All Member Lending Institutions (MLIs) of CGTMSE – CGS I, CGS II & CGS III

Circular No.238/2023-24

Madam / Dear Sir,

Special Provision for Informal Micro Enterprises (IME)

In order to facilitate unsecured affordable credit flow to Informal Micro Enterprises for their composite requirement, we are pleased to inform that it has been decided to introduce "Special Provision for Informal Micro Enterprises (IME) under Credit Guarantee Scheme". Informal Micro Enterprises are those enterprises which are exempted from GST regime.

The eligibility and features / benefits under Special Provision for Informal Micro Enterprises (IME) are given below:

1. Applicable to IMEs which are exempted from GST regime and are registered on Udyam Assist Platform (UAP).

2. The guarantee coverage will be available where the credit facility is upto ₹20 lakh.

3. The extent of guarantee coverage will be 85%.

4. The standard rate of annual guarantee fee for Banks and Co-lending (CGS I and III respectively) upto ₹10 lakh shall be 0.37% and for guarantee above ₹10 lakh & upto ₹20 lakh would be 0.45%. Under CGS -II (guarantee Scheme for NBFCs) normal rates will apply.

5. Creation of primary security is not a pre-requisite for obtaining guarantee.

6. For invocation of guarantee, initiation of legal action is not required.

All other covenants of the Credit Guarantee Scheme (CGS – I for banks, CGS – II for NBFCs & CGS III for Co-lending) would apply *mutatis mutandis* and as amended from time to time.

The special provisions are intended to meet the requirements of the demand side as well as supply side. Member Lending Institutions are expected to lend more resulting in increased credit flow to IMEs in MSE sector.

The special provision shall be effective for all guarantees approved on or after the date of issue of the circular.

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

Yours faithfully,

Sd/-

(Dhiraj Kumar)
Dy. General Manager

सूक्ष्म एवं लघु उद्यम क्रेडिट गारंटी फंड ट्रस्ट (भारत सरकार एवं सिडबी द्वारा स्थापित)
1ली मंजिल, सिडबी स्वावलंबन भवन, एवेन्यू 3, लेन 2, बान्द्रा–कुर्ला कॉम्प्लेक्स, बांद्रा (पू.), मुंबई - 400 051.
Credit Guarantee Fund Trust for Micro and Small Enterprises (Set up by Government of India & SIDBI)
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