

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1069
TO BE ANSWERED ON 09.02.2026

STRENGTHEN OF CREDIT UNDER CGTMSE

1069. SHRI SANJAY SETH:

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

- (a) whether Government has strengthened loan guarantees, collateral-free lending and interest-subvention schemes under CGTMSE to expand credit access, the details thereof;
- (b) whether digital payment adoption and GST-linked financing have improved financial inclusion for small units, the details thereof;
- (c) whether MSMEs affected by economic disruptions are receiving restructuring and support packages, the details thereof; and
- (d) whether these measures have improved liquidity, business continuity and growth prospects of MSMEs across manufacturing and services sectors, the details thereof?

ANSWER

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

(a): To strengthen credit guarantee and collateral-free lending, Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) was revamped from 01.04.2023, following a corpus infusion of Rs. 9,000 crore into Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). As part of the revamp, the ceiling of guarantee coverage was enhanced from Rs. 2 crore to Rs.5 crore and the Standard Rate of the Annual Guarantee Fee (AGF) was reduced by 50%, to as low as 0.37% per annum.

Further, the Ministry of MSME, Government of India, has recently enhanced the ceiling of guarantee coverage from Rs.5 crore to Rs.10 crore and rationalised the AGF for guarantees above Rs.1 crore, effective from 01.04.2025.

(b): Government of India and RBI, in order to support small businesses and MSMEs in adopting digital payment systems, have taken various initiatives. These, inter alia, include an incentive scheme for the promotion of low-value BHIM-UPI transactions for small merchants, Trade Receivables Discounting System (TReDS) guidelines that allow MSMEs to get their invoices discounted on the TReDS platform at competitive rates, and the rationalization of the Merchant Discount Rate (MDR) for debit card transactions.

(c) & (d): To strengthen and support liquidity for business continuity in MSME sector, Government of India has taken a number of steps, which inter alia include:

- (i) To address the stress in MSME accounts in the incipient stage and facilitate their revival, the Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015, notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' (FRR for MSMEs). In continuation of the Gazette notification, RBI issued instructions vide its circular no. RBI/2015-16/338 FIDD.MSME & NFS.BC.No.21/06.02.31/2015-16 dated 17.03.2016.

- (ii) Ministry of MSME implements Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to MSEs. The ceiling for guarantee coverage under the scheme is Rs 10 crore.
- (iii) Self-Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 crore as equity funding in MSMEs with a provision of Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds. The Budget 2026-27 has also announced a support of Rs 2000 crore to top up the Self-Reliant India Fund set up in 2021 to continue support to micro enterprises and maintain their access to risk capital.
- (iv) Prime Minister's Employment Generation Programme provides Margin Money subsidy up to 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh for Manufacturing and Rs. 20 lakh for Service enterprises.
- (v) PM Vishwakarma Scheme was launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans up to Rs. 3 lakh with interest subvention of max up to 8%.

Further, Ministry of MSME, through its field offices, regularly organizes outreach programmes in coordination with MSME/Industry Departments of States/UTs concerned and other stakeholders like CGTMSE, SIDBI, Banks, MSME Associations etc., to create awareness about the benefits of the Schemes and ease of access to credit among MSMEs.
