

23<sup>rd</sup>

# ANNUAL REPORT

## 2022-23

**CREDIT GUARANTEE FUND TRUST  
FOR MICRO AND SMALL ENTERPRISES**

(Setup by Ministry of MSME, Government of India and SIDBI)



# Contents of Index

Sr. No.	Contents	Page No.
1	Letter of Transmittal	1
2	Message from Chairman	2
3	Board of Trustees of CGTMSE	3
4	MSE Sector: Overview & Growth prospects	4
5	About CGTMSE	7
6	A Nation of Entrepreneurs, CGTMSE's Nationwide Backing	8
7	Fostering Advancement through Value-Centered Schemes	10
8	Operational Highlights	12
9	Energized by Achievements for the Year 2022-23	13
10	Interactions/ Workshops	19
11	Enthused by Triumphs	21
12	The Future Remains Our Ongoing Journey	30
13	Committed Team Powering CGTMSE	31
14	Collaboration with various State Governments	32
15	Financial Statements	33
16	Auditor's report	34

## Letter of Transmittal

Credit Guarantee Fund Trust for Micro and Small Enterprises,  
Swavalamban Bhavan, SIDBI, 1<sup>st</sup> Floor,  
C-11, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051.

26<sup>th</sup> October, 2023

To,  
The Additional Secretary & Development Commissioner (MSME)  
Ministry of Micro, Small and Medium Enterprises,  
Government of India  
Office of the Development Commissioner (MSME)  
Nirman Bhavan, 7<sup>th</sup> Floor, "A" Wing,  
Maulana Azad Road,  
New Delhi – 110 108

The Chairman and Managing Director  
Small Industries Development Bank of India  
Head Office, SIDBI Tower, 15, Ashok Marg  
Lucknow- 226 001

Dear Sir,

In terms of Clause 14.2 of the Declaration of Trust executed by the Government of India and Small Industries Development Bank of India, the Settlers, we forward herewith the following documents:

1. A copy of audited accounts of the Trust for the financial year ended 31<sup>st</sup> March, 2023 together with Auditor's Report and
2. A copy of the report on the working of Credit Guarantee Fund Trust for Micro and Small Enterprises for the period ended 31<sup>st</sup> March, 2023.

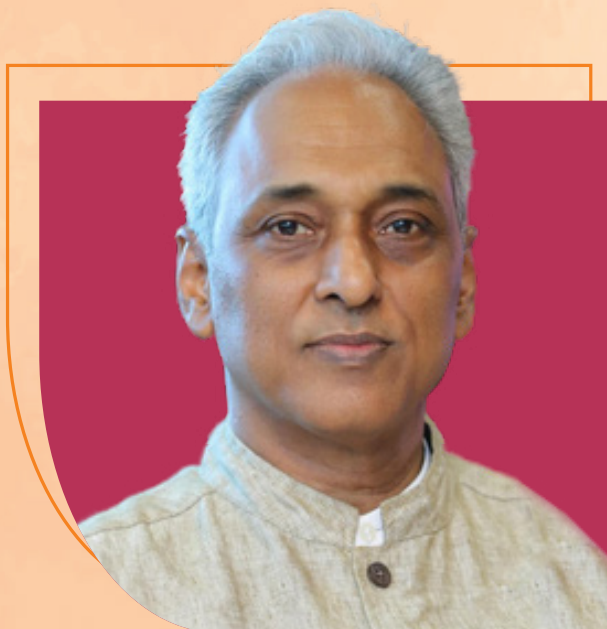
Yours faithfully,

Sd/-  
**(Sandeep Varma)**  
Chief Executive Officer

Place: Mumbai



# Message from Chairman



## Dear Stakeholders,

I am pleased to unveil our performance for the financial year 2022-23 through this Annual Report. The year has been a testament to our commitment to empower micro and small enterprise sector of our country and I am glad to report on the progress we have made.

The fiscal year 2023 had been a year of consolidation as the economies devastated by COVID 19 tried to bring themselves back on track. Notwithstanding that the Indian Economy also faced uncertainties on account of supply chain disruption owing to Russia Ukraine war, rising prices etc. CGTMSE remained resolute in its mission to support and facilitate the growth of our nation's entrepreneurial spirit. We continued to stand as a pillar of strength for small & micro businesses, offering financial security and enabling them to reach new heights.

Micro and Small Enterprises (MSEs) are the unsung heroes of our economy. They are engines of innovation and entrepreneurship and therefore, are the lifeblood of any thriving economy. As we acknowledge their crucial role, let us remember that these small & micro enterprises hold the power to shape

our future and drive us towards a more vibrant and sustainable world. It is therefore projected that the MSME sector to be worth ₹ 1 trillion by 2028. This optimism is supported by Government of India through infusion of ₹ 9,000 crore to the corpus of revamped credit guarantee scheme. This would enable additional collateral-free guaranteed credit of ₹ 2 lakh crore in next 3 years.

I am delighted to report that during the fiscal year, CGTMSE extended its reach and support to broad spectrum of entrepreneurs. FY 2023 witnessed outstanding performance with 11,65,786 number of guarantees worth ₹ 1,04,781 crore approved for the first time since inception.

Our commitment to innovation and excellence has been unwavering. We have continued to refine our processes, enhance our technological infrastructure and collaborated with various State Governments to ensure efficiency in delivery of our services. As a result, we have been able to provide even more accessible and streamlined credit guarantee solutions. We have also been proactive in participating in events organized by various international organizations, solidifying our position as a credit guarantee institution on the global stage.

In the coming years, CGTMSE would continue to strive relentlessly to bring about a transformation in the bank's lending to MSE sector by providing overwhelming support and incorporating confidence building measures in its operations to make collateral-free lending to MSEs, the most preferred option.

I would like to express my deepest gratitude to our dedicated team and our member lending institutions for their hard work and commitment. Their unwavering dedication to our mission has been the cornerstone of our success.

I also place on record my gratitude to Board Members, the Ministry of MSME, Govt. of India, the Reserve Bank of India, Indian Banks' Association and the Small Industries Development Bank of India for their valuable, timely and continuous support in the CGTMSE's endeavour to create an enabling environment for the MSE sector. Together, we have navigated through the challenges and triumphed over adversity, ensuring that CGTMSE remains a strong and reliable support system for micro and small enterprises.

I extend a warm invitation to our future associates and stakeholders to join us in our journey to make a brighter tomorrow and support the sustainable development of our country.

Looking ahead, we are filled with optimism and determination. The challenges may be ever-present, but so is our resolve. In the coming year, we will redouble our efforts to better serve the needs of the micro and small enterprises sector. We will seek new avenues to foster entrepreneurship and financial inclusion and continue our role as a catalyst for economic growth.

Empowering Entrepreneurs Every Step of the Way.

**Shri Sivasubramanian Ramann**

IA&AS, Chairman (Ex-Officio)



# Board of Trustees of CGTMSE

(Status as on September 01, 2023)



**Shri Sivasubramanian Ramann** | IA&AS, Chairman (Ex-Officio)

Chairman & Managing Director

Small Industries Development Bank of India

Head Office: 'SIDBI Tower', 15, Ashok Marg, Lucknow - 226 001

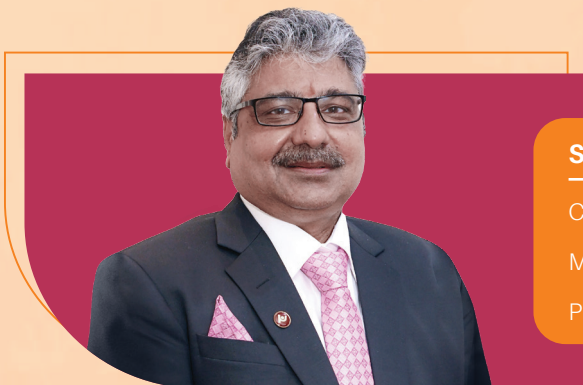


**Dr. Rajneesh** | I.A.S, Vice- Chairman (Ex-officio)

Additional Secretary and Development Commissioner (MSME)

Ministry of MSME, Government of India, "A" Wing, 7<sup>th</sup> Floor,

Nirman Bhavan, Maulana Azad Road, New Delhi - 110 108

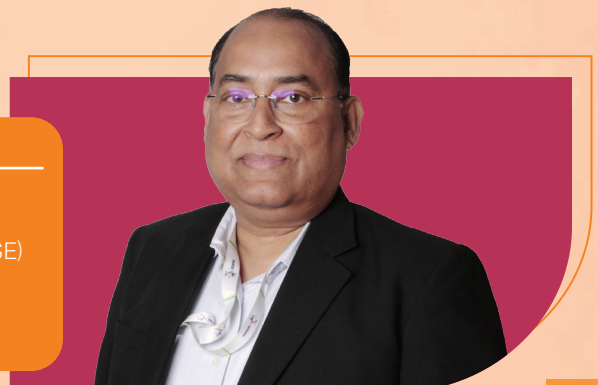


**Shri Atul Kumar Goel** | Member (Ex-Officio)

Chairman, Indian Banks' Association (IBA)

Managing Director & Chief Executive Officer of Punjab National Bank

Plot No. 4, Sector - 10, Dwarka New Delhi - 110 075



**Shri Sandeep Varma** | Member Secretary

Chief Executive Officer

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

1<sup>st</sup> Floor, SIDBI Swavalamban Bhavan, Avenue 3, Lane 2, G- Block,  
Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

# MSE Sector: Overview & Growth prospects



## Background

Across the world, June 27 is earmarked to celebrate the Micro, Small, and Medium Enterprises (MSMEs) and their immense contribution to the economy. The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. It is undoubtedly the backbone of the Indian Economy as nearly 6 crore plus MSMEs contribute almost 30% to the country's GDP, make up for almost 50% of the country's total exports and provides employment to over 113 million people.

India has approximately 630 lakh MSME corporates of which only 250 lakh have ever availed credit from formal sources. While the sector continues to grow at a projected compound annual growth rate (CAGR) of 2.5%, the

number of MSME corporate entities is expected to touch 750 lakh by FY 23. Of these, around 500 lakh are expected to be NTC MSMEs. Lenders



From the food that we eat to the car that we drive – it would not be wrong to say that every product in our lives has seen some contribution of MSMEs. Small businesses have an outsized impact on our lives

– **Shri Narayan Rane**

Hon'ble Union Minister, MSME



can tap into this vast segment by identifying deserving NTC MSMEs, connecting with them and customizing credit products for their requirements

## MSE Sector Overview & Government initiatives

The progressive reforms introduced by the government for the MSME sector resurgence have borne fruit as reflected in the vigorous business activity and improved credit uptake in micro and small segments.

Ministry has replaced the erstwhile process of filing of Udyog Aadhaar Memorandum, by 'Udyam' registration on a portal developed by this Ministry based on composite criteria of classification of MSMEs, notified vide Notification dated 26.06.2020. An analysis of Udayam Registration provides a break-up of Manufacturing and Services MSMEs. It may be noted that MSMEs in Service Sector (72%) comprise a larger proportion of Udayam Registration as compared to those MSMEs in Manufacturing Sector (28%). Furthermore, Micro enterprises (96%) constitute the vast majority of the enterprises followed by the Small Enterprises (3%) and the Medium Enterprises (1%) of the total of Udayam Registration

The Ministry of MSME runs numerous schemes targeted at:-

- a) providing credit and financial assistances,
- b) skill development training,
- c) infrastructure development,
- d) marketing assistance,
- e) technological and quality upgradation and,
- f) Other Services for the MSMEs across the country.

The Government of India (GoI) has been very proactive

in encouraging the MSME segment and ensuring that large number of MSMEs benefit from various incentive schemes launched.

## Various Scheme for MSME

- A) Schemes for Credit and Financial assistance to MSMEs
  - a. Prime Minister's Employment Generation Programme (PMEGP)
  - b. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) - Enabler of Collateral Free Credit for MSEs
- B) Schemes for Skill Development and Training
  - a. Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)
  - b. Entrepreneurship and Skill Development Programmes (ESDP)
- C) Schemes for Infrastructure Development - Support through Cluster Approach.
  - a. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
  - b. Micro and Small enterprises Cluster Development Programme (MSE-CDP)

- D) Scheme for Marketing Assistance
  - a. Scheme for providing financial assistance to Khadi institutions under MPDA
- E) Schemes for Technology Upgradation and Competitiveness
  - a. MSME Sustainable (ZED)
  - b. MSME-Innovative (for Incubation, IPR, Design and Digital MSME)
- F) Other Schemes for the MSMEs across the country
  - a. Ministry of MSME UNIDO, GEF-5 Project on 'Promoting Market Transformation for Energy Efficiency in Micro, Small & Medium Enterprises'
  - b. Raising and Accelerating MSME Performance (RAMP) Scheme

removing the on-ground hurdles, easy access to credit being a prime example. Schemes such as CGTMSE have helped many MSEs access formal credit with ease.

