

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1094
TO BE ANSWERED ON 05.02.2026

FINANCIAL FACILITATION TO MSMEs

1094. SHRI P V MIDHUN REDDY:

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

- (a) whether the Ministry has taken cognizance of NITI Aayog's finding that only 19% of MSME credit demand was formally met during Financial Year 2021-22, if so, the details thereof;
- (b) whether reforms or expansions are planned for the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to bridge the Rs. 80 lakh crore credit gap if so, the details thereof; and
- (c) whether there is a proposal to develop state-level financial facilitation cells to improve credit delivery in underserved states, including Andhra Pradesh and if so, the details thereof?

ANSWER

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

- (a) to (c): The Government of India has taken a number of initiatives and measures to provide support to Micro, Small and Medium Enterprises (MSMEs) for improving access to finance, timely payments and faster technology adoption. Some of them are:
- i. 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.
 - ii. 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.
 - iii. 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.
 - iv. 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%.

To enhance access to credit and expand the scope of Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs), CGS 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 enhanced the ceiling of guarantee coverage from Rs.5 crore to Rs.10 crore from 01.04.2025. A total of 9.46 lakh credit guarantees amounting to Rs. 37,229 crore have been extended to MSEs under CGS in the state of Andhra Pradesh since its inception in 2000 till 31.12.2025

To increase credit delivery in the country, including Andhra Pradesh, 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, and MSME Associations etc.
