

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 2019
TO BE ANSWERED ON 21.03.2022

ACCESS TO WORKING CAPITAL FOR MSMEs

2019. SHRI AYODHYA RAMI REDDY ALLA:

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

- (a) whether it is fact that our nation's growth relies considerably on Micro, Small and Medium Enterprises (MSMEs), country's MSMEs form the backbone of its economy yet the lack of access to working capital remains intact as a challenge;
- (b) what are the steps being taken by Government to address the issues in the country; and
- (c) how is Government addressing this issue in view of the seeming lack of finance for SMEs not only retarding their expansion but also the growth of the nation's economy?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (c): The Government has taken a number of initiatives for providing financial assistance to the Micro, Small and Medium Enterprises (MSMEs) to cope with the financial impact of the COVID-19 pandemic, including access to working capital. These include the following:

- i) Prime Minister's Employment Generation Programme (PMEGP) - maximum project cost is Rs. 25 lakh, which includes capital expenditure and working capital.
- ii) Credit Guarantee Scheme (CGS) - maximum 85% guarantee is extended upto credit facility of Rs. 200 lakh, for both term loan and working capital. As per the Budget Announcement 2022-23, to facilitate an increased flow of credit, Rs. 2 lakh crore additional credit facility will be provided to Micro & Small Enterprises under this scheme.
- iii) Emergency Credit Line Guarantee Scheme (ECLGS) - announced as part of Aatma Nirbhar Bharat Package in May, 2020 to provide Collateral free Automatic Loans for businesses, including MSMEs. Initially, the admissible limit of the guarantee was Rs. 3 lakh crore which was later enhanced to Rs. 4.5 lakh crore. As per the Budget Announcement 2022-23, the ECLGS is being extended up to March 2023 with an expanded guarantee cover of Rs. 5 lakh crore. The additional guarantee cover of Rs. 50,000 crore is earmarked exclusively for the hospitality and related enterprises.
