

## **A Study of the Economic Impact of the Emergency Credit Line Guarantee Scheme (ECLGS) on Select MSMEs of Gujarat State distressed due to the Pandemic**

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### **Abstract**

MSMEs have now been widely accepted as the lifeline of any economy especially of a state like Gujarat which is known as the powerhouse of our country. The Pandemic induced distress in the economy necessitated the introduction of a slew of measures by the Government to not just salvage them but to ensure that they manage to survive this difficult period and also not falter financially post this difficult time. One of the important steps taken by the Union Government to address the issue of preventing the MSME sector from going bust, was the introduction of Emergency Credit Life Guarantee Scheme (ECLGS).

The main objective of this study was to find out the precise economic impact of this scheme on the MSMEs of Gujarat state distressed due to the Pandemic. Central to this study was the effort to determine the exact economic impact of this scheme through the various economic parameters that have been influenced by the ECLGS on the financial improvement of the MSMEs of Gujarat state which had been severely distressed by the Pandemic. By delving into different parameters and analysing them comprehensively and thoroughly the study aims to unravel the varied layers of the economic impact of this scheme on the MSMEs of Gujarat state. The method to be used to study and determine the economic impact would be through a Questionnaire. The data for this study was gathered from many related research papers, periodicals, government publications and so on. This is a research review.

### **Introduction**

The Government of India through its Finance Ministry / Department of Financial Services had launched the Emergency Credit Line Guarantee Scheme (ECLGS) in May 2020 to help and recover the pandemic hit economy. This scheme had aimed to provide Rs. 3 lakh crores of unsecured loans to MSMEs and business enterprises to mitigate the distress caused by the coronavirus-induced lockdown. This scheme was introduced specifically for MSMEs and Business Enterprises. This additional loan came with a 100% guarantee and was aimed to provide the much needed boost to reignite the MSMEs distressed by the Pandemic.

The ECLGS provided 100% guarantee coverage by NCGTC to MLIs on ECLGS of up to Rs. 5 lakh crore to eligible MSMEs. MSMEs for the purpose of this Scheme will include MSMEs/ Business Enterprises which are constituted as Individuals, Proprietorships, Partnerships, Registered Companies, Trusts & Ltd Liability Partnerships (LLPs), and also interested borrowers

under PMMY. This study aims to bring out the economic impact this scheme has had on select MSMEs of Gujarat state which were distressed by the Pandemic.

### **Review Of Literature**

The source of the formation is carried out by the various sources like newspapers, books, various blogs websites, and also the reference from reputed journals. This information aided in comprehending the impact of the Emergency Credit Line Guarantee Scheme (ECLGS) on Select MSMEs of Gujarat State distressed due to the Pandemic. As a result the study is a descriptive research. The researcher did a review of the below stated literature to discover the impact of the ECLGS on the MSMEs distressed due to the Pandemic.

- **RBI Financial Stability Report of December 2022**

The report confirmed that the ECLGS was pivotal in providing support and additional liquidity for business entities to tide over the effects of the Pandemic. The major sectors availing the ECLGS were services and traders, which were among the most impacted by the pandemic. The PVBs disbursed funds under the ECLGS more than the PSBs, with the amount disbursed to repeat borrowers of PVBs almost double that of PSBs. The analysis of borrowers availing the ECLGS indicated that the majority of the smaller borrowers belonged to the micro enterprises category. In terms of quantum of disbursement, more than two thirds of the total funds were availed by businesses belonging to the micro, small and medium enterprises, indicating the utilisation of this scheme mainly by the MSMEs.

- **First Chapter of World Development Report 2022 published by World Bank**

This chapter of the report stated that although a large spike in insolvencies and loan defaults had been averted thanks to the Indian Government's ambitious policy response, the inequality had unfortunately increased. While agricultural incomes had been remarkably resilient, the 40 percent of India's informal workforce outside the agriculture sector had suffered the brunt of the economic distress caused by the pandemic.

- **Report by SIDBI & CIBIL in August 2022 showing MSMEs to be the biggest beneficiaries of the scheme**

The report prepared in collaboration by SIDBI and CIBIL, stated that improving the credit flow to MSMEs was very essential to accelerate economic growth. The Pandemic and the various measures taken in the aftermath of the Pandemic impacted MSMEs the most. Timely intervention by the Central Government and the regulator had ensured that the MSMEs could face these difficult challenges to a large extent. The report also mentioned that for a sustainable growth to be achieved by the MSMEs, they need to be provided timely credit to resilient MSME borrowers so that the portfolio of the MLIs could also be protected.

- **Working Paper on Impact of Covid-19 Packages on MSME Financing in India**

The paper stated that the demand for credit picked up in MSME sector following announcement of the ECLGS. In the subsequent periods, credit growth significantly increased in the MSME sector. Most of the funding was disbursed to borrowers with loan size below 10 lakhs. Credit growth to the borrowers already having relationships with the MLIs sharply increased following

the scheme's announcement. More than 88% of the loans given were standard assets which also proved that the scheme did not dilute the quality or standard of the assets disbursed by the MLIs. The scheme truly benefitted the MSME sector and also saved many MSMEs by making them access to external funds with less transaction costs. This also resulted in the economic value being added to the MSME sector and employment generation. The overall objective of the Central Government was definitely achieved by the introduction of this scheme.

- **National Institute of MSME observations on the RBI Study which claimed that Covid Period Credit Guarantee Scheme helping the MSME achieve higher net profit**

The study pointed to a trend of increasing formalisation among MSMEs, saying that registrations to avail of government schemes helped this trend. However, the study also noted that despite formalisation, most firms dipped into internal sources for financing, like retained profits, rather than relying on bank loans and long-term financial institutions. The study also found that rent and electricity were the primary factors affecting profitability of MSMEs, followed by debt servicing and employee costs. Therefore, government incentives targeting these areas tend to help MSMEs more. It further observed that the pressure to reduce output prices amidst rising input prices was the major economic issue faced by the MSME borrowers during both pre- and post-COVID periods.

- **Asian Development Bank Report in March 2022 on Credit Guarantee Schemes for MSMEs in Asia-Pacific Regions**

The report stated that the credit guarantee schemes played a crucial role in providing access to finance for MSMEs in the Asia-Pacific region. These schemes helped mitigate financial risks for the lenders, allowing them to extend more loans to MSMEs, especially those lacking collateral. The report also highlighted the importance of tailoring these schemes to the specific needs and circumstances of different countries and regions within the Asia-Pacific, considering factors like macroeconomic conditions and government policies.

