

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1431
ANSWERED ON:04.03.2011
FUNDING TO SMES
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Will the Minister of FINANCE be pleased to state:

- (a) whether there is scope for banks to increase their lending to Small and Medium Enterprises (SMEs);
- (b) if so, the details thereof
- (c) whether banks in urban areas have greater scope for such lending- as compared to those in semi-urban and rural areas;
- (e) the other steps taken/being taken by the Government in this regard?

Answer

(a) to (c): Reserve Bank of India (RBI) has reported that there was scope for banks to increase their lending to SMEs, However, the exact quantum of increase cannot be specified.

(d): State-wise (for the last reporting Friday of March of the years 2008, 2009 & 2010) outstanding credit to the sector are as under:

(Rs in thousand)

States 2008 2009 2010

Assam 15243922 18920232 27574394

Punjab 103431891 116071571 167154423

Meghalaya 1815833 1951873 3042070

Haryana 63217894 70671319 109366716

Mizoram 169064 481190 1124104

Chandigarh 15276481 23586425 28745767

Arunachal 692682 993737 1668210
Pradesh

JSK 27191405 20026976 39096712

Nagaland 479921 1313415 2903165

H.P 12571795 13389326 29873144

Manipur 594208 696453 1108066

Rajasthan 84864148 89789425 125669310

Tripura 1471002 1748358 3190079

Gujarat 12S93600S 148576735 20S960851

Bihar 13733406 18243351 46878787

Maharashtra 507663993 614559186 715561038

Jharkhand 19450859 35883535 55961242

Daman & Diu 440501 920186 995648

West Bengal 132220862 152605883 278658835

Goa 8792298 12046830 20247315

Orissa 32034013 39496183 716135S5

Dadra & 491255 571495 742928
Nagar Haveli

Sikkim 1095417 1073792 1720400

Andhra Pradesh 137166540 164090077 225156293

A & N Islands 650874 728730 1455864

Karnataka 120660200 151659124 199032707

U.P 126605613 134668646 241099814

Lakshadweep 83026 23875 63890

Uttarakhand 13839947 20559437 29478874

Tamitnadu 264653383 297539560 417876241

M,P 59387491 84019582 121449296

Kerala 70288689 84021395 127791593

Chattisgarh 22440201 22845335 37119400

Pondicherry 3187444 2847549 4265591

(e): The Task Force on MSMEs constituted under the chairmanship of the Principal Secretary to the Prime Minister to address the issues of the MSME Sector in its report made various recommendations in the areas of credit, taxation, labour issues, infrastructure / technology / skill development, marketing, etc, for providing an impetus to the growth of the sector. In terms of the recommendations of the Task Force, banks have been advised to achieve a 20% year-on-year growth in credit to micro and small enterprises and a 10% annual growth in the number of micro enterprises accounts. In order to ensure that sufficient credit is available to micro enterprises within the MSE Sector, as per the Reserve Bank of India (RBI) extant guidelines to banks, 60% of MSME advances should go to the micro enterprises. The banks have been advised that the allocation of 60% of MSME advances to the micro enterprises is to be achieved in stages viz.. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the years- 2012-13.