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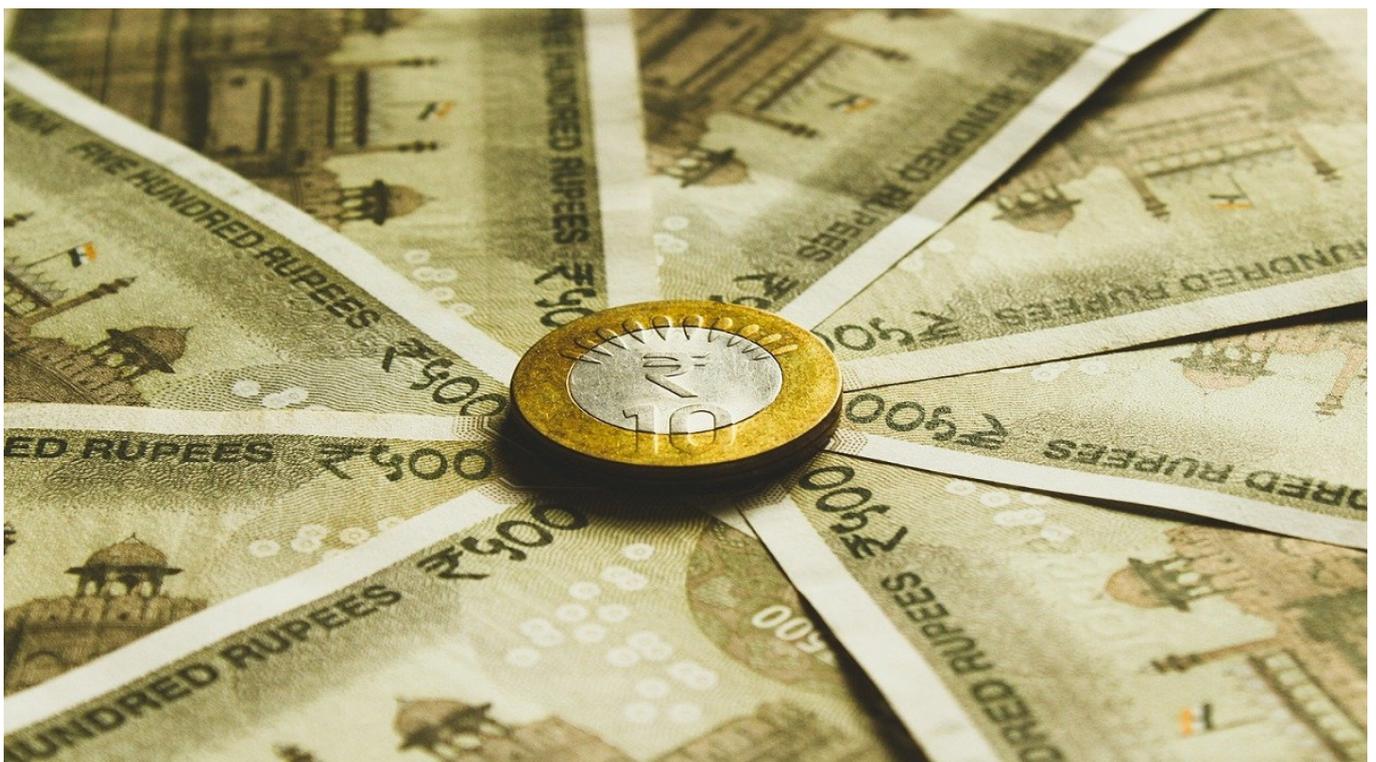
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## 4x jump in bank credit to micro, small enterprises during FY22, SBI report shows

*Credit and Finance for MSMEs: "The timely policy interventions have helped alleviate the stress experienced by individuals, MSMEs, corporates and lenders, and by keeping access to finance open on easy terms," the report said.*

Written by [Sandeep Soni](#)  
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at Rs 1.26 lakh crore, four times higher than Rs 30,800 crore credit growth in

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interventions have helped alleviate the stress experienced by individuals, MSMEs, corporates and lenders, and by keeping access to finance open on easy terms,” the report said on Monday as the overall credit growth showed an incremental 1.8X rise to Rs 10.45 lakh crore in FY22 from Rs 5.77 lakh crore in FY21. The report was authored by SBI’s Group Chief Economic Adviser Soumya Kanti Ghosh.

“ECLGS was a big factor that improved the quality of SME loans to be maintained by banks and also improved the overall profile of the MSME sector. Moreover, the government had revised the definition of MSME in 2020 which brought many large businesses into the MSME category while Covid was also taken care of to a large extent last year. Its positive impact is now visible. Also, with digitisation easing the banking process for loans, more banks are keen to lend to MSMEs now,” Sanjay Agarwal, Senior Director, [CARE Ratings](#) told Financial Express Online.

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Also, incremental loans of the banking sector to MSMEs in FY21 were lower than loans under ECLGS, which means there was a decline in non-ECLGS (normal) loans due to extreme caution arising out of Covid, said Agarwal. This year, with the economic recovery, there is a positive growth in normal loans and hence



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Importantly, the year-on-year (YoY) growth in bank credit to MSEs for the month of March 2022 had also registered double-digit growth, according to the data from the Reserve Bank of India ([RBI](#)). Banks had deployed Rs 13.12 lakh crore in March 2022, up 10.6 per cent from Rs 11.86 lakh crore in March 2021. YoY growth in credit disbursement had turned positive in December after registering contraction during September, October, and November last year.

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Even as the growth in credit to MSEs jumped significantly, asset quality concerns have continued to prevail. According to a recent Crisil-Assocham study, MSMEs Back to the Grind, the MSME NPA level had jumped sharply to 18.5 per cent in September 2021 from 16.8 per cent in March 2021. The decline was largely in the sub-Rs 25 crore ticket size across major banks. Overall annual MSME NPAs had increased from 8.6 per cent in FY19 to 12.6 per cent and 12.5

cleared on time, by and large, 90 per cent of the problem is solved. This time,

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normalcy returning in the economy, growth in ECLGS loans, the inclusion of wholesalers and retailers in the MSME sector, and other factors have led to an increase in loans to small businesses,” VG Kannan, former MD, SBI and former Chief Executive of Indian Banks’s Association told Financial Express Online.

As per the Union Budget document, the gross market borrowing through dated securities for FY23 would be Rs 14.95 lakh crore. However, taking into account the switch operations conducted on January 28, 2022, the borrowing is expected to be Rs 14.31 lakh crore, Finance Ministry had said in a statement in March. In comparison, the gross borrowing for FY22 was Rs 12.05 lakh crore.

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