

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 3000
TO BE ANSWERED ON: 07.08.2025

CREDIT DEFICIT IN THE MSME SECTOR

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

- (a) the estimate of credit deficit in the MSME sector by June 2025 and the proportion of MSMEs using formal credit channels;
- (b) the average payment period for large customers classified by industry; and
- (c) the reforms implemented in recent years to improve credit flow and liquidity of MSMEs, particularly addressing issues of delayed receivables?

ANSWER

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

(a): The Expert Committee on Micro, Small and Medium Enterprises, constituted by Reserve Bank of India (RBI) in 2019 estimated the credit gap in MSME sector to be in the range of Rs. 20 to Rs. 25 lakh crore.

As informed by RBI, the number of MSME Accounts with the Scheduled Commercial Banks is given below:

Number of MSME Accounts with the Scheduled Commercial Banks (SCBs)		
Sl. No.	Financial Year	No. of A/cs (in lakh)
1	As on March 31, 2023	213.32
2	As on March 31, 2024	256.97
3	As on March 31, 2025	243.15

Source: RBI

(b): RBI has developed Unified Lending Interface (ULI) for frictionless credit to transform the lending landscape in India by making credit more accessible by reducing documentation requirements and simplifying the loan application process. ULI eliminates the need for complex, costly integrations with individual data providers enabling lenders to make quicker and better-informed loan decisions, cutting approval times and reducing operational costs.

(c): To improve credit flow and liquidity of MSMEs, a number of measures have been taken by Government of India. Some of them are:

- i. Under the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) of Ministry of MSME, additional corpus fund of Rs. 9,000 crore was infused into the corpus of Credit Guarantee Fund Trust for MSEs, to enable an additional credit of Rs. 2.00 lakh crore, at a reduced cost of credit. Further, the guarantee ceiling has been increased from Rs. 5 crore to Rs. 10 crore (w.e.f. 01.04.2025) to MSEs, with guarantee coverage up to 90%, for various category of loan under CGS.
- ii. Prime Minister's Employment Generation Programme provides Margin Money subsidy upto 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh and Rs. 20 lakh, for Manufacturing and Services enterprises, respectively.
- iii. PM Vishwakarma, launched on 17.09.2023 to provide end-to-end support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans upto Rs. 3 lakh with interest subvention of 8%.
- iv. Self Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 crore as equity funding in those MSMEs, which have the potential and viability to grow and become large units. Under this Fund, there is a provision of Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds.
- v. To ensure timely payment settlements for Micro and Small Enterprises (MSEs) across the country, Ministry of MSME launched SAMADHAAN Portal on 30.10.2017 for monitoring of the outstanding dues to the MSEs. 161 Micro & Small Enterprises Facilitation Councils (MSEFCs) have so far been set-up in States/UTs. Ministry of MSME has launched Online Dispute Resolution (ODR) Portal on 27.06.2025 to provide end-to-end digitized resolution of the delayed payment cases.
- vi. RBI issued guidelines for setting up and operating the Trade Receivables Discounting System (TReDS) to facilitates the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs) through multiple financiers electronically. Five entities are presently operating TReDS. The monetary limit for onboarding on TReDS for Corporates and CPSEs has been reduced to a turnover of Rs. 250 Crore vide Notification dated 07.11.2024.
