

MSME credit crossed ₹40 trn in FY25: Report

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Credit to the micro, small, and medium enterprises (MSME) sector crossed ₹40 trillion, registering a robust 20 per cent year-on-year (Y-o-Y) growth as of March 2025. This growth was primarily driven by strengthened priority-sector lending (PSL) norms, targeted government initiatives, and increased digitalisation, which collectively enhanced lending capacity and improved credit accessibility across the sector, said a report by CRIF High Mark.

According to the report, the growth in active loans dropped to 1.3 per cent Y-o-Y in 2024-25 (FY25),

standing at 21.45 million at the end of March 2025.

In FY24, growth in active loans was 24 per cent Y-o-Y. Data suggests that the MSME portfolio is holding up well in terms of asset quality, with the portfolio at risk in the 31-90 days bucket at 1.7 per cent as of March 2025 — the same level as in March 2024.

Asset quality has improved in the 91-180 days bucket, where PAR declined to 1.2 per cent, and in the 180+ days bucket, it stood at 5.7 per cent, an improvement of 90 basis points (bps) from the previous year.

In terms of credit distribution, small exposure businesses accounted for the largest share of total credit outstanding at 40 per cent.

