Abstract

This document summarizes functional needs of credit guarantee business for new guarantee issuance & their updates for Mudra loan scheme.  
This scheme is a portfolio scheme. Intention is to collate & track functional specifications of underlying business processes for Mudra loan guarantee business and provide a firm base for further interpretations of software requirements & specifications.

Business Requirement Document

Mudra Loan – Portfolio Credit Guarantees

**Document Version History**

|  |  |  |  |
| --- | --- | --- | --- |
| Version No. | Remarks | Date | Author |
| 1.0 | Baseline | 18-May-2016 | Sachin Patange |
| 2.0 | First Revision – to calculations, portfolio for retrospective, eligibility rules, billing mode | 24-July-2016 | Sachin Patange |
| 3.0 | Final Revision –   * Incorporating rules for current/retro and update. Review comments for billing as well. * Also full functionality for portfolio management * Portfolio Window Management | 27-Nov-2016 | Sachin Patange |
| 4.0 | Change in billing condition – such that those loan records are NOT considered for billing whose days difference till end of Portfolio FY since date of First Disbursement is Negative. | 18-Apr-2017 | Sachin Patange |
| 5.0 | Revisions as per CG Operations | 29-Apr-2017 | Sachin Patange |
| 6.0 | - Incorporated Billing for claim lodgment cases  - changes to NPA rules (in updates and retrospective new cases)  - GST billing related  - Incase of Updates, changes to validation of O/s amt.  - Incase of Updates, changes to validation of FDA. | 8-Aug-2017 | Sachin Patange |
| 7.0 | Revisions done as below:   * Rule for Update - Modified Sanction Amount/Date * Rule for Negative Outstanding Amount * Ignoring subsequent First Disbursement Amount and First Disbursement Date * A New rule for MUDRA scheme (Update file) to limit the modified sanction amount of all loan accounts for a customer till 10Lacs only. Only For S, K T Loan Types. | 30-Oct-2017 | Sachin |
| 8.0 | Revisions done as below:   1. New Rules – Current Portfolio:    1. Maximum Limit for PMMY loans – for calculating the summation of loans for a customer, loans which are closed (by MLI/NCGTC are not considered)    2. Duplicate Check for MLI + Loan A/c No. is introduced when records are transited from temporary to permanent CG table. 2. New Rules – Retrospective Portfolio:    1. Maximum Limit for PMMY loans – for calculating the summation of loans for a customer, loans which are closed (by MLI/NCGTC are not considered)    2. Duplicate Check for MLI + Loan A/c No. is introduced when records are transited from temporary to permanent CG table. 3. Update rules –    1. Maximum Limit for PMMY loans – for calculating the summation of loans for a customer, loans which are closed (by MLI/NCGTC are not considered), in earlier rule invoked cases were not considered for summation. Now invoked is considered    2. First Disbursement Date (FDD) (for each customer id of loan a/c) – when FDA & FDD is provided by MLI for first time, then it is checked, if it is Earlier to Original Sanction Date (of File Type 1).    3. Allow closure of undisbursed loan accounts    4. Duplicate Check for MLI + Loan A/c No. + Scheme + Status is introduced – atleast one active CG record should exist. |  |  |
| 9.0 | Whenever, MLI Approver approves the Batch Claim file, the date of approval will be considered as ‘Claim Lodgment Date’. For those CG’s, whose claim has been invoked, their calculation of CG Charges will be considered till this claim lodgment date only. | 3-Feb-2018 | Sachin |
| 10.0 | Modifications to NPA Rules | 11-Jun-2018 | Sachin |
| 11.0 | Rule on NPA date to compare with file upload date (file for requesting new CG) | 18-Aug-2018 | Sachin |
| 12.0 | Validation rule: Modified Sanctioned amount removed.  Outstanding amount comparison with sanctioned amount. | 26-Mar-2020 | Satyan |
| 13.0 | Portfolio Migration, existing portfolio to migrated portfolio | 3-Apr-2020 | Satyan |
| 14.0 | Surge Enhancements | 31-Oct-2020 | Supriya Shinde |
| 15.0 | Updated Cr Points | 25-May-2023 | Supriya Shinde-Dhuri |
| 16.0 | Updated BRD as per NCGTC comments | 05-July-2023 | Supriya Shinde-Dhuri |

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**Glossary**

Glossary of Important Terms used in this document.

|  |  |  |
| --- | --- | --- |
| S. No. | Term | Description |
| 1 | BATCHDAN | Batch Demand Advisory Number - a Unique Credit Guarantee Demand Number generated by NCGTC processing system for demand of CG Fees for batch of loan records which MLI needs to pay to avail the CG cover. |
| 2 | CG | Credit Guarantee |
| 3 | CGDAN | Credit Guarantee Demand Advisory Number - a Unique Credit Guarantee Demand Number generated by NCGTC processing system for each loan record demand of CG Fees which MLI needs to pay to avail the CG cover. |
| 4 | CGPAN | Credit Guarantee Permanent Account Number – a Unique Credit Guarantee Number generated by NCGTC processing system while issuing the Credit Guarantee. |
| 5 | DDMMYYYY | DD- Date; MM-Month; YYYY-Year (4 digit) |
| 6 | eGov Standards | E Government Standards – Information Technology Standards. |
| 7 | FY | Financial Year |
| 8 | IFSC | An Indian Financial System Code - an alphanumeric code that uniquely identifies a bank-branch. |
| 9 | MLI | Member Leading Institute. These will be Banks, Factors, and Para- Banks etc. Institutes predominantly in business of Money Lending’s. |
| 10 | NPA | Non-Performing Asset |
| 11 | NCGTC | National Credit Guarantee Trustee Company Ltd |
| 12 | SURGE | Software System Developed and Commissioned by NCGTC for Managing Credit Guarantee Business Process.  *SURGE – System for Underwriting, Reassurance & Guarantee Endorsement* |
| 13 | SC | Scheduled Caste |
| 14 | ST | Scheduled Tribe |
| 15 | Gen | General |
| 16 | XML | Extensible Markup Language (**XML**) is a markup language that defines a set of rules for encoding documents in a format which is both human-readable and machine-readable. It is defined by the W3C's XML 1.0 Specification and by several other related specifications, all of which are free open standards. |
| 17 | FDD | Date of First Disbursement |
| 18 | LAFDD | Date of First Disbursement in Loan Application Table (main table related to CG’s in SURGE) |
| 19 | TVFDD | Date of First Disbursement in Temporary Validation Table (staging table related to CG’s in SURGE) |

## **Introduction**

For purpose of guaranteeing payment against default in micro loans extended to eligible borrowers by Banks/NBFCs /MFIs / Other financial intermediaries – this scheme of guarantees - Credit Guarantee Fund for Micro Units (CGFMU) has been designed.

This scheme of guarantees has come into force from the date notified by the Government of India and micro loans sanctioned since 8th April 2015 with features covered under the Scheme.

This guaranteed scheme is particularly Portfolio credit guarantee scheme – wherein the portfolio building period is known as ‘Base Year’ or ‘Base Period’ (and is one year duration). This portfolio is crystallized at the end of financial year (31st March). Three complete financial years from the end of the date of crystallization of the portfolio is known as ‘Currency of Portfolio’.

