

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1004
TO BE ANSWERED ON: 05.02.2026

NPAs IN MSME LOANS

1004. THIRU ARUN NEHRU:

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

- (a) the total number of Udyam-registered Micro, Small and Medium Enterprises (MSMEs) that have cancelled their registration or shut down operations in Financial year 2024-25 and 2025-26;
- (b) whether the Government acknowledges the widening credit gap (estimated at 28 lakh crore) for the MSME sector despite numerous loan schemes, if so, the details thereof;
- (c) the percentage of MSME loans that have turned into Non-Performing Assets (NPAs) in the current fiscal year;
- (d) the reasons for the failure of the Emergency Credit Line Guarantee Scheme (ECLGS) to save micro-units from insolvency; and
- (e) the steps taken to protect MSMEs from predatory lending apps?

ANSWER

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

- (a): To facilitate the enterprises in line with Ease of doing Businesses, Udyam Registration Portal was launched for registration of an enterprise on 01.07.2020 and launch of Udyam Assist Platform, on 11.01.2023, for bringing Informal Micro Enterprises (IMEs) in the formal ambit. The total number of Micro, Small and Medium Enterprises (MSME) registered on Udyam registration till 31st January, 2026 is **7,61,12,097** (Seven crore sixty one lakh twelve thousand and ninety seven), out of which MSME de-registered due to shut down during the financial year 2024-25 and 2025-26 (till 31st January, 2026) are **39,446** and **53,563** respectively.
- (b): Department of Financial Services (DFS) has informed that as per the survey conducted by SIDBI during FY-2025, 75% of respondents reported availing formal credit, 8% relied exclusively on informal credit sources, while 17% had not availed any form of credit. The survey was conducted on sample basis covering 2,097 MSMEs across 19 sectors across India. (Source: SIDBI, Understanding Indian MSME Sector – Progress and Challenges, May 2025).
- (c): Department of Financial Services (DFS) informed that as per the RBI, total advances of Scheduled Commercial Banks (SCBs) to the MSME sector stand at Rs. 35,83,337.55 crore, while Gross NPAs amount to Rs.1,17,186.88 crore, as on 30.9.2025 (current financial year), accounting to **3.27%**.

(d): Emergency Credit Line Guarantee Scheme (ECLGS) was launched in May, 2020 as part of Aatmanirbhar Bharat Abhiyaan to support eligible Micro, Small and Medium Enterprises (MSMEs) and business enterprises to ease their liquidity position. National Credit Guarantee Trustee Company Ltd. (NCGTC) has informed that under ECLGS, 1.13 crore guarantees amounting to Rs. 2.43 lakh crores have been issued to MSMEs. As per a research report dated 23.1.2023 of the State Bank of India on ECLGS, almost 14.6 lakh MSME accounts of which about 93.8% of the accounts were in the micro and small enterprises categories, have been saved from slipping into non-performing asset (NPA) classification, due to ECLGS.

(e): RBI has informed that, to address business conduct concerns in digital lending, guidelines have been issued vide its circular dated September 02, 2022, later consolidated under the Reserve Bank of India (Credit Facilities) Directions, 2025 dated November 28, 2025. The framework emphasizes customer centricity and places the responsibility for compliance by Lending Service Providers (LSPs) and Digital Lending Apps (DLAs) on the RBI-regulated entities on whose behalf they operate. Further, with effect from July 1, 2025, the RBI has also operationalized a public Directory of Digital Lending Apps (DLAs) on its website, based on data submitted by regulated entities through the CIMS portal. The directory, which is updated regularly, enables customers to verify the association of DLAs with regulated entities and is accessible from the website of RBI under Citizen's Corner → DLAs deployed by Regulated Entities.
