

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 907
TO BE ANSWERED ON: 08.12.2025

CREDIT RATING FRAMEWORK FOR MSMEs

907. SHRI RAVI CHANDRA VADDIRAJU:

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

- (a) whether Government is aware that Micro, Small and Medium Enterprises (MSMEs) are currently assessed on the same credit rating parameters as multi-billion-dollar companies, causing unrealistic benchmarking;
- (b) if so, whether Government proposes to develop separate, size-appropriate credit rating framework for MSMEs; and
- (c) the measures being taken to ensure that MSMEs receive fair recognition from banks and investors based on their actual scale and financial strength?

ANSWER

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

(a) to (c): As per RBI, the credit related matters are governed by the policies formed and approved by respective Boards of lending institutions under the ambit of relevant regulatory and statutory requirements. RBI has issued a Guidance Note on Credit Risk Management on October 12, 2002 which inter-alia encourages scheduled commercial banks to develop credit risk rating framework that should aim to indicate the risks associated with a particular credit exposure. To ensure that MSMEs receive fair recognition from banks and investors, the Government has taken various other measures including Priority Sector Lending Guidelines, collateral free credit to MSEs, implementation of Trade Receivables Discounting System (TReDS), Mutual Credit Guarantee Scheme for projects requiring loans upto Rs 100 crore to procure machinery and equipment, reduction in timelines for credit decisions by banks, Unified Lending Interface (ULI) etc.
