

Banks sanction about Rs 1.23 lakh crore loans to MSMEs under credit guarantee scheme

By: PTI

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The scheme is the biggest fiscal component of the Rs 20-lakh crore Aatmanirbhar Bharat Abhiyan package announced by Finance Minister Nirmala Sitharaman in May.



The latest numbers on ECLGS, as released by the finance ministry, comprise disbursements by all 12 public sector banks (PSBs), 22 private sector banks and 21 non-banking financial companies (NBFCs).

The finance ministry on Thursday said banks have sanctioned loans of about Rs 1.23 lakh crore under the Rs 3-lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) for MSME sector, reeling under the economic slowdown caused by COVID-19 pandemic.

However, disbursements against this stood at Rs 68,311 crore till July 15 under the 100 per cent ECLGS for micro, small and medium enterprises (MSMEs).

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“As of 15 July 2020, the total amount sanctioned under the 100 per cent Emergency Credit Line Guarantee Scheme by #PSBs and private banks stands at Rs 1,23,345.16 crore, of which Rs 68,311.55 crore has already been disbursed,” the finance minister said in a tweet.

Under the ECLGS, the loan amounts sanctioned by PSBs increased to Rs 69,135.19 crore, of which Rs 41,819 crore has been disbursed as of July 15, she said.

At the same time, private sector banks have sanctioned Rs 54,209.97 crore and disbursed Rs 26,492 crore.

“Compared to 9 July 2020, there is an increase of Rs 3,245.79 crore in the cumulative amount of loans sanctioned & an increase of Rs 6,323.65 crore in the cumulative amount of loans disbursed, by both #PSBs and private sector banks combined as on 15 July 2020,” Sitharaman said.

The country’s largest lender [SBI](#) has sanctioned Rs 20,910 crore of loans and disbursed Rs 14,362 crore. It is followed by [Punjab National Bank](#), which has sanctioned Rs 9,121 crore. However, its disbursements stood at Rs 4,032 crore as of July 15.

On May 20, the Cabinet approved additional funding of up to Rs 3 lakh crore at a concessional rate of 9.25 per cent through ECLGS for MSME sector.

Under the scheme, 100 per cent guarantee coverage will be provided by the National Credit Guarantee Trustee Company (NCGTC) for additional funding of up to Rs 3 lakh crore to eligible MSMEs and interested Micro Units Development and Refinance Agency (MUDRA) borrowers in the form of a guaranteed emergency credit line (GECL) facility.

For this purpose, a corpus of Rs 41,600 crore was set up by the government, spread over the current and next three financial years.

The scheme will be applicable to all loans sanctioned under GECL facility during the period from the date of announcement of the scheme to October 31 or till the amount of Rs 3 lakh crore is sanctioned, whichever is earlier.

All MSME borrower accounts with an outstanding credit of up to Rs 25 crore as on February 29, which were less than or equal to 60 days past due as on that date, i.e., regular, SMA-0 and SMA-1 accounts, and with an annual turnover of up to Rs 100 crore are eligible for GECL funding under the scheme.



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