

Ref. No. CGTMSE /44/ 293

March 31, 2023

All Public Sector Banks, Private Sector Banks, Member FIs, Foreign Banks

Circular No.220 / 2022 – 23

Madam / Dear Sir,

Increase in ceiling of coverage from ₹200 lakh to ₹500 lakh – CGS I

As you are aware, currently the ceiling for availing credit guarantee for CGTMSE under CGS-I is fixed at ₹200 lakh. In view of the request received from banks, the matter has been reviewed. Accordingly, we are glad to inform that it has been decided to increase the ceiling for coverage under the CGS -I from ₹200 lakh to ₹500 lakh per borrower for the credit facilities extended by eligible MLIs to the Micro and Small Enterprises (MSEs).

The extent of coverage is given in the table below:

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



The above modifications shall be applicable for all guarantees approved on or after April 01, 2023 including enhancement in Working Capital of existing covered accounts. All other Terms and conditions of the Scheme shall remain unchanged.

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

Yours faithfully,

Sd/-

**(Dhiraj Kumar)
Asst General Manager**

Ref. No. CGTMSE /44/ 294

March 31, 2023

All Member Lending Institutions (MLIs) of CGTMSE – CGS I

Circular No.221 / 2022 – 23

Madam / Dear Sir,

Reduction in Annual Guarantee Fee

Please refer to our Circular No. 208/2022-23 dated November 30, 2022 on modification in Annual Guarantee Fee (AGF) Structure wherein the AGF was substantially reduced to benefit the MSEs. In order to further bring down the cost of credit for MSEs, it has been decided to partially modify the above mentioned Circular to reduce the guarantee fee for loans upto ₹1 crore. Accordingly, the revised fee structure is as under:

Slab	Revised Standard Rate (pa)
0-10 lakh	0.37
Above 10-50 lakh	0.55
Above 50-1 crore	0.60
Above 1-2 crore	1.20
Above 2-5 crore	1.35

All other guidelines as specified in the circular dated November 30, 2022 shall remain unchanged.



The above revised fee structure shall be applicable to all the guarantees approved/ renewed on or after April 01, 2023 including enhancement in existing working capital account already covered under Guarantee Scheme.

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

Yours faithfully,

Sd/-

**(Dhiraj Kumar)
Asst General Manager**

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

Circular No.222 / 2022 – 23

Madam / Dear Sir,

Increase in the threshold for Waiver of Legal Action and option for claim settlement in single instalment

Please refer to our Circular No. 215/ 2022-23 dated January 02, 2023 regarding the threshold limit of ₹5 lakh for waiver of legal action while invoking guarantee. In order to further simplify the procedure for filing claim in respect of small account, it has been decided to increase the threshold limit for waiver of legal action to ₹10,00,000/- per claim while invoking the guarantee based on the aggregate outstanding amount considered eligible for claim settlement by CGTMSE, as against the present limit of ₹5,00,000/-.

Further, as you are aware that as per existing process, the claim is settled in 2 instalments i.e 75% of eligibility amount as first instalment & balance 25% of eligibility amount as second instalment. In this connection, it has been decided to offer MLIs two options for claim settlement at the time of claim lodgment for cases where waiver of legal action is applicable. The details are as under:

Option 1: Single instalment of claim settlement with reduced extent of guarantee by 15%. Eg: in respect of extent of coverage of 75%, reduced coverage would be 60%, 80% would be 65% and likewise .

Option 2: Existing claim settlement process in two instalments i.e. 75% of eligibility amount as first instalment & balance 25% as second instalment. For legal waiver accounts, second instalment of claim -would be settled after three years from the date of settlement of 1st claim or OTS whichever is earlier.

The above modification shall be applicable in respect of those claims lodged on or after April 01, 2023. Additionally, second instalment of claim settlement in respect of accounts where legal waiver has been granted earlier would be done as per the timelines mentioned under Option 2 above.

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

Yours faithfully,

Sd/-
(Dhiraj Kumar)
Asst General Manager

Ref. No. CGTMSE /44/ 296

March 31, 2023

All Eligible Scheduled Commercial Banks and
Non-Banking Financial Companies

Circular No. 223 / 2022 – 23

Madam / Dear Sir,

Modification in Annual Guarantee Fee Structure under CGSCL

Please refer to our Circular No. 196/2021-22 dated February 25, 2022 announcing launch of Credit Guarantee Scheme for Co-Lending (CGSCL). In this connection, it has been decided to bring the AGF for CGSCL at par with the rates charged to the banks under CGS-I. Accordingly, the revised fee structure under CGSCL is given below:

Slab	Standard Rate (SR)*
0-10 lakh	0.37
Above 10-50 lakh	0.55
Above 50-1 crore	0.60
Above 1-2 crore	1.20

**AGF will be charged on the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.*

All other Terms & Conditions of the Scheme shall remain unchanged.

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

Yours faithfully,

Sd/-

(Dhiraj Kumar)
Asst General Manager





Ministry of Micro, Small & Medium Enterprises



Revamping of Credit Guarantee Scheme for Micro & Small Enterprises with effect from 01.04.2023

CGTMSE issues guidelines regarding reduction of annual guarantee fee for loans upto Rs. 1 crore from a peak rate of 2% per annum to as low as 0.37% per annum

Limit on ceiling for guarantees enhanced from Rs. 2 crore to Rs. 5 crore

Posted On: 31 MAR 2023 1:58PM by PIB Delhi

In Union Budget 2023-24, Union Finance Minister Mrs Nirmala Sitharaman announced the revamping of Credit Guarantee Scheme for Micro & Small Enterprises with effect from 01.04.2023, with an infusion of Rs 9,000 crore to the corpus to enable additional collateral-free guaranteed credit of Rs. 2 lakh crore and the reduction in the cost of the credit by about 1 per cent.

Consequent upon this, the following significant steps have been taken:

- The corpus of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) has been infused with a sum of Rs. 8,000 crore on 30.03.2023.
- CGTMSE has issued guidelines regarding reduction of annual guarantee fee for loans upto Rs. 1 crore from a peak rate of 2% per annum to as low as 0.37% per annum. This will reduce the overall cost of credit to the Micro & Small Enterprises to a great extent.
- The limit on ceiling for guarantees has been enhanced from Rs. 2 crore to Rs. 5 crore.
- For settlement of claims in respect of guarantees for loan outstanding upto Rs. 10 lakh, initiation of legal proceedings will no longer be required.

CGTMSE created a new landmark by touching the milestone figure of approving guarantees worth Rs. 1 lakh crore during FY 2022 - 23.

MJPS

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