

**Frequently Asked Questions (FAQs)
on Credit Guarantee Scheme for Exporters (CGSE)**

(December 01, 2025)



1. What is CGSE?

Credit Guarantee Scheme for Exporters is a Scheme launched by the Government of India to provide 100% guarantee coverage to Member Lending Institutions (MLIs) for the additional liquidity support to the exporters.

The Scheme shall be housed in a Trust/Fund viz. Credit Guarantee Fund for Exporters. The Trust shall be managed by Trustee viz. National Credit Guarantee Trustee Company Limited, a wholly owned company of Department of Financial Services, Ministry of Finance, Government of India, which shall also be responsible for the operations of the Scheme.

2. What is the objective of the Scheme?

The Scheme has been formulated to provide critical support to exporters by incentivizing Member Lending Institutions (MLIs) to extend additional credit facilities. This will help exporters overcome short-term liquidity mismatches, sustain production, improve competitiveness and explore new potential markets.

3. What is the maximum amount of loan eligible for support under the Scheme?

Credit under scheme would be up to 20% of sanctioned export working capital limit (fund and non-fund based) for direct exporters and upto 20% of sanctioned working capital limit (fund and non-fund based), as on September 30, 2025, subject to maximum of Rs.50 crore per borrower across all MLIs and other conditions mentioned in the Scheme Guidelines.

Thus, in case a borrower is having eligible sanctioned limits with multiple MLIs, the MLI which sanctions & disburses eligible loan under the Scheme early and prior to expiry of the limit/Scheme gets the benefit under the Scheme.

4. What would be the guarantee coverage under the Scheme?

The entire funding provided under the scheme shall be provided with a 100% credit guarantee coverage by NCGTC under the Scheme.

5. Can an MLIs ask for any additional collateral/personal guarantee under the scheme?

No fresh collateral/personal/corporate guarantee shall be sought for credit facility under the Scheme. Further, while extension of charge on existing securities, as per legally approved procedures, shall be ensured within stipulated timelines, extension of personal/corporate guarantee shall not be sought.

6. Will any guarantee fee be charged under the Scheme by NCGTC?

No, NCGTC will not charge any guarantee fee under the Scheme

7. My MLI has offered me loan of 10% of my sanctioned facilities only under the Scheme. Can the MLI do so?

Under the scheme, MLIs are to offer loans **upto** 20% of sanctioned working capital facility. This is generally on mutually agreed terms between the borrower and the lender based on factors relevant to the business operations. However, if a borrower is eligible as per scheme guidelines, the loan amount requested by the borrower to be approved by the banks, within the overall limits specified by the scheme, for the purposes stipulated.

8. Can new borrowers get covered under the scheme?

The scheme is only for existing borrowers on the books of the MLIs as on reference date i.e. September 30, 2025.

9. How can a Member Lending Institution (MLI) be registered under this scheme?

All Member Lending Institutions may register itself under the said scheme by submitting a signed undertaking (format given on website www.ncgtc.in) along with certified copy of Board Resolution. Upon successful registration, the eligible lender shall be known as Member Lending Institution (MLI) under the Scheme and its login credentials shall be created and shared based on which it can apply for guarantee cover on loans sanctioned on NCGTC's portal.

10. What are the steps to be followed for the issuance of guarantee cover under the scheme on the portal?

I. Application from Borrower

A borrower will apply on the Jan Samarth portal along with requisite details, whereupon the application shall move to the selected lender. The lender would examine the eligibility of the borrower under the Scheme and sanction credit facility under the Scheme. It would mark for Guarantee Support under CGSE at the appropriate box available on Jan Samarth portal from where it would flow to the portal of NCGTC.

II. Issue of Fresh Guarantee (Sanction of Loan)

Automatic Approval: Once the sanction details are entered by the MLI on Jan Samarth portal, it needs to lodge the guarantee application as per template provided/to be provided (as in other Schemes) by NCGTC on the portal of NCGTC. The system would automatically validate the guarantee lodgement details along with application number and sanction details received from Jan Samarth portal and generate a Credit Guarantee Permanent Account Number for the lender's future reference.

