

**Regarding need to explore comprehensive credit assessment mechanisms to accurately reflect the financial health of MSMEs in order to address the problems faced by the sector-Laid**

**SHRI KESINENI SIVANATH (VIJAYAWADA):** MSME sector, particularly in Autonagar with its automobile manufacturing units, is a key contributor to the local economy yet faces challenges in accessing formal credit. One such challenge is CIBIL scores, which depend on borrower's payment and credit history for calculating loan eligibility. However, many MSMEs lack formal credit histories or established records, making it difficult for them to secure loans. Furthermore, the issue of delayed payments from buyers to MSMEs is rampant, worsening liquidity issues in this sector, leading to repayment difficulties and consequently, a poor CIBIL score. This creates a vicious cycle, where MSMEs end up paying higher interest rates, further straining their financial stability. There is an urgent need to explore alternative credit assessment mechanisms, such as income-based evaluations, to accurately reflect the financial health of MSMEs. This need was recognized in the Union Budget 2024-25, where the Government announced that Public Sector Banks will develop a new credit assessment model based on the digital footprints of MSMEs, reducing reliance on external assessments. I urge the Government to provide details regarding the steps taken to develop this model, offering much-needed relief to the MSME sector.