

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 920
TO BE ANSWERED ON: 28.07.2025

BRIDGING THE CREDIT GAP IN INDIA'S MSME SECTOR

920. SHRI MASTHAN RAO YADAV BEEDHA:

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

- (a) whether Government has taken the cognizance of NITI Aayog's finding that only 19 per cent of MSMEs credit demand was formally met by FY 21;
- (b) whether reforms or expansions have been planned for Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to bridge the Rs.80 lakh crore credit gap;
- (c) if so, the details thereof;
- (d) whether there has been a proposal to develop state-level financial facilitation cells to improve credit delivery in underserved states, including Andhra Pradesh; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): To support MSMEs in availing timely and affordable finance, a series of measures have been undertaken by the Government of India, which inter-alia include Schemes such as Prime Minister's Employment Generation Programme for setting up of new micro enterprises in the non-farm sector by providing Margin Money subsidy on Bank loan, Credit Guarantee Scheme(CGS) for collateral free loans upto Rs. 10 crore for Micro and Small Enterprises (MSEs), collateral free loans upto Rs 20 Lakh for Informal Micro Enterprises, Equity Infusion through Self Reliant India (SRI) Fund, PM Vishwakarma Yojana, Mudra Yojana, etc.

As informed by RBI, the Credit Outstanding to MSMEs by Scheduled Commercial Banks is increasing and the details are given below:

Credit outstanding to MSME Sector by Scheduled Commercial Banks (SCBs)			
<i>No of Accounts in lakh, Amount outstanding in ₹ crore</i>			
Sl. No.	Financial Year	No. of A/cs	Total Outstanding
1	As on March 31, 2023	213.32	22,60,135.28
2	As on March 31, 2024	257.45	27,25,657.46
3	As on March 31, 2025	243.15	31,08,917.82

Source: RBI

(b) & (c): The Ministry of Micro, Small and Medium Enterprises implements the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). Since inception in 2000 till 2022, 59.06 lakh guarantees have been extended to MSEs amounting to ₹3.21 lakh crore. The Ministry of MSME has undertaken a number of steps to improve the effectiveness of the Scheme, due to which 56.04 lakh guarantees have been extended to MSEs amounting to ₹6.12 lakh crore within a short span of three years from 2022-25, significantly enhancing credit flow to MSEs. The guarantee ceiling has been further increased from Rs.5crore to Rs.10 crore per borrower w.e.f. 01.04.2025.

(d) & (e): To increase credit delivery in the country for underserved areas, including Andhra Pradesh, programmes are conducted by CGTMSE, SIDBI, Banks etc. The field offices of Ministry of MSME, MSME/ Industry Departments of States/UTs concerned and other stakeholders like Associations also coordinate in these programmes.
