Frequently Asked Questions (FAQs)

Credit Guarantee Fund Scheme for Skill Development (CGFSSD)

1. What is CGFSSD?

Credit Guarantee Fund Scheme for Skill Development (CGFSSD) is the Trust Fund set up by Government of India, managed by NCGTC as a Trustee, with the purpose of guaranteeing payment against default in Skill Loans extended by the Member Lending Institution(s) (MLIs) to the eligible borrowers to provide institutional credit to individuals for skill development courses.

2. Who are the Eligible Borrower under the Scheme?

Eligible Borrower is any new or existing borrower with Indian Nationality who meets the eligibility criteria with minimum qualifications to undergo skill training for the National Skill Qualification Framework (NSQF) aligned courses and/or the Non-NSQF aligned courses by the training entities onboarded on the MSDE's **Skill India Digital Hub (SIDH) platform**, and who has executed the loan documents with the lending institutions to avail the loan. If the student is a minor, while the parent(s) would execute the documents, the lender will obtain a letter of acceptance/ratification from the student upon becoming major. Parents /guardians will be the co-borrowers.

3. What is Skill India Digital Hub (SIDH)?

Skill India Digital Hub (SIDH) is specially designed and developed to skill, reskill and upskill Indian individuals through an online training platform, API-based trusted skill credentials, payment and discovery layers for jobs and entrepreneurial opportunities. It will act as a bridge between the employees and employers and allow educational institutes to create/modify curricula as per industry demands. For more details visit **https://www.skillindiadigital.gov.in/**

4. Where we can find a list of SIDH- NSQF courses and SIDH – Non NSQF courses?

Latest lists have been uploaded on https://www.ncgtc.in/en/product-details/CGFSD/Credit-Guarantee-Fund-Scheme-for-Skill-Development-(CGFSD).
The lists get updated regularly and can be accessed from **https://www.skillindiadigital.gov.in/.**

5. What is the maximum amount of loan eligible for support under the Scheme?

The minimum and maximum loan limit under this Scheme is Rs.5000/- and Rs.7,50,000/- respectively, without any collateral security and/or third-party guarantee. However, the Fund reserves the right to revise the loan limit as and when required.

6. Who are the eligible MLI's under the scheme?

Member Lending institution(s) are the Scheduled Banks (Public Sector Banks, Private Sector Banks, Foreign Banks and Small Finance Banks) and the Non-Banking Finance Company (NBFC)/ Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) who are registered with NCGTC under the Scheme.

7. What would be the guarantee coverage under the Scheme?

The Trust shall cover maximum guarantee as mentioned below to eligible borrower of the amount in default in respect of the credit facility extended by the lending institution.

Amount Slab (Rs Lacs) (On Loan Sanction Amount)	Guarantee coverage of Amount in Default (AID) (On Loan Outstanding Amount)
0.05-4.0	75%
>4.0-7.5	70%

8. What is the Interest rate capping under the scheme?

The interest rate to be charged by the Member Lending Institution should not be more than 1.5% p.a. over the External Benchmark Lending Rate (EBLR) by a Scheduled Bank and 21% p.a. by an NBFC/NBFC-MFI.

9. Is there any processing fee charged for availing skill loans?

No Processing fee will be charged by lending institutions on loans sanctioned under the scheme.

10. Is there any margin money required for availing skill loans?

There is no specific margin money requirement. MLI's can decide upon the requirement of Margin Money.

11. What will be repayment tenure for these loans?

The loans under the scheme will have a repayment tenure as follows:

Loans upto ₹ 50,000	Upto 3 years
Loans between ₹ 50,000 to ₹ 1 lakh	Upto 5 years
Loans above ₹ 1 lakh	Upto 7 years

12. What is the moratorium period allowed under the scheme?

Upon completion of the course, repayment will start after a moratorium period as indicated below:

Courses of duration upto 1 year	upto 6 months from the completion of the course
Courses of duration above 1 year	upto12 months from the completion of the course

The lenders will have flexibility to choose the structure of repayment - flat Equated Monthly Instalments (EMI), tube payments or moratorium period as deemed fit for various sectors and student categories.

13. What is meant by "Amount in Default"?

Amount in Default" means the loan amount outstanding in the loan account(s) of the borrower, inclusive of accrued interest, as on the date of the account becoming NPA, or the date of lodgment of claim application, whichever is lower, or such other amount as may be specified by the Fund for preferring any claim against the guarantee cover subject to a maximum of 'Guarantee Cover'.

14. What is the Standard rate of Guarantee Fee For availing coverage under the scheme?

For availing the guarantee coverage, the Member Lending Institution shall pay Guarantee Fee of 0.125% per calendar quarter (i.e. 0.50% p.a.) on the quarter end outstanding portfolio balance (skill loans).

15. When can the guarantee under CGFSSD be invoked by the MLIs?

The lending institution may invoke the guarantee in respect of Skill loan within a maximum period of one year from date of NPA, if NPA is after lock-in period or within one year of lock-in period, if NPA is within lock-in period, after the following conditions are satisfied:

- The guarantee in respect of that credit facility was in force at the time of account turning NPA.
- The lock-in period of 6 months for loans upto Rs.3 lakh and 12 months for loans above Rs.3 lakh from either the end of period of moratorium of interest or the date of commencement of guarantee cover in respect of loan covered, whichever is later, has elapsed. A lock-in period of 6 months for loans upto Rs.3 lakh and 12 months for loans above Rs.3 lakh has been stipulated from the date of commencement of guarantee cover or end of period of moratorium of interest, whichever is later

- The amount due and payable to the lending institution in respect of the Skill Loan has not been paid and the dues have been classified by the lending institution as Non-Performing Assets. Provided that the lending institution shall not make or be entitled to make any claim on NCGTC in respect of the said Skill Loan if the loss in respect of the said credit facility had occurred owing to actions / decisions taken contrary to or in contravention of the guidelines issued by NCGTC.

16. What is the claim payout capping under the scheme?

It may be noted that Claim payout (irrespective of the year of claims) on loans disbursed during FY 2024-25 and FY 2025-26 shall be capped at 20% of the total loans disbursed during the year to which the loan pertained. This cap shall be reduced to 15% w.e.f. FY 2026-27.

17. How would an MLI refund the excess recovery made from the borrower to NCGTC?

As indicated in Sr. No. 15 Chapter VI of the Gazette Notification dated 20th November 2015 of CGFSD, the MLI is expected to deposit the recovery made with NCGTC, which shall appropriate the same against the specific account in which recovery has been made.

18. Where do I see the details of the Credit Guarantee Scheme for Skill Development (CGFSSD)?

Please visit site www.ncgtc.in for Scheme Notifications

19. Who can provide answers to any further queries?

Please address your queries/suggestions to cgfsd@ncgtc.in

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