NCGTC extends guarantee to the Micro Loans extended by Member Lending Institutions to an eligible borrower for Pradhan Mantri MUDRA Yojana, MUDRA Ltd. They are presently defined as under:

* Shishu: covering loans upto 50,000.
* Kishor : covering loans above 50,000/- and upto 5 lakh
* Tarun : covering loans above 5 lakh and upto 10 lakh
* Further, Overdraft facility of Rs. 10,000/- sanctioned under PMJDY accounts shall also be eligible to be covered under Credit guarantee Fund.
* Also, Micro loans up to Rs.10 lakhs set up under Joint Liability Group (JLG) framework, individually or jointly falling under any sector covered under PMMY or as defined in the MSMED Act, 2006, accounts shall also be eligible to be covered under credit guarantee fund.
* The guarantee fees charged on MUDRA loans up to Rs.5 lakhs established by Women SHG members reimbursed by Ministry to MLI. (In progress- not in production).

### **Fund & Docket Construct**

Currently it is being envisaged that this scheme has one docket. These dockets have codes - ‘GEN’. Schematic relation for the Trust, Fund, Scheme and Docket Relation is as below:

## **Input File Layout**

This section specifies the layout of input file which MLI’s needs to send for their respective Loan information’s to request issuance of credit guarantees and/or Continuity of the credit guarantees from NCGTC.

### **Layout: Input File – New Loan Information**

Input file layout for new loan information for PMMY to be included in the portfolio during the Base Period:

Refer the spread sheet - Mudra Scheme - New and Update Input Layout for the fields included, Mandatory/optional level, allowed characters and usage of codes wherever applicable.

**Note:**

* Customer ID has been included in layout
* There will be scenarios where once customer ID has multiple associated Loan Accounts (which are either Term Loan Or Composite Loan OR Limit in nature)



### **Layout: Input File – Update Loan Details for Covered Loans**

Input file layout for existing loan information included in the portfolio with supplementary information during the Base Period and Currency of the Portfolio:

Refer the spread sheet - Mudra Scheme - New and Update Input Layout for the fields included, Mandatory/optional level, allowed characters and usage of codes wherever applicable.

## **Input File Format Processed By SURGE**

SURGE will accept input file from MLI(s) in following format only:

* XML layout



XML is the only format permissible as per eGov standards. SURGE will **NOT** process files received in any other formats than those listed above.

Refer - Mudra Scheme - Sample XML Layout for New Credit Guarantee Request and Mudra Scheme - Sample XML Layout for Updating Credit Guarantee Request – for XML layout of the file – in which MLI’s will need to send their loan information data to NCGTC for requesting new CG or updating the loan information of existing CG.

## **Preparation of Input File**

This section describes the process for preparation of input file which MLI needs to send to NCGTC. MLI’s need to prepare and send TWO separate files, each having a different layout. The purpose of these two files is:

1. New Loan Information – Loan Details for including in Portfolio during the Base Period only.
2. Update Loan Details for Covered Loans – update details of the loans already included in the portfolio (during base period and/or currency of portfolio). MLI needs to send this data if there are any updates to the loan account. It is agreed that – MLI’s will need to send these updates as per the window time notified by NCGTC.

### **New Loan Information – For Inclusion in Portfolio during Base Period**

As a part of MLI’s loan business at their end, they will sanction and disburse PMMY Loans or issue Overdraft to PMJDY Account holders. While doing these sanctions and disbursement, MLI’s will:

1. Undertake various business checks and validations to ascertain the eligibility of the borrower.
2. Disburse loan amount in full or in partial.
3. Maintain relevant details of the loan account(s) in their IT system *(Presuming Core Banking System).*

Whilst the above activities from the loan business perspective are being done by the MLI’s, they *may* essentially leverage the benefit of NCGTC’s Mudra Guarantee Scheme.

As a part of this scheme, MLI’s are advised to send their requests to NCGTC for inclusion in the portfolio during the base period only of a given portfolio in following steps:

1. At regular frequency (indicated above) MLI’s needs to extract the loan information from their IT system for all those loan accounts for which they need new CG in a file, called as ‘New Loan Details for CG’. Information to be extracted in the layout mentioned in section 1.2.1 and in the format mentioned in section 1.3. Refer section 1.4 while preparing this file and when to upload this file.
2. MLI’s need to select the portfolio in which these updates are applicable (either in retrospective or current portfolio).
3. Upload this file on the NCGTC system in *‘non-approved’* state by MLI user account. The file needs to be uploaded against a specific ‘Scheme’. Internally for this scheme, the system has one docket which is – ‘GEN’ – wherein certain scheme specific parameters are defined.
4. Till the specified period (communicated by NCGTC) MLI is permitted to upload and/or re-upload the input file multiple times. Thus, allowing MLI’s to append, edit and delete the NEW loan account information multiple times and in *‘non-approved’* state.
5. Final submission of the ‘Approved’ input file will be effective once MLI accepts the ‘Management certificate - Terms & Conditions’. Post the approved state – the input file is sent for approval by NCGTC user.
6. After final verification of the input file by MLI approver user account (created by their own MLI Administrator), and NCGTC user the state of the input file is changed as *‘Approved’* state.
7. The approved state of input file also means the loan information is inserted in the selected portfolio.

### **Update Loan Details for Covered Loans - For Inclusion in Portfolio during Base Period & Currency Period**

Status of the loans which are included in the portfolio may undergo change. To update these changes in the portfolio – NCGTC will accept file - Update Loan Details for Covered Loans and follow these steps:

1. At regular frequency (indicated above) MLI’s needs to extract the loan information from their IT system for all those loan accounts whose details they wish to update in a file, called as ‘Update Loan Details for Covered Loans’. Information to be extracted in the layout mentioned in section 1.2.2 and in the format mentioned in section 1.3. Refer section 1.4 while preparing this file and when to upload this file.
2. MLI’s need to select the portfolio in which these updates are applicable (either in retrospective or current portfolio).
3. Upload this file on the NCGTC system in *‘non-approved’* state by MLI user account. The file needs to be uploaded against a specific ‘Scheme’. Internally for this scheme, the system has one docket which is – ‘GEN’ – wherein certain scheme specific parameters are defined.
4. Till the specified period (communicated by NCGTC) MLI is permitted to upload and/or re-upload the input file multiple times. Thus, allowing MLI’s to append, edit and delete the Update loan account information multiple times and in *‘non-approved’* state.
5. Final submission of the ‘Approved’ input file will be effective once MLI accepts the ‘Management certificate - Terms & Conditions’. Post the approved state – the input file is sent for approval by NCGTC user.
6. After final verification of the input file by MLI approver user account (created by their own MLI Administrator), and NCGTC user the state of the input file is changed as *‘Approved’* state.
7. The approved state of input file also means the loan information is inserted in the selected portfolio.

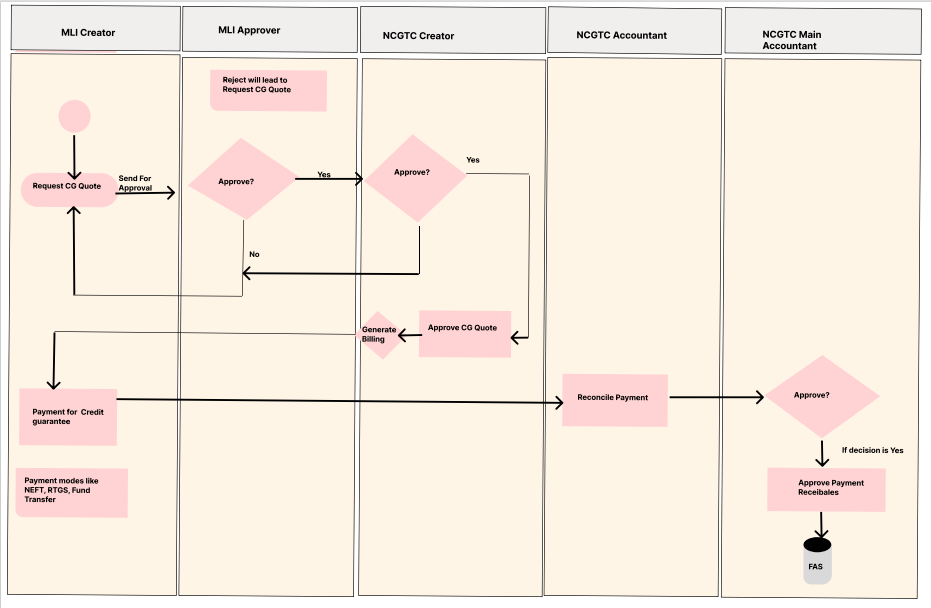
### **Summary - Preparing & Uploading the Input File**

**Note**: MLI’s are expected to perform these steps in the stipulated time communicated by NCGTC to MLI’s.

**Note**: - In Home Page at NCGTC side – Two additional fields provided as **Portfolio ID and Portfolio Status** and user can export to excel home page data. Wherever the Home page is available these details will display, and users can export data in excel.

