Credit Guarantee Scheme for MSMEs (CGTMSE)

Ministry: Ministry of Micro, Small and Medium Enterprises (MSME)
Implementing Agency: Credit Guarantee Fund Trust for Micro and Small Enterprises (in association with Small Industries Development Bank of India)

1. Eligibility Criteria

- Applicable to **Micro and Small Enterprises (MSEs)**
  - New or existing units
- Must have valid **Udyam Registration**

a) Business Coverage:

- Manufacturing sector
- Service sector

b) Loan & Lender Conditions:

- Loan must be availed from:
  - Scheduled Commercial Banks
  - Regional Rural Banks (RRBs)
  - NBFCs
  - SIDBI / NSIC / NEDFi
- Maximum eligible credit facility: up to **₹5 crore**
- Existing units must have:
  - **Standard (non-NPA) loan accounts**
  - Proven **business viability**

Key Condition:

- Loans must be **collateral-free** and covered under CGTMSE by the lending institution

2. Benefits

a) Credit Guarantee Coverage:

- Up to **85% coverage** (for micro loans up to ₹5 lakh)
- Around **75% coverage** for general cases

- Up to **90% coverage** for:
    - Women entrepreneurs
    - SC/ST entrepreneurs
    - Agniveers
    - Units in aspirational districts

b) Financial Advantages:

- **Collateral-free loans** up to **₹2 crore** (standard coverage range)
- Reduced **Annual Guarantee Fee (AGF)**:
    - Starts from ~**0.37%** for smaller loans

c) Business Impact:

- Supports:
    - Working capital
    - Term loans
    - Expansion and new ventures
- Improves **credit access for MSMEs**
- Encourages lenders through **risk mitigation mechanism**

3. How to Apply

- No direct application to CGTMSE

Process:

- Prepare:
    - Business plan / project report
    - Financial documents and KYC
- Approach a **Member Lending Institution (MLI)**:
    - Bank or NBFC registered under CGTMSE
- Submit loan application and request **CGTMSE coverage**
- Bank evaluates and sanctions the loan
- Lending institution:
    - Registers the loan under **CGTMSE portal**

- Pays guarantee fee to the Trust

- Loan is **disbursed after approval**

4. Documents Required

a) Basic Documents:

- Aadhaar Card
- PAN Card
- Udyam Registration Certificate

b) Financial & Business Documents:

- Bank statements
- Detailed **project/business plan**
- Financial statements (last **2–3 years**, if applicable)

c) Application Documents:

- CGTMSE loan application form
- KYC documents (Aadhaar, PAN, Voter ID, etc.)

Official Website

https://www.cgtmse.in