**Abstract**

The Micro Small & Medium Enterprises (MSMEs) are basically small-sized businesses defined in terms of their investment.40% of India’s gross industrial output is contributed by MSME.45% of India’s total export is from MSME and second largest employer after agriculture .undoubtedly the MSME sector is India’s engine of growth. Considering the economic importance, government of India has enabled a separate act, Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act 2006) on the basis of capital investment made in plant and machinery, excluding investments in land and building. The contribution of MSMEs to Gross Domestic Product, Job creation and balanced economic development is well established, there are more than 55 million MSME enterprises in India. However, the lack of adequate, timely, and affordable access to credit has remained the biggest challenge for these enterprises to grow. It is estimated that around 40% to 65% of MSMEs in emerging markets are either underfunded or not funded in the first place, by the formal financial sector. There have been various efforts and policy measures across developing economies and emerging markets, particularly focused on establishing robust financial mechanisms for MSMEs