

Emergency Credit Line Guarantee Scheme (ECLGS) 5.0
Operational Guidelines updated as of May 08,2026

1. Name of the Scheme

The Scheme shall be named as 'Emergency Credit Line Guarantee Scheme (ECLGS) 5.0' hereinafter referred to as the 'Scheme.

The Scheme shall be managed by National Credit Guarantee Trustee Company Limited (NCGTC), a wholly owned company of Department of Financial Services (DFS), Ministry of Finance, Government of India, as a Trustee.

2. Purpose of the Scheme

To provide credit guarantee coverage of 100% for MSMEs and 90% for non-MSMEs as well as the airline sector, to Member Lending Institutions (MLIs) for the default amount under additional credit facilities extended to eligible borrowers to tide over any short-term liquidity mismatches in view of West Asia crisis.

3. Date of commencement

The guidelines shall come into force from the date of issue of these guidelines by NCGTC.

4. Definitions

For the purposes of this Scheme –

- i. **“Amount in Default”** means the principal and interest amount outstanding in the account of the borrower in respect of term loan/working capital term loan facility, as the case may be, as on the date of the account becoming NPA, or on the date of lodgment of claim application, whichever is lower.
- ii. **“Credit facility”** means
 - **MSMEs/Non MSMEs (except Airline sector):**
Financial assistance provided under the Scheme by way of additional working capital term loan facility to borrowers including MSMEs borrowers, who have availed loan for business purposes. The financial assistance provided as part of the Scheme is to be operated as a separate loan account.
 - **Airline sector:**
Financial assistance provided under the Scheme by way of additional working capital term loan facility / Non fund based facility, who have availed loan for business purposes. The financial assistance provided as part of the Scheme is to be operated as a separate account.
- iii. **“Eligible borrower” under ECLGS 5.0**

MSMEs/Non MSMEs (except Airline sector)

- All business enterprises including MSMEs having fund based working capital limits from the Member Lending Institutions (MLIs) as on 31.03.2026.
- The borrower's credit facilities should be categorized as 'standard' (excluding SMA-2) as on 31.03.2026.
- Borrowers who have availed additional credit facility under Credit Guarantee Scheme for Exporters (CGSE) are not eligible under the extant scheme upto the limit already availed under CGSE.
- Non-MSMEs in the sectors, as per list placed at **Annexure-A**, will be excluded from the purview of the Scheme.

For Airline Sector (For the purpose of the scheme, to be read as scheduled passenger airline sector)

- Business enterprises in the scheduled airlines sector having outstanding credit facilities (fund based and non-fund based both) from the Member Lending Institutions (MLIs) as on 31.03.2026.
- The borrower's credit facilities should be categorized as 'standard' (excluding SMA-2) as on 31.03.2026.

iv. "Member Lending Institution(s)" (MLIs)

- Scheduled Commercial Banks,
- Scheduled Urban Co-operative Banks (SUCBs)
- Non-Banking Financial Companies registered with RBI
- Financial Institutions: As defined in sub-clause (i) of clause I of Section 45-I of Reserve Bank of India Act ,1934.

v. "Non-Performing Assets" means an asset classified as non-performing based on the instructions and guidelines issued by the Reserve Bank of India from time to time.

vi. "Primary security" in respect of a credit facility shall mean the assets created out of the credit facility so extended

vii. "Collateral Security" in respect of a credit facility shall mean security provided in addition to the primary security.

viii. "Interest Rate" for a lending institution means the rate so declared by that lending institution from time to time as per Reserve Bank of India guidelines based on which interest rate applicable for the loan will be determined.

ix. “**Tenure of guarantee cover**” means the maximum period of guarantee cover which shall be co-terminus with the tenor of the loan.

5. Duration

The Scheme would be applicable to all loans sanctioned during the period from the date of issue of these guidelines by NCGTC upto 31.03.2027 or till guarantees for an amount of Rs.2,55,000 crore are issued, whichever is earlier.

