



Name	Draft Emergency Credit Line Guarantee Scheme (ECLGS)						
Purpose	To provide Guarantee Coverage to additional Working Capital (WC) facilities from banks and additional term loan facilities in case of NBFCs to COVID-19 affected MSME borrowers as a special scheme. An Working Capital / term loan Facility is expected to help businesses keep their workforce employed and meet working capital requirements during the Coronavirus (COVID-19) crisis.						
Effective Date	01.03.2020 (All additional Emergency Credit lines sanctioned to MSMEs after 01.03.2020 till 31.08.2020)						
Amount of Emergency Working Capital Funding	<p>The amount of Emergency Working Capital Funding would be equivalent to 15% of the working capital for loans upto 1 crore.</p> <p>For loans between 1 crore to 25 crore the Emergency Working Capital Funding would be equivalent to 10% of the working capital</p> <p>In case the amount of Emergency Fund as per above threshold is not able to cover 6 months of salary outgo (including contractual worker) for people employed by MSME the Working Capital Fund to be enhanced to the amount of 6 months of salary outgo. Lenders to obtain necessary proof to ascertain the salary outgo of the MSME. This is to ensure that MSMEs don't off lay any employees due to the lack of funds.</p> <p>In case a borrower has existing limits with more than one lender the emergency funding limit can be availed with only one lender</p>						
Amount of coverage	100% of the Emergency additional finance under this Covid emergency						
Interest Rate to be charged	Interest Rate on additional emergency funding to be capped at For Banks MCLR + 1% For NBFCs Max rate of 14%						
Tenor	Funding for a period of max 3 years from the date of disbursement as per the repayment schedule defined by the lender.						
Borrower Eligibility	All MSME accounts with outstanding loans less than 25 crores are eligible for under the scheme. The borrower needs to be less than 30 days DPD as on 28 th Feb 2019 to be eligible for scheme						
Operational Structure	To be made operational as a SPV or Trust with fund earmarked and SIDBI to made responsible for operation of the scheme. The board structure can be like CGTMSE.						
Capital Required	<p>As on date Total MSME (MSME have been taken as borrowers with overall outstanding loans of INR 25 crores) borrowings outstanding are approx. around 16.4 lac crore. Out of this 16.4 lac crores PSU Banks have 48.2% Private Sector Banks have 38.9% and NBFCs have 12.8% outstanding share</p> <p>Seed capital of Rs.15500 Cr by GoI if 0% fee is charged to the borrower to cover 90% of the total outstanding amount to MSME</p> <table border="1" data-bbox="464 2072 1401 2143"> <tr> <td>Total MSME Outstanding</td> <td>1640347</td> <td>Crores</td> <td></td> </tr> </table>			Total MSME Outstanding	1640347	Crores	
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	Total MSMEs covered under scheme	90%		
	Total Guarantee Coverage	169559	Crores	
	Leverage	10.9		
	Corpus	15500	Crores	
	NPA Percent	10.04%		
	NPA	17016		
	Rate of Interest	6.0%		
	Tax Deducted at Source	10.0%		
	Rate of Interest Net of Tax	5.4%		
	Guarantee Fee Charge	0.0%		
		-	-	-
		Year 1	Year 2	Year 3
	Outstanding Guarantee Amount	169559	111909	55954
	Interest from Corpus	837.00	575.91	300.71
	Guarantee Fee	0.00	0.00	0.00
	NPA	5672	5672	5672
	Reduction in Corpus	4835	5096	5371
	Corpus After Reduction	10665	5569	197
Guarantee Fee	No Guarantee Fee to be charged for additional emergency funding			
Risk Weight	Risk Weight to be taken as 0 as backed by sovereign guarantee. RBI approval to be taken for the same			
Claim lodgment	For MLI to lodge a claim the guarantee in respect of that credit facility was in force at the time of account turning NPA. Trust shall pay 75% of the guaranteed amount on preferring of eligible claim by the lending institution, within 30 days, subject to the claim being otherwise found in order and complete in all respects. The balance 25 per cent of the guaranteed amount will be paid on conclusion of recovery proceedings or till the decree gets time barred			
Security	2nd charge on the Assets financed. No additional collateral to be asked.			
Default	Default definition for borrowers would be as per the instructions and guidelines issued by the Reserve Bank of India under extant norms on income recognition, asset classification and provisioning from time to time.			