

# Emergency Credit Line Guarantee Scheme (ECLGS)

(Current Context, Bank Performance & Strategic Implications )

## ECLGS 5.0 - Key Features

5.0

### FINANCIAL TARGETS

Target Additional Credit

₹2,55,000 crore

(Incl. ₹5,000 Cr for Airlines)

### GUARANTEE COVERAGE

100% for MSMEs

90% for Non-MSMEs & Airlines

### TENOR & OTHER TERMS

Tenor

5 years (1-yr Moratorium)

Airlines: 7 years (2-yr Moratorium)

### ELIGIBILITY & QUANTUM

Eligibility

Standard accounts as on  
31 March 2026

Quantum

Up to 20% of peak WC utilization in Q4 FY26

Capped at ₹100 Cr (General)

Airlines: Up to ₹1,500 Cr

Guarantee Fee

NIL

Sanctions valid till  
31 March 2027

# Targeted Additional Credit of 2.55 Lakh Cr & its Macroeconomic Effects Estimated ...

## Benefits to Economy

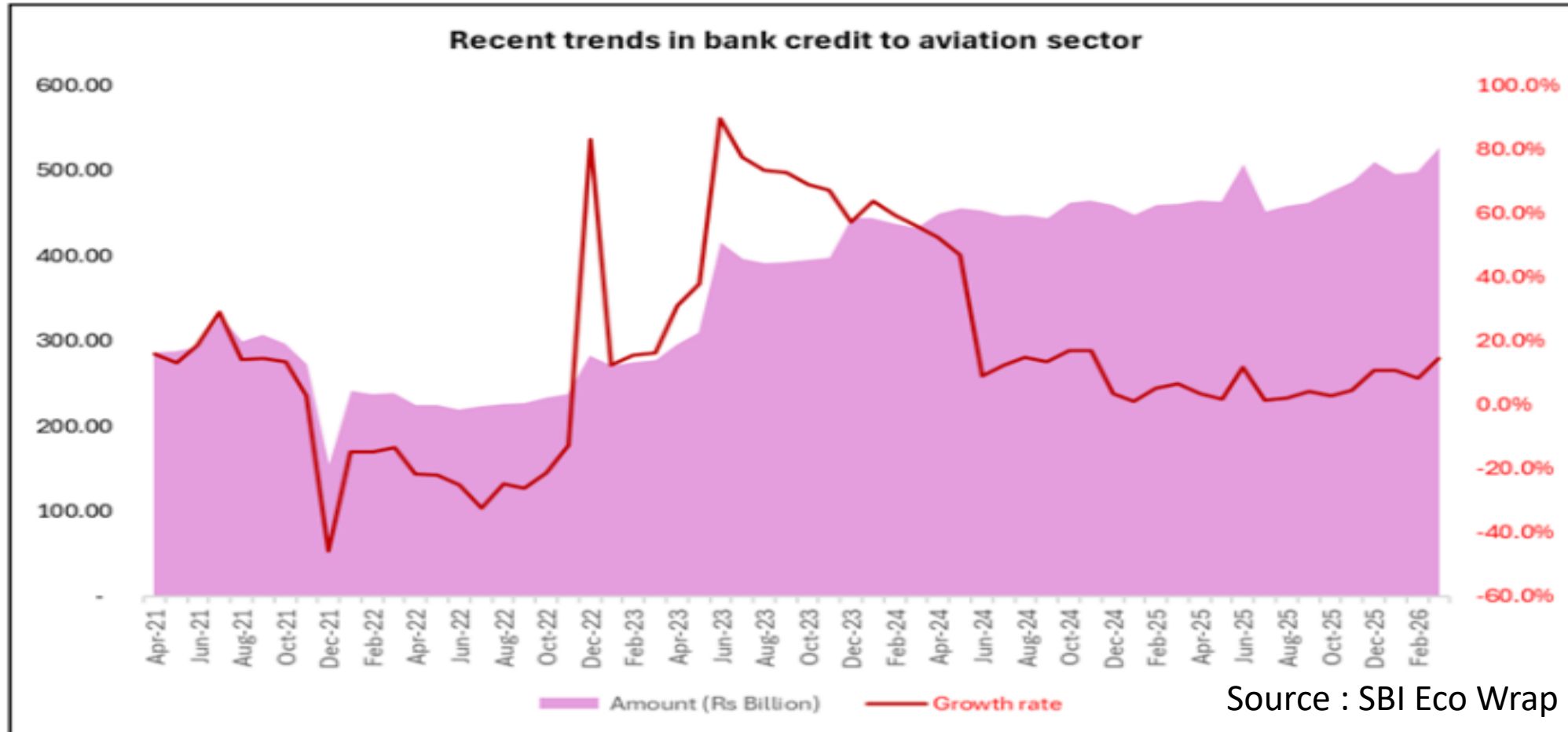
Sr. No	Description	Value	Remarks
A.	Total (Bank + NBFC ) Credit Outstanding	Rs.250 Lakhs Cr.	
B.	ECLGS 5.0 Estimated Disbursement	2.55 Lakh Cr	
C.	% of Outstanding Lending (B/A)	1.02%	<i>Small but targeted (1.02% of total credit).</i>
D.	2025-26 Union Budget total expenditure/outlay	50.65 Lakhs Cr.	
E.	% of Indian Budgetary Outlay (B/D)	4.90%	
F.	MSME credit outstanding from banks	15 Lakhs Cr.	
G.	% of Bank's Lending to MSME (2.55/15)	= 17%	<b>17% top-up to the MSME credit book</b>
H.	No. of Job That Would Be saved	40–60 lakh jobs	<i>Assuming 1.1 Cr MSME account *average 4–6 employees per benefited micro/small unit</i>
I.	Credit Multiplier Effect (₹2,55,000 Cr / ₹18,100 Cr govt guarantee)	14 Times	<i>14.1x credit multiplier with minimal immediate fiscal burden</i>
J.	Estimated Direct + Indirect GDP Impact	₹8,000 – 15,000 Cr	<i>MSME liquidity boost (0.3–0.6x short-term multiplier)</i>
K.	Employment Multiplier	15 – 25 jobs per ₹1 Cr credit	<i>Derived from past ECLGS &amp; MSME studies</i>
L.	Export Impact (supports)	₹1.1 – 1.5 Lakh Cr of potential exports	<i>MSMEs contribute 45–46% of India's total exports; liquidity prevents disruption in export-oriented units</i>
M.	NPA Prevention	Prevents stress in 10–15 Lakh accounts	<i>Previous ECLGS prevented 13.5 Lakh accounts from NPA; expected similar protective effect</i>
N.	Fiscal Cost to Government	₹18,100 Cr (guarantee outlay)	<i>Maximum contingent liability (actual payout expected much lower)</i>