6. Salient Features of the Scheme

a. Quantum of Support

MSMEs/Non MSMEs (except Airline sector)

Up to 20% of the peak fund-based working capital outstanding during the fourth quarter of FY 2025–26. (i.e between 01.01.2026 and 31.03.2026 both days inclusive)

Airline Sector

Up to 100% of the total peak credit outstanding (fund-based and non-fund based) during the fourth quarter of FY 2025–26. (i.e between 01.01.2026 and 31.03.2026 both days inclusive)

b. Maximum Loan Amount:

MSMEs/Non MSMEs (except Airline sector): ₹100 crore per borrower

Airline sector: ₹1,500 crore per borrower (Of this, any amount beyond ₹1,000 crore and Up to ₹1,500 crore shall be permitted only with a proportionate equity contribution from the promoters/owners)

c. Guarantee Cover-

100% on Amount in Default for MSMEs

90% on Amount in Default for non-MSMEs as well as Airline sector

d. Interest Rate of Credit under the Scheme

For MSMEs/Non MSMEs (except Airline sector)

- Banks/FIs: MSMEs – EBLR+0.75%; Non-MSMEs – MCLR+0.75% with a cap of 9% p.a. (For MSMEs, if the bank uses any other nomenclature instead of EBLR for lending to MSMEs or any other standard or uniform benchmark as per their internal policy for pricing of MSMEs as per RBI guidelines, the same can be used as the benchmark for deciding the applicable interest rate).
- NBFCs: ROI shall not exceed 13% p.a.

For Airline sector:

To be decided as per the board approved policy of the lending institution.

e. Interest servicing

To be serviced as and when due including during moratorium period.

Airline sector: Up to 50% of the estimated interest amount of moratorium period can be earmarked from the proposed additional ECLGS facility towards FITL.

f. Guarantee Fee- Nil.

g. Tenor of Loan

For MSMEs/Non MSMEs (except Airline sector):

5 years from the date of first disbursement including moratorium of 1 year

For Airline sector:

7 years from the date of first disbursement including moratorium of 2 years.

7. No processing fee shall be charged for sanction of this facility;
8. No pre-payment penalty shall, however, be charged by the MLIs in case of early repayment.

9. Credit Facility not eligible under the Scheme

The Guarantee Cover under the Scheme shall not be eligible for credit facility:

- a. in respect of which risks are additionally covered under a scheme operated / administered by Reserve Bank of India or by the Central Government or by any general insurer or any other person or Association of Persons carrying on the business of insurance, guarantee or indemnity, to the extent they are so covered.
- b. which does not conform to, or is in any way inconsistent with the Scheme Guidelines or provisions of any law or any directives or instructions issued by the Central Government or the Reserve Bank of India which may, for the time being, be in force.

10. Security

The MLIs shall ensure to create charge on existing securities (primary as well as collateral) and on assets created out the loan under ECLGS 5.0, within 90 days from the date of first disbursement. However, for airline sector additional security shall be obtained as mentioned in **Annexure I**.

11. Invocation of guarantee

- a. The guarantee provided under this Scheme may be invoked by the MLI on the ECLGS 5.0 loan account turning into NPA, provided that the said loan account was covered under ECLGS 5.0 at the time of the account turning NPA.
- b. The Member Lending Institution (MLI) shall enter the date of NPA, on the portal of NCGTC, within 90 days of account turning NPA;
- c. The Trustee Company shall pay 75 per cent of the guaranteed amount within 30 days

of preferring of eligible claim by the lending institution, subject to the claim being otherwise found in order and complete in all respects. The balance 25 per cent of the guaranteed amount will be paid on conclusion of recovery proceedings or three years from date of settlement of first claim, whichever is earlier.

- d. 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.

12. Appropriation of amount realized by the member lending institution in respect of a credit facility after the guarantee has been invoked

Post invocation of the guarantee claim, if any recoveries are made in the account, MLIs shall first adjust such recoveries towards default amount relating to first charge and the legal costs incurred by them for recovery of the amount and shall thereafter remit to NCGTC the balance recoveries.

13. Agreement to be executed by the member lending institution

A member lending institution shall not be entitled to a guarantee in respect of any eligible credit facility granted by it unless it has submitted an Undertaking with the Trustee Company in such form as may be required by the Trustee Company for covering by way of guarantee, under the Scheme all the eligible credit facilities granted by the lending institution, for which provision has been made in the Scheme.

