

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
STARRED QUESTION NO. 117
TO BE ANSWERED ON 31.07.2023

CREDIT GAP IN MSMEs

*117. DR. AMAR PATNAIK:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government has conducted any official studies to evaluate the credit gap in MSME sector, post the COVID-19 Pandemic, if so, the major findings thereof;
- (b) whether it is a fact that the sector currently faces a credit gap of \$530 billion, and out of 64 million MSMEs in the country, only 14 per cent have access to credit (as per a 2023 report by Aventus Capital); and
- (c) if so, the steps taken the Government to bridge this gap, and the progress made thereunder?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY OF PART (a) TO (c) OF THE RAJYA SABHA STARRED QUESTION NO. *117 ON “CREDIT GAP IN MSMEs” FOR REPLY ON 31.07.2023

(a) & (b): Government has not undertaken any specific study to evaluate the current credit gap in the MSME sector, post the COVID- 19 pandemic. However, the Expert Committee on Micro, Small and Medium Enterprises, constituted by Reserve Bank of India in December, 2018 has estimated the overall credit gap in the MSME sector to be in the range of Rs. 20 to Rs.25 trillion.

(c): The Government has taken various measures including ongoing schemes to ensure sufficient financial accessibility and seamless credit to Micro, Small and Medium Enterprises (MSMEs). Some of these include the following:

- Prime Minister’s Employment Generation Programme (PMEGP) which is a major credit-linked subsidy programme aimed at generating self-employment;
- Strengthen credit delivery system and to facilitate the flow of credit to the Micro and Small Enterprise sector without the hassles of collateral and third party guarantee up to a maximum of Rs. 5 crore through Credit Guarantee Scheme;
- Rs. 50,000 crore equity infusion through Self Reliant India (SRI) Fund;
- Launch of Udyam Assist Platform on 11.1.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit of MSME for availing the benefits under Priority Sector Lending;
- Inclusion of Retail and Wholesale traders as MSMEs for the purpose of availing Priority Sector Lending benefits, w.e.f. 02.07. 2021;
- Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs;
- Trade Receivable Discounting System (TReDS) to facilitate the financing of trade receivables of MSMEs from corporate and other buyers including government departments and public-sector undertakings (PSUs) through multiple financiers electronically;
- Co-Lending by Banks and NBFCs to Priority Sector;
- Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs was announced during the COVID-19 pandemic to fulfil the credit gap in MSMEs. The scheme was in operational till 31.03.2023.

The following table shows the Credit Outstanding to MSMEs by Scheduled Commercial Banks in the past three years:

	Amount in Rs. Crore		
	As on March 31,2021	As on March 31,2022	As on March 31,2023
Credit Outstanding to MSME Sector by SCBs	17,83,924.80	20,11,056.98	22,60,135.28
