

Credit Guarantee Scheme for loans sanctioned under Fisheries Infrastructure Development Fund

CHAPTER I INTRODUCTION

Fisheries and Aquaculture Infrastructure Development Fund (FIDF) for fisheries sector launched in 2018 by Hon'ble Finance Minister has been further extended up to 2025-26, to encourage more investments in development of infrastructure for fisheries and aquaculture both from the public and private sector, promoting economic development and expansion of relevant sectors by incentivizing investments by (i) State Governments/Union Territories, State Owned Corporations/State Govt. Undertakings/ Govt. Sponsored / Supported Organizations, (ii) Fisheries Cooperative Federations (including FISHCOPFED etc.), (iii) Cooperatives, collective groups of fish farmers & fish produce groups etc. (iv) Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs (v) SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups, individual farmers and cooperatives of these etc. (vii) Private companies/entrepreneurs for eligible investment activities under FIDF. While extending FIDF, Government of India has, inter alia, approved providing credit guarantee facility under FIDF during the extended period of 3 years from FY 2023-24 to FY 2025-26 from the existing credit guarantee fund under Animal Husbandry Infrastructure Development Fund (AHIDF) of the Department of Animal Husbandry and Dairying (DAHD), Ministry of Fisheries, Animal Husbandry & Dairying. The details of the Scheme for providing credit guarantee facility for fisheries project under FIDF are given below:

1. Definitions

For the purposes of this Scheme –

- i. **Scheme means** the 'Credit Guarantee Scheme for FIDF loans
- ii. **"Amount in Default"** means the principal and interest amount outstanding in the account(s) of the borrower in respect of the loan as on the date of the account becoming Non-Performing Asset (NPA) or the date of lodging claim application, whichever is lower. It shall not include penal

- interest, other charges and any other costs debited to the borrower's account.
- iii. **“Annual Guarantee Fee”** means the annual guarantee fee payable by the ELI at a specified rate under the Credit Guarantee Scheme.
 - iv. **“Credit Guarantee Fund for Animal Husbandry and Dairying”/ “Credit Guarantee Fund ”/” Fund”** means the “Credit Guarantee Fund for Animal Husbandry and Dairying” created for the purpose of extending guarantees to the eligible lending institution(s) against their lending to eligible borrowers under Animal Husbandry Infrastructure Development Fund (AHIDF). The fund will also be utilised for extending credit guarantee under Fisheries and Aquaculture Infrastructure Development Fund. **“Credit Guarantee Fund Trust for Animal Husbandry and Dairying” (CGFTAHD)/ “Trust”** means the Trust which houses the Credit Guarantee Fund for Animal Husbandry and Dairying.
 - v. **“NABSanrakshan”/ “Trustee”** means NABSanrakshan Trustee Private Limited, a Company set up on November 13, 2020 by NABARD under the Companies Act 2013 to act as the Trustee and operate the various credit guarantee funds set up/ being set up/ to be set up by Government of India, State Governments or other public authority, etc. from time to time.
 - vi. **“Eligible Lending Institution”(ELI)/ “Nodal Loaning Entities” (NLEs)** means Scheduled Banks included in the second Schedule to the Reserve Bank of India Act, 1934, National Cooperative Development Corporation (NCDC) and National Bank for Agriculture and Rural Development (NABARD).
 - vii. **Eligible Borrower/ Eligible Entities** means Fisheries Cooperative Federations (including FISHCOPFED etc.) , Cooperatives, collective groups of fish farmers & fish produce groups etc. , Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs , SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups and cooperatives of these etc. , Private companies/entrepreneurs , Physically disabled, individual farmers and any other institution/entity to be decided by the Government from time to time.
 - viii. **“Credit Facility”** means any loan extended by an ELI to an Eligible Borrower under FIDF;

