Delhi Credit Guarantee Scheme (DCGS)

Up to 95% Guarantee Coverage | Guarantee Ceiling up to ₹10 Crore | No Separate DCGS Form | No Additional Fee for Enhanced Coverage

Enhanced Credit Guarantee Support for Micro and Small Enterprises in Delhi

About the Scheme

The Delhi Credit Guarantee Scheme (DCGS) has been introduced to improve access to institutional credit for Micro and Small Enterprises (MSEs) situated in the National Capital Territory of Delhi.

The Scheme builds upon the existing Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) framework. Under the normal CGTMSE framework, eligible loans are provided credit guarantee cover to reduce the lending risk of banks and other financial institutions. DCGS provides an additional benefit for eligible MSEs situated in Delhi by enhancing the overall guarantee coverage up to 95%.

The Scheme is effective for eligible credit facilities sanctioned on or after 1 February 2026.

How is DCGS More Beneficial than Normal CGTMSE Coverage?

Under the normal CGTMSE framework, the standard guarantee coverage for the general category is 75%, with higher coverage available to specified categories as per applicable CGTMSE norms. Under DCGS, eligible credit facilities to MSEs situated in Delhi can receive enhanced guarantee coverage of up to 95%.

Feature	Normal CGTMSE	Delhi Credit Guarantee Scheme (DCGS)
Guarantee coverage – general category	75%	Up to 95%
Higher coverage for specified categories	Higher coverage as applicable under CGTMSE norms	Up to 95%
Maximum eligible credit facility	Up to ₹10 crore	Up to ₹10 crore

Illustrative guarantee support on ₹10 crore – general category	₹7.50 crore at 75% coverage	Up to ₹9.50 crore at 95% coverage
Additional protection under DCGS	—	Up to ₹2 crore more guarantee coverage compared with normal 75% coverage
Application process	Normal CGTMSE application process	Same process; no separate DCGS application form
Additional requirement for DCGS	Not applicable	Lending institution selects the DCGS option
Annual Guarantee Fee	Applicable standard CGTMSE fee	No additional fee for the enhanced DCGS coverage

DCGS Guarantee Coverage Table

Category of Borrower/Enterprises	**Credit Facility (₹) limits**	**Maximum extent of Guarantee Coverage (%)**		
		CGTMSE Coverage	**NCT Delhi Govt. Additional Coverage**	**Total Coverage Under**
Micro Enterprises	0- Rs. 5 lakh	85%	**10%**	**95%**
	Above Rs. 5Lakh – Rs. 10 crore	**75%**	**20%**	**95%**
Small Enterprises	**0 – Rs.10 crore**	**75%**	**20%**	**95%**
Women Entrepreneur / MSEs promoted by Agniveers	0 – Rs.10 crore	**90%**	**5%**	**95%**
Micro & Small Enterprises (MSEs situated in Aspirational District / **ZED certified MSEs / SC/ST entrepreneurs / PWD)**	0 – Rs.10 crore	85%	**10%**	**95%**

What Does This Mean in Practical Terms?

For an eligible credit facility of ₹10 crore:

- Under normal CGTMSE coverage at 75%, the guarantee cover would be up to ₹7.50 crore.
- Under DCGS coverage at 95%, the guarantee cover can be up to ₹9.50 crore.
- This represents additional guarantee protection of up to ₹2 crore.

The enhanced coverage can reduce the Member lending institution's uncovered risk from 25% under normal 75% CGTMSE coverage to 5% under 95% DCGS coverage.

In simple terms: DCGS is an enhancement over the normal CGTMSE guarantee framework for eligible MSEs in Delhi. The borrower approaches the bank in the normal manner, the bank follows its usual appraisal and sanction process, and the existing CGTMSE guarantee application process continues. The additional benefit is enhanced guarantee coverage of up to 95%, without any additional fee for the enhanced portion.

Why Does Enhanced Guarantee Coverage Matter?

Higher guarantee coverage reduces the portion of lending risk that remains with the lending institution. This enhanced protection is intended to:

- provide greater comfort to lending institutions while considering eligible MSE loan proposals;
- encourage greater flow of institutional credit to Micro and Small Enterprises in Delhi;
- improve access to finance for enterprises that may not have adequate collateral; and
- support viable businesses seeking funds for establishment, expansion or working capital requirements.

