

Emergency Credit Line Guarantee Scheme  
(ECLGS) for Micro, Small & Medium  
Enterprises (MSMEs)- 25.05.2020

A.I. Jain & Associates-  
CA Amol Jain (Partner)

# Snapshot of MSME loan from Atmanirbhar Economic Package-2020:

- ❖ The Economic Package for MSMEs to battle economic effects against the COVID-19 pandemic was announced by the Honourable Finance Minister on 13.05.2020 which involved granting **Collateral Free Loans of Rs.3 lakh Crores to MSMEs & Business Enterprises.**
- ❖ The Scheme is now formally named as “Emergency Credit Line Guarantee Scheme (ECLGS)”
- ❖ The Operation Guidelines for implementation of the ECLGS Scheme were issued by National Credit Guarantee Trustee Company Ltd (NCGTC) on 23.05.2020

## Eligibility for ECLGS Scheme

- ❖ All MSMEs and Business Enterprises (viz. Proprietorship, Partnership Firms, LLP's, Companies, Trusts) having **Annual Turnover upto Rs.100 crores** and **existing credit facilities upto Rs.25 crores** from :
  - ❖ Scheduled Commercial Banks (including “Scheduled Co-operative banks”,
  - ❖ Private Banks,
  - ❖ Financial Institutions and NBFCs

are eligible. (\*Borrowers of ‘Non Scheduled’ Co-operative banks will not be able to get benefit of this scheme)

- ❖ **Hence MSME's who do not have loan exposure as on 29<sup>th</sup> Feb 2020 would not be eligible for above scheme. Any New borrowers should be covered under ongoing CGTMSE and NCGTC schemes and can contact their banks.**

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## Salient features of ECLGS :

- ❖ Working Capital Term Loan (WCTL) upto 20% of outstanding loans as of 29.02.2020
- ❖ A separate Loan account will be created for credit facility extended through this scheme.
- ❖ Simple and fast sanction process expected from banks/FI/NBFC, since they already have KYC and profile of the borrowers.
- ❖ WCTL is repayable over 4 years with moratorium of 12 months for principal component. Interest during moratorium will have to be paid every month.
- ❖ No Processing charges, No Guarantee Fees.

## Salient features of ECLGS :

- ❖ Pre-payment of facilities to be allowed at no additional charge to the borrower.
- ❖ Interest shall be charged as per bank's policy but subject to maximum 9.25%
- ❖ Scheme is open from 23.05.2020 and available upto 31.10.2020 or sanction of 300000 crore loans under the scheme whichever is earlier.
- ❖ Business Enterprises/MSMEs must be registered under GST, if such registration is mandatory to them.
- ❖ Borrowers with default exceeding 60 days in existing loan accounts are not eligible.

# Thank You

## M/s. A. I. Jain & Associates Chartered Accountants

Address: Office No. 602 | 6th floor | Rama Equator |  
Next to City International School | Near Hotel Gharonda | Pimpri | Pune-411  
018 | India.

Telephone : 020-27457999 | Mob : +91 91689 33338 / 96072 33338  
E-mail : [info@aijain.in](mailto:info@aijain.in) | [caamoljain@gmail.com](mailto:caamoljain@gmail.com) | Website: [www.aijain.in](http://www.aijain.in)

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