### 

### **1.4.4 Process Flow- Input File and Payment Management**



## **Portfolio Management**

This section provides information on the activities which can be performed on the portfolio.

### **Portfolio Creation**

Portfolio needs to be created for the MLI registered with NCGTC and enrolled for this scheme. On creation of portfolio – its portfolio ID is created, this unique identification number is used for traceability and management of portfolio in SURGE system.

Portfolio Identifier follows a specific format:

Rules for Portfolio Creation:

1. MLI Code - Can be any 4-character string. No duplicates allowed for this code.
2. Financial Period:
   1. Only one portfolio can be created as current portfolio.
   2. Portfolio cannot be created for next FY.
   3. NCGTC user can create multiple portfolios which are retrospective but maximum to 3.
   4. A user cannot create retrospective portfolios for current FY. It should always be prior to current FY.
   5. A user can create retrospective portfolio up to FY 2015-16 and not prior than this.
   6. It is must to have one current year portfolio.
3. Current or Retrospective Portfolio – This identifier has two values either ‘R’ or ‘C’. ‘C’ value will be used for portfolio for current FY period only. ‘R’ value will be used for portfolio having FY period older than current FY only.
4. When a portfolio is created – apart from Portfolio ID – a CGPAN is allotted to this portfolio. Refer section 1.5.2 for format of CGPAN. (*since creation of retrospective portfolio has a rule till what previous years it will be created, hence it needs to know the ‘From’ year which is defined by current portfolio – hence there is a business need to create the current portfolio first*)

Illustration:

Consider the following chart:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year of MLI Registration |  | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
| 2015-16 |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |  |  |  |  |  |
| 2016-17 |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |  |  |  |  |
| 2017-18 |  |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |  |  |  |
| 2018-19 |  |  |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |  |  |
| 2019-20 |  |  |  |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |  |
| 2020-21 |  |  |  |  |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 | C7 |
| 2021-22 |  |  |  |  |  |  |  | BP | C1 | C2 | C3 | C4 | C5 | C6 |
| 2022-23 |  |  |  |  |  |  |  |  | BP | C1 | C2 | C3 | C4 | C5 |
| 2023-24 |  |  |  |  |  |  |  |  |  | BP | C1 | C2 | C3 | C4 |
| 2024-25 |  |  |  |  |  |  |  |  |  |  | BP | C1 | C2 | C3 |
| 2025-26 |  |  |  |  |  |  |  |  |  |  |  | BP | C1 | C2 |
| 2026-27 |  |  |  |  |  |  |  |  |  |  |  |  | BP | C1 |
| 2027-28 |  |  |  |  |  |  |  |  |  |  |  |  |  | BP |

If a MLI is enrolled for this scheme in year 2016-17, then NCGTC needs to create portfolios as below:

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Portfolio Type** | **Portfolio Name** |
| 1 | Retrospective | MUDCCCC20152016R |
| 2 | Current | MUDCCCC20162017C |

If a MLI is enrolled for this scheme in year 2020-21, then NCGTC needs to create portfolios as below:

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Portfolio Type** | **Portfolio Name** |
| 1 | Retrospective | MUDAAAA20192020R |
| 2 | Retrospective | MUDBBBB20182019R |
| 3 | Retrospective | MUDCCCC20172018R |
| 4 | Current | MUDCCCC20202021C |

### **Portfolio Status Values**

Each Portfolio will have a specific status assigned by the system to denote its position in its life-cycle.

Status assigned during Base Period:

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Portfolio Status | Current Portfolio | Retrospective Portfolio |
| 1 | Base Period – Q1 | * When the portfolio is created in current FY Quarter 1 (i.e. in month Apr-to-June)   OR   * When the portfolio is created in current FY Quarter 2 (i.e. in month Jul-to-Sep) | - |
| 2 | Base Period – Q2 | * When the portfolio is created in current FY Quarter 3 (i.e. in month Oct-to-Dec) | - |
| 3 | Base Period – Q3 | * When the portfolio is created in current FY Quarter 4 (i.e. in month Jan-to-Mar) | - |
| 4 | Base Period – Q4 | * When the portfolio is created in Quarter 1 of next FY (i.e. in month Apr-to-June) | This will be default status value when created |
| 5 | Crystallized | Post ‘Base Period – Q4’ | Post ‘Base Period – Q4’ |

Status assigned during Currency Period:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S. No. | Portfolio Status | Current Portfolio | Retrospective Portfolio | Migrated Portfolio |
| 1 | Currency Period I | Post ‘Crystallized’ state | Post ‘Crystallized’ state |  |
| 2 | Currency Period II | Post ‘Currency Period I’ | Post ‘Currency Period I’ |  |
| 3 | Currency Period III | Post ‘Currency Period II’ | Post ‘Currency Period II’ |  |
| 4 | Currency Period IV | Post ‘Currency Period III’ | Post ‘Currency Period III’ |  |
| 5 | Currency Period V | Post ‘Currency Period IV’ | Post ‘Currency Period IV’ | Migrated Portfolio |
| 6 | Currency Period VI | Post ‘Currency Period V’ | Post ‘Currency Period V’ | Migrated Portfolio |
| 7 | Currency Period VII | Post ‘Currency Period VI’ | Post ‘Currency Period VI’ | Migrated Portfolio |

### **Portfolio Transitions**



Each Portfolio is transited to its next state by NCGTC User. There are however following pre-conditions for the respective transitions:

(**Note: -Set for Tr Rules ansition of Portfolio: -**

1. **For (Base period 4 i.e Q4 to all Currency periods) - Transition not possible for payments are pending for portfolio.**
2. **In case data is not uploaded for Base period 4 to all Currency periods and user transit the portfolio system will prompt alert to be displayed.**
3. **Transition of Portfolio to be allowed Only Billing and payment done for previous portfolio Periods.**