It is important to bring the MSE sector under the umbrella of financial inclusion in India. Sustainable growth of this sector will be ensured only if they are able to easily access finance in a timely manner. This can be achieved only if there is a strong financial ecosystem. Apart from banks and NBFCs, fintech companies are also exploring innovative digital financial solutions to MSEs. Digital lenders have an innovative approach to lending. They are pushing the Credit underwriting frontiers in mapping creditworthiness of borrowers by scanning their economic behavior, payment history etc. through various data sources available with consent. Going forward, the entry of more data and technology-driven fintechs to finance MSEs will strengthen both - the MSEs and the financial sector.

No doubt there is a long road to traverse but it is also beyond doubt that with entrepreneurship, innovation and agility at its core, the MSE sector cannot only play a vital role in making India a US\$5 trillion economy in the next five years but can also become a growth engine for making India a developed country by 2047.

## Outlook

There is no doubt that MSEs play a critical role in Nation Building and growth of the economy. It is necessary that the support to this segment is accelerated and government targets its ease of doing business initiative towards MSEs. The targeted government policies can be a major catalyst in guiding MSEs to the desired sectors of the economy to fuel growth of the economy. This could be done by framing conducive policies, offering incentives and most important,







# About CGTMSE

## Fueling ideas, Nurturing Entrepreneurial Soar

The economic and social development across the globe is greatly impacted by the part played by the Micro and Small Enterprises (MSEs). The MSEs play a key role in development of the economy with their efficient, flexible, innovative and entrepreneurial spirit.

Although MSEs hold a significant importance in the Indian economy, they continue to face challenges in relation to access to institutional credit particularly by first generation entrepreneurs, collateral requirements, start-ups etc. It was against this background that the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was established in July 2000 by Government of India and SIDBI with the objective of guaranteeing collateral and/or third party guarantee free credit facilities so as to boost flow of credit to the Micro and Small Enterprises (MSE) sector in India.

CGTMSE has established itself as a vital institution in facilitating flow of collateral free credit to units in MSE sector in the last 23 years of its existence. CGTMSE has from time to time introduced various changes in the guarantee schemes which make the Scheme more attractive to the

MLIs and enable increased credit flow to the MSE Sector.

CGTMSE has been a catalyst for positive change in the entrepreneurial landscape of India. It has not only facilitated easier access to credit for MSEs but has also played a crucial role in shaping success stories and contributing to the economic development of the country. The success of MSEs supported

by CGTMSE has a ripple effect on the economy. As these businesses grow, they contribute to local economic development, generate employment, and add to the overall economic output.

As a catalyst for nation-building, CGTMSE mirrors hope and resonates with kindness through concerted endeavours motivated by passion and upheld by trust.



# A Nation of Entrepreneurs, CGTMSE's Nationwide Backing



**Disclaimer:** This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.



## State-wise guarantee coverage for CGS - I & II in FY 2022-23

Sr. No.	States / UTs (Union Territories)	No. of Guarantees	Amount Approved (₹ in Crore)
1	ANDAMAN & NICOBAR	495	50
2	ANDHRA PRADESH	2,37,520	3,545
3	ARUNACHAL PRADESH	935	147
4	ASSAM	21,195	2,156
5	BIHAR	42,360	3,468
6	CHANDIGARH	1,706	303
7	CHHATTISGARH	17,733	1,569
8	DADRA & NAGAR HAVELI	364	80
9	DAMAN & DIU	141	30
10	DELHI	21,458	4,897
11	GOA	2,826	325
12	GUJARAT	43,336	8,209
13	HARYANA	30,343	5,025
14	HIMACHAL PRADESH	14,898	1,275
15	JAMMU & KASHMIR	51,431	1,808
16	JHARKHAND	21,090	2,488
17	KARNATAKA	53,766	7,712
18	KERALA	25,761	2,121
19	LADAKH	467	44
20	LAKSHADWEEP	25	3
21	MADHYA PRADESH	50,289	5,290
22	MAHARASHTRA	66,055	11,926
23	MANIPUR	2,268	171
24	MEGHALAYA	1,410	160
25	MIZORAM	1,032	74
26	NAGALAND	1,813	162
27	ODISHA	34,081	3,045
28	PUDUCHERRY	1,087	107
29	PUNJAB	49,720	4,385
30	RAJASTHAN	72,391	5,366
31	SIKKIM	765	61
32	TAMILNADU	61,883	7,114
33	TELANGANA	29,792	3,503
34	TRIPURA	3,845	207
35	UTTAR PRADESH	1,30,769	10,742
36	UTTARAKHAND	16,296	1,177
37	WEST BENGAL	54,440	6,036
<b>Total</b>		<b>11,65,786</b>	<b>1,04,781</b>

N.B: Actuals may vary due to intervening cancellations / modifications.

# Fostering Advancement through Value-Centered Schemes

Availability of bank credit without the hassles of collaterals / third party guarantees would be a major source of support to the first generation entrepreneurs to realise their dream of setting up a unit of their own Micro and Small Enterprise (MSE). Keeping this objective in view, Ministry of Micro, Small & Medium Enterprises (MSME), Government of India and SIDBI launched Credit Guarantee Scheme (CGS) so as to strengthen credit delivery system and facilitate flow of credit to the MSE sector.

The success of CGTMSE is not only reflected in the increased accessibility of credit for MSEs but also in the positive impact on job creation, local economic development, and the overall resilience of the small business sector in India.

CGTMSE, dedicated to empowering micro and small enterprises, operates through a comprehensive framework comprising five impactful credit guarantee schemes designed to facilitate accessible and collateral-free financing for the growth and development of businesses.



## Credit Guarantee Scheme for Banks (CGS-I)

The Scheme is operated through Banks/LIs (Lending Institutions). Credit Guarantee upto ₹ 5 crore for the credit facilities extended by MLI to MSEs without collateral security & third party guarantee. Unsecured portion of the Credit facilities with partial collateral security can be

covered under separate product called 'Hybrid Security Model'. Special Benefits in terms of discount in fee & higher coverage are available to segments such as Women entrepreneurs / SC/ST entrepreneurs / MSEs situated in Aspirational District / ZED certified MSEs / Person with Disability (PwD) / MSE promoted by Agniveers etc.

## Credit Guarantee Scheme for NBFCs (CGS-II)

Recognizing the vital role NBFCs play in the MSE ecosystem, a dedicated Credit Guarantee Scheme (CGS-II) was devised specifically for NBFCs, aiming to streamline and facilitate convenient access to credit for the MSE sector. The scheme was launched in January 2017.



NBFCs contribute to the financial system by enhancing accessibility, fostering innovation, and addressing the diverse financial needs of businesses, especially those in underserved or specialized sectors.



### Credit Guarantee Scheme for Subordinate Debt (CGSSD)

The Scheme was introduced in June 2020 to provide credit facility to the stressed MSMEs. The objective of the scheme was to provide credit facility through lending institutions to the promoters of stressed MSMEs viz. SMA-2 and NPA accounts who are eligible for restructuring as per RBI guidelines in the books of the Lending institutions.

The promoter(s) would infuse the credit in the MSME unit as equity, quasi equity or sub-debt. The Scheme has come to an end on March 31, 2023 and no fresh guarantee is issued under the Scheme.

### Credit Guarantee Scheme for PM SVANidhi (CGS-PMS)

The COVID-19 pandemic and consequent lockdowns had adversely impacted the livelihoods of street vendors. To support them, the Ministry of Housing and Urban Affairs (MoHUA), Government of India, announced a scheme "PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)" to provide credit for working capital to street vendors in urban areas to resume their business. The Scheme encouraged street vendors to formalize their businesses and adopt digital payment methods.



### Credit Guarantee Scheme for Co-Lending (CGSCL)

"Co-Lending Model" introduced by RBI focuses on improving the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and

greater reach of the NBFCs. CGTMSE in Feb 2022 launched a Credit Guarantee Scheme for Co-lending (CGSCL) for extending the guarantee coverage to credit facilities under Co-Lending Model jointly by Banks and NBFCs.

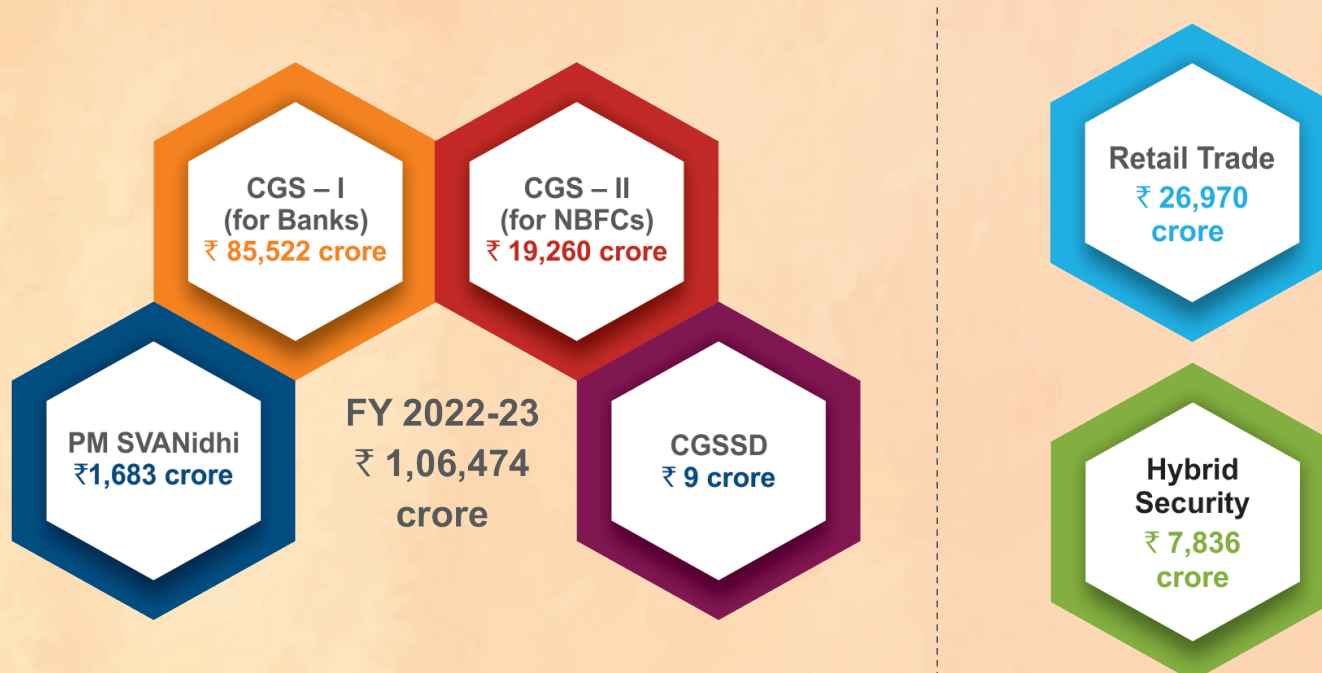


# Operational Highlights

## Salient Features

Micro and Small Enterprises	75-85% Coverage	Eligible Activity	Over 150 registered Member Lending Institutions (MLIs)
For MSEs, CGTMSE provides guarantee coverage up to ₹ 200 Lakhs (for RRBs and select FIs, the guarantee coverage is upto ₹ 50 Lakhs). With effect from April 01, 2023, the ceiling on guarantee coverage enhanced to ₹ 500 Lakhs	Extent of guarantee coverage ranges from 75% to 85%. The Extent of guarantee coverage of 85% is for special categories like Micro Enterprises, Women entrepreneurs / SC/ST entrepreneurs / MSEs situated in Aspirational District / ZED certified MSEs / Person with Disability (PwD) / MSE promoted by Agniveers	Manufacturing, Services and Retail Trade activities are eligible including Educational Institution and Wholesale Trade.	Include Public Sector Banks, Private Banks, Regional Rural Banks (RRBs), Financial Institutions, Foreign Banks, Small Finance Banks (SFBs), Scheduled Urban Co-operative Banks, Non-scheduled Urban Co-operative Banks, District Central Co-operative Banks, Microfinance Institutions (MFIs) and Non-Banking Financial Companies (NBFCs)