- ix. **“Guarantee Cover”** means maximum cover available per eligible borrower of the amount in default in respect of the credit facility extended by the lending institution;
- x. **“Tenure of Guarantee Cover”** means the maximum period of Guarantee Cover from the Guarantee start date which shall run through the agreed tenure of the loan.
- xi. **“Non-Performing Asset”** means an asset classified as non-performing based on the instructions and guidelines issued by the Reserve Bank of India from time to time.
- xii. **“Year”** means Financial Year, beginning April 1 and ending March 31.
- xiii. **“Lock-in-period”** means the period during which no invocation of guarantee can be made. A lock-in-period of 18 months has been stipulated from either the date of last disbursement of the loan to the borrower or the guarantee start date in respect of credit facility to the borrower, whichever is later.
- xiv. **“Guidelines”** means Guidelines for Fisheries and Aquaculture Infrastructure Development Fund (FIDF) framed by Government of India and any amendments thereof from time to time.
- xv. **“Guarantee start date”** means the date on which the first time annual guarantee fee is received by the Trust from the eligible lending institution.

CHAPTER II

MANAGEMENT

2. Corpus of CGFTAHD

A dedicated Fund with a committed corpus of Rs. 750 crore is being managed by NABSanrakshan Trustee Private Limited, a Trustee Company and a wholly owned subsidiary of NABARD.

3. Governance

The Credit Guarantee Fund is housed in the Trust. GoI is the settlor of this Trust. The Settlor has appointed NABSanrakshan as Trustee. Presently, the Trustee is managing one scheme i.e ‘Credit Guarantee Scheme for Animal Husbandry and Dairying’ under the Trust . One more scheme viz. ‘Credit Guarantee Scheme for FIDF loans’ shall be managed by the Trustee from the same Credit Guarantee Fund .

Governance Structure for this Scheme shall be in place as under:

i. Central Apex Committee (CAC)

The Composition shall be as per the FIDF guidelines finalised by Department of Fisheries, GoI.

Role/Functions

CAC will take decisions on approval/amending of FIDF guidelines, to approve annual action plans and fund drawal plans etc.

ii. Central Approval and Monitoring Committee (CAMC)

The Composition shall be as per the FIDF guidelines finalised by Department of Fisheries, GoI.

Role/Functions

- CAMC will consider the proposals placed before it by NIA and accord in-principle approval and recommend such proposals to NLEs’.
- review and monitor the projects approved under the FIDF. The monitoring meetings of CAMC shall be held on a quarterly basis to review the progress of the project taken up under the FIDF.
- carry out project-wise mid-term corrections, if any required due to technical administrative compulsions. The Mid-term corrections shall include, increase/decrease of the project scope, re-arrangement of the project components, re-appropriation of funds from one item to other item within the overall approved project cost.

iii. Investment and Claim Settlement Committee (I&CSC)

I&CSC has been constituted by Project Sanctioning Committee of AHIDF for providing operational guidance for implementation of the Scheme, approving claims, overseeing the implementation and reporting to PSC/PAC for AHIDF loans and to Central Apex Committee (CAC) / Central Approval and Monitoring for FIDF loans.

Composition

The composition of the I&CSC will be:

- CGM NABARD(as nominated by Chairman, NABARD) - Chairperson

- Two Officials from the Ministry of Fisheries, Animal Husbandry & Dairying (one each from Department of Animal Husbandry & Dairying and Department of Fisheries)
- Domain Expert (as nominated by Chairman, NABARD) - Member
- Chief Executive Officer (CEO), Trustee Company, (NABSanrakshan Trustee Private Limited), Member Secretary

A member appointed as above in his/her ex-officio capacity shall remain as a member only as long as he/she holds that office and upon his/her vacating that office, his/her successor shall become a member without any further act or deed. The PSC, may, if required, change the constitution of the I&CSC by incorporating a new corporate entity or otherwise and till such time the existing members of the I&CSC will continue. The member of the Committee shall be resident of India. The office of the member shall be vacated if he permanently leaves India or if for reasons of illness or infirmity or mental incapacity, he in the opinion of the PSC, becomes incompetent or incapable to act as a Member. In case a casual vacancy arises due to reasons mentioned above, the PSC may co-opt a member. A co-opted member may retire at any time after giving seven days' notice in writing to the PSC and unless he is the Chairperson of the I&CSC, a copy of the notice shall also be sent to the Chairperson.

Role/Functions

- Approval of the operational guidelines for credit guarantee operations on rule based engine with respect to lending institutions registration, issuance of credit guarantee, claim, claim settlement and post claim settlement activities.
- Approval of investment policy of the Trust, and
- Approval of administrative policy of the Trust for day-to-day operations.