- **ECLGS Insights Report by CIBIL of December 2021 Analysing the Flow of Credit and Borrower Behaviour**

The report stated the liquidity provided under the scheme resulted in reduction in average credit balances for the MSMEs. This reduction was observed across all MSME segments. The performance of loans extended under the scheme was also found to be better. The NPA levels of those MSME borrowers who availed this scheme were lower than those who did not. More than 65% of the respondents had said that the scheme helped their business tide through financial troubles and 68% were confident about a future positive outlook. The only worrying finding of the report was that more than 57% of the respondents had not found it easy to access the scheme.

- **Study on Impact of ECLGS (Supplementary Report) for NCGTC of September 2020 submitted at NIBM, Pune**

The report mentioned that the funds were mostly used to restart operations and clear the dues to the suppliers. While restarting the operations using the scheme funds post the Pandemic lockdown was a uniform concern across activities and borrower size, clearing supplier's dues and

payment of salaries were of increasingly relevance and importance for the borrowers who had obtained large funds under the scheme and for manufacturing units. Since the manufacturing units were also likely to be more labour intensive, the payment of salaries were necessary for restart of operations. In contrast, since service firms were less dependent on the suppliers and workers by their design, their focus was more on restart of their business operations.

- **Study on Impact of ECLGS (Final Report) for NCGTC of March 2023 submitted at NIBM, Pune**

The report stated that the scheme had accelerated the credit flow to the eligible borrowers since the total amount disbursed under the scheme was more than 25% of the total credit disbursed by the scheduled commercial banks between Dec 2019 and Jan 2023. The scheme had also reduced the cost of credit to the borrowers since more than 82% of the loans disbursed were at a rate of 8% or below. The NPAs too were the lowest in this category. The report further mentioned that most guarantees were given to micro and small borrowers and that the states which had a higher proportion of such borrowers had received more such guarantees. Most NPA claims had been settled for these borrowers as well.

### **Research Methodology**

The word Research broken into two parts – ‘Re’ signifies *Again* and ‘Search’ means *to discover*. A research is a careful consideration of study regarding a particular concern or a problem. It is a known established fact that, any research has to be validated based on the systematic collection and analysing of this collected data. For this study, the questionnaire method was adopted to collect primary information from the respondents using a well-structured pre tested questionnaire. The primary data was collected from select 100 MSMEs belonging to varied sectors of the economy and operational in different parts of the state of Gujarat. The secondary data was collected from various external sources.

- **Research Design:**

Descriptive research design has been used in this study.

- **Sources of Data:**

- i) Primary data: Primary data was collected with help of a structured questionnaire for the purpose of the study.
- ii) Secondary data: Secondary data was collected from external sources like television, radio, internet, magazines, books and newspaper. This data might have been previously collected for different purposes.

- **Sample design:**

Considering the time factor and the cost involved in going for random sampling, convenience sampling was used for selecting the 100 respondents. In order to have a wider group of respondents suitable for study, the respondents were chosen from those operational in varied sectors and those belonging to different regions and areas of Gujarat state. Sample design includes the following:

**Nature of population:** Population of finite MSMEs of Gujarat state.

**Sample unit:** 100 select MSMEs of Gujarat state.

**Method of sampling:** Convenience Sampling.

**Size of sample:** 100 for convenience.

- **Data Analysis:**

Data was transformed in the form of Tabulation, Graphs and Charts for further analysis and interpretation.

- **Statement of study:**

The study aimed at understanding the economic impact the ECLGS had on the select MSMEs of Gujarat state distressed by the Pandemic. This study had also analysed the perception of the MSMEs towards ECLGS and the benefits it had accrued on the financial health of the MSMEs of Gujarat state, which had been severely distressed by the Pandemic.

- **Scope of study:**

The study is focusing on analysing the economic impact the ECLGS had on the MSMEs of Gujarat state distressed by the Pandemic and hence it will be helpful to confirm whether such schemes introduced by the Government are actually beneficial to their targeted sector so that in the advent of any such eventuality it would guide the Government as to what it needs to do to support and help the distressed sectors.

- **Objectives of the Study:**

- To assess & analyse the economic impact on the business class particularly the MSME sector of Gujarat.
- To assess whether the purpose of the scheme per se had been achieved or not.
- To assess the financial well-being of the MSMEs post the implementation of the scheme.
- To assess the response of the MLIs with regards to the guarantee of the Govt. in case of default by the borrowers of these loans.
- To assess whether the scheme was helpful in preventing increase in NPAs of Commercial Bank amongst their MSME clients.