## Performance Highlights

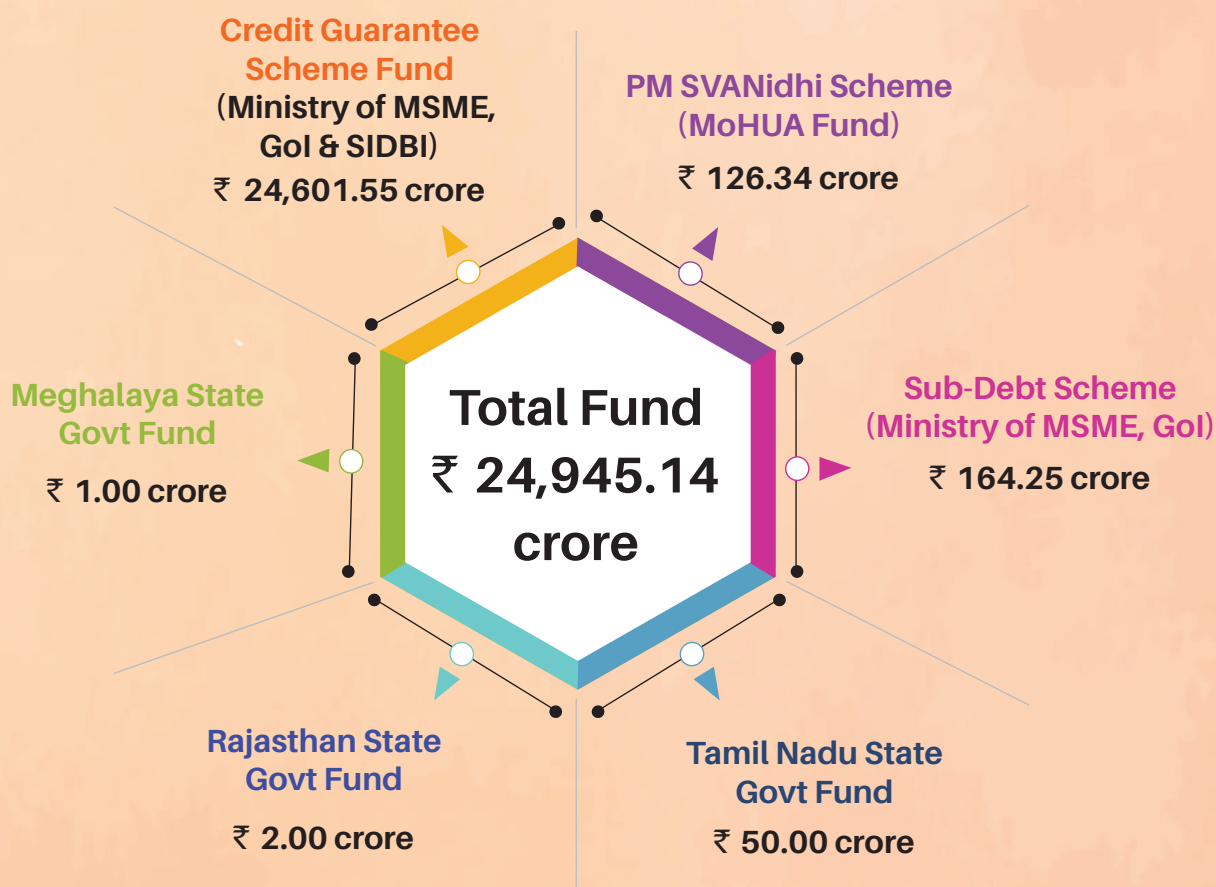


# Energized by Achievements for the Year 2022-23

## Highlights on working of CGTMSE

### 1. Corpus Fund of CGTMSE

- The initial corpus fund of ₹2,500 crore of the Trust was contributed by the Government of India (GoI) and Small Industries Development Bank of India (SIDBI) in the ratio of 4:1. The Corpus of the Trust was gradually enhanced to ₹7,500 crore contributed by GoI (₹7,000 crore) and SIDBI (₹500 crore). An additional corpus of ₹9,000 crore (share of MoMSME, GoI - ₹8,500 crore and share of SIDBI - ₹500 crore) has been approved by GoI. Additional corpus of ₹8,000 crore has been received from GoI out of its share of ₹8,500 crore in the month of March 2023. The balance of ₹1,000 crore (₹500 crore each from GoI and SIDBI) is expected to be received during FY 2024. After approval of ₹9,000 crore additional corpus, the total committed Corpus of CGTMSE stands at ₹16,500 crore with ₹15,500 crore of this being contribution from GoI and ₹1,000 crore from SIDBI.
- As on March 31, 2023, the total funds available with CGTMSE was ₹24,945.14 crore towards the corpus, surplus, retained income, etc. The scheme -wise fund details are as under:-

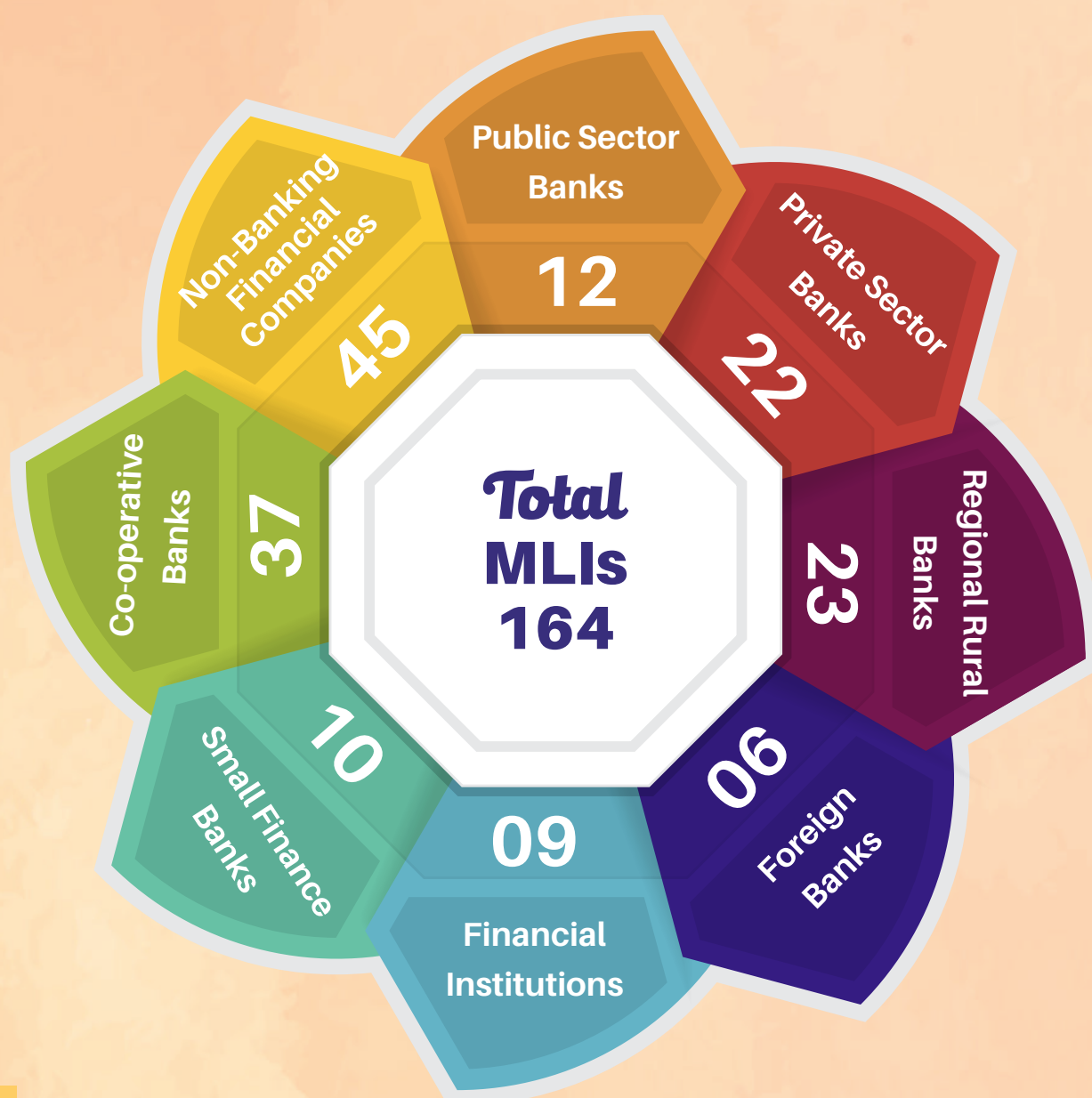


## 2. Schemes being managed / operated by CGTMSE

There are five Credit Guarantee Schemes (CGS) being operated by CGTMSE viz., CGS – I for Banks and Financial Institutions, CGS – II for NBFCs, Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD), Credit Guarantee Scheme for PM SVANidhi (CGS-PMS) and Credit Guarantee Scheme for Co-Lending. Out of this, CGSSD has come to an end on March 31, 2023 and no fresh guarantee is issued under the Scheme.

## 3. Member Lending Institutions (MLIs)

As on March 31, 2023, the number of MLIs of the Trust under CGS – I was 119 comprising 12 Public Sector Banks, 22 Private Sector Banks, 23 Regional Rural Banks, 6 Foreign Banks, 9 other Financial Institutions, 10 Small Finance Banks and 37 Co-Operative Banks. Besides, 45 Non-Banking Financial Companies have also been registered as MLIs under CGS – II. As regards special Schemes, 37 Scheduled Commercial Banks have got registered as MLIs of CGTMSE under Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD) and 164 Lending Institutions (LI) have been registered with CGTMSE under Credit Guarantee Scheme for PM SVANidhi.





## 4. Operations under all Guarantee Schemes

- During FY 2022-23, under CGS - I a total of 10,50,313 guarantees were approved for an amount of ₹85,522 crore as compared to approval of 5,30,808 guarantees for ₹42,463 crore in the previous year. It may be seen that while the number of guarantees approved increased by about 98%, the amount of approved guarantee has more than doubled during the FY. Cumulatively, as on March 31, 2023, a total of 60,20,176 accounts have been accorded guarantee approvals for ₹3,55,197 crore.
- Total number of applications guaranteed under CGS-II during FY 2023 was 1,15,473 for an amount of ₹19,260 crore. It may be seen that the amount of approved guarantee has increased by 40% as compared to last year. Cumulatively, as on March 31, 2023, a total of 10,05,304 accounts have been accorded guarantee approvals for ₹64,468 crore under CGS-II.
- During FY 2022-23 guarantee coverage for 32 applications have been approved for an amount of ₹9.55 crore under CGSSD. The scheme was in operation till March 31, 2023.
- During FY 2022-23, a guarantee for 10,24,594 applications have been covered under PM SVANidhi for an amount of ₹1,683 crore.
- The year was watershed year for the Trust as it approved guarantee of more than ₹1 lakh crore for the first time since its inception. The Trust approved guarantee of ₹1,04,781 crore during the year.
- During FY 2022-23, for all the Schemes, a total of 21,90,412 guarantees were approved for an amount of ₹1,06,474 crore. Cumulatively, as on March 31, 2023, a total of 1,10,83,693 accounts have been accorded guarantee approvals for ₹4,24,596 crore by CGTMSE under all the guarantee schemes.

## 5. MLI-wise Coverage

- During the period FY 2023, 10,50,313 number of guarantees were approved for ₹85,522 crore under CGS- I and the top 10 Banks in terms of amount covered under CGS-I is given below.

