



CGTMSE SCHEME

(CGFSEL, CGFSSD, CGFMU & CGSSI)

INTRODUCTION

- **GOI and SIDBI jointly set up Credit Guarantee Fund Trust for Small Industries(CGTSI) in 2000.**
- **Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) wef 2nd July 2007.**
- **'Zero' risk weight for guarantee cover available.**
- **NPA Accounts, no provisioning for cover portion.**
- **In NPA account claim settlement to the extent of 75% of eligible amount is Immediate within 30 days.**

AMENDMENTS IN CGTMSE SCHEME 2018

The major amendments in the Scheme are as under:-

- a) Expanding the Coverage of the Credit scheme (CGS) to cover Guarantee MSE Retail Traders segment.
- b) Charging Annual Guarantee Fees (AGF) on outstanding loan amount rather than the sanction amount.
- c) Allowing Loans with partial collateral security under Credit Guarantee Scheme.
- d) Increase in the extent of guarantee coverage to 75% from existing 50% for proposals above Rs.50 Lakhs.

ELIGIBILITY CRITERIA

- All MSE Loan sanctioned limit up to Rs. 200 lakh.
- Account should be Standard & Regular (not reported SMA as per RBI Norms) as on application date.
- Loan under Consortium are not eligible under the scheme.
- Loans to SHGs are not eligible under the scheme.
- Educational Institutions/Training Institutions are not covered under the Scheme,
- All units should have a valid Udyog Adhaar No. (UAN).
- Both Term Loan and Working Capital covered.
- Both Fund Based & Non Fund Based covered.

CGTMSE COVER FOR RETAIL TRADE

Credit Facility extended to Borrowers engaged in Retail Trade activity will now be covered under CGTMSE scheme with effect from 28.02.2018 (credit facility eligible for coverage on or after 28.02.2018). The details are hereunder:

- a) Exposure Limit for Credit facility of all Retail Trade segment will be up to Rs 100 Lakh per MSE Borrowers (wef 31.10.2018 CGTMSE has removed floor limit of Rs. 10 lakh in Retail Trade Segment).**
- b) Extent of Guarantee coverage to such credit facility would be 50% of amount in default irrespective of the category of the borrower.**
- c) Applicable Fee i.e. AGF will be charged at the rate of 2% of the guaranteed amount for the first year and on outstanding amount for the remaining tenure of the credit facility. Differential pricing structure depending upon NPA percentage and Claim payout ratio of the Member Lending Institution (MLI) will also be applicable on the AGF.**

SALIENT FEATURE

- **A Borrower can be given benefit of coverage only once in his/her lifetime under CGTMSE aggregating from all lenders up to maximum amount of Rs. 200 Lakh, including previous sanctioned limits (even if closed) and present sanctioned limit.**
- **For loans up to Rs. 10 Lakh, no collateral security or third party guarantee should be obtained, to be eligible under the scheme.**
- **For loans above Rs. 10 Lakh, no third party guarantee allowed but partial collateral security may be obtained. The details of the same has been explained in circular, under Hybrid model of the scheme.**
- **Waiver of collateral security may be extended for loans over Rs. 10 Lakh and up to Rs. 25 Lakh subject to good track record and financial position of the borrower and with prior approval from ZLCC, on case to case basis.**

SALIENT FEATURE

- ❖ In case an account which had been sanctioned earlier had been omitted to be covered under the scheme, only Working Capital accounts of such borrower can be covered at the time of review/renewal of accounts.
- ❖ Where the borrower is enjoying several distinct credit facilities, one or more out of the same can be covered up to the Eligible Amount (presently Rs.200 Lakhs).
- ❖ If additional credit facilities sanctioned, Fresh applications have to be submitted for additional limit.
- ❖ **From 31.10.2018, CGTMSE has removed rate of interest limit cap of 14% for all eligible loan account.**
- ❖ All existing and new MSE Accounts covered under CGTMSE and without any collateral security with limit up to Rs. 100 lakhs will be eligible for 0.5% interest concession.
- ❖ Lock in period is 18 months from date of last disbursement of loan or date of payment of guarantee fee whichever is later.

SALIENT FEATURE

- **Application for Guarantee cover lodged online through Zonal Office designated as Nodal Offices.**
- **The Bank is required to pay the guarantee fee within 30 days from the date of first disbursement of credit facility (Not Applicable for Working Capital) or 30 days from the date of Demand advice (CGDAN) of guarantee fee whichever is later or such date as specified by the CGTMSE.**
- **Other Charges such as interest in term loan, Penal Interest, Commitment Charge, Service charge or any other expenses shall not qualify for guarantee cover.**

GUARANTEE COVER LIMITATION

- The Guarantee Cover shall run through the entire agreed tenure of the Term Credit in case Term Loan, sanctioned alone for the defaulted principal amount.
- The guarantee cover for Cash Credit alone will be renewed thereafter for a block of 5 years, subject to coverage for Cash Credit will be valid up to maximum tenure of 10 Years from the original cover start date for outstanding (inclusive of interest) or on the date of submission of claim whichever is less.
- However in case of composite loan, if the term loan period exceeds ten years, cover for term loan will continue for the whole tenor of term loan but for Working Capital, the tenure of cover will be restricted to maximum period of ten years.