CHAPTER III

SCOPE AND EXTENT OF THE SCHEME

4. Eligible Borrower

Fisheries Cooperative Federations (including FISHCOPFED etc.) , Cooperatives, collective groups of fish farmers & fish produce groups etc. , Panchayat Raj Institutions/Self Help Groups (SHGs)/ NGOs , SCs/STs/Marginal Farmers, Women & entrepreneurs, Self Help Groups and cooperatives of these etc. , Private

companies/entrepreneurs , Physically disabled and individual farmers

5. Eligible credit facility under the Scheme

Credit facilities satisfying the following criteria shall be eligible for coverage under the Scheme:

- i. Loans cumulatively not exceeding Rs. 50 crore per eligible project under FIDF or limit as decided by CAC from time to time.
- ii. CAMC should have accorded in principle approval to the project signifying approval for grant of interest subvention.

6. Non-Eligibility of Credit Facilities under the Scheme

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

- i. in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India/or by the Government/or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity.
- ii. which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.
- iii. which could be classified as Fraud on the basis of the provisions of law
- iv. which is provided for any purpose which is not eligible for interest subvention under FIDF (such as acquisition of land and water bodies in any manner such as purchase, transfer, lease, accession/addition etc.
- v. granted to a borrower, who has earlier defaulted under any credit guarantee/insurance/indemnity scheme.
- vi. that is overdue for repayment/NPA taken over by ELI from any other lender or any other default converted into a credit facility.
- vii. which is overdue for payment.
- viii. which has been rescheduled or restructured on becoming overdue for repayment.

7. Credit Guarantee Cover and its period

- i. The maximum credit guarantee cover under the Scheme will be limited to 25% of the credit facility with a maximum ceiling of Rs. 12.50 crore.
- ii. The guarantee cover will commence from the guarantee start date and shall run through the agreed tenure of the loan.
- iii. In case of default, eligible claim shall be 25% of the Amount in Default subject to maximum cover as specified above.
- iv. Other charges such as penal interest, commitment charge, service charge, or any other levies/ expenses, or any costs whatsoever debited to the account of the borrower by the ELI other than the contracted interest shall not qualify for Credit Guarantee Cover.
- v. The Cover shall only be granted after the ELI enters into an Agreement with the Trust/Trustee (on behalf of Trust) for availment of credit guarantee under the Scheme and shall be granted or delivered in accordance with the Terms and Conditions decided upon by the Trust, from time to time.

8. Procedure to avail Guarantee Cover

Once CAMC has accorded in principle approval to the project signifying approval for grant of interest subvention, the ELI shall be required to apply for Guarantee Cover to the Trust in the specified format for credit proposals sanctioned by them within 90 days from the date of sanction.

CHAPTER IV

GUARANTEE FEE STRUCTURE

9. Guarantee Fee

- i. Annual Guarantee Fee (AGF) shall be charged @ 0.50% p.a. on the sanctioned amount of credit facility for the first year and on the outstanding amount of credit facility for the remaining tenure of the guarantee. Annual Guarantee Fee (from second year onwards) shall be calculated on outstanding amount as on 31st March of the previous financial year. However, if the loan is not fully disbursed, AGF shall continue to be charged on the Sanctioned amount, till full disbursement of the loan. It is clarified that the Annual Guarantee Fee is to be paid for the full year notwithstanding the date of final disbursement of loan. In no circumstances, there would a refund of such Annual Guarantee Fee paid.
- ii. Annual Guarantee Fee (first time fee) shall be paid to the Trust by the ELI

availing of the guarantee within 30 days from the date of issue of sanction letter for Credit Guarantee Cover (CGC) or such date as is specified by the Trust, failing which the Guarantee is liable to become void unless and until its continuance is specifically approved by the Trust.

