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October 27, 2025

30th Meeting of the Standing Advisory Committee (SAC) to Review the Flow of Credit to the MSME Sector

The 30th Meeting of the Standing Advisory Committee (SAC) to review the flow of credit to the Micro, Small and Medium Enterprises (MSME) sector was held in Coimbatore on October 27, 2025, under the chairmanship of Shri Swaminathan J, Deputy Governor, Reserve Bank of India. The meeting was attended by the Executive Directors from RBI, Additional Secretary from the Ministry of MSME and Joint Secretary from the Department of Financial Services, Ministry of Finance, Government of India; Chairman, SIDBI; Managing Directors of SBI and Punjab National Bank, senior management of major banks and NABARD; senior executives of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), National Credit Guarantee Trustee Company Limited (NCGTC), Khadi & Village Industries Commission (KVIC), Indian Banks' Association (IBA), Finance Industry Development Council (FIDC), and representatives from MSME associations. The last two meetings of SAC were held in Lucknow and Ahmedabad.



In his keynote address, the Deputy Governor acknowledged the critical role of the MSME sector as the key driver of India's economic growth, employment, and industrial and regional diversification. Reaffirming the Reserve Bank's commitment to further strengthen the credit ecosystem for MSMEs, he referred to initiatives such as the Unified Lending Interface (ULI), Account Aggregator framework, and the Regulatory Sandbox, which are facilitating data-driven and cash-flow based lending.

He touched upon the recent regulatory measures to ease the difficulties faced by the sector, including the waiver of prepayment charges on floating-rate loans extended to individuals and micro and small enterprises, and the relaxation in reporting under the Export and Import Data Processing and Monitoring Systems (EDPMS/IDPMS) to ease compliance burden for small exporters and importers.

Addressing the challenges of information asymmetry, financial literacy gaps, and delayed payments, the Deputy Governor emphasized the need to promote wider adoption of digital solutions like the Trade Receivables Discounting System (TReDS), encourage alternative credit assessment models, and ensure fair, transparent, and empathetic lending practices for promotion of rehabilitation of distressed but viable units. He also urged MSME associations to play a greater role in capacity building and in bridging information gaps to help enterprises better leverage formal financial channels.

During the meeting, the SAC reviewed the flow of credit to MSMEs and deliberated on ways to address the issues related to the 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 revival and rehabilitation of MSME units, among others.

During the interactive session, the industry associations highlighted the challenges being posed by the uncertainty arising from geopolitical situations and sought the intervention of Government, Regulators and Banks. The meeting concluded with responses from the officials and an assurance that the feedback and suggestions will be duly examined by the concerned stakeholders.

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