

SN	Parameter	Guidelines
1.	Name	The Scheme is named as 'Distressed Assets Fund - Subordinate Debt for Stressed MSMEs' and the credit product for which guarantee would be provided under the Scheme shall be named as ' <b>Credit Guarantee Scheme for Subordinate Debt (CGSSD)</b> '
2.	Purpose	<ul style="list-style-type: none"> <li>• To provide guarantee coverage for the CGSSD to provide Sub-Debt support in respect of restructuring of MSMEs.</li> <li>• 90% guarantee coverage would come from scheme/ Trust (CGTMSE) and remaining 10% from the concerned promoter(s).</li> <li>• The objective of the scheme is to provide personal loan through banks to the promoters of stressed MSMEs for infusion as equity / quasi equity in the business eligible for restructuring, as per RBI guidelines for restructuring of stressed MSME advances.</li> </ul>
3.	MSME's constitution included under the Scheme	MSME units such as Individuals / Proprietorship, LLP, Partnership, Private Limited Company or registered company are eligible to be covered under the scheme.
4.	Nature of Facility	Term Loan
5.	Duration/ Scheme Validity	The Scheme would be applicable to all credit facilities sanctioned under CGSSD for a maximum period of 10 years from the guarantee availment date or March 31, 2021 whichever is earlier, or till an amount of Rs 20,000 crore of guarantee amount is approved.
6.	Eligible Criteria of Borrower	<p>(i) It is applicable for those MSMEs whose accounts have been standard as on 31.03.2018 and have been in regular operations, either as standard accounts, or as NPA accounts during financial year 2018-19 and financial year 2019-20.</p> <p>(ii) Fraud/ Willful defaulter accounts will not be considered under the proposed scheme.</p> <p>(iii) Personal loan will be provided to the promoters of the MSME units. The MSME itself may be</p>

		<p>Proprietorship, Partnership, Private Limited Company or registered company etc.</p> <p>(iv) It is valid for MSME units which are stressed, viz. SMA-2 and NPA accounts as on 30.04.2020 that are eligible for restructuring as per RBI guidelines on the books of the Lending institutions.</p>
7.	Quantum of Finance	Promoter(s) of the MSME unit will be given credit equal to 15 % of his/her stake (equity plus debt) in the MSME entity or Rs.75 lakh whichever is lower as per last audited Balanced Sheet.
8.	Rate of Interest (RoI)	Applicable RoI for the proposed facility will be in line with the existing facilities enjoyed by the unit. (RoI for CGSSD should be RLLR based)
9.	Tenor of Credit facility under this scheme	<p>(i) Maximum tenor of 10 years from the guarantee availment date or March 31, 2021 whichever is earlier.</p> <p>(ii) There will be a moratorium of 7 years (maximum) on the payment of principal. Till the 7th year, only interest will be paid.</p> <p>(iii) The interest on the facility would be required to be serviced regularly (as and when applied) and the principal shall be repaid within the sanctioned tenor for the facility after completion of moratorium.</p> <p>(iv) Pre-payment of loan is permitted at no additional charge /penalty to the borrower.</p>
10.	Moratorium	There will be a moratorium of 7 years (maximum) on the payment of principal. However, interest will be paid as and when applied.
11.	Repayment	<p>(i) Interest- As and when applied after disbursement.</p> <p>(ii) Principal – After completion of moratorium period, principal shall be fully repaid within the tenor of loan (as per sanction) in form of Principal Equally Distributed (PED)</p>
12.	Margin Money	10% of CGSSD facility

13.	Security	The sub-debt facility so sanctioned will have 2nd charge of the assets financed under existing facilities for the entire tenor of the sub-debt facility.
14.	Guarantee Fee	<p>(i) 1.50% per annum on the guaranteed amount on outstanding basis.</p> <p>(ii) Guarantee fee will be borne by the borrowers.</p> <p>(iii) The guarantee service fee once paid by the lending institution to the Trust is non-refundable.</p> <p>(iv) Guarantee service fee is not refundable, except under certain circumstances like</p> <p style="padding-left: 40px;">a) Excess remittance</p> <p style="padding-left: 40px;">b) Remittance made more than once against the same portfolio.</p>
15.	Extent of the Guarantee Coverage	<p>(i) 90% guarantee coverage would come from CGTMSE and remaining *10% from concerned promoter(s) on the credit extended by Bank under the scheme.</p> <p>(ii) The guarantee cover would be uncapped, unconditional and irrevocable credit guarantee.</p> <p><b>*Please refer question 10. of attached FAQ. (The promoters are required to bring in 10% of the sub-debt amount as collateral.)</b></p>
16.	Insurance	Nil
17.	Processing Fee	As per extant guidelines
18.	Prepayment Charges	Nil
19.	Documentation/Other Charges	As per extant guidelines