

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 3935**  
**TO BE ANSWERED ON: 12.12.2019**

**FLOW OF LOANS TO MSME SECTOR**

3935. SHRI LAVU SRI KRISHNA DEVARAYALU:

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

- (a) Whether as per a report 'Credit Disrupted: Digital MSME Lending in India by Omidyar Network and Boston Consulting Group, nearly 40% of our Micro, Small and Medium Enterprises (MSMEs) are compelled to borrow from informal sources where interest rate is 2.5 times higher than the formal sources of lending and if so, the details thereof;
- (b) The details of loans disbursed by banks and other financial institutions to MSMEs during each of the last five years and the current year, State/sector-wise;
- (c) Whether any target has been set by the Ministry as is being done in case of agriculture sector for disbursement of loans and if so, the details thereof;
- (d) Whether the Ministry has brought / proposed to bring any policy changes for easy flow of loans to MSME sector and if so, the details thereof and the steps taken by the Government in this regard; and
- (e) The details of employment opportunities created by MSME sector during the above said period sector-wise?

**ANSWER**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES  
(SHRI NITIN GADKARI)

(a) to (d): As reported by RBI, the details of outstanding credit given for MSME sector by Public Sector Banks are provided in Annexure. Rest of the credit comes from Private Banks, NBFCs, Regional Rural Banks, Cooperative Banks, Fintech Companies and informal sources of finance.

A number of steps have been taken to facilitate effective credit services to MSMEs including inter-alia the following:

- i) Under Credit Guarantee Scheme in the FY 2018-19, 4,35,520 proposals have been approved with guarantee coverage of Rs. 30168.57 crore.
- ii) 2% interest subvention for MSMEs for loan upto Rs. 1 crore for the financial year 2018-19 (w.e.f. 02.11.2018) and 2019-20.
- iii) Reserve Bank of India (RBI) has issued Framework for Revival and Rehabilitation of MSMEs having loan limits up to ₹25 crore on 17.03.2016.
- iv) RBI has permitted one-time restructuring of existing loans to stressed MSME units which are classified as 'standard' without a downgrade in asset classification vide circular dated 01.01.2019.

- v) Collateral free loans up to Rs. 10 lakh for units in the Micro and Small Enterprises (MSE) sector.
- vi) MSME loans, including service sector MSMEs, classified as priority sector lending.
- vii) Implementation of Trade Receivables Discounting System (TReDS) to resolve the problem of delayed payments to MSMEs and classification of factoring transactions as Priority Sector Lending.
- viii) Target of 7.5 percent of Adjusted Net Bank Credit (ANBC), or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, fixed for Scheduled Commercial Banks (SCBs) for lending to Micro Enterprises.
- ix) Calculation of working capital requirement up to Rs. 5 crore of MSEs simplified by defining it as 20% of projected annual turnover.
- x) Banks advised to mandatorily acknowledge MSME loan applications and put in place system for their online tracking.
- xi) RBI has advised banks to streamline flow of credit to MSEs for facilitating timely and adequate credit flow during their 'Life Cycle'.

Besides this, Ministry of MSME has taken several initiatives to encourage Micro, Small and Medium Enterprises, which include the schemes/programmes such as Prime Minister's Employment Generation Programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE), Credit Guarantee Scheme (CGTMSE), Credit linked Capital Subsidy-Technology Upgradation Scheme (CLCS-TUS), Micro & Small Enterprises- Cluster Development Programme (MSE-CDP), National Scheduled Caste and Scheduled Tribe Hub (NSSH), Procurement and Marketing Schemes (PMS) etc. National Small Industries Corporation (NSIC) under the Ministry of MSME also provides integrated support services to MSMEs encompassing marketing, finance, technology and other services.

(e): Under the Prime Minister's Employment Generation Programme (PMEGP), the estimated employment generated (number of persons) in micro enterprises during the years 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 has been 3.6 lakh, 3.2 lakh, 4.08 lakh, 3.87 lakh and 5.87 lakh, respectively. Employment opportunities have also been created under Pradhan Mantri MUDRA Yojana and other promotional schemes of different Ministries of Government of India & State Governments.

