

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2826**  
**TO BE ANSWERED ON 12.12.2024**

**FINANCIAL INCLUSION FOR MSMEs**

2826. DR. KALANIDHI VEERASWAMY:

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

- (a) whether the Government has taken measures to improve financial inclusion for MSMEs in rural areas of Southern States;
- (b) if so, the details of credit support provided through schemes such as MUDRA and Prime Minister Employment Generation Programme (PMEGP) in these regions;
- (c) the number of MSMEs in rural areas of Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, and Telangana that have benefited from these schemes;
- (d) whether the Government is encouraging banks to simplify loan procedures for rural MSMEs; and
- (e) if so, the details thereof?

**ANSWER**

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

- (a): Measures taken by the Government to improve financial inclusion for MSMEs in the country include: -
- (i) Ministry of MSME, through Khadi and Village Industries Commission (KVIC), is implementing Prime Minister's Employment Generation Programme (PMEGP) for assisting entrepreneurs in setting up of new enterprises in the non-farm sector in the country. The Scheme provide access to institutional finance to new micro enterprises upto to Rs. 50 lakh under Manufacturing sector and Rs. 20 lakh under Service sector with the assistance of Government subsidy from 15% to 35% of the project cost. Second loan assistance with project cost upto Rs. 1.00 crore in Manufacturing sector and Rs. 25 lakh in Service sector is also provided to existing PMEGP/MUDRA enterprises for upgradation and expansion. Eligible subsidy for second loan is 15% of project cost (20% for NER & Hill States).
  - (ii) Credit Guarantee Scheme for MSEs: Under CGSMSE, through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), collateral free loans are provided to MSEs up to a limit of Rs. 500 lakh (since 01.04.2023) with a guarantee coverage up to 85% for various categories of loans.

- (iii) Under the Special Credit Linked Subsidy Scheme (SCLCSS) component of NSSH scheme, 25% subsidy (subsidy cap of Rs. 25 Lakh) is provided to SC-ST owned MSEs for purchase of new plant & machinery and equipment of through term loan from Prime Lending Institutes (PLIs) for manufacturing sectors and service sectors on which banks/financial institutions are offering business loans.
  - (iv) Pradhan Mantri Mudra Yojana (PMMY) provides access to institutional finance to micro/small business units upto to Rs. 20 lakh for income generating activities such as manufacturing, trading, services, activities allied to agriculture.
  - (v) Priority Sector Lending: All bank loans to MSMEs qualify for classification under priority sector lending.
  - (vi) Collateral requirements: Scheduled Commercial Banks have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in micro and small enterprises (MSE).
  - (vii) Timeline for credit decisions: For loans up to ₹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.
- (b) & (c): Details of credit support provided and number of enterprises benefitted under MUDRA and PMEGP in Southern States is given at Annexure –I.
- (d) & (e): Reserve Bank of India has advised to banks on ‘Credit delivery to the Micro and Small Enterprises Sector’ to have a simplified application cum sanction form (which should also be printed in regional language) for loans upto Rs. 1 crore for micro units.

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**Annexure-I****Annexure-I: referred to in reply to part (b) and (c) of the Lok Sabha Unstarred Question No. 2826 for answer on 12.12.2024.**

Details of credit support provided to the enterprises under PMEGP in rural in Southern States in last three financial years and current year (upto 09.12.2024) is given below:

**Performance of PMEGP in South-zone during FY 2024-25 (up to 09.12.2024)**

Sr. No.	State/UTs	Loan sanctioned (Rs. Lakh)	No of Units Assisted	MM Subsidy (Rs. Lakh)
1	Andhra Pradesh	25,040.24	1,744	8,922.03
2	Karnataka	9,561.08	1,027	3,446.06
3	Kerala	6,203.00	904	2,241.47
4	Tamil Nadu	12,627.01	1,316	4,480.33
5	Telangana	8,822.89	675	3,103.07

**Performance of PMEGP in South-zone during FY 2023-24**

Sr. No.	State	Loan sanctioned (Rs. Lakh)	No of Units Assisted	MM Subsidy (Rs. Lakh)
1	Andhra Pradesh	41,428.49	4,721	14,682.84
2	Karnataka	32,720.58	3,196	11,714.28
3	Kerala	18,805.40	2,764	6,709.11
4	Tamil Nadu	47,790.55	5,259	16,943.45
5	Telangana	26,012.13	1,903	9,073.13

**Performance of PMEGP in South-zone during FY 2022-23:**

Sr. No	State	Loan sanctioned (Rs. Lakh)	No of Units Assisted	MM Subsidy (Rs. Lakh)
1	Andhra Pradesh	31,132.05	2,497	11,147.15
2	Karnataka	34,440.51	4,012	12,499.74
3	Kerala	18,035.76	2,644	6,508.04
4	Tamil Nadu	43,963.59	4,879	15,813.22
5	Telangana	24,924.92	2,023	8,891.18

**Performance of PMEGP in South-zone during FY 2021-22**

Sr. No	State	Loan sanctioned (Rs. Lakh)	No of Units Assisted	MM Subsidy (Rs. Lakh)
1	Andhra Pradesh	24,626.13	2,009	8,840.95
2	Karnataka	34,787.51	4,357	12,656.43
3	Kerala	16,658.38	2,287	5,979.10
4	Tamil Nadu	39,869.10	4,916	14,516.28
5	Telangana	23,330.73	2,272	8,488.42

Details of credit support provided through MUDRA upto 01.11.2024 in Southern States since inception of the Scheme:

S. No.	State	No. of Loan Accounts (in cr.)	Loan Disbursed (Rs. in lakh cr.)
1.	Andhra Pradesh	0.97	1.10
2.	Karnataka	4.81	2.86
3.	Kerala	1.63	1.10
4.	Tamil Nadu	5.67	3.09
5.	Telangana	0.73	0.67