Sr. No.	MLI NAME	No. of Guarantees	Amount of Guarantees Approved (in ₹ Crore)	% age of Guarantee amount to total guarantee amount approved under CGS-I
1	HDFC BANK LIMITED	28,817	15,914.27	19%
2	UNION BANK OF INDIA	2,87,716	8,991.88	11%
3	PUNJAB NATIONAL BANK	1,77,182	8,809.03	10%
4	AXIS BANK LIMITED	16,720	7,777.09	9%
5	STATE BANK OF INDIA	40,860	7,676.41	9%
6	BANK OF BARODA	1,19,017	6,995.69	8%
7	CANARA BANK	37,166	6,082.15	7%
8	CENTRAL BANK OF INDIA	26,370	4,147.22	5%
9	BANK OF INDIA	27,397	3,541.21	4%
10	INDIAN BANK	50,892	2,493.25	3%
	<b>TOTAL</b>	<b>8,12,137</b>	<b>72,428.18</b>	<b>85%</b>

➤ NBFCs have taken coverage under CGS-II of CGTMSE for 1,15,473 number of guarantees for an amount of ₹ 19,260 crore. The Top 5 NBFCs during FY 2023 are given below:

Sr. No.	MLI NAME	No. of Guarantees	Amount of Guarantees approved (in ₹ crore)	% age of Guarantee amount to total guarantee amount approved under CGS-II
1	TATA MOTORS FINANCE LIMITED	45,376	8,140.79	42%
2	TATA MOTORS FINANCE SOLUTIONS LIMITED	19,865	2,662.55	14%
3	ADITYA BIRLA FINANCE LIMITED	9,621	2,077.17	11%
4	FULLERTON INDIA CREDIT COMPANY LIMITED	10,570	1,964.51	10%
5	BAJAJ FINANCE LIMITED	15,944	1,504.22	8%
<b>TOTAL</b>		<b>1,01,376</b>	<b>16,349.24</b>	<b>85%</b>

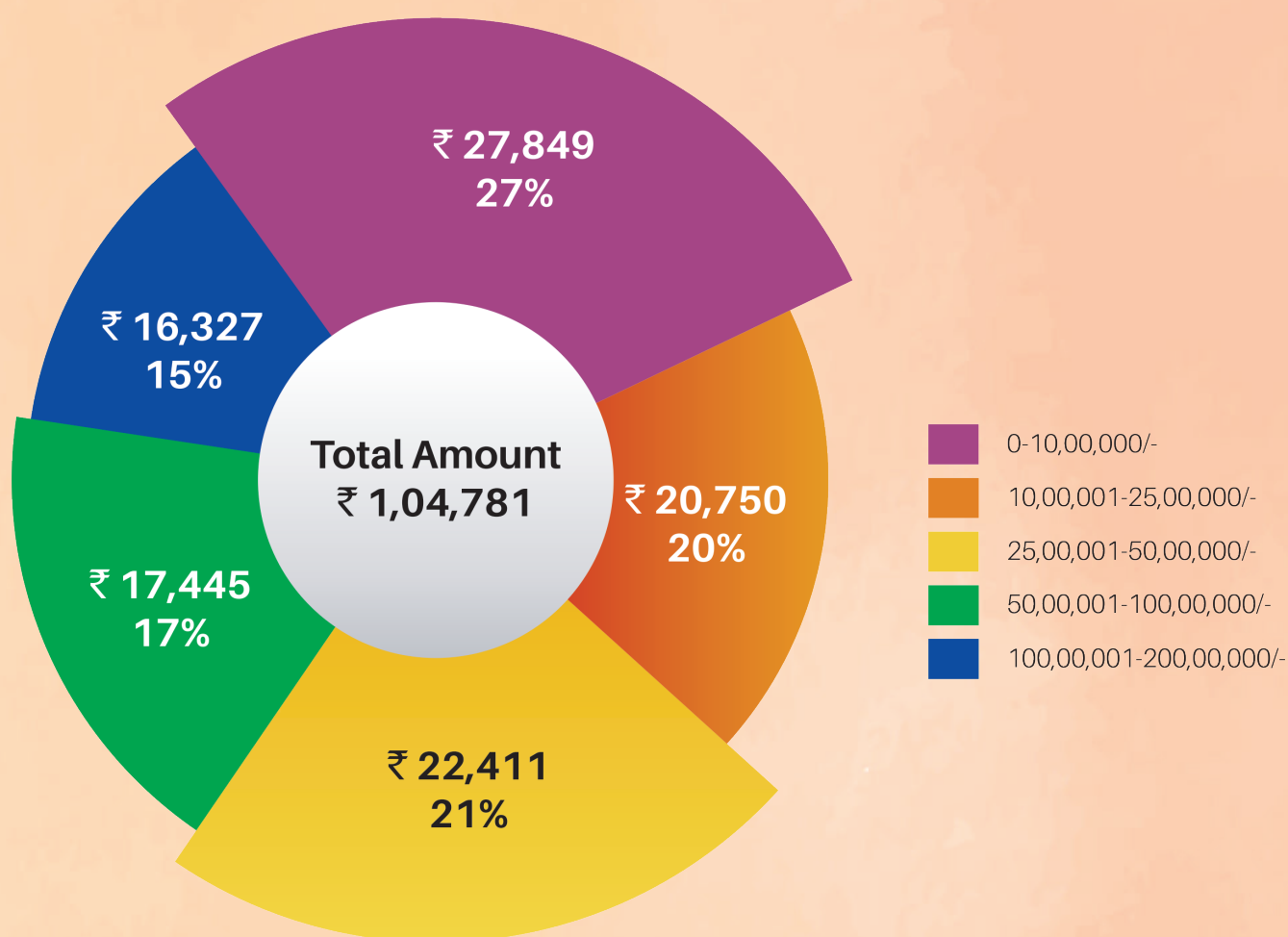
## 6. Footprint of CGTMSE

State-wise analysis of coverage under CGS - I and CGS - II indicates that during FY 2023 following were the top 5 States:

Sr. No.	STATES / UTS	No. of Guarantees	Amount of Guarantees approved (in ₹ crore)	% age of Guarantee amount to total guarantee amount
1	MAHARASHTRA	66,055	11,925.53	11%
2	UTTAR PRADESH	1,30,769	10,742.11	10%
3	GUJARAT	43,336	8,209.05	8%
4	KARNATAKA	53,766	7,711.86	7%
5	TAMILNADU	61,883	7,113.94	7%
<b>TOTAL</b>		<b>3,55,809</b>	<b>45,702.48</b>	<b>44%</b>

## 7. Slab-wise Coverage for CGS I & II

Of the 11,65,786 proposals for ₹ 1,04,781 crore approved in FY 2023, proposals for an amount of ₹ 27,849 crore (27%) pertained to credit facilities up to ₹ 10 lakh, proposals for an amount of ₹ 20,750 crore (20%) are having credit facilities in the range of ₹ 10 lakh - ₹ 25 lakh, proposals for an amount of ₹ 22,411 crore (21%) are in the range of ₹ 25 lakh - ₹ 50 lakh, proposals for an amount of ₹ 17,445 crore (17%) are in the range of ₹ 50 lakh - ₹ 100 lakh and proposals for an amount of ₹ 16,327 crore (15%) are in the range of ₹ 100 lakh - ₹ 200 lakh.



## 8. Average size of loans covered

The overall average size of loans covered under the scheme during FY 2023 was ₹8.99 Lakh.

## 9. Claim Settlement & Closure

During FY 2022-23, 1,02,278 number of claims were settled for an amount of ₹1,910 crore. Claims in respect of 65,838 units were settled for an amount of ₹1,296 crore towards first instalment of claim under CGS I and for 32,109 units for an amount of ₹517 crore under CGS II during the year. Further, 4,331 claims for an amount of ₹97 crore were settled towards 2nd / final installment of claim during the year.

It is again worthwhile to mention that the Trust settled highest amount of claims in year since its inception.

Cumulatively till March 31, 2023, CGTMSE has so far settled 4,61,184 number of claims amounting to ₹10,325 crore.

### Post claim settlement recoveries

During FY 2022-23, the Trust received ₹328 crore as recoveries from the MLIs after settlement of first claim as against ₹166 crore received during FY 2021-22. The receipt of recovery is mainly on account of post claim settlement monitoring mechanism.



## 10. Advance funds from Office of Development Commissioner (Handicrafts), [DC(HC)], Ministry of Textiles, Government of India

DC (Handicrafts) had placed advance funds of ₹ 25 lakh with CGTMSE during FY 2016 for meeting the Guarantee Fee and Annual Service Fee for loans up to ₹ 2 lakh extended by MLIs to handicraft sector of North-East Region of India. As on March 31, 2023, CGTMSE had utilized an amount ₹ 2,00,128/- out of ₹ 25 lakh.

## 11. Performance under different Scheme/bank Category

- **Credit Guarantee Scheme for PM SVANidhi (CGS-PMS):** The scheme was launched during July 2020. 164 MLIs were registered under the Scheme. Cumulatively, as on March 31, 2023, a total of 40,57,410 accounts have been accorded guarantee approvals for ₹ 4,834 crore and during FY 2022-23, a total of 10,24,594 guarantees were approved for an amount of ₹ 1,683 crore under the Scheme. The scheme has been extended from March 2022 to December 2024 along with revision in Scheme guidelines such as modification in Credit Guarantee cover for 1st, 2nd and 3rd loans.
- **Credit Guarantee Scheme for Subordinate Debt (CGSSD):** During the period, 37 MLIs were registered under the Scheme. Cumulatively, as on March 31, 2023, a total of 803 accounts have been accorded guarantee approvals for ₹ 97 crore and during FY 2022-23, a total of 32 guarantees were approved for an amount of ₹ 10 crore under the Scheme. The Scheme was in operation till March 31, 2023.
- **Co-operative Bank:** The co-operative banks were made eligible for becoming MLIs during the FY 2019-20. Total 37 Co-operative banks are registered under CGS -I, out of which 9 have been registered during FY 2023. Cumulatively, as on March 31, 2023, a total of 3001 accounts have been accorded guarantee approvals for ₹ 802 crore and during FY 2022-23, a total of 836 guarantees were approved for an amount of ₹ 248 crore under CGS I.
- **Regional Rural Bank (RRB):** Out of 43 RRBs, 23 are registered under CGS -I, out of which 1 has been registered during FY 2023. Cumulatively, as on March 31, 2023, a total of 3,42,244 accounts have been accorded guarantee approvals for ₹ 5,057 crore and during FY 2022-23, a total of 1,34,249 guarantees were approved for an amount of ₹ 1,270 crore under CGS I.
- **Small Finance Bank:** Total 10 SFBs are currently registered under CGS -I. Cumulatively, as on March 31, 2023, a total of 2,507 accounts have been accorded guarantee approvals for ₹ 700 crore and during FY 2022-23, a total of 750 guarantees were approved for an amount of ₹ 256 crore under CGS I.

## 12. Overall impact of CGS operations

CGTMSE's operations had a positive impact on the economy in terms of turnover, exports and employment of credit guaranteed MSEs as given in the Table:

PARTICULARS	As on 31 <sup>st</sup> March, 2023	As on 31 <sup>st</sup> March, 2022
Cumulative Guarantees (since inception of the Trust) approved for all the Schemes (in Numbers)	1,10,83,693	88,93,281
Guarantee Amount for all the Schemes (₹ Crore)	4,24,597	3,18,122
Estimated turnover of guaranteed units (₹ Crore)	79,38,677	71,99,126
Estimated exports by guaranteed units (₹ Crore)	24,441	24,033
Estimated employment generation (Nos. lakh)	181	155
Number of MLIs for all the Schemes	365	322
Women beneficiary (% to total guarantee nos.)	21	19
NER (%)	3	3



## Interactions/ Workshops

In order to deepen and widen the reach of the Scheme, CGTMSE conducted and attended various workshops / training sessions for the bank officials of its Member Lending Institutions at various levels including Circle Office, Regional Office, Staff Training Centers, etc., to disseminate information on the revamped Credit Guarantee Scheme (CGS) of CGTMSE and also to impress upon the MLI to make use of the special guarantee schemes launched to enable eligible micro and small enterprises to avail the benefit of these Schemes. During FY 2023, CGTMSE participated in 71 Seminars/ Workshops/ Bankers' meet and has conducted 8 Business Development Meetings and made presentations to sensitize bank officials/ small enterprises on the various aspects of the Credit Guarantee Scheme.





## 13. Auditors

M/s. Jain Tripathi & Co., Mumbai, a firm of Chartered Accountants, was appointed as internal auditor of CGTMSE, for the FY 2022-23. The Auditors undertook a comprehensive review of the entire systems as also undertook audit covering revenue, expenses, investment, etc. As recommended by the Comptroller and Auditor General of India, the Board appointed M/s. Maheshwari & Co., a firm of Chartered Accountants, as Statutory Auditor of CGTMSE for FY 2022-23.

## 14. Accounts

The Trust earned gross income of ₹3,277 crore, comprising mainly Guarantee Fee (₹964 crore) and Annual Guarantee and Service Fee (₹1,176 crore), Income earned on investments (₹807 crore) and Recoveries from MLIs & Other Income (₹330 crore). Trust incurred an amount of ₹13 crore towards various operational and administrative expenditure. Yearly provisioning is being made on the basis of actuarial valuation of liability of the Trust since FY 2009. The details of the provision for FY 2022-23 are given below:

PARTICULARS	Amount (₹ Crore)
Opening balance as on April 01, 2022	6,312
Less: Claim paid during the year	1,808
Add: Provision made during the year	3,220
Closing Balance as on March 31, 2023	7,724

As on March 31, 2023, the cumulative provision is estimated at ₹7,724 crore. The excess of income over expenditure (before tax) was ₹44 crore after provision for claims as per the Actuarial valuation. The size of the Corpus of the fund as on March 31, 2023 stood at ₹15,500 crore. This corpus contributions have already been received, and the net income earned by the Trust so far, had been invested in FDs of banks / institutions and MFs. The total fund as on March 31, 2023 stood at ₹24,602 crore as against ₹15,616 crore as on the end of the previous year.

