



PHD Research Bureau
PHD Chamber of Commerce and Industry



Scope of Emergency Credit Line Guarantee Scheme (ECLGS) enhanced and validity extended till 31.3.2023

Giving effect to Hon'ble Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman's announcement in Union Budget 2022-23, the National Credit Guarantee Trustee Company Limited (NCGTC) today extended the Emergency Credit Line Guarantee Scheme (ECLGS) beyond March 2022, till March 2023.

Further, following up on the suggestions received in the post Budget consultations held by the Hon'ble Finance Minister on 25th February 2022 with the Travel, Tourism and Hospitality sector and the Civil Aviation sector delegation led by the Minister of Civil Aviation, NCGTC also issued modifications to the operational guidelines for ECLGS 3.0.

Keeping this in view, the coverage, scope and extent of benefits under ECLGS 3.0 pertaining to hospitality, travel, tourism and civil aviation sectors has been expanded as follows:

- i. New borrowers in the sectors covered under ECLGS 3.0 who have borrowed after 31.3.2021 and up to 31.1.2022 will also now be eligible to avail of emergency credit facilities under ECLGS 3.0.
- ii. The extent of emergency credit facilities that may be availed of under ECLGS 3.0 has been increased for eligible borrowers in all sectors covered under ECLGS 3.0. Eligible borrowers in all such sectors (other than the civil aviation sector) are now permitted to avail up to 50% of their highest fund based credit outstanding on any of three reference dates (29.2.2020, 31.3.2021 and 31.1.2022), as against the earlier limit of 40% of the higher of their fund-based outstanding on either of two reference dates (29.2.2020 and 31.3.2021). This is subject to the existing maximum of ₹200 crore per borrower.
- iii. Keeping in view the high proportion of non-fund based credit in the overall credit of the civil aviation sector, eligible borrowers in the civil aviation sector are now permitted to avail of non-fund based emergency credit facilities as well under ECLGS 3.0. As against the earlier limit of availing up to 40% of the higher of their fund-based outstanding as on either of two reference dates, subject to a maximum of ₹200 crore per borrower, they can now avail of up to 50% of their highest total fund and non-fund based credit outstanding on any of the three reference dates referred to above, subject to a maximum of Rs. 400 crore per borrower. Further, to lower their cost of accessing non-fund-based credit, bank guarantees, letters of credit and other non-fund based facilities sanctioned under ECLGS 3.0 will be issued without any cash margin and subject to a cap of 0.5% per annum on the fee/commission.
- iv. Individuals and proprietary concerns in the sectors covered under ECLGS 3.0 can also now avail of

emergency credit facilities.

- v. In order to remove any doubt regarding eligibility on this account, the sectors covered under ECLGS 3.0 have been clarified by enumerating businesses covered under them. (List can be accessed at: <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/mar/doc202233033401.pdf>)

The modifications introduced are aimed at enabling businesses in these contact-intensive sectors to get further support through enhanced coverage and collateral-free liquidity on capped interest rates / fees.

As on 25.3.2022, loans sanctioned under ECLGS have crossed ₹ 3.19 lakh crore, and about 95% of the guarantees issued are for loans sanctioned to Micro, Small and Medium Enterprises.

Please contact for any query related to this mail to Ms Shivani Mehrotra, Research Officer at shivani.mehrotra@phdcci.in, with a cc to Dr S P Sharma, Chief Economist | DSG at spsharma@phdcci.in and Ms Kritika Bhasin, Senior Research Officer at kritika.bhasin@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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