III. Tranche Disbursement Details

Reporting Disbursement: For each tranche of the loan disbursed, the MLI must enter the disbursement details into the Jan Samarth portal immediately, whereupon the data shall flow to the NCGTC portal.

11. What would be the procedure for filing and settlement of claims under the scheme?



A. NPA Marking –

NPA marking module shall be available on the NCGTC's portal under Claim & Settlement. MLI needs to mark NPA within 90 days of the account being classified as NPA.

B. Interim Claim (subsequent to Lock In period) –

The MLI shall furnish the following details of the NPA account while lodging interim claim :

- a. Sanction letter of facility under the Scheme;
- b. Loan ledger of existing facility of the borrower indicating status of the account as on reference date viz. September 30, 2025;
- c. Credit Bureau report evidencing status of account on reference date i.e. September 30, 2025;
- d. Loan Ledger of facility under the Scheme till date of claim;
- e. Management Certificate with regard to the claim;

On submission of this claim, an e-mail shall go to the MLI that their claim has been lodged and NCGTC would initiate action to approve the claim request and arrange to pay 75% of the amount in default within 30 days of the claim date, provided all requisite documents are submitted and the claim is found to be in order and complete in all respects. This shall be treated as Interim Claim.

The MLI shall also furnish details of the recoveries in the account and after adjusting such recoveries towards the legal costs incurred by them, remit the balance amount to NCGTC within 30 days, failing which MLI shall be required to pay the recovered amount along with interest at 4% over and above the prevailing repo rate for the period for which payment remains outstanding beyond the expiry of the said period of 30 days.

C. Final Claim-

On completion of the recovery proceedings or settlement under OTS or till decree gets time barred, whichever is earlier, the MLI shall submit its claim along with relevant document as proof for the balance 25% of the amount in default (net of recoveries, if not already remitted as above).

D. One Time Settlement of Claim

This shall be permitted only after 1 year of commencement of legal proceedings and verification of compliance with the terms and conditions of the Scheme guidelines upon submission of proof of OTS. However, guarantee cover in such cases shall reduce to 90% of the amount in default.

12. When would recovery proceedings be considered as initiated on the part of lending institution, which is essential prior to lodging of interim claim?

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.

13. I am an eligible MLI having extended assistance under scheme to an eligible borrower. The borrower has approached for release of existing full/partial security or replacement of security. Is it permitted?

Release of existing securities is not permitted under scheme. Replacement of security is permitted subject to the MLI ensuring that the new securities are clear/marketable and not below the value of existing securities till loan under scheme is extinguished.

14. Will there be any processing fee to be charged by MLIs for sanction of credit facility under CGSE?

No processing fees shall be charged for loans under the Scheme by the lenders.

15. I am an eligible MLI having extended facility to an eligible borrower. The borrower account had subsequently turned NPA, due to which claim was filed with NCGTC and interim claim amount has since been received. The account has now turned back Standard. Whether guarantee under scheme would continue to be available on the said account?

The MLI should refund the claim amount/recoveries immediately. Delay in refund of the amount may result in such other action as deemed fit by NCGTC.

As the claim (whether interim or final) has already been made, account gets closed in the system of live guarantees and, therefore, continuation of the guarantee on the said account is not possible. If, however, the claim has not been made and the account turns Standard, provision for continuation of the guarantee and reversal of NPA status shall be made in the system.

16. I am an eligible borrower, but my lender feels otherwise. Who shall decide my eligibility under the scheme?

The scheme parameters have been clearly defined in the Scheme guidelines and FAQs shall be issued from time to time for further clarification. It is the responsibility of the MLI to check the eligibility of the borrower and satisfy itself. It may please be noted that sanctioning of credit facility is a credit call to be taken by the MLI based on its internal guidelines.

17. I am an eligible borrower enjoying certain working capital facility from an MLI. Will the additional facility being extended under the Scheme reduce my

drawing power under the existing sanctioned facilities to avoid double financing?

