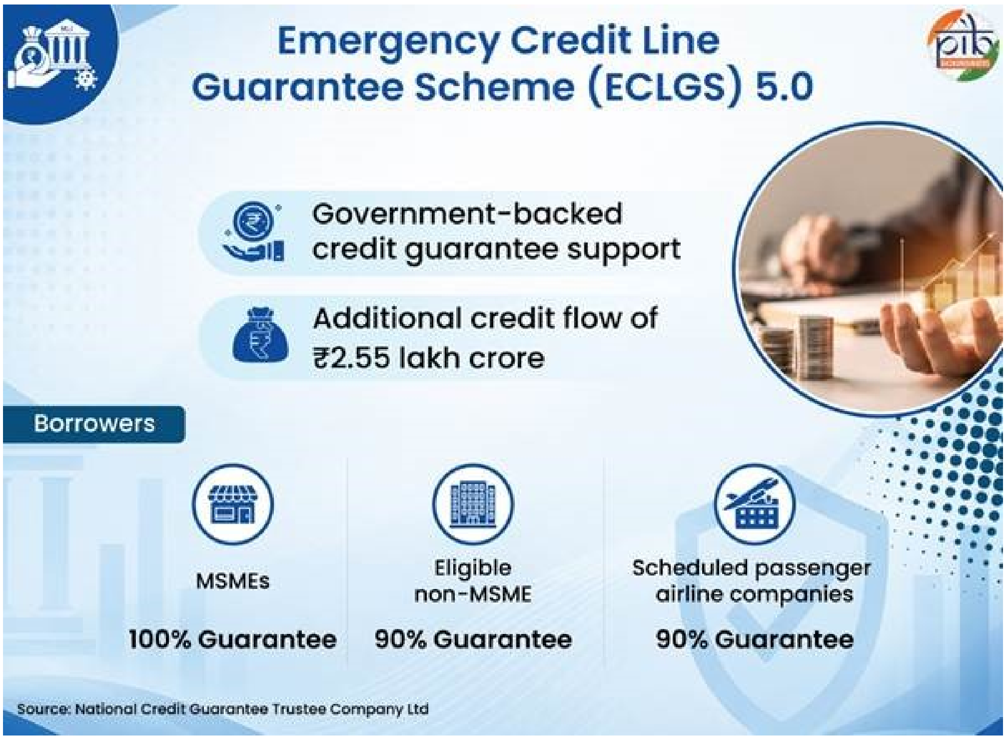
Emergency Credit Line Guarantee Scheme (ECLGS) 5.0

Strengthening Business Resilience through Timely Credit Support

*• The ECLGS 5.0 provides **targeted credit guarantee support** to businesses affected by external disruptions.*
*• Implemented by the **National Credit Guarantee Trustee Company**, the scheme enables eligible lending institutions to extend additional working capital with reduced credit risk.*
• It supports MSMEs, eligible non-MSME businesses and scheduled passenger airlines through government-backed guarantees.
• Building on the earlier phases of ECLGS introduced during the COVID-19 pandemic, the scheme strengthens access to institutional credit while supporting business continuity.
• Extensive outreach, digital access through the Jan Samarth Portal and participation of banks and financial institutions have expanded its reach.
• By improving liquidity, preserving employment and strengthening supply chains, ECLGS 5.0 contributes to business resilience and sustained economic growth during periods of global uncertainty.

Supporting Enterprises During External Economic Shocks

- India remains committed to sustaining economic growth, safeguarding livelihoods and ensuring uninterrupted business operations amid evolving geopolitical developments.
- Such developments can affect supply chains, increase logistics costs and create liquidity pressures for businesses across sectors.
- To address these challenges, the Government approved **the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 on 5th May 2026**.
- The scheme is implemented by the **National Credit Guarantee Trustee Company (NCGTC**).
- It provides **government-backed credit guarantees** to Member Lending Institutions (MLIs) for extending **additional working capital to eligible business borrowers**.
- It aims to facilitate an additional credit flow of up to ₹2.55 lakh crore.



- The scheme **supports uninterrupted domestic production and resilient supply chains**.
- It also helps businesses preserve employment and sustain economic activity during external disruptions.
- Moreover, enhanced liquidity enables enterprises to meet short-term operational and financial commitments.