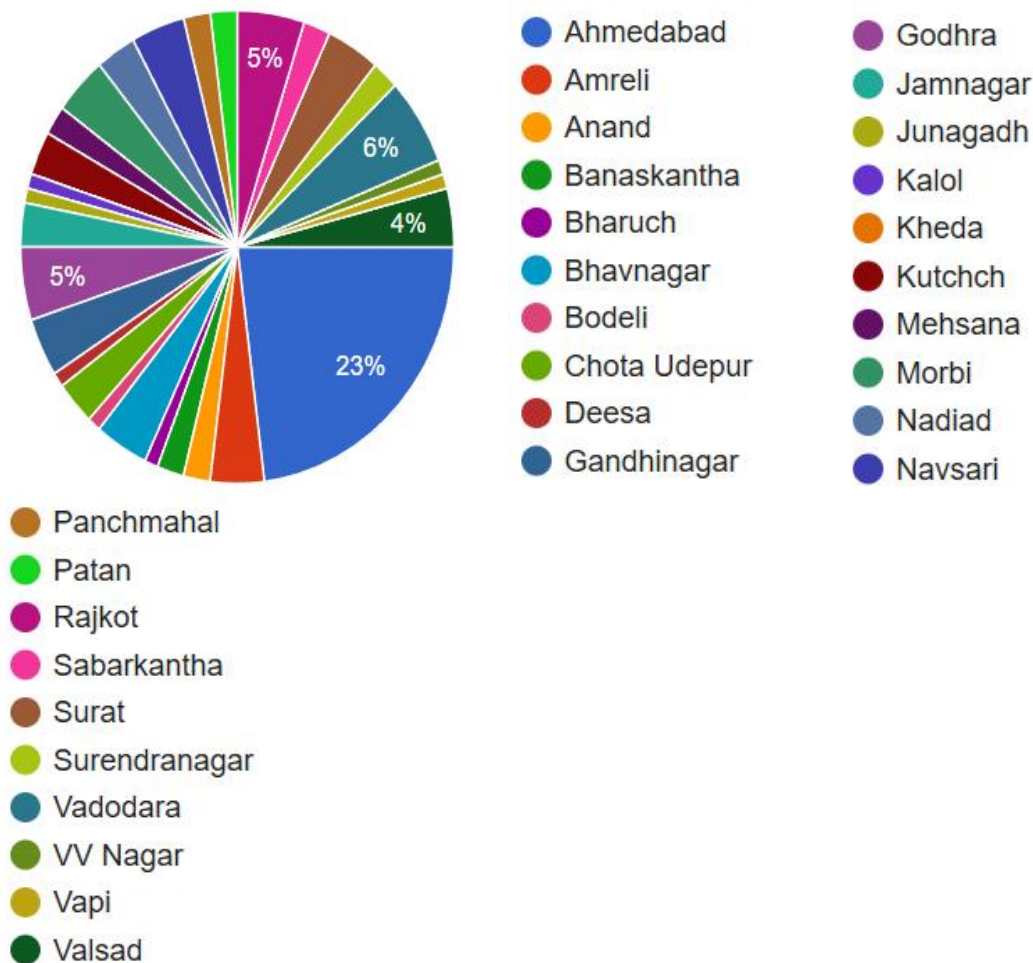
- **Limitations of the Study:**

- The study is restricted to select MSMEs of Gujarat state.
- The findings of the study cannot be generalized to the entire MSME sector of Gujarat state or the country.
- The study is limited to 100 respondents.
- The study has been conducted in a limited time period.
- The study is based on the responses given by the MSMEs.
- Chances of researcher's bias might have crept up during collection of data and while handling the questionnaire.

## Research Findings

The 100 select MSMEs who acted as respondents, were asked to fill up a questionnaire covering most aspects of their experience while they had obtained the ECLGS funding. The answers obtained from them have been presented below in the form of pie and bar charts:-

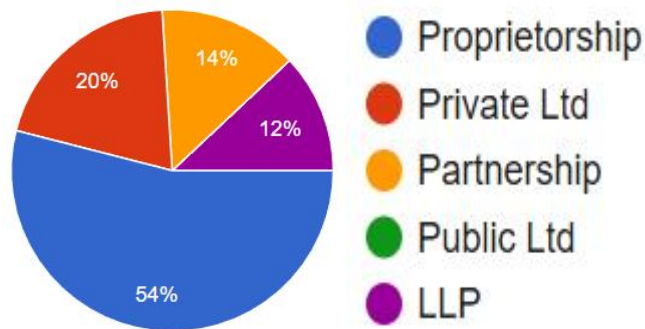
➤ Location Situated



The 100 MSME units selected belonged to no less than 30 locations of Gujarat state. These locations covered almost all regions and districts of the state including those places where there is a larger concentration of MSME units. The maximum respondents were from Ahmedabad city (23) which is the biggest city of Gujarat along with other prominent MSME centres like Vadodara, Surat, Rajkot, Morbi, Bhavnagar, etc. To make the sample as representative as possible, MSME units from smaller centres like Amreli, Navsari, Nadiad, Patan, Deesa, Chota Udepur, Bodeli, Anand, Godhra, etc. were also taken. Some of the locations which have prominent industrial sectors and strong presence of MSME units like Vapi, Bharuch, Kutch, Mehsana, etc. were also taken. The units selected were also representing almost all the prominent

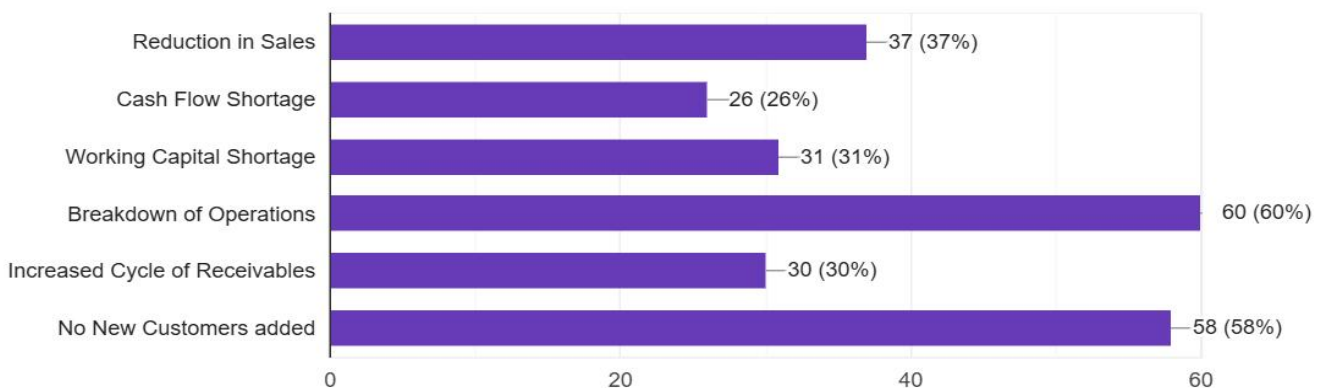
sectors of Gujarat namely textile, Pharmaceuticals, chemicals, Agri, Food Manufacturing, Transport, Tourism, etc.

➤ Type of Ownership



The units selected were of mainly four types as show above. Almost 54% of the units were having Proprietorship as their ownership while the remaining 46% comprised of Pvt. Ltd, Partnership and LLP.

