

Circular No. 256/ 2025 – 26

Madam / Dear Sir,

**Extension of Guarantee Expiry Period for Term Loan Accounts
to ensure eligibility at the time of NPA recognition**

Please refer to the provisions of the Credit Guarantee Schemes wherein Annual Guarantee Fee (AGF) is charged up to the guarantee expiry date or closure of the account, whichever is earlier. Further, as per the Scheme Guidelines, the guarantee should be in force at the time the account turns NPA, which implies that the account must be within the guarantee expiry date on the NPA date for claim eligibility.

It has been observed that in certain cases, especially where borrowers default on the last instalment(s), the account becomes NPA after the original guarantee expiry date, rendering such accounts ineligible for guarantee claims. For example, in respect of a loan sanctioned on April 01, 2025 with a 5-year tenure, the guarantee will expire on March 31, 2030. If the borrower defaults in the last instalment(s), the account would turn NPA during April–June 2030, i.e., after the guarantee expiry date, leading to claim ineligibility.

To avoid such instances and ensure seamless coverage at the time of NPA recognition, it has been decided as under:

1. **For cases where guarantee is issued after the date of this Circular:** The guarantee expiry date for term loan accounts shall be original expiry date + four (4) months.
2. **For all existing live and standard guarantee accounts:** The guarantee expiry date shall be extended by four (4) months uniformly for all live and standard CGPANs (NPA not marked in CGTMSE portal) except for cases expiring in current FY i.e 2025 -26. *The cases whose guarantee expires in the current financial year (FY 2025–26), the guarantee expiry date will remain unchanged, as the guarantee fee for FY 2025–26 has already been paid.*
3. AGF shall be charged for the extended guarantee period [i.e., original expiry date + four(4) months] for both future cases as mentioned at Sr no. 1 and existing live and standard cases as mentioned at Sr no. 2.

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

Yours faithfully,

Sd/-

(Dhiraj Kumar)

Deputy General Manager

