GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 264
ANSWERED ON MONDAY, 2nd FEBRUARY, 2026/ 13 MAGHA, 1947 (SAKA)

New Credit Assessment Models for MSMEs

264. SHRI LAVU SRI KRISHNA DEVARAYALU:

SHRI BASTIPATI NAGARAJU:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Public Sector Banks plan to develop a new credit assessment model, based on the scoring of digital footprints of Micro, Small and Medium Enterprises (MSMEs), if so, the details thereof;
(b) whether the said model entails changing the basic eligibility criteria for MSME loans in terms of regulatory norms or policy guidelines, if so, the details of the new criteria that has been evolved;
(c) if not, whether Credit Information Bureau India Limited (CIBIL) remains the criteria based on which the loans are being disbursed for MSMEs under the Government's New Credit Assessment Model;
(d) whether the Government aims to develop a new criteria based on which loans is to be disbursed to MSMEs, if so, the details thereof; and
(e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) As announced in the Union Budget 2024-25 and launched in the year 2025, Public Sector Banks (PSBs) have already developed a New Credit Assessment Model based on the scoring of digital footprints of Micro, Small and Medium Enterprises (MSMEs).

(b) & (c) The introduction of the new digital credit assessment model does not involve any fundamental changes in the basic eligibility criteria for MSME loans in terms of regulatory norms or policy guidelines of individual bank. However, it simplifies the process of sanctioning loans and offers a more user-friendly and standardized approach by relying on digitally available data. The model leverages the digitally fetched and verifiable data and devises automated journeys for MSME Loan appraisal using objective decisioning for all loan applications and model-based limit assessment for both Existing to Bank (ETB) as well as New to Bank (NTB) MSME borrowers. The digital footprints used by the model may include Pan authentication using National Securities Depository Limited (NSDL), Mobile and email verification using One Time

Password (OTP), Application Programming Interface (API) fetch of Goods and Services Tax (GST) data through service providers, Bank Statement Analysis using account aggregator, Income Tax Return (ITR) upload and verification, Application Programming Interface (API) enabled commercial and consumer bureau fetch and due diligence using Credit Information Companies (CICs), fraud checks, through APIs, among others.

(d) & (e) No such proposal is under consideration at present. However, in a deregulated credit environment, lenders take credit decisions as per their commercial considerations based on their Board approved policies and broad regulatory guidelines of Reserve Bank of India (RBI).

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