GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1695
TO BE ANSWERED ON: 03.08.2026

INTEREST AND OTHER FEE RATES ON MSME LOANS

1695. DR. RADHA MOHAN DAS AGRAWAL:

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

(a) the details of the various explicit and implicit interest charges, fees and guarantee requirements that Micro, Small and Medium Enterprises (MSMEs) are required to bear while availing institutional credit; and

(b) the additional charges payable by MSMEs for availing loans under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), including guarantee fees and any other applicable charges?

ANSWER

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

(a): As informed by the Reserve Bank of India (RBI), credit related matters of regulated entities (REs), including interest rates on loans and advances including to Micro, Small and Medium Enterprises (MSMEs) are largely deregulated and the same are governed by Board approved loan policies of the lenders framed under ambit of relevant regulatory and statutory requirement and terms and conditions of the loan agreement between the borrower and the regulated entities. As per RBI, the REs shall provide a Key Facts Statement (KFS) to all prospective borrowers to help them take an informed view before executing the loan contract. Any fees, charges etc. which are not mentioned in the KFS, can not be charged by the REs to the borrowers at any stage during the term of loan, without explicit consent of the borrower.

(b): Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides credit guarantee to its Member Lending Institutions (MLIs) for credit facilities extended by them to MSEs for all the activities mentioned under MSMED Act 2006. CGTMSE charges guarantee fees on the amount guaranteed in the range of 0.37% to 1.20% plus applicable taxes depending on the loan size. In addition to standard rate of Annual Guarantee Fee, there is a discount / risk premium based on the risk categorization of the MLI. Further, there is a provision for a 10% concession in the guarantee fee in respect of loans extended to special categories of borrowers, including MSEs led by SC/ST entrepreneurs, women, transgender persons, Agniveers, and persons with disabilities.

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