Evolution of ECLGS

- **The ECLGS** was launched in **2020** under the **Aatmanirbhar Bharat Package**.
- The scheme aimed to help businesses overcome financial stress caused by the COVID-19 pandemic.
- It enabled MLIs to extend additional credit with 100% Government-backed guarantee support. ECLGS has evolved through successive phases to address the changing needs of different sectors.
- **ECLGS 1.0** covered **Micro, Small and Medium Enterprises (MSMEs), business enterprises, Mudra borrowers and individual business loans**.
- Borrowers with outstanding loans not exceeding ₹50 crore and days past due upto 60 days as on 29 February 2020 were eligible.
- **ECLGS 2.0** expanded coverage to **26 stressed sectors** identified by the Kamath Committee and the healthcare sector.
- It covered borrowers with outstanding loans above ₹50 crore and up to ₹500 crore with days past due upto 60 days as on 29.02.2020.
- **ECLGS 3.0** extended support to the **hospitality, travel & tourism, leisure & sporting and civil aviation sectors.**
- Eligible borrowers had credit facilities with lending institutions and up to 60 days past due as on 29 February 2020.
- **ECLGS 4.0** focused on strengthening healthcare infrastructure during the pandemic.

- It covered **hospitals/nursing homes/clinics/medical colleges/ and manufacturers of liquid oxygen, oxygen cylinders** etc. Eligible entities had credit facilities with lending institutions and up to 90 days past due as on 31 March 2021.
- Each phase broadened the scheme's coverage in response to evolving economic and sector-specific requirements.
- **From ECLGS 1.0 to 4.0, 1.19 crore guarantees** were issued, amounting to **₹3.68 lakh crore**.
- The schemes subsequently concluded on 31 March 2023.

Salient Features of ECLGS 5.0

- **ECLGS 5.0** is operational until **31 March 2027**, or until guarantees amounting to ₹2.55 lakh crore are issued, whichever is earlier.
- It covers **MSMEs**, **eligible non-MSME business borrowers and scheduled passenger airline companies.**
- Borrowers must satisfy the eligibility conditions prescribed by **NCGTC**, including account status and other applicable lending norms.
- Credit assistance is provided through **Scheduled Commercial Banks**, **Scheduled Urban Co-operative Banks, Financial Institutions** and eligible **Non-Banking Financial Companies**.

MSMEs and Eligible non-MSMEs

- **Eligible borrowers**: The scheme is available to borrowers with **existing working capital facilities from MLIs** as on 31 March 2026.
- Their loan repayments should not be overdue by more than 60 days. Borrowers who have already availed additional credit under the **Credit**
- **Guarantee Scheme for Exporters (CGSE)** are not eligible for assistance under ECLGS 5.0 up to the amount already availed under CGSE.
- **The scheme is available to MSMEs across all sectors**. For eligible **non-MSME borrowers, certain sectors are excluded from coverage under the scheme**.
- These include Non-Banking Financial Companies (NBFCs), power (Generation, transmission and distribution), telecom service providers, sugar and ethanol, and information technology companies.
- The list also includes paper and paper products, educational institutions, and beverages (excluding tea and coffee) and tobacco.
- Where a borrower operates in both eligible and ineligible sectors, the lending institution determines eligibility based on the proportion of turnover generated from eligible sectors during **FY 2025–26**.
- **Credit guarantee coverage**: 100% guarantee for loans extended to eligible MSMEs and 90% guarantee coverage for eligible non-MSMEs
- **No guarantee fee** is payable by MLIs under the scheme.

Member Lending Institutions (MLIs) are lending institutions registered under ECLGS 5.0 for extending additional credit facilities to eligible borrowers. This includes Public and Private Sector Banks, Small Finance Banks, Foreign Banks, Co-operative Banks, Regional Rural Banks, Non-Banking Financial Companies (NBFCs) and Finance Institutions

- **Additional credit support**: The scheme provides additional credit of up to 20% of the peak fund-based working capital outstanding during the fourth quarter of FY 2025–26, subject to a ceiling of ₹100 crore per borrower.
- **Interest rate of credit:** The scheme ensures that loans are available at regulated interest rates.
- For MSMEs, the rate is based on EBLR, while eligible non-MSMEs are charged based on MCLR.
- In both cases, lending institutions may charge up to 0.75% above the benchmark, subject to an overall ceiling of 9% per annum. For loans extended by eligible NBFCs, the rate of interest shall not exceed 13% per annum.

External Benchmark Lending Rate (EBLR) is the benchmark interest rate used by banks to determine floating interest rates on eligible retail and micro and small enterprise loans. The benchmark is set by Reserve Bank of India (RBI).
The **marginal cost of funds-based lending rate (MCLR)** is an internal reference rate for banks fixed by the Reserve Bank of India (RBI). It helps banks to define the minimum interest rate on different types of loans.

