GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1882
TO BE ANSWERED ON: 30.07.2026

GROWTH OF MSMEs IN TAMIL NADU

1882. SHRI MANICKAM TAGORE B:
SHRI VIJAYAKUMAR ALIAS VIJAY VASANTH:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether Government has assessed adequacy of collateral-free loans to Micro, Small and Medium Enterprises (MSMEs) in Virudhunagar, Kanniyakumari, Tirunelveli and Tenkasi districts in Tamil Nadu and if so, details thereof and the steps taken to improve credit access and reduce interest burdens;

(b) whether the infrastructure, logistics and credit-related challenges are limiting growth of MSMEs in these districts in Tamil Nadu, if so, the steps taken to reduce operational costs, improve infrastructure, transport, storage facilities and access to institutional credit for small entrepreneurs;

(c) whether the Government is providing adequate financial and technological support to MSME clusters, traditional industries, fisheries and agro-based units in these districts of Tamil Nadu and if so, the details thereof and the steps taken to modernize these sectors and ensure their sustainable growth;

(d) whether the Pradhan Mantri MUDRA Yojana (PMMY) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) schemes are effectively reaching rural entrepreneurs in these districts, if so, the beneficiary data and measures taken to bridge awareness and accessibility gaps during the last three years, district-wise;

(e) whether the Government has identified demand-supply mismatches affecting profitability of MSMEs in these districts and if so, the corrective strategies deployed to improve market linkages, production efficiency and entrepreneurial training, district-wise; and

(f) whether the Government has evaluated export potential of fire works, marine products, handloom and food processing Industries in these districts and if so, the measures taken to enhance exports and global competitiveness?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a) to (e): The Government has, inter-alia, taken following steps for improving access to affordable and collateral-free institutional credit for Micro, Small and Medium Enterprises (MSMEs), including those located in the districts of Virudhunagar, Kanniyakumari, Tirunelveli and Tenkasi in Tamil Nadu:

i. Ministry of Micro Small and Medium Enterprises (MSME) implements Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide guarantee for credit facilities extended to MSEs without collateral or third-party guarantee. To reduce the financial burden of MSEs, guarantee fees structure has been revised with 50% reduction in standard rate to as low as 0.37% per annum. The district wise details of the guarantees extended for CGS are as follows:

CGS - Guarantees approved - Tamil Nadu- FY 2023-24 to FY 2025-26							
Virudhunagar		**Kanniyakumari**		**Tirunelveli**		**Tenkasi**	
No. of guarantees approved	**Amount approved (₹ Crore)**	**No. of guarantees approved**	**Amount approved (₹ Crore)**	**No. of guarantees approved**	**Amount approved (₹ Crore)**	**No. of guarantees approved**	**Amount approved (₹ Crore)**
9,582	1,112	10,697	747	16,038	1,326	351	30

There is provision of 10% concession in guarantee fee and enhanced guarantee coverage up to 90% for MSEs owned by special categories like Women, Trangenders, Agniveers, SC/ST, People with Disability, MSEs located in NER, Aspirational districts, UT of Jammu & Kashmir and Ladakh, ZED certified units and Micro Enterprises.

ii. As per Reserve Bank of India's Master Direction - Lending to Micro, Small & Medium Enterprises Sector dated 09.02.2026, the limit for collateral free loan by Scheduled Commercial Banks to MSE units has been enhanced from ₹10 lakh to ₹20 lakh.

iii. As informed by DFS, Pradhan Mantri Mudra Yojana (PMMY) extends collateral free credit up to ₹20 lakh through Member Lending Institutions. An eligible individual can avail loan under the scheme for income generating activities in the manufacturing, trading, service sectors including activities allied to agriculture. The district wise details of the credit under PMMY are as follows:

PMMY- Tamil Nadu- FY 2023-24 to FY 2025-26							
Virudhunagar		**Kanniyakumari**		**Tirunelveli**		**Tenkasi**	
No. of loan accounts	**Amount disbursed (₹ Crore)**	**No. of loan accounts**	**Amount disbursed (₹ Crore)**	**No. of loan accounts**	**Amount disbursed (₹ Crore)**	**No. of loan accounts**	**Amount disbursed (₹ Crore)**
3,52,241	3,083.31	3,15,809	3,639.08	4,36,634	3,875.08	1,29,405	1,123.44

iv. Ministry of MSME, through its field offices, regularly organizes outreach programmes in coordination with MSME/ Industry Departments of States/UTs concerned and other stakeholders like CGTMSE, SIDBI, Banks, MSME Associations etc., to create awareness of its schemes.

v. The Ministry of MSME implements the following schemes to enhance competitiveness of MSME sector through financial, technological, marketing support, productivity, technology adoption and skill development:

a. Micro and Small Enterprises Cluster Development Programme (MSE-CDP) with the objective to enhance the productivity and competitiveness of Micro and Small Enterprises (MSEs) by extending financial assistance for establishment of Common Facility Centers (CFCs) and creation and up-gradation of industrial estates. Establishment of Flatted Factory Complexes is also supported under the scheme.
b. The Procurement & Marketing Support (PMS) Scheme supports MSEs in improving market access and competitiveness through trade fairs, vendor development programmes, packaging, barcoding, e-commerce, and retail outlets. It provides financial assistance for participation in exhibitions, adoption of modern marketing practices, and development of retail infrastructure.
c. MSME Competitive (Lean) scheme with the objective of increasing productivity, upgrading technology and conserving energy in the manufacturing processes, as well as expanding domestic and global market share of Indian MSME products.
d. To assist and improve the skills of the workforce in the MSME sector, the Ministry of MSME conducts skilling and upskilling programmes through its schemes and programme viz. Entrepreneurship and Skill Development Programme (ESDP) scheme, Skill Upgradation and Mahila Coir Yojana, National SC/ST Hub, Assistance to Training Institutions (ATI) scheme and training through Technology Centres set up across the country.

(f): The Government promotes exports from MSMEs, inter-alia, through the following initiatives:

i. Ministry of MSME implements International Cooperation Scheme which is aimed at building capacity of MSMEs by facilitating their participation in international exhibitions/fairs/conferences/seminar/ buyer-seller meets abroad as well as reimbursement of various costs involved including reimbursement of fee paid for Testing & Quality Certification acquired by MSEs to export products.
ii. Further, the Ministry of MSME has established 65 Export Facilitation Centres (EFCs) across the country with the aim of providing requisite mentoring and handholding support to MSMEs in exporting their products and services. Export Facilitation Centres (EFCs) support MSME exporters by providing comprehensive assistance through dissemination of information on export-related schemes and benefits, training and workshops on export compliance, handholding in export documentation and procedures, engagement with industry associations, State Governments, and DGFT to facilitate MSMEs.
iii. The Union Cabinet has approved the Export Promotion Mission (EPM) on 12th November 2025 with the objective of strengthening India's export competitiveness and providing targeted support to exporters in global markets, with a particular focus on Micro, Small and Medium Enterprises (MSMEs). The Mission operates through two integrated sub-schemes, namely Niryat Protsahan and Niryat Disha.

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