

# FIDC

## Finance Industry Development Council

*(A Representative Body of Assets and Loan Financing NBFCs)*

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org](mailto:directorgeneral@fidcindia.org); Website: [www.fidcindia.org](http://www.fidcindia.org)

August 18, 2020

**Mr. Durgesh Pandey,  
Chief Executive Officer,  
National Credit Guarantee Trustee Co. Ltd. (NCGTC),  
Swavalamban Bhawan,  
C-11, G-Block,  
BANDRA-KURLA COMPLEX,  
BANDRA (E), MUMBAI-400051**

Respected Sir,

### **Re: Representation regarding amendment to Emergency Credit Line Guarantee Scheme**

FIDC represents the interests of retail NBFCs who primarily cater to the funding needs of MSMEs, truck/taxi drivers, machine operators and marginal farmers and provide loans for acquiring the vehicles/ tractors/ equipment for productive purposes and these customers are mostly new to credit and having very little/no banking history. These are also the customers who earn and pay and therefore most vulnerable in any economic cycle and in the present pandemic, they have been mostly locked down and unable to deploy their assets and make even their two ends meet. While we have provided moratorium to many of our customers but the extended lockdown and the resultant slowdown in economic activities have impacted this customer segment immensely and it will take quite a while for these customers to return to normalcy and deploy their assets and earn revenue and pay the instalments.

We sincerely appreciate the efforts of the Ministry of Finance towards introducing much needed changes to the Emergency Credit Loan Guarantee Scheme (ECLGS), which are focussed towards restarting business engine for MSMEs.

However, we feel that the following measures would further enable certain segments of MSMEs, who are deeply impacted by the pandemic, to avail the benefits extended vide the Scheme in a better manner:



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1. Many lending institutions extend loans to Commercial Vehicle (CV) customers, who are mainly individual driver cum owners. These customers usually do not have incomes requiring them to file income tax return. Therefore, in many cases, this customer segment may not obtain Permanent Account Number (PAN).

At present NCTGC requires PAN as mandatory information to be provided by MLIs while uploading borrower details on NCGTC portal. This requirement would amount to exclusion of those individuals who do not have PAN but furnish Form 60 to the lending institutions.

### **Request:**

***We therefore request your good office to allow acceptance of Form 60 as an alternative document, where the customers do not have PAN.***

2. The Operational Guidelines of the ECLGS requires that the annual turnover of the borrower in FY 2019-20 should not exceed Rs. 250 crores. It further states that if the accounts for FY 2019-20 have not been audited/ finalized, the MLI may rely on borrower's declaration on turnover.

It would be pertinent to mention that the profile of customers belonging to CV segment usually do not maintain any books of accounts. Therefore, if the MLIs process loans under ECLGS on the basis of declaration, they would not be able to obtain finalized and/or audited accounts from these borrowers.

Further, the NCGTC portal requires MLIs to input exact turnover of the borrower while uploading borrower data.

### **Request:**

***We therefore request you to allow declaration from the borrower stating that the turnover does not breach the limit prescribed in the Operational Guidelines of the Scheme. The NCGTC portal may accordingly be suitably modified.***



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**We sincerely appeal to the Ministry of Finance/ NCGTC to consider above request, which would make the ECLGS Scheme more inclusive so that the individuals engaged in CV segment but do not have PAN, can participate in the Scheme and continue playing their critical role in nation building.**

We seek an audience with your kind-self and seek your sympathetic consideration of our request and positive response.

Thanking you,

Yours sincerely,

**FOR FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR  
DIRECTOR GENERAL  
9820035553**

Cc:

**MR. DEBASISH PANDA,  
SECRETARY,  
DEPARTMENT OF FINANCIAL SERVICES,  
MINISTRY OF FINANCE,  
JEEVAN DEEP BUILDING,  
ROOM NO. 6A, 3<sup>RD</sup> FLOOR,  
10, PARLIAMENT STREET,  
NEW DELHI – 110001.**



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