

Regarding Problems being faced by the Micro, Small and Medium Enterprises (MSMEs) in the country-Laid

SHRI ARUN NEHRU (PERAMBALUR): The Micro, Small, and Medium Enterprises (MSMEs), the very backbone of India's economy, are facing a critical juncture. While MSMEs contribute a substantial 30% to India's GDP and employ over 60% of the workforce, the sector's financial health is under severe strain. As of March 31, 2024, gross non-performing assets (GNPAs) related to MSME credit stood at Rs 1.25 lakh crore. Although the share of GNPAs has decreased from 11.03% in March 2020 to 4.46% in March 2024, this improvement masks deeper issues. Critically, the credit penetration rate within the MSME sector remains a dismal 14%, far below developed economies like the US (50%) and China (37%), as reported by Ernst & Young in 2023. This vast credit gap, estimated at Rs 30 lakh crore, hinders MSME growth. With approximately 5.6 crore MSMEs in India, the closure of 61,500 units in the last four years is alarming. The COVID-19 pandemic, coupled with digitization challenges, low demand, and labour shortages, has crippled businesses. Furthermore, complex eligibility criteria and opaque CIBIL scoring methods hinder access to formal credit. I urge the government to simplify credit regulations, enhance financial literacy, and boost institutional support to bridge the credit gap.