

CGTMSE Ref.No.6455 / 44

February 28, 2018

All Member Lending Institutions (MLIs) of CGTMSE

<u>Circular No.139 / 2017-18</u>

Dear Sir / Madam,

Charging of Annual Guarantee Fee (AGF) on Outstanding Amount

As you may be aware that currently, the ASF/ AGF is being charged on the guaranteed amount as per the details in the table given below:

Guarantees sanctioned upto	Circular No. 45 / 2007- 08 dated		dated	Fixed Rates (GF and ASF)						
31/12/2012	March 03, 2008									
Guarantee sanctioned on or	Circular No. 62/2012-13 date		dated	Standard Rates (AGF)						
after 01/01/2013	October 1	October 10, 2012								
Guarantees sanctioned after	Circular 1	07 / 20	15-16 dat	ed J	anuary	Standard	Rates	(AGF)	+	Risk
01/04/2016	28, 2016:					Premium		•		

Based on the feedback / suggestions received from MLIs/various other stakeholders, it has now been decided to modify the Annual Guarantee Fee (AGF) structure under Credit Guarantee Scheme. With a view to incentivize the borrowers with good repayment track record, AGF would now be charged on the outstanding loan amount instead of guaranteed amount for credit facilities sanctioned / renewed to MSEs on or after April 01, 2018 as detailed below:

Modified AGF Structure - Standard Rate (SR)

	Annual Guarantee Fee (AGF) [% p.a.]*						
Credit Facility	Women, Micro Enterprises and Units covered in North East Region	Others					
Up to ₹5 Lakhs	1.00 + Risk Premium as per extant guidelines of the Trust						
Above ₹5 Lakhs and up to ₹50 Lakhs	1.35 + Risk Premium as per extant guidelines of the Trust	1.50 + Risk Premium as per extant guidelines of the Trust					
Above ₹50 Lakhs and up to ₹200 Lakhs	1.80 + Risk Premium as per extant guidelines of the Trust						

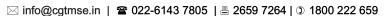
*AGF will be charged on the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.

सूक्ष्म एवं लघु उद्यम क्रेडिट गारंटी फंड ट्रस्ट (भारत सरकार एवं सिदबी द्वारा स्थापित)

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Credit Guarantee Fund Trust for Micro and Small Enterprises (Set up by Government of India & SIDBI)

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Guidelines for Modified AGF Structure		
Term Loans	AGF would be calculated on outstanding amount as on 31 st December against each guarantee account.	
	MLI would be required to feed / upload requisite periodic data (i.e. total	
	disbursements, cumulative principal repayments etc.) for arriving at the outstanding amount.	
Working Capital	AGF would be calculated on <u>maximum (peak) working capital limit availed</u> by the borrower/enterprise in the previous calendar year.	
	MLIs would feed / upload the maximum working capital outstanding availed by the borrower in the previous calendar year.	
	In accounts where original sanctions are prior to April 01, 2018 and enhancement in	
	the limits are on or after April 01, 2018, the earlier rate structure would continue to apply even for the enhanced portion.	
Data Collection	MLIs would be required to feed the aforesaid data in the CGTMSE online portal by January 15 th every year.	
	The requisite data would be fed into the CGTMSE online portal using following methods:	
	Manual or XML upload.	
	Portal Web services by using Data Pull Method.	
	CGTMSE would be providing an Application Program Interface (API) for MLIs to integrate their Core Banking Software (CBS) with CGTMSE portal. Each MLI will have to enter into an agreement / MOU with CGTMSE for data transfer through API integration.	
	MLIs to note that the CGTMSE window for aforesaid data entry / upload / collection	
	would be closed after 15 th January and AGF would be finalized and Demand Advice	
	(DAN) would be sent to MLIs for payment. In case the data is not fed / uploaded / updated by the MLIs within the stipulated time	
	i.e. by 15th January, the AGF will be calculated on the Guarantee amount.	
Payments	Demand for AGF would be generated by 2nd week of February every year.	
D : 1/ 1 1	AGF so demanded would be paid by the MLIs on or before 15th April each year.	
Revival/ delayed payment	If the guaranteed account gets closed due to non-payment of AGF, on the request for revival of accounts/ delayed payment, an additional risk premium of 15% will be	
payment	charged on the Standard Rate in addition to the existing differential pricing structure	
	and penal interest. The said additional risk premium will be applicable to the credit	
Eligible limit	proposal(s) irrespective of the date of sanction upon revival/ delayed payment. Eligible limit per borrower would continue to be on the guarantee approved amount	
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All the other covenants of the current CGS would apply mutatis mutandis to such credit proposals with regard to eligibility criteria and other operational modalities, etc.

Additional risk premium of 15% will be charged on the applicable rate to MLIs who exceed the payout threshold limit of 2 times more than thrice in last 5 years. This premium will be applicable for all guarantee accounts irrespective of the sanction date.

Please feel free to contact us in case you need any further clarification. The contents of the circular may please be brought to the notice of your all offices.

Yours faithfully,

Sd/-