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Portfolio Status | | Pre-Conditions |
| Pre-Transition Status | Post-Transition Status |
| 1 | Base Period – Q1 | Base Period – Q2 | * Input Data for New CG Request is received within stipulated time * Billing Cycle is executed – Refer 1.8.1 section * Payment is received from MLI |
| 2 | Base Period – Q2 | Base Period – Q3 | * Input Data for New CG Request is received within stipulated time * Update Data (if applicable) is received within stipulated time * Billing Cycle is executed – Refer 1.8.1 section * Payment is received from MLI |
| 3 | Base Period – Q3 | Base Period – Q4 | * Input Data for New CG Request is received within stipulated time * Billing Cycle is executed – Refer 1.8.1 section * Payment is received from MLI |
| 4 | Base Period – Q4 | Crystallized | * Input Data for New CG Request is received within stipulated time * Update Data (if applicable) is received within stipulated time * Billing Cycle is executed – Refer 1.8.1 section * Payment is received from MLI * In case data is not uploaded for particular quarter (Base Period) then alert prompt to be displayed. |
| 5 | Crystallized | Currency Period I | * No data updating * No Billing Cycle is executed * No Payment is received from MLI |
| 6 | Currency Period I | Currency Period II | * Update Data (if applicable) is received within stipulated time * Billing Cycle is executed – Refer 1.8.2 section * Payment is received from MLI * Set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 7 | Currency Period II | Currency Period III | * Update Data (if applicable) is received within stipulated time * Claim Lodgment (Interim) & Settlement * Firstly, Billing Cycle execution and charge CG Fees only on “Standard” and “NPA” loan account numbers. Consider Accounts with state “Guarantees in-force” state i.e. 30010 for billing. * Billing Cycle is executed – Refer 1.8.2 section * Payment is received from MLI * Set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 8 | Currency Period III | Currency Period IV | * Update Data (if applicable) is received within stipulated time * Claim Lodgment (Interim) & Settlement * Billing Cycle is executed – Refer 1.8.2 section * Payment is received from MLI * Claim Lodgment & Settlement * set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 9 | Currency Period IV | Currency Period V | * Update Data (if applicable) is received within stipulated time * Payment received from MLI. * Once billing done, then only Final Claim lodgment and settlement should happen.( For Cp4 billing should be done on all standard accounts as on 31st March of the CP3 period ) * set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 10 | Currency Period V | Currency Period VI | * Update Data (if applicable, only those accounts which were considered for CPIV billing) is received within stipulated time * Claim Lodgment (Interim) & Settlement * Billing Cycle is executed – Refer 1.8.2 section * Payment is received from MLI * set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 11 | Currency Period VI | Currency Period VII | * Update Data (if applicable, only those accounts which were considered for CPIV billing) is received within stipulated time * Claim Lodgment (Interim) & Settlement * Billing Cycle is executed – Refer 1.8.2 section * Payment is received from MLI * Claim Lodgment & Settlement * set for Transition where transition of Portfolio to be allowed only Billing and payment of Currency Period and approval on previous currency period is pending. |
| 12 | Currency Period VII | Close | * Update Data (if applicable, only those accounts which were considered for CPIV billing) is received within stipulated time * No Billing on Update file. * Final Claim lodgment and settlement. |

* Portfolio remains in the state of Base Period for One FY in which it is created. Thus, it may have existence with full four quarters or less than four quarters (depending on when it is created). After the fourth quarter of Base Period, the portfolio needs to be *CRYSTALLIZED* and transited to currency periods (Cp1 to Cp7). There are three such currency period in this scheme: Currency Period I, Currency Period II, Currency Period III, Currency Period IV, Currency Period V, Currency Period VI and Currency Period VII. After Currency Period IV, portfolio migrated in Currency Period V and after Currency Period VII the portfolio is closed and settled.
* No input file for ‘New CG Request’ is accepted after Crystallized state of portfolio except for the ‘Update’ file for the existing loan information in the portfolio will be accepted.
* Post Closure of Portfolio, only recoveries to the claim lodged is permitted. No input file for updates will be accepted.
* In case of Retrospective Portfolio’s, It depends on the current system date and the FY for which the retrospective portfolio is being created – which decides the number of billing cycles (both of base period and currency period) that an user has to execute in succession (i.e. back-to-back) to bring the folio on par with the FY in which it is created.
* As an example: If MLI enrolls for this scheme in year 2020-21, then NCGTC user will create the portfolios and will execute the billing cycles as below:

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Portfolio Type & FY | Portfolio Name | Number of Billing Cycle |
| 1 | Retrospective & 2019-20 | MUDAAAA20192020R | * One Base Period Billing Cycle followed by Yearly Billing Cycle **Once** to bring in par with FY20-21. * i.e. Billing cycle for Base Period Q4 and Billing Cycle for Currency Period I. Portfolio Status is ‘Currency Period II’ * Next billing cycle to be executed as the calendar proceeds. |
| 2 | Retrospective & 2018-19 | MUDBBBB20182019R | * One Base Period Billing Cycle followed Yearly Billing Cycle **Twice** to bring in par with FY20-21. * i.e. Billing cycle for Base Period Q4, Billing Cycle for Currency Period I and Billing Cycle for Currency Period II. Portfolio Status is ‘Currency Period III’ * Next billing cycle to be executed as the calendar proceeds. |
| 3 | Retrospective & 2017-18 | MUDCCCC20172018R | * One Base Period Billing Cycle followed Yearly Billing Cycle **Thrice** to bring in par with FY20-21. * i.e. Billing cycle for Base Period Q4, Billing Cycle for Currency Period I   Billing Cycle for Currency Period II and Billing Cycle for Currency Period III. Portfolio Status is ‘Closed’   * No Next billing cycle. |

### **Allotting Credit Guarantee Unique Identifiers - CGPAN**

System allocates a unique identification number to the portfolio, called as CGPAN – Credit Guarantee Permanent Account Number, for traceability and management of CG in SURGE system.

CGPAN follows a specific format:

**CGPAN Format for General Scheme:**

CGPAN signifies a unique identification to the credit guarantee in SURGE system. Subsequently it is used to integrate with Accounting Subsystem and for payment reconciliations.

For retrospective or current portfolio’s – CGPAN will be allotted by the system at the time of creation. Internally it is provided to all the loan records for a particular portfolio.

### **Portfolio Risk Assessment**

For each portfolio created in the system, there will be a provision to provide inputs for:

* Risk premium on Credit Rating / Grading
* Risk premium on NPAs in guaranteed portfolio
* Risk premium on Claim Payout Ratio

### **Portfolio Cancellation**

NCGTC user can cancel any approved portfolio, which does NOT have any records/transactions within it.

## **Inclusion of New Loan Information in Portfolio during Base Period**

System initiates processing of input file to the portfolio on upload and approval of loan data file from MLI’s (along with acceptance to the terms & conditions of Management certificate) for a given batch execution.

Steps involved in the batch execution for generating the credit guarantees entails following steps:

The above is a schematic representation of various processes which will execute in batch mode of NCGTC system. Status reports will be generated at the end of each process to keep NCGTC end users informed and take corrective actions.

### **Input File Content to Staging Area**

The input file content uploaded by MLI in XML format will be extracted to a staging area database. While extracting these records, SURGE extractors will append the records with Date-Time stamp in order for effective traceability of input records.



### **Eligibility Criteria Checks**

Following checks are performed on each MLI Loan Accounts in the NEW LOAN INFORMATION FILE to ascertain their eligibility for issuing credit guarantees.