## 15. Management & Organization

During FY 2022-23, the Board of Trustees comprised of Chairman & Managing Director of SIDBI as ex-officio Chairman, Additional Secretary & Development Commissioner (MSME), Ministry of Micro, Small and Medium Enterprises (MSME), Government of India as ex-officio Vice-Chairman, the Chairman, Indian Banks' Association (IBA) as ex-officio Member and Chief Executive Officer of CGTMSE as Member Secretary. During FY 2022-23, three meetings of the Board of Trustees were held. As on March 31, 2023, three officers including the CEO were on deputation with CGTMSE from SIDBI.

The Board of Trustees of CGTMSE appreciates the support and cooperation received from Ministry of MSME, Government of India, Office of DC (MSME), SIDBI, RBI, IBA, MLIs of CGTMSE, various international, national and state-level institutions and MSE Industry Associations.



# Enthusied by Triumphs

## Significant developments that took place during FY 2022-23

During the year, many policy level modifications were carried out with an aim to strengthen both demand as well as supply side of the guarantee product. Some of the important modifications are listed below:

- Increase in ceiling of guarantee coverage from ₹ 2 crore to ₹ 5 crore with effect from April 01, 2023.
- New guarantee fee structure has been introduced with significant reduction in the fee from peak rate of 2% pa to 0.37% pa with effect from April 01, 2023.
- For the first time, concept of discount was introduced to recognize and reward better managed MLIs.
- Guarantee for MSEs located in Aspirational Districts at liberal terms i.e 10% concession of guarantee fee on standard rate and increased extent of guarantee coverage by 10% was introduced.
- Guarantee for MSEs promoted by Agniveers at liberal terms i.e 10% concession of guarantee fee on standard rate and increased extent of guarantee coverage by 10% was introduced.
- UTs of Jammu & Kashmir and Ladakh have been brought at par with North Eastern States in terms of liberal terms of Guarantee. This is in line with the national objective of providing boost to economic activities in the areas which have been traditionally remained underserved.
- Special benefits to ZED Certified MSEs has been introduced with lower guarantee fee by 10% and increased guarantee coverage by 10%.
- With a view to support Women Entrepreneurs as well as SC/ST Entrepreneurs and People with Disability, concession in guarantee fee by 10% and coverage of 85% has been introduced in respect of guarantee given to this segment of entrepreneurs.
- Microfinance Institutions (MFIs) have been made eligible to be registered as member lending institution under the Credit Guarantee Schemes in order to further facilitate enhanced credit to economically disadvantaged groups and empowerment of poor, thus supporting balanced regional development and Rural development.
- Trading activity (MSE Retail Trade and Wholesale Trade) has been aligned with other activities in respect of the extent of coverage, ceiling of credit guarantee coverage and guarantee fee.
- For ease of claim settlement, the limit for waiver of legal action has been raised from ₹ 1 lakh to ₹ 5 lakh during the year, which has been further increased to ₹ 10 lakh (effective April 01, 2023) while invoking claim by Member Lending Institutions.
- CGTMSE took initiative to collaborate with various State Governments for state specific guarantees with an aim to make Guarantee mechanism an attractive tool to facilitate credit dispensation in the respective States. Under the mechanism, while CGTMSE will continue to provide guarantee coverage as applicable under its CGS I Scheme, additional guarantee coverage ranging from 10%-25% would be provided on behalf of the State Government out of the fund placed by the State Government with CGTMSE. As on March 31, 2023, MoU has been signed with Four State Governments viz. State Government of Tamil Nadu, Assam, Manipur, Meghalaya. Further, MoU signed with State Government of Rajasthan for reimbursement of fee for MSEs promoted by SC/ST Entrepreneurs native of Rajasthan.

## Other developments / Initiatives

- The 34th ACSIC Conference was held during November 7-11, 2022 at Daegu, Korea by Korea Credit Guarantee Fund (KODIT). The Theme of the conference was "The Great Journey: How to enhance SME Financing for Resilient and Sustainable Growth". Chairman CGTMSE, ADC, Ministry of MSME, GoI and CEO CGTMSE attended the Conference and shared/ exchanged their insights, deep knowledge and experiences. With digitalisation and innovation, the ACSIC members focused to bring about a transformation in the bank's lending to MSE sector by providing overwhelming support and incorporating confidence building measures in its operations to make collateral-free lending to MSEs, the most preferred and profitable option.





- » Delegates from Deposit & Credit Guarantee Fund (DCGF) of Nepal visited India to study the CGTMSE operation, model/architecture and system. Similarly, Kafala (Credit Guarantee company) from Saudi Arabia and the Development Bank of Nigeria (DBN) also visited CGTMSE to understand Credit Guarantee Scheme and its operations. Various efforts / initiatives taken for benefitting the credit flow to MSME sector in respective countries were discussed during the interactions.





- Participated in international conference invited by Kafala (Credit Guarantee company) for 'BIBAN 2023' held at Saudi Arabia to share rich experiences and to adopt best practices globally. This aims to build long-term mutual relation between middle east countries and CGTMSE. Such participation open up new ideas to innovate on new products / scheme.



- Banker's Meet was organised on January 30, 2023 to disseminate modifications introduced in Credit Guarantee Scheme and exchange of ideas for enhanced flow of credit to MSE sector.



- In order to provide ease of doing business for its MLIs, CGTMSE has embarked upon enhancing the technology platform on which the entire Guarantee Scheme works. CGTMSE initiated to introduce an exhaustive advance system called Guarantee Management System (GMS). This will be a uniform integrated platform which encompasses the complete journey of Credit Guarantee from Sanction of Guarantee till claim settlement. The solution will have Application Programming Interfaces (APIs) which will enable MLIs to integrate its core banking systems with CGTMSE system to push the data directly without human intervention. Accordingly, API integration has been done with major banks such as State Bank of India, HDFC Bank Ltd., Punjab National Bank, Union Bank of India, Central Bank of India, Indian Overseas Bank, Indian Bank and UCO Bank. This will ensure purity of data apart from real-time sanction of guarantees, which will improve the disbursement TAT at MLI end.
- The discussions are underway with various Ministries like Ministry of Social Justice and Empowerment, Ministry of Rural Development, Ministry of Skill Development & Entrepreneurship and other agencies like Asian Development Bank (ADB) etc for collaboration with a specific objective to strengthen credit flow to MSE sector.
- CGTMSE has partnered with World Bank and KfW to implement Solar Rooftop Credit Guarantee Scheme for MSMEs, to support lending to MSMEs / RESCOs for scaling solar rooftop installations in MSME sector.





- The existing organisational structure and manpower has been restructured. There has been major HR transformation with new HR policies, designing and defining new roles and responsibilities, creating functional structures, etc.
- During FY 2023, 5 new banks started availing coverage under CGTMSE for the first time. The break-up of 5 Banks is 2 RRBs, 1 Small Finance Bank and 2 Co-operative banks namely Meghalaya Rural Bank, Saptagiri Grameena Bank, Utkarsh Small Finance Bank, Priyadarshani Nagari Sahakari Bank Maryadit and The Andhra Pradesh State Co-operative Bank Ltd.
- CGTMSE has created a new landmark by touching the milestone figure of approving guarantees worth ₹ 1 lakh crore during FY 2022 - 23. Taking note of this financial achievement of CGTMSE, Hon'ble Prime Minister while expressing his happiness, has said, "We are betting on the entrepreneurial zeal of our youth to propel our economy to even greater heights."



## Other Laurels & Celebrations

- 22<sup>nd</sup> Foundation day of CGTMSE was celebrated on July 27, 2022. It created an opportunity for employees to come together, reflect on the organization's milestones, and appreciate the contributions of key individuals who played a crucial role in its formation. It promoted a sense of unity, team spirit, pride and served as a time to set new goals and aspirations for the future.



- CGTMSE Staff Training was conducted during FY 23 to foster employee confidence, enabling them to handle tasks with competence and assurance. It is believed that well-trained employees are better equipped to fulfill their roles, increasing productivity and efficiency. It is considered as an essential component that empowers employees and contributes to the overall growth and success of the office.





- Vigilance Awareness Week is being observed from 31st October to 6th November, 2022 with a theme "Corruption free India for a developed Nation". The Vigilance Awareness Week Pledge by the office Staff.



- The 'Statue of Unity' is a message to the entire world that nobody can break India's unity and integrity and nobody can tamper with India's universality. National Unity Day/ Rashtriya Ekta Diwas was observed on October 31, 2022.





- CGTMSE received Award for “Digital Initiatives for Ease of Doing Business Category 2023” in the Event ET Government, Goa.



- CGTMSE has been honoured with the prestigious ‘Technology Excellence Award 2023’ award in ‘Best in End-to-end security (Public Sector Financial)’ organised by Quantic Business Media Pvt Ltd. This recognition fuels our passion for continuing to revolutionize the tech landscape of the CGTMSE and provide our best service.



# The Future Remains Our Ongoing Journey

CGTMSE's activities have seen a distinct spurt in the last few years, coinciding with the strong growth taking place in the economy and contributing towards making MSE segment even more robust and competitive. CGTMSE created a historic milestone by approving guarantees for more than ₹ 1 lakh crore during FY 23 and thereby helping about 12 lakh units to secure credit without depending on the necessity of having collateral property. It is pertinent to note that the scale of operations of CGTMSE has gone up almost 3 times during the last 3 years itself.



Such unprecedented growth has resulted by various policy and operational modifications carried out by the present management of CGTMSE based on the feedback received by all the stakeholders and backed on the strength derived from the announcement made during the Union Budget for FY 2023 that the CGTMSE scheme shall be revamped with required infusion of funds. Such modifications have felicitated increased flow of credit to those small MSEs who are at the bottom of pyramid.

Coupled with operational ease of doing business, CGTMSE may focus on expanding its reach to cover a broader spectrum of micro and small enterprises (MSEs) across various sectors and regions. This expansion could involve reaching out to underserved areas and communities to promote inclusive growth. CGTMSE may explore innovative guarantee products to address emerging needs in the MSE sector. This could involve tailoring guarantee schemes to specific industries, types of financing or economic conditions.

Embracing digital technologies could be a crucial aspect of CGTMSE's future journey. Implementing digital platforms and processes can enhance efficiency, reduce paperwork and improve the overall accessibility of credit guarantees for MSEs. CGTMSE has already initiated the development of an exhaustive advance system called Guarantee Management System (GMS) using cutting edge technology which will reduce manual intervention with the help of API integration with Core Banking Systems of lending institutions for seamless data flow. The new GMS system is expected to redefine user experience and will have interactive realtime dashboard, mobile application for ease of operations and monitoring.

CGTMSE may strengthen its collaboration with various stakeholders, including various government bodies, Industry association and World Bank. This collaborative approach can foster a supportive ecosystem for MSEs.

Further, to enhance the success of the MSEs it supports, CGTMSE is looking forward to invest in capacity building and skill development programs. This could involve initiatives aimed at improving the financial literacy and managerial capabilities of MSE entrepreneurs.

The success of CGTMSE's journey is attributed to the Trust's constant exploration of new initiatives, transformative reforms and adaptive to evolving MSE demands.



# Committed Team Powering CGTMSE





# Collaboration with various State Governments

(As on September 01, 2023)



Assam



Goa



Manipur



Meghalaya



Rajasthan



Tamil Nadu



West Bengal





# **Financial Statements**

# Independent Statutory Auditor's Report for FY 2022-23

To,  
The Board of Trustees,  
**Credit Guarantee Fund Trust for Micro and Small Enterprises,**  
Mumbai.

1. We have audited the attached Financial Statements of Credit Guarantee Fund Trust for Micro and Small Enterprises for year ended 31st March, 2023 comprising of Balance Sheet, the Income and Expenditure Account, the Cash Flow Statement and Notes thereon. The financial statements are the responsibility of the Trust's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Accounting Standards generally accepted in India. Those standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.
3. Responsibilities of Management and Those Charged with Governance for the Financial Statements: Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the entity in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.
4. Auditor's Responsibilities for the Audit of the Financial Statements: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
5. We report that
  - a) We have obtained all the necessary information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts are maintained, as required by the Trust, so far as it appears from our examination of these books.
  - c) The Balance Sheet, Income and Expenditure Account and the Cash Flow Statement dealt with by the report are in agreement with the books of accounts.
  - d) In our opinion, the financial statements, read together with the notes thereon, give true and fair view and are in conformity with the accounting principles generally accepted in India, namely



- i. In the case of Balance Sheet, of the state of affairs of the Trust as at 31st March, 2023.
- ii. In the case of Income and Expenditure Account of the excess of income over expenditure of the Trust for the financial year ended on 31st March, 2023.
- iii. In the case of Cash Flow Statement of the cash flows for the financial year ended on 31st March, 2023.

