

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO.1326
ANSWERED ON MONDAY, 28th JULY, 2025/ 6 SRAVANA, 1947 (SAKA)

MUTUAL CREDIT GUARANTEE SCHEME FOR MSMEs

1326. THIRU ARUN NEHRU:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the funds allocated, sanctioned, disbursed and expended under the Mutual Credit Guarantee Scheme for MSMEs since its inception, State-wise and year-wise;
- (b) the details of the beneficiaries under the Scheme since its inception, State-wise and year-wise;
- (c) the details of the awareness or outreach campaigns conducted to familiarise MSMEs, trade bodies and State officials about the concept and benefits of the scheme;
- (d) the steps taken by the Government to build institutional capacity for facilitating mutual guarantee collectives, including training, handholding and awareness generation;
- (e) whether any special provision is there to promote women-only mutual guarantee groups or collectives led by youth entrepreneurs and if so, the details thereof; and
- (f) whether the Government is considering to institutionalize mutual credit guarantee systems at the national level by statutory framework or regulatory guidelines and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SH. PANKAJ CHAUDHARY)

(a) Mutual Credit Guarantee Scheme for MSMEs (MCGS- MSME) has been launched for providing 60% guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for credit facility upto Rs. 100 crore sanctioned to eligible Micro, Small and Medium Enterprises (MSMEs) under MCGS-MSME for purchase of equipment / machinery.

Under MCGS-MSME which is a credit guarantee scheme, the Government of India, through NCGTC, issues guarantees for loans extended by Member Lending Institutions (MLIs). Rs. 500 crore has been approved as Government contribution to the corpus of MCGS-MSME. The

Scheme has been launched recently and no NPA claims have been reported till date under the Scheme. Hence, no fund has been released to the NCGTC by the Government of India till date.

(b) As on 15.7.2025, the State-wise details of guarantees extended under the Scheme are as under:

(Amount in ₹ crore)

Mutual Credit Guarantee Scheme for MSMEs		
FY 2025-26		
Name of State	Number of Guarantees Issued	Sanctioned Amount
Gujarat	1	10.00
Haryana	1	18.00
Karnataka	2	22.75
Madhya Pradesh	1	0.11
Maharashtra	4	41.77
Tamil Nadu	2	20.81
Grand Total	11	113.44

Source: NCGTC

(c) Various meetings have been organised with Banks, Non-Banking Financial Companies (NBFCs), All India Financial Institutions (AIFIs), Indian Banks' Association (IBA) and MSME associations to create awareness about the Scheme. A meeting was organised by the IBA in April 2025, wherein details of the Scheme were shared with the lenders for enabling support to the MSMEs. Further, a conference was organised by the IBA in July, 2025 wherein banks, NBFCs and MSME associations were encouraged to disseminate the scheme information amongst the borrowers.

(d) The loans involved under the Scheme would be normal projects of MSMEs, which are otherwise also being financed by Banks/FIS/NBFCs. Hence, institutional capacity for lending is already available amongst these lenders. The Scheme reduces the risk of the lenders by providing guarantee cover and hence, no specific training or handholding would be required for lending under the Scheme. However, meetings are being organised through the IBA/ Industry Associations with the lenders for awareness generation.

(e) All existing and new MSMEs with valid Udyam Registration Number will be eligible under the scheme without any differentiation for a particular group of borrowers.

(f) No such proposal is under consideration.
