

Credit Guarantee Scheme for Exporters

1. Name of the Scheme

The Scheme shall be named as 'Credit Guarantee Scheme for Exporters (CGSE)' and the Trust/Fund to manage the Scheme shall be named as Credit Guarantee Fund for Exporters (CGFE).

CGFE shall be a Trust Fund formed by the Department of Financial Services, Ministry of Finance and shall be managed by National Credit Guarantee Trustee Company Limited (NCGTC), a wholly owned company of Department of Financial Services (DFS), Ministry of Finance, Government of India, as a Trustee.

2. Purpose of the Scheme

To provide guarantee coverage for credit assistance to eligible exporters (both direct and indirect), including eligible Micro, Small and Medium Enterprise (MSME) exporters.

3. Date of commencement of the Scheme

The guidelines shall come into force from the date of issue of these guidelines by NCGTC. All eligible loans sanctioned on or after the date of announcement shall be eligible for coverage under the Scheme.

4. Definitions

For the purposes of this Scheme –

- (a) **“Amount in Default”** means the principal and interest amount outstanding in the account of the borrower as on the date of the account becoming NPA, or on the date of lodgment of claim application, whichever is lower.
- (b) **“Collateral Security”** in respect of a credit facility shall mean security provided in addition to the primary security.
- (c) **“Credit facility”** means financial assistance provided under the Scheme by way of additional term loan/working capital term loan facility to eligible

exporters, including Micro, Small and Medium Enterprise (MSME) exporters. The financial assistance provided as part of the Scheme is to be operated as a separate loan account.

(d) “Eligible Borrower” means :

- i. Direct exporters
 - a) MSME units with at least 5 per cent of their turnover through exports
 - b) Other units (Non-MSME), with at least 20 per cent of their turnover through exports.

Sectors and countries that will be considered to assess the above-mentioned percentage of turnover is defined in **Annexure 1**.

- ii. Indirect exporters
 - a) MSME units who supply at least 30 per cent of their total turnover to the units mentioned in (i) above
- iii. Condition mentioned in point (i) & (ii) above may be satisfied with respect to either of the previous two financial years viz. FY24 and FY25.
- iv. In case of MSME, they should have a valid Udhya Registration Number;
- v. The borrower classified under the direct exporter category must have active export working capital limits and those classified under indirect category should have active working capital limits with an eligible Member Lending Institution at the time of sanction/disbursement of this loan. The accounts of the eligible borrowers should be in Standard category (excluding SMA-2 accounts), i.e. not exceeding 60 days overdue across all lenders, as verified through Credit Bureau report) as on September 30, 2025 and not an NPA as on the date of sanction/disbursement of facility.

(e) “Interest Rate” for a lending institution means the rate so declared by that lending institution from time to time as per Reserve Bank of India guidelines based on which interest rate applicable for the loan will be determined.

(f) “Lock in period” means the period during which no invocation of guarantee can be made;

(g) “Member Lending Institution(s) (MLIs)” means a Scheduled Commercial Bank (SCB) / /Scheduled Urban Cooperative Banks (SUCB)/ All India Financial Institution (AIFI) as defined in sub-clause (i) of Clause (c) of Section 45-I of RBI Act, 1934/ Non Banking Finance Company (NBFC) as defined in clause (f) of Section 45-I of RBI Act, 1934 and which has its principal business as defined by RBI and has been granted a certificate of registration under sub-section (1) of Section 45-IA conforming to the eligibility criteria duly approved under the Scheme and as modified by the Trust/Trustee from time to time and who have entered into an Agreement with/submitted Undertaking to the Trust/Trustee for availing assistance under the Scheme.

(h) “NCGTC” means National Credit Guarantee Trustee Company Limited set up on March 28, 2014 by the Government of India under the Companies Act, 1956 to act as the Trustee to operate various Credit Guarantee Funds/Trusts set up/to be set up by the Government of India from time to time.

