

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

UNSTARRED QUESTION NO:1659
ANSWERED ON:01.12.2011
CREDIT GUARANTEE FUND SCHEME
Chavan Shri Harischandra Deoram

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

- (a) the details of success achieved in developing and promoting micro, small and medium industries under Credit Guarantee Fund Scheme;
- (b) whether certain banks are still insisting collateral security while it is not required under the scheme;
- (c) if so, details thereof ; and
- (d) the action taken by the Government against such banks and to provide collateral free credit facility?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a) As on 31st October, 2011, cumulatively, 6,74,634 proposals have been approved for guarantee cover for total sanctioned loan amount of Rs.30653.43 crore under Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE). With increasing awareness, the coverage under the scheme has increased significantly in the recent years.

(b)to(d) CGTMSE provides guarantee cover in respect of the credit facility extended to all new and existing Micro and Small Enterprises (both in the manufacturing sector as well as in the service sector) by Member Lending Institutions (MLIs) upto Rs.100 lakh per eligible borrower, only if the credit facility is extended by MLIs without collateral security and/or third party guarantee While the coverage of loan under the scheme is optional, concerted efforts are being made by CGTMSE to generate awareness among the MSEs and the MLIs for enhancing the coverage under the scheme.