

## **Performance of All Scheduled Commercial Banks at All India Level with reference to Micro and Small Enterprises Sector Credit**

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### **Abstract**

Micro and Small Enterprises (MSE) sector has been developed as a highly vibrant and dynamic sector of the Indian economy over the last few decades. The sector contributes about 45 per cent of country's manufacturing output, 40 per cent of total exports employs about 69 million persons in over 29 million units and the sector contributed 8 per cent of GDP. The study reviews the performance of all SCB at all India level with the aim of understanding the growth in the flow of credit to MSME sector from the year 2000-01 to 2013-14. Every year all scheduled commercial banks should earmark 40 per cent of their total advances to priority sector in which MSE sector is also forming part of it. The study reveals that the total amount of credit outstanding to MSE sector from all SCB was ₹ 60,319 crores in 2000-01 and it had increased to ₹ 8,46,135 crores in the year 2013-14 registering a compound annual growth rate of 23 per cent.

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### **I. Introduction**

MICRO, SMALL AND Medium Enterprises sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last few decades and it is also recognized as the real engine of growth for the Indian Economy (Varma, 2011). The sector is highlighted as a breeding ground for entrepreneurship at the grass root level and continues to show dynamism in terms of employment generation, contribution to GDP and export earnings (Agarwal and Singh, 2011). The MSME sector contributes about 45 per cent of the country's manufacturing output, 40 per cent of total exports of the country and employs about 69 million persons in over 29 million units throughout the country (12<sup>th</sup> five year plan). The sector also contributes nearly 8 per cent of our country's GDP (MSME-AR, 2013-14).

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#### IV. Conclusion

This is concluded that the flow of credit to micro and small enterprises by all scheduled commercial banks at all India level had shown an increasing trend after the passage of MSMED Act, 2006, but there was no significant difference found out in the growth rates in the credit flow to MSE sector after the passage of the said Act.

##### 4.1. Suggestions

The following are the suggestions of the researcher

- i. By widening relationships with MSE customers, rather than focusing on lending alone, banks will gradually build up their level of comfort with risks associated with micro and small enterprises.
- ii. All scheduled commercial banks should strictly adhere to the rules and guidelines of the Reserve Bank of India and Government of India regarding credit delivery to micro and small enterprises sector. So that, credit disbursement can be maximized.
- iii. Banks can conduct meetings, fairs, workshops and seminars at least once in six months in the places where industries are clustered so that it will be more useful to the new as well as existing enterprises to popularise their loan products among MSEs.

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