(i) “Non-Performing Assets” means an asset classified as non-performing based on the instructions and guidelines issued by the Reserve Bank of India from time to time.

(j) “Primary Security” in respect of a credit facility shall mean the assets created out of the credit facility so extended.

(k) “Reference Date” means 30.09.2025 or such other date as may be advised.

(l) “Tenure of guarantee cover” means the maximum period for which the guarantee cover shall be valid.

5. Salient Features of the Scheme

(i) Quantum of Support, per borrower:

(a) Direct exporters: Upto 20 per cent of sanctioned export working capital limits (fund based and non-fund based).

(b) Indirect exporters: Upto 20 per cent of the sanctioned working capital limits (fund based and non-fund based)

- (ii) Maximum Loan Amount: ₹50 crore per borrower (in rupee currency only). Working capital limits (i.e. Export working capital limits for Direct exporters; Domestic working capital limits for indirect exporters) existing on September 30, 2025 to be considered for the calculation of proposed facility.
- (iii) For indirect exporters as defined under Para 4(d) above, in case the outstanding is lower than the sanctioned amount in the existing fund based working capital account, the lender shall first utilize such available balances before extending credit under the Scheme;
- (iv) No processing fee shall be charged for sanction of this facility;
- (v) Guarantee Cover-100%
- (vi) Tenor of the Loan – 4 years fixed, including 1 year moratorium. The loan shall be repayable in equal monthly instalments after the moratorium period;
- (vii) Interest rate on facility under the Scheme – 1% below interest rate on any existing working capital facility of MLI on date of issue of guidelines, capped at 10% p.a. (for Banks/FIs) and 14% p.a. (for NBFCs), subject to extant RBI guidelines
- (viii) If an MLI has sanctioned only foreign-currency working capital facilities to a borrower, it shall provide support under the Scheme at an interest rate that is 1% below the rate that would have been applicable for rupee export credit to the same borrower, as per the MLI's pricing policy and the borrower's credit rating (subject to the cap mentioned above).
- (ix) Lock in period for invocation of guarantee shall be 6 months from the date of commencement of guarantee cover;

- (x) Invocation of guarantee – The guarantee provided under this Scheme may be invoked by the MLI on the CGSE loan account turning into NPA, provided that the said loan account was covered under CGSE at the time of the account turning NPA. NCGTC shall pay 75% of the guaranteed amount within 30 days of lodgment of claim (subject to the claim being found otherwise in order); balance 25 per cent post conclusion of recovery proceedings or settlement under OTS or upon the legal case becoming time barred, whichever is earlier.
- (xi) One Time Settlement under the Scheme shall be permitted after 1 year of commencement of legal proceedings, but guarantee cover in such cases shall reduce to 90% of the amount in default;

6. Credit Facility not eligible under the Scheme

The Guarantee Cover under the Scheme shall not be eligible for credit facility:

- (i) in respect of which risks are additionally covered under a scheme operated / administered by Reserve Bank of India or by the Central Government or by any general insurer or any other person or Association of Persons carrying on the business of insurance, guarantee or indemnity, to the extent they are so covered.
- (ii) which does not conform to, or is in any way inconsistent with the Scheme Guidelines or provisions of any law or any directives or instructions issued by the Central Government or the Reserve Bank of India which may, for the time being, be in force.

7. Duration of the Scheme

The scheme would be available from the date of announcement of the Scheme till issue of guarantees for loans amounting to Rs.20,000 crore or 31.03.2026, whichever is earlier.

8. Eligible Lenders

All Scheduled Commercial Bank (SCB) / Scheduled Urban Cooperative Banks (USCBs)/All India Financial Institutions (AIFIs) as defined in sub-clause (i) of Clause (c) of Section 45-I of RBI Act, 1934/ Non Banking Finance Company

(NBFC) as defined in clause (f) of Section 45-I of RBI Act, 1934 and which has its principal business as defined by RBI and has been granted a certificate of registration under sub-section (1) of Section 45-IA conforming to the eligibility criteria duly approved under the Scheme and as modified by the Trust/Trustee from time to time.

