

Credit Guarantee Scheme for Subordinate Debt (CGSSD)

S.NO	Particulars	Guidelines
1	Name	The Scheme is named as 'Distressed Assets Fund - Subordinate Debt for Stressed MSMEs' and the credit product for which guarantee would be provided under the Scheme shall be named as 'Credit Guarantee Scheme for Subordinate Debt (CGSSD)'
2	Purpose	<p>To provide guarantee coverage for the CGSSD to provide Sub-Debt support in respect of restructuring of MSMEs.</p> <p>90% guarantee coverage would come from scheme/ Trust (CGTMSE) and remaining 10% from the concerned promoter(s).</p> <p>The objective of the scheme is to provide personal loan through banks to the promoters of stressed MSMEs for infusion as equity / quasi equity in the business eligible for restructuring, as per RBI guidelines for restructuring of stressed MSME advances.</p>
3	MSME's constitution included under the Scheme	MSME units such as Individuals / Proprietorship, LLP, Partnership, Private Limited Company or registered company are eligible to be covered under the scheme.
4	Nature of Facility	Term Loan
5	Duration/ Scheme Validity	The Scheme would be applicable to all credit facilities sanctioned under CGSSD for a maximum period of 10 years from the guarantee availment date or March 31, 2021 whichever is earlier, or till an amount of Rs 20,000 crore of guarantee amount is approved.
6	Eligible Criteria of Borrower	<p>It is applicable for those MSMEs whose accounts have been standard as on 31.03.2018 and have been in regular operations, either as standard accounts, or as NPA accounts during financial year 2018-19 and financial year 2019-20.</p> <p>Fraud/ Willful defaulter accounts will not be considered under the proposed scheme.</p> <p>Personal loan will be provided to the promoters of the MSME units. The MSME itself may be Proprietorship,</p>

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14	Guarantee Fee	<p>1.50% per annum on the guaranteed amount on outstanding basis.</p> <p>Guarantee fee will be borne by the borrowers.</p> <p>The guarantee service fee once paid by the lending institution to the Trust is non-refundable.</p> <p>Guarantee service fee is not refundable, except under certain circumstances like</p> <ol style="list-style-type: none"> i. Excess remittance ii. Remittance made more than once against the same portfolio.
15	Extent of the Guarantee Coverage	<p>90% guarantee coverage would come from CGTMSE and remaining *10% from concerned promoter(s) on the credit extended by Bank under the scheme.</p> <p>The guarantee cover would be uncapped, unconditional and irrevocable credit guarantee.</p>
16	Insurance	Nil
17	Processing Fee	As per extant guidelines
18	Prepayment Charges	Nil
19	Documentation/Other Charges	As per extant guidelines