

Salient features of Credit Enhancement Guarantee Scheme for Scheduled Castes

Sr. No.	Particulars	Details
1	Sector covered under Scheme	The borrower engaged in Primary/Manufacturing/Service sector may be considered for financial assistance by MLIs.
2	Type of borrower	<p>a) Registered Companies/ Registered partnership Firms having more than 51% shareholdings with Scheduled Caste promoter(s) for the past 6 months having management control in the hands of SC entrepreneurs/promoters.</p> <p>b) Society registered under Society act, and carrying approved business as per the prevailing policy of Bank/FIs, having more than 51% shareholdings with Scheduled Caste member(s) at least for the past 6 months having management control in the hands of SC entrepreneurs/SC members.</p> <p>c) Sole Proprietorship firms of SC Entrepreneurs/ Individual SC Entrepreneur.</p> <ul style="list-style-type: none"> • The Scheduled Caste promoters of Companies would be given precedence vis-a-vis Registered Partnership firms and Registered Societies. • The Scheduled Caste Promoter(s)/ Partner(s)/members shall not dilute his/her/their shareholdings/ equity during the currency of the loan.
3	Amount of guarantee cover	As per the details given in point no 6.2 above with a maximum amount of Rs.5.00 crore.
4	Tenure of guarantee	Maximum 7 years or repayment period whichever is earlier. However, initially the loan shall be guaranteed for 1 year and renewed at yearly intervals subject to payment of annual renewal fee (details given in Annexure-I) and satisfactory loan conduct and satisfactory loan review certification by MLIs at the time of renewal.
5	Maximum guarantee coverage	As mentioned in the point no 6.2 above with a maximum amount of Rs. 5.00 crore. The term 'Loan' shall cover Working Capital Loan, Term Loan / Composite Term Loan granted to SC Enterprises by MLIs.
6	Security for MLIs	Asset created from Loan, and pledge of promoters' shareholdings in the assisted Company/firm/society.
7	Loan	The guarantee shall be extended for availing Working Capital Loan, Term Loan or Composite Term Loan facility granted by MLIs.
8	Guarantee Fee and obligation of IFCI on the Guarantee	Cost to GOI: An upfront fee @ 1.5 % flat (exclusive of applicable taxes) for initial set-up of the corpus, system and processes for implementing the Scheme and issuing the Guarantee. This amount will be recovered by debiting the No Lien account opened for parking the fund meant for this Scheme. Additionally, an annual maintenance fees @ 0.50% p.a. (exclusive of applicable taxes), shall be payable to IFCI as of 1st April every year on the aggregate Guarantee outstanding as on 31 st March of every year during the entire tenor/currency of the Scheme.
9	Lock-in Period	The guarantee cover will have a lock-in period of 12 months from the date of last disbursement. No claim made under the guarantee shall be entertained by IFCI if the account becomes NPA within the lock in period.