

CAB Training Cards



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Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

Government of India and Small Industries Development Bank of India (SIDBI) set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in August 2000 with a committed corpus of ₹ 25,000 million with following features:

Scheme features:

- The lender should give importance to project viability and secure the credit facility purely on the primary security of the assets financed,
- Maximum guarantee cover of up to 85% of credit facility extended by the financial institution,
- The financial institution availing the guarantee has to apply to the guarantee corporation for each loan.

Coverage:

- Micro & Small Enterprises eligible as per MSMED Act
- Both Manufacturing and Service sectors are covered
- Credit Facility up to ₹200 lakh
- All fund / non-fund based facility
- Maximum cover of up to 85% of credit facility
- Guarantee coverage is 50% for credit facility above ₹50 lakh
- Partial credit guarantee is allowed from April 01, 2018
- Retail trade is covered
- Credit for educational / training institutions and SHGs are not eligible for coverage.

Guarantee fee:

Credit facility	Annual Guarantee fee (% p.a)	
	Women, Micro enterprises and units covered in North East region	Others
Up to ₹ 5 lakh	1.00 + Risk premium as per extant guidelines	
Above ₹ 5 lakh and up to ₹ 50 lakh	1.35+ Risk premium as per extant guidelines	1.50+ Risk premium as per extant guidelines
Above ₹ 50 lakh and up to ₹ 200 lakh	1.85+ Above ₹ 5 lakh and up to ₹ 50 lakh	

Annual Guarantee fee will be charged on guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.

Extent of guarantee cover:

Category	Maximum extent of guarantee where credit facility is		
	Up to ₹ 5 lakh	Above ₹ 5 lakh and up to ₹ 50 lakh	Above ₹ 50 lakh and up to ₹ 200 lakh
Micro-enterprises	85% of the amount in default subject to maximum of ₹ 4.25 lakh	75% of the amount in default subject to maximum of ₹ 37.50 lakh	75% of the amount in default subject to maximum of ₹ 150 lakh
Women entrepreneurs, Micro enterprises and units covered in North East region (other than credit facility up to ₹ 5 lakh)	80% of the amount in default subject to maximum of ₹ 40 lakh		
All other category of borrowers	75% of the amount in default subject to maximum of ₹ 37.50 lakh		
MSME retail trade (Loan is covered from ₹ 10 lakh to ₹ 100 lakh)	50% of the amount in default subject to maximum of ₹ 50 lakh		

Checklist for Claim Lodgment:

- Ensure that the guarantee is in force as on the date of NPA.
- Lock-in period of 18 months from the date of last disbursement or the date of issuance of guarantee cover, whichever is later, is completed.
- The borrower account is classified as NPA as per IRAC norms.
- Ensure that legal proceedings have been initiated

Major Reasons for Claim Rejection:

- Case was already NPA at the time of applying for guarantee coverage
- Case was overdue or doubtful of recovery as on guarantee start date
- Claim not lodged within the time frame
- Legal action not initiated/Legal action initiated after the due date.
- Annual service fee not paid/ paid after the due date
- Internal rating not done for case of above ₹ 50 lakh
- Irregularities/ fault/negligence pointed out by internal/external auditor of the MLI
- Activity of the borrower not eligible under CGS

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