# State wise MSME Loan Guaranteed under ECLGS

STATE WISE MSMEs LOANS GUARANTEED UNDER ECLGS AS ON 31-1-2023				
State	No of Loans Guaranteed	Loan Amount Guaranteed (Rs crore)	Share (Number)	Share (Amount)
Andhra Pradesh	238,835	9,232	2%	4%
Assam	544,632	3,013	5%	1%
Bihar	783,615	3,960	7%	2%
Chhattisgarh	192,634	4,087	2%	2%
Delhi	93,672	12,422	1%	5%
Gujarat	347,592	24,022	3%	10%
Haryana	190,812	9,981	2%	4%
Himachal Pradesh	48,544	1,829	0%	1%
Jammu & Kashmir	34,358	1,236	0%	1%
Jharkhand	294,716	3,413	3%	1%
Karnataka	871,099	15,765	8%	7%
Kerala	529,710	8,405	5%	4%
Madhya Pradesh	548,468	7,971	5%	3%
Maharashtra	971,628	33,440	9%	14%
Orissa	925,611	5,388	8%	2%
Punjab	204,733	8,318	2%	3%
Rajasthan	525,681	13,468	5%	6%
Tamilnadu	873,362	26,660	8%	11%
Telangana	118,435	9,511	1%	4%
Uttar Pradesh	786,697	16,839	7%	7%
Uttarakhand	70,005	2,755	1%	1%
West Bengal	2,007,453	13,640	18%	6%
Remainig States & UTs	150,962	3,793	1%	2%

Source: PIB (National Credit Guarantee Trustee Company Limited (NCGTC))

