

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 913
TO BE ANSWERED ON 11.12.2023

CREDIT GAP IN MSME SECTOR

913. SHRI NIRANJAN BISHI:

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

- (a) whether Government is aware of the credit gap that exists in the MSME sector ;
- (b) whether Government plans to take steps to address the credit gap; and
- (c) if so, the details thereof, if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (c): 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. 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;
- Pradhan Mantri Mudra Yojna (PMMY) for providing loans up to Rs. 10 lakh, to non-corporate, non-farm micro/small enterprises;
- 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 11.01.2023 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;
- 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 operation till 31.03.2023.
