

**Frequently Asked Questions (FAQs) – Part 4**  
**Distressed Asset Fund - Subordinated Debt for Stressed MSMEs (DAF-SDSM) /**  
**Credit Guarantee Scheme for Subordinate Debt (CGSSD)**

**1. Are the Borrowers who had earlier availed 15% of the promoters' stake eligible for additional 35% for financing?**

The borrowers who had earlier availed 15% of the promoters' stake are allowed to avail additional 35% of the promoters' stake, provided the overall maximum benefits availed under CGSSD does not exceed ₹75 lakh.

**2. As per the Guidelines, 90% Guarantee coverage would come from scheme/Trust and remaining 10% from the promoter concerned. Is the 10% to be brought as upfront or it can be carved out from the Loan proceeds?**

It is clarified that since 90% coverage would come from scheme, 10% shall be brought by the promoter concerned upfront.

**3. Is a Chartered Accountant's certificate is required to be obtained for substantiating infusion of sub-debt /credit released to the promoter into the business as equity/quasi equity/sub-debt ?**

It is not required to obtain Chartered Accountant's certificate. However, MLI should ensure that the sub-debt / credit released to the promoter is brought back as equity / quasi equity / sub-debt in the MSME unit.

**4. Please Clarify if RBI special Dispensation scheme is not available then how the accounts can be restructured and whether the CGSSD can be sanctioned even without restructuring the Limits.**

There is no requirement of restructuring in the scheme. However, the account should be eligible to be restructured as per the RBI guidelines. Hence, the MLI is required to verify only the eligibility for restructuring.

**5. Any cut-off date / eligibility is prescribed for MSMEs for availing the benefit under the Scheme?**

The scheme is applicable for those MSMEs whose accounts have been standard as on 01.01.2016 and have been in regular operations, either as standard accounts or as NPA accounts during the financial year 2016-17, 2017-18, 2018-19 and 2019-20 even if they did not remain in regular operation in FY 2020-21 & FY 2021-22 provided such accounts are viable as per MLI's assessment and expected to come out of financial stress by availing this facility.

**6. What is the duration of the Scheme?**

The Scheme would be applicable to all credit facilities sanctioned under CGSSD for a maximum period of 10 years from the date the guarantee is availed or till an amount of ₹20,000 crore of guarantee amount is approved or till the validity of the scheme.