





# DISTRESSED ASSETS FUND SUBORDINATE DEBT SCHEME FOR MSMEs Credit Guarantee Scheme for Subordinate Debt (CGSSD)

### DESCRIPTION

- This Scheme seeks to extend support to the promoter(s) of the operational MSMEs which are stressed and have become NPA as on 30th April, 2020;
- Promoter(s) in turn will infuse this amount in the MSME unit as equity and thereby enhance the liquidity and maintain debt-equity ratio.

### NATURE OF ASSISTANCE

- Guarantee for the sub-debt: 90% guarantee coverage would come from the scheme / trust and remaining 10% from the concerned promoter(s);
- The maximum tenor for repayment will be 10 years. There will be a moratorium of 7 years on payment of principal.

### SALIENT FEATURES



In a situation, where an outright loan is difficult, sub-debt with guarantee will provide the requisite financing to the MSME Units,



Subordinate debt will be of substantial help in sustaining and reviving the MSMEs which have either become NPA or are on the brink of becoming NPA.



Promoter(s) of the MSMEs will be given credit equal to 15% of their stake (equity plus debt) or Rs. 75 lakh whichever is lower.

## EXPECTED IMPACT

- Provision for sub debt will be of Rs. 20000 crores which is likely to benefit two lakh MSMEs;
- A bigger number of MSME promoter(s) can do business without worry and avail present opportunities;
- With this help, the MSMEs will continue to function, provide jobs and contribute in National Economy.

### WHO CAN APPLY

Operational MSMEs which are NPA or are stressed will be eligible
 Promoter(s) of such units can apply

### HOW TO APPLY

Promoter(s) of MSMEs meeting the eligibility criteria may approach scheduled commercial banks to avail benefit under the scheme



For more Information: Kindly Visit our Single window System @ www.champions.gov.in/ www.cgtmse.in or write to us on email: champions@gov.in







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