

# Loan Guarantee Scheme for Covid-Affected Sectors (LGSCAS)

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**In news**-Recently, the Union Finance Minister asked all stakeholders to conclude Loan Guarantee Scheme for Covid-Affected Sectors (LGSCAS) aimed at shoring up healthcare infrastructure in non-metros in time to deal with any future third wave.

## About LGSCAS-

- The Loan Guarantee Scheme for COVID-19 Affected Sectors was approved by the Union Cabinet on 30th June 2021.
- It **provides guarantee to Scheduled Commercial Banks (SCBs) for loans given for new projects i.e Greenfield projects and for expansion i.e. Brownfield projects** related to healthcare infrastructure.
- The Scheme is **aimed at upscaling the medical infrastructure in the country specifically targeting underserved areas.**
- It is a scheme to provide **guarantee by National Credit Guarantee Trustee Company (NCGTC)** to Member Lending Institutions (MLIs) for fund based or non-fund based facility upto Rs.100 crore extended by SCBs to eligible projects for setting up of or for modernising /expansion of:
  - Hospitals/dispensaries/clinics/medical colleges/pathology labs/diagnostic centres.
  - Facilities for manufacturing of vaccines/oxygen/ventilators/priority medical devices.
  - Public healthcare facilities (the said projects should be in non-Metro cities).
- **Loans** under the scheme are made available at a **cheaper**

**interest rate of 7.95%.**

- **LGSCAS provides a guarantee of 50 percent for brownfield projects and 75 per cent to greenfield projects for loans** sanctioned up to Rs.100 crore, set up at urban or rural locations other than 8 Metropolitan Tier 1 cities (Class X cities).
- **For aspirational districts**, the guarantee cover for both brownfield expansion and greenfield projects is 75%.
- **The Scheme is applicable to all eligible loans sanctioned up to 31.03.2022**, or till an amount of Rs. 50,000 crore is sanctioned, whichever is earlier.

### **National Credit Guarantee Trustee Company (NCGTC)-**

- NCGTC is a private limited company incorporated under the Companies Act 1956 on March 28, 2014.
- It was **established by the Department of Financial Services, Ministry of Finance**, as a **wholly owned company of the Government of India**, to act as a common trustee company for multiple credit guarantee funds.
- **The intent of NCGTC is therefore, to manage multiple guarantee schemes as part of a larger financial inclusion programme of the government** covering different cross-sections and segments of the economy like students, micro entrepreneurs, women entrepreneurs, SMEs, skill and vocational training needs, etc.

### **The following Credit Guarantee Trust Funds are under the trusteeship management of NCGTC:**

- Credit Guarantee Fund for Skill Development (CGFSD).
- Credit Guarantee Fund for Education Loans (CGFEL).
- Credit Guarantee Fund for Factoring (CGFF).
- Credit Guarantee Fund for Micro Units (CGFMU).
- Credit Guarantee Fund for Stand Up India (CGFSI).
- Emergency Credit Line Guarantee Scheme (ECLGS).
- Loan Guarantee Scheme for Covid Affected Sectors (LGSCAS).

Credit Guarantee Scheme for MFIs.