- iii. The acceptance of Annual Guarantee Fee (first time fee) would be subject to the ELI certifying that :
 - a) Any dues of the Borrower to the ELI have not become overdue and/or is not an overdue/NPA credit facility taken over by the ELI and/or /is not a Credit Facility which has been rescheduled or restructured on becoming overdue.
 - b) The business or activity of the borrower for which the Credit Facility was granted has not ceased.
 - c) The credit facility has not been utilized, wholly or partly, for adjustment of any debt deemed as bad or doubtful of recovery.
- iv. The Annual Guarantee Fee (subsequent to first time fee) at specified rate (as specified above) on pro-rata basis for the second and last year of guarantee and in full for the intervening years would be paid by ELI to the Trust by 31st May each year. It is clarified here that while levying the Annual Guarantee Fee (first time fee), the fee is collected for the full 365 days from the guarantee start date and for the second and subsequent years in respect of already issued guarantees, the fee is collected till the end of financial year, excepting for the terminal year of guarantee where the fee is collected for the proportionate period.
- v. Annual Guarantee Fee with respect to NPA accounts would continue to be paid till lodgement of claim for such accounts. It is clarified that the Annual Guarantee Fee is to be paid for the full year notwithstanding the date of lodgement of claim. In no circumstances there would a refund of such Annual Guarantee Fee paid.
- vi. The decision of passing on the incidence of Annual Guarantee Fee to the Borrower is left to the discretion of the Eligible lending institution.
- vii. In the event of non-payment of Annual Guarantee Fee (subsequent to first time fee) by the due date, the Guarantee under the Scheme shall cease to be available to the lending institution unless the Trust agrees for continuance of Guarantee cover and the lending institution pays the Annual Guarantee Fee and penal interest thereon at 10% p.a or such other rate as may be specified

by the Trust for the period of delay. The Guarantee shall stand restored on receipt of such payments and shall be deemed to have been in continuance without break.

- viii. Provided further that in the event of non-payment of Annual Guarantee Fee within the stipulated time or such extended time as may be requested for by the lending institution and allowed on such terms that may be agreed to by the Trust, liability of the Trust to guarantee such credit facility shall lapse in respect of the credit facility against which the Annual Guarantee Fee is due and not paid.
- ix. Provided further that the Trust may consider renewal of Guarantee Cover for such credit facility upon such terms and conditions as it may decide.
- x. In the event of any error or discrepancy being found in the computation of the amount or in the calculation of the Annual Guarantee Fee, or any shortfall in payment by the lending institution, if subsequently identified, such deficiency/ shortfall shall be paid by the lending institution to the Trust. Any amount found to have been paid in excess by the lending institution to the Trust shall be refunded by the Trust. In the event of any representation made by the lending institution in this regard, the Trust shall take a decision based on the available information with it and the clarifications received from the lending institution, and its decision shall be final and binding on the lending institution.
- xi. The guarantee fee once paid by the lending institution is non-refundable, except under certain circumstances like:
 - a) Excess remittance
 - b) Remittance made more than once against the same credit facility, and
 - c) Annual Guarantee Fee not due.
 - d) Guarantee fee paid in advance but application not approved for guarantee cover under the scheme, etc.
- xii. There shall be no refund of proportionate AGF in case of pre-closure of account.
- xiii. Trust reserves the right to introduce risk premium based differential rates (Guarantee Fee structure) under the Scheme at a later date.

10. Responsibilities of Lending Institutions under the Scheme

ELI shall:

- i. appraise each loan proposal for selecting commercially viable projects and

- submit the Guarantee Application in the form and manner desired by the Trust.
- ii. carry out processing, legal work and documentation for sanction of the loan in accordance with the requirements of the ELI and the terms and conditions of the Scheme.
 - iii. monitor the Borrower account and maintain records of periodical monitoring and actions initiated on observations, if any.
 - iv. undertake regular desk and /or field monitoring of the borrowing units.
 - v. safeguard the securities taken from the borrower in respect of the credit facility in good and enforceable condition.
 - vi. ensure that there shall not be any delay on its part to notify the Trust of the default in the Borrower's Account, as a result of which, the Trust shall face higher Guarantee Claims.
 - vii. ensure that the Guarantee Claim in respect of the credit facility to the Borrower is lodged, in the form and manner and within such time as may be specified by the Scheme.
 - viii. note that the payment of Guarantee Claim by the Trust to the lending institution does not in any way absolve the lending institution of the responsibility of recovering the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all necessary precaution and take recourse to all measures to recover from the borrower the entire amount of credit facility that is owed to it by the borrower and safeguarding the interest of the Trust as it shall exercise in the normal course if no guarantee had been furnished by the Trust.
 - ix. be bound to comply with such directions as the Trust may deem fit to issue from time to time, for facilitating recoveries of the guaranteed account, or safeguarding its interest as a guarantor.
 - x. refrain from any act either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trust as the guarantor.
 - xi. be bound under the Scheme to intimate in advance to and obtain prior permission of the Trust, its intention to enter into any compromise or arrangement, which may have effect of discharge or waiver of security.
 - xii. secure for Trust 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 Trust or

