

Ref. No. 165/CGTMSE/PM Vishwakarma

November 24, 2023

To all Eligible Lending Institutions,

Circular No.230 / 2023 - 24

Madam / Dear Sir,

Credit Guarantee Scheme for PM Vishwakarma (CGS- PMV)

As you are aware, Ministry of Micro, Small and Medium Enterprises (MoMSME), Government of India (Gol), has implemented a scheme called "PM Vishwakarma", for providing collateral free credit to artisans and craftspeople. The Scheme facilitates a quantum of loan assistance of ₹3,00,000/- wherein, the first loan tranche will be upto ₹1,00,000/- and second loan tranche will be upto ₹2,00,000/-.

In this connection, a "Credit Guarantee Scheme for PM Vishwakarma" (CGS-PMV) has been launched by CGTMSE under which guarantee coverage would be provided to eligible Lending Institutions for facilitating credit support to Vishwakarmas. The details of the scheme is enclosed at **Annexure I**.

As per Gol scheme the eligible Lending Institutions those who are not registered with CGTMSE as Member Lending Institution (MLI) are requested to approach CGTMSE for registration / submission of forms. It may noted that, there is no eligibility criteria to become MLI under this scheme. The Bank Mandate, Format of Undertaking and MLI registration procedure are given at **Annexure II**.

We are sure that the Lending Institutions would take full advantage of the Scheme, and thereby, support Vishwakarmas.

In case of any clarifications relating to the scheme guidelines, please feel free to write at querypmv@cgtmse.in.

Yours faithfully,

Sd/-

(Dhiraj Kumar)
Deputy General Manager



Credit Guarantee Scheme for PM Vishwakarma (CGS-PMV)

Key Features of the Scheme is given below:

- ❖ Scheme is for hereditary and new age artisans and craftspeople.
- ❖ Benefits under PM Vishwakarma: The artisans and craftspeople will receive PM Vishwakarma Certificate and PM Vishwakarma ID Card (a unique digital number), Skill Upgradation, Toolkit incentive, Credit Support, Incentive for Digital Transaction and Marketing support.

Eligible Financial Institutions:

Scheduled Commercial Banks, Regional Rural Banks, Small Finance Banks, Cooperative Banks, Non-Banking Finance Companies and Micro Finance Institutions.

Credit Assistance & guarantee ceiling:

The total quantum of loan assistance would be ₹3,00,000/- wherein, the beneficiaries can avail the first loan tranche upto ₹1,00,000/- and second loan tranche upto ₹2,00,000/-.

Guarantee coverage:

CGTMSE would be issuing guarantees for all the loans sanctioned and disbursed under PM Vishwakarma Scheme based on PM Vishwakarma portal.

Type of guarantee:

Portfolio based guarantee (the portfolio will be created on an annual basis ending with the financial year).

Tenure of guarantee:

Guarantee cover shall run through the agreed tenure of the credit facility.

Extent of guarantee coverage: Graded guarantee coverage

For first tranche loans:

- (a) First Loss Default (0 to 7.5%): 100% coverage
- (b) Second Loss (More than 7.5% and up to 20%): 80% coverage of default portfolio, and
- (c) Third Loss (More than 20% and up to 50%): 60% coverage of default portfolio.

- ❖ Maximum guarantee coverage will be 50% of the year portfolio for the First tranche of loan.

For second tranche loans:

- (a) First Loss Default (Up to 5%): 100% coverage and for,
- (b) Second Loss (beyond 5% and up to 15%): 80% of coverage of default portfolio

- ❖ Maximum guarantee coverage will be 15% of the year portfolio for the Second tranche of loan.

The details of coverage are given in the following table:

	First Loan		Second Loan	
	Portfolio	Coverage	Portfolio	Coverage
First Loss	0 to 7.5%	100%	0 to 5%	100%
Second Loss	Above 7.5% to 20%	80%	Above 5% to 15%	80%
Third Loss	Above 20% to 50%	60%		
Maximum Guarantee Cover	50%		15%	
Effective Guarantee Cover	35.5%		13%	

Guarantee Fee:

No fee shall be charged from the Member Lending Institution / borrower.

Lock -in -period:

Lock -in -period shall be 9 months from the first disbursement of the loan to the borrower.

Invocation of Guarantee:

❖ **NPA Marking**

The Member Lending Institution (MLIs) are required to inform the date on which the account was classified as NPA in a particular calendar quarter, by end of subsequent quarter.

