

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 6349
TO BE ANSWERED ON 02.04.2026

SCALING UP OF MSMEs

6349. SHRI RAJESH NARANBHAI CHUDASAMA:

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

- (a) the specific mechanisms proposed to be put in place to ensure that Micro, Small and Medium Enterprises (MSMEs) can effectively scale up to meet the revised investment and turnover limits;
- (b) the steps proposed to be taken to ensure that banks and financial institutions actually extend the enhanced credit guarantee cover to eligible MSMEs and startups;
- (c) the safeguards that are in place to prevent misuse of credit schemes or fraudulent loan applications; and
- (d) whether there would be any special provisions for rural and women-led micro enterprises to access these credit cards easily and if so, the details thereof?

ANSWER

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

(a): To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs are enhanced to 2.5 and 2 times, respectively.

Subsequently, the steps taken by the Government to ensure that Micro, Small and Medium Enterprises (MSMEs) can effectively scale up are as under:

- i. Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- ii. Under the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to MSEs. The ceiling for guarantee coverage under the scheme is Rs 10 crore.
- iii. Government of India vide notification S. O. 4845(E) dated 07.11.2024 directed CPSEs and all companies with the turnover of Rs.250 Crore or more to on-board the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating the discounting of trade receivables of MSMEs through multiple financiers.
- iv. The government has introduced Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME), a government-backed initiative designed to help Micro, Small, and Medium Enterprises (MSMEs) access loans to grow their businesses. This scheme offers a credit guarantee, making it easier for MSMEs to obtain loans, especially for purchasing essential equipment and machinery. The Scheme provides credit guarantee cover to lenders (Scheduled Commercial Banks, All India Financial Institutions, NBFCs for their term loans up to Rs.100 crore to MSMEs for their projects involving purchase of equipment/machinery.

The following measures have been announced in Budget Announcements 2026-27:

- (i) To strengthen equity financing for MSMEs, a dedicated ₹10,000 crore SME Growth Fund has been announced to promote high-growth enterprises based on defined eligibility criteria. Further, the Self-Reliant India (SRI) Fund, established in 2021, is being augmented with an additional ₹2,000 crore to continue supporting micro enterprises through risk capital.
 - (ii) To further enhance liquidity, the Government has proposed measures including mandating TReDS for settlement of MSME purchases by CPSEs; introducing CGTMSE-backed credit guarantee support for invoice discounting on TReDS; integrating GeM with TReDS to facilitate faster credit flow to MSME suppliers; and enabling TReDS receivables as asset-backed securities to deepen the secondary market and improve liquidity.
- (b): As informed by Reserve Bank of India (RBI), Scheduled Commercial Banks SCBs have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in the MSE sector. The above limit has been enhanced to ₹20 lakh which shall be applicable to all new loans to MSEs sanctioned or renewed on or after April 01, 2026.

RBI has also encouraged financial institutions to offer collateral free lending under the CGTMSE scheme thereby prescribing zero risk weight for the loan portion covered under the CGTMSE.

Government of India approved the Credit Guarantee Scheme for Exporters (CGSE) on 12.11.2025 to provide additional credit support up to 20% of existing working capital limits to eligible borrowers, particularly MSMEs. By enabling collateral-free credit access under CGSE, the Scheme is expected to enhance the global competitiveness of Indian exporters and support diversification into new and emerging markets. The facility has been made operational w.e.f. 25.11.2025 on pan-India basis.

- (c): As informed by Department of Financial Services (DFS), A New Credit assessment model has been launched for Micro, Small & Medium Enterprises. This credit assessment model leverages the digitally fetched and verifiable data available in the ecosystem and devise automated journeys for MSME Loan appraisal using objective decision for all loan applications and model-based limit assessment for both Existing to Bank (ETB) as well as New to Bank (NTB) MSME borrowers. All the Public Sector Banks (PSBs) have the model live for their ETB and NTB customers.

All credit related schemes of Ministry of Micro, Small and Medium Enterprises (MSMEs) are implemented through Banks/Financial Institutions. 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 such as Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Small Industries Development Bank of India (SIDBI), Banks, MSME Associations etc. to create awareness and disseminate information among MSMEs in the country. Ministry of MSME, vide letter no. No. 1(12)/CLCSS/Misc/Fake Loans /2020-21 dated 18.09.2020, issued advisory to all MSMEs not to fall prey to offers made by such fraudsters either directly or through website/phone calls etc.

(d): The Government has taken a number of initiatives to increase the accessibility to credit for rural and women-led micro enterprises such as:

- i. Ministry of MSME implements Prime Minister's Employment Generation Programme (PMEGP) which is a credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and rural/urban unemployed youth. Out of the total PMEGP beneficiaries, 39% are women and they are provided higher subsidy (35%) vis-a-vis non-special category (upto 25%).
- ii. To support women entrepreneurs under Credit Guarantee Scheme for Micro and Small Enterprises (MSEs), the following two provisions have been introduced for women-led MSEs w.e.f. 01.12.2022:
 1. Guarantee coverage of up to 90% as against the 75% for others; and
 2. 10% concession in annual Guarantee fees
- iii. Participation of women entrepreneurs in trade fairs under Procurement and Marketing Support Scheme is subsidized to the extent of 100% vis-a-vis 80% for other entrepreneurs.
- iv. The Ministry has launched the awareness campaign 'Yashasvini' to create awareness among existing and aspiring women entrepreneurs with various schemes of the Ministry of MSME, providing them with continuum of support through handholding, mentorship, and capacity building.
- v. Subsequent to Union Budget Announcement 2024-25, SIDBI has opened 61 branches across India during the period of 01.04.2024 till 16.03.2026. Further, in compliance with the said budget announcement, SIDBI will continue to open new branches to expand its reach to serve major MSME clusters by 31.03.2027.
