

# Press Release

FOR IMMEDIATE RELEASE

## India's MSME Commercial Credit Portfolio Grew 13% YoY with Overall Delinquency Rate Falling to Five-Year Low

- Overall MSME commercial credit exposure increased to ₹ 35 lakh crore as of end-March 2025, against ₹ 31 lakh crore as of end-March 2024
- Overall balance-level serious delinquencies fell to 1.8%, the lowest in five years
- Share of New-to-Credit MSMEs to total new loan originations was strong at 47%

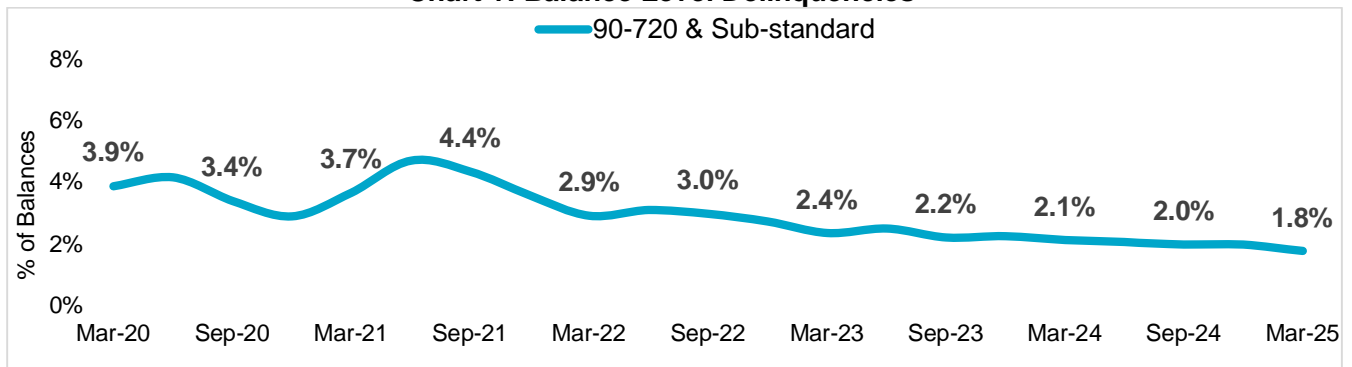
**Mumbai, India, 22 May 2025:** The commercial credit portfolio for India's Micro, Small and Medium Enterprises (MSME) sector grew at 13% year-over-year (YoY) as the overall credit exposure increased to Rs 35.2 lakh crore as of March 31, 2025. This trend was largely driven by an increase in credit supply to existing borrowers, according to TransUnion CIBIL and SIDBI's MSME Pulse Report for May 2025. The MSME sector includes borrowers with credit exposures up to Rs 50 crore.

Growth in the overall credit portfolio was accompanied by an improvement in balance-level serious delinquencies (measured as 90 to 720 days past due (DPD) and reported as 'sub-standard'), which fell to 1.8%, a five-year low.

### Credit Performance Remains Strong, With Reduction in Balance-level Delinquencies

Overall MSME balance-level delinquencies improved to 1.8%, a 35 basis points drop from 2.1% in March 2024. This improvement was primarily driven by the borrower segment with exposure of Rs 50 lakh to Rs 50 crore. The borrower segment with exposure up to Rs 10 lakh, however, witnessed a slight deterioration at 5.8% in March 2025 compared to 5.1% in March 2024. Similarly, the borrower segment with exposure from Rs 10 lakh to Rs 50 lakh also saw a marginal rise in the delinquency level to 2.9% as compared to 2.8% in March 2024.

Chart 1: Balance Level Delinquencies



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## **MSME Credit Growth Momentum Remains Robust**

The demand for commercial credit, which is measured by the number of enquiries, grew 11% YoY in the quarter ending March 2025. Commercial credit supply (by value) grew 3% YoY in FY 2024-25. However, in the last quarter (Jan-Mar 2025) there was a decline of 11% YoY possibly due to higher credit concerns among lenders arising from increased external headwinds. Despite this slowdown in origination, credit extended through new cash credit facilities remained resilient with 7% YoY growth for the same quarter. While the share of New-to-Credit (NTC) MSME borrowers to total new loan originations continued to be strong at 47% as of March 2025, it was lower than the share of 51% one year prior.

In the quarter ending March 2025, public sector banks offered 60% of NTC originations. The trade sector contributed the greatest proportion of NTC borrowers at 53%, while the manufacturing sector saw the highest YoY growth (70%) in the number of NTC borrowers originating a commercial loan.

The manufacturing sector had a greater share of the origination value, at 34%, despite contributing to only 23% of all new loans disbursed in the quarter ending March 2025. However, the share of originations by value to the manufacturing sector has declined steadily over the last two years and shifted in favor of professionals and other services and other sectors, which now contribute to 36% of all new loans disbursed by value, up by five percentage points in the last four years.

Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh and Delhi continued to dominate commercial lending, together accounting for 48% of the value of overall originations in the quarter ending March 2025. While the manufacturing sector had the greatest share of originations in Maharashtra, Gujarat, Tamil Nadu and Delhi, Uttar Pradesh had the most originations to the trade sector.

Mr. Manoj Mittal, Chairman and Managing Director, Small Industries Development Bank of India (SIDBI) said: "The MSME sector plays a crucial role in generating employment opportunities and contributes to export growth. Though the credit flow to the sector has improved over the years, the sector still has an addressable credit gap. Providing support to MSMEs can help the sector's growth and aid the overall economic growth of our country. By fostering innovation, enhancing skill development programs and improving access to financial resources, we can empower MSMEs to become more competitive on a global scale. This in turn will bolster the sector and drive sustainable economic development and inclusive growth across the nation."

Mr. Bhavesh Jain, MD and CEO, TransUnion CIBIL said: "For MSMEs to achieve sustainable growth, it is imperative that they receive assistance in accessing formal credit and guidance in debt management. Additionally, fluctuations in the business cycle affect these enterprises disproportionately, as they often lack the financial reserves or support necessary to navigate adverse conditions. Therefore, it is crucial to extend support to this sector and equip them with tools for effective financial management."

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*Disclaimer: This Information above is based on the SIDBI and TransUnion CIBIL MSME Pulse Report. SIDBI and TransUnion CIBIL do not guarantee the adequacy or completeness of the information and/or its suitability for any specific purpose. SIDBI and TransUnion CIBIL shall not be responsible for any reliance on the Information. The reader should carry out all the necessary analysis that is prudent in their opinion before making any decisions.*

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India's pioneer information and insights company, TransUnion CIBIL, makes trust possible by ensuring each person and business entity is reliably represented in the marketplace. We do this by providing an actionable view of consumers and businesses, stewarded with care.

We have developed technology and innovative solutions across core credit, risk and advanced analytics. As a result, consumers and businesses can transact with confidence and achieve great things. We call this Information for Good® — and it leads to economic opportunity, great experiences, and personal empowerment for millions of people and MSMEs in India.

We serve the financial sector as well as MSMEs and individual consumers. Our customers in India include banks, credit institutions, NBFCs, housing finance companies, microfinance companies, telecom companies and insurance firms.

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## **About SIDBI**

Since its formation in 1990, SIDBI has been touching the lives of citizens across various strata of society through its integrated, innovative and inclusive approach. SIDBI has directly or indirectly impacted the lives of Micro, Small and Medium Enterprises (MSMEs) through various credit and developmental measures whether they are traditional, domestic small entrepreneurs, bottom-of-the-pyramid entrepreneurs, or high-end knowledge-based entrepreneurs.

For more information, please visit: <https://www.sidbi.in/>