

CGTMSE Ref. No.306

December 06, 2019

All Member Lending Institutions of CGTMSE

Circular No.166 / 2019 – 20

Madam / Dear Sir,

Changing the ceiling of guarantee cover on outstanding basis

As you are aware, CGTMSE issues guarantee cover upto ₹200 lakh per borrower to MLIs who extend credit to Micro and Small Enterprises (MSEs).

In this connection, it has been decided to set the maximum guarantee coverage limit of ₹200 lakh per borrower based on the outstanding credit facilities.

For the purpose of calculating the exposure limit on outstanding basis, the following is to be considered:

- i. In respect of fully disbursed Term Loans, the outstanding as on the date of consideration of fresh coverage is to be considered.
- ii. In respect of partially disbursed Term Loans, the entire sanction amount should be considered. In case, if the MLI proposes to cancel the undrawn portion of the sanctioned facility, MLI to update the same in CGTMSE portal.
- iii. In respect of Working Capital Limits, the total sanctioned amount of working capital limit (irrespective of the utilization) should be considered.

With the above clarification, the one-time cap of ₹200 lakh is removed and the borrowers can avail incremental credit facilities (i.e. to the extent of reduction in the outstanding exposure limit) under Credit Guarantee Scheme of CGTMSE, subject to maximum cap of ₹200 lakh.

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

Yours faithfully,

Sd/-
(Jigar Shah)
Chief Operating Officer

