

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 3724**  
**TO BE ANSWERED ON 23.03.2023**

**CREDIT GAP FOR MSME SECTOR**

3724. SHRI VENKATESH NETHA BORLAKUNTA:  
DR. G. RANJITH REDDY:  
SHRIMATI KAVITHA MALOTHU:

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

- (a) whether it is true that no assessment was made since 2018 about the credit gap for MSME sector and if so, the reasons therefor;
- (b) whether Covid pandemic has shattered this sector and there is a huge credit demand for MSME sector;
- (c) if so, the steps taken by the Government to reduce/close credit gap for MSME sector; and
- (d) whether without having any details of credit gap, the Government is able to provide credit requirements to MSME sector and if so, the details thereof?

**ANSWER**

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

(a): The Expert Committee on Micro, Small and Medium Enterprises, constituted by Reserve Bank of India in December, 2018, estimated the overall credit gap in the MSME sector to be in the range of Rs. 20 to 25 lakh crore.

(b) to (d): The Government has taken various measures for easing access to credit for MSMEs. As reported by Reserve Bank of India (RBI) some of the measures taken by RBI for improving flow of credit to MSME sector are as under:

- i. **Priority Sector Lending Guidelines:** In terms of Master Direction on 'Priority Sector Lending (PSL) – Targets and Classification' dated September 4, 2020, 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 accept collateral security in the case of loans up to ₹10 lakh extended to units in the MSE sector.
- iii. **Trade Receivables Discounting System (TReDS):** In order to address the problem of delayed payments to MSMEs, RBI has issued guidelines for setting up and operating the Trade Receivables Discounting System (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.

- iv. Several special frameworks have been introduced since 2019 to enable banks to restructure their MSME exposures, subject to certain conditions, to address the stress in the sector due to various factors. A special restructuring window was opened for MSMEs on January 01, 2019, which was extended vide notification dated February 11, 2020 and subsequently subsumed under the COVID Resolution Frameworks for MSMEs announced on August 06, 2020 and May 05, 2021.

**In addition to the above, following measures have also been taken to provide credit to MSMEs.**

- (i) Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses including MSMEs.
- (ii) Credit Guarantee Scheme (CGS): Ministry of MSME has been operating Credit Guarantee Scheme for Micro & Small Enterprises through Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) since July, 2000. Under this scheme upto 85% guarantee is extended upto a credit facility of Rs. 200 lakh, for both term loan and working capital. Budget 2023-24 announced the infusion of Rs.9,000 crore in the corpus of CGTMSE to enable an additional credit of Rs. 2 lakh crore with reduced cost of the credit.
- (iii) Rs. 50,000 crore equity infusion through Self Reliant India Fund.
- (iv) New revised criteria for classification of MSMEs.
- (v) No global tenders for procurement up to Rs. 200 crore.
- (vi) “Udyam Registration” for MSMEs, for Ease of Doing Business w.e.f. 1.7.2020.
- (vii) Launching of an online Portal “Champions” in June, 2020 to cover many aspects of e-governance including grievance redress and handholding of MSMEs.
- (viii) Inclusion of Retail and Wholesale traders as MSMEs w.e.f. 2.7. 2021 for priority sector lending.
- (ix) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- (x) Launch of Udyam Assist Platform on 11.1.2023 to bring Informal Micro Enterprises under the formal ambit for availing the benefits under Priority Sector Lending.

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