



Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)



Objective:

- To encourage first generation entrepreneurs to venture into self-employment opportunities by facilitating credit guarantee support for collateral free / third-party guarantee-free loans to the Micro and Small enterprises (MSEs), especially in the absence of collateral.



Key Benefits:

- Credit guarantee for loans up to Rs. 2 crores, without collateral and third-party guarantee.
- Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakhs) to 75% (others).
- 50% coverage is for retail activity.



Scheme applicable for:

- Existing Entrepreneurs and Aspiring Entrepreneurs.



Detailed Information:

- Any collateral/ third party guarantee free credit facility (both fund as well as non-fund based) extended by eligible institutions, to new as well as existing Micro and Small Enterprises, including Service Enterprises, with a maximum credit cap of 200 lakhs (Rupees Two Hundred lakh only) are eligible for guarantee under the scheme. Recently, guarantee coverage made eligible to select NBFCs and Small Finance banks.
- The guarantee cover available under the scheme is to the extent of 50%/ 75% / 80% & 85% of the sanctioned amount of the credit facility. The extent of guarantee cover is 85% for micro enterprises for credit up to 5 Lakhs. The extent of

guarantee cover is 50% of the sanctioned amount of the credit facility for credit from 10 lakhs to 100 Lakhs per MSE borrower for retail trade activity.

- The extent of guarantee cover is 80% for (i) Micro and Small Enterprises operated and/or owned by women; and (ii) all credits/loans in the North East Region (NER) for credit facilities up to 50 Lakhs. In case of default, the trust settles the claim up to 75% of the amount in default of the credit facility extended by the lending institution for credit facilities up to 200 Lakhs.



How to apply:

- Through Member Lending Institutions (Banks and NBFCs)