**For Maheshwari & Co.**

Chartered Accountants  
ICAI Firm Reg. No 105834W

Sd/-

**Pawan Gattani**

Partner  
ICAI M. No. 144734

**Place:** Mumbai

**Date:** 26-09-2023

**UDIN:**23144734BGRIDJ4072

## Credit Guarantee Fund Trust for Micro and Small Enterprises

# Balance Sheet

as at March 31, 2023

Amount (₹)

Particulars	Schedules	AS AT March 31, 2023		AS AT March 31, 2022	
<b>Sources of Funds</b>					
Corpus Fund	1		1,68,43,32,62,977		87,98,88,10,283
General Reserve	2		74,20,662		74,20,662
Current Liabilities & Provisions	3		97,45,40,88,139		80,51,65,48,998
<b>Total</b>			<b>2,65,89,47,71,778</b>		<b>1,68,51,27,79,943</b>
<b>Application of Funds</b>					
<b>Fixed Assets</b>					
Computer & Software		1,59,31,962		1,46,67,147	
Less : Depreciation Reserve		1,34,06,706	25,25,256	1,16,69,180	29,97,967
Furniture & Fixture		9,77,594		10,03,384	
Less : Depreciation Reserve		7,20,719	2,56,875	6,46,260	3,57,124
Motor Car		12,66,029		12,66,029	
Less : Depreciation Reserve		12,02,728	63,301	11,67,305	98,724
Electrical Items		9,08,157		8,51,613	
Less : Depreciation Reserve		6,14,681	2,93,476	5,43,744	3,07,869
			<b>31,38,908</b>		<b>37,61,684</b>
<b>Investments</b>	4		2,56,69,14,32,500		1,62,09,74,72,371
<b>Current Assets</b>					
Cash in hand			2,312		795
Bank Balance	5		4,65,95,52,778		2,67,54,57,706
Receivable	6		16,32,83,245		15,78,70,446
Amount Recoverable from Tax Authority	7		4,37,73,62,035		3,57,82,16,941
<b>Total</b>			<b>2,65,89,47,71,778</b>		<b>1,68,51,27,79,943</b>
<b>Notes forming parts of Accounts</b>	9				

AS PER OUR REPORT OF EVEN DATE

THE ABOVE BALANCE SHEET TOGETHER WITH SCHEDULES ANNEXED  
THERETO IS HEREBY AUTHENTICATED BY US.

**For Maheshwari & Co.**  
**Chartered Accountants**  
ICAI Firm Reg. No. 105834W

**On behalf of the Board of Trustees of CGTMSE**

**Sd/-**  
**(Pawan Gattani)**  
Partner  
M.No. 144734

**Sd/-**  
**(Sandeep Varma)**  
CEO & Member Secretary

**Sd/-**  
**(Sivasubramanian Ramann, IA&AS)**  
Chairman

**Place:** Mumbai  
**Date:** 26<sup>th</sup> September, 2023



**Credit Guarantee Fund Trust for Micro and Small Enterprises**  
**Income and Expenditure Account**  
for the year ended March 31, 2023

Amount (₹)

Particulars	Schedules	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>INCOME</b>			
Interest on Fixed Deposits		7,94,91,14,589	6,24,16,42,252
Income from Mutual Funds		12,08,00,467	5,26,67,893
Guarantee Fees		9,64,04,66,273	5,45,51,06,838
Annual Guarantee/Service Fees		11,75,89,00,230	10,14,41,35,026
Miscellaneous Income		1,95,04,421	2,84,57,296
Recoveries by MLI's on Claim Paid Account		3,28,45,67,408	1,66,15,10,474
		<b>32,77,33,53,388</b>	<b>23,58,35,19,779</b>
<b>EXPENDITURE</b>			
Operating and Other Administrative Expenses	8	12,76,47,801	10,90,86,290
Provisions for Guarantee Claims	3 (a)	32,19,90,00,000	23,21,90,00,000
Bank Charges		2,774	8,607
Depreciation		19,45,564	27,23,386
		<b>32,32,85,96,139</b>	<b>23,33,08,18,283</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		<b>44,47,57,249</b>	<b>25,27,01,496</b>
Add / (Less) : Prior Period Items		(3,04,555 )	-
<b>Surplus Before Tax</b>		<b>44,44,52,694</b>	<b>25,27,01,496</b>
Add:- Income Tax Provision W/Back		-	33,67,00,000
Less: Provisions for Income tax		-	-
<b>Surplus After Tax</b>		<b>44,44,52,694</b>	<b>58,94,01,496</b>
Less: Transfer to General Reserve		-	-
<b>Surplus of Income Over Expenditure Carried to Corpus Fund</b>		<b>44,44,52,694</b>	<b>58,94,01,496</b>
<b>Notes forming parts of Accounts</b>	<b>9</b>		

AS PER OUR REPORT OF EVEN DATE

THE ABOVE INCOME & EXPENDITURE A/C TOGETHER WITH SCHEDULES  
ANNEXED THERETO IS HEREBY AUTHENTICATED BY US.

**For Maheshwari & Co.**  
**Chartered Accountants**  
**ICAI Firm Reg. No. 105834W**

On behalf of the Board of Trustees of CGTMSE

**Sd/-**  
**(Pawan Gattani)**  
Partner  
M.No. 144734

**Sd/-**  
**(Sandeep Varma)**  
CEO & Member Secretary

**Sd/-**  
**(Sivasubramanian Ramann, IA&AS)**  
Chairman

**Place:** Mumbai  
**Date:** 26<sup>th</sup> September, 2023

## Credit Guarantee Fund Trust for Micro and Small Enterprises

# Cash Flow Statement

for the year ended March 31, 2023

Amount (₹)

Particulars	AS AT MARCH 31, 2023		AS AT MARCH 31, 2022	
<b>Cash flow from Operating Activities</b>				
Excess of Income over expenditure, before tax as per Income and Expenditure Statement		44,44,52,694		25,27,01,496
Add: Depreciation debited to Income and Expenditure A/c	19,45,564		27,23,386	
Add: Income Tax Provision W/Back	-		33,67,00,000	
Provision on guarantee claims debited to Income and Expenditure A/c	32,19,90,00,000		23,21,90,00,000	
Less: Interest on fixed deposits	(7,94,91,14,589)		(6,24,16,42,252)	
Less: Income from mutual fund	(12,08,00,467)		(5,26,67,893)	
		<b>24,13,10,30,508</b>		<b>17,26,41,13,241</b>
<b>Cash flow before changes in working capital</b>		<b>24,57,54,83,202</b>		<b>17,51,68,14,737</b>
<b>Changes in working capital</b>				
(Increase) / decline in receivable	(54,12,799)		24,91,846	
(Increase) / decline in amount recoverable from tax authorities	-		(33,80,38,556)	
Increase / (decline) in current liabilities	2,81,65,75,326		1,57,17,58,418	
		<b>2,81,11,62,527</b>		<b>1,23,62,11,708</b>
<b>Changes in cash flow after changes in working capital</b>		<b>27,38,66,45,729</b>		<b>18,75,30,26,445</b>
Less: Claims paid during the year	(18,07,80,36,185)		(12,27,38,90,742)	
Advance tax paid	(79,91,45,094)		(69,77,50,847)	
		<b>(18,87,71,81,279)</b>		<b>(12,97,16,41,589)</b>
<b>Net Cash Flow Generated / (Used) From Operating Activities (A)</b>		<b>8,50,94,64,450</b>		<b>5,78,13,84,856</b>
<b>Cash flow from Investing Activities</b>				
(Acquisition) / disposals of fixed assets during the year	(13,22,788)		(4,33,262)	
Addition to investments during the year	(94,59,39,60,129)		(10,12,34,87,570)	
<b>Net Cash Flow Used In Investing Activities (B)</b>		<b>(94,59,52,82,917)</b>		<b>(10,12,39,20,832)</b>
<b>Cash flow from Financing Activities</b>				
Increase corpus during the year	80,00,00,00,000			
Interest income on Mutual Funds	12,08,00,467		5,26,67,893	
Interest income on investments	7,94,91,14,589		6,24,16,42,252	



## Cash Flow Statement (Contd.)

Amount (₹)

Particulars	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
<b>Net Cash Flow Generated From Financing Activities (C)</b>	<b>88,06,99,15,056</b>	<b>6,29,43,10,145</b>
<b>Net Increase Cash Flow During The Year (A) + (B) + (C)</b>	<b>1,98,40,96,589</b>	<b>1,95,17,74,169</b>
Opening balance of Cash and Cash Equivalents	2,67,54,58,501	72,36,84,332
<b>Closing balance of Cash and Cash Equivalents</b>	<b>4,65,95,55,090</b>	<b>2,67,54,58,501</b>

### Notes:

- Cash and Cash Equivalents include cash and bank balance
- Figures in brackets indicate cash outflow
- The Cash and Cash Equivalents as at 31 March as under
- Figures of the previous year have been regrouped, wherever necessary

	March 31, 2023	March 31, 2022
Cash	2,312	795
Bank Balance	4,65,95,52,778	2,67,54,57,706
<b>Total</b>	<b>4,65,95,55,090</b>	<b>2,67,54,58,501</b>

**For Maheshwari & Co.**  
Chartered Accountants  
ICAI Firm Reg. No. 105834W

On behalf of the Board of Trustees of CGTMSE

**Sd/-**  
**(Pawan Gattani)**  
Partner  
M.No. 144734

**Sd/-**  
**(Sandeep Varma)**  
CEO & Member Secretary

**Sd/-**  
**(Sivasubramanian Ramann, IA&AS)**  
Chairman

**Place:** Mumbai  
**Date:** 26<sup>th</sup> September, 2023

## Credit Guarantee Fund Trust for Micro and Small Enterprises

# Schedules forming part of the Balance Sheet

as at March 31, 2023

Amount (₹)

Particulars	AS AT March 31, 2023	AS AT March 31, 2022
<b>Schedule : 1</b>		
<b>Corpus Fund</b>		
Received from :		
Government of India	1,50,00,00,33,000	70,00,00,33,000
SIDBI	5,00,00,00,000	5,00,00,00,000
(Including the Corpus of ₹ 25,00,00,000/- & ₹ 7,77,50,000/- for RSF - 1 & 2 respectively)		
(a)	<b>1,55,00,00,33,000</b>	<b>75,00,00,33,000</b>
Surplus of Income over expenditure		
Balance B/F	12,98,87,77,283	12,39,93,75,787
Add: Surplus of Current year	44,44,52,694	58,94,01,496
(b)	<b>13,43,32,29,977</b>	<b>12,98,87,77,283</b>
(a + b)	<b>1,68,43,32,62,977</b>	<b>87,98,88,10,283</b>
<b>Schedule : 2</b>		
<b>General Reserve</b>		
<b>Balance B/F</b>	74,20,662	74,20,662
Add: Transfer from Income and Expenditure A/c		
	<b>74,20,662</b>	<b>74,20,662</b>
<b>Schedule : 3</b>		
<b>Current Liabilities and Provisions</b>		
<b>Provision Towards Guarantee Claims</b>		
Opening balance as on 1 <sup>st</sup> April	63,11,63,00,405	52,17,11,91,147
Less : Claim paid during the year	18,07,80,36,185	12,27,38,90,742
Add : Additional Provision Made as at March 31	32,19,90,00,000	23,21,90,00,000
Closing Balance as at March 31	(a) <b>77,23,72,64,220</b>	<b>63,11,63,00,405</b>
<b>Current Liabilities</b>		
Fund from Ministry of Housing and Urban, GoI Towards "PM SVANidhi"	1,27,49,59,646	61,23,84,503
TDS Payable Ministry of Housing and Urban, GoI Towards "PM SVANidhi"	33,65,004	21,81,907
Fund from Ministry of MSME, GoI, Towards "CGSSD"	1,71,82,37,943	1,63,47,68,866
TDS Payable Ministry of MSME, GoI, Towards "CGSSD"	1,28,12,450	67,00,379
Fund from Tamil-Nadu State Govt. Towards "TNCGS"	51,86,66,493	15,00,17,500
TDS Payable Tamil-Nadu State Govt. Towards "TNCGS"	20,72,111	-
Funds - Meghalaya State Govt	1,00,00,000	-
Funds - Rajasthan State Govt	2,00,07,508	-
TDS Payable Rajasthan State Govt	840	-
Advance Received Towards GF & ASF from D C (Handicraft & Handloom), GOI	22,99,875	22,99,875
GST Payable	1,66,83,33,601	1,76,59,01,770
TDS Payable	19,60,289	18,71,488
Professional Tax Payable	3,300	2,400
Outstanding Liabilities Towards Expenses	2,37,65,471	1,84,09,856
Advance Received Annual Guarantee Renewal Fees	8,16,94,36,025	9,44,73,74,359
Advance Received Towards Guarantee Fees	6,75,21,34,478	3,69,99,99,341
Guarantee Fees Refundable	1,80,77,069	1,78,09,638
Annual Service / Guarantee Fees Refundable	1,77,67,738	3,82,77,479
GF Appropriation Account	8,09,921	8,09,914
ASF Appropriation Account	6,84,157	6,39,318
EMD for Contracts	14,30,000	8,00,000
(b)	<b>20,21,68,23,919</b>	<b>17,40,02,48,593</b>
(a + b)	<b>97,45,40,88,139</b>	<b>80,51,65,48,998</b>



