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Lending to MSMEs in Uttar Pradesh may surge 52% to Rs 4.5 trn in FY25

In the UP State Focus Paper prepared by Nabard, the state is projected to have a consolidated credit potential of ₹7.69 trillion in FY26 across priority sectors

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The lending to micro, small, and medium enterprises (MSMEs) in Uttar Pradesh for the next financial year (2025-26) is estimated to increase by 52 per cent at ₹4.46 trillion from ₹2.92 trillion in FY25.

According to UP Finance Minister Suresh Khanna, an easy credit flow and high growth in priority sectors, including agriculture and MSMEs, are imperative for the Yogi Adityanath government's goal of achieving a \$-trillion state economy.

In the UP State Focus Paper prepared by Nabard, the state is projected to have a consolidated credit potential of ₹7.69 trillion in FY26 across priority sectors. This is an increase of ₹1.96 trillion, or about 34 per cent, compared to the projections for FY25, which estimated the priority sector lending potential at ₹5.73 trillion.

Meanwhile, the credit potential for agriculture in FY26 is assessed at ₹2.77 trillion, up from ₹2.46 trillion in FY25.

The potential for other priority sectors is estimated at ₹46,000 crore, including ₹21,000 crore for housing loans and ₹6,000 crore for export credit.

"UP is focusing on infrastructure development, ease of doing business, and improvement in the law-and-order situation to attract investments," Khanna said while releasing the UP State Focus Paper recently.

He said that following the UP Global Investors' Summit 2023, the state had implemented over 14,000 projects with an estimated investment of ₹10 trillion, while additional projects worth ₹6 trillion are in the pipeline.

At the recent World Economic Forum Summit in Davos, UP signed MoUs worth ₹19,000 crore, reflecting the continued trend of higher MSME growth in the state, he said.

Meanwhile, the state has urged banks to recognise the growing credit potential in UP, particularly in agriculture and allied sectors such as farm mechanisation, plantation, fisheries, animal husbandry, and storage/marketing yards.

The state has requested that banks ensure easy credit availability to foster capital formation and economic growth.

The government has also encouraged banks to take steps to improve the UP Credit-Deposit (CD) ratio, particularly in the Eastern UP and Bundelkhand regions. UP has set a target of achieving a CD ratio of 65 per cent by March 2025.

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