

## **Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**

### **1. Eligibility**

- a. Guarantee Cover is available to the credit facilities (both fund based and non fund based) not exceeding Rs. 10 lakh.
- b. The borrowing unit should be Micro and Small Enterprises as per the definition of MSMED Act 2006
- c. No collateral security/third party guarantee should be obtained by the bank

- 2. Guarantee Fee** : One time 1.50 % (Borne by the bank)
- 3. Annual Service Fee** : 0.75 % (Equally shared by the Bank & Borrower)
- 4. Lock in period** : 18 months from either date of disbursement or date of payment of guarantee fee, whichever is later.
- 5. Risk Weight** : Zero risk weight for guaranteed portion
- 6. Provisioning** : In case of advances covered by CGTMSE becomes NPA, no provision needs to be made on guaranteed portion
- 7. Others**
- 1) Credit facilities sanctioned with interest rate more than 3% over BPLR of the Bank are not eligible for cover under the guarantee
  - 2) Assets appearing in the Books of borrowing entity are considered as primary security for the purpose of CGTMSE cover

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