

Ref. No. CGTMSE /44/

January 02, 2023

All Member Lending Institutions (MLIs)  
Credit Guarantee Scheme - I (CGS I)

Circular No.215 / 2022 – 23

Madam / Dear Sir,

Increase in the threshold for Waiver of Legal Action

Please refer to our Circular No. 186/ 2021-22 dated October 08, 2021 regarding the threshold limit of ₹1,00,000/- for waiver of legal action while invoking guarantee. In order to further simplify the procedure for filing claim in respect of micro accounts, it has been decided to increase the threshold limit for waiver of legal action while invoking the guarantee to ₹5,00,000/- per claim based on the aggregate outstanding amount considered eligible for claim settlement by CGTMSE, as against the present limit of ₹1,00,000/-.

Please note that all such cases, where the filing of legal proceedings is waived, a committee headed by an officer not below the scale V of MLI, should examine all such accounts and take a decision for not initiating legal action and filing claim under the Scheme. The report of such committee may be submitted along with the claim application.

The above modification shall be applicable in respect of those claims lodged on or after the date of issue of this Circular.

The contents of this circular may please be brought to the notice of all your offices.

Yours faithfully,

Sd/-  
(Dhiraj Kumar)  
Asst General Manager

