

Emergency Credit Line Guarantee Scheme (ECLGS) 3.0

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In News: Recently, Union Government extended the scope of Emergency Credit Line Guarantee Scheme (ECLGS) through the introduction of ECLGS 3.0 to cover business enterprises in hospitality, travel and tourism, leisure and sporting sectors by another three months till June 30.

Emergency Credit Line Guarantee Scheme (ECLGS) 3.0

- ECLGS 3.0 would involve extension of credit of upto 40% of total credit outstanding across all lending institutions as on 29 February 2020 .
- The tenor of loans granted under ECLGS 3.0 shall be 6 years including a moratorium period of 2 years.
- Validity of ECLGS that is ECLGS 1.0, ECLGS 2.0 & ECLGS 3.0 have been extended upto 30 June or till guarantees for an amount of Rs. 3 lakh crore are issued. Last date of disbursement under the scheme has been extended to 30 September.
- The modifications introduced in the scheme, while providing an incentive to MLIs to enable availability of additional funding facilities to the eligible beneficiaries will go a long way in contributing to economic revival, protecting jobs, and creating a conducive environment for employment generation.
- The revised operational guidelines in this regard shall be issued by National Credit Guarantee Trustee Company Ltd (NCGTC).

National Credit Guarantee Trustee Company Ltd (NCGTC)

- Private limited company incorporated under the Companies Act 1956 on March 28, 2014, established by the Department of Financial Services, Ministry of Finance.

- Wholly owned company of the Government of India, to act as a common trustee company for multiple credit guarantee funds.
- Credit guarantee programmes are designed to share the lending risk of the lenders and in turn, facilitate access to finance for the prospective borrowers.
- The common architecture of NCGTC has been designed to handle multiple guarantee programmes under a single umbrella organization.
- This is with a view to achieve operational efficiencies and economies of scale through sharing of resources such as Technology, premises, manpower, risk management solutions and other support services.
- Presently, there are five dedicated credit guarantee Trusts under the Management of NCGTC as Follow
 - Credit Guarantee Fund Scheme for Educational Loans (CGFEL),
 - Credit Guarantee Fund Scheme for Skill Development (CGFSD),
 - Credit Guarantee Fund Scheme for Factoring (CGFF),
 - Credit Guarantee Fund for Micro Units (CGFMU),
 - Credit Guarantee Fund for Stand Up India (CGFSI)

Additional

Link:<https://journalsofindia.com/emergency-credit-line-guarantee-scheme-1-0-and-2-0/>