9. Security

- (i) The MLI shall hold charge on the primary securities (existing and proposed under the Scheme) and on existing collateral securities on behalf of NCGTC and shall ensure that necessary documentation in this regard is done prior to the account turning NPA, failing which claim shall not be entertained;
- (ii) No additional collateral shall be sought for additional funding under the Scheme;
- (iii) No fresh personal/ corporate guarantee or extension of existing personal/corporate guarantee be obtained.
- (iv) The facility sanctioned under the Scheme shall rank second charge with the existing credit facilities in terms of cash flows (including repayments) and security, with charge on assets to be created by the MLI before the account turns NPA;
- (v) The MLI shall ensure that the interest of NCGTC is safeguarded at all times. It shall ensure to take similar legal action on the existing credit facilities enjoyed by the borrower (other than loan sanctioned under CGSE) and facility under the Scheme, failing which claim shall not be entertained;

10. Guarantee Fee

No Guarantee Fee shall be charged from the MLIs by NCGTC for the credit facilities provided under the Scheme.

11. Invocation of guarantee

- (i) Lock in period for invocation of claim shall be 6 months from the date of commencement of guarantee cover;
- (ii) Invocation of claim would be considered only if the conditions of the Scheme have been complied with and claim has been filed on the NCGTC's portal with requisite documents;

(iii) There is lock in period as explained at 11(i). Subject to it and the claim being found otherwise to be in order and complete in all respects, the Trust shall pay :

- a. Seventy Five percent (75%) of the eligible claim amount upon submission of proof of having the account turned NPA and subject to compliance of the other terms/conditions of the scheme;
- b. Balance twenty five percent (25%) of the eligible claim amount upon conclusion of the legal proceedings / settlement under OTS or upon the legal case becoming time barred, whichever is earlier.

(iv) Mere issue of recall notice shall not be construed as initiation of legal action. Legal action shall be considered as initiated upon filing of application in Lok Adalat, Civil Court, DRT or after action pursuant to the notice issued under Section 13(4) of SARFAESI Act, 2002 or after admission of application under NCLT or such other action as may be decided by NCGTC from time to time.

(v) One Time Settlement, either directly or through Lok Adalat or otherwise, shall be allowed only after the MLI has initiated legal proceedings upon account turning NPA, 1 year has elapsed since commencement of legal proceedings, compliance is ensured with other terms of the Scheme guidelines and OTS is found eligible by the MLI as per its Board approved policy. However, in all OTS cases, the guarantee cover shall reduce by 10% i.e. from the present 100% to 90% of the amount in default for settlement of claim;

12.Appropriation of amount realized by the member lending institution in respect of a credit facility after the guarantee has been invoked

Post invocation of the guarantee claim, if any recoveries are made in the account, MLIs shall first adjust such recoveries towards default amount relating to first charge and the legal costs incurred for recovery of the amount and shall thereafter remit to NCGTC the balance recoveries.

13. Agreement to be executed by the member lending institution

- (a) A member lending institution shall not be entitled to a guarantee in respect of any eligible credit facility granted by it unless it has submitted an Undertaking with the Trustee Company in such form as may be required by the Trustee Company for covering by way of guarantee, under the Scheme all the eligible credit facilities granted by the lending institution, for which provision has been made in the Scheme.
- (b) All the interested eligible MLIs are required to submit the Undertaking to NCGTC for the purpose of this Scheme.

