

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

UNSTARRED QUESTION NO:426
ANSWERED ON:09.08.2012
CREDIT GUARANTEE FUND SCHEME
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the success achieved in developing and promoting micro, small and medium industries by implementing Credit Guarantee Fund Scheme;
- (b) whether certain banks are still insisting on collateral security while it is not required under the scheme;
- (c) whether there exist penal provisions against such banks;
- (d) if so, the details thereof; and
- (e) the review mechanism available to deal with the implementation of the scheme?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VAYALAR RAVI)

(a): As on 31st, July 2012, cumulatively, 8, 73,013 proposals have been approved for guarantee cover for total sanctioned loan amount of Rs. 41, 794.31 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) up to 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 Micro and Small Enterprises (MSEs) and the Member Lending Institutions (MLIs) for enhancing the coverage under the scheme.

(e): The progress of the scheme is reviewed by Ministry of Micro, Small and Medium Enterprises on regular basis. The performance of the scheme has also been reviewed by Parliamentary Standing Committee on Industry, RBI Standing Advisory Committee on Credit Flow to Micro, Small and Medium Enterprises (MSMEs) and the RBI Empowered Committee on MSEs and the State Level Bankers Committees (SLBCs).