GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 918
TO BE ANSWERED ON 23.07.2026

COLLATERAL FREE CREDIT TO MSEs

918. SHRI SELVAM G:
SHRI C N ANNADURAI:

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

(a) whether the Credit Guarantee Scheme (CGS) implemented through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has facilitated collateral-free credit to Micro and Small Enterprises (MSEs) and if so, the details thereof;

(b) the number of MSEs in Tamil Nadu that have received credit guarantees under the scheme since 2022, along with the amount sanctioned, district-wise and sector-wise;

(c) whether first-generation entrepreneurs, women-led enterprises and units in backward districts of Tamil Nadu have been able to access the benefit of the scheme adequately and if so, the assessment by the Government thereof;

(d) whether any complaints regarding delays, high processing charges or reluctance of banks to extend collateral-free loans have been received from MSEs in Tamil Nadu and if so, the details thereof; and

(e) the corrective measures taken to improve credit flow and enhance awareness of the CGTMSE scheme among MSMEs in Tamil Nadu?

ANSWER

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

(a) to (c): The Ministry of Micro, Small and Medium Enterprise (MSME) implements Credit Guarantee Scheme (CGS) for Micro Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantees for the credit facilities extended to MSEs, including first-generation entrepreneurs, women-led enterprises, and units located in backward districts, without collateral security or third-party guarantees, across the Country, including in Tamil Nadu.

Since its inception in 2000 until 30.06.2026, a total of 10.84 lakh credit guarantees amounting to Rs. 1.08 lakh crore have been extended to MSEs in Tamil Nadu, including first-generation entrepreneurs, women-led enterprises, and units located in backward districts.

District-wise and sector-wise details of guarantees extended to MSEs in Tamil Nadu since FY 2021-22 to FY 2025-26 under the CGS are given in Annexure-I and Annexure-II, respectively.

(d) and (e): The details of the measures taken by the Government to improve credit flow and enhance awareness of the CGTMSE scheme among MSEs are given below:

i. The guarantee ceiling for the loan extended under CGS was enhanced from Rs. 5 crore to Rs. 10 crore w.e.f 01.04.2025.
ii. Annual Guarantee Fees (AGF) structure revised with 50% reduction in standard rate to as low as 0.37% per annum.
iii. Enhanced extent of guarantee for MSEs led by special category including women led MSEs.
iv. As per Reserve Bank of India's Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated 09.02.2026, all Scheduled Commercial Banks are mandated not to accept collateral security in the case of loans up to Rs.20 lakh extended to units in the MSE sector.
v. To promote credit flow to MSEs in Identified Credit Deficient Districts (ICDD) as per RBI, CGTMSE offers 10% discount on the AGF and extend an additional 5% guarantee coverage.
vi. To provide enhanced guarantee coverage for credit facilities extended by Member Lending Institutions (MLIs) to the MSEs engaged in Manufacturing Sector situated in the State of Tamil Nadu, a special guarantee scheme "Tamil Nadu Credit Guarantee Scheme (TNCGS)" in collaboration with Government of Tamil Nadu is being implemented.
vii. The performance of banks under the CGTMSE Scheme and the overall flow of credit to the MSME sector are reviewed periodically in the State Level Bankers' Committee (SLBC) meetings.
viii. 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, SLBC, Banks, MSME Associations etc., to create awareness of the Scheme.

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Annexure-I

Annexure referred in part (a) to (c) of answer to Lok Sabha Unstarred Question no. 918 on "Collateral Free Credit to MSEs" due for reply on 23-07-2026.

