

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4698
TO BE ANSWERED ON 21.08.2025

CREDIT GUARANTEE SCHEME

4698. SHRI MALAIYARASAN D:

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 number of Micro, Small and Medium Enterprises (MSMEs) that have availed benefits under the Credit Guarantee Scheme during the last three years in the State of Tamil Nadu;
- (c) whether the 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) the steps being taken to expand the scope of the Credit Guarantee Scheme to ensure greater access to credit, particularly for MSMEs in rural areas or those in emerging sectors; and
- (e) whether the Government is considering to bring any reforms to the Credit Guarantee Scheme and 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 Rs.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 in the State of Tamil Nadu is as follows:

CGS - Guarantees Approved- Tamil Nadu		
Financial Year	No. of Guarantees approved	Amount approved (in Rs. 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 expand the scope of the Scheme and to ensure greater access to credit for MSEs, including those in rural areas and in emerging sectors, CGS was revamped effective from 01.04.2023, following a corpus infusion of Rs. 9,000 crore into 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 has rationalised the Annual Guarantee Fee for guarantees above Rs.1 crore, effective from 01.04.2025.