### **Eligibility Criteria Checks for Current Portfolio**

Approved Input file will be processed for each record and the record will be *REJECTED if*:

|  |  |  |
| --- | --- | --- |
| S. No. | Rule/Criteria | Description |
| ~~1~~ | ~~Window Date/Cut-Off time to upload~~ | * ~~If the current system date of file upload and processing does is not in lie between the date range (DD-MM) as specified in ‘New Loan Accounts Input Window’ with the error message ‘File Upload Not in Window Time’.~~ * ~~Also at the same time it is checked if window date is defined for this Portfolio, if Not, then Reject.~~ |
| 2 | Duplicate Loan A/c in CG Database | Check on Loan Account and MLI if they exist in the credit guarantee database. If exists, then Reject.  This check is repeated when loan accounts are transited from temporary table to permanent store at the time NCGTC Approves the data. If duplicate fount then entire file is rejected. |
| 3 | Duplicate Loan A/c in Input file | The ‘Loan Account Number’ for a particular Loan Account specified in same input file presented by MLI - If Only Loan Account No. matches, then – this loan account will be rejected as duplicate. |
| 4 | Maximum Limit for PMMY Loan | Following steps are followed for this rule:   * Determining ‘Total Sanction Amount’ for the given customer ID, a summation of ‘Sanctioned Loan Amount’ of all the loan records existing for a particular MLI (across all of his portfolio’s) having ‘Loan Category’ as ‘S’ or ‘K’ or ‘T’, is determined first. It is important to note that while doing this this summation, system considers the latest update record (if any) and its ‘Modified Sanction Amount’. (This check is for given Customer, MLI, Scheme and in Loan Application table). If update records do not exist in the portfolio, then, the system considers ‘Original Sanction Amount’. Also while calculating the summation, loan accounts or CG’s which are closed (by MLI and/or NCGTC) are not considered. * Determining ‘Verify Sanction Amount’ - To this ‘Total Sanction Amount’ (determined as in step above) the sanction amount specified for the given customer ID is added up. Note here that while deriving the summation, any errored record from the same file (i.e TempValidation & TempValidationError table) is also considered. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters - ‘Maximum Limit to Guarantee Issuance Allowed (INR)’, then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. |
| 5 | Maximum Limit for PMJDY Loan | Following steps are followed for this rule:   * Determining ‘Total Sanction Amount’ for the given customer ID, a summation of ‘Sanctioned Loan Amount’ of all the loan records existing for a particular MLI (across all of his portfolio’s) having ‘Loan Category’ as ‘J’, is determined first. It is important to note that while doing this this summation, system considers the latest update record (if any) and its ‘Modified Sanction Amount’. (This check is for given Customer, MLI, Scheme and in LoanApplication table). If update records do not exist in the portfolio, then, the system considers ‘Original Sanction Amount’. * Determining ‘Verify Sanction Amount’ - To this ‘Total Sanction Amount’ (determined as in step above) the sanction amount specified for the given customer ID is added up. Note here that while deriving the summation, any errored record from the same file (i.e TempValidation & TempValidationError table) is also considered. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters INR 10,000/-(which is the limit for the Overdraft), then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters INR 10,00,000/-(which is the limit for the JLG’s), then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. |
| 6 | First Time MLI and Sanctioned Loan Date | Following steps are needed for this condition - ‘First Time MLI Sanctioned Loan Date’ (First time means – MLI is undertaking an upload for first time on newly created Current Portfolio):   * Portfolio is created in Q2 of the FY and has status as ‘Base Period Q1’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st April and 30th June of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st July – 7th July of the start FY)  * Portfolio is created in Q3 of the FY and has status as ‘Base Period Q2’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st April and 30th September of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st Oct – 7th Oct of the start FY)  * Portfolio is created in Q4 of the FY and has status as ‘Base Period Q3’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st April and 31st December of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st Jan – 7th Jan of the start FY)  * Portfolio is created in Q1 of the next FY and has status as ‘Base Period Q4’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st April of the FY as specified in the start FY of the portfolio created and 31st March of the FY as specified in the end FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st April – 7th April of the end FY) |
| 7 | NOT First Time MLI and Sanctioned Loan Date | Following steps are needed for this condition - ‘NOT First Time MLI Sanctioned Loan Date’ (First time means – MLI is undertaking an upload for first time on newly created Current Portfolio) -   * Portfolio is having status as ‘Base Period Q1’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st April and 30th June of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st July – 7th July of the start FY)  * Portfolio is having status as ‘Base Period Q2’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st July and 30th September of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st Oct – 7th Oct of the start FY)  * Portfolio is having status as ‘Base Period Q3’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st October and 31st December of the FY as specified in the start FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st Jan – 7th Jan of the start FY)  * Portfolio is having status as ‘Base Period Q4’ –  1. Sanctioned Loan Date of the loan record in consideration is NOT between 1st January and 31st March of the FY as specified in the end FY of the portfolio created. (As per New Loan Accounts Input Window the window will be opened from 1st April – 7th April of the end FY) |
| 8 | Date of First Disbursement | * Below conditions are applicable only if First Disbursement Amount is EQUAL TO ZEROES:  1. NOT NULL/SPACES  * Below conditions are applicable only if First Disbursement Amount is GREATER THAN ZEROES:  1. NULL/SPACES/ 2. Earlier THAN ‘Sanctioned Loan Date’. 3. Later THAN current system date (on date of file processing) |
| 9 | Loan Closure | Loan closed is ‘Y’ |
| 10 | Date of Loan Closure | This date IS NOT NULL/SPACE(s). |
| 11 | Loan A/c is NPA | NPA is ‘Y’ |
| 12 | Date of NPA | This date IS NOT NULL/SPACE(s). |
| 13 | Total Sanctioned Loan Amount/Limit | This amount IS EQUAL OR LESS THAN Zero. |
| 14 | Loan Amount – First Disbursement | * IS LESS THAN Zero. * Greater Than Sanction Amount |
| 15 | Outstanding Loan Amount | * Greater than 1.50 times of sanctioned amount. * Less than Zero. |
| 16 | First Disbursement Amount | * Is zero, Outstanding amount is greater than zero. |

**Note:** For closed account Outstanding Loan Amount schedule be zero.

**Note:**

1. New Loan Information to the Portfolio are not allowed after portfolio is crystallized.
2. If due to any of the above rule, the loan a/c is rejected, then all the associated loan a/c in the same input file for that customer will be rejected.

### **Eligibility Criteria Checks for Retrospective Portfolio**

Approved Input file will be processed for each record and the record will be *REJECTED if*:

