

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 117
TO BE ANSWERED ON: 01.12.2025

ACCESS TO CREDIT BY MSMEs

117. SHRI K.R.N. RAJESHKUMAR:

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

- (a) whether Government is aware that many Micro, Small and Medium Enterprises (MSMEs) are unable to access formal credit due to the lack of collateral or inadequate credit history;
- (b) the details of the credit schemes available to MSMEs and the number of beneficiaries, year-wise, State-wise and scheme-wise, over the last five years, including the number of new beneficiaries added each year;
- (c) the funds disbursed under these schemes, State-wise and year-wise over the said period; and
- (d) the details of the steps taken to introduce collateral free loans and other measures to address these issues?

ANSWER

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

- (a): The Government of India has taken a number of initiatives and measures to provide support to Micro, Small and Medium Enterprises (MSMEs) for improving access to finance. Some of them are:
- i. Under the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) of Ministry of MSME, additional corpus fund of Rs. 9,000 crore was infused into the corpus of Credit Guarantee Fund Trust for MSEs, to enable an additional credit of Rs. 2.00 lakh crore, at a reduced cost of credit. Further, the guarantee ceiling has been increased from Rs. 5 crore to Rs. 10 crore (w.e.f. 01.04.2025) to MSEs, with guarantee coverage up to 90%, for various category of loan under CGS.
 - ii. Prime Minister's Employment Generation Programme provides Margin Money subsidy upto 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh and Rs. 20 lakh, for Manufacturing and Services enterprises, respectively.
 - iii. PM Vishwakarma, launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans upto Rs. 3 lakh with interest subvention of max upto 8%.
 - iv. Self Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 crore as equity funding in MSMEs, under this Fund, there is a provision of Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds.

The following measures have also been taken to enhance access to credit for MSMEs:

- i. **Priority Sector Lending Guidelines:** In terms of Master Direction on 'Priority Sector Lending (PSL)- Targets and Classification' dated March 24, 2025, all bank loans to MSMEs conforming to the conditions prescribed therein qualify for classification under priority sector lending.
- ii. **Collateral requirements of MSME units:** Scheduled Commercial Banks have been mandated not to demand collateral security in the case of loans up to Rs. 10 lakh extended to units in the MSE sector.

- iii. **Working Capital Computation:** Computation of working capital requirements of MSE units to be done by banks on the basis of simplified method of minimum 20% of the projected annual turnover of the unit for borrowal limits up to Rs. 5 crore.
- iv. **Timeline for credit decisions:** For loans up to Rs. 25 lakh to units in the MSE borrowers, banks are advised that the timelines for credit decisions shall not be more than 14 working days.
- v. **Trade Receivables Discounting System (TReDS):** Reserve Bank of India (RBI) issued guidelines for setting up and operating the TReDS. The scheme facilitates the financing of trade receivables of MSMEs from corporate and other buyers, including government departments and public sector undertakings (PSUs) through multiple financiers electronically. Five entities licensed by RBI are presently operating TReDS.
- vi. **Mutual Credit Guarantee Scheme (MCGS-MSME)** was launched by the Government to help Micro, Small and Medium Enterprises (MSMEs) access loans to grow their businesses, especially for projects involving purchasing of essential equipments and machinery for loans up to Rs.100 crores.

(b)& (c): The details of the guarantee approved under CGS to MSEs and the number of beneficiaries, year-wise, state-wise over the last five years are given in Annexure I.

(d): The Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI) jointly set up Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE) in the year 2000, to provide credit guarantees for the loans extended by Member Lending Institutions (MLIs) to Micro and Small Enterprises (MSEs), without requiring collateral security or third-party guarantee under Credit Guarantee Scheme (CGS). Recently the Guarantee ceiling has been increased from Rs. 5 crore to Rs. 10 crore.

The modifications carried out in CGS to enhance credit flow to MSEs are given below.

1. **Reduction in Annual Guarantee Fee (AGF)** - New guarantee fee structure has been introduced with fee as low as 0.37% pa.
2. **Increase in guarantee ceiling** – The guarantee ceiling has been increased from Rs. 5 crore to Rs. 10 crore.
3. **Concession / relaxation in fee of 10%** and increased extent of guarantee coverage of **85%** to special class such as **ZED** certified MSEs / MSEs situated in **Aspirational Districts**.
4. **Concession for special categories of the Borrowers** - With a view to support Women, Person with Disability (PwD), SC/ST, Transgender and Agniveers, concession in fee by 10% and extent of guarantee coverage of 90% for women entrepreneurs and Agniveers, 85% for borrowers belonging to PwD, Transgender and SC/ST categories has been introduced.
5. **Identified Credit Deficient Districts (ICDD)** - In order to facilitate flow of credit to MSEs located in Identified Credit Deficient Districts (ICDD) by RBI, CGTMSE provides credit guarantee at liberal terms. There is a discount of 10% on the standard rate of Annual Guarantee Fee and additional 5% guarantee coverage over and above the applicable guarantee coverage.
6. **Special provision for Informal Micro Enterprises (IMEs):** In order to facilitate unsecured affordable credit flow to IMEs (which are exempted from GST regime) for their composite requirement, special provision under credit guarantee scheme has been launched. Credit facility up to Rs. 20 lakh is guaranteed with extent of coverage of 85%. The standard rate of annual guarantee fee up to Rs. 10 lakh is 0.37% and guarantee above Rs. 10 lakh & up to Rs. 20 lakh is 0.45%. Primary security is not a prerequisite for obtaining guarantee. Initiation of legal action is not required for invocation of guarantee.
7. **Waiver of legal action** - For ease of claim lodgment & settlement, the limit for waiver of initiation of legal action has been increased to Rs. 10 lakh while invoking claim by Member Lending Institutions.
8. **State Govt. Schemes** - CGTMSE has collaborated with 9 State Governments viz Assam, Gujarat, Goa, Manipur, Meghalaya, Mizoram, Odisha, Tamil Nadu and West Bengal to provide enhanced credit guarantee coverage to the MSEs situated in the respective States.

