

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

UNSTARRED QUESTION NO:3877
ANSWERED ON:25.08.2011
CREDIT GUARANTEE SCHEME
Semmalai Shri S.

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

- (a) whether the Government has recently launched a Credit Guarantee Scheme for benefit of entrepreneurs under Micro, Small and Medium Enterprises (MSMEs);
- (b) if so, the salient features thereof;
- (c) the number of proposals cleared and loan provided during the current year under the scheme;
- (d) whether the Government proposes to create Special Economic Zones for these sectors also;
- (e) if so, details thereof and
- (f) the other innovative schemes launched for the promotion of these sectors?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

- (a) Credit Guarantee Fund Scheme for Micro and Small Enterprises was launched on 30 August 2000 to ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions and banks. It is operated by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) through the Trust's member lending institutions.
- (b) The Scheme covers collateral free credit facility (term loan and/ or working capital) extended by eligible lending institutions to new and existing micro and small enterprises up to Rs. 100 lakh per borrowing unit. The Scheme provides a maximum guarantee cover up to 85 percent of the credit.
- (c) During the current financial year (till 15.8.2011), the Trust has approved 80641 proposals for guarantee cover for aggregate loan amount of Rs. 4504.26 crore.
- (d)&(e): There is no proposal to set up Special Economic Zone for MSME entrepreneurs separately. However, as per provisions of Special Economic Zone (SEZ) Act, 2005, a SEZ may be established wherein micro, small and medium enterprises (MSMEs) can also be set up.
- (f) The Government is implementing various schemes/programmes for the promotion and development of micro, small and medium enterprises (MSMEs). The major schemes include Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, Cluster Development Programme, National Manufacturing Competitiveness Programme and Prime Minister's Employment Generation Programme.