|  |  |  |
| --- | --- | --- |
| S. No. | Rule/Criteria | Desciption |
| 1 | Duplicate Loan A/c in CG Database | Check on Loan Account and MLI if they exists in the credit guarantee database. If exists, then Reject.  This check is repeated when loan accounts are transited from temporary table to permanent store at the time NCGTC Approves the data. If duplicate fount then entire file is rejected. |
| 2 | Duplicate Loan A/c in Input file | The ‘Loan Account Number’ for a particular Loan Account specified in same input file presented by MLI - If Only Loan Account No. matches, then – this loan account will be rejected as duplicate. |
| 3 | Maximum Limit for PMMY Loan | Following steps are followed for this rule:   * Determining ‘Total Sanction Amount’ for the given customer ID, a summation of ‘Sanctioned Loan Amount’ of all the loan records existing for a particular MLI (across all of his portfolio’s) having ‘Loan Category’ as ‘S’ or ‘K’ or ‘T’, is determined first. It is important to note that while doing this this summation, system considers the latest update record (if any) and its ‘Modified Sanction Amount’. (This check is for given Customer, MLI, Scheme and in LoanApplication table). If update records do not exist in the portfolio, then, the system considers ‘Original Sanction Amount’. Also while calculating the summation, loan accounts or CG’s which are closed (by MLI and/or NCGTC) are not considered. * Determining ‘Verify Sanction Amount’ - To this ‘Total Sanction Amount’ (determined as in step above) the sanction amount specified for the given customer ID is added up. Note here that while deriving the summation, any errored record from the same file (i.e TempValidation & TempValidationError table) is also considered. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters - ‘Maximum Limit to Guarantee Issuance Allowed (INR)’, then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. |
| 4 | Maximum Limit for PMJDY Loan | Following steps are followed for this rule:   * Determining ‘Total Sanction Amount’ for the given customer ID, a summation of ‘Sanctioned Loan Amount’ of all the loan records existing for a particular MLI (across all of his portfolio’s) having ‘Loan Category’ as ‘J’, is determined first. It is important to note that while doing this this summation, system considers the latest update record (if any) and its ‘Modified Sanction Amount’. (This check is for given Customer, MLI, Scheme and in LoanApplication table). If update records do not exist in the portfolio, then, the system considers ‘Original Sanction Amount’. * Determining ‘Verify Sanction Amount’ - To this ‘Total Sanction Amount’ (determined as in step above) the sanction amount specified for the given customer ID is added up. Note here that while deriving the summation, any errored record from the same file (i.e TempValidation & TempValidationError table) is also considered. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters - INR 10000.00 (which is the limit for the Overdraft), then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. * If the ‘Verify Sanction Amount’ exceeds the scheme parameters - INR 10,00,000.00 (which is the limit for the JLG), then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected. |
| 5 | Sanctioned Loan Date | This date DOES NOT lie between the Start FY and End FY of all the retrospective portfolio (Start FY and End FY is the FY for which the Retrospective Portfolio is created), except for the Retrospective Portfolio’s created in FY 2015-16 wherein the sanctioned date should lie between 8th April 2015 and 31st March 2016. |
| 6 | Date of First Disbursement | * Below conditions are applicable only if First Disbursement Amount is EQUAL TO ZEROES:  1. NOT NULL/SPACES  * Below conditions are applicable only if First Disbursement Amount is GREATER THAN ZEROES:  1. NULL/SPACES/ 2. Earlier THAN ‘Sanctioned Loan Date’. 3. Later THAN current system date (on date of file processing) |
| 7 | Loan Closure | Loan closed is ‘Y’ |
| 8 | Date of Loan Closure | This date IS NOT NULL/SPACE(s). |
| 9 | Date of NPA | * For individual a/c – Check if NPA date ‘N’ and NPA date is NOT NULL/SPACES – the reject. If NPA is ‘Y’ and NPA date is Null/Spaces – then Reject. If NPA is Y AND if First Disbursement Date (FDD) is NULL/Spaces – then Reject. * If FDD is NOT NULL/Spaces and if First Disbursement Date (FDD) is NOT NULL/Spaces, then, NPA Date IS Earlier than FDD (i.e. NOT EQUAL OR NOT EARLIER) AND LATER THAN current system date – then Reject. |
| 10 | Same NPA parameters | * System will check if the NPA flag, NPA date and NPA Category information provided in ALL the NEW record for a given customer (Customer ID) are SAME. If NOT then ALL these records for that customer will be rejected. This check for all the loan accounts in same input file. |
| 11 | Total Sanctioned Loan Amount/Limit | This amount IS EQUAL OR LESS THAN Zero. |
| 12 | Loan Amount – First Disbursement | * IS LESS THAN Zero. * Greater Than Sanction Amount |

**Note:**

* 1. NPA value can be ‘Y’ or ‘N’ and in both the case NPA date may have valid value.
  2. New Loan Information to the Portfolio are not allowed after portfolio is crystallized.
  3. If due to any of the above rule, the loan a/c is rejected, then all the associated loan a/c in the same input file for that customer will be rejected.

### **Deduplication Criteria Checks**

Currently no provision for de-duplication will be provided, since, rolling out this scheme and acceptance of this scheme by MLI is priority. Consequently, as the scheme and its process of issuance and settling guarantees stabilizes – it will be decided to construct an effective de-duplication mechanism.

## **Inclusion of Update Loan Information in Portfolio during Base Period &/or Currency Period**

Updates to loan information are allowed during the Base Period as well as during the Currency Period of the Portfolio.

Steps involved in the batch execution for including updates to the loan information are as below:

The above is a schematic representation of various processes which will execute in batch mode of NCGTC system. Status reports will be generated at the end of each process to keep NCGTC end users informed and take corrective actions

For every record in the portfolio, system keeps track of state which essentially depends on its pervious state as depicted below:

By default all loan records in the portfolio will be in ‘In Force’ state.

Scenario 1:

System Generates Portfolio CG Charges

MLI makes Payment

System continues the record with Status as ‘**In Force**’

Loan Record Exists as **‘In Force’**

Scenario 2:

MLI Uploads Loan Account Information of ‘**NPA – In Force**’ CG

System Generates Portfolio CG Charges

MLI makes Payment

System Continues CG.

Status of CG as:

‘**NPA – In Force**’ – if NPA persists OR ‘**In Force’ -** if not an NPA

Updates to the Portfolio are not allowed after portfolio closure.

### **Eligibility Criteria Checks**

Following checks are performed on each MLI Loan Accounts in the UPDATE LOAN INFORMATION FILE to ascertain their eligibility for issuing credit guarantees. Approved Input file will be processed for each record and the record will be *REJECTED if* (applicable for both Current Portfolio and Retrospective Portfolio):