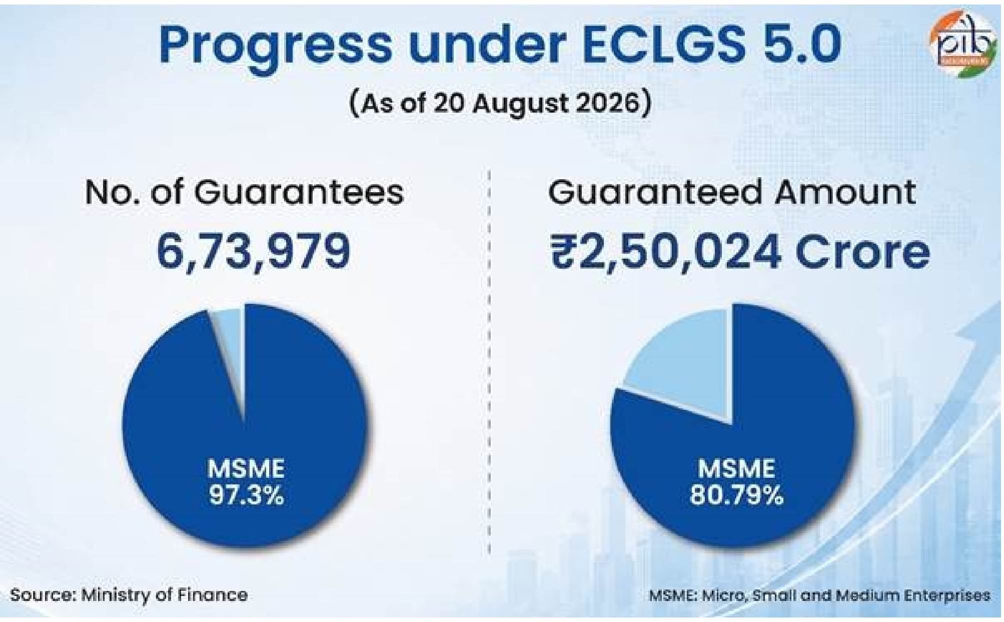
- **Loan tenure:** The loan will have a 5-year tenure from the date of first disbursement, including a 1-year moratorium.

Scheduled Passenger Airlines

- **Eligibility condition**: Business enterprises in the scheduled passenger airline sector are eligible if they had outstanding fund-based and non-fund-based credit facilities from MLIs as on 31 March 2026. The credit facilities should be classified as 'Standard' (excluding SMA-2) on the same date.
- **Credit guarantee coverage**: A 90% credit guarantee is available for loans extended to eligible scheduled passenger airlines.
- **No guarantee fee** is payable by MLIs under the scheme
- **Additional credit support:** The scheme provides additional credit of up to 100%, subject to a ceiling of ₹1,500 crore per borrower, based on specified eligibility conditions. Of this, any amount beyond ₹1,000 crore and up to ₹1,500 crore shall be permitted only with a proportionate amount of equity contribution from the promoters/owners.
- **Interest rate of credit:** The lending institution will determine the rate of interest in accordance with its Board-approved policy.
- **Loan tenure:** The loan will have a tenure of 7 years from the date of first disbursement, including a 2-year moratorium.

ECLGS 5.0 in Action

- ECLGS 5.0 has witnessed encouraging progress since its launch. As on 20 August 2026, **6,73,979 guarantees have been issued** under the scheme.
- The **guaranteed amount reached ₹2,50,024 crore**. The strong uptake reflects the scheme's rapid adoption across the lending ecosystem.
- **MSMEs accounted for 97.3% of all guarantees issued by number** and **80.79% of the total guaranteed amount**.
- Eligible borrowers can access the scheme through the **Jan Samarth Portal.**



- The Government is actively promoting awareness to maximise the scheme's reach.
- **Phase 1: Outreach campaigns** were conducted across **9 locations between 20 May and 6 June 2026.**
- The campaigns were organised through State Level Bankers' Committees (SLBCs). NCGTC, PSB Alliance, banks, industry associations and enterprises participated actively.
- **Phase 2: Outreach is continuing across 10 additional locations, with 4 already completed**.
- A wide network of banks and NBFCs ensures broad geographical and sectoral coverage.
- MLIs continue to reach out to eligible borrowers through multiple communication channels

Sustaining Growth and Enterprise

- ECLGS 5.0 reinforces India's commitment to supporting businesses during periods of global uncertainty. It strengthens access to institutional credit through government-backed guarantees.
- The scheme enables enterprises to continue operations, preserve employment and maintain supply chains.
- **By enhancing business resilience, ECLGS 5.0 contributes to sustaining India's economic growth momentum.**

References

[PIB| ECLGS 5.0]