

# MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) LAUNCHES ANOTHER FUNDING SCHEME TO HELP THE DISTRESSED MSME SECTOR

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Minister of MSME, Shri Nitin Gadkari today launched the Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD) which is also called “Distressed Assets Fund–Sub-ordinate Debt for MSMEs”.

As per the Scheme, the guarantee cover worth Rs. 20,000 crores will be provided to the promoters who can take debt from the banks to further invest in their stressed MSMEs as equity.

It was being felt that the biggest challenge for stressed MSMEs was in getting capital either in the form of debt or equity. Therefore, as part of Atmanirbhar Bharat package, on 13<sup>th</sup> May, 2020, Finance Minister had announced this scheme of sub-ordinate Debt to the promoters of operational but stressed MSMEs. After completion of necessary formalities including approval of CCEA and consultation with Finance Ministry, SIDBI and RBI among others, the scheme was formally launched today by Shri Gadakari from Nagpur.

## The highlights of the scheme are:

It is expected that this scheme would provide much required support to around 2 lakh MSMEs and will help in reviving the economic activity in and through this sector. It will also help in protecting the livelihoods and jobs of millions of people who depend on them. Promoter(s) of MSMEs meeting the eligibility criteria may approach any scheduled commercial banks to avail benefit under the scheme. The scheme will be operationalised through Credit Guarantee Fund Trust for MSEs (CGTMSE). Necessary guidelines alongwith answers to possible FAQs have been issued today and made public in this regard.

On this occasion, Shri Nitin Gadkari thanked the Prime Minister and Finance Minister for this Scheme. He also thanked the officials of Department of Expenditure, Department of Financial Services and Governor of RBI for supporting this innovative Scheme of the Ministry.

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