

**Salient Features of Credit Guarantee Scheme for Subordinate Debt (CGSSD)**

<b>Parameter</b>	<b>Details</b>
Purpose	To provide guarantee coverage for the CGSSD to provide Sub-Debt support in respect of restructuring of MSMEs.  90% guarantee coverage would come from scheme/ Trust and remaining 10% from the concerned promoter(s).
Eligibility	a) 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.  b) Fraud/ Willful defaulter accounts will not be considered under the proposed scheme.  c) Personal loan will be provided to the promoters of the MSME units. The MSME itself may be Proprietorship, Partnership, Private Limited Company or registered company etc.  d) MSME units which are stressed, viz. SMA-2 and NPA accounts as on 30.04.2020, who are eligible for restructuring
Objective	To provide personal loan 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.
Facility Type	Term Loan (TL)
Loan Amount	Promoter(s) of the MSME unit will be given credit equal to 15 % of his/her stake (equity plus debt) or ₹75 lakh whichever is lower. The guarantee coverage will be provided to the eligible borrower for the credit facilities extended under this scheme.
Margin	10% of the sub-debt amount (Cash-margin)
Repayment Terms	a) The tenor of sub debt facility shall be as per the repayment schedule defined by the Bank subject to a maximum tenor for repayment of 10 years.  b) Installment moratorium of 7 years (maximum).  c) Interest on the sub-debt under the scheme should be serviced regularly (monthly) and the principal shall be repaid within a maximum of 3 years after completion of moratorium.

Rate of Interest	RLLR + applicable Spread - (CRP + Business Strategy Spread + Tenor premium).
Security	The sub-debt facility so sanctioned will have 2nd charge of the assets financed under existing facilities for the entire tenor of the sub-debt facility
Charges	Processing Fee/Godown Inspection /Documentation Charges – As per applicable norms. Pre-Payment Charges – NIL
Guarantee Fee	1.50% per annum on the guaranteed amount on outstanding basis Guarantee fee may be borne by the borrowers.
Extant of Guarantee Coverage	90% guarantee coverage would come from scheme/ CGTMSE (Trust) and remaining 10% from concerned promoter(s) on the credit extended under the scheme. The guarantee cover would be uncapped, unconditional and irrevocable credit guarantee.
Scheme Validity / duration	<p>The Scheme shall come into force from the date of notification by the Government of India or such other date as may be specified by the Trust.</p> <p>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 ₹20,000 crore of guarantee amount is approved.</p>
Other Conditions	<p>a) Unit must be in running condition and operational.</p> <p>b) The financial assistance provided as part of the scheme is to be operated as a separate loan account and the promoter need to infuse the sub-debt / loan amount as promoter's contribution in the form of equity (including sub-debt or quasi equity) into MSME entity.</p> <p>c) Sub-debt / credit to be released to the promoter is brought back as equity / quasi equity / sub-debt in the MSME unit.</p> <p>d) Post-restructuring, NPA classification of these accounts shall be as per the extent IRAC norms.</p> <p>e) Disbursement shall take place only after the Trust approval.</p> <p>f) All other terms and conditions are to be compiled as per scheme guidelines and subject to audit by Trust.</p>