14. Responsibilities of Member Lending Institution under the Scheme:

- (i) The Member Lending Institution (MLI) shall enter the date of NPA, on the portal of NCGTC, within 90 days of account turning NPA;
- (ii) The MLI should enable communication of the Scheme to the eligible borrowers by highlighting the Scheme details on their website and linking to Scheme webpage;
- (iii) The MLI should work towards creating awareness for the Scheme by enabling communication of the Scheme through SMS and e-mail campaigns;
- (iv) The MLI shall check and satisfy the eligibility of the borrower for facility under the Scheme. Guarantee shall be extended at the time of application based upon MLI's certification. MLI should retain the details of the eligibility which shall be checked at the time of claim settlement;
- (v) The MLI shall closely monitor the borrower account, and shall put in all required efforts to ensure that the account is serviced regularly;
- (vi) The MLI shall safeguard the primary and collateral securities in respect of the credit facility in good and enforceable condition;
- (vii) Upon account turning NPA, the MLI shall take immediate necessary steps for recovery of its dues;
- (viii) The MLI shall ensure that the guarantee claim in respect of the credit facility is lodged with the Trustee Company in the form and in the manner and within such time as may be specified by the Trustee Company in this behalf and

that there are no delays on its part to notify the default in the borrowers account which shall result in the Trustee Company facing higher guarantee claims

- (ix) The payment of guarantee claim by the Trustee Company to the MLI does not in any way take away the responsibility of the MLI to recover the entire outstanding amount of the credit from the borrower. The MLI shall exercise all the necessary precautions and maintain its recourse to the borrower for entire amount of credit facility owed by it and initiate all necessary actions for recovery of the outstanding amount, including such action as may be advised by the Trustee Company
- (x) The MLI shall comply with such directions as may be issued by the Trustee Company from time to time for facilitating recoveries in the guaranteed account, or safeguarding its interest as a guarantor, as the Trustee Company may deem fit and the MLI shall be bound to comply with such directions
- (xi) The MLI shall, in respect of any guaranteed account, exercise the same diligence in recovering the dues, and safeguarding the interest of the Trustee Company in all the ways open to it as it might have exercised in the normal course if no guarantee had been furnished by the Trustee Company. The MLI shall, in particular, refrain from any act of omission or commission, either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trustee Company as the guarantor.
- (xii) The MLI shall also ensure either through a stipulation in an agreement with the borrower or otherwise, that it shall not create any charge on the security held in the account covered by the guarantee for the benefit of any account not covered by the guarantee, with itself or in favour of any other creditor(s). Further the MLI shall secure for the Trustee Company or its appointed agency, through a stipulation in an agreement with the borrower or otherwise, the right to list the defaulted borrowers' names and particulars on the website of the Trustee Company.

15. Status of the borrower account on the date of sanction / disbursement

The borrower account, otherwise eligible under the scheme, should not be an NPA with any lender as on the date of sanction / disbursement of loan under the Scheme.

16. Subrogation of rights and recoveries on account of claims paid

- (i) The MLI shall furnish to the Trust/NCGTC, the details of its efforts for recovery, realizations and such other information as may be demanded or required from time to time. The MLI will hold lien on assets created out of the credit facility extended to the borrower, on its own behalf and on behalf of the Trust. The Trust shall not exercise any subrogation rights and that the responsibility of the recovery of dues including takeover of assets, sale of assets, etc., shall rest with the lending institution.
- (ii) In the event of a borrower owing several distinct and separate debts to the MLI and making payments towards any one or more of the same, whether the account towards which the payment is made is covered by the guarantee of the Trust or not, such payments shall, for the purpose of this clause, be deemed to have been appropriated by the MLI to the debt covered by the guarantee and in respect of which a claim has been preferred and paid, irrespective of the manner of appropriation indicated by such borrower or the manner in which such payments are actually appropriated.
- (iii) Every amount recovered and due to be paid to the Trust shall be paid without delay, and if any amount due to the Trust remains unpaid beyond a period of 30 days from the date on which it was first recovered, interest shall be payable to the Trust by the MLI at the rate which is 4% above Repo Rate for the period for which payment remains outstanding after the expiry of the said period of 30 days.