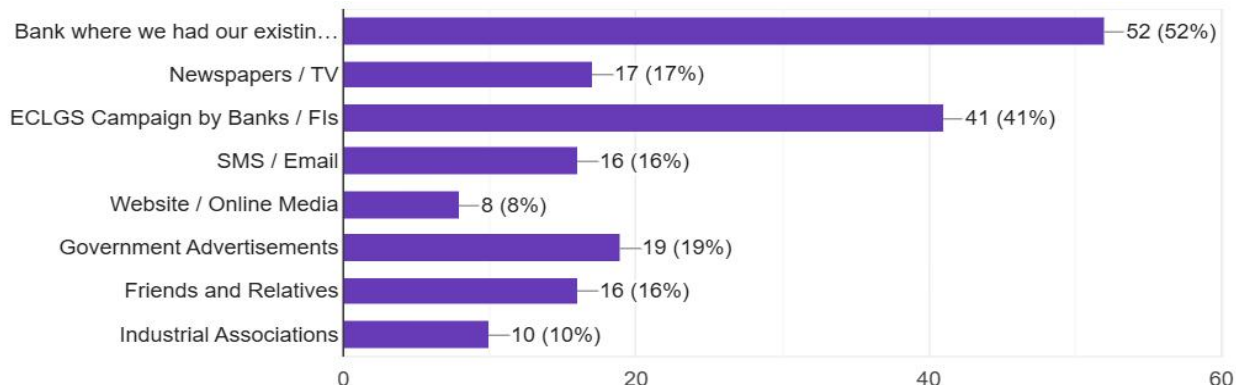
➤ What were the different negative impacts of the Pandemic on your Unit?



The most common negative impact of the Pandemic on the unit of the respondents as Breakdown of Operations which was selected by 60% of them. A close second is the impact of No New customers added. Other impacts like Reduction in Sales (37%), Working Capital Shortage (31%), Increased Cycle of Receivables (30%) and Cash Flow Shortage (26%) were also quite prominent if not in majority. This also proved that the Pandemic had a lot of negative impacts on the MSMEs.

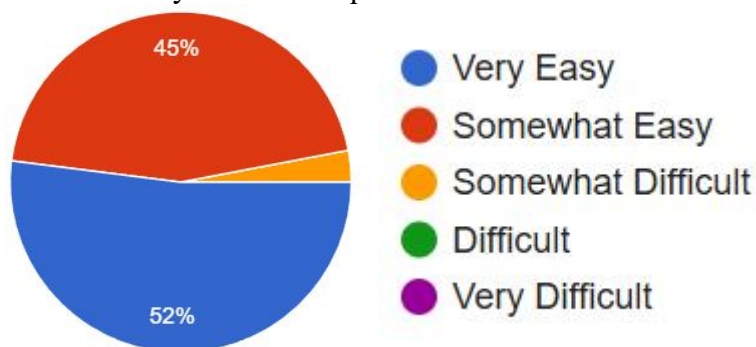
➤ How did you got to know about the ECLGS?





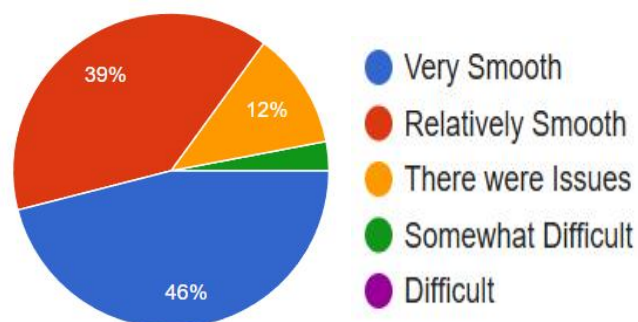
Majority of the respondents came to know about the scheme from their banks where they had their existing limits (52%), a close second was the ECLGS campaigns run by Banks / FIs (41%). The other options did not get much selection by the respondents. This also confirmed that the Government had to increase their advertisements or awareness efforts about such schemes if at all there is a requirement of such in the future.

➤ How easy was it to acquire the ECLGS Funds?



More than 95% of the respondents found that it was either Very Easy (52%) or Somewhat Easy (45%) to acquire the ECLGS funds. This means that the funds under the scheme were easily available for the MSMEs to acquire. The banks and the financial institutions too ensured that the borrowers did not face any problems or issue when they really required funding under this scheme post the Pandemic.

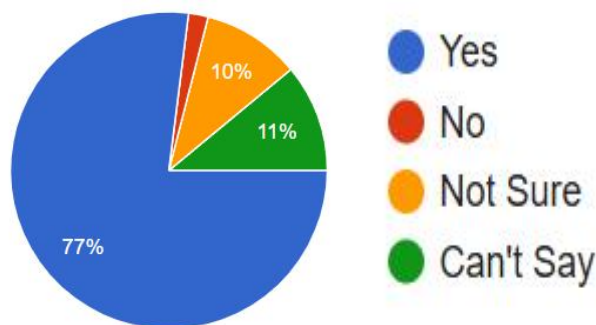
➤ How has been your experience with regards to the processing of the ECLGS at different financial institutions and banks?





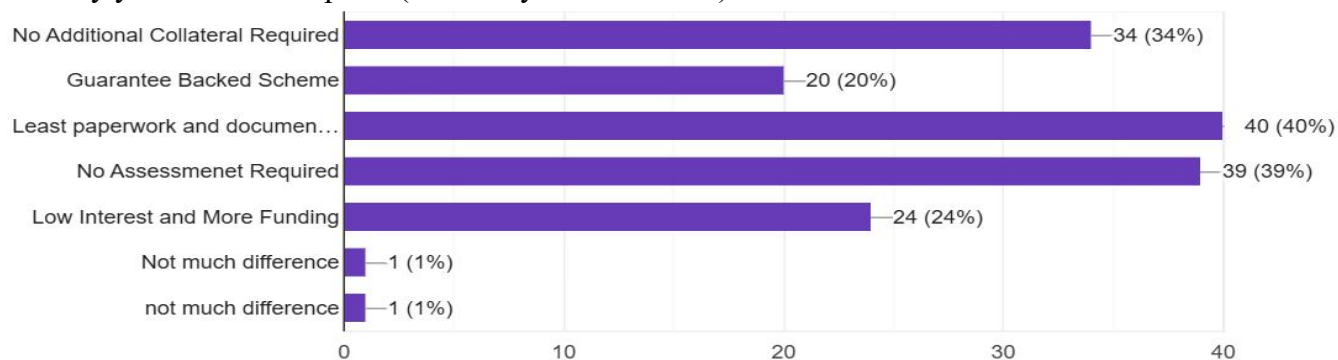
46% of the respondents found that their experience with regards to the processing of the ECLGS at different FIs and banks was Very Smooth whereas another 39% of the respondents found it relatively smooth. This confirmed the fact that the processing of the ECLGS was kept very borrower friendly and there were very few instances of the MSMEs facing any issues or finding it difficult to process the funds.

