

All Eligible Scheduled Commercial Banks and
Non-Banking Financial Companies (CGS -III)

Circular No. 235 /2023-24

Madam / Dear Sir,

Modifications under Credit Guarantee Scheme for Co-Lending (CGSCL) - CGS III

Please refer to our Circular No. 196/2021-22 dated February 25, 2022 announcing launch of Credit Guarantee Scheme for Co-Lending (CGSCL) and subsequent Circular No. 223/2022-23 dated March 31, 2023 regarding modification in Annual Guarantee Fee Structure. In the process of further modification in the scheme, it has been decided to modify the following clauses of the scheme.

1. Increase in Ceiling of guarantee from ₹200 Lakh to ₹ 500 Lakh

Existing Clause	Modified Clause
The Trust shall cover credit facilities extended by pair of MLIs to single eligible borrower in the MSEs sector with Guarantee Ceiling i) not exceeding ₹ 200 lakh for the credit facility secured by way of Primary Security; and ii) not exceeding ₹ 100 lakh for unsecured credit facility.	The Trust shall cover credit facilities (Fund based and/or Non fund based) extended by pair of MLIs without any collateral security/ third party guarantee to a single eligible borrower in the Micro and Small Enterprises sector with guarantee ceiling of i) ₹ 500 lakh for the credit facility secured by way of Primary Security; and ii) ₹ 200 lakh for unsecured credit facility.

2. Blended Rate of Interest

Existing Clause	Modified Clause
Blended/effective Interest rate means weighted average rate of interest charged to the MSE borrowers under CLM arrangement for the credit facility sanctioned. Only those credit facilities where the effective interest charged to the MSE borrower under CLM arrangement is up to a maximum of 18% shall be eligible for coverage under CGSCL.	Blended/effective Interest rate means weighted average rate of interest charged to the MSE borrowers under CLM arrangement for the credit facility sanctioned. Only those credit facilities where the effective interest charged to the MSE borrower under CLM arrangement is up to a maximum of 21% shall be eligible for coverage under CGSCL.

3. Allowing any MLI (out of a pair of MLI) to avail guarantee for their portion of credit facilities.

Existing Clause	Modified Clause
Presently no such clause.	Any MLI is allowed to lodge guarantee application under Credit Guarantee Scheme for Co-lending for its share of loan to MSEs, even if the other MLI choose not to lodge the application for guarantee for its share of loans subject to the lodging MLI being contact point for CGTMSE for lodgment of guarantee application payment of guarantee fee, initiation of legal action and lodgment of claim if the a/c turns into NPA.



4. Charging of Annual Guarantee Fee at lower rate & Higher Extent of Guarantee coverage to Social Category, Geographic & MSE Status of borrower under CGS III

Following categories have been identified for additional concession/relaxation in guarantee fee & extent of guarantee cover. The details are given in the table below

Fee Relaxation to Social Category, Geographic & MSE Status of borrower

Category	Social Category (Weaker section/Underserved Section)	Geographic	MSE Status
Target Group	Women/SC/ST / Person with disability (PwD)/ Agniveers	NER incl. Sikkim, UT of Jammu & Kashmir & UT of Ladakh (Upto ₹50 Lakh)/ Aspirational District	ZED Certified
Relaxation/ Concession in Fee Rate	10%	10%	10%
<i>An MSE falling in all the above three categories viz. Social, Geographic, MSE Status shall be eligible for maximum discount of 30% on standard rate.</i>			

Extent of Guarantee Cover (For Secured & Unsecured Credit Facility)

Category (including Trading activity)	Maximum extent of Guarantee Coverage (where guaranteed credit facility is)		
	Up to ₹ 5 lakh	Above ₹ 5 lakh & up to ₹ 50 lakh	Above ₹ 50 lakh & up to ₹ 500 lakh
Micro Enterprises	85%	75%	75%
MSEs located in North East Region (incl. Sikkim, UT of Jammu & Kashmir and UT of Ladakh)	80%		
Women entrepreneurs / SC/ST entrepreneurs / MSEs situated in Aspirational District / ZED certified MSEs / Person with Disability (PwD) / MSE promoted by Agniveers	85%		
All other category of borrowers	75%		

The above modification shall be applicable for all the loans sanctioned by eligible pair of MLIs on or after January 01, 2024.

All other Terms and Conditions of CGS-III shall remain unchanged.

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

Yours faithfully,

Sd/-
(Dhiraj Kumar)
Deputy General Manager

