector

(Credit o/s in Rs. Lakh crore)

Bank Group Category	As on FY ended March 2020	As on FY ended March 2021	As on FY ended March 2022	As on FY ended March 2023	As on FY ended March 2024
Private Sector Banks	6.57	7.40	9.39	11.94	14.78
Public Sector Banks	9.45	10.01	9.84	10.72	11.74

Source: RBI