CGTMSE - Tamil Nadu - Guarantees approved											
		FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
Sr. No.	District	No. of guarantees approved	Amount approved (Rs. crore)	No. of guarantees approved	Amount approved (Rs. crore)	No. of guarantees approved	Amount approved (Rs. crore)	No. of guarantees approved	Amount approved (Rs. crore)	No. of guarantees approved	Amount approved (Rs. crore)
1	Ariyalur	366	9	979	112	709	99	540	53	779	87
2	Chengalpattu	0	0	0	0	0	0	490	100	1,049	166
3	Chennai	7,132	1,269	10,051	2,083	20,559	4,396	34,063	7,661	25,711	9,617
4	Coimbatore	4,063	547	5,047	819	9,836	1,515	16,286	2,200	14,365	3,428
5	Cuddalore	1,236	60	1,353	95	2,773	228	4,626	306	4,302	448
6	Dharmapuri	578	29	1,446	104	2,102	216	2,511	226	2,153	295
7	Dindigul	860	59	1,035	93	1,900	218	2,698	261	2,966	440
8	Erode	1,423	136	2,041	244	3,331	442	6,253	626	5,173	977
9	Kallakurichi	0	0	0	0	0	0	0	0	403	25
10	Kancheepuram	2,369	222	3,382	378	7,408	889	14,366	1,351	10,500	2,054
11	Kanniyakumari	1,581	46	2,134	96	3,178	197	4,328	226	3,191	324
12	Karur	600	49	770	88	1,424	177	2,273	221	2,192	316
13	Krishnagiri	1,136	105	1,689	221	2,987	392	4,302	500	4,121	759
14	Madurai	1,586	125	3,215	267	4,198	564	5,599	687	6,246	996
15	Mayiladuthurai	0	0	0	0	0	0	0	0	221	23
16	Nagapattinam	756	28	1,257	54	2,253	118	2,646	136	2,496	186
17	Namakkal	1,219	109	1,427	166	2,451	327	3,983	406	3,537	539
18	Perambalur	182	15	302	33	476	74	573	66	949	119
19	Pudukkottai	532	26	784	50	1,683	139	2,136	156	2,487	243
20	Ramanathapuram	638	27	611	43	1,543	92	1,485	99	2,044	125
21	Ranipet	0	0	0	0	0	0	0	0	214	31
22	Salem	2,259	175	3,095	336	5,188	681	8,357	752	6,310	1,055
23	Sivaganga	753	35	1,074	60	1,538	135	1,934	166	2,446	242
24	Tenkasi	0	0	0	0	0	0	0	0	351	30
25	Thanjavur	1,322	49	1,750	98	2,782	311	5,393	301	3,994	449
26	The Nilgiris	397	13	349	21	612	49	818	93	925	123
27	Theni	584	32	625	48	1,217	123	1,759	137	1,651	240
28	Thiruvallur	1,776	200	2,292	312	6,301	708	15,658	1,280	8,190	1,816
29	Thiruvarur	549	19	376	25	940	58	1,817	94	1,176	124
30	Thoothukkudi	673	46	1,377	82	2,645	200	3,102	275	3,144	391
31	Tiruchirappalli	1,515	98	1,709	178	3,532	433	5,902	537	5,017	772
32	Tirunelveli	1,797	87	2,519	152	4,252	329	5,654	378	6,132	619
33	Tirupathur	0	0	0	0	0	0	0	0	181	22
34	Tiruppur	1,405	240	2,032	360	3,927	802	3,355	703	3,624	1,098
35	Tiruvannamalai	1,392	53	1,879	105	2,966	269	3,958	316	3,924	437
36	Vellore	1,940	110	2,447	162	3,550	342	5,257	494	4,906	616
37	Viluppuram	1,209	50	1,248	97	2,927	244	4,412	306	3,062	354
38	Virudhunagar	1,069	66	1,588	133	2,627	294	3,283	333	3,672	484
Total		**44,897**	**4,134**	**61,883**	**7,114**	**1,13,815**	**15,061**	**1,79,817**	**21,447**	**1,53,804**	**30,072**

Annexure-II

Annexure referred in part (a) to (c) of answer to Lok Sabha Unstarred Question no. 918 on "Collateral Free Credit to MSEs" due for reply on 23-07-2026.

CGTMSE- Guarantees approved- Tamil Nadu- Sector-wise				
	Micro		**Small**	
	No. of guarantees approved	**Amount approved (Rs. Crore)**	**No. of guarantees approved**	**Amount approved (Rs. Crore)**
FY 2021-22	31,796	1,770	13,101	2,364
FY 2022-23	46,771	3,467	15,112	3,647
FY 2023-24	93,280	9,194	20,535	5,867
FY 2024-25	1,55,962	13,559	23,855	7,888
FY 2025-26	1,29,984	19,546	23,820	10,525