

Cabinet



Cabinet approves Credit Guarantee Scheme for Exporters (CGSE)

Up to Rs. 20,000 crore collateral-free credit support envisaged

100% credit guarantee through NCGTC

Benefits to both MSME & non-MSME exporters

Supports liquidity, market diversification, employment, and enhance global competitiveness of Indian exporters

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The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi today approved introduction of Credit Guarantee Scheme for Exporters (CGSE) for providing 100% credit guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional credit facilities upto Rs.20,000 crore to eligible exporters, including MSMEs.

Implementation strategy and targets:

The scheme shall be implemented by Department of Financial Services (DFS) through National Credit Guarantee Trustee Company Limited (NCGTC) to provide additional credit support by MLIs to the eligible exporters including MSMEs. A management Committee formed under the chairmanship of Secretary, DFS will oversee the progress and implementation of the scheme.

Major Impact:

The Scheme is expected to enhance the global competitiveness of Indian exporters and support diversification into new and emerging markets. By enabling collateral-free credit access under CGSE, it will be strengthen liquidity, ensure smooth business operations, reinforce India's progress towards achieving the USD 1 trillion export target. This will further reinforce India's journey towards Aatmanirbhar Bharat.

Background:

Exports are a critical pillar of the Indian economy, accounting for nearly 21% of GDP in FY 2024-25 and contributing significantly to foreign exchange reserves. Export-oriented industries directly and indirectly employ over 45 million people and MSMEs contributing nearly 45% of total exports. Sustained export growth has been instrumental in supporting India's current account balance and macroeconomic stability.

It is important to extend enhanced financial assistance and adequate time to exporters for diversifying their markets and enhance global competitiveness of Indian exporters. Accordingly, proactive Government intervention to provide additional liquidity support will ensure business growth and also enable expansion of markets.

MJPS/BM

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