

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 2202

ANSWERED ON MONDAY, THE AUGUST 5, 2024/ 14 SHRAVANA, 1946 (SAKA)

NPAs OF MSME SECTOR

2202. SHRI SUBBARAYAN K:

COM. SELVARAJ V:

Will the Minister of FINANCE be pleased to state:

- (a) the quantum of Non-Performing Assets amount of MSME Sector;
- (b) the percentage of NPAs of MSMEs to the total NPA;
- (c) whether the Government introduce relaxation of NPA provisioning norms for MSME loans and if so, the details thereof;
- (d) if not, the reasons therefor; and
- (e) whether the Government consider increasing NPA classification period to 180 days for MSME loans?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (b): As informed by Reserve Bank of India (RBI), the total Credit outstanding of Scheduled Commercial Banks (SCBs) to MSME sector as on 31.3.2024 is Rs. 28.04 lakh crore of which Non-Performing Assets of SCBs to MSME sector is Rs. 1.25 lakh crore. The Gross NPA percentage of SCBs, for MSME sector is 4.46% as against 2.74% for total loans and advances.

(c) to (e): The NPA classification and provisioning norms for all advances including MSME loans are in place as per extant Reserve Bank of India (RBI) guidelines. No proposal for separate dispensation for MSME loans is under consideration.

An advisory has been issued to Public Sector Banks (PSBs) for use of framework of the Early Warning System for Special Mention Account (SMA) with the objective of revival of MSME accounts so that it does not create undue difficulties in operation of accounts.

Further, the Union Budget 2024-25 has inter alia provided for a credit support mechanism to MSMEs through a guarantee scheme for facilitating continuation of bank credit to MSMEs during their period of stress, while in 'special mention account' (SMA) stage for reasons beyond their control.
