

EMERGENCY CREDIT LINE GUARANTEE SCHEME (ECLGS) UNDER THE ATMANIRBHAR BHARAT ABHIYAN PROGRAM

Government of India and RBI has taken various measures for combating the challenges faced by the Indian economy due to COVID-19 crisis. As part of relief measures, the Department of Financial Services through the National Credit Guarantee Trust Company (NCGTC) has introduced the Emergency Credit Line Guarantee Scheme (ECLGS) vide ECLGS 1.0 and ECLGS 2.0 (collectively referred to as “Scheme”) for providing 100% guarantee coverage for additional Term Loans to eligible borrowers.

ECL Finance Limited is happy to extend this scheme to borrowers eligible under the scheme guidelines. The key highlights of the scheme are as follows:

1. Name of the facility: Guaranteed Emergency Credit Line (GECL)
2. Facility Type: Fund Based-Term Loan
3. Duration / Scheme Validity: The Scheme would be applicable to all loans sanctioned under GECL during the period from the date of issue of these guidelines by NCGTC to March 31,2021 or till guarantees for an amount of Rs 3,00,000 crore is sanctioned under the GECL (taking into account both ECLGS 1.0 and 2.0), whichever is earlier. The last date of disbursement for fund-based facility under the scheme (ECLGS 1.0 & ECLGS 2.0) shall be June 30, 2021.
4. Purpose: To provide 100% guarantee coverage for the GECL assistance (pre-approved under ECLGS 1.0) up to 20% of loan outstanding as on February 29, 2020 to eligible borrowers, in the form of additional working capital term loan facility (under both ECLGS 1.0 and 2.0) and/or non-fund based facility (only under ECLGS 2.0) in case of banks and Financial Institutions, and additional term loan facility (under ECLGS 1.0 and ECLGS 2.0), in case of NBFCs, from all Member Lending Institutions (MLIs) to eligible Business Enterprises / Micro, Small and Medium Enterprise (MSME) borrowers, including interested PMMY borrowers, in view of COVID-19 crisis, as a special Scheme.
5. Eligibility Borrowers
 - “Eligible borrower” under ECLGS 1.0 means all Business Enterprises/MSMEs/Individuals who have availed loan for business purposes with total credit outstanding (fund based only) of up to Rs. 50 crore as on February 29, 2020. The Scheme is valid for existing customers on the books of the MLI. Borrower accounts should be less than or equal to 60 days past due as on 29th February 2020 in order to be eligible under the Scheme.
 - “Eligible borrower” under ECLGS 2.0 means all Business Enterprises / MSMEs in the 26 sectors identified by the Kamath Committee on Resolution Framework and the Healthcare sector who have availed loan for business purposes with total credit outstanding (fund based only), across lending institutions, above Rs.50 crore and not exceeding Rs.500 crore as on February 29, 2020. To be eligible under ECLGS 2.0, the borrower accounts should be less than or equal to 30 days past due as on February 29, 2020.
 - ‘Guarantee Cover’ means the maximum cover available per eligible borrower of the amount in default in respect of the credit facility extended by the lending institution. For this Scheme, the guarantee coverage would be 100% of the amount in default.

6. Quantum of Finance
 - Under ECLGS 1.0, the amount of GECL funding to eligible borrowers in the form of an additional term loan facility would be up to 20% of their total credit outstanding up to Rs. 50 crore (fund based only) as on February 29, 2020, subject to the borrower meeting all the eligibility criteria.
 - Under ECLGS 2.0, the amount of GECL funding to eligible borrowers either in the form of an additional term loan facility would be up to 20% of their total credit outstanding (fund based only) up to Rs. 500 crore as on February 29, 2020, subject to the borrower meeting all the eligibility criteria. Credit facility under ECLGS 2.0 could be in the form of fund based or non-fund-based facility or a mix of the two. Total Outstanding Amount would comprise of the on-balance sheet exposure such as outstanding amount across WC loans, term loans and WCTL loans. Off-balance sheet and non fund-based exposures will be excluded.
7. Security

The additional Term loan facility granted under GECL shall rank second charge with the existing credit facilities in terms of cash flows (including repayments) and security, with charge on the assets financed under the Scheme to be created on or before June 30, 2021 or date of NPA, whichever is earlier.

 - No additional collateral shall be asked for additional funding under GECL.
 - As per decision taken on September 08, 2020, the stipulation of second charge has been waived in respect of all loans up to Rs.25 lakh (outstanding as on February 29, 2020 plus loan sanctioned under GECL), subject to MLI ensuring to safeguard the interests of NCGTC. In this regard, MLI shall obtain a suitable undertaking (as per draft format provided by NCGTC and hosted on the website) from the borrower.
8. Rate of Interest: Up to 14% p.a.
9. Tenure / Moratorium
 - Moratorium period of one year on the principal amount shall be provided to borrowers for the fund-based portion of GECL credit during which interest shall be payable.
 - The principal shall be repaid in 36 instalments under ECLGS 1.0 and in 48 instalments under ECLGS 2.0 after the moratorium period is over.
 - The last date of disbursement for fund-based facility under the scheme (ECLGS 1.0 & ECLGS 2.0) shall be June 30, 2021.
10. Insurance: Insurance of all securities charged is mandatory at disbursal i.e. Fire & Standard Peril Insurance or Machinery Break Down Insurance.
11. Charges
 - Processing Charges – Nil
 - Prepayment Charges – Nil (Loan is repayable in part or full at any time)
 - Other charges as per the applicable Schedule of Charges (SOC)
12. Documentation: As per Lender requirement

For more details & FAQs click on <https://www.ncgtc.in/en/eclgs>; <https://www.eclgs.com/>

In case of any queries, details or if you wish to opt out of the scheme, please write to us from your registered email ID to homeservice@edelweissfin.com, quoting your Loan Number.