➤ Did the funds received through the ECLGS help you in easing the financial problems you had to face during and post the Pandemic?



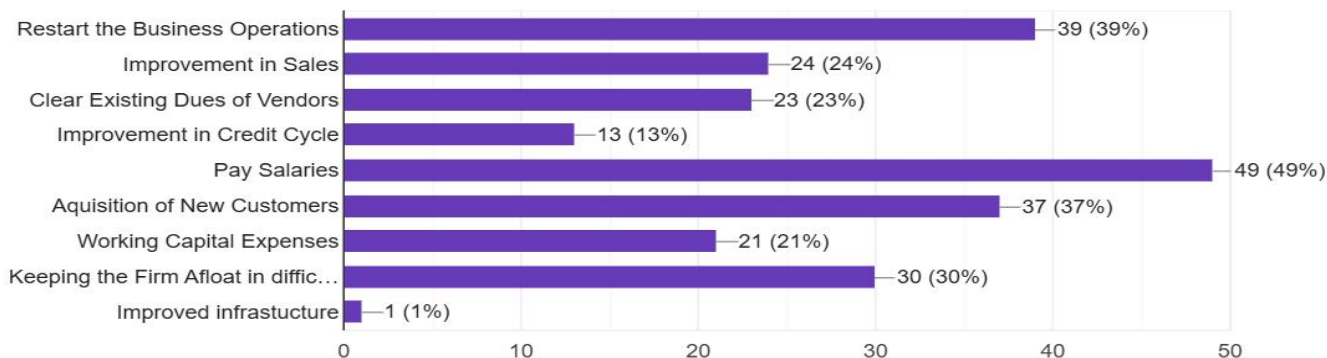
A staggering 77% of the respondents confirmed that the funds received through the scheme did help them to ease their financial problems they had faced during and post the Pandemic. This statistic has put a seal of approval on the scheme with regards to its economic impact on the MSMEs which were distressed due to the Pandemic. This confirmation of the scheme easing their financial issues is a big thumbs up to the scheme.

➤ How have the funds received through ECLGS different from the other fund based loans taken by your firm in the past? (select any more or more)



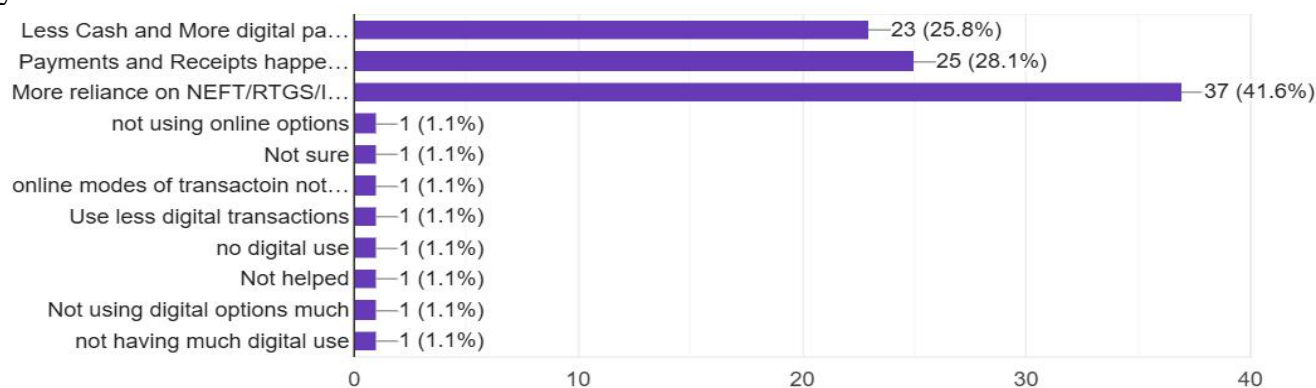
40% of the respondents felt that the main reason that the funds received through the scheme were different from the other fund based loans taken by them in the past was that it involved least paperwork and documentation. A closed second came the benefit of no assessment required (39%) while 34% felt that the benefit of no additional collateral required was the main difference. The scheme having low interest and low funding (24%) and it being a Guarantee backed scheme (20%) were the other two main differences.

➤ How have you utilised the funds received through ECLGS in your firm? (select any one or more)



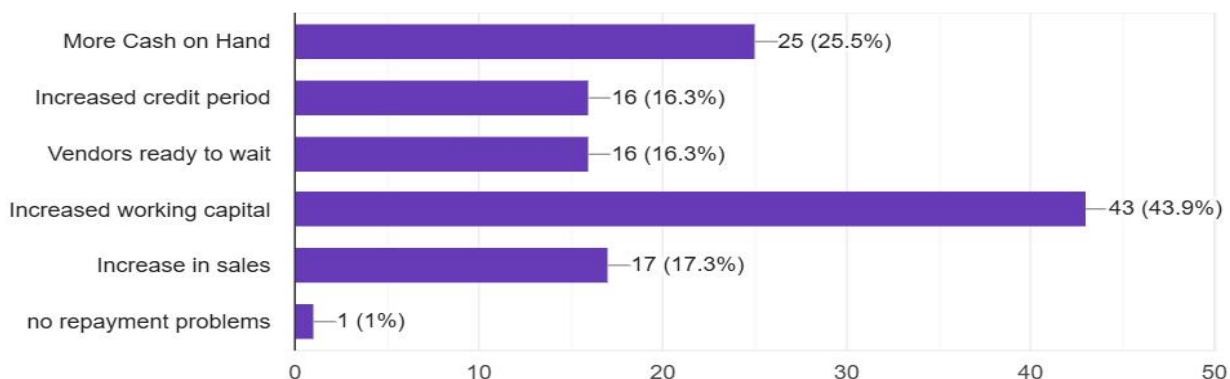
49% of the respondents paid of pending salaries while 35% restarted their business operations. 37% of the respondents acquired new customers while 30% kept their firm afloat due the pandemic. Improving their sales (24%) and clearing existing dues of vendors (23%) were the other prominent ways to utilise the funds.

➤ How has the funds received through the ECLGS helped you in becoming more digital in your transactions?