|  |  |  |
| --- | --- | --- |
| S. No. | Rule/Criteria | Description |
| 1 | Window Date/Cut-Off time to upload | * ~~If the current system date of file upload and processing does is not in lie between the date range (DD-MM) as specified in ‘Update Loan Accounts Input Window’ with the error message ‘File Upload Not in Window Time’.~~ * ~~Also at the same time it is checked if window date is defined for this Portfolio, if Not, then Reject.~~ |
| 2 | Existence of Loan A/c in CG Database | Check on Loan Account and MLI and Portfolio and Customer Id and Scheme (i.e. Mudra Scheme). if the A/c does NOT exists in the credit guarantee database then, Reject. |
| 3 | Duplicate Loan A/c in Input file | The ‘Loan Account Number’ for a particular Loan Account specified in same input file presented by MLI - If Only Loan Account No. matches, then – this loan account will be rejected as duplicate. (Note that in this case ALL the records provided in the input file for this loan account will be rejected) |
| 4 | Duplicate Loan A/c in CG Table | The ‘Loan Account Number’ for a particular Loan Account specified for a MLI is verified for existence (on more than one count) in CG table, if count is more than one, then system verifies its status. If status is ACTIVE for more than one count, then error.  i.e. only one active loan account (or CG) to exist for the given MLI and its loan account.  [here the check is on - MLI + Loan A/c No. + Scheme + Status] |
| 5 | Date of Loan Closure (for each individual loan a/c) | * If ‘Loan Closed’ is N and Valid date is Provided * If ‘Loan Closed’ is Y and Date of Loan Closure is NULL/Space * If ‘Loan Closed’ is Y:   + If for the given loan account, there is FDD/FDA present in the CG table, then, ‘Date of Loan Closure’ (a valid date) is NOT EQUAL to this ‘Date of First Disbursement’ and NOT EARLIER than this First Disbursement Date AND NOT LATER Current System Date.   + If for the given loan account, there is NO FDD/FDA present in the CG table, then system checks the availability of FDD/FDA in the same input file. Then:     - If present - The ‘Date of Loan Closure’ (a valid date) is NOT EQUAL to this ‘Date of First Disbursement’ and NOT EARLIER than this First Disbursement Date AND NOT LATER Current System Date.     - If NOT present in CG Table and same input file – Then, the date of original sanction (in CG table i.e. with file type 1) is compared with FDD and CSD (Current System Date) such that – [Date of Loan Closure is LATER THAN Original Sanction Date (in CG table)] AND [Date of Loan Closure is EARLIER THAN OR EQUAL TO CSD] |
| 6 | First Disbursement Amount (FDA) (for each individual loan a/c) | * If it is Less than zero (for all cases whether first time or subsequent times!) * If for the given loan account, there is NO FDD/FDA present in the CG table, then, For Term Loans Only - If it is Greater than zero AND Greater than Modified Sanctioned Amount of the same loan record. |
| 7 | First Disbursement Date (FDD) (for each individual loan a/c) | * If FDA is Zero, and FDD is NOT NULL/SPACES (for all cases whether first time or subsequent times!) |
| 8 | First Disbursement Date (FDD) (for each customer id of loan a/c) | * FDD is More than system date (for all cases whether first time or subsequent times!)  |  |  |  |  |  | | --- | --- | --- | --- | --- | | S. No. | Latest Record in CG Database for Given Loan Account1 | | Record In Input File | | | **First Disbursement Amount** | **First Disbursement Date** | **First Disbursement Amount** | **First Disbursement Date** | | 1 | ZEROES | NULL/SPACES | A1 | Earlier to Original Sanction Date (of File Type 1) |   For identifying the CG records in database, system, will use further filter of Scheme Id (i.e. Mudra Scheme), Portfolio, MLI Name, Customer Id and A/c No and Transaction Mode – 120001 |
| 9 | Same NPA parameters (for each customer id of loan a/c) | * System will check if the NPA flag, NPA date and NPA Category information provided in ALL the NEW record for a given customer (Customer ID) are SAME. If NOT then ALL these records for that customer will be rejected. This check for all the loan accounts in same input file. |
| 10 | Date of NPA (for each customer id of loan a/c) | System, identifies immediate previous records NPA Flag and NPA date values from CG Issuance Database (Records are chronologically sorted on date of insert in CG Issuance database from Oldest to Latest and the Latest records NPA flag and NPA date is being considered for following checks). Then, the input file record is rejected for:   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **S. No.** | **Latest Record in Existing in Database for Given CG1** | | **Record In Input File**  ***(Any one of the NPA information is considered, since all the NPA information across the provided update information is/are common)*** | | | **NPA**  **Flag** | **Date** | **NPA Flag** | **NPA Date** | | **1** | N | Null | N | NOT Null | | **2** | N | Null | Y | * If for the given loan account, there is FDD/FDA present in the CG table (for that customer id which is Latest), then, then, the NPA date provided in the update information is NOT between this first disbursement date and current system date (inclusive of current system date only) then reject. [here the latest FDD is being considered] * If for the given loan account, there is NO FDD/FDA present in the CG table, then, system checks FDD/FDA present in the same input file (for that loan account), if present, then, the NPA date provided in the update information is NOT between this first disbursement date and current system date (inclusive of current system date only) then reject. * If for the given loan account, there is NO FDD/FDA present in the CG table AND Not present in the input file, then error. | | **3** | N | Null  (Such that there is previous NPA Y record with NPA date as D1) | Y | Date provided is NOT Later than D1 OR EXCEEDS current system date | | **3** | Y | Valid Date - D1 | N | NOT NULL | | **4** | Y | Valid Date - D1 | Y | * NOT SAME AS D1 * Earlier to D1 * Later than Current System   Date | | **5** | Y | Valid Date - D1 | Y | NULL/SPACES |   For pt. 2 and 6, system first determines if the a/c in the system had NPA as Y, if yes, then the NPA = Y details provided in the input file along with the date for update is not being provided for first time (i.e. there has been an earlier occurrence where this account has become NPA). Thus, the check mentioned in pt. 6 will be applied on NPA date. Else, check mentioned in pt. 2 will be applied.  For identifying the CG records in database, system, will use further filter of Scheme Id (i.e. Mudra Scheme), Portfolio, MLI Name, Customer Id and A/c No and Transaction Mode – 120001 |
| 11 | Modified Sanctioned Loan Amount/Limit (for each customer id of loan a/c) | IS EQUAL OR LESS THAN Zero |
| 12 | Modified Sanctioned Loan Amount/Limit (for each customer id of loan a/c) | 1. If Loan is a Term Loan, then, this amount is Greater than the Sanction/Modified Sanction Amount of the Latest Record in CG Database.   For identifying the CG records in database, system, will use further filter of Scheme Id (i.e. Mudra Scheme), Portfolio, MLI Name, Customer Id and A/c No and Transaction Mode – 120001   1. If Loan is a Working Capital Loan and the amount is Zero, and, Loan Closed is ‘N’ |
| 13 | Date of Modified Sanctioned Loan Amount/Limit (for each customer id of loan a/c) | |  |  |  |  |  | | --- | --- | --- | --- | --- | | S. No. | Latest Record in CG Database for Given Loan Account1 | | Record In Input File | | | **Modified Sanction Amount** | **Modified Sanction Date** | **Modified Sanction Amount** | **Modified Sanction Date** | | 1 | A1 (Where A1 is valid amount) | Valid date – D1 | Same as A1 | * Earlier than D1 * EXCEEDS current system date * NULL/SPACES | | 2 | A1 (Where A1 is valid amount) | Valid date – D1 | NOT Same as A1 | * Earlier than D1 * EXCEEDS current system date * NULL/SPACES |   For identifying the CG records in database, system, will use further filter of Scheme Id (i.e. Mudra Scheme), Portfolio, MLI Name, Customer Id and A/c No and Transaction Mode – 120001 |
| 14 | Accepted CG Status Code | The credit guarantee exists in system having its latest Current Status Code as:   * 30036 * 30011 * 30013 * 30005 * 30018 * 30019   For identifying the CG records in database, system, will use further filter of Scheme Id (i.e. Mudra Scheme), Portfolio, MLI Name, Customer Id and A/c No. |
| 15 | A rule to limit the modified sanction amount of all loan accounts for a customer till 10Lacs only. Only For S, K T Loan Types. | Following steps are followed for this rule:   * Determining ‘Total Sanction Amount’ for the given customer ID, a summation of ‘Sanctioned Loan Amount’ of all the loan records existing for a particular MLI (across all of his portfolio’s) having ‘Loan Category’ as ‘S’ or ‘K’ or ‘T’, is determined first. It is important to note that while doing this this summation, system considers the latest update record (if any) and its ‘Modified Sanction Amount’. (This check is for given Customer, MLI, Scheme and in LoanApplication table). If update records do not exist in the portfolio, then, the system considers ‘Original Sanction Amount’. Also while calculating the summation, loan accounts or CG’s which are closed (by MLI and/or NCGTC) are not considered. * Determining ‘Verify Sanction Amount’ - To this ‘Total Sanction Amount’ (determined as in step above) the sanction amount specified for the given customer ID is added up. Note here that while deriving the summation from the same file (i.e TempValidation table only) is also considered.   If the ‘Verify Sanction Amount’ exceeds the scheme parameters - ‘Maximum Limit to Guarantee Issuance Allowed (INR)’, then it is rejected. For such rejections, all the loan a/c for the selected customer id is also rejected.  Further It is suggested that for a given customer whose sanctions exceeds prescribed limit in Maximum limit in docket (10Lacs now) will be treated as below:  1. Reject all those loan accounts provided in the input file – note that in specific all the loan accounts reported will be rejected  2. Such loan accounts of the customer will be marked as REVOKED by system  3. These loan accounts will not be considered for billing purpose for remaining life of portfolio.  Following scenarios to be considered for the above rule:  Scenario 1:  - For a customer C1 4 Loan Accounts exists with CG issued state (L1, L2, L3 and L4), such that summation of sanctions is 8Lacs.  - In the update file for C1, MLI provides updates for L2 and L3 with revised sanctions. The summation of sanctions is determined using L1 and L4 from CG tables and L2 and L3 is from file.  - If the summation of sanction increases to more than Maximum Limit defined in docket than system will reject L2 and L3 records with message ‘Breach of Sanction Limit for Small & Micro Loans. These loan accounts will be Revoked’. This communication is made available to maker and checker of MLI in the invalid records spreadsheet.  - Inspite of this communication if MLI approves the update file, then, in system will revoke these CG’s of this customer C1 and thus no billing consideration.  Scenario 2:  - For a customer C1 4 Loan Accounts exists with CG issued state (L1, L2, L3 and L4), such that summation of sanctions is 8Lacs.  - In the update file for C1, MLI provides updates for L1, L2, L3 and L4 with revised sanctions. The summation of sanctions is determined using L1, L2, L3 and L4 from file.  - If the summation of sanction increases to more than Maximum Limit defined in docket than system will reject L2 and L3 records with message ‘Breach of Sanction Limit for Small & Micro Loans. This loan accounts will be Revoked’. This communication is made available to maker and checker of MLI in the invalid records spreadsheet.  - Inspite of this communication if MLI approves the update file, then, in system will revoke the specific CG’s of this customer C1 and thus no billing consideration.  *In either of the scenarios specified above, system will generate the revoke transaction only after NCGTC approval. This revoke transaction is generated as in section 1.9.3.*  *For this rule, the loan accounts in CG DB is checked across all portfolios for this scheme.* |
| 16 | Date of NPA is before to CG Request Date | NPA date provided by MLI is EARLIER TO or EQUAL TO ‘New File Uploaded date’ (i.e. Created Date of the file for New CG Request, in the system).  In case above error condition is achieved, then the system revoke the loan account in consideration with relevant error message. This communication is made available to maker and checker of MLI in the invalid records spreadsheet. In spite of this communication if MLI approves the update file, then, in system will revoke the respective CG’s of this customer and thus no billing consideration.  *System will generate the revoke transaction only after NCGTC approval. This revoke transaction is generated as in section 1.9.3.* |
| 17 | Outstanding Amount | • Outstanding Amount cannot exceed 1.50 times the modified sanctioned amount.  • Less than Zero. |
| 18 | First Disbursement Amount | * Is zero, Outstanding amount is greater than zero. |
| 19 | Pan Number | * Pan number format check. |
| 20 | JLG Category | * Sanctioned amount is more than 10 lacks |
| 21 | Overdraft Category | * Sanctioned amount is more than 10,000 |

