



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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FIDD.MSME & NFS.BC.No.12/06.02.31/2025-26

February 09, 2026

**Lending to Micro, Small & Medium Enterprises (MSME) Sector (Amendment)
Directions, 2026**

Please refer to the [Master Direction - Lending to Micro, Small & Medium Enterprises \(MSME\) Sector](#) (Updated as on July 23, 2025) (hereinafter referred to as “the Directions”).

2. On a review, in exercise of the powers conferred by Sections 21 and 35 A of the Banking Regulation Act, 1949, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Amendment Directions hereinafter specified.

3. The Amendment Directions modify the Directions as below:

- i. **Paragraph 4.1** shall be substituted by the following, namely:-

“4.1 Collateral

- (a) Banks are mandated not to accept collateral security in the case of loans up to ₹20 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans up to ₹20 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC.
- (b) Banks may, on the basis of good track record and financial position of the MSE units, increase the limit to dispense with the collateral requirement for loans up to ₹25 lakh as per their internal policy.
- (c) Banks may avail the benefit of Credit Guarantee Scheme cover, where applicable.
- (d) However, accepting gold and silver as collateral pledged voluntarily by borrowers for loans sanctioned by the banks upto the collateral free limit, will not be construed as a violation of the above mandate”.



ii. **Paragraph 6.5** shall stand deleted.

4. The above amendment shall come into force for all loans to MSE borrowers sanctioned or renewed on or after April 01, 2026.

Yours faithfully

(R Giridharan)
Chief General Manager