

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA

UNSTARRED QUESTION NO: 2888

ANSWERED ON: 30.03.2012

LOANS TO MSWIES QUESTION

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Will the Minister of

FINANCE

be pleased to state:-

- (a) the details of the targets set and achievements made with respect to the loans provided by the Scheduled Commercial Banks (SCBs) to Micro, Small and Medium Enterprises (MSMEs) during each of the last three years and the current year, bank-wise alongwith the action taken against the banks who have failed to achieve their target;
- (b) whether the Government proposes to relax the norms regarding lending to the MSMEs keeping in view their financial crisis and economic recession;
- (c) if so, the details thereof alongwith the mechanism in place to monitor such (endings; and
- (d) the steps taken/being taken by the Government to ensure adequate lending to MSMEs including sick small industries?

ANSWER

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

(a)to(d): In terms of the recommendations of the Prime Minister`s Task Force on Micro, Small and Medium Enterprises (MSMEs), Reserve Bank of India (RBI) has advised all banks as under;

- i. 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
- ii. Achieve a 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;
- iii. Achieve a 10% annual growth in number of micro enterprise accounts.

The details of bank wise achievements of the above targets as on last reporting Friday of March are as

under:

(Amount Rs. in crore)

Year	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial banks
Last Friday of	Amt. O/s	Amt. O/s	Amt O/s	Amt O/s
March 2009	191408.32	46656.33	18063.42	256128.07
March 2010#	276318.97	64824.72	21147.05	362290.74
March 2011	478575.73	136423.94	21597.33	636597

Retail trade included in service sector,

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> # included Medium Enterprises Sector.

MSE credit is reckoned for Priority Sector Lending. Any shortfall in achieving the Priority Sector targets is to be deposited by banks to the RIDF / SIDBI/NHB. SIDBI in turn utilises the fund thus deposited for refinancing MSME advances.

To increase credit flow to the MSE Sector various measures have been taken such as issuing prudential guidelines on restructuring of advances, to introduce Base Rate System, Formulation of `Banking Code for MSE Customers, Focus on Clusters, One Time Settlement scheme for recovery of non-performing loans for the MSE sector etc. have been taken by RBI so that flow of credit to the MSE Sector could be increased.