**Note:** For closed account Outstanding Loan Amount schedule be zero.

**Note:**

1. New Loan Information to the Portfolio are not allowed after portfolio is crystallized.
2. If due to any of the above rule, the loan a/c is rejected, then all the associated loan a/c in the same input file for that customer will be rejected.
3. Changes to FDA and FDD:
   * 1. It is suggested by NCGTC to ignore the subsequently provided First Disbursement Amount (FDA) and First Disbursement Date (FDD).
     2. Earlier this rule was placed in such a way that, MLI's were not allowed to change the FDA and FDD. The first ever FDA and FDD were needed to be kept same in the system. However, due to NCGTC request, this rule was diluted in such a way that, first ever FDD and FDA were to be used for validation purpose (wherever required) and subsequent FDD and FDA can be anything and will not be used for any validation purpose/calculations as well.
     3. This rule has an impact on validation of: Date of Loan Closure (for each individual loan a/c), First Disbursement Amount (FDA) (for each individual loan a/c), First Disbursement Date (FDD) (for each customer id of loan a/c), Date of NPA (for each customer id of loan a/c) - when NPA is being marked for first time.

### **Input File Content to Staging Area**

The input file content uploaded by MLI in XML format will be extracted to a staging area database. While extracting these records, SURGE extractors will append the records with Date-Time stamp in order for effective traceability of input records.

### **Deduplication Criteria Checks**

Currently no provision for de-duplication will be provided, since, rolling out this scheme and acceptance of this scheme by MLI is priority. Consequently, as the scheme and its process of issuance and settling guarantees stabilizes – it will be decided to construct an effective de-duplication mechanism.

### **Demand Advice for Guarantee Charges**

MLI needs to make payment of Fees and Taxes calculated as above to bring the guarantee ‘In Force’. The demand for fees is made to MLI in form of BATCHDAN – Batch Demand Advisory Number. It is a unique number, used for traceability and management of CG Fees in SURGE.

It is used to integrate with Accounting Subsystem and for payment reconciliations.

### **BATCHDAN – Demand Advice: New Guarantee Cover - Batch**

Payments from MLI will be accepted at portfolio level and not at the eligible records submitted by him. To achieve this, system calculates CG charges for the entire portfolio and raise the demand. A unique demand advice number called as ‘BATCHDAN’ is allotted to the portfolio for all the eligible records in it in the format as below:

**Batch DAN Format for the Portfolio:**

### **CGDAN – Demand Advice: New Guarantee Cover - Individual**

This is actually a demand advice number for each loan record (or guarantee cover). However, in case of portfolio guarantees, there is no requirement of issuing this number for each record as the CG charges processing for portfolio guarantees is not at each loan level but at portfolio level.

It is suggested to use CGDAN to use as a marker to identify those loan records (and the update records for that particular loan account) – which has been considered for CG charge calculation. It is also suggested to use this maker only after the payments has been received from MLI and same has been reconciled by NCGTC main accountant.

CGDAN follows a specific format:

**CGDAN Format:**

*GC – Guarantee Charge.*

### **Payment of CG Charges**

Refer the document - ‘Payment Mechanism’ for more details on payment process.

**(Note: - Under Payment Management Module additional fields has been provided: Portfolio Id, Currency Period).**

### **Payment of CG Charges in Stipulated Time**

Payment of CG Charges in stipulated time makes the portfolio guarantees active, and the Guarantee Status is updated (only for New CG Cases).

The CGDAN marker is updated with appropriate CGDAN value in the system.

SURGE allows following operations for active (In Force) guarantees:

* Mark as NPA
* Un-Mark as NPA
* Lodge Claim
* Claims Reject/Approve
* Claim Settlement (1st, 2nd and Final)
* Post Claim Recoveries
* Close (by MLI user)
* Close (by NCGTC user)
* Modify Specific Fields (by MLI User)

Note:

**Guarantee Start Date and Validity:**

1. Guarantee is included in the Portfolio. However, billing for CG occurs at instant of loan disbursement from the date of first disbursement.
2. This guarantee is valid till end of third currency period (Portfolio Longevity).

### **Non-Payment of CG Charges in Stipulated Time**

The portfolio will not be settled if payments are not done. No specific handling from surge platform has been envisaged.

## **Portfolio Billing**

In case of portfolio guarantees there is no requirement of calculating the credit guarantee cover (all loan records in the portfolio has full cover), but, the charges to issue this cover for the loan records which have cleared the eligibility criteria checks mentioned in section 1.6.2 and 1.7.1.

For new Credit Guarantee’s, the Charges includes– Fees and Taxes.

The rules/logic for calculating cover and charges is covered in this section.

Portfolio Guarantee has two billing modes: Base Period Billing and Yearly Billing.

* Base Period Billing is used to calculate CG Fees, Taxes at end of each quarter.
* Yearly Billing is used to calculate CG Fees, Taxes for each year in advance.

**Special Note on Outstanding amount Modified Sanctioned Amount and consideration for Billing**

* **For Term Loans/Composite Loans:**
  + - Practically, while disbursing Loans specifically the Term Loans or Composite Loans, MLI’s tend to disburse the loan amount partially. Billing or CG Fees calculation is happening on Sanctioned amount for New guarantees and for renewal guarantees on Outstanding