NABSanrakshan or Integrated Portal.

11. Monitoring by NABSanrakshan

NABSanrakshan shall be authorized to call for any reports of such monitoring by ELI, if it deems fit.

CHAPTER V

CLAIMS

12. Invocation of Guarantee

The ELI may invoke the guarantee in respect of credit facility within a maximum period of 36 months from the date of NPA or any extended period allowed by the Trust. The Guarantee could be invoked after the following conditions are satisfied:

- i. The amount due and payable to the ELI in respect of the Credit Facility has not been paid by the Borrower and the loan account has been classified by ELI as NPA. Provided that the lending institution shall not make or be entitled to make any claim on the Trust in respect of the said credit facility, if the loss in respect of the said credit facility had occurred owing to actions /decisions taken contrary to or in contravention of the instructions issued by the Trust.
- ii. The account should not have been classified as fraud/wilful defaulter by the ELI.
- iii. The Guarantee in respect of the concerned Credit Facility is in force at the time of account turning NPA.
- iv. Lock-in-period of 18 months has lapsed.
- v. The claim is forwarded to the Trust through ELI's Controlling Office.
- vi. The ELI shall exercise all necessary precaution and take recourse to all measures to recover the entire amount of credit facility from the borrower as per its Board approved policy before submitting the claim.
- vii. Credit facility has been recalled and the recovery proceedings have been initiated under due process of law against the borrower (DRT, Civil Court, Lok Adalat, RRA, SARFAESI etc.)

13. Claim Settlement

- i. The Trust reserves the right to reject any Claim where the Guidelines have

not been strictly followed or if any misrepresentation or concealment of facts is found leading to undue favour to the concerned borrower.

ii. Claim. Settlement process shall be as under :

Claim Settlement Process			
I Claim settlement shall be in two instalments/phases as under :			
Sr.	Eligible claim*	1 st instalment of claim	2 nd instalment of claim
a.	Upto Rs. 3 crore	75%	25%
b.	Above Rs. 3 crore and upto Rs. 5 crore	60%	40%
c.	Above Rs. 5 crore	50%	50%
<p>Requirements for Claim Settlement (1st instalment):</p> <ul style="list-style-type: none"> • Invocation of Guarantee as per criteria laid down under Clause 12. <p>Timelines for Claim Settlement (1st instalment):</p> <p>Trust shall settle the claim within 90 days from the date of lodgement of 1st claim, subject to the claim found to be in order and complete in all respects.</p> <p>Requirements for Claim Settlement (2nd instalment):</p> <ul style="list-style-type: none"> • Request for release of 2nd claim by ELI**. • Audit of the case by CAG empanelled CA firm approved by I&CSC (<i>for eligible claim above Rs. 3 crore</i>) and • Clearance of claim pay-out from I&CSC. <p>Timelines for Claim Settlement (2nd instalment):</p> <p>Trust shall settle the second claim within 90 days from the date of lodgement of 2nd claim, subject to the claim found to be in order and complete in all respects.</p>			
<p>II For accounts, which turn NPA within one year from the date of first disbursement or within one year of end of moratorium of principal, following claim settlement process shall be followed irrespective of the Eligible Claim amount.</p> <p>Process:</p> <p>Claim shall be settled in two instalments (1st instalment: 25% and 2nd</p>			

instalment: 75%)

Requirements for Claim Settlement (1st instalment):

- Invocation of Guarantee as per criteria laid down under Clause 12.

Timelines for Claim Settlement (1st instalment):

Trust shall settle the claim within 90 days from the date of lodgement of claim, subject to the claim found to be in order and complete in all respects.

