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Credit Availability and MSME Growth: An Empirical Investigation

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Abstract: Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in economic development, employment generation, and innovation, particularly in emerging economies. However, limited access to credit remains a major constraint to their growth. This study empirically examines the impact of credit availability on MSME growth using firm-level and macroeconomic data. Employing panel regression techniques, the study analyzes how access to formal financial credit influences firm performance indicators such as revenue growth, employment expansion, and asset accumulation. The findings reveal a statistically significant positive relationship between credit availability and MSME growth, with stronger effects observed in small and medium enterprises compared to micro enterprises. The study provides policy insights for improving financial inclusion and strengthening MSME financing frameworks.

Keywords: MSMEs, Credit Availability, Financial Inclusion, Panel Data, Economic Growth, Emerging Economies

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