

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 3288
TO BE ANSWERED ON: 12.03.2026

CREDIT ACCESSIBILITY HURDLES AND COLLATERAL DEMANDS BY BANKS

3288. SHRI PUSHPENDRA SAROJ:
MS IQRA CHOUDHARY:
ADV PRIYA SAROJ:

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

- (a) whether the Government has reviewed the implementation of collateral-free lending norms under schemes in Uttar Pradesh, in view of complaints that Public Sector Banks continue to insist on additional collateral or third-party guarantees from micro and small entrepreneurs and if so, the steps taken to resolve the issue;
- (b) the total number and percentage of MSME loan applications approved, pending and rejected during the last five years under various schemes, along with the primary reasons recorded for such rejections, State-wise and district-wise, particularly for Uttar Pradesh;
- (c) whether any audit or inspection has been conducted to assess deviation from collateral-free lending guidelines and if so, the details thereof; and
- (d) the corrective measures proposed to ensure uniform enforcement of credit guarantee norms and improve credit access for rural and first-generation entrepreneurs in the State?

ANSWER

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

(a) to (d): The Government provides loans to eligible Micro and Small Enterprises (MSEs) without collateral security under schemes such as the Credit Guarantee Scheme (CGS) for MSEs, Pradhan Mantri Mudra Yojana (PMMY) and Prime Minister's Employment Generation Programme (PMEGP). As informed by Department of Financial Services (DFS), the progress of collateral-free lending under various schemes of Government of India is periodically reviewed in State Level Bankers' Committee (SLBC) meetings and in District Consultative Committee/District Level Review Committee (DCC/DLRC) meetings. Banks are regularly advised to adhere to the guidelines issued by the Reserve Bank of India and the Government of India.

As per RBI data, the State-wise credit outstanding to the MSME sector by Scheduled Commercial Banks (SCBs) during the last five financial years is provided at **Annexure I**. As reported by SLBC Uttar Pradesh, District-wise data for credit outstanding to the MSME sector is provided at **Annexure II**.

The Government has taken various measures to ensure uniform enforcement of credit guarantee norms and to improve credit access for MSMEs, including rural and first-generation entrepreneurs across the country, including Uttar Pradesh, which inter-alia includes:

- i. Ministry of MSME implements Credit Guarantee Scheme (CGS) for MSEs through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to new as well as existing MSEs by Member Lending Institutions without collateral security and third-party guarantee. The ceiling for guarantee coverage is Rs. 10 crore under the scheme. CGTMSE has approved credit guarantees worth Rs. 6.13 lakh crore for MSEs in the past three years, compared to Rs. 3.22 lakh crore over the previous twenty-two years, indicating that loans sanctioned under the scheme have registered a quantum jump in last three years. Since inception in 2000, till 28.02.2026, a total of 19.27 lakh guarantees amounting to Rs. 1.38 lakh crore have been extended to MSEs in Uttar Pradesh.
- ii. Self-Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 crore as equity funding in MSMEs with a provision of Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds. Since inception in 2021 till 28.02.2026, 731 MSMEs have been assisted by way of investing more than Rs. 17,438Crore, out of which 23 MSMEs have been assisted in Uttar Pradesh.
- iii. Prime Minister's Employment Generation Programme provides Margin Money subsidy up to 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh for Manufacturing and Rs. 20 lakh for Services enterprises. Since inception till 28.02.2026, 10.76 lakh micro units have been assisted by way of margin money subsidy amounting to Rs. 29,389.86 crore, out of which 1.14 lakh micro units in Uttar Pradesh have been assisted by way of margin money subsidy of Rs. 3,911.15 crore.
- iv. PM Vishwakarma Scheme was launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans up to Rs. 3 lakh with interest subvention of max up to 8%. Since inception, a total of 4.82 lakh loan accounts have been disbursed amounting to Rs. 3,992.43 crore, out of which 13,229 loan accounts have been disbursed amounting to Rs. 114.02 crore in Uttar Pradesh.
- v. As informed by RBI, in terms of para 4.1 (a) of RBI Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated July 24, 2017, all Scheduled Commercial Banks are mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector. As per RBI circular dated 9th February 2026 , this limit stands increased to Rs 20 Lakh from 1stApril , 2026.
- vi. Further, Ministry of MSME, through its field offices, regularly organizes outreach programmes in coordination with MSME/ Industry Departments of States/UTs concerned and other stakeholders like CGTMSE, SIDBI, Banks, MSME Associations etc., to enhance credit availability among MSMEs in the country, including Uttar Pradesh.

Annexure I

Annexure referred in Lok Sabha Unstarred Question No. 3288 on 'Credit Accessibility Hurdles and Collateral Demands by Banks' due for reply on 12.03.2026.