14. Responsibilities of member lending institution under the Scheme:

- a. The MLIs should enable communication of the Scheme to the borrowers by highlighting the Scheme details on their website and linking to Scheme webpage
- b. Member Lending institution should work towards creating awareness for the Scheme by enabling communication of the Scheme through SMS and Email campaigns to all eligible borrowers
- c. The MLI shall check and satisfy the eligibility of the borrower for facility under the Scheme. Guarantee shall be extended at the time of application based upon MLI's certification. MLI should retain the details of the eligibility which shall be checked at the time of claim settlement;
- d. The Member lending institution shall closely monitor the borrower account, and shall put in all required efforts to ensure that the account is serviced regularly
- e. The Member lending institution shall safeguard the primary securities in respect of

the credit facility in good and enforceable condition

- f. The Member lending institution shall ensure that the guarantee claim in respect of the credit facility and borrower is lodged with the Trustee Company in the form and in the manner and within such time as may be specified by the Trustee Company in this behalf and that there are no delays on its part to notify the default in the borrowers account which shall result in the Trustee Company facing higher guarantee claims
- g. The payment of guarantee claim by the Trustee Company to the lending institution does not in any way take away the responsibility of the lending institution to recover the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all the necessary precautions and maintain its recourse to the borrower for entire amount of credit facility owed by it and initiate all necessary actions for recovery of the outstanding amount, including such action as may be advised by the Trustee Company
- h. The Member lending institution shall comply with such directions as may be issued by the Trustee Company from time to time for facilitating recoveries in the guaranteed account, or safeguarding its interest as a guarantor, as the Trustee Company may deem fit and the lending institution shall be bound to comply with such directions
- i. The Member lending institution shall, in respect of any guaranteed account, exercise the same diligence in recovering the dues, and safeguarding the interest of the Trustee Company in all the ways open to it as it might have exercised in the normal course if no guarantee had been furnished by the Trustee Company. The lending institution shall, in particular, refrain from any act of omission or commission, either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trustee Company as the guarantor. In particular, the lending institution should intimate the Trustee Company while entering into any compromise or arrangement, which may have the effect of discharge or waiver of personal guarantee(s) or security
- j. The Member lending institution shall also ensure either through a stipulation in an agreement with the borrower or otherwise, that it shall not create any charge on the security held in the account covered by the guarantee for the benefit of any account not covered by the guarantee, with itself or in favour of any other creditor(s) without intimating the Trustee Company. Further the lending institution shall secure for the Trustee Company or its appointed agency, through a stipulation in an agreement with the borrower or otherwise, the right to list the defaulted borrowers' names and particulars on the Website of the Trustee Company.

15. Status of the borrower account on the date of sanction / disbursement

The borrower account otherwise eligible under the scheme should not be an NPA with any lender as on the date of sanction and / disbursement of loan under the scheme.

16. Subrogation of rights and recoveries on account of claims paid

- a. The MLI shall furnish to the Trust/NCGTC, the details of its efforts for recovery, realizations and such other information as may be demanded or required from time to time. The MLI will hold lien on assets created out of the credit facility extended to the borrower, on its own behalf and on behalf of the Trust. The Trust shall not exercise any subrogation rights and that the responsibility of the recovery of dues including takeover of assets, sale of assets, etc., shall rest with the lending institution.
- b. In the event of a borrower owing several distinct and separate debts to the MLI and making payments towards any one or more of the same, whether the account towards which the payment is made is covered by the guarantee of the Trust or not, such payments shall, for the purpose of this clause, be deemed to have been appropriated by the MLI to the debt covered by the guarantee and in respect of which a claim has been preferred and paid, irrespective of the manner of appropriation indicated by such borrower or the manner in which such payments are actually appropriated.
- c. Every amount recovered and due to be paid to the Trust shall be paid without delay, and if any amount due to the Trust remains unpaid beyond a period of 30 days from the date on which it was first recovered, interest shall be payable to the Trust by the MLI at the rate which is 4% above Repo Rate for the period for which payment remains outstanding after the expiry of the said period of 30 days.

