

Frequently asked questions

Credit Guarantee Scheme for Stand-Up India (CGFSI)

1. What is the role and objective of CGFSI Scheme?

Credit Guarantee Scheme for Stand-Up India (CGFSI) is the Trust Fund set up by Government of India, managed by NCGTC as a Trustee, with the purpose of guaranteeing credit facilities of over Rs.10 lakh and upto Rs.100 lakh sanctioned by Scheduled Commercial Banks under the Stand Up India Scheme --and other lending institutions.

2. What types of businesses are eligible for guarantee coverage under CGFSI?

Credit facility extended by Scheduled Commercial Banker by way of term loan / and or fund based or non fund based working capital to set up green field enterprises in non-farm sector.

With effect from February 22, 2021, the following change has been introduced :

Loans for enterprises in 'Activities allied to agriculture' e.g. pisciculture, beekeeping, poultry, Livestock rearing, grading, sorting, aggregation agro industries, diary, fishery, agrclinic and agribusiness centers, food & agro processing, etc. (excluding crop loans, land improvement such as canals, irrigation, wells) and services supporting these, shall also be eligible for coverage under the Scheme.

3. Who are eligible borrowers under the scheme ?

"Eligible borrower" means Scheduled Castes (SC), Scheduled Tribes (ST) and Women entrepreneurs, above 18 years of age, setting up Green Field Enterprises in non-farm sector. In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.

4. What is the quantum of assistance eligible under the Scheme ?

The Trust shall cover assistance of over Rs.10 lakh & upto Rs.100 lakh inclusive of working capital extended by eligible lending institutions to a single eligible borrower on or after entering into an agreement with the Trust without any collateral security and/or third party guarantees or such amount as may be decided by the Trust from time to time.

5. Which lending institutions are eligible for coverage under the scheme?

"Eligible Lending institution(s)" means Scheduled Commercial Banks who meets eligibility criteria prescribed by the Fund and whose credit requirement does not exceed the specified limit. Specified limit of the assistance shall be above Rs.10 lakh & upto Rs.100 lakh inclusive of working capital component or such other amount as may be decided by the Fund from time to time.

6. When does the guarantee fee become payable under the scheme ?

For availing the guarantee coverage, the Member Lending Institution shall apply for guarantee cover along with guarantee fees in respect of credit proposals sanctioned in the quarter April-June, July-September, October-December and January-March prior to expiry of the following quarter viz. July-September, October-December, January-March and April-June respectively.

7. What is the extent of the guarantee cover under CGFSI ?

The Fund shall provide guarantee cover to the extent of 80% of the amount in default for credit facility above Rs.10 lakh and upto Rs.50 lakh, subject to a maximum of Rs.40 lakh. For credit facility above Rs.50 lakh and upto Rs.100 lakh, the guarantee cover should be Rs.40 lakh plus 50% of amount in default above Rs.50 lakh, subject to overall ceiling of Rs.65 lakh of the amount in default.

8. How can an eligible lending institution be registered under CGSSI as Member Lending Institution (MLI) ?

All eligible lending institutions may register itself under the said scheme by submitting a signed undertaking (format given in website) and Board Resolution. Upon successful registration of the MLI, login credentials of the MLI are created on SURGE based on the Single Point of Contact Form (SPOC) submitted by the MLI. The MLI may thereafter apply and renew credit guarantee coverage on SURGE which is based on B2B Platform.

9. How would a MLI invoke guarantee and within what period of time are they supposed to do so ?

The lending institution may invoke the guarantee in respect of Stand Up India credit facilities within a maximum period of **two years from the date of NPA**, if NPA is after lock-in period or within two years of lock-in period,

- If NPA is within lock-in period, after the following conditions are satisfied: -
 - a. The guarantee in respect of that credit facility was in force at the time of account turning NPA.
 - b. The lock-in period of 18 months from the date of commencement of guarantee cover in respect of credit facility covered, has elapsed;
 - c. The amount due and payable to the lending institution in respect of the Stand Up India credit facility has not been paid and the dues have been classified by the lending institution as Non-Performing Asset.

Provided that the lending institution shall not make or be entitled to make any claim on the Fund in respect of the said Stand Up India credit facility, if the loss in respect of the said credit facility had occurred owing to actions / decisions taken contrary to or in contravention of the guidelines issued by the Fund.

- d. The Stand Up India credit facilities has been recalled and the recovery proceedings have been initiated under due process of law against the borrower(s) / co-borrower(s).

10. When would recovery proceedings be considered as initiated on the part of MLI, which is essential prior to lodging of interim claim?

Mere issue of recall notice shall not be construed as commencement of recovery proceedings. Legal action or recovery proceedings shall be considered as initiated upon filing of application in Lok Adalat/Civil Court / DRT or after action pursuant to the notice issued under Section 13(4) of SARFAESI Act, 2002 or after admission of application under NCLT or such other action as may be decided by NCGTC from time to time.

11. What documents are necessary to be filed along with the claim as a proof of commencement of recovery proceedings?

Appropriate documents evidencing initiation of any of the specified action as indicated at FAQ 10 above would have to be filed along with the claim as proof.

12. What documents are required in respect of Statement of Accounts of the borrower?

Few pre-conditions for settlement of claims under CGFSI are that the account should have turned NPA, claim should have been filed within timelines, amount in default being claimed is in order and lender has commenced recovery proceedings. The only way to ascertain on these issues is to get relevant portion of accounts ledger (not necessarily all pages) indicating loan sanction/disbursed, date of account turning NPA, dues outstanding on the date of NPA and copy of document evidencing commencement of legal action.

13. Whether loan accounts covered under CGFSI be eligible to continue coverage under CGFSI if they are rephased / restructured?

Loan account covered under CGFSI, even if rephased/restructured would continue to get the guarantee cover under CGSI till the date of lodgment of claim, provided it meets the guidelines of claim process as explained in FAQ No. 9.

14. Whether existing loans covered under CGFSI be eligible for enhancement of Working capital or Term Loan?

Yes, they can be allowed. However, guarantee cover shall be restricted to the original loan Sanctioned / Disbursed as the scheme of Standup India covers greenfield proposals only and does not include enhancements.

15. How would an MLI refund the excess recovery made from the borrower to NCGTC?

As indicated at Sr. No. 13 of Chapter VII of the Gazette notification dated 25th April 2016 of CGFSI, the MLI is expected to deposit the recovery made with NCGTC, which shall appropriate the same against the specific account in which recovery has been made.

16. Who can provide answers to any further queries?

Please address your queries/suggestions to ceo@ncgtc.in
