



CGTMSE Ref. No.6456 / 44

February 28, 2018

All Member Lending Institutions of CGTMSE
(All Scheduled Commercial Banks and Select FIs only)

Circular No.140 / 2017-18

Dear Sir / Madam,

Increase in the extent of guarantee coverage for proposals above ₹50 lakh

In terms of CGTMSE Circular No.70/2013-14 dated December 16, 2013 it was decided to scale down the extent of guarantee cover to 50% for loans between ₹50 lakh to ₹100 lakh irrespective of the category of the borrower / location of the unit / credit facility.

However, in order to enhance the effectiveness of the Credit Guarantee Scheme for financial inclusion programme, it has now been decided to increase the extent of guarantee coverage from 50% to 75% for credit facilities of ₹50 lakh and above with an increase in the standard rate of Annual Guarantee Fee (AGF) from 1% on sanctioned amount to 1.80% on the outstanding amount irrespective of the category of the borrower / location of the unit / credit facility.

Differential pricing structure depending upon NPA / Claim payout ratio of the MLI will also be applicable on the AGF as per CGTMSE Circular No.107/2015-16 dated January 28, 2016.

The revised guidelines for increase in the extent of guarantee coverage to 75% and increase in the standard AGF rate to 1.80% for credit facilities of ₹50 lakh and above will be applicable for cases sanctioned on or after April 01, 2018. In accounts where original sanctions are prior to April 01, 2018 and the enhancement in the limits are on or after this date, the earlier rate structure and extent of guarantee would continue to apply even for the enhanced portion.

All the other covenants of the current CGS would apply mutatis mutandis to such credit proposals with regard to eligibility criteria and other operational modalities, etc. as modified from time to time.

Please feel free to contact us in case you need any further clarification. The contents of the circular may please be brought to the notice of your all offices.

Yours faithfully,

Sd/-
[Promod Bakshi]
Dy.General Manager

सूक्ष्म एवं लघु उद्यम क्रेडिट गारंटी फंड ट्रस्ट (भारत सरकार एवं सिडबी द्वारा स्थापित)

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Credit Guarantee Fund Trust for Micro and Small Enterprises (Set up by Government of India & SIDBI)

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