

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5265
ANSWERED ON:27.08.2010
CREDIT GUARANTEE SCHEME
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Will the Minister of FINANCE be pleased to state:

- (a) the details of the Credit Guarantee Scheme implemented during the last three years, State-wise;
- (b) whether the Government is improving credit guarantee scheme to boost the credit flows;
- (c) if so, the present status thereof; and
- (d) the road map prepared for the remaining period of the Eleventh Plan, State-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a): SIDBI has provided the details of proposals approved under Credit Guarantee Scheme during the last three financial years, state-wise, which are at Annex – I.

(b) & (c): Over the years, the scope of the scheme has been widened to cover all Micro and Small Enterprises as per the MSMED Act, 2006 and the eligible credit limit has also been enhanced from Rs.10 lakh to Rs.100 lakh per eligible MSE borrower. The Guarantee fee has been reduced from 2.5% to 1% for credit facility upto Rs.5 lakh and to 1.5% for credit facility above Rs.5 lakh. Similarly, Annual Service Fee has also been reduced from 1% to 0.5% for credit facility upto Rs.5 lakh and to 0.75% for credit facility above Rs.5 lakh. A working Group was also set up by the Reserve Bank of India to study and recommend steps to increase the effectiveness of the Credit Guarantee Scheme. CGTMSE has been following a multi-pronged approach to increase the awareness of the Credit Guarantee Scheme through issue of advertisements in national / regional / vernacular newspapers and publications and through sensitization workshops for bankers / entrepreneurs / industry associations, etc ;

(d): The approvals under the Credit Guarantee Scheme have registered a growth of 77% during FY2009 and 182% during FY2010, while the Board of Trustees of CGTMSE has fixed a target of 2,50,000 approvals for FY2011, which is approximately 67% higher than the achievement for the previous year and its is expected to maintain a healthy growth rate for the remaining part of eleventh five year plan.