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**Annexure**

**Annexure referred to in reply to part (a) to (d) in Lok Sabha Un-starred Question No. 3935 for answered on 12.12.2019.**

**Outstanding Credit to Micro, Small and Medium Enterprises by Scheduled Commercial Banks**  
(No. of A/c in lakh, Amt. O/s in ₹ crore)

Sr. No	State	As on March 31, 2016		As on March 31, 2017		As on March 31, 2018		As on March 31, 2019	
		No. of A/cs	Amt O/s	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s
1	Andamans	0.09	517.12	0.08	534.61	0.08	599.58	0.08	688.05
2	Andhra Pradesh	9.19	40840.41	9.57	44447.24	9.95	49610.86	10.52	56607.02
3	Arunachal Pradesh	0.10	580.26	0.10	648.29	0.10	702.27	0.17	802.74
4	Assam	6.14	11680.23	8.59	13066.16	9.94	15372.27	14.46	18880.27
5	Bihar	7.36	16754.32	8.55	19364.61	12.71	22388.88	17.50	27736.26
6	Chandigarh	0.37	9582.11	0.43	10021.53	0.42	8846.18	0.67	10538.07
7	Chhattisgarh	3.32	16221.14	4.17	18246.88	4.57	19231.49	5.30	23229.65
8	Dadra & Nagar Haveli	0.04	503.63	0.05	572.01	0.06	658.75	0.07	842.33
9	Daman & Diu	0.03	415.98	0.03	8.59	0.03	543.15	0.15	4132.58
10	Delhi	4.12	106755.95	4.58	103780.41	4.20	99502.74	4.88	102884.08
11	Goa	0.60	4520.77	0.73	4714.53	0.79	5021.80	0.79	5018.20
12	Gujarat	9.11	83927.70	10.08	94600.09	11.30	98059.32	12.60	119505.50
13	Haryana	4.21	42573.23	4.97	42947.13	5.66	45195.50	6.70	54908.77
14	Himachal Pradesh	1.08	6749.07	1.18	7102.73	1.26	7449.94	1.31	8074.65
15	Jammu & Kashmir	2.36	9207.83	2.61	10144.40	2.78	12084.42	2.92	13871.92
16	Jharkhand	4.17	15437.01	4.80	16317.03	5.76	17953.95	8.61	20186.07
17	Karnataka	13.40	78751.39	15.91	82371.15	17.83	79982.85	20.90	89094.96
18	Kerala	7.37	45615.86	8.74	46513.71	10.60	48359.03	12.59	53146.38
19	Lakshadweep	0.02	83.96	0.02	16.60	0.01	15.63	0.01	18.47
20	Madhya Pradesh	10.08	38674.77	11.65	41452.04	13.84	45403.04	17.29	52800.57
21	Maharashtra	27.02	227178.41	27.97	250605.29	27.50	235191.58	30.89	262887.01
22	Manipur	0.16	509.15	0.19	583.38	0.34	745.91	0.57	973.31
23	Meghalaya	0.25	893.11	0.32	890.00	0.31	905.05	0.39	1053.48
24	Mizoram	0.08	394.07	0.09	410.73	1.97	810.22	0.17	578.33
25	Nagaland	0.10	559.16	0.15	678.56	0.19	710.53	0.26	690.91
26	Orissa	6.62	20974.86	7.85	24450.12	8.27	25778.04	14.38	31449.27
27	Puducherry	0.57	2485.00	0.69	2546.03	1.03	2639.12	1.16	2924.06
28	Punjab	5.51	45841.76	6.18	45733.00	6.63	46439.69	8.27	54134.66
29	Rajasthan	7.62	48550.57	8.79	52885.67	10.00	58000.43	11.81	70412.30
30	Sikkim	0.14	482.08	0.20	549.96	0.19	516.20	1.62	1067.98
31	Tamil Nadu	22.71	139221.94	27.54	145119.87	34.50	151904.46	35.06	165455.58
32	Telangana	5.38	45354.30	5.87	50778.43	5.60	53170.15	6.22	55848.81
33	Tripura	1.16	1704.61	1.72	1861.81	2.10	2274.25	2.73	2595.59
34	Uttarakhand	3.12	16216.61	2.34	11278.25	4.89	26979.77	3.90	26474.71
35	Uttar Pradesh	14.00	69988.57	17.13	79224.49	17.03	72614.51	24.90	90201.48
36	West Bengal	27.51	66260.15	29.78	71418.31	29.10	68577.78	40.83	80936.52
	<b>Total</b>	<b>205.11</b>	<b>1216007.11</b>	<b>233.62</b>	<b>1296398.82</b>	<b>261.54</b>	<b>1324239.34</b>	<b>320.68</b>	<b>1510650.52</b>

Source:- RBI