

Ref. No. CGTMSE /44/74

October 08, 2021

All Member Lending Institutions of CGTMSE

Circular No.186 / 2021 – 22

Madam / Dear Sir,

Modification in CGS I - Increase in the threshold for Waiver of Legal Action

Please refer to our Circular No.62/2012-13 and 114/2017-18 dated October 10, 2012 and March 14, 2018 respectively whereby it was, inter-alia, advised that initiation of legal proceedings as a pre-condition for invoking of guarantees has been waived in such cases where the aggregate outstanding amount considered eligible for claim settlement by CGTMSE does not exceed ₹50,000/- per claim.

Based on the feedback / suggestions received from various stakeholders and considering increase in cost of litigation over the years, it has been decided to increase the threshold for waiver of legal action while invoking the guarantee to ₹1,00,000/- per claim based on the aggregate outstanding amount considered eligible for claim settlement by CGTMSE, as against the present limit of ₹50,000/-

Further, please note that all such cases, where the filing of legal proceedings is waived, a committee headed by an officer not below the rank of Assistant General Manager of MLI should examine all such accounts and take a decision for not initiating legal action and filing claim under the Scheme. The report of such committee may be submitted along with the claim application.

The above modification shall be applicable in respect of those claims lodged on or after the date of issue of this Circular by CGTMSE.

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

Yours faithfully,

Sd/-

(Jigar Shah)
Chief Operating Officer

