

Frequently Asked Questions (FAQs) on Loan Guarantee Scheme for the Covid affected Tourism Service Sector (LGSCATSS) – Updated as on 25.03.2022

1. What is Loan Guarantee Scheme for the Covid affected Tourism Service Sector (LGSCATSS)?

LGSCATSS refers to a scheme for providing 100% guarantee by National Credit Guarantee Trustee Company (NCGTC) to Member Lending Institutions (MLIs) for loans extended by them to eligible tourist guides (recognized/ approved/registered by M/o Tourism and State Govts/ UT Administrations) and eligible Travel & Tourism Stakeholders (recognized/ approved / registered by the Ministry of Tourism, Govt. of India).

2. What is the objective of the Scheme?

The Scheme is launched to provide relief to eligible Travel & Tourism Stakeholder viz. by way of need based financial assistance who have been adversely impacted by the Covid -19 pandemic.

3. Who are the MLIs under the Scheme?

All Scheduled Commercial Banks are eligible as MLIs.

4. What is the maximum amount of loan eligible for support under the scheme?

Maximum loan of Rs.10 lakhs each for eligible Travel & Tourism Stakeholders and maximum loan of Rs.1.00 lakh each for eligible Tourist Guides.

5. What is the duration of the Scheme?

The Scheme would be applicable to all loans sanctioned under LGSCATSS upto 31st March, 2023 or till guarantees for an amount of Rs.250 crores are issued under the scheme, whichever is earlier.

6. What would be the guarantee coverage under the Scheme?

The entire funding provided under LGSCATSS shall be provided with a 100% credit guarantee coverage.

7. What is the eligibility criteria for Travel & Tourism Stakeholder to avail the benefit of the Scheme?

The following are the eligibility criteria:

- Tourist Guides should be recognized/approved/registered by M/o Tourism and State Govts/ UT Administrations and Tourism stakeholders should be recognized/ approved/registered by the Ministry of Tourism, Govt. of India.
- Borrower could be an individual or Business Enterprise constituted as Proprietorship, partnership, registered company, trusts and LLPs (limited Liability Partnership) or any other legal entity.
- Eligible borrowers can avail of assistance either under ECLGS or under LGSCATSS. If the eligible borrower has already availed benefit under ECLGS 1.0 or 3.0, he/she shall have to close/ pay off the dues under ECLGS before applying for coverage under LGSCATSS scheme.

8. Will LGSCATSS be extended as a separate loan account, or as part of the existing loan account of the borrower?

A separate loan account shall be opened for the borrower for extending additional credit under LGSCATSS. This account will be distinct from the existing loan account(s), if any, of the borrower.

9. To avail LGSCATSS, will it be necessary for existing loans of the borrower covered under existing guarantee schemes such as ECLGS 1.0 or 3.0 to be closed or vice-versa?

Yes. Borrower can avail benefit under one of these schemes only.

10. Is there any interest rate cap on loans covered under LGSCATSS?

Yes, Interest Rate on loans covered under LGSCATSS would be charged as per the RBI guidelines and shall be capped at 7.95 % p.a. till availability of the guarantee cover.

11. What would be the tenor of loans provided under LGSCATSS?

The tenor of loans provided under LGSCATSS shall be maximum five years from the date of first disbursement, including moratorium period of one year on the principal repayment.

12. Will any guarantee fee be charged under the Scheme by NCGTC?

No, NCGTC will not charge any guarantee fee from the MLI under the Scheme.

13. Will any processing fee be charged by MLIs for sanction of loans under LGSCATSS?

There will be no processing charges, waiver of foreclosure / prepayment charges.

14. Can MLIs ask for any additional collateral for facility under LGSCATSS?

No additional collateral shall be asked by MLIs for loans extended under LGSCATSS.

15. What will be the risk weight assigned to the credit extended under LGSCATSS?

Risk weight for loans provided under LGSCATSS shall be as decided by RBI.

16. What will be the security on loan extended under LGSCATSS Scheme?

The lender shall create charge on the existing and proposed assets/securities of the Travel and Tourism Stakeholders. NCGTC shall have second charge on the assets financed under the Scheme, to be created in favour of MLI on behalf of NCGTC, within a reasonable period of time from the date of disbursal, but in any case before the account turning NPA. The MLI shall create charge in favour of itself and also on behalf of NCGTC and take all necessary steps to protect the interests of NCGTC.

17. Will MLIs be required to enter into any agreement with NCGTC for the purpose of this Scheme?

Yes, MLIs will be required to submit an Undertaking to NCGTC for the purpose of this Scheme.

18. Can Tourist Guide and Travel and Tourism Stakeholders not having borrowing relationship with Scheduled Commercial banks (SCBs) get covered under the scheme?

Yes.

19. What is the process of issue of Guarantees under the scheme?

As per the system being developed by NCGTC, once an MLI enters the details of the loan sanctioned to an eligible borrower as per the scheme guidelines, the system shall approve the guarantee automatically and will provide Application Reference No. and Credit Guarantee Number to the MLI, which shall be used by it for later references.

20. What would be the nature of guarantee under the scheme?

The Credit Guarantee from NCGTC would be unconditional and irrevocable.

21. Whether MLIs can charge interest rate lower than 7.95% p.a. as capped?

Yes.

22. Who will issue detailed operational guidelines for LGSCATSS, and who will have the authority to modify provisions of the Scheme/operational guidelines?

NCGTC has issued the detailed Operational Guidelines for the Scheme, which shall be updated from time to time as per requirement.

23. I am an eligible tourist guide under LGSCATSS. Is it mandatory to purchase some machinery like camera etc. out of the credit support provided under the scheme?

The purpose of the scheme, as outlined in the scheme guidelines, is to enable the eligible tourist guides to discharge liabilities (business related liabilities) and restart business affected due to Covid-19 pandemic. Hence, investment in machinery is not necessary.

24. I am an eligible tourist guide under LGSCATSS. Is it mandatory for me to have a Credit Bureau rating to avail benefit under the scheme?

As per the scheme guidelines, Bureau rating is not mandatory.

25. Who can provide answers to any further queries?

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

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