GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

STARRED QUESTION NO. *303

ANSWERED ON MONDAY, 10th AUGUST, 2026/ 19 SHRAVANA, 1948 (SAKA)

Special Credit Package for MSMEs

*303. SHRI ZIA UR REHMAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to provide financial assistance or a special credit package for MSMEs and handicraft industries in Western Uttar Pradesh, particularly brass, horn and handicraft units;

(b) if so, the details thereof; and

(c) the expected beneficiaries of the said package?

ANSWER

THE FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

(a) to (c) A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (c) OF LOK SABHA STARRED QUESTION NO. *303 ANSWERED ON 10th AUGUST, 2026, REGARDING 'SPECIAL CREDIT PACKAGE FOR MSMES' BY SHRI ZIA UR REHMAN, HON'BLE MEMBER OF PARLIAMENT

(a) to (c) The Government of India has already undertaken various initiatives to improve credit flow to MSMEs across the country which covers handicraft industries in western Uttar Pradesh. Some of the major schemes are as follows:

i. Pradhan Mantri Mudra Yojana (PMMY), launched on 8.4.2015, currently extends collateral free credit up to ₹20 lakh to micro enterprises. Any individual, who is otherwise eligible to take a loan and has a business plan for small business enterprise can avail loan under the Scheme for income generating activities in the manufacturing, trading, service sectors including activities allied to agriculture. In the state of Uttar Pradesh (UP), as on 26.06.2026, since inception, 6.02 crore loans amounting to ₹4.13 lakh crore have been extended of which ₹1.48 lakh crore (36%) disbursement is towards women beneficiaries.

ii. The PM Vishwakarma Scheme, launched by the Ministry of MSME on 17.9.2023, provides end-to-end support, including collateral-free credit, to artisans and craftspeople engaged in 18 identified trades who work with their hands and tools. The Scheme, inter alia, provides collateral-free Enterprise Development Loans of up to ₹3 lakh in two tranches—₹1 lakh (with a tenure of 18 months) and ₹2 lakh (with a tenure of 30 months)—at a concessional interest rate of 5%, with an interest subvention of 8% provided by the Government of India. 18 identified trades are: Carpenter, Boat Maker, Armourer, Metalsmith/Metal Caster, Hammer and Tool Kit Maker, Locksmith, Goldsmith, Potter, Sculptor, Stone Breaker, Cobbler/Footwear Artisan, Mason, Basket/Mat/Broom Maker/Coir Weaver, Traditional Doll and Toy Maker, Barber, Garland Maker, Washerman, Tailor, Fishing Net Maker. In Uttar Pradesh, ₹129 crore have been disbursed to 15304 beneficiaries under the scheme.

iii. The Ministry of Textiles launched two schemes *viz.*, National Handicrafts Development Programme (NHDP) and Comprehensive Handicrafts Cluster Development Scheme (CHCDS) for overall development and promotion of handicrafts sector across the country.

Under these schemes, need-based financial assistance is provided for end-to-end support to the artisans through marketing events, skill development, cluster development, formation of Producer Companies, direct benefit to artisans, infrastructural and technology support, research and development support, digitization, branding and marketing of handicraft products in domestic & international markets etc. which benefit the traditional crafts and increase livelihood opportunities throughout the country including the state of Uttar Pradesh. During FY 2025-26, under NHDP Scheme, an amount of ₹29.12 Crore has been sanctioned benefitting 10,616 artisans in Uttar Pradesh State. Under CHCDS Scheme which ended in 31.03.2026, an amount of ₹6.25 Crore has been sanctioned in FY 2025-26, benefitting 1,510 artisans in Uttar Pradesh State.

iv. Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) was launched by the Ministry of MSME, Government of India, which provides guarantee coverage for credit facilities extended to MSEs without the requirement of collateral security or third-party guarantees. The Scheme is being implemented through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). In Uttar Pradesh, over 21 lakh guarantees amounting to ₹1.58 lakh crores have been issued by CGTMSE as on 31.07.2026.

v. Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 has been launched in May, 2026. Under the scheme, MSMEs are eligible for additional credit up to 20% of the peak fund-based working capital outstanding during the fourth quarter of FY 2025–26. The scheme provides 100% guarantee coverage to Member Lending Institutions (MLIs) towards the amount in default for such additional credit facility extended to the eligible MSME borrowers. Under the scheme, additional credit flow of ₹ 2,55,000 crore is envisaged for MSMEs, non-MSMEs and scheduled passenger airlines. In Uttar Pradesh, ₹13139 crores have been disbursed to 55824 MSMEs as on 05.08.2026.

vi. Credit Guarantee Scheme for Exporters (CGSE) was launched on 01.12.2025 for providing 100% credit guarantee coverage to MLIs through NCGTC for extending additional credit facilities upto ₹20,000 crore to eligible exporters, including MSMEs. The scheme ended on 31.3.2026. In Uttar Pradesh, ₹744.06 crores were disbursed to 364 exporters.

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