17. Returns and Inspections

- (i) The MLI shall submit such statements and furnish such information as the Fund may require in connection with guarantee under this Scheme.
- (ii) The MLI shall also furnish to NCGTC all such documents, receipts, certificates and other writings as the latter may require and shall be deemed to have affirmed that the contents of such documents, receipts, certificates

and other writings are true, provided that no claim shall be rejected and no liability shall attach to the MLI or any officer thereof for anything done in good faith.

- (iii) The Fund shall, insofar as it may be necessary for the purposes of the Scheme, have the right to inspect or call for copies of the books of account and other records (including any book of instructions or manual or circulars covering general instructions regarding conduct of advances) of the MLI, and of any borrower from the MLI. Such inspection may be carried out through the officers of the Fund or any other person appointed by the Fund for the purpose of inspection. Every officer or other employee of the MLI or the borrower, who is in a position to do so, shall make available to the officers of the Fund or the person appointed for the inspection as the case may be, the books of account and other records and information which are in his possession.

18. Interpretation

If any question arises in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications given in connection therewith, the decision of the Fund shall be final.

19. Supplementary and general provisions

In respect of any matter not specifically provided for in this Scheme, the Fund may make such supplementary or additional provisions or issue such instructions or clarifications as may be necessary for the purpose of the Scheme.

- 20.** The Scheme Guidelines may be read along with the FAQs uploaded on the website of NCGTC from time to time.

Annexure 1

List of Sectors impacted by recent US-tariffs

The eligibility criteria for direct exporters will be based on the proportion of their turnover attributable to exports to the US market in the under mentioned sectors:

Amt in USD Million for FY 24-25

Commodity	Total Exports (World)	Total Exports (USA)	% Share of USA as compared to total exports of the sector
Carpet	1,540.49	921.11	59.79%
Marine Products	7,393.86	2,681.19	36.26%
Ready-made garments of all textiles	15,974.61	5,333.38	33.39%
Gems And Jewellery	29,802.06	9,936.16	33.34%
Handicrafts Excl. Hand Made Carpet	1,765.32	578.26	32.76%
Cotton Yarn / Fabs. / Madeups, Handloom Products Etc.	12,038.56	3,172.15	26.35%
Jute Mfg. Including Floor Covering	372.6	88.97	23.88%
Leather And Leather Manufactures	4,363.25	948.47	21.74%
Plastic And Linoleum	8,901.42	1,919.83	21.57%
Cereal Preparations and Miscellaneous Processed Item	3,091.98	590.28	19.09%
Man-Made Yarn/Fabs./Madeups Etc.	4,854.06	818.06	16.85%
Engineering Goods	1,16,540.94	19,155.98	16.44%
Ceramic Products and Glassware	3,981.54	631.4	15.86%
Spices	4,447.48	654.71	14.72%
Organic and Inorganic Chemicals	28,631.01	4,193.28	14.65%
Tea	923.86	92.95	10.06%
Mica, Coal and Other Ores, Minerals Including Process	4,920.03	465.47	9.46%
Fruits And Vegetables	3,864.71	331.47	8.58%
Coffee	1,802.89	81.89	4.54%
Oil Seeds	1,343.83	59.57	4.43%
Tobacco	1,976.48	86.89	4.40%
Meat, Dairy and Poultry Products	5,096.41	206.83	4.06%
Rice	12,470.93	391.74	3.14%
Cashew	337.14	7.81	2.32%
Other Cereals	270.88	4.96	1.83%
Oil Meals	1,342.58	17.33	1.29%
Grand Total	2,80,131.64	53,370.14	19.05%

Note:

Exports in the Drugs & Pharmaceuticals, Electronics, and Petroleum sectors are not impacted by the recent US tariff hikes and will therefore be excluded from CGSE eligibility. However, this list will be updated as and when US imposes tariffs on new sectors or withdraws tariffs from existing ones.