



Loan Guarantee Scheme for Covid-affected Sectors (LGSCAS)

Why in News

Recently, the Finance Minister has asked all stakeholders to conclude **Rs 50,000 crore Loan Guarantee Scheme for Covid-Affected Sectors (LGSCAS)** in non-metros in time to deal with any future third wave.

- The LGSCAS scheme is **aimed at boosting medical infrastructure in the country**, specifically targeting underserved areas.

Key Points

▪ About:

- The scheme was **approved** by the government **in June 2021**.
- **Banks would provide loans for building healthcare infrastructure in non-metro cities and smaller towns** at a maximum **interest rate of 7.95%**.

▪ Guarantee Coverage:

- LGSCAS provides a **guarantee of 50% for brownfield projects and 75% to greenfield projects** for loans sanctioned up to Rs.100 crore, set up at urban or rural locations other than 8 Metropolitan Tier 1 cities (Class X cities).
- For **aspirational districts**, the guarantee cover for **both brownfield expansion and greenfield projects is 75%**.
- **Guarantee duration** is up to 3 years.

- Greenfield describes a completely new project that has to be executed from scratch, while a brownfield project is one that has been worked on by others.

▪ Expected Benefits:

- Will help the country **in shoring up its much-needed healthcare infrastructure** along with **creating more employment opportunities**.
- The main objective of LGSCAS is to **partially mitigate credit risk (primarily construction risk) and facilitate bank credit at lower rates of interest**.

▪ Eligibility:

- Applicable to all eligible loans sanctioned up to 31st March, 2022 or till an amount of Rs. 50,000 crore is sanctioned, whichever is earlier.

[Source: PIB](#)