Requirements for Claim Settlement (2nd instalment):

- Request for release of 2nd claim by ELI**.
- Special Audit of the case by CAG empanelled CA firm approved by I&CSC and
- Clearance of claim pay-out from I&CSC.

Timelines for Claim Settlement (2nd instalment):

Trust shall settle the second claim within 180 days from completion of Audit, subject to the claim found to be in order and complete in all respects.

** **Eligible Claim:** 25% of the Amount in Default subject to Maximum Guarantee cover*

*** **Request for release of 2nd claim by ELI:** This could be made on conclusion of recovery proceedings/after three years of obtention of decree of recovery, whichever is earlier. In cases where the legal action has been initiated under SARFAESI Act or Revenue Recovery Authority, the ELIs shall be allowed to lodge 2nd claim after the lapse of three years from date of action (possession date) under Section 13(4) of SARFAESI Act and the date of Recovery Certificate issued by the Tehsildar respectively subject to following confirmation from the ELIs:*

- Personal Guarantees have been invoked and no further recovery is possible.*
- No tangible secured assets have been left for disposal and no further recovery is possible*
- The entire recoveries made in the account have been duly indicated in the 2nd claim application.*

- Each claim settlement shall be subject to clearance from I&CSC. For operational convenience, wherever it is feasible (on first come first serve basis) release of first instalment of claim shall be made before clearance

from I&CSC. However, the ELI shall be liable to refund the Claim released by the Trust if the claim settlement is subsequently revised/ rejected by I&CSC.

- ii. The ELI shall continue to make efforts to realize the balance amount due from the defaulting borrower even after settlement of the Guarantee.
- iii. Once the Claim is paid, the Trust shall be deemed to have been discharged from all its liabilities on account of the Guarantee in force in respect of the Credit Facility concerned.

14. Subrogation of Rights and Recoveries on Account of Claims Paid

- i. Details of efforts for recovery, realization and such other information as may be demanded by the Trust from time to time shall be furnished to the Trust by the ELI.
- ii. On its own behalf and on behalf of the Trust, the ELI shall hold lien on securities extended by the Borrower to the ELI for credit facility covered under the Scheme.
- iii. The responsibility for the recovery of dues, including takeover of assets, sale of assets, etc., shall rest with the ELI.
- iv. Payments made by a borrower towards any one or more of several distinct and separate debts owed to the ELI shall be deemed to have been appropriated by the ELI 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 by the ELI.

CHAPTER VI

MISCELLANEOUS

15. Appropriation of amount received from the lending institutions

The amount received from the lending institutions shall be appropriated in the order in which the Annual Guarantee Fee, penal interest and other charges have fallen due. If the Annual Guarantee Fee and the penal interest have fallen due on the same date, then the appropriation shall be made first towards Annual Guarantee Fee and then towards the penal interest and finally towards any other charges payable in respect of the eligible credit facility.

16. Residual Recovery /Appropriation of amount realized by the lending

institution in respect of a credit facility after the guarantee has been invoked

In case of any recovery made by the ELI from the borrower subsequent to release of 1st claim by the Trust, proportionate share of Trust in such recoveries (after adjustment of the legal costs incurred by ELI for recovery of the amount) shall be passed on by ELI to the Trust. Such amounts shall be passed on to the Trust on half yearly basis (i.e. after March 31st and after September 30th) within 60 days of the end of the Half year in which the recoveries were made. If any amount due to the Trust remains unpaid beyond the said period, penal interest shall be payable to the Trust by the lending institution at the rate of 10% p.a. or any rate as specified by the Trust, from time to time, for the period of delay.

17. Refund of Claim

The ELI shall be liable to refund the Claim released by the Trust together with the penal interest at a rate of 10% p.a or as specified by the Trust, from time to time, for the period for which the Claim has been released, if recalled by the Trust in the event of:

- i. serious deficiencies having existed in the matter of appraisal/follow up/conduct of credit facility or
- ii. where the account is declared fraud/wilful defaulter or
- iii. where lodgement of claim was more than once or
- iv. where there existed suppression of any material information on part of lending Institution for settlement of claim or
- v. where the claim settlement is subsequently revised/ rejected by I&CSC.

