

## India launches new credit initiative for airlines, other enterprises

- A Monitor Desk Report

Date: 06 May, 2026



**Dhaka: The Indian government has approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, a new credit support initiative aimed at helping airlines, micro, small, and medium enterprises (MSMEs), and other stressed sectors navigate liquidity challenges stemming from ongoing geopolitical tensions.**

The Union Cabinet cleared the scheme with a total outlay of INR 18,100 crore. It is expected to unlock additional credit worth up to INR 2.55 lakh crore across eligible sectors. Of this, INR 5,000 crore has been specifically reserved for the aviation industry.

Under ECLGS 5.0, the Indian government will extend a 100% credit guarantee for MSMEs and 90% for non-MSMEs and airlines. The National Credit Guarantee Trustee Company Limited will administer

these guarantees, allowing lenders to extend loans with reduced default risk.

The scheme will be open to MSMEs, non-MSMEs with existing working capital facilities, and airlines holding standard loan accounts as of March 31, 2026. Eligible borrowers can access additional credit of up to 20% of their peak working capital utilized in the last quarter of FY26, capped at INR 100 crore. For airlines, this ceiling rises to INR 1,500 crore.

Loans under the scheme carry no guarantee fee. MSMEs and non-MSMEs will receive a five-year repayment tenure with a one-year moratorium, while airlines will benefit from a seven-year repayment window and a two-year moratorium, reflecting the capital-intensive nature of the sector.

The Indian government said the initiative aims to help businesses sustain operations, preserve jobs, and keep supply chains intact. The scheme comes as the ongoing Middle Eastern conflict continues to weigh on trade and business confidence across the region.

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