The purpose of the Scheme is to enable liquidity support to eligible borrowers to meet their short-term liquidity imbalances and to explore new markets. Reducing the drawing power will be counter productive. Hence, Drawing Power for the existing facilities will not be impacted only due to the fact that credit facility has been availed under CGSE.

- 18. MLI 'A' has taken guarantee cover under CGSE for a loan provided to a specific borrower. MLI 'B' takes over the said loan from MLI 'A' anytime during the repayment period. How will the guarantee provided under CGSE be transferred from MLI 'A' to MLI 'B' and what would be the repayment schedule of the said loan under CGSE with MLI 'B'.**

Suitable interface shall be created on the portal of NCGTC to enable the same. However, please note that there shall not be any change in repayment schedule, which should be as per scheme guidelines and original sanction terms of MLI 'A', even after the takeover.

- 19. I am an eligible MLI having a borrower who states he is qualified as an Indirect Exporter and meets the norms for additional financing under the Scheme. How would we verify that the borrower is exporting to the extent prescribed under the Scheme.**

The MLIs may seek proof from the Indirect MSME Exporter in the form of a Certificate from its Statutory Auditor wherein compliance with the condition 4(d) (ii) is certified. The Certificate may further mention that the Direct Exporter(s) to which the Indirect Exporter is supplying goods is exporting so and so percentage of its goods to the specific country eligible under the Scheme.

- 20. I am an eligible MLI having a borrower who has a bouquet of limits from us carrying different interest rates and working capital facility at benchmark rates. In such a scenario, sanction of facility under the Scheme shall go below the benchmark rate. Please clarify.**

It is left to the discretion of the lender to extend loan under the Scheme at an interest rate which corresponds to 1% below any of the existing fund based working capital facilities. In case existing working capital facilities are only in foreign currency, the MLI should extend support under the Scheme at 1% below (subject to cap mentioned above) rupee interest rate equivalent on one such facility, as per the credit policy / pricing policy guidelines.

In no case, the lending institution (Bank) is expected to sanction loan under the Scheme at a rate lower than the benchmark rate (EBLR, in case of MSMEs & lowest duration MCLR in the institution in case of non-MSMEs) so as to comply with the RBI guidelines. This would, however, not be applicable on NBFCs/FIs.

21. The borrower of loan under the Scheme proposes to pre-pay the loan anytime during the repayment period. Can the MLI charge pre-payment penalty?

No pre-payment penalty should be charged on early retirement of the loan under the Scheme.

22. I am exporting my goods to a country from where it is getting exported in same or another form to the US. Will I be treated as Direct Exporter under the Scheme?

No, you shall be treated as direct exporter only for the products going directly from India to the US.

23. Please advise if the 5%/20% export thresholds shall be computed on FOB or CIF values?

The above thresholds shall be calculated on FOB values.

24. Whether ad-hoc limits granted as on the reference date be considered for arriving at the eligible amount under the Scheme?

No, only regular limits sanctioned should be considered.

25. Which exchange rate basis should be used for converting foreign currency WC limits into INR for computation of eligible loan under the Scheme, sanction day rate or periodic revaluation?

Generally, while sanctioning FCY limits, an equivalent Indian Rupee exposure would have been assumed by the MLI as per their sanction terms and the same can be considered for deciding the existing working capital limits for the purpose of CGSE eligibility.

In case, the Indian Rupee exposure as mentioned above is not available, the FCY-INR rate as mentioned on website of Financial Benchmarks India Pvt. Ltd. as applicable on the day preceding the date of sanction should be taken for the purpose of conversion and arrive at the loan eligibility under the Scheme.

26. There is a borrower who is meeting the export turnover as on FY 2024/FY2025 and is meeting the other eligibility criteria on the reference date. However, his exports to the US has declined during the current year or its MSME status has changed or sector is re-classified subsequently. Whether any of these factors would impact eligibility of the borrower under the Scheme?

No, the borrower should have met the direct/indirect export criteria specified for FY 2024 or FY 2025 and be eligible for loan under the Scheme on the reference date (i.e 30.09.2025) and date of sanction/disbursement as explained in the Scheme guidelines. Subsequent changes would not have a bearing on the eligibility of the borrower under the Scheme.
