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Tamil Nadu's Micro-Business Outstanding Balances Grew at 20% CAGR for Individual Entrepreneurs and 9% for Enterprises Over Three Years

CHENNAI – 17 Nov, 2026 Tamil Nadu's micro business entrepreneur (MBE) credit market has reached approximately ₹2.99 lakh crore in outstanding balances as of June 2026, with business-purpose borrowing by individuals growing more than twice as fast as lending to micro businesses. Over the last three years, outstanding balances held by individual entrepreneurs expanded at a 20% compounded annual growth rate (CAGR), compared with 9% among micro businesses, reflecting the growing role of individual borrowing in financing entrepreneurial activity.

This expansion is also bringing attention to a sizeable opportunity in enterprise-level credit. Approximately 47.7 lakh individual entrepreneurs in Tamil Nadu had never borrowed as enterprises as of March 2026, with 65% of them demonstrating strong creditworthiness. These findings, from Micro Business Entrepreneurs in India: Growth, Transformation & Emerging Opportunities, a joint study by TransUnion CIBIL and the National Small Industries Corporation Limited (NSIC), highlight the potential to widen access to structured business financing among eligible entrepreneurs who already have established individual credit profiles subject to applicable lender policies, underwriting criteria and regulatory requirements.

Nikhil Rajadhyaksha, Chief Revenue Officer, TransUnion CIBIL, said: "Tamil Nadu's diversified industrial ecosystem creates financing requirements that vary considerably across businesses. A manufacturer investing in machinery, a food-processing enterprise managing procurement cycles and a trader financing day-to-day operations each require different credit solutions. While property-backed lending remains an important source of business finance, greater use of cash-flow-based assessments and established credit histories can help lenders better understand the financial requirements of these enterprises. Enabling eligible entrepreneurs to access financing suited to their business activities, where consistent with lender policies and applicable regulations, can strengthen their ability to invest, expand operations and build more sustainable enterprises."

M. Sreevatsan, Senior General Manager, Zonal Head – Tamil Nadu, Pondicherry & Kerala, National Small Industries Corporation Limited (NSIC), said: "Tamil Nadu has a strong and diverse entrepreneurial ecosystem led by traders and manufacturers, including engineering and food-processing businesses. The report points to a sizeable 'missing middle' in the state, with around 47.7 lakh individual entrepreneurs who have never borrowed as enterprises, despite 65% demonstrating strong creditworthiness. Helping this missing middle move towards enterprise-level credit can give eligible entrepreneurs greater access to financing suited to their business needs and support their journey towards formalization and growth. At NSIC, we support MSMEs through finance, enhanced access to markets, registration for Govt. supplies, promoting e-commerce facilitation, access to export markets, Raw Material Procurement support & Distribution for increasing competence, capacity building for MSMEs, technology and other support services. We will continue working with lenders and partners such as TransUnion CIBIL to help more entrepreneurs strengthen and grow their businesses."