



Emergency Credit Line Guarantee Scheme

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Why in News

The Union Government has **extended the Emergency Credit Line Guarantee Scheme (ECLGS)** by one month till 30th November, 2020, or till such time that an amount of Rs. 3 lakh crore is sanctioned under the Scheme, whichever is earlier.

The scheme was **launched as part of the Aatmanirbhar Bharat Abhiyan package** announced in May 2020 to mitigate the distress caused by **coronavirus-induced lockdown**, by providing credit to different sectors, especially **Micro, Small and Medium Enterprises (MSMEs)**.

Key Points

- **Objective:** To provide **fully guaranteed and collateral free additional credit** to MSMEs, business enterprises, **MUDRA borrowers** and individual loans for business purposes **to the extent of 20% of their credit outstanding** as on 29th February, 2020. **100% guarantee coverage** is being provided by the **National Credit Guarantee Trustee Company**, whereas **Banks** and **Non Banking Financial Companies (NBFCs)** provide loans.
- **Eligibility:** Borrowers with **credit outstanding up to Rs. 50 crore** as on 29th February, 2020, and with **an annual turnover of up to Rs. 250 crore** are eligible under the Scheme.

On 1st August, the government **widened the scope of the Rs. 3 lakh crore-ECLGS scheme** by doubling the upper ceiling of loans outstanding and including certain loans given to professionals like doctors, lawyers and chartered accountants for business purposes under its ambit.
- **Tenor** of loans provided under the Scheme is **four years**, including a moratorium of one year on principal repayment.
- **Interest rates** under the Scheme are capped at **9.25% for Banks** and Financial Institutions (FIs), and **14% for NBFCs**.

- **Present Status:** As per data uploaded by Member Lending Institutions on the ECLGS portal, an amount of Rs. 2.03 lakh crore has been sanctioned under the Scheme to 60.67 lakh borrowers so far, while an amount of Rs. 1.48 lakh crore has been disbursed.

National Credit Guarantee Trustee Company Ltd

NCGTC is a **private limited company** incorporated under the Companies Act, 1956 in 2014, established by the Department of Financial Services, Ministry of Finance, as a **wholly owned company of the Government of India**, to act as a common trustee company for multiple credit guarantee funds.

Credit guarantee programmes are designed to share the lending risk of the lenders and in turn, facilitate access to finance for the prospective borrowers.

Source: PIB