

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1030
ANSWERED ON:20.08.2007
MODIFICATION IN CREDIT GUARANTEE FUND SCHEME
Manoj Dr. K.S.

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

- (a): whether the Government has received any complaints regarding the denial of credit for Small and Medium Enterprises (SMEs) under Credit Guarantee Fund Scheme;
- (b): if so, whether the Government proposes to make modification in said scheme to extend its benefits to all the SMEs;
- (c): if so, the details thereof;
- (d): the number of SMEs assisted under the said scheme during each of the last three years; State-wise;
- (e): whether the Government proposes to introduce new package for promotion, development and upgradation of SMEs; and
- (f): if so, the details thereof alongwith the funds allocated and target fixed for the purpose during Eleventh Plan?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a)to(d): Yes, Sir. With a view to improve flow of credit to the micro and small enterprises (MSEs) without collateral security, the Government has made several modifications in the Credit Guarantee Fund Scheme from time to time. Some of the major modifications made in the Scheme include:

- (i) Reduction in one- time guarantee fee from 2.5% to 1.5%;
- (ii) Enhancement of the eligible loan limit from Rs.25 lakh to Rs.50 lakh;
- (iii) Raising of the extent of guarantee cover from 75% to 80% for micro enterprises for loans up to Rs.5 lakh;
- (iv) Raising of the extent of guarantee cover from 75% to 80% for MSEs operated and/or owned by women;
- (v) Reduction in one-time guarantee fee from 1.5% to 0.75% for all loans in the North-East Region; and
- (vi) Raising of the extent of guarantee cover from 75% to 80% for all loans in the North-East Region. The State/UT-wise number of proposals approved under the Scheme during each of the last three years is given in Annexure.

(e) & (f): The Government has announced a Package for `Promotion of Micro and Small Enterprises` which, inter alia, provides for credit support, fiscal incentives, support for cluster-based development, technology and quality upgradation, marketing support, support for entrepreneurial and managerial development, empowerment of women owned enterprises, strengthening of Prime Minister Rozgar Yojana (PMRY), and strengthening of database for MSME sector. An amount of Rs.1585 crore has been proposed for Package-related schemes during Eleventh Plan.