GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 787
TO BE ANSWERED ON: 23.07.2026

ACCESS TO FORMAL CREDIT FOR MSMEs

787. DR. SHASHI THAROOR:

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

(a) whether the Government has assessed the extent of formal credit penetration among registered Micro, Small and Medium Enterprises (MSMEs) in the country, particularly in light of reports indicating that a majority of registered MSMEs remain outside the formal credit system, if so, the details thereof;

(b) the details of registered MSMEs that have availed institutional credit vis-à-vis the total number of registered MSMEs, during the last three years, State-wise including Kerala;

(c) the number and proportion of first-time borrowers among MSMEs that have accessed institutional credit during the last three years, year-wise; and

(d) the steps taken or proposed to improve formal credit penetration among MSMEs, particularly first-time borrowers and enterprises that continue to remain outside the formal banking system?

ANSWER

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

(a) to (d): The State-wise total MSMEs registered under Udyam Registration Portal (URP) and Udyam Assist Portal (UAP) during the last three years are provided at *Annexure-I*. The State-wise details of the credit outstanding to the MSMEs, including Kerala, as reported by Reserve Bank of India are provided at *Annexure-II*. As informed by Department of Financial Services (DFS), as per a survey conducted by Small Industries Development Bank of India (SIDBI) during 2025, 75% of respondents reported availing formal credit, 8% relied exclusively on informal credit sources, while 17% had not availed any form of credit. Further, Government has, inter-alia, taken various steps to improve formal credit penetration among Micro, Small and Medium Enterprises (MSMEs) across the country, including in Kerala: -

i. Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) implemented through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to MSEs without collateral security and third-party guarantee, up to guarantee coverage of Rs. 10 crore.

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 Government and Rs. 40,000 crore through Private Equity/Venture Capital Funds. The Budget 2026-27 has also announced a support of Rs 2,000 crore to top up the SRI Fund to provide equity support to micro enterprises.

iii. Prime Minister's Employment Generation Programme provides Margin Money subsidy up to 35%, for setting up of new micro enterprises, with project cost of Rs. 50 lakh for manufacturing and Rs. 20 lakh for services enterprises.

iv. PM Vishwakarma Scheme was launched in September, 2023 to provide holistic support to artisans and craftspeople of 18 specified trades. The Scheme includes provision of collateral free loans up to Rs. 3 lakh with interest subvention up to 8%.

v. The Emergency Credit Line Guarantee Scheme (ECLGS) was initially launched in May, 2020 as part of Aatmanirbhar Bharat Package to support eligible MSMEs and business enterprises in meeting their operational liabilities due to disruption caused by COVID-19 pandemic. Recently to support the businesses affected by the West Asia geopolitical situation the Government of India has approved ECLGS 5.0 aims to infuse additional credit of ₹ 2,55,000 crore to existing borrower to tide over the liquidity challenges. This will be released in phases, starting with an initial tranche of Rs.1,05,000 crore, which includes Rs.5,000 crore specifically earmarked for the scheduled passenger airline sector. The Scheme has a corpus of Rs.18,100 crore.

vi. Government of India announced in the budget FY2025-26 introduced a customized credit card product for micro enterprises with a limit of Rs.5 lakh for micro enterprises registered on Udyam portal and in the first year, 10 lakh such cards will be issued.

vii. 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 decisioning for all loan applications and model-based limit assessment for both Existing as well as New to Bank MSME borrowers.

viii. Government 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.

As informed by DFS, the share of New-to-Credit (NTC) entities in commercial credit as per the SIDBI–TransUnion CIBIL MSME Pulse Report (July-2026**)** in last three years is as follows: -

Year	**Share**
FY 2024	55%
FY 2025	47%
FY 2026	42%

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Annexure-I

Annexure referred in part (a) to (d) of answer to Lok Sabha Unstarred Question no. 787 on "Access to Formal Credit for MSMEs" due for reply on 23-07-2026.

State Wise Total MSMEs Registered Under Udyam and UAP (No. of Enterprises in lakh)				
Sr. No	**State Name**	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**
1	Andaman & Nicobar	0.05	0.04	0.04
2	Andhra Pradesh	13.14	14.17	8.42
3	Arunachal Pradesh	0.11	0.15	0.15
4	Assam	4.02	4.70	4.73
5	Bihar	16.31	11.27	9.93
6	Chandigarh	0.22	0.17	0.18
7	Chhattisgarh	4.74	3.93	3.03
8	Dadra and Nagar Haveli & Daman and Diu	0.09	0.07	0.08
9	Delhi	4.19	3.17	3.73
10	Goa	0.46	0.32	0.24
11	Gujarat	13.85	9.85	9.39
12	Haryana	5.18	5.41	5.00
13	Himachal Pradesh	0.88	1.01	0.76
14	Jammu & Kashmir	2.91	2.19	1.52
15	Jharkhand	6.13	3.74	3.41
16	Karnataka	15.35	17.08	9.85
17	Kerala	6.21	5.05	3.98
18	Ladakh	0.07	0.04	0.03
19	Lakshadweep	0.00	0.01	0.003
20	Madhya Pradesh	13.70	13.74	9.96
21	Maharashtra	27.22	25.60	22.75
22	Manipur	0.47	0.45	0.46
23	Meghalaya	0.16	0.21	0.31
24	Mizoram	0.16	0.14	0.12
25	Nagaland	0.26	0.18	0.21
26	Odisha	10.41	5.83	5.70
27	Puducherry	0.36	0.31	0.21
28	Punjab	5.94	5.76	4.62
29	Rajasthan	11.29	12.47	10.45
30	Sikkim	0.08	0.13	0.11
31	Tamil Nadu	17.67	16.64	13.83
32	Telangana	10.20	8.92	15.34
33	Tripura	1.69	0.68	0.58
34	Uttarakhand	2.10	1.54	1.60
35	Uttar Pradesh	25.18	20.13	22.31
36	West Bengal	27.64	10.92	10.62
	Total	**248.44**	**206.03**	**183.63**