# Bank's Credit to aviation sector has come down necessitating support

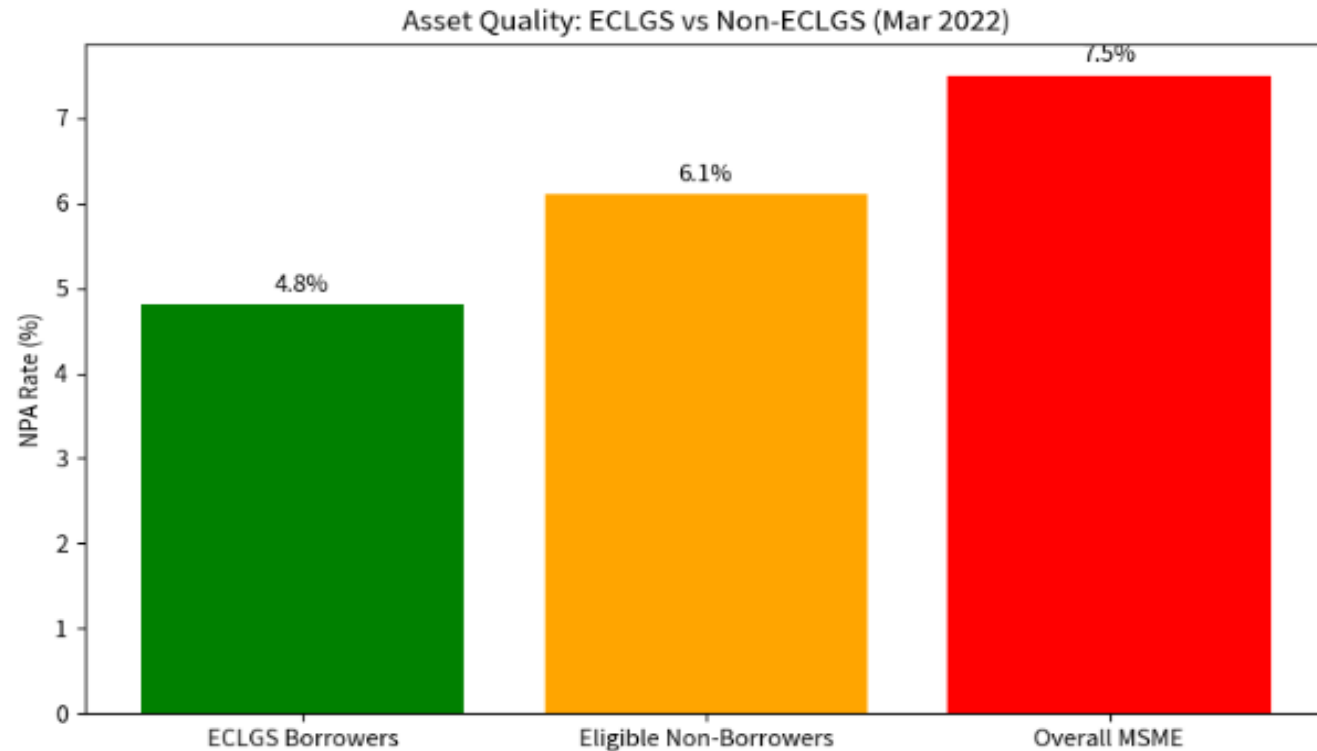


Declining Credit to Aviation + Rising ATF ( Aviation Turbine Fuel) Price is the Reason of Support to Aviation

Version	Guarantees (₹ Cr)	No. of Borrowers	% Share	Primary Focus
ECLGS 1.0	2,77,009	1,19,34,963	75%	Broad MSME
ECLGS 2.0	75,659	7,664	21%	Stressed Sectors
ECLGS 3.0	15,349	9,983	4%	Hospitality & Aviation
ECLGS 4.0	91	105	<0.1%	Oxygen Plants
Total	3,68,108	1,19,52,715	100%	-

Source: Department of Financial Services, Ministry of Finance (Official data).

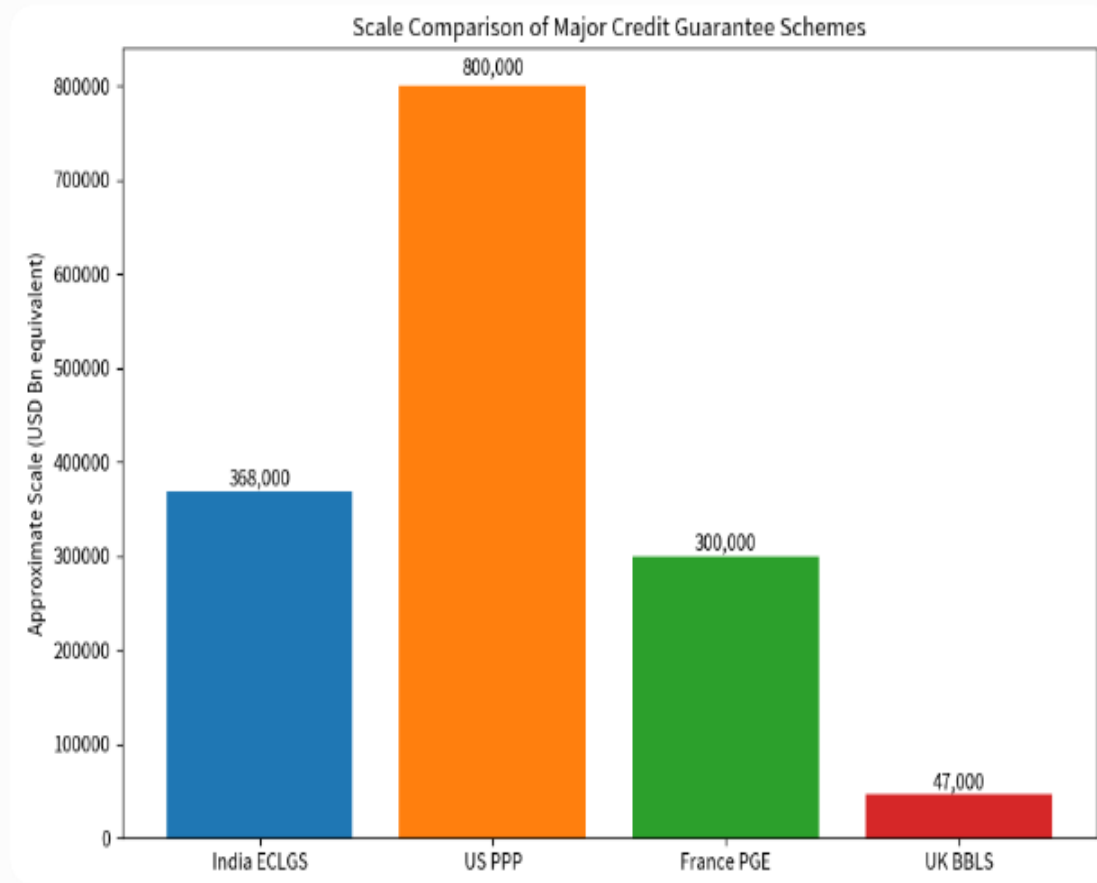
$$\% \text{ Share} = (\text{Guarantees under that Version} \div \text{Total Guarantees under all ECLGS versions}) \times 100$$



