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RESERVE BANK OF INDIA

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## 29<sup>th</sup> Meeting of the Standing Advisory Committee to Review the Flow of Credit to MSMEs held by Reserve Bank of India

The 29<sup>th</sup> Meeting of the Standing Advisory Committee (SAC) to review the flow of credit to Micro, Small and Medium Enterprises (MSME) sector was held in Ahmedabad, on March 3, 2025, under the chairmanship of Shri Swaminathan J, Deputy Governor, Reserve Bank of India. The meeting was attended by Executive Director, RBI, Senior Officials from Ministry of MSME and Department of Financial Services, Ministry of Finance, Government of India; Chairman, SIDBI, Senior Management of major banks and NABARD, senior executives of Credit Guarantee Fund Trust for Micro and Small Enterprises, National Credit Guarantee Trustee Company Limited, Khadi & Village Industries Commission, Indian Banks' Association, Finance Industry Development Council and MSME Associations.

Deputy Governor, in his keynote address, underscored the pivotal role of the MSME sector in India's economic development. He reaffirmed the Reserve Bank's commitment to strengthening institutional credit support through initiatives like the Unified Lending Interface (ULI), the Account Aggregator framework, and the Regulatory Sandbox. Acknowledging key challenges such as financial literacy gaps, information asymmetry, and delayed payments, he stressed the need for digital solutions, alternative credit assessment models, and greater participation in platforms like TReDS. Deputy Governor emphasized the importance of fair lending practices, ensuring transparency and an empathetic approach towards MSMEs facing financial distress. He also reiterated the crucial role of MSME associations in capacity building and bridging information gaps, to help MSMEs better access credit.

During the meeting, the SAC reviewed the flow of credit to MSMEs and deliberated on ways to address the issues related to credit gap in the sector, cash flow based lending and digital solutions for improved credit linkage, accelerating adoption of TReDS, enhancing the usage of credit guarantee schemes and proactive revival and rehabilitation of MSMEs in financial distress, among others.

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