

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
STARRED QUESTION NO. *180
TO BE ANSWERED ON: 31.07.2025

CREDIT SUPPORT TO MSMEs

*180. SHRI RAJA A. :

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

- (a) whether the Government has announced any policy in order to increase the access to credit by the MSMEs;
- (b) if so, the details thereof;
- (c) the number of trade credit cards issued with credit limits upto Rs. 5 lakhs during the last three months after the announcement in the Budget;
- (d) whether any other steps are being taken by the Government to ensure adequate credit support for MSMEs in the country;
- (e) if so, the details thereof;
- (f) whether any subsidy scheme has been launched to provide institutional finance to SC/ST MSME unit holders for procurement of plant and machinery; and
- (g) if so, the details thereof?

ANSWER

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI JITAN RAM MANJHI)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 180* FOR 31.07.2025 REGARDING "CREDIT SUPPORT TO MSMEs".

(a) to (e): To enhance the access to credit for MSMEs, Government announced the following policy measures in Budget 2025:

- i. Credit guarantee cover has been increased for Micro and Small Enterprises (MSEs), under Credit Guarantee Scheme of the Ministry of MSME, from Rs. 5 Crore to Rs. 10 Crore, which has been given effect from 01.04.2025. A total of 5.53 lakh number of guarantees amounting to Rs. 91,273 crore has been extended to MSEs during the first quarter of FY 2025-26 under the Scheme.
- ii. Government announced provisioning of customized Credit Cards with a limit of Rs. 5 Lakh, for micro enterprises registered on Udyam Portal. As informed by Department of Financial Services, implementation of the Budget Announcement has been taken on hand.

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 ₹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 ₹5 crore.
- iv. **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.
- 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.

(f) and (g): Under Special Credit Linked Subsidy Scheme component of National Scheduled Caste and Scheduled Tribe Hub (NSSH), 25% subsidy (up to Rs. 25 lakh) is provided to SC-ST owned MSEs for purchase of new plant and machinery and equipment through term loan for all manufacturing sectors and service sectors. Since the inception of the Scheme in October 2016, until 28.07.2025, financial assistance of Rs.321.88 crore has been provided to 2,841 SC/ST beneficiaries.
