



E-Serve No.: 163 of 2026 | Date: May 06, 2026

Sub: Government approves Emergency Credit Line Guarantee Scheme (ECLGS).

5.0 – Key Features and Impact

Dear Madam / Sir,

The Government has approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 with the objective of providing additional liquidity support to businesses affected by global disruptions (West Asia Situation). A Press Release is issued in this regard ([copy enclosed](#)).

The Scheme aims to provide credit guarantee coverage through the National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional working capital assistance to eligible borrowers facing liquidity constraints.

In this regard, the key features of the scheme are as follows:

- Additional credit support of up to Rs.2.55 lakh crore, including Rs.5,000 crore for the airline sector
- Applicable to MSMEs, non-MSMEs and scheduled airlines having standard loan accounts as on 31st March 2026
- 100% guarantee coverage for MSMEs and 90% for non-MSMEs and airlines
- No guarantee fee, thereby reducing the cost of borrowing
- Additional credit up to 20% of peak working capital utilised during Q4 FY 2025-26 (capped at Rs.100 crore). For airlines up to 100% (capped at Rs.1,500 crore) per borrower, subject to conditions
- Loan Tenure: For MSMEs/Non MSMEs - 5 years from the date of first disbursement including a 1-year moratorium. For airlines 7 years from the date of first disbursement including a 2-year moratorium
- Scheme valid for loans sanctioned up to 31st March 2027

Expected Impact of the Scheme:

- Helps businesses tide over liquidity challenges arising from the West Asia situation.
- Supports continuity of operations and sustains supply chains.

- Assists in protecting jobs and maintaining business stability.
- Facilitates access to additional working capital through banks and financial institutions.
- Promotes uninterrupted domestic production and strengthens economic resilience.

You are advised to take note of the above scheme.

Regards,

Dr. Siddhartha Rajagopal
Executive Director

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