## NPA Rate Comparison (Mar 2022 data)

- ✓ ECLGS Borrowers: **4.8%**
- ✓ Eligible Non-Borrowers: **6.1%**
- ✓ Broader MSME Portfolio: **7.5%** (est.)

**Key Insight: ECLGS accounts performed better than non-ECLGS eligible accounts.**



PPP (US pay check Protection Program),  
 BBLs (UK Bounce Back Loan Scheme),  
 CBILs (UK Coronavirus Business Interruption Loan Scheme)

Impact Comparison					
Parameter	India ECLGS	US PPP	UK BBLs/CBILs	France PGE	Germany KfW
Guarantee %	100% (90% in 5.0)	100% (forgivable)	100% / 80%	70-90%	80-100%
Scale	₹3.68 lakh Cr	\$800 Bn	£47 Bn	€300 Bn	Hundreds of Bn €
Default/NPA	6%	Low (forgiveness)	Higher (25-30% claims)	Moderate	Lower
Reach (Borrowers)	1.19 crore	Millions	Millions	Broad	Broad
Fee	Nil	Nil	Low/Nil	Low	Low
Strength	MSME outreach + low NPA	Job retention	Speed & simplicity	Attractive terms	Strong screening

PGE (France Prêt Garanti par l'État (State-Guaranteed Loan),  
 KfW (Germany Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction))

## ECLGS 5.0 vs CGTMSE - At a Glance

### ECLGS 5.0

### CGTMSE

• Scheme Type	Emergency / Temporary	Permanent Scheme
• Launched	2020 (5.0 in 2026)	2000
• Guarantee Cover	100% for MSMEs   90% others	75-85% (up to 90% for special categories)
• Guarantee Fee	Nil	0.37% - 1% p.a.
• Loan Purpose	Additional / Incremental Credit	Primary Credit (New + Existing)
• Max Limit	Up to ₹100 Cr (Airlines higher)	₹10 Cr per borrower
• Eligibility	Standard accounts as on 31 Mar 2026	Micro & Small Enterprises
• Tenor	5 years (1 yr moratorium)	As per loan (usually 5-7 yrs)
• Target	Crisis liquidity support	Long-term MSE credit flow
• Risk Protection	Very High	Moderate

- ❑ *ECLGS stood out for massive micro-enterprise outreach (1.19 crore borrowers) combined with superior asset quality (6% NPA) compared to high-volume peers like UK BBLs*
- ❑ *Trade-off observed globally: 100% guarantees + minimal checks (e.g., UK BBLs) drove speed and uptake but led to higher defaults and fraud.*
- ❑ *India's model proved more cost-effective for the government (guarantee mechanism vs heavy forgiveness in US PPP)*
- ❑ *Lessons for ECLGS 5.0: Maintain strong due diligence and monitoring, especially in the aviation segment, to replicate past success while mitigating risks seen internationally.*

Views/opinions expressed in this research publication are views of the research team and not necessarily that of Canara Bank or its subsidiaries. The publication is based on information & data from different sources. The Bank or the research team assumes no liability if any person or entity relies on views, opinion or facts and figures finding in this report.

### Economic Research Vertical

---

**Samir Kumar (Senior Manager)**  
**Madhavankutty G (Chief Economist)**

For Suggestions and views please contact, Economic Research Vertical

 080-2222 3169 (Chief Economist)  
080-2227 3275 (Section)

 [chiefeconomist@canarabank.com](mailto:chiefeconomist@canarabank.com)  
[hoersection@canarabank.com](mailto:hoersection@canarabank.com)