State Wise data on Credit outstanding to MSME sector by Scheduled Commercial Banks											
(Accounts in lakh; Amount in Rs in crore)											
S. No.	State Name	Total MSMEs as on March 31, 2021		Total MSMEs as on March 31, 2022		Total MSMEs as on March 31, 2023		Total MSMEs as on March 31, 2024		Total MSMEs as on March 31, 2025	
		No. of A/cs	Amount outstanding								
1	Andaman & Nicobar	0.08	786.59	0.07	769.05	0.06	914.82	0.08	989.97	0.07	1031.14
2	Andhra Pradesh	13.80	62878.79	13.26	71877.26	12.16	83162.34	12.06	101085.90	9.67	107816.24
3	Arunachal Pradesh	0.18	906.96	0.18	1014.15	0.16	1091.71	0.12	1514.76	0.14	2125.10
4	Assam	17.86	22698.71	5.94	20837.48	4.62	24120.24	3.57	28729.48	3.66	33829.83
5	Bihar	25.16	33303.92	10.62	34002.47	8.80	40029.60	12.35	51766.42	11.94	63666.35
6	Chandigarh	0.51	9729.48	0.41	11968.00	0.40	12605.26	0.47	14634.23	0.44	16688.12
7	Chhattisgarh	7.42	25988.89	4.43	31919.39	3.63	36423.07	3.94	43694.34	4.17	51263.49
8	Dadra & Nagar Haveli	0.11	1186.64	0.06	1160.42	0.05	1356.75	0.10	2345.29	0.10	2822.84
9	Daman & Diu	0.03	361.80	0.03	674.50	0.02	699.97	6.95	179638.00	5.50	192991.45
10	Delhi	8.14	108796.40	4.29	130604.29	6.02	139553.03	0.56	7350.41	0.49	8312.40
11	Goa	0.87	5578.65	0.68	5700.10	0.56	6126.68	11.90	251504.11	13.58	295170.89
12	Gujarat	14.63	146872.76	10.29	185075.74	8.73	211808.82	6.75	122258.78	6.79	147569.05
13	Haryana	8.64	62457.67	6.57	80103.24	4.78	97119.95	1.52	16147.28	1.48	18912.60
14	Himachal Pradesh	1.83	9830.08	1.64	11665.19	1.47	13683.43	3.86	24036.19	3.87	24595.20
15	Jammu & Kashmir	3.90	16354.21	4.15	16694.63	2.10	16502.48	6.16	34398.89	5.50	39846.34
16	Jharkhand	13.49	23839.56	6.71	26257.14	5.46	29732.02	16.07	165082.73	15.76	188130.94
17	Karnataka	24.32	106007.59	15.48	126575.65	12.83	140027.83	11.32	85221.33	7.48	99818.56
18	Kerala	15.46	60200.80	14.49	67543.53	11.18	76807.52	0.09	745.13	0.11	1098.13

19	Lakshadweep	0.02	22.65	0.01	25.93	0.01	32.46	0.01	625.99	0.01	24.52
20	Madhya Pradesh	23.68	63009.09	15.85	72347.61	13.14	83396.88	15.14	101220.23	15.31	117419.47
21	Maharashtra	39.94	352894.81	26.91	339446.16	21.86	380301.18	29.81	425437.84	28.67	457979.43
22	Manipur	0.89	1153.81	0.45	1159.81	0.31	1429.85	0.37	1534.83	0.35	1691.62
23	Meghalaya	0.53	1237.84	0.25	1334.84	0.17	1467.25	0.21	1834.20	0.25	2272.20
24	Mizoram	0.29	697.14	0.15	705.42	0.12	735.25	0.12	851.34	0.13	970.88
25	Nagaland	0.44	863.59	0.17	880.93	0.16	1059.01	0.22	1268.83	0.25	1476.94
26	Odisha	20.89	36311.11	12.03	39905.15	8.92	45128.43	8.82	53516.04	7.45	62994.99
27	Puducherry	1.17	3192.45	0.92	3456.85	0.59	3986.93	0.49	4082.11	0.51	4733.69
28	Punjab	9.71	59272.69	7.38	70967.23	5.36	80893.45	6.48	96611.66	6.12	107259.73
29	Rajasthan	16.27	76129.31	10.58	95615.51	8.52	104760.37	11.03	151219.10	11.42	179488.95
30	Sikkim	0.33	813.04	0.18	808.66	0.15	970.95	0.14	1997.76	0.11	1141.51
31	Tamil Nadu	34.21	191350.67	39.07	219118.87	28.07	239879.93	23.50	281696.93	21.06	320483.61
32	Telangana	9.79	66334.66	7.37	83155.95	5.89	96028.26	7.52	116962.81	7.87	135268.98
33	Tripura	3.05	3116.69	0.61	2168.20	0.53	2340.35	1.02	2978.15	1.13	3644.44
34	Uttarakhand	10.43	28751.41	2.56	17591.92	3.21	47319.83	2.69	26006.06	5.03	53164.23
35	Uttar Pradesh	29.58	105215.15	24.33	136723.44	19.75	132130.25	27.45	195413.75	24.63	214625.72
36	West Bengal	62.53	95779.19	16.51	101202.28	13.53	106509.13	24.55	131256.60	22.10	148632.47
	Total	420.19	1783924.80	264.67	2011056.98	213.32	2260135.28	257.45	2725657.46	243.15	3108962.05

Source: Priority Sector Returns submitted by SCBs (excluding Regional Rural Banks; including Local area banks)

Annexure referred in Lok Sabha Unstarred Question No. 3288 on 'Credit Accessibility Hurdles and Collateral Demands by Banks 'due for reply on 12.03.2026.

