

Revamped CGTMSE Scheme

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In news— The Union Minister for MSME has recently launched the revamped Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme.

The revamped scheme-

- **CGTMSE has been provided with an additional corpus support of ₹9,000 crore** in the Union Budget for FY 2023-24 to revamp its Scheme to provide guarantee for additional ₹2 lakh crore to Micro & Small Enterprises.
- Accordingly, the major revamp measures were launched and disseminated to the lending institutions.
- The **modifications included reduction in guarantee fees for loans upto ₹1 crore by 50% bringing the minimum guarantee fee to the level of 0.37% pa only.**
- Another major change announced was **raising of ceiling for guarantee from ₹2 crore to ₹ 5 crore** and enhancing the threshold limit for claim settlement without initiation of legal action to ₹10 lakh.
- It was also announced that **CGTMSE will collaborate with National Institute for Micro, Small and Medium Enterprises (ni-msme), Hyderabad for setting up a Centre of Financial Inclusion for MSME.**

About CGTMSE Scheme-

- The Ministry of MSME launched Credit Guarantee Fund Scheme for Micro and Small Enterprises on 30th August 2000 to ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions and banks.
- To operationalise the scheme, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- The corpus of CGTMSE is being contributed by the

Government and SIDBI in the ratio of 4:1 respectively.