## Credit Guarantee Fund Trust for Micro and Small Enterprises

# Schedules forming part of the Balance Sheet

as at March 31, 2023

Amount (₹)

Particulars	AS AT March 31, 2023	AS AT March 31, 2022
<b>Schedule : 4</b>		
<b>Investments</b>		
1) Investment in Fixed Deposits with Banks [including Interest Accrued there on]		
i) Investment of D C (Handicraft & Handloom), GOI Advance	22,88,359	22,87,842
ii) Investment of the MHOU Fund (PM SVANidhi), GOI	1,27,49,11,945	60,74,06,751
iii) Investment of Ministry of MSME Fund, (CGSSD), GOI	1,71,82,37,943	1,63,47,68,866
iv) Investment of Tamilnadu State Govt Fund, (TNCGS)	51,86,66,493	15,00,17,500
v) Investment of Meghalaya State Govt Fund	1,00,00,000	-
vi) Investment of Rajathan State Govt Fund	2,00,07,508	-
vii) Investment of Corpus & Other Funds	2,51,02,92,96,859	1,58,65,70,91,412
2) Investment In Mutual funds	2,11,80,23,393	1,04,59,00,000
[Market value of investments in Mutual Funds: ₹ 214,60,18,042/- Previous Year ₹ 104,91,67,699/- ]		
	<b>2,56,69,14,32,500</b>	<b>1,62,09,74,72,371</b>
<b>Schedule : 5</b>		
<b>Bank Balance</b>		
Accounts with:		
IDBI Bank Ltd.,	-	25,71,004
IDBI Bank (Saving A/c)	30,07,74,376	-
IDBI Bank Ltd., - D C (Handicraft ),GOI,	24,872	54,918
IDBI Bank Ltd., - D C (Handloom ), GOI,	3	3
Union Bank of India	1,31,16,673	47,45,88,084
State Bank of India	3,66,892	3,36,046
ICICI Bank (Saving A/c)	3,43,63,52,814	2,19,79,07,651
HDFC Bank (Saving A/c)	90,89,17,148	-
	<b>4,65,95,52,778</b>	<b>2,67,54,57,706</b>
<b>Schedule : 6</b>		
<b>Receivables</b>		
Prepaid Expenses	37,43,341	1,23,150
Fee Receivable	-	79,925
Input Tax Credit	39,07,527	20,65,039
Service Tax (EC/SHCE)	31,36,145	31,36,145
Service Tax Recoverable	15,24,96,232	15,24,66,187
	<b>16,32,83,245</b>	<b>15,78,70,446</b>
<b>Schedule : 7</b>		
<b>Amount Recoverable from Tax Authority</b>		
Income Tax refundable 31/3/10	39,86,08,031	39,86,08,031
Income Tax refundable 31/3/11	12,13,84,436	12,13,84,436
Income Tax refundable 31/3/12	1,38,88,000	1,38,88,000
Income Tax refundable 31/3/13	13,25,69,729	13,25,69,729
Income Tax Refundable 31/3/15	43,95,61,396	43,95,61,396
Income Tax refundable 31/3/17	32,39,09,904	32,39,09,904
Income Tax refundable 31/3/18	2,16,46,095	2,16,46,095
Income Tax refundable 31/3/20	82,99,86,159	82,99,86,159
Income Tax refundable 31/3/21	53,78,12,893	53,78,12,893
Advance Tax & TDS Paid 31/3/22	69,77,50,847	69,77,50,847
Advance Tax & TDS Paid 31/3/23	79,91,45,094	-
Pre- Deposit against Service Tax Demand	6,10,99,451	6,10,99,451
(a)	<b>4,37,73,62,035</b>	<b>3,57,82,16,941</b>
Provision for Income Tax	(b)	-
<b>Amount Recoverable from Tax Authority</b>	<b>(a) - (b)</b>	<b>4,37,73,62,035</b>

**Credit Guarantee Fund Trust for Micro and Small Enterprises**  
**Schedules forming part of Income and Expenditure Account**  
for the year ended March 31, 2023

Amount (₹)

Particulars	for the year ended March 31, 2023	for the year ended March 31, 2022
<b>Schedule : 8</b>		
<b>Operating and Other Administrative Expenses</b>		
Advertisement, Publicity & Seminar Expenses	10,69,291	6,08,226
Advocate Fees	75,000	-
Auditors' Remuneration	3,65,000	3,65,000
Conveyance Expenses	3,60,532	33,213
Courier/Postage Charges	31,204	6,773
Conference Expenses	16,40,452	-
Internal Auditors Remuneration	2,90,000	2,90,000
IT service Expenses	3,77,97,467	4,29,48,925
Staff Welfare & Miscellaneous Expenses	19,89,542	5,89,633
Office Expenses	12,70,234	11,57,128
Office Rent	1,36,89,918	1,00,21,881
Personnel Cost & Expenses	5,32,42,359	4,58,98,611
Printing & Stationery	8,01,533	4,73,244
Professional / Consultancy Fee	1,32,45,316	64,97,799
Telephone Expenses	17,077	39,559
Training Expenditure	1,34,279	82,980
TA / HA Expenses	16,28,597	73,298
	<b>12,76,47,801</b>	<b>10,90,86,270</b>



## Credit Guarantee Fund Trust for Micro and Small Enterprises

# Grouping forming part of Income & Expenditure

for the year ended March 31, 2023

Amount (₹)

Particulars	for the year ended March 31, 2023	for the year ended March 31, 2022
<b>List 1: Personnel Expenses</b>		
Salaries & Allowances to Employees (SIDBI)	2,41,03,780	1,86,25,876
Salaries & Allowances to Contract Staff	2,79,53,125	2,61,95,570
Coupon Expenses (Sodexo)	11,85,454	10,77,165
	<b>5,32,42,359</b>	<b>4,58,98,611</b>
<b>List 2: Staff Welfare &amp; Miscellaneous Expenses</b>		
Repair & Maintenance	67,702	55,804
Write-Off / Loss on Sale of Fixed Asset	13,462	8,929
Staff Welfare Expenses	11,43,717	2,84,623
Miscellaneous Exp	7,64,661	1,49,505
Insurance Charges	-	90,772
	<b>19,89,542</b>	<b>5,89,633</b>
<b>List 3: Printing &amp; Stationery</b>		
Printing Expenses	5,85,500	3,23,500
Stationery & Computer Consumables	2,16,033	1,49,744
	<b>8,01,533</b>	<b>4,73,244</b>
<b>List 4: Miscellaneous Income</b>		
Miscellaneous Receipts	16,635	58,531
Tender & Search Fee	37,786	48,765
Management Fee	1,94,50,000	2,83,50,000
	<b>1,95,04,421</b>	<b>2,84,57,296</b>
<b>List 5: Outstanding Liabilities Towards Expenses</b>		
Balmer Lawrie & Co. Ltd	4,14,575	-
CMRAS & Associates LLP	2,01,700	-
Globalcom IDC Ltd	3,82,557	3,82,557
K.S. Sangvhi & Co.	4,500	4,500
Maheshwari & Co.	3,28,500	-
Path Infotech Ltd.	34,68,314	65,11,955
Reliance Communications Ltd.	3,51,000	4,21,200
SIDBI	78,52,786	52,51,219
T&M Service Consulting Pvt Ltd.	-	10,16,708
Dynacons System & Solution	60,727	60,727
Jain Tripathi & Co.	65,250	-
Kratikal Tech Private Limited	99,000	-
Tata Communication Limited	31,53,621	31,53,621
Tata Tele Service Ltd	3,37,499	-
Chhajed & Doshi	-	65,250
JNR Management Resource Pvt Ltd	-	24,030
Kirti Stationery & Printers	58,410	20,584
Kyocera Documents	-	25,704
National Institute	-	5,796
Power Cartrige Pvt Ltd	5,880	3,480
SGN & Co.	2,17,800	2,17,800
Professional Couriers	-	6,166
3i Infotech	56,26,558	5,61,509
Patel & Deodhar	-	3,28,500
Pipara & Co LLP	29,364	-
Mukund & Rohit	88,093	-
Sumeet Facilities Ltd	9,71,310	-
Sai Cuisine Hospitality Services Pvt Ltd	16,527	-
Kreative Monk	31,500	-
	<b>2,37,65,471</b>	<b>1,80,61,306</b>

# Schedule Forming Part of the Balance Sheet and Income and Expenditure Account

## Schedule: 9: - NOTES ON ACCOUNTS:

### 1. Significant Accounting Policies

#### a) Accounting Conventions

The accompanying financial statements have been prepared keeping in view the generally accepted accounting principles including historical cost accounting.

#### b) Recognition of Income and Expenditure

The Trust follows mercantile basis of accounting, unless otherwise mentioned. The income recognition of major sources of income of the Trust are as under:

##### Guarantee Fee

Income from Guarantee Fee is recognized when the payment from the respective Member Lending Institutions is received / credited in the Bank Account on proportionate basis. Guarantee Fee received is allocated on proportionate basis towards income for the year and income received in advance considering period of Guarantee cover.

##### Interest Income on Fixed Deposits

Interest income on Fixed Deposits is recognized on accrual basis.

##### Recoveries from MLIs on claim paid

Income from recoveries made from Member Lending Institutions is recognized when the amount is recovered.

##### Income from Mutual Fund

The cost of the mutual fund, for the purpose of calculating capital gains at the time of redemption of units of the mutual fund is computed on weighted average basis. The gains are recognized on redemption.

#### c) Fixed Assets

Fixed Assets have been recognized in the financial statements at cost. Cost includes the cost of purchase, freight, transportation and all other costs incurred to bring the asset to its present location and condition. Depreciation is charged on

the Fixed Assets as per the Straight-Line Method based on the basis of estimated useful lives as prescribed under the Companies Act, 2013.

#### d) Investments

Investments of the Trust comprise investments in Fixed Deposits with Banks / Financial Institutions and Investments in Mutual Funds. Investments in mutual funds are stated at weighted average cost less impairment, if any, during the year or market value, whichever is lower. Investments in Fixed Deposits have been stated at cost along with accrued interest thereon. Investments in Fixed Deposits with Banks relating to fund received from the offices of DC (Handloom), DC (Handicraft), PM SVANidhi Fund received from Ministry of Housing and Urban Affairs, GoI, CGSSD Scheme Fund from Ministry of MSME, GoI and several state funds have been identified and stated as such in the Balance Sheet. Refer Schedule 4.

#### e) Retirement Benefits

Retirement benefits are provided by SIDBI for its employees on deputation to the Trust and charged to revenue account annually on reimbursement basis.

### 2.

(₹ in Crores)

Particulars	As on 31 <sup>st</sup> March, 2023	As on 31 <sup>st</sup> March, 2022
Guarantee approval	4,19,665	3,14,883
Outstanding Guarantee	1,72,582	1,24,618
Overall Liability of CGTMSE out of O/s Guarantee	1,22,326	88,979
Liability of CGTMSE towards first claim Instalment	91,745	66,734

Over and above the provision for claims held, the Trust is contingently liable for guarantee given/sanctioned in the event of non-performance of the MSE for whose protection such guarantee is given/ sanctioned.



