

## **The Emergency Credit Line Guarantee Scheme (ECLGS)**

The Ministry of Finance of India launched the Emergency Credit Line Guarantee Scheme (ECLGS) in May 2020, with the objective to help MSMEs and businesses to diminish the hardship caused by the COVID-19 pandemic and the ensuing Lockdown. This scheme is aimed at providing Rs. 4.5 Lakh Crore to Lenders, permitting them to extend credit in the form of unsecured loans to MSMEs and businesses with outstanding credit.

### **Key Highlights of the Emergency Credit Line Guarantee Scheme:**

#### **a. Types of Loans offered**

Under the emergency credit line guarantee scheme, borrowers can avail Term Loans without providing any collateral.

#### **b. ECLGS Eligibility**

Business Enterprises/ MSMEs, including proprietorship, partnerships, limited liability partnerships (LLPs), are eligible for the ECLGS Scheme. Borrowers with a combined outstanding of Rs. 50 crores as of Feb 29, 2020, and annual turnover upto Rs. 250 crores in FY 19-20 are eligible. However, under ECLGS 3.0, enterprises from hospitality, travel and tourism, leisure and sporting sectors are also included whose total outstanding credit is less than Rs. 500 crores as of Feb 29, 2020. Borrower accounts which had NPA or SMA-2 status shall not be eligible under the scheme.

#### **c. Interest Rates and Charges**

For NBFCS, the interest rate on GECL shall not exceed 14% per annum. For loans to hospitals/nursing homes/clinics/medical colleges/units engaged in manufacturing of liquid oxygen, oxygen cylinders etc. For setting up on-site oxygen generation plants, the rate of interest shall be capped at 7.5% per annum.

### **Amendments to the Scheme**

Changes and amendments to the scheme are subject to changes made and informed by NCGTC and ECLGS from time to time.

For detailed guidelines, click here: <https://www.ncgtc.in/content/products/0/1701404983660290044.pdf>

More details, you may visit NCGTC site at [www.ncgtc.in](http://www.ncgtc.in)