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FM Nirmala Sitharaman asks PSU banks to focus on MSME outreach

BY ET BUREAU | JUN 09, 2020, 11.01 PM IST

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New Delhi: Finance minister [Nirmala Sitharaman](#) on Tuesday asked [public sector banks](#) to make proactive outreach to the micro, small and medium enterprises ([MSMEs](#)) and ensure supply of credit to them.

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Sitharaman asked banks to cut down on paperwork and keep the formalities simple for the sector, the Department of Financial Services tweeted.

The minister on Tuesday reviewed the performance of the recently launched ₹3 lakh crore Emergency Credit Line Guarantee Scheme for MSMEs via videoconference.

Banks will continue to focus on sanction of loans and reach out to eligible MSMEs, the department said. It will also “target meeting credit needs of other businesses”, it tweeted.

As per official data, public sector lenders have sanctioned loans of Rs 1,109 crore as of June 8 to 17 MSME hubs in 12 states under the credit guarantee scheme. These include ₹183 crore to 2,430 accounts in the Surat hub and ₹165 crore to 2,126 accounts in the Coimbatore hub.



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Public sector banks have sanctioned loans worth ₹17,705.64 crore at a concessional rate of 9.25% from June 1, the minister had said on Monday.

On May 13, Sitharaman announced the ₹3 lakh crore, 100% government-backed scheme for MSMEs as part of the Atmanirbhar Bharat package.

The scheme was approved by the Cabinet on May 21. Under it, the National Credit Guarantee Trustee Company provides 100% guarantee for total additional funding of ₹3 lakh crore to eligible MSMEs.

The government has allocated ₹41,600 crore for the current year and next three financial years to provide the guarantee.
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