



Ref No: NCGTC/2016-17/01

May 04, 2016

All Member Lending Institutions (MLIs)

**Circular No. 01/2016-17**

Dear Sir/Madam,

**Linkage of Base Rate with CGFEL/CGFSD – Review under applicability of MCLR**

As you may be aware, RBI vide its Notification No. Dir.BC.67/13.03.00/2015-16 dated December 17, 2015, had encouraged the Banks to move in a time bound manner to marginal cost of funds based determination of their base rate in order to improve the efficiency of monetary policy transmission.

In this regard, we advise that we have taken up the matter with the delegated authority to link the maximum rate of interest to be charged under Credit Guarantee Fund Scheme for Education Loans (CGFSEL) and Credit Guarantee Fund Scheme for Skill Development (CGFSSD) to Marginal Cost of Funds based Lending Rate (MCLR) in place of Base Rate (BR) with effect from April 01, 2016. In the meanwhile, "Spread" of maximum of 2% p.a. and 1.5% p.a. for CGFSEL and CGFSSD respectively, over and above MCLR in place of earlier prescribed 'Base Rate', may be maintained till further intimation.

Yours faithfully,

Sd/-

Pradeep Malgaonkar  
(Chief Executive Officer)

हम हिन्दी में पत्राचार का स्वागत करते हैं।

**राष्ट्रीय क्रेडिट गारंटी ट्रस्टी कंपनी लिमिटेड**  
(वित्त मंत्रालय, भारत सरकार)

**NATIONAL CREDIT GUARANTEE TRUSTEE COMPANY LTD.**

(Ministry of Finance, Government of India)

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