The enhanced guarantee coverage does not mean automatic sanction of a loan. The concerned bank or lending institution will continue to examine and sanction each credit proposal in accordance with its applicable lending norms.

Who Can Benefit?

The Scheme is available to new and existing Micro and Small Enterprises situated in NCT of Delhi.

Eligible enterprises may be engaged in:

- Manufacturing
- Services
- Retail trade
- Wholesale trade
- Educational and training activities

Eligible credit facilities include both Term Loans and Working Capital facilities. Agriculture and Self-Help Groups (SHGs) are not covered under the Scheme.

Main Benefits of DCGS

Enhanced Guarantee Coverage of up to 95%

Eligible credit facilities can receive guarantee coverage of up to 95%, providing greater comfort to lending institutions and encouraging increased credit flow to MSEs in Delhi.

Collateral-Free Credit Support up to ₹10 Crore

Eligible MSEs can avail credit facilities of up to ₹10 crore without collateral security and third-party guarantee, subject to appraisal and sanction by the concerned lending institution.

Flexibility Through the Hybrid Security Model

A lending institution may accept available collateral, while the unsecured portion of the credit facility, up to the eligible limit of ₹10 crore, can be covered under the guarantee framework.

No Additional Fee for Enhanced DCGS Coverage

The enhanced guarantee coverage is available without any additional fee over and above the applicable standard CGTMSE Annual Guarantee Fee.

No Separate DCGS Application

There is no separate application form for DCGS. The existing CGTMSE guarantee application process continues, with the lending institution making the required selection for DCGS.

Available to New and Existing Enterprises

Eligible credit facilities extended to both new and existing MSEs situated in Delhi can be covered under the Scheme.

How Does the Scheme Work?

1. The entrepreneur approaches an eligible bank or lending institution for a Term Loan and/or Working Capital facility.
2. The lending institution appraises the loan proposal as per its normal lending procedure.
3. After sanction, the lending institution applies for guarantee coverage through the existing CGTMSE process.
4. The lending institution selects the DCGS option while submitting the guarantee application. No separate DCGS application form is required.
5. CGTMSE processes the guarantee application and generates the applicable fee.
6. Upon payment of the applicable fee, guarantee coverage is issued.
7. The eligible credit facility receives the enhanced guarantee coverage available under DCGS.

From the borrower's perspective, the normal process of approaching the bank remains unchanged. The enhanced DCGS benefit is processed through the lending institution under the existing guarantee mechanism.

Which Banks and Lending Institutions Can Provide Loans Under DCGS?

The Scheme is available through eligible CGTMSE Member Lending Institutions, including:

- Public Sector Banks
- Private Sector Banks

- Foreign Banks
- Small Finance Banks
- Regional Rural Banks
- Eligible Co-operative Banks
- Select Financial Institutions
- NBFCs

Applicants may approach an eligible Member Lending Institution for consideration of their credit proposal under the applicable lending norms.

Annual Guarantee Fee

The applicable Annual Guarantee Fee ranges from 0.37% to 1.20% per annum, depending upon the amount of the credit facility.

An additional 10% concession on the applicable standard rate is available to eligible categories, including:

- Women entrepreneurs
- Transgender entrepreneurs
- SC/ST entrepreneurs
- Persons with Disabilities (PwD)
- ZED-certified MSEs
- MSEs situated in Aspirational Districts

Most importantly, no additional Annual Guarantee Fee is charged for the enhanced guarantee coverage available under DCGS.

A Boost for Delhi's Entrepreneurs

By providing enhanced credit guarantee support, DCGS seeks to improve access to institutional finance and reduce dependence on collateral for eligible Micro and Small Enterprises in Delhi.

The Scheme aims to support:

- creation of new enterprises;
- expansion of existing businesses;
- greater flow of institutional credit to MSEs;
- employment generation; and
- inclusive economic growth in Delhi.

Interested in starting or expanding a Micro or Small Enterprise in Delhi?
Approach an eligible CGTMSE Member Lending Institution to explore credit facilities available under the Delhi Credit Guarantee Scheme.