



## Commerce

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# A study on Impact of CGTMSE (Credit Guarantee Fund Trust for Micro & Small Enterprises) on the economy of Bihar with special reference to Patna

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**Abstract :** *Worldwide, the Micro, Small and Medium Enterprises (MSMEs) have been accepted as the engine of economic growth for promoting equitable development. Collateral free and third party guarantee free loan up to Rs. 100 lakhs under CGTMSE, not only boosts the credit viability of the MSEs, but also encourages efficiency of the MSEs and plays an important role in the economic growth.*

*During the course of study, we found that: (i) CGTMSE is a good scheme for small entrepreneurs who suffer due to absence of collateral or third party guarantee. (ii) The time*

*usually taken to grant loan: (a) 2 weeks for loan up to 10 lakhs. (b) 3 weeks for loan up to 100 lakhs. (iii) Satisfaction level of the sample units was 90%, mainly due to timely sanction of loan. (iv) The popularity of CGTMSE is average in Patna. (v) There is a positive impact of CGTMSE on the economy: (a) 50% increase in income level of beneficiaries. (b) 200% in employment generation. The study is also an approach to find out the impact of CGTMSE on the economy of Patna with regard to factors such as employment generation and income growth. We have tried to know and analyze the level of impact it has on the economy through the MSEs and how popular this scheme is among the MSEs. Based on the feedback received by the respondents who were the target entrepreneurs (micro and small), following was the outcome about 90% micro and small entrepreneurs were satisfied with this scheme. But many enterprises, especially those of the manufacturing sector, are closed down and those existing were unaware of this scheme. This shows that despite being so helpful CGTMSE has not penetrated much in the economy of Patna. Among the enterprises interviewed, most of them were from the service sector.*

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**Key words:** *MSEs, CGTMSE, collateral free loan, impact on the economy, income, employment, service sector and manufacturing sector.*