

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 117
TO BE ANSWERED ON: 04.12.2023

REJECTION OF MSME LOAN APPLICATIONS

117. SMT. MAUSAM NOOR:

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

- (a) the total number of MSMEs that have sought bank loans between 2018 and 2023;
- (b) the percentage of them faced rejection due to collateral-related issues;
- (c) whether Government can provide a breakdown of the reasons for the rejection of MSME loan applications during this period;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): As reported by RBI, the data regarding credit outstanding to the MSME sector by Scheduled Commercial Banks between 2018 and 2023 is given at Annexure.

Under the Ministry of MSME, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides credit guarantee to its Member Lending Institutions for loans extended by them to Micro and Small Enterprises (MSEs) without any collateral security and third-party guarantee. The number of guarantees extended from FY 2018 and 2023 is given below:

Duration	No. of MSEs (Guarantee approved)
2018 to 2023	40,00,568

(b) to (e): As informed by SIDBI, some of the reasons that may cause rejection of applications are low credit score; low/ negative cash flow; over-leveraged/ existing high debts; adequate collaterals; weak business model/ plan; etc.

Annexure

Annexure referred in part (a) of answer to Rajya Sabha Unstarred Question no. 117 on “Rejection of MSME loan applications” due for reply on 04.12.2023.

Credit outstanding to MSME Sector by Scheduled Commercial Banks

No. of Accounts in lakh, Amount outstanding in ₹ crore		
Year ended	Total MSME	
	No. of Accounts	Amt. Outstanding
March 2018	261.54	13,24,239.34
March 2019	320.68	15,10,650.52
March 2020	384.18	16,13,582.17
March 2021	420.19	17,83,924.80
March 2022	264.67	20,11,056.98
March 2023	213.32	22,60,135.28

Source: RBI