

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 114
TO BE ANSWERED ON 21.07.2025

EVALUATION OF CREDIT GUARANTEE SCHEME

114. SHRI R. DHARMAR:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the details of the Credit Guarantee Scheme including its objectives, eligibility criteria, and coverage;
- (b) the total number of MSMEs that have availed benefits under the Credit Guarantee Scheme in the last three years within State of Tamil Nadu;
- (c) whether Government has undertaken any evaluation or impact assessment of the Credit Guarantee Scheme to measure its effectiveness in promoting MSME growth and access to finance;
- (d) whether Government is considering any reforms to the Credit Guarantee Scheme; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): The Ministry of Micro, Small and Medium Enterprises (MSME) implements the Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) with an objective to provide credit guarantees to its Member Lending Institutions for the credit facilities extended by them to the MSEs without any collateral security and third-party guarantee. Guarantee ceiling under the Scheme is ₹10 crore per borrower and the extent of guarantee coverage ranges from 75% to 90%, as per the category of borrower and /or geographical region.

(b): **The total number of guarantees extended to MSEs under the Scheme in the last three years** within State of Tamil Nadu is as follows:

CGS - Guarantees Approved- Tamil Nadu		
Financial Year	No. of Guarantees approved	Amount approved (in ₹ Crore)
2022-23	61,883	7,114
2023-24	1,13,815	15,061
2024-25	1,79,817	21,447

(c): To measure the effectiveness of CGS in promoting MSEs growth and access to finance, the Government has undertaken evaluation study of the Scheme in 2017 and 2021.

(d) and (e): To improve the impact of the Scheme, the Ministry of MSME, Government of India, w.e.f. 01.04.2023, has enhanced the ceiling of guarantee coverage from ₹2 crore to ₹5 crore and reduced the Annual Guarantee Fees (AGF) by 50% to as low as 0.37%. The ceiling of guarantee coverage has been further enhanced from ₹5 crore to ₹10 crore and the AGF for guarantees above ₹1 crore has been further rationalized.