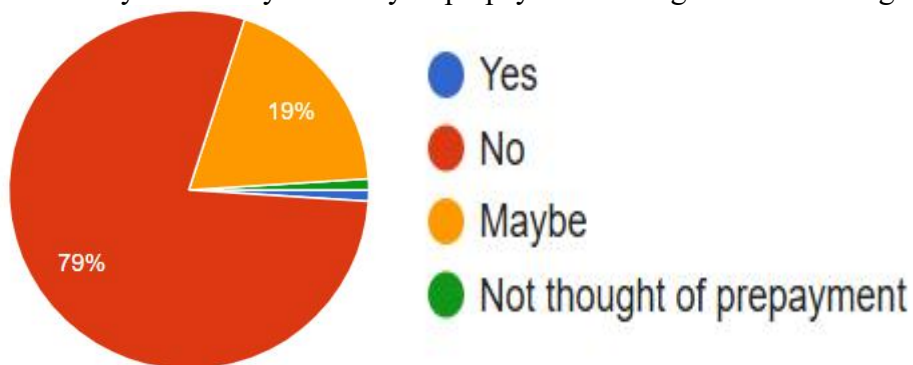
37% of the respondents mentioned that they relied more on online options than cash after receiving the funds from the scheme and the subsequent shift towards digital transactions instead of the traditional ones.

➤ How has your firm been able to mitigate the repayment problems? (select any one or more options)



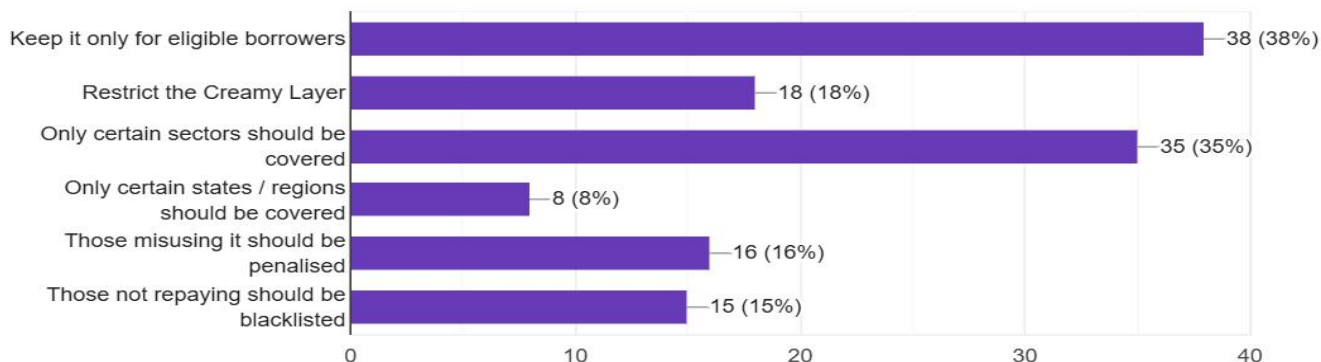
43% of the respondents mentioned that they managed to increase their working capital through the funds received by the scheme which helped them to mitigate their repayment problems. The other options like more cash on hand (25%), increase in sales (17%), increased credit period (16%) and vendors ready to wait (16%) were the other options selected by the respondents.

➤ Did you feel any necessity to prepay the funding received during the loan period?



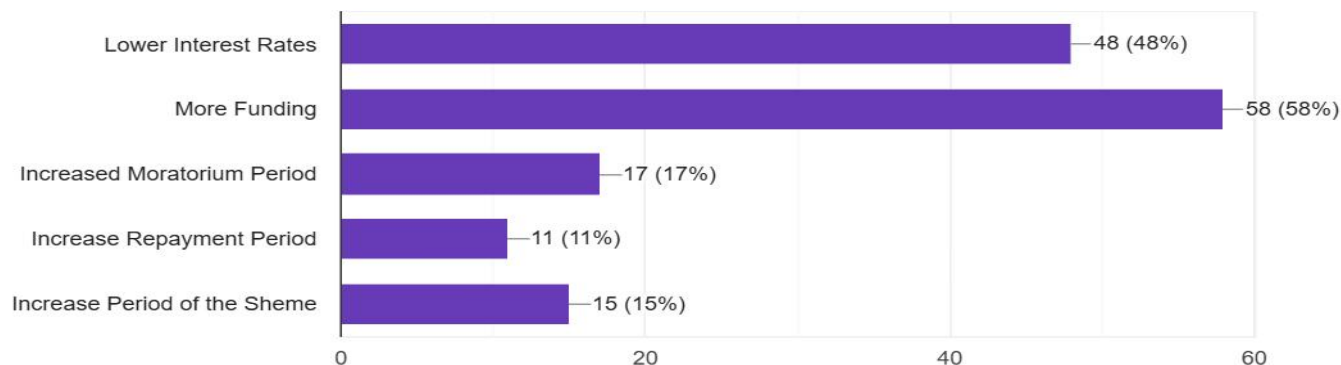
A staggering 79% of the respondents mentioned that they did not feel any necessity to prepay the funding received during the scheme.

➤ What safeguards can the government have in such schemes in the future so that only the deserving firms could take its benefit?



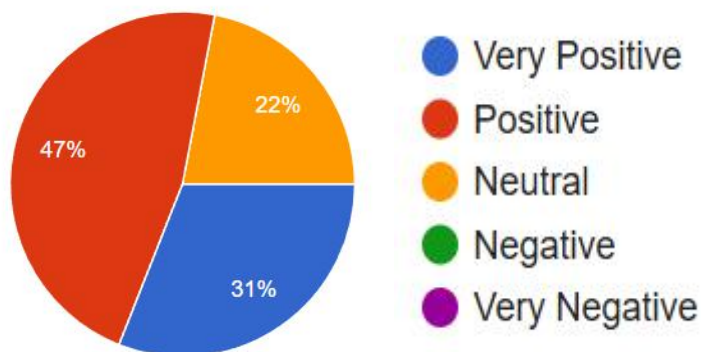
38% of the respondents felt that the scheme should be kept only for eligible borrowers while 35% felt that only certain sectors should be covered as safeguards which the government can have in such schemes so that only the deserving firms could take its benefit and the funds reach the right borrowers who were actually distressed by the Pandemic. The other safeguards were selected by only a few respondents.