The lending Institution shall pay such penal interest, when demanded by the Trust, from the date of initial release of the claim by the Trust to the date of refund of the claim. Erroneous/duplicate payment of claim by the Trust shall not be construed as recall.

18. Termination of Trust's Liability in Certain Cases

- i. The Guarantee in respect of the Credit Facility extended by an ELI to a Borrower under the Scheme shall be deemed to be terminated, if the liabilities of a borrower to the lending institution on account of any eligible Credit Facility guaranteed under this Scheme are transferred or assigned to any other borrower without the consent of the Trust which shall be sought

by the ELI or the Borrower in writing stating the reasons for the transfer/ assignment and if the conditions as to the eligibility of the borrower and the amount of the facility and any other terms and conditions, if any, subject to which the credit facility can be guaranteed under the Scheme are not satisfied after the said transfer or assignment, from the date of the said transfer or assignment.

- ii. The liability of the Trust in respect of any credit facilities granted to a borrower by an ELI under the Scheme shall be limited to the liability of the Borrower to the ELI as on the date on which the Borrower becomes ineligible for being granted any credit facilities under the Scheme, by reason of cessation of its activity , however, to the limits on the liability of the Trust fixed under this Scheme.

19. Returns and Inspections

- i. The ELI shall submit such statements and furnish such information as the Trust may require in connection with any credit facility under this Scheme. The ELI shall also furnish to the Trust 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 ELI or any officer thereof for anything done in good faith.
- ii. The Trust 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 ELI, and of any borrower from the ELI. Such inspection may be carried out either through the Trust or any other person /agency appointed by the Trust for the purpose of inspection. Every officer or other employee of the ELI or the borrower, who is in a position to do so, shall make available to the Trust or the person/agency appointed for the inspection as the case may be, the books of account and other records and information which are in his possession.

20. General

- i. The terms & conditions of the Scheme shall be binding on the ELI.
- ii. Any Guarantee given by the Trust shall be circumscribed by & governed by

the provisions of the Scheme and terms and conditions laid down by the Trust as if the same had been written in the documents evidencing such Guarantee.

- iii. An ELI that seeks and is granted Guarantee Cover for an eligible Credit Facility to a Borrower under the Scheme shall be deemed to have understood and accepted the Terms and Conditions of the Scheme and other Terms and Conditions of the Trust in this regard as being legally binding on itself.
- iv. The ELI shall as far as possible, ensure that the conditions of any contract relating to an account guaranteed under the Scheme are not in conflict with the provisions of the Scheme.
- v. Notwithstanding any provision in any other document or contract entered into by the ELI, the provisions / conditions of the Scheme shall override all such other provisions as if this conditionality had been written in the relevant document/contract and shall in relation to the Trust be, bound by the conditions imposed under the Scheme.

21. Modifications and Exemptions

- i. The Trust reserves the right to modify, cancel or replace the Scheme in any manner whatsoever that it deems necessary, however so ensuring that the rights or obligations arising out of, or accruing under a guarantee issued under the scheme up to the date on which such modification, cancellation or replacement comes into effect, shall not be affected.
- ii. Notwithstanding anything contained herein, the Trust shall have the right to alter the Terms and Conditions of the Scheme or otherwise in regard to an Account in respect of which Guarantee has not been invoked as on the date of such alteration.
- iii. In the event of the Scheme being cancelled, no claim shall lie against the Trust in respect of facilities covered by the Scheme, unless the provisions contained in the Scheme are complied with by the ELI prior to the date on which the cancellation comes into force.

22. Interpretation

The decision of the Trust shall be final 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.

23. Supplementary and General Provisions

In respect of any matter not specifically provided for in this Scheme, the Trust may make such supplementary or additional provisions or issue such instructions or clarifications as may be necessary for the purpose of the Scheme and the ELI shall comply with the same.

24. Arbitration

Disputes, if any, arising out of the Agreement shall be resolved through mutual consultation, failing which the Arbitration by a sole Arbitrator chosen by the concerned ELI and NABSANRAKSHAN in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and its up-to-date amendments shall be resorted to. The venue of the Arbitration shall be at Mumbai.
