

Ref.No. CGTMSE/ 107

July 09, 2025

To All Member Lending Institutions (MLIs) of CGTMSE- CGS I

Circular No. 254/ 2025-26

Madam / Dear Sir,

Modification in the Credit Guarantee Scheme- I (for Banks)

Please refer to our Circular no.62 dated October 10, 2012 and also the scheme document chapter No.1, point No.2(xv) in connection with the definition of third party guarantee.

The matter has since been reviewed and it has now been decided to modify the aforesaid definition and include that *"guarantees provided by co-obligant/co-borrower, **who are also signatories to the loan agreement in respect of proprietary/individual constitution** for loan accounts covered under CGTMSE, shall not be treated as third-party guarantees"*.

Details of the existing and modified provision at S No.2(xv) is given below:

S No.	Existing Provision	Modified Provision
2 (xv)	Third Party Guarantee means any guarantee obtained by a Member Lending Institution in connection with the credit facility extended by it to a borrower except from Sole-Proprietor in case of Sole Proprietary concern, Partners in case of partnership/ limited liability partnership, Trustees in case of Trust, Karta & Coparceners in case of HUF and promoter directors in case of private/ public limited companies	Third Party Guarantee means any guarantee obtained by a Member Lending Institution in connection with the credit facility extended by it to a borrower except from Sole-Proprietor/ Co-borrower/ Co-obligant who are also signatories to the loan agreement in case of Sole Proprietary / Individual concern , Partners in case of partnership/ limited liability partnership, Trustees in case of Trust, Karta & Coparceners in case of HUF and promoter directors in case of private/ public limited companies

The above modification is applicable with immediate effect from the date of issuance of this circular and shall also be applicable to already claim lodged cases which are yet to be settled. The contents of this Circular may please be brought to the notice of all your offices.

Yours faithfully,

Sd/-
(MSRK Murthy)
Deputy General Manager

