

Ref. No. CGTMSE /44/

January 03, 2022

All Member Lending Institutions (MLIs) of CGTMSE

Circular No.190 / 2021 – 22

Madam / Dear Sir,

Clarification on updating Outstanding for Working Capital

CGTMSE has been receiving queries from various MLIs regarding updation of Outstanding, charging of fee and coverage limit for Working Capital. In this connection, we clarify that MLIs are required to provide present / expected outstanding in case of Working capital every year for calculation of fee on outstanding basis. The fee shall be generated as per the present / expected outstanding provided by the MLI and Trust's maximum liability will be restricted to such outstanding amount. Needless to say that MLIs have the option to increase/decrease the limit anytime during the year by making the necessary fee payment for the incremental amount. Other guidelines/clarification pertaining to charging of fee on outstanding basis are listed the table attached as ***Annexure I***.

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

Yours faithfully,

Sd/-

(Promod Bakshi)
Deputy General Manager



Annexure I

S No	General Query	Guideline / Clarification
Working Capital (WC) account		
1	What Outstanding is to be updated?	Present / Expected Outstanding is to be updated. Updated Outstanding will be treated as Guarantee amount and Fee shall be charged on such Outstanding only.
2	What in case outstanding is negligible / NIL?	No fee will be charged for NIL outstanding and the account will be closed.
3	What in case MLI missed to update outstanding?	Fee shall be charged on last year's outstanding / Guarantee Amount.
4	What outstanding to be updated where WC is not availed in last FY?	Expected Maximum Outstanding may be updated for calculation of fee amount.
5	Maximum Claim Limit	Maximum eligible limit for claim shall be the outstanding on which fee is paid.
6	In case of Hybrid Model, what outstanding amount is to be updated?	Present / expected outstanding without deducting collateral value (as the collateral value will be deducted by our system from the updated outstanding for calculation of guarantee fee).
7	In case of Hybrid Model, how is the fee calculated?	Fee is calculated on derived outstanding by netting off collateral value (as provided by MLI) from the updated outstanding. Derived O/s for fee generation = Present / expected outstanding less collateral value mentioned at the time of guarantee coverage.
8	What if the Outstanding updated / derived is greater than Guarantee amount?	Fee will be charged on Outstanding as updated by MLI.
9	Can Outstanding amount be Higher than amount provided last year?	Yes.

Term Loan (TL) account		
10	What Outstanding is to be updated?	Principal outstanding amount as on 31st December.
11	What in case outstanding is negligible / NIL?	No fee will be charged for NIL outstanding and the account will be closed.
12	What in case MLI missed to update outstanding?	Fee shall be charged on last year's outstanding / Guarantee Amount.
13	Maximum Claim Limit	Maximum eligible limit for claim shall be the outstanding on which fee is paid.
14	If the TL is undisbursed/ partially disbursed, how is the AGF calculated?	In case of undisbursed/ partially disbursed TL, fee shall be generated on Guarantee amount (including Hybrid case).
15	Can Outstanding amount be Higher than amount provided last year?	No, in case of fully disbursed TL, the outstanding cannot be higher than outstanding updated last year. However, in case of undisbursed/ partially disbursed Term Loans, system will allow feeding higher o/s amount as compared to last year.
16	In case of Hybrid Model, what outstanding amount is to be updated?	Actual principal outstanding as on 31st December without deducting the collateral value.
17	In case of Hybrid Model, how is the fee calculated?	Fee is calculated on derived outstanding by netting off collateral value from the outstanding as provided by MLI. Derived outstanding for fee generation = Actual principal outstanding as on 31st December less collateral value as mentioned at the time of guarantee coverage.
18	What if the Outstanding updated / derived is greater than Guarantee amount?	Fee will be charged on Outstanding or Guarantee Amount whichever is low.

General		
19	Data Collection frequency	MLIs are required to update outstanding data every year on CGTMSE portal by January 15 th or any such date as prescribed by the Trust for calculation of AGF.
20	Can Outstanding be updated or modified after generation of AGF?	<p>In case of Working Capital, MLI can apply for enhancement of limit/ outstanding by paying additional guarantee fee for the enhanced limit.</p> <p>In case of Term Loan, System will not allow any modification in Outstanding data after Jan 15 or any such date prescribed by the Trust or after generation of AGF.</p>