17. Returns and Inspections

- a. The lending institution shall submit such statements and furnish such information as NCGTC may require in connection with guarantee under this Scheme.
- b. The lending institution shall also furnish to NCGTC all such documents, receipts, certificates and other writings as the latter may require and shall be deemed to have affirmed that the contents of such documents, receipts, certificates and other writings are true, provided that no claim shall be rejected and no liability shall attach to the lending institution or any officer thereof for anything done in good faith.
- c. NCGTC shall, insofar as it may be necessary for the purposes of the Scheme, have the right to inspect or call for copies of the books of account and other records (including any book of instructions or manual or circulars covering general instructions regarding conduct of advances) of the lending institution, and of any borrower from the lending institution. Such inspection may be carried out through the officers of the Fund or any other person appointed by NCGTC for the purpose of inspection. Every

officer or other employee of the lending institution or the borrower, who is in a position to do so, shall make available to the officers of the Fund or the person appointed for the inspection as the case may be, the books of account and other records and information which are in his possession.

18. Interpretation

If any question arises in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications given in connection therewith, the decision of NCGTC shall be final.

19. Supplementary and general provisions

In respect of any matter not specifically provided for in this Scheme, NCGTC may issue such operating instructions or clarifications as may be necessary to enable effective implementation of the Scheme.

20. Modifications in the Scheme

Any changes to the current structure of the Scheme, including but not limited to the eligibility criteria, guarantee fee, rate of interest and tenor under the Scheme, shall be decided by the Management Committee for the ECLGS Fund.

21. The scheme guidelines may be read along with the FAQs uploaded on the website from time to time.

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Risk Mitigation measures proposed for Airline sector under ECLGS 5.0

(i) Restriction on the end use of proposed funds

- i. The ECLGS 5.0 loan up to ₹100 crore may be utilized for all working capital expenses of the borrower, except for payment to promoter or promoter related entities / group entities / associates. (Self-declaration to be obtained from the borrower to ensure compliance).
- ii. However, credit support in excess of ₹100 crore shall be used only for the following purposes based on auditor's certificate:
 - a. Salary expenses (excluding that of executive directors/ CEO, but including salary of contract employees)
 - b. ATF / Fuel purchases from Oil Marketing Companies (OMCs)
 - c. Airport charges
 - d. Aircraft lease charges
 - e. Statutory expenses.

(excluding related parties of the borrower as mentioned under para (i) above)

(ii) Additional security for ECLGS 5.0 loan exceeding ₹500 crore

- i. Where the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is positive for the period 9MFY2026 i.e. from 01.04.2025 to 31.12.2025 – No additional security.
- ii. In cases where the EBITDA is negative for the 9M FY2026 period (01.04.2025 to 31.12.2025), the borrower shall be required to provide any one of the following securities for the portion of ECLGS 5.0 assistance exceeding ₹500 crore:
 - a. Pledge of shares equivalent to at least 50% of the incremental funding under the Scheme beyond ₹500 crore.
 - b. Personal guarantee of the promoters, supported by (i) an asset statement and (ii) an undertaking for non-disposal of assets during the tenure of the ECLGS 5.0 facility. For exposures above ₹500 crore, the guarantor's net worth shall be at least 50% of the ECLGS 5.0 amount in excess of ₹500 crore.
 - c. Corporate guarantee from a group/holding entity with an investment-grade rating (as defined by the Scheme's Management Committee), having a minimum net worth equal to 50% of the ECLGS 5.0 funding amount in excess of ₹500 crore.

Further, a second charge on the existing securities (primary and collateral) shall be extended to cover the additional credit loan sanctioned under the scheme in all cases.

List of sectors under Non-MSME segment excluded from the Scheme:

1. Non-Banking Financial Companies
2. Power (Generation, transmission and distribution)
3. Telecom
4. Sugar & Ethanol
5. Information Technology
6. Paper & Paper products
7. Educational Institutions
8. Beverages (excluding Tea and Coffee) and Tobacco