❖ **Claim lodgement time period:**

MLI can lodge claim within 2 years from the NPA date after completion of lock-in period. On lodgment of claim application by MLI on quarterly basis, CGTMSE would settle the claim in single instalment.

Legal action:

No legal action is required for lodgement of claim.

Recovery:

Any recovery made from the NPA portfolio against which claim has been settled by CGTMSE will be allowed to be adjusted against future claim, if any, else will be returned to CGTMSE by the concerned lending institutions. The recovered amount, if any, shall be deposited by the lending institution with the Trust, after adjusting the legal cost incurred for recovery of dues.

Interpretation:

If any question arises in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications or necessary changes as required from time to time given in connection therewith, the decision of the Trust / CEO of the Trust, taken in consultation with MoMSME shall be final.

All other guidelines with regard to post guarantee operations are applicable for this scheme also.

BANK MANDATE FORM

(Please fill in the information in CAPITAL LETTERS. Please TICK wherever it is applicable)

1. Name of Member Lending Institution: _____
2. Member ID [As given by CGTMSE]: _____
3. Address of Member ID: _____

City with pincode: _____ PAN No.: _____

E-mail id: _____

Ph No. with STD code: _____ Mob. No. _____ (dealing official)

3. Particulars of Bank account:

Name of Bank																				
Address and pincode		Branch City																		
Type of account(PI tick)	Saving / Current		Branch Code [of member ID]																	
MICR No.																				
Account Number																				
IFSC CODE	For RTGS transfer																			
	For NEFT transfer																			

4. Date from which the mandate should be effective : _____

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected for reasons of incomplete or incorrect information, I shall not hold **CGTMSE / CGTMSE's Operating Bank responsible**. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of amount through **RBI RTGS/NEFT**. I authorize CGTMSE to credit the proceeds of Claims to the above-mentioned account pertaining to Member ID No. _____ (Pl. mention Member ID No. as given by CGTMSE).

Certified that particulars furnished above are correct as per our records.

Bank's stamp (Seal):

Date:

(Signature & Seal of the Authorized Official)

Name:

Designation:

Employee/Signature code:

**Credit Guarantee Scheme for PM Vishwakarma
(CGS - PMV)**

{Draft of undertaking to be executed by lending institution}

- (i) This Undertaking is to be executed by the lending institution for getting itself registered as Member to avail of the guarantee facility extended by the Trust.
- (ii) This Undertaking is to be executed by an official authorised by appropriate authority of the lending institution.
- (iii) This Undertaking is to be stamped as an agreement. The value of stamp duty will depend upon the place where it is executed and/ or acted upon.

To

The Chief Executive Officer
Credit Guarantee Fund Trust for Micro and Small Enterprises,
1st Floor, SIDBI Swavalamban Bhavan,
Avenue 3, Lane 2, G- Block,
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400 051

Dear Sir,

In consideration of the **Credit Guarantee Fund Trust for Micro and Small Enterprises** (hereinafter referred to as "the Trust" which expression shall, unless repugnant to the context, also include its successors and assigns), agreeing to guarantee under the **Credit Guarantee Scheme for PM Vishwakarma (CGS-PMV)** (a copy whereof is hereto annexed and which is hereinafter referred to as "the Scheme"), certain credit facilities granted by us to eligible borrowers, we _____ (Name of lending institution), do hereby agree with the Trust as follows:

2. That the provisions of this Undertaking shall be in addition to, and not in derogation of, the provisions of the Scheme and the guidelines and instructions issued by the Trust from time to time.
3. That the provisions of the Scheme and such modifications as may be made thereto from time to time shall be deemed to be incorporated in this Undertaking and shall be binding on us, in so far they relate to the credit facilities granted by us to borrowers which have been or are eligible for being guaranteed thereunder.
4. That the provisions of the Scheme along with modifications, if any, along with modifications, if any, and this Undertaking shall be applicable to or in relation to all credit facilities eligible for guarantee under the Scheme.
5. That we shall claim the benefit of the guarantee under the Scheme only in respect of the credit facilities specified in the Scheme and to the extent provided therein and that we shall for this purpose obtain and preserve affidavits or other documents from the borrowers concerned or otherwise satisfy ourselves by reference to the borrowers' books of account or other records that the borrowers in respect of whom the benefit of the guarantee has been or is to be provided by the Trust are eligible for the guarantee under the Scheme.