District-wise Outstanding To MSME				
Sr. No.	Name of District	as on 31.03.2023	as on 31.03.2024	as on 31.03.2025
1	Agra	9574.34	11106.18	13034.90
2	Aligarh	3404.23	4150.63	4925.57
3	Ambedkar Nagar	733.80	982.92	1169.13
4	Amethi	779.30	936.60	1059.49
5	Amroha	663.83	1014.25	1159.58
6	Auraiya	360.62	499.50	616.89
7	Ayodhya	1408.57	1778.20	2229.85
8	Azamgarh	1595.45	1943.97	2331.10
9	Baghpat	503.33	613.48	695.61
10	Bahraich	1137.16	1292.11	1463.53
11	Ballia	780.70	1012.90	1258.63
12	Balrampur	368.38	553.86	632.56
13	Banda	358.12	548.60	685.00
14	Barabanki	1463.95	1797.38	1802.98
15	Bareilly	4583.89	5607.35	6682.39
16	Basti	878.51	1217.80	1503.99
17	Bhadohi	1258.81	1656.67	1862.92
18	Bijnor	1557.14	1976.29	2297.85
19	Budaun	695.54	932.59	1246.59
20	Bulandshahr	1733.76	2193.92	2694.62
21	Chandauli	1027.71	1230.95	1476.22
22	Chitrakoot	226.03	314.31	364.14
23	Deoria	1141.52	1482.33	1800.11
24	Etah	654.13	779.70	884.42
25	Etawah	751.06	976.97	1146.03
26	Farrukhabad	632.35	740.29	856.75
27	Fatehpur	652.41	1021.80	1343.91
28	Firozabad	1858.96	2370.85	2750.63
29	Gautam Buddha Nagar	17343.37	21913.46	26899.28
30	Ghaziabad	11020.70	13452.41	16688.20
31	Ghazipur	1382.36	1713.44	1971.10
32	Gonda	718.69	1104.04	1281.31
33	Gorakhpur	5377.01	6905.10	8426.27
34	Hamirpur	405.49	539.27	579.55
35	Hapur	1349.95	1713.38	2177.60
36	Hardoi	1262.84	1465.01	1756.14
37	Hathras	714.22	866.78	977.47

38	Jalaun	455.41	596.92	689.33
39	Jaunpur	1535.85	1860.89	2320.71
40	Jhansi	2070.09	2773.56	3300.87
41	Kannauj	540.71	664.07	805.49
42	Kanpur Dehat	414.69	601.75	727.27
43	Kanpur Nagar	13209.22	14672.66	17089.38
44	Kasganj	339.69	435.13	549.53
45	Kaushambi	304.97	401.70	484.19
46	Kushi Nagar	781.73	1070.72	1395.17
47	Lakhimpur Kheri	1254.67	1451.11	1736.35
48	Lalitpur	355.93	441.50	590.12
49	Lucknow	16725.02	19573.16	24140.59
50	Maharajganj	682.75	986.77	1220.39
51	Mahoba	326.61	432.28	566.13
52	Mainpuri	729.96	927.61	952.36
53	Mathura	2857.36	3471.54	4474.62
54	Mau	723.68	959.73	1185.00
55	Meerut	7144.32	8283.31	9798.08
56	Mirzapur	1045.30	1578.31	1874.54
57	Moradabad	6357.67	6627.81	7189.93
58	Muzaffarnagar	3714.22	4466.99	5371.26
59	Pilibhit	716.77	834.78	1046.51
60	Pratapgarh	936.88	1203.16	1443.52
61	Prayagraj	4345.50	5436.51	6604.92
62	Rae Bareli	1460.90	1910.97	2302.18
63	Rampur	781.03	1232.22	1434.84
64	Saharanpur	2181.53	2878.84	3570.33
65	Sambhal	534.09	782.07	1011.41
66	Sant Kabeer Nagar	542.35	701.04	865.05
67	Shahjahanpur	1252.18	1458.65	1823.57
68	Shamli	539.98	738.19	980.78
69	Shravasti	154.11	174.83	203.31
70	Siddharth Nagar	452.74	638.44	841.53
71	Sitapur	975.69	1221.29	1435.39
72	Sonbhadra	986.61	1351.25	1589.08
73	Sultanpur	898.37	1135.75	1388.17
74	Unnao	983.72	1136.45	1321.33
75	Varanasi	8946.68	11153.18	13372.11

Source: Scheduled Commercial Banks and Co-operative Banks that are members of SLBC.