Annexure-II

Annexure referred in part (a) to (d) of answer to Lok Sabha Unstarred Question no. 787 on "Access to Formal Credit for MSMEs" due for reply on 23-07-2026.

(No. of A/c in lakh, Amt. O/s in ₹ crore)							
Credit Outstanding to MSMEs							
Sr. No	**State Name**	**FY 2023-24**		**FY 2024-25**		**FY 2025-26**	
		No. of A/cs	**Credit O/s**	**No. of A/cs**	**Credit O/s**	**No. of A/cs**	**Credit O/s**
1	Andaman & Nicobar	0.08	989.97	0.07	1,031.14	0.07	1,171.10
2	Andhra Pradesh	12.06	1,01,085.90	9.67	1,07,816.24	9.03	1,22,789.06
3	Arunachal Pradesh	0.12	1,514.76	0.14	2125.10	0.13	2,843.16
4	Assam	3.57	28,729.48	3.66	33,829.83	3.58	40,930.45
5	Bihar	12.35	51,766.42	11.94	63,666.35	12.80	80,801.31
6	Chandigarh	0.47	14,634.23	0.44	16,688.12	0.42	21,760.59
7	Chhattisgarh	3.94	43,694.34	4.17	51,263.49	5.68	67,800.27
8	Dadra and Nagar Haveli & Daman and Diu	0.10	23,45.29	0.10	2,822.84	0.11	3,133.57
9	Delhi	6.95	1,79,638.00	5.50	1,92,994.77	5.48	2,55,588.18
10	Goa	0.56	7,350.41	0.49	8,312.40	0.49	9,238.03
11	Gujarat	11.90	2,51,504.11	13.58	2,95,172.96	14.15	3,74,092.45
12	Haryana	6.75	1,22,258.78	6.79	1,47,544.70	7.19	1,89,555.61
13	Himachal Pradesh	1.52	1,61,47.28	1.48	18,912.60	1.55	22,933.37
14	Jammu & Kashmir	3.86	24,036.19	3.87	24,595.20	4.20	29,894.93
15	Jharkhand	6.16	34,398.89	5.50	39,846.34	5.80	50,438.36
16	Karnataka	16.07	1,65,082.73	15.76	1,88,130.80	14.34	2,34,997.99
17	Kerala	11.32	85,221.33	7.48	99,818.56	8.43	99,366.73
18	Ladakh	0.09	745.13	0.11	1,098.13	0.10	2,033.05
19	Lakshadweep	0.01	625.99	0.01	24.52	0.01	27.23
20	Madhya Pradesh	15.14	1,01,220.23	15.31	1,17,419.47	14.28	1,46,980.08
21	Maharashtra	29.81	4,25,437.84	28.67	4,57,942.31	28.20	5,84,530.25
22	Manipur	0.37	1,534.83	0.35	1,691.62	0.30	1,964.25
23	Meghalaya	0.21	1,834.20	0.25	2,272.20	0.25	2,923.37
24	Mizoram	0.12	851.34	0.13	970.88	0.13	1,398.60
25	Nagaland	0.22	1,268.83	0.25	1,476.94	0.24	2,470.52
26	Odisha	8.82	53,516.04	7.45	62,994.99	7.30	77,748.46
27	Puducherry	0.49	4,082.11	0.51	4,733.69	0.45	5,893.64
28	Punjab	6.48	96,611.66	6.12	1,07,259.73	6.07	1,30,746.02
29	Rajasthan	11.03	1,51,219.10	11.42	1,79,488.95	12.35	2,23,018.48
30	Sikkim	0.14	1,997.76	0.11	1,141.51	0.13	1,275.23
31	Tamil Nadu	23.50	2,81,696.93	21.06	3,20,490.55	19.17	3,63,713.45
32	Telangana	7.52	1,16,962.81	7.87	1,35,268.94	6.94	1,64,707.66
33	Tripura	1.02	2,978.15	1.13	3,644.44	1.16	4,620.33
34	Uttarakhand	2.69	26,006.06	5.03	53,164.23	2.34	36,185.72
35	Uttar Pradesh	27.45	1,95,413.75	24.63	2,14,625.72	26.80	2,93,381.50
36	West Bengal	24.55	1,31,256.60	22.10	1,48,637.57	22.02	1,84,400.60
	Total	**257.45**	**27,25,657.46**	**243.15**	**31,08,917.82**	**241.68**	**38,35,353.58**

Source: Priority Sector Returns submitted by SCBs (excluding Regional rural banks)