



Cabinet

Cabinet gives approval to the package for supporting Micro and Small Enterprises (MSEs) – Augmentation of Corpus of Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE)

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given ex-post facto approval to the package for supporting Micro and Small Enterprises (MSEs) – Augmentation of the Corpus of Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE).

The proposal entails the following:

- (i) Augmentation of the corpus of the Trust from Rs. 2,500 crore to Rs. 7,500 crore, to be fully funded by the GoI;
- (ii) To increase coverage of the loans covered under the credit guarantee scheme from Rs. 1 crore to Rs. 2 crore;
- (iii) To increase coverage of the credit guarantee scheme for loans being extended to micro and small enterprises by NBFCs also. This would enable the Trust to enhance the quantum

The measures would result in the following benefits:

- a. Lowering the level of leverage;
- b. Improving sustainability of the Fund;
- c. Enable the Trust to enhance the quantum of credit guarantee to larger number of MSEs;
- d. Improving financial management; and
- e. Limit the unfunded contingent liabilities.

Augmentation of the corpus would facilitate larger flow of credit to MSEs. This in turn, would lead to increased output and employment and thereby promote equity and inclusiveness.

As the scheme provides credit without collateral and third-party guarantee, the start-ups would be encouraged to set up enterprises based on innovation and new ideas.

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