# Schedule

## Forming Part of the Balance Sheet and Income and Expenditure Account

3. The Trust pays 75% of the settled claim amount in the first instance, leaving balance amount to be paid after the conclusion of recovery proceedings. In 1,107 Cases (P.Y. 1,764 cases), subsequent payment of 25% has been made. However, in other cases, the MLIs are yet to report status of conclusion of recovery proceedings which makes them eligible for the receipt of the balance claim. Further vide circular no.138/2017-18, the trust has introduced a cap on total claim settlement (i.e. settlement of 1st & 2nd instalments of claim), based on fee and recovery remitted by the MLI. Claims of the respective MLI are settled to the extent of 2 times of the total of fees received and recovery remitted during the previous financial year.

4. **Auditor's Remuneration ₹3,65,000/- (P.Y. ₹3,65,000/-).**  
**The fees are exclusive of taxes.**

Amount (₹)

Particulars	Current Year	Previous Year
Audit Fees	3,00,000	3,00,000
Tax Audit Fees	65,000	65,000
<b>Total</b>	<b>3,65,000</b>	<b>3,65,000</b>

### 5. Taxation

#### 5.1 Direct Taxation

The Trust was notified u/s. 10(23EB) of the Income Tax Act, 1961 ("the Act") by Finance Act 2002 w.e.f. 01.04.2002 and accordingly the income of the Trust was exempt u/s. 10(23EB) of the Act for a period of five years commencing from

Assessment Year (A.Y.) 2002-03 to A.Y. 2006-07.

The Trust was registered u/s 12A of the Income Tax Act 1961 and accordingly it had claimed exemption u/s 11 of the Act for A.Y. 2007-08 and A.Y. 2008-09. The Finance Act, 2008 amended section 2(15) with effect from 1-4-2008 i.e. A.Y. 2009-2010. Accordingly, the Trust had not claimed the benefit of section 11 from A.Y. 2009-2010 onwards. However, the trust has made claim of deduction of 15% u/s 11(1)(a) of the Act during the assessment proceedings.

The Director of Income Tax (Exemptions) – [DIT (E)] had vide order dated 07.12.2011 held that the activities carried out by the assessee trust are in the nature of trade, commerce or business and referring to the amended provisions of section 2(15) of the Act, cancelled the registration granted u/s 12A to the Trust with effect from A.Y 2009-10. The Trust had preferred an appeal against this order before the Income Tax Appellant Tribunal (ITAT) which got decided in favour of the Trust vide order dated 28.05.2014 and registration of the Trust u/s 12A of IT Act was restored. Against the said order of ITAT, the department had filed a petition before the High Court of Judicature at Bombay which was dismissed vide order dated 02.08.2017. Thus, the Registration of the trust u/s 12A/12AA is continuing. Order giving effect to ITAT order dated 28.05.2014 was passed by the office of CIT (Exemption) vide order dated 09.03.2021.

The year wise details of status of assessment and appeals are as under:

	Appellant	Pending before	Nature of addition /disallowance	Disputed amount (Rupees in crores)
2009-10	Trust	CIT (Appeals)	15% Deduction u/s 11(1)(a) not allowed while computing taxable income	30.47
2010-11	Tax Dept.	High Court	Addition of amount accumulated u/s 11(2) in AY 2007-08 while computing taxable income	94.38
			Addition of amount accumulated u/s 11(2) in AY 2008-09 while computing taxable income	154.61
			Contribution received towards corpus from the Settlers added while computing taxable income	166.41
2011-12	Trust	CIT (Appeals)	15% Deduction u/s 11(1)(a) not allowed while computing taxable income in the order passed pursuant to Order giving effect to ITAT Order.	51.20
	Department	High Court	Contribution received towards corpus from the Settlers added while computing taxable income	250

## Schedule

### Forming Part of the Balance Sheet and Income and Expenditure Account

	Appellant	Pending before	Nature of addition /disallowance	Disputed amount (Rupees in crores)
2012-13	Trust	CIT (Appeals)	Contribution received towards corpus from the Settlers added while computing taxable income	2.22
2013-14	Trust	CIT (Appeals)	Contribution received towards corpus from the Settlers of the Trust added while computing taxable income	42.77
2014-15	Trust	CIT (Appeals)	Returned income (Deficit) is considered as Nil in the assessment order passed in Order Giving Effect CIT(A) order while computing taxable income	55.02
2015-16	Trust	CIT (Appeals)	Contribution received towards corpus from the Settlers of the Trust added while computing taxable income	93.74
			Deficit declared in the return of income considered as nil	179.15
2015-16	Trust	AO	Short credit of TDS – Rectification Filed	11.02
2016-17	Trust	CIT (Appeals)	Contribution received towards corpus from the Settlers of the Trust added while computing taxable income	42.48
			AO has not granted deduction of 15% u/s. 11(1)(a) while computing taxable income	1.19
2017-18	Trust	CIT (Appeals)	Contribution received towards corpus from SIDBI added while computing taxable income	4.44
			Disallowed deduction of provision for guarantee claims while computing taxable income	63.83
			The Id. AO also did not grant deduction of 15% u/s. 11(1)(a) while computing taxable income	3.87
2018-19	Trust	ITAT	Disallowed deduction of provision for guarantee claims while computing taxable income	347.04
			AO has not granted deduction of 15% u/s. 11(1)(a) while computing taxable income	9.92
			Addition of amount accumulated u/s 11(2)	56.26
2019-20	Trust	CIT (Appeals)	Disallowed deduction of provision for guarantee claims while computing taxable income	791.02
			AO has not granted deduction of 15% u/s. 11(1)(a) while computing taxable income	12.52

#### 5.2 Indirect Taxation

The Directorate General of Central Excise Intelligence, Chennai had vide show cause notice dated 14.10.2014 sought explanation as to why Guarantee Fee and Annual Service Fees received by them during the period from FY 2009-10 till 30.06.2012 should not be considered as “Support service for Business or Commerce” under Section 65(104c) read with Section 65(105)(zzzq) of Finance Act, 1994 and accordingly service tax of ₹ 79,68,11,936/- should not be demanded and recovered from them along with interest u/s. 75 of the Finance Act and why penalty should not be imposed u/s. 76, 77 and 78 of the Finance Act. In

response to the same, the trust has made written submission on 17.12.2014 and attended the personal hearing before the Commissioner of GST & CX., Bhiwandi on 17.04.2015 and 06.12.2018, who thereafter adjudicated the SCN, vide Order in Original dated 28.05.2019 confirming the demand of Service Tax of ₹ 79,68,11,936/- along with applicable interest and penalty. The Trust has preferred appeal against the said OIO before in the Custom, Central Excise and Service Tax Appellate Tribunal, Mumbai on 29.10.2019 by making the pre-deposit of ₹ 5,97,60,896/-, which is yet to be heard.

# Schedule

## Forming Part of the Balance Sheet and Income and Expenditure Account

Audit was conducted on the record of the trust for the period from F.Y. 2010-11 to 2014-15 under Rule 5A of Service Tax Rules, 1994. On the basis of the observations made in the Final Audit Report, Assistant Commissioner of Service Tax, Mumbai had issued show cause notice dated 18.04.2016 asking the trust to explain as to why-

The activity of sharing of staff with M/s. SIDBI should not be classified under "Business Support Service" and Service Tax of ₹ 52,156/- along with Interest and penalty should not be demanded and recovered;

Service Tax amounting ₹ 1,74,760/- along with Interest u/s. 75 on the unutilized portion of advances received from the Development Commissioner should not be demanded and recovered.

The response thereto was filed by the trust on 23.08.2016. Subsequently the Dy. Commissioner of Service tax vide letter dated 24.03.2017 sought clarification as to whether in relation to the points mentioned hereinabove under sub-clause 1) and 2) of Clause b), the same practice continued post 2015. The reply in response thereto has also been filed by Trust vide letter dated 18.04.2017. Personal hearing of the SCN was attended on 04.03.2021 and 25.03.2022 before of the Deputy Commissioner, CGST and Central Excise (Division IV), Mumbai. The Adjudication Order disposing the SCN is awaited.

Show Cause Notice from the Commissioner of Service Tax -Audit II, Mumbai was received on 22.07.2016 demanding service tax amount of ₹ 1,78,47,373/- plus applicable interest and penalty, for non- payment of service tax on DAN issued before 30.06.2012 but the fee in respect of such DANs were received post 01.07.2012. The written submission in response thereto were submitted on 23.08.2016 by the Trust. On 24.03.2021 the personal hearing on web-ex platform was conducted by the Joint Commissioner, CGST and Central Excise, Mumbai East Commissioner which was attended. The department has disposed the case vide order dated 31.01.2021 against the Trust. In the against order, the Trust has filed the appeal before the Commissioner of Central Excise (Appeals) on 13.09.2021 with pre-deposit

amount ₹ 13,38,555/-. Further, the trust has submitted written submissions on 17.03.2022 and 16.03.2023. The Adjudication Order disposing the appeal is awaited.

The first appeal preferred against the OIO of the Assistant Commissioner (Refund – II), Service Tax, Mumbai with regard to claim of Refund of the Service Tax paid on services provided to MLI's located in Jammu and Kashmir amounting to ₹ 1,07,71,826/- for the period July 2012 to June 2014, was disposed of in favour of the Trust by the Commissioner (Appeals) CGST vide his Order in Appeal dated 28.08.2018 remanding back the matter to the original adjudicating authority with the direction to grant the refund after verification of the relevant documents to be produced by the Trust in support of their claim of Refund. No notice is received for verification of documents for processing the refund claim of the Trust from the Original Authority.

The refund application dated 02.04.2018 for claiming refund of ₹ 7,54,06,280/- for the period March – June, 2017 in respect of service tax paid in advance on the basis of DANs raised for which ultimately no guarantee services have been rendered and which could also not be adjusted against service tax payable. The same was rejected vide Order in Original dated 07.12.2018 by Assistant Commissioner CGST & Central Excise, Division-I, Mumbai. The Trust has preferred appeal against the said OIO before the Hon'ble Commissioner of Service Tax (Appeals)-II, Mumbai on 07.02.2019. Further, the Commissioner (Appeal-I) GST & CX, Mumbai vide dated 20.08.2020 was allowed the appeal with consequential relief, subject to detailed verification. No communication is received from the jurisdictional officer for verification of documents for processing the refund claim of the Trust from the Authority.

On the basis of Audit Observations made, pursuant to conduct of Service tax Audit on the record of the trust for the period from F.Y. 2016-17 to June -2017 under Rule 5A of Service Tax Rules, 1994 Show cause Notice was issued by the Deputy Commissioner, GST & Central Excise, Division-IV, Mumbai East Commissionerate seeking explanation with regard to:



## Schedule

### Forming Part of the Balance Sheet and Income and Expenditure Account

Why Service Tax of ₹ 40,330/- should not be recovered on Penal Charges deducted while making payment to M/s Path Infotech be covered as declared service under sub-clause (e) of section 66E of Chapter V of the Finance Act, 1994.

Why ₹ 1,37,182/- should not be recovered along with applicable interest for short reversal of common cenvat credit in relation to exempt turnover of services.

In response thereto written submissions have been filed on 18.11.2021. Thereafter, till date no further communication either fixing the date for PH for adjudication or dropping of SCN is received.

6. The Trust has obtained Actuarial Valuation Report of Expected Pay out due to Default in Loans. Accordingly,

the additional provision suggested by Actuary in his report is ₹ 3,219.90 Crore as on 31.03.2023. Details of provision for such claims are as under:

Amount (₹)		
Particulars	Current Year	Previous Year
Opening balance as on 1 <sup>st</sup> April	63,11,63,00,405	5,217,11,91,147
Less: Claim paid during the year	18,07,80,36,185	1,227,38,90,742
Add: Provision made during the year	32,19,90,00,000	2,321,90,00,000
Closing Balance as on 31 <sup>st</sup> March	77,23,72,64,220	63,11,63,00,405

7. Figures of previous year have been regrouped, reclassified and rearranged wherever necessary.

For Maheshwari & Co.  
Chartered Accountants  
ICAI Firm Reg. No. 105834W

On behalf of the Board of Trustees of CGTMSE

Sd/-  
(Pawan Gattani)  
Partner  
M.No. 144734

Sd/-  
(Sandeep Varma)  
CEO & Member Secretary

Sd/-  
(Sivasubramanian Ramann, IA&AS)  
Chairman

Place: Mumbai

Date: 26<sup>th</sup> September, 2023





### Registered Office of CGTMSE

1<sup>st</sup> Floor, SIDBI Swavalamban Bhavan, Avenue 3, Lane 2, G- Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051  
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