Annexure I

Annexure referred in part (b) and (c) of answer to Rajya Sabha Unstarred Question no. 117 on 'Access to credit by MSMEs' due for reply on 01.12.2025.

CGTMSE - GUARANTEE APPROVED – State/UT wise											
(Amount in Rs. Crore)											
S. N.	States / UTs	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25	
		No. of Guarantees Approved	Amt. of Guarantees Approved	No. of Guarantees Approved	Amt. of Guarantees Approved	No. of Guarantees Approved	Amt. of Guarantees Approved	No. of Guarantees Approved	Amt. of Guarantees Approved	No. of Guarantees Approved	Amt. of Guarantees Approved
1	Andaman & Nicobar Islands	329	25	374	35	495	50	600	128	655	142
2	Andhra Pradesh	163,610	1,560	49,848	1,456	237,520	3,545	79,938	5,395	110,323	8,189
3	Arunachal Pradesh	464	55	628	82	935	147	981	198	1,707	352
4	Assam	12,158	673	14,918	1,262	21,195	2,156	34,556	3,750	75,747	6,436
5	Bihar	22,317	1,086	24,217	1,661	42,360	3,468	113,262	8,582	221,458	14,120
6	Chandigarh	1,274	97	1,382	159	1,706	303	2,459	604	17,401	2,711
7	Chhattisgarh	12,970	552	9,670	776	17,733	1,569	25,845	2,968	40,583	4,231
8	Dadra & Nagar Haveli and Daman & Diu	726	50	447	101	505	111	1,039	277	1,025	315
9	Delhi	12,757	1,557	15,810	2,769	21,458	4,897	35,127	8,527	55,120	12,824
10	Goa	2,235	135	2,218	174	2,826	325	4,947	611	6,510	857
11	Gujarat	40,397	2,960	34,929	4,836	43,336	8,209	106,073	19,668	110,039	25,335
12	Haryana	18,499	1,218	22,285	2,707	30,343	5,025	48,455	8,553	75,244	10,865
13	Himachal Pradesh	8,572	487	10,075	792	14,898	1,275	20,600	2,080	23,750	2,411
14	Jammu & Kashmir	21,371	714	38,352	1,295	51,431	1,808	53,295	2,415	47,201	2,816
15	Jharkhand	14,996	860	12,953	1,247	21,090	2,488	34,800	4,432	64,614	6,494
16	Karnataka	50,974	3,225	41,028	4,308	53,766	7,712	135,959	14,016	188,144	21,453
17	Kerala	28,810	1,005	18,937	1,104	25,761	2,121	45,515	4,590	68,755	7,693
18	Ladakh	110	12	205	23	467	44	637	84	709	98
19	Lakshadweep	72	2	11	1	25	3	7	1	23	2
20	Madhya Pradesh	60,835	1,893	64,108	2,651	50,289	5,290	75,023	9,569	131,490	14,213
21	Maharashtra	71,850	4,416	56,027	6,840	66,055	11,926	129,892	23,359	238,128	39,989
22	Manipur	830	41	1,294	101	2,268	171	1,580	111	1,952	181
23	Meghalaya	1,063	60	886	93	1,410	160	1,693	252	2,776	328
24	Mizoram	431	30	1,029	86	1,032	74	1,232	73	1,472	134
25	Nagaland	1,120	68	1,692	139	1,813	162	1,563	160	1,804	230
26	Odisha	28,288	1,134	25,788	1,801	34,081	3,045	56,392	6,109	94,128	9,684
27	Puducherry	1,588	67	1,013	74	1,087	107	2,418	233	4,471	332
28	Punjab	20,379	865	23,172	1,661	49,720	4,385	81,259	9,632	88,991	10,406
29	Rajasthan	32,883	1,441	38,622	2,553	72,391	5,366	85,848	9,180	120,424	13,865
30	Sikkim	340	16	479	34	765	61	1,108	102	1,748	165
31	Tamil Nadu	61,535	3,344	44,897	4,134	61,883	7,114	113,815	15,061	179,817	21,447
32	Telangana	22,021	1,408	24,009	1,959	29,792	3,503	41,940	6,368	97,292	11,586
33	Tripura	1,673	58	2,020	115	3,845	207	6,523	381	8,398	570
34	Uttar Pradesh	78,655	3,727	86,616	5,628	130,769	10,742	247,258	21,200	403,938	32,790
35	Uttarakhand	9,671	441	10,048	629	16,296	1,177	26,361	2,253	26,268	2,776
36	West Bengal	29,789	1,618	37,033	2,887	54,440	6,036	106,073	11,887	203,170	19,465
	TOTAL	835,592	36,899	717,020	56,172	1,165,786	1,04,781	1,724,073	2,02,807	2,715,275	3,05,507