6. That we agree that a borrower who ceases to be so eligible will, in accordance with and subject to the provisions of the Scheme, be excluded from the benefit of any guarantee and that for this purpose, we shall obtain from the borrower concerned every quarter or at such other intervals as may be required by the Trust, such information declarations as may be deemed necessary.
7. That the books of accounts, ledgers and other documents relating to eligible credit facilities, covered by the Scheme shall, as far as may be practicable, be segregated and maintained in a proper manner so as to facilitate such scrutiny or inspection as may be undertaken by the Government of India (GOI) or by the Trust or by any other person nominated by the Trust/GOI in this behalf.
8. That we undertake to make available to the Officers of GOI or of the Trust or of any agency which may be specified by the Trust in this behalf, as the case may be, all our books and records and provide such other facilities as may be required for such scrutiny and inspection.
9. That we shall furnish to the Trust a statement in a form and manner required by the Trust, showing the outstanding balances with break-up of principal and interest / other expenses details, etc. in respect of the eligible credit facilities covered under the Scheme, as and when required by the Trust.
10. That we shall furnish to the Trust thereafter such statements or information as the Trust may require about the eligible credit facilities in such form and manner, and at such intervals, as may be required by the Trust.
11. That in order to enable the Trust to ascertain whether a claim made on it is on account of any eligible credit facility which has been so covered, we shall preserve in good order the detailed statement or statements referred to in clauses 7, 8 and 9 hereof as also the relevant documents relating to the credit facility.
12. That we shall, in respect of every eligible credit facility, exercise due diligence in recovering the dues, and safeguarding the interest of the Trust. We shall, in particular, refrain from any act of omission or commission either prior to or subsequent to invocation of guarantee which may adversely affect the interest of the Trust as a Guarantor.
13. That for invoking the guarantee under the Scheme we undertake to submit to the Trust an application in such form as may be specified by the said Trust and furnish such other information as may be required of us by the Trust.
14. That we shall secure for the Trust or its appointed agency the right to inspect the business / premises and books of account of the borrowers if and when considered necessary by the Trust.
15. That we shall secure for the Trust or its appointed agency the right to list the defaulted borrower's names and particulars on the web site by the Trust.
16. That notwithstanding anything to the contrary contained in the Scheme, if any loss occurs in respect of an account covered by the Scheme owing to actions / decisions taken contrary to or in contravention of the guidelines issued by the Trust, we shall not make and shall not also be entitled to any claim on the Trust in respect of the said account.
17. That all applications, documents, receipts, statements and other papers shall be signed on behalf of our institution by the Chief Executive Officer or by other

persons in our employment who shall be deemed to be authorised by us to sign all such applications, documents, receipts, statements and other papers and that any irregularity in the signature or want of authority of the persons so signing shall not in any way affect or prejudice the rights of the Trust or affect our liability in respect thereof.

18. That all data, including applications, periodical returns, funds transfer, updated or transferred to the Trust in the electronic form, shall be deemed to be signed on behalf of our institution by the Chief Executive Officer or by other persons in our employment who shall be deemed to be authorised by us to sign all such applications, documents, receipts, statements and other papers and that any irregularity in the use of member-id, or want of authority of the persons so signing shall not in any way affect or prejudice the rights of the Trust or affect our liability in respect thereof.
19. That we shall introduce and follow such accounting arrangements as may be necessary or as may be required by the Trust or take such other steps as may be necessary or expedient for protecting its interests in respect of the outstanding balances on account of credit facilities in regard to which the Trust's guarantee is invoked by us.
20. That this Undertaking shall take effect from the first day of _____.
21. That the stamp duty payable on this Undertaking shall be borne by us.

Yours faithfully,

For and on behalf of _____
Signature _____
Name _____
Designation _____

Place: _____
Date: _____

**Details required for MLI registration, Maker & Checker Registration under
Credit Guarantee Scheme for PM Vishwakarma (CGS-PMV)**

Bank Registration	
MLI Type (select one)	SCB/RRB/SFB/CO-OP BANK/NBFC/MFI
Bank Name (as per PAN /GST)	
Registered Office Address	
State	
District	
City	
Pincode	
PAN of Institution	
GSTIN No	
Landline Nos (With STD code)	
Official Email Id of Bank	
Contact Person	
Mobile No	
User Registration (Maker)	
First Name	
Middle Name	
Last Name	
User Designation	
Mobile No	
Landline Nos (With STD code)	
Official Email Id of User	
User Registration (Checker)	
First Name	
Middle Name	
Last Name	
User Designation	
Mobile No	
Landline Nos (With STD code)	
Official Email Id of User	

Bank's stamp (Seal):

Date :

(Name and Signature of the Authorized Official)