



## CREDIT GUARANTEE SCHEME FOR SUBORDINATE DEBT-CGSSD

The hon'ble Finance Minister has announced CGSSD (**CREDIT GUARANTEE SCHEME FOR SUBORDINATE DEBT**). ICICI Bank is now registered as member lending institution (MLI) with CGTMSE for the scheme.

The objective of the scheme is to provide personal loan through banks to the promoters of stressed MSMEs for infusion of capital which will be reckoned as equity/ quasi equity in the business eligible for restructuring, as per RBI circular DoR.BP.BC.No.01/21.04.048/2020-21 dated July 1, 2020 on Distressed Assets Fund-Subordinate Debt for Stressed MSMEs.

Some of the important criteria/salient features of the scheme are as below:

- Maximum loan amount equivalent to 15% of the promoter's stake (equity plus debt brought in by promoter) or ₹ 7.5 million or Limit requested, whichever is lower and Maximum tenor of repayment would be 10 years, including a maximum moratorium (only principal) period of 7 years. Till the 7th year, only interest will be paid.
- Promoters of MSME units which are stressed, viz. SMA 2, and NPA accounts at April 30, 2020 and can become commercially viable as per the Bank's policy and criteria and their accounts should be standard as on March 31, 2018 and who are eligible for restructuring as per RBI guidelines on the books of the Lending institutions.
- 90% guarantee coverage would come from scheme/ Trust and remaining 10% from the concerned promoter(s). The credit will be extended by MLIs as part of the scheme to the promoters of stressed MSMEs, to be infused by them in the form of equity/ Quasi equity/ Sub debt in the MSME which are commercially viable.
- The tenor of sub-debt facility provided under CGSSD shall be as per the repayment schedule defined by the Bank, subject to a maximum tenor of 10 years from the guarantee avilment date or March 31, 2021 whichever is earlier. While the interest on the sub-debt under the scheme would be required to be serviced regularly (monthly), the principal shall be repaid within a maximum of 3 years after completion of moratorium.
- Pre-payment of loan is permitted at no additional charge /penalty to the borrower.
- Guarantee fee will be 1.50% per annum on the guaranteed amount on outstanding basis or as may be changed by CGTMSE from time to time.
- The eligible borrowers should have obtained Udyam registration certificate also as per the Gazette notification dated July 1, 2020.

For any clarification/assistance please reach out to Shankar Balasubramanian / Vimal Sharma ([shankar.balasubramanian@icicibank.com](mailto:shankar.balasubramanian@icicibank.com)/ [vimal.s@icicibank.com](mailto:vimal.s@icicibank.com) ).