➤ What change would you want the government to make in such schemes in the future if it is again necessitated? (select any one or more options)



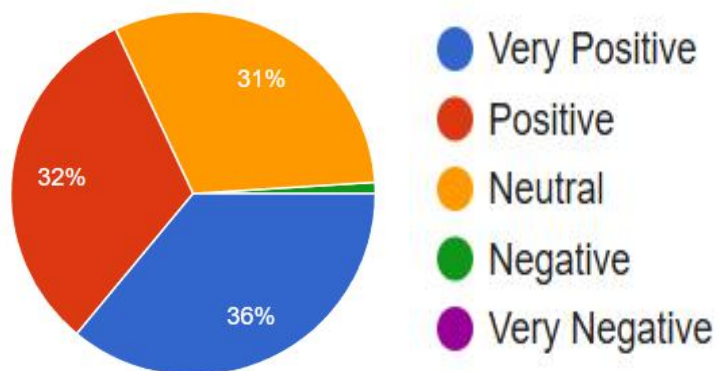
58% of the respondents want more funding while 48% of the respondents want the funding at lower interest rates as the main changes which they want the government to make in such schemes in the future.

➤ What has been your experience of such economic packages during a similar economic crisis in the past years?



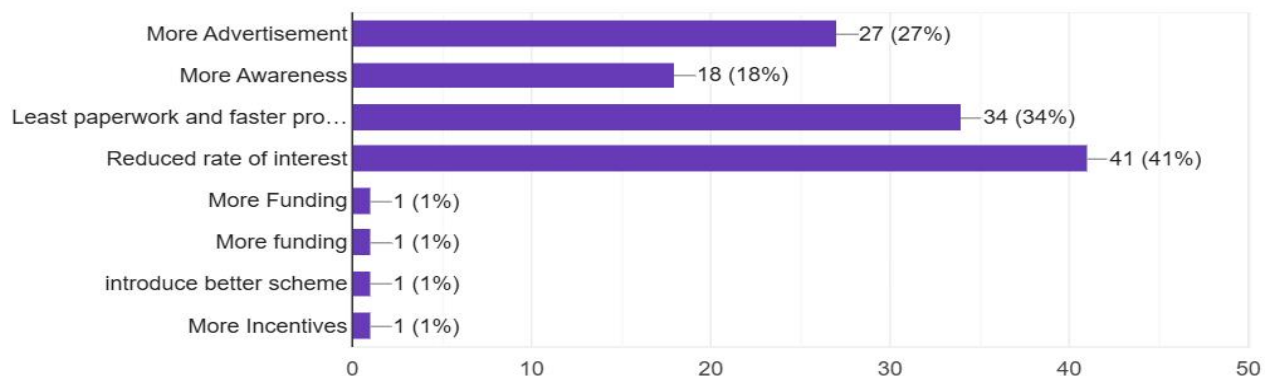
47% of the respondents found their experience of such economic packages in the past to be positive while 31% found it very positive. This confirms that the borrowers have had a positive experience of such scheme.

➤ What has been your perspective towards any government introduced & guarantee backed funding schemes like the ECLGS after you have repaid the funds?



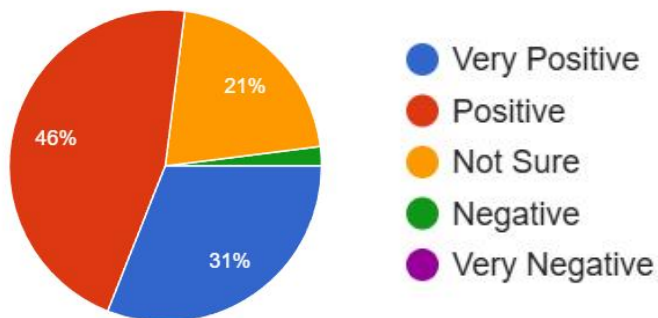
68% of the respondents had a very positive (36%) or positive (32%) perspective towards such government introduced and guarantee backed funding scheme like the ECLGS after they had repaid the funds obtained under the scheme.

➤ What more can the government or the financial institutions could have done through the ECLGS to provide the necessary economic impact to your firm? (select any one or more options)



41% of the respondents suggested that the government could have further reduced the rate of interest (41%) while 34% of the respondents felt that the paper work could have been further reduced or processing could have been done even faster. 27% of the respondents wanted the government to ensure more advertisement while 18% wanted more awareness to be done regarding the scheme amongst the affected borrowers.

➤ What is your future outlook of the economy in the overall sense and your sector in particular, post obtaining the ECLGS Facility?



77% of the respondents either had a very positive (31%) or a positive (46%) future outlook of the economy in the overall sense and their sector in particular post obtaining the funding under the scheme. 21% of the respondents were not sure about the future outlook which showed a bit of uncertainty or confusion amongst some of the respondents.

### Analysis Of Research Findings

➤ The findings of the research give a very definite answer of the economic impact the ECLGS had on the MSMEs which were distressed due to the Pandemic. Out of the 100 MSME units selected, majority of them were proprietorship concerns but there was a sizeable representation of units which were Partnership, LLP or Pvt. Ltd. The units were located at 30 different locations of Gujarat which showed that the study was as representative as possible to the entire state of Gujarat and specially those centres which had a good number of MSME units. The sectors that the respondents belong were also as varied as a sample of this size can be.

➤ Breakdown of Operations and No new customers added were the top two negative impacts of the Pandemic on the units. This showed that the MSME units faced a complete shutdown of their operations and could not add any new customers due to the Pandemic. Shortage of Working Capital, reduction in Sales, increased cycle of receivables and cash flow shortage was faced by many if not the most of the units. Many respondents selected more than two impacts, some even choosing 3-4 which showed that the units were financially demolished by the distress caused by the Pandemic. The findings of the negative impacts on the MSME proved that the Pandemic had a serious back breaking effect on the financials of the MSME and hence the ECLGS was very essential to revive them.

➤ The units got to know about the scheme majorly from the banks where they were already enjoying credit limits. The banks and other MLIs too had run an effective campaign on the instructions of the Union Government so that the benefits of the scheme could reach the targeted borrowers. Since the other options got a very lukewarm response, it gives a definite picture of the need for the government to spend more on their awareness and advertisement efforts in any such scheme in the future.

