

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4409
TO BE ANSWERED ON 19-03-2026

FUNDS TO SUPPORT START-UPS

4409. SHRI ESWARASAMY K:

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

- (a) whether the Government has established a Rupees Ten Thousand crore Fund of Funds to expand support for start-ups and if so, the details thereof along with the funds disbursed and utilised in this regard so far, State-wise;
- (b) whether any new scheme has been launched to provide term loans up to Rupees Two crore for first-time women, Scheduled Caste/Scheduled Tribe entrepreneurs and if so, the total number of beneficiaries covered under it, State-wise; and
- (c) the measures taken by the Government to ensure accessibility of such funding and mentorship for entrepreneurs in Tier-II and Tier-III cities and to strengthen linkages with existing schemes such as Stand-Up India?

ANSWER

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

- (a): In the Union Budget 2026-27, Government announced a dedicated Rs. 10,000 crore SME Growth Fund, to create future Champions, incentivizing enterprises based on select criteria. The modalities of the announcement are being worked out.
- (b): In the Union Budget 2025-26, Government announced a new scheme targeting 5 lakh first-time women, Scheduled Caste (SC), and Scheduled Tribe (ST) entrepreneurs, providing term loans up to Rs. 2 crore, to foster entrepreneurship, operating over the next five years. The modalities of the announcement are being worked out.
- (c): The Government has taken various measures to improve credit penetration and reduce financial stress for new as well as existing MSMEs across the country, including in Tier-II and Tier-III cities, which inter-alia includes:
 - i. Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) implemented through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to MSEs without collateral security and third-party guarantee. The ceiling for guarantee coverage is Rs. 10 crore under the scheme.
 - 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 2,000 crore to top up the SRI Fund set up in 2021 to continue support to micro enterprises.

- 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 Services 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 collateral free loans up to Rs. 3 lakh with interest subvention of max up to 8%.
- v. As informed by DFS, Pradhan Mantri Mudra Yojana (PMMY) was launched on 08.04.2015 to extend collateral free credit up to Rs.20 lakh by Member Lending Institutions. Any individual, who is otherwise eligible to take a loan and has a business plan for small business enterprise can avail loan under the scheme for income generating activities in the manufacturing, trading, service sectors including activities allied to agriculture.
- vi. As informed by Department for Promotion of Industry and Internal Trade (DPIIT), Startup India is an initiative by the Government of India that was launched on 16th January 2016, with intent to build a strong ecosystem for nurturing innovation, startups and encouraging investments in the startup ecosystem of the country. Under the Startup India initiative, the Government is implementing three flagship Schemes, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), and Credit Guarantee Scheme for Startups (CGSS) to provide funding opportunities for startups across sectors at various stages of their business cycle.
- vii. As informed by RBI, in terms of para 4.1 (a) of RBI Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated July 24, 2017, all Scheduled Commercial Banks are mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector. As per RBI circular dated 9th February 2026 , this limit stands increased to Rs. 20 lakh from 1st April, 2026.
- viii. 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 enhance credit availability among MSMEs.
