

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3977

ANSWERED ON:26.08.2011

LOANS TO MSME SECTOR

Jakhar Shri Badri Ram ;Tewari Shri Manish

Will the Minister of FINANCE be pleased to state:

- (a) the details of the targets set by the Government for Public Sector Banks regarding loan disbursement to Micro, Small and Medium Enterprises (MSME) Sector;
- (b) whether some of the public sector banks including State Bank of India have failed to achieve the targets set by the Government;
- (c) if so, the details thereof and the reasons therefor alongwith the action taken against such banks;
- (d) whether the MSME sector in the country are facing difficulties in getting long term finance;
- (e) if so, the details thereof and the reasons therefor; and
- (f) the corrective steps taken/being taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): Based on the recommendations of Prime Minister's Task Force on MSME, the Reserve Bank of India (RBI) advised banks:
- i) To achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;
 - ii) The allocation of 60% of the MSE 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 year 2012-13 and
 - iii) To achieve a 10% annual growth in number of micro enterprise accounts.
- (b) to (f): RBI has reported that 10 Banks in 2011 have achieved the target of 50% of total MSE lending to Micro enterprises. Further, 9 Banks have achieved more than 10% year-on-year growth in the number of Micro enterprises accounts as on March 2011. It has also been reported by RBI that 22 Banks including State Bank of India (SBI) have achieved more than 20% year-on-year growth in credit to MSE sector as on March 2011. The RBI is closely monitoring the achievement of targets by banks on a half-yearly basis, i.e., March and September each year. The matter is followed up with the underperforming banks by the Government as well as RBI by holding meetings with banks to impress upon the banks to devise strategies to gear up the credit mechanism for the sector.