GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1899
TO BE ANSWERED ON: 30-07-2026

CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES

1899. SHRI TEJASVI SURYA:

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

(a) the steps taken to strengthen the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in line with recent Micro, Small and Medium Enterprises (MSMEs) financing reforms, including its integration with the Trade Receivables Discounting System (TReDS), digital lending platforms and fintech-based credit delivery;

(b) the implementation challenges identified in extending collateral-free credit to MSMEs, including issues relating to credit guarantee coverage, lender participation and regional disparities;

(c) the steps taken to improve loan sanction timelines, simplify claim settlement processes and enhance credit flow to MSMEs under the scheme; and

(d) the details of CGTMSE-supported loans sanctioned and guaranteed during the last three years and the current year, State-wise including the number and value of loans sanctioned in Karnataka, particularly in Bengaluru?

ANSWER

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

(a) to (c): Ministry of Micro, Small and Medium Enterprises (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 by Member Lending Institutions to new as well as existing MSEs.

To expand the scope of the CGS and to ensure greater access to credit for MSEs, a number of measures have been taken which inter-alia include:

i. The guarantee ceiling for the loan extended under CGS has been enhanced from Rs. 5 crore to Rs. 10 crore w.e.f 01.04.2025.

ii. Annual Guarantee Fees (AGF) structure has been revised with 50% reduction in standard rate to as low as 0.37% per annum.

iii. The claim process under CGTMSE has been simplified. Claims outstanding up to ₹10 lakh are settled through a system-based Business Rule Engine without any manual intervention. Claims above ₹10 lakh are also lodged on the CGTMSE portal and are processed online.

iv. Further, as informed by CGTMSE, Circular No. 262 dated 15.06.2026, regarding guarantee on credit facilities for invoice discounting on Trade Receivables Discounting System (TReDS) platforms has been issued. CGTMSE has also developed the necessary APIs for integration with TReDS platform to facilitate its implementation.

v. As informed by Reserve Bank of India (RBI), banks have been advised to streamline MSE lending policies by providing additional working capital, mid-term review of working capital limits, and defined credit decision timelines to ensure timely and adequate credit during the business life cycle, especially in unforeseen circumstances.

vi. As per RBI's Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated 09.02.2026, the limit for collateral free loan by Scheduled Commercial Banks to MSE units has been enhanced from Rs 10 lakh to Rs 20 lakh.

vii. As informed by RBI, for loans up to ₹25 lakh to MSEs, banks are advised that the timelines for credit decisions shall not be more than 14 working days. For loans above the aforementioned limit, timelines shall be as per the Board approved norms.

(d): The State-wise details of the guarantees extended to MSEs under CGS during the last three years and the current year are provided at *Annexure*. The details of the guarantees extended to MSEs under CGS, in Bengaluru are as below:

CGS - Guarantees approved							
FY 2023-24		**FY 2024-25**		**FY 2025-26**		**FY 2026-27 (till 30.06.2026)**	
No. of guarantees approved	**Amount approved (In Rs. Crore)**	**No. of guarantees approved**	**Amount approved (In Rs. Crore)**	**No. of guarantees approved**	**Amount approved (In Rs. Crore)**	**No. of guarantees approved**	**Amount approved (In Rs. Crore)**
36,549	6,938	80,361	12,829	47,900	15,821	8,015	3,500

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Annexure

Annexure referred in part (d) of answer to Lok Sabha Unstarred Question no. 1899 on "Credit Guarantee Fund Trust for Micro and Small Enterprises" due for reply on 30.07.2026.

CGTMSE - Guarantee approved – State-wise

Amt. (₹ Crore)

		FY 2023-24		FY 2024-25		FY 2025-26		FY 2026-27 (till 30.06.2026)	
S. N.	States / UTs	No. of guarantees approved	Amount approved	No. of guarantees approved	Amount approved	No. of guarantees approved	Amount approved	No. of guarantees approved	Amount approved
1	Andaman & Nicobar Islands	600	128	655	142	976	198	249	52
2	Andhra Pradesh	79,938	5,395	1,10,323	8,189	1,39,299	14,259	28,792	3,323
3	Arunachal Pradesh	981	198	1,707	352	1,942	632	727	142
4	Assam	34,556	3,750	75,747	6,436	49,337	8,019	8,921	1,558
5	Bihar	1,13,262	8,582	2,21,458	14,120	1,56,823	16,265	29,614	3,547
6	Chandigarh	2,459	604	17,401	2,711	6,838	1,731	644	217
7	Chhattisgarh	25,845	2,968	40,583	4,231	39,465	6,661	7,023	1,659
8	Delhi	35,127	8,527	55,120	12,824	61,686	17,995	10,028	4,014
9	Goa	4,947	611	6,510	857	5,439	995	1,110	241
10	Gujarat	1,06,073	19,668	1,10,039	25,335	1,35,529	40,110	24,966	10,591
11	Haryana	48,455	8,553	75,244	10,865	73,035	15,549	14,103	3,939
12	Himachal Pradesh	20,600	2,080	23,750	2,411	27,417	3,325	5,840	869
13	Jammu And Kashmir	53,295	2,415	47,201	2,816	48,736	3,633	21,169	1,493
14	Jharkhand	34,800	4,432	64,614	6,494	59,748	8,130	14,331	1,899
15	**Karnataka**	**1,35,959**	**14,016**	**1,88,144**	**21,453**	**1,48,355**	**28,673**	**27,502**	**6,444**
16	Kerala	45,515	4,590	68,755	7,693	72,725	11,255	15,229	2,466
17	Ladakh	637	84	709	98	577	116	291	48
18	Lakshadweep	7	1	23	2	51	2	16	1
19	Madhya Pradesh	75,023	9,569	1,31,490	14,213	1,07,460	18,863	19,706	4,268
20	Maharashtra	1,29,892	23,359	2,38,128	39,989	2,49,969	59,178	45,882	12,702
21	Manipur	1,580	111	1,952	181	2,882	343	1,107	119
22	Meghalaya	1,693	252	2,776	328	3,122	530	731	164
23	Mizoram	1,232	73	1,472	134	2,581	286	807	83
24	Nagaland	1,563	160	1,804	230	1,977	305	693	99
25	Odisha	56,392	6,109	94,128	9,684	81,988	13,517	16,614	3,218
26	Puducherry	2,418	233	4,471	332	3,266	502	468	88
27	Punjab	81,259	9,632	88,991	10,406	79,971	13,263	14,960	3,396
28	Rajasthan	85,848	9,180	1,20,424	13,865	1,22,758	21,308	21,211	5,422
29	Sikkim	1,108	102	1,748	165	1,336	210	254	34
30	Tamil Nadu	1,13,815	15,061	1,79,817	21,447	1,53,804	30,072	28,747	6,816
31	Telangana	41,940	6,368	97,292	11,586	91,059	18,801	16,265	4,463
32	Dadra & Nagar Haveli and Daman & Diu	1039	277	1,025	315	1,458	466	262	108
33	Tripura	6,523	381	8,398	570	12,018	1,042	2,953	282
34	Uttar Pradesh	2,47,258	21,200	4,03,938	32,790	5,46,792	46,876	1,07,951	11,229
35	Uttarakhand	26,361	2,253	26,268	2,776	28,458	4,230	5,468	979
36	West Bengal	1,06,073	11,887	2,03,170	19,465	1,57,912	25,207	23,953	5,711
	TOTAL	**17,24,073**	**2,02,807**	**27,15,275**	**3,05,507**	**26,76,789**	**4,32,547**	**5,18,587**	**1,01,687**