

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 136
TO BE ANSWERED ON: 29.01.2026

FINANCIAL SUPPORT FOR MSMEs

136. SHRI VIJAYAKUMAR Alias VIJAY VASANTH:

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

- (a) the reasons for increasing Micro, Small and Medium Enterprises (MSMEs) classification limits without simultaneously providing a clear roadmap on the manner in which smaller enterprises would compete with larger MSMEs, thereby risking exclusion and monopolization of benefits;
- (b) the mechanisms that are in place to ensure that banks disburse these loans efficiently, given the enhanced credit guarantee coverage from rupees 5 crore to rupees 10 crore for micro and small enterprises;
- (c) the reasons for not conducting independent assessment of whether doubling guarantee cover for startups and export-oriented MSMEs would genuinely increase credit access, or simply burden banks with high-risk lending obligations;
- (d) the justification for issuing rupees 5 lakh credit cards to micro-enterprises when most beneficiaries may lack financial literacy or awareness, risking misuse, defaults or exclusion of genuinely deserving units; and
- (e) whether the safeguards exist to ensure that first-time entrepreneurs, particularly women and SC/ST groups, actually benefit from the support of rs. ten thousand crore under Fund of Funds to startups rather than well-connected individuals cornering these funds and if so, the details thereof?

ANSWER

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

(a): The limits of investment and turnover for the classification of Micro, Small and Medium Enterprises (MSMEs) was revised to enable them for achieving higher efficiencies of scale, encourage adoption of technological up-gradation, better access to capital and to enhance global competitiveness. The revised classification is supported by a well designed framework that ensures continued support to Micro, Small and Medium Enterprises (MSMEs) through Priority Sector Lending, Public Procurement Preferences and various schemes & programmes for ruling out the risk of exclusion and monopolization by larger MSMEs.

(b) and (c): As informed by DFS, as per RBI, for loans up to 25 lakh to units in the Micro and Small Enterprises borrowers, banks are advised that the timelines for credit decisions shall not be more than 14 working days. For loans above the aforementioned limit, timelines shall be as per the Board approved sanction time norms. All credit related information pertaining to MSMEs including timelines for credit decisions, indicative document checklist etc., shall be displayed under a separate tab prominently on the bank's website.

As informed by CGTMSE, loan applications, amount sanctioned and disbursed by Banks under the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) is being monitored on a quarterly basis by the Empowered Committee on MSME, chaired by Reserve Bank of India and the State Level Bankers' Committee [SLBC].

Further, in order to improve access to credit, the credit guarantee cover has been enhanced for MSEs, from Rs. 5 crore to Rs. 10 crore (w.e.f 01.04.2025) under CGS. As a result, a total of 1,778 guarantees amounting to Rs. 12,498 crore have been approved to MSEs in the slab of Rs. 5 crore to Rs. 10 crore in the FY 2025-26 till 31.12.2025.

(d): As informed by DFS, the objective of issuing credit cards to Micro Enterprises is to provide Udyam-registered micro enterprises with faster and easier access to credit for meeting their working capital requirements. The scheme also aims to promote digital transactions among MSMEs, enabling the use of transaction data for assessing future credit needs and monitoring end-use of funds. The beneficiaries of the scheme shall be all Udyam-registered micro enterprises requiring working capital finance.

(e): The Government has established the Fund of Funds for Startups (FFS) to further catalyze venture capital investments. It is operationalized by Small Industries Development Bank of India (SIDBI), which provides capital to SEBI-registered Alternative Investment Funds (AIFs) which in turn invest in startups. AIFs supported under FFS are required to invest at least two times of the amount committed under FFS in startups.

These AIFs have invested around Rs. 25,547.98 crore in 1,371 startups from across the country as on 31st December 2025. Of this, Rs. 3,802.86 crore has been invested in 205 women-led startups as on 31st December 2025.