EXTENT OF GUARANTEE COVER AVAILABLE W.E.F. 01/04/2018

CATEGORY	UP TO Rs.5.00 lakh	>Rs.5.00 lakh TO Rs.50.00 lakh	> Rs.50.00 lakh TO UP TO Rs.200.00 lakh
Micro Enterprises	85% Maximum Rs. 4.25 lakh	75% Maximum Rs.37.50lakh	75% of amount default amount maximum Rs.150.00lakh
Women/ NE Region	80% Maximum Rs.40 lakh		75% of amount default amount maximum Rs. 150.00lakh
All others	75% Maximum Rs.37.50 lakh		75% of amount default amount maximum Rs.150.00lakh

GUARANTEE FEE (UP FRONT)

Credit Facility	Annual Guarantee Fee (AGF) [% p.a.]*	
	Women, Micro Enterprises and Units covered in North East Region	Others
Up to Rs. 5 Lakhs	1.00 + Risk Premium as per extant guidelines of the Trust	
Above Rs.5 Lakhs and up to Rs.50 Lakhs	1.35 + Risk Premium as per extant guidelines of the Trust	1.50 + Risk Premium as per extant guidelines of the Trust
Above Rs. 50 Lakhs and up to Rs.200 Lakhs	1.80 + Risk Premium as per extant guidelines of the Trust	

- *AGF will be charged on the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.
- MSE Retail Trade Activity: The AGF will be charged at 2% of the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.
- Additional risk premium of 15% will be charged on the applicable rate to MLIs who exceed the pay-out threshold limit of 2 times more than thrice in last 5 years. This premium will be applicable for all guarantee accounts irrespective of the sanction date.

CREDIT GUARANTEE FUND SCHEME FOR EDUCATION LOANS (CGFSEL)

- ❖ **Obtention of cover under Credit Guarantee Fund Scheme for Education loans(CGFSEL) by National Credit Guarantee Trustee Company(NCGTC) is mandatory for all loans up to Rs.7.50 lakhs.**
- ❖ **Date of notification/ Effective date: 16 Sep.2015**
- ❖ **Interest Rate : Maximum Interest Rate not to exceed 2.00% over Base Rate/MCLR of the Bank.**
- ❖ **Annual Guarantee Fee : 0.50% p.a. of the outstanding loan amount to be borne by the Bank.**
- ❖ **Guarantee Cover: 75% of the amount in default.**
- ❖ **Claim: 75% of the Guaranteed Amount will be paid within 30 days, rest 25% of the Guaranteed Amount will be paid after obtaining a certificate from the Bank that all avenues for recovering the amount have been exhausted.**

CREDIT GUARANTEE FUND SCHEME FOR SKILL DEVELOPMENT(CGFSSD)

- ❖ Obtention of cover under Credit Guarantee Fund Scheme for Skill Development(CGFSSD)by National Credit Guarantee Trustee Company(NCGTC) is mandatory for all loans from Minimum Rs. 5000/- up to Maximum Rs.1.50 lakhs without Coll. Sec. & TPG.
- ❖ Date of notification date: 20 NOV.2015.
- ❖ Effective on all new Skill Loan sanction on or after 15.07.2015.
- ❖ Interest Rate : Maximum Interest Rate not to exceed 1.50% over Base Rate/MCLR of the Bank.
- ❖ Annual Guarantee Fee : 0.50% p.a. of the outstanding loan amount to be borne by the Bank.
- ❖ Guarantee Cover: 75% of the amount in default.
- ❖ Claim: 75% of the Guaranteed Amount will be paid within 30 days, rest 25% of the Guaranteed Amount will be paid after obtaining a certificate from the Bank that all avenues for recovering the amount have been exhausted.

CGFMU & CGSSI

- ❖ All eligible loans up to Rs. 10 lakh of Pradhan Mantri Mudra Yojna (PMMY) Loans with Micro Units Development and Refinance Agency Ltd (MUDRA) is covered under guarantee covered of NCGTC under Credit Guarantee Fund for Micro Units (CGFMU).
 - ❖ Stand-up India loan limit from Rs. 10 Lakh to 100 Lakh under CGFSIL.
 - ❖ Besides primary security, the loan is secured by collateral security or guarantee of Credit Guarantee Fund Scheme for Stand-Up India (CGSSI) Loans.
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THANK YOU