➤ Phenomenal number of respondents found it either very easy or somewhat easy to obtain the funds under the scheme confirming that the scheme was very borrower friendly in nature and that the funds were very readily and easily available under the scheme. This was very vital for the

scheme to have its economic impact as the Pandemic had affected the MSMEs on a very large scale and if the funds under this scheme were not easily available than it would not have had the required impact on the MSMEs who were literally on the verge of a shutdown if they had not been supported by such a scheme.

➤ The processing of the scheme being smooth as selected by most of the respondents also was very necessary cause one of the main concerns of any borrower is in normal circumstances for them to obtain the funding from any MLIs, the time taken, documents required, assessment, etc. takes a lot of effort, time and money for them. In this scheme the processing was deliberately kept very quick and smooth so as to facilitate the financial reviving of the units quickly.

➤ Whether the funds received through the scheme helped the MSME units to ease their financial issues they had faced due to the Pandemic has been overwhelmingly given a green flag with no less than 77% of the respondents saying it did help. The scheme not only eased the varied financial problems but also helped them to reinvigorate their units which were very badly affected due to the after effects of the Pandemic. The scheme actually worked as a booster dose against the ill effects of the distress and ensured that the units withstood the economic storm caused by the Pandemic and its subsequent lockdown.

➤ Multiple respondents found that the scheme was very different from the other normal fund based loans taken by them in the past as there was less paperwork and documentation, no assessment, no additional collateral and it was backed by the guarantee of NCGTC. The different attributes of the scheme did have the positive impact on the borrowers which was the need of the hour during that period. The borrowers had to be given these benefits through this scheme otherwise they would have felt like any other fund based loan and would have had to face a lot of issues, hassles, etc. which would have reduced the required economic impact of the scheme which was the central to the introduction of this scheme.

➤ Since the units faced a lot of issues due to the distress by the Pandemic, their utilization of the funds in their units received multiple answers in the selection by the respondents with many of them mentioning Paying Salaries, addition of new customers, restarting their business operations, etc. Many also selected improvement in sales, clearing existing dues of vendors and keeping their firm afloat in difficult times. The units utilised the funds in varied ways but almost all of them used them to improve the financial condition of the firm in ways that their sectors demanded. Improvement in their working capital was the most common way the units were able to mitigate the repayment issues they had faced. Other replies like more cash on hand, increased credit period, vendors ready to wait, increase in sales were also selected by reasonable number of respondents.

➤ As there were no benefits or advantages for the units to prepay the funding received through the scheme most did not feel any necessity to do that. The units required the funding desperately and were able to stabilize their economic condition after a long time so it was actually not necessary to prepay the funding. Also the rate of interest on the funds received was



not on a higher side which would necessitate their prepaying it to reduce the interest burden. Some of the firms who were in a comparatively better position than the others did prepay the funds which also confirmed that the scheme had been used by some units who were actually not in need of such funds but since they were available through the scheme and they were not barred from obtaining them, they did obtain these funds.

➤ In order to make such schemes more effective or impactful, most respondents felt that the government should have some safeguards or barriers so that only the deserving firms could avail the benefits and not those who really did not require the funding. They suggested that the scheme should be kept only for eligible borrowers who have actually been distressed by the Pandemic or for only those sectors which were more affected by the Pandemic induced lockdowns and its subsequent economic distress. The government and the MLIs would also have learnt the lessons by this scheme so that they provide the relief and support to only those for whom it was introduced and not to all.

➤ In spite of the scheme providing different and varied benefits most of the respondents felt that in such schemes in the future the government could provide more funding or the interest rate to be reduced. The other options of increased repayment period, increased moratorium period and increased period of the scheme found only few takers. This confirmed that the ROI needs to be further low and that the amount of funding (which was 20% of their then outstanding) could still be increased. This also means that the units believed that more funds at low cost would be the best way this scheme could be made more impactful in the future if it was again necessitated.

➤ Most respondents had a very positive or positive experience of such packages during similar economic crisis which confirmed that their approach towards such schemes was more affirmative than otherwise. The general viewpoint of the borrowers was more positive but a third were neutral which means that such schemes do invoke other reactions too in the minds of the borrowers. The borrowers' perspective towards such schemes was again more positive with a third of the respondents again staying neutral. This only reaffirmed that the scheme had its naysayers too but was by and large backed by majority of the borrowers and their perspective towards such schemes was more positive than otherwise.

➤ With respect to what the government or the MLIs could have done through this scheme to provide the necessary economic impact, most respondents felt that they could reduce the rate of interest further or they could have ensured least paperwork and even faster processing. Some of them also felt that more advertisement and more awareness through different means of communication could have also ensured that the necessary economic impact was actually there for the units.

➤ Most of the respondents had either a very positive or a positive outlook for the economy of the nation in the overall sense and their sector in particular post their obtaining the funding through this scheme. This confirmed that the borrowers in spite of facing one of the most difficult periods of their and their unit's life, had not given up on the economy of the nation or their own sector and were in fact seeing a lot of potential in the coming years. Some of the respondents

seem to be a bit confused or were foreseeing some uncertainty which was expected as not all sectors blossomed after the Pandemic. Some had to change their course and some had to enter new sectors, but the overall feeling was more positive than negative or of confusion.

### Recommendations And Conclusion

➤ Through the research findings and data analysis it is proved beyond any doubt that the economic impact of the ECLGS on the MSMEs of Gujarat state which were distressed by the Pandemic has been very substantial and positive in nature. The scheme has been able to meet its objectives and has provided the much needed economic relief and support to the MSMEs when they were desperately needing it. The scheme had a multi-faceted effect on the operations of the MSME and specifically in stabilizing the financial conditions of the MSMEs who had been almost finished due to the Pandemic and its subsequent lockdown.

➤ The scheme was fully guarantee backed and was very borrower friendly which ensured that it's processing was very quick and effective. The impact of this scheme was such that it enabled the MSMEs to keep themselves afloat during the difficult phase post the Pandemic which ultimately helped them to again stand up on their feet and reach those levels which they were prior to the Pandemic. The findings of the research gave out a definite answer as to how the scheme had a positive economic impact on the MSMEs. How they had utilised the funds, what was their perspective with regards to their sector and the economy, what more changes could be done in future such schemes and a lot many vital questions were answered with clear answers given by the respondents.

➤ The research also provided suggestions as to what the government could do to ensure that only the genuine borrowers could benefit out of the scheme and those who were not affected by the distress caused by the Pandemic would not misuse the funds available through this scheme.

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