

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2660

ANSWERED ON:14.03.2016

Credit to MSMEs

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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Public Sector Banks are providing loans to Micro, Small and Medium Enterprises (MSMEs) at the interest rate higher than other sectors, if so, the details thereof and the corrective steps taken by the Government in this regard;
- (b) whether the Government is considering changes in credit norms to boost MSME sector and if so, the details thereof; and
- (c) the details of the employment opportunities created and the contribution to the Gross Domestic Product (GDP) by MSMEs?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a): Interest rates have been deregulated by the Reserve Bank of India and commercial banks determine their actual lending rates on loans and advances with reference to their Base rate.

(b): The following steps have been taken by the RBI to boost the credit flow to MSME sector:

i) A target of 7.5% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of off Balance Sheet Exposure, whichever is higher, has been prescribed for scheduled commercial banks for lending to Micro Enterprises. This target is to be achieved in a phased manner i.e. 7% by March, 2016 and 7.5 % by March, 2017.

(ii) Loans to Medium Enterprises engaged in the manufacturing or production of goods and loans upto Rs.10 crore to Medium Enterprises engaged in providing or rendering of services form part of priority sector.

(c): As per latest estimates available, upto 2013-14 the employment opportunities created by MSMEs was to the tune of 1114.29 lakh. On the basis of the data on Gross Domestic Product (GDP) published by Central Statistics Office (CSO) collected as per the revised methodology suggested by CSO and final results of the latest MSME Census (Fourth Census), conducted (with base reference year 2006-07), wherein the data was collected till 2009 and results published in 2011-12, the estimated contribution of MSME manufacturing sector to GDP, during 2012-13, is 7.04%. However, taking into account the contribution of MSME services sector, which is estimated at 30.50% during 2012-13, the share of MSME sector in GDP of the country, during 2012-13, is 37.54%.