

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:495
ANSWERED ON:07.08.2009
CREDIT TO MSM ENTERPRISES INDUSTRIES
Agarwal Shri Jai Prakash;Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

- (a) the details of the targets set and achieved for providing credit to the Micro, Small and Medium (MSM) enterprises/industries by the public/ private and foreign banks during each of the last three years;
- (b) whether the Government has issued any guidelines to the public/private and foreign banks to improve lending to the MSM enterprises/industries which are reeling under the impact of global meltdown;
- (c) if so, the details thereof;
- (d) whether the Government has been monitoring the role of the public/private/foreign banks for lending to the MSM enterprises/industries; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (e): A statement is laid on the table of the House.

Statement placed on the Table of Lok Sabha in reply to Parts (a) to (e) of Starred Question No. 495 for answer on 7th August, 2009 regarding 'Credit to MSM Enterprises/Industries' tabled by Shri Pralhad Joshi and Shri Jai Prakash Agarwal,MPs.

Government of India announced a policy package for stepping up credit to Small and Medium Enterprises (SMEs) on 10th August 2005, with the objective that Public Sector Banks (PSBs) fix their own targets for funding SMEs in order to achieve a minimum 20% year-on-year growth in credit to SME sector to double the flow of credit within a period of 5 years, The flow of credit from Scheduled Commercial Banks to the Micro, Small and Medium Enterprises (MSMEs) has increased over a period of time as given below:

(Rs. in crore)

Year as on 31 March	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks
---------------------	---------------------	----------------------	---------------	--------------------------------

2006	82434	10421	8430	101285
------	-------	-------	------	--------

2007	102550 (24.4%)	13136	11637	127323
------	----------------	-------	-------	--------

2008	151137 (47.4%)	46912	15489	213538
------	----------------	-------	-------	--------

2009#	190968 (26.4%)	47916	18188	257072
-------	----------------	-------	-------	--------

March 2009 data is provisional.

Figures in bracket indicate y-o-y growth in percentage,

RBI has issued a consolidated Master Circular on 1.7.2009 to all Scheduled Commercial Banks regarding lending to Micro, Small and Medium Enterprise (MSME) Sector which has been placed by RBI on their website www.rbi.ora.in.

In order to monitor the credit flow to MSME Sector, Empowered Committees on MSMEs have been constituted under the Chairmanship of the Regional Directors of RBI at the Regional Offices of Reserve Bank of India, with the representatives of SLBC Convenor, senior level officers from two banks having predominant share in MSME financing in the State, representatives of SIDBI Regional Office, the Director of Industries of the State Government, one or two senior level representatives from the MSME/SSI Associations in the State, and a senior level officer from SFC/ SIDC as members. The Committee is to meet periodically and review the progress in MSME financing as also rehabilitation of sick Micro, Small and Medium units. It will also coordinate with other banks/financial institutions and the State Government in removing bottlenecks, if any, to ensure smooth flow of credit to the sector. The Committee may decide the need to have similar committees at cluster/district levels.

Further, Government has also been monitoring the credit flow to various sectors including MSME sector on quarterly basis at the highest level.