

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4560
ANSWERED ON:21.02.2014
BANK LOANS TO
Ram Shri Purnmasi

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs) are mandated to grant a certain percentage of their total lendings to the Micro Small and Medium Enterprises (MSMEs), if so, the details thereof;
- (b) the quantum of loan disbursed by the FSBs including State Bank of India to MSME during the last three years and the current year, bank and State/UT- wise;
- (c) whether the Reserve Bank has taken note of some industries having sought loans despite having outstanding loans;
- (d) if so, the details thereof; and
- (e) the corrective measures taken/being taken by the Government in this regard?

Answer

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

- (a): Reserve Bank of India (RBI) has mandated Public Sector Banks (PSBs) to achieve the target of 40% of their Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off Balance Exposure, whichever is higher under priority sector lending. Advances to Micro and Small enterprises sector reckoned in computing achievement under overall priority sector lending target of 40%.
- (b); Statements showing State-wise and Bank-wise credit to MSME sector during last three years are annexed.
- (c)to(e): As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the RBI has advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed regulatory limits on banks' exposure to individual and group borrowers. Further, under the Small and Micro Enterprises Debt Restructuring Mechanism, banks formulate, with the approval of their Board of Directors, a debt restructuring scheme for SMEs within the prudential norms laid down by RBI. Banks may frame different sets of policies for borrowers belonging to different sectors within the SME, as required.