

EMERGENCY CREDIT LINE GUARANTEE SCHEME

The Finance Minister in the month of May, 2020, announced a slew of measures as a part of the economic stimulus package for self-reliant India. Among various schemes introduced in the package, one of them is the Emergency Credit Line Guarantee Scheme (ECLGS), which intends to enable the flow of funds to eligible Business enterprises / MSMEs. The total Guarantee commitment / outlay of the scheme is capped at Rs. 3 lakh crore.

Under this Scheme the Government of India, through a trust viz. National Credit Guarantee Trustee Company (NCGTC), shall extend 100% guarantee for loans provided by banks and Financial Institutions (FIs) to Business enterprises / MSMEs and MUDRA borrowers.

Eligibility criteria for existing clients

The eligibility criteria under the Scheme is as follows:

- All MSME borrowers/ Business enterprises with combined outstanding loans across all MLIs of up to Rs. 25 crore as on February 29, 2020;
- Annual turnover of up to Rs. 100 crore in FY 2019-20;
- The scheme is valid for an existing customer on the books of the MLI;
- Borrower accounts should be less than or equal to 60 days past due as on February 29, 2020;
- Days Past Due status as on February 29, 2020 to be checked across MLIs from credit bureau;
- Business Enterprises / MSME borrower must be GST registered in all cases where such registration is mandatory. This condition will not apply to Business Enterprises / MSMEs that are not required to obtain GST registration.

For more details about the scheme, kindly visit the following website:

<https://www.eclgs.com/>