

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 498
TO BE ANSWERED ON 28.11.2024

IMPACT OF NPAs ON MSMEs

498. SHRI P V MIDHUN REDDY:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the current status of Non-Performing Assets (NPAs) among MSME borrowers under the Mudra Loan Scheme;
- (b) the details of specific support or advisory services being provided to MSMEs to prevent their loans from becoming NPAs;
- (c) whether the reduction of NPAs associated with Mudra loans had any impact on the growth and development of MSMEs in the country; and
- (d) if so, the details thereof, including any studies or reports on the correlation between NPA levels and MSME growth, State-wise including Andhra Pradesh?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

- (a): As informed by Department of Financial Services, Ministry of Finance the overall Non-Performing Assets (NPAs), as a percentage of credit disbursed, was 2.20 % as on September 2024.
- (b) to (d): To prevent MSME loans turning NPA, the following initiatives have been taken:
 - To address the stress in MSME accounts in the incipient stage and facilitate their revival, the Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015, notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' (FRR for MSMEs). In continuation of the Gazette notification, RBI issued instructions vide its circular no. RBI/2015-16/338 FIDD.MSME & NFS.BC.No.21/06.02.31/2015-16 dated 17.03.2016.
 - The Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 as part of Aatmanirbhar Bharat Abhiyaan to support eligible 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. The Scheme was operational till 31.03.2023. 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. Around 12% of the outstanding MSME credit was saved from slipping into NPA classification due to ECLGS.
 - Union Budget 2024-25 announced a new mechanism to ensure continued bank credit for MSMEs during periods of stress, particularly when they are in Special Mention Accounts due to circumstances beyond their control. This support aims to help MSMEs maintain operations and avoid transitioning to NPA status.
 - No study has been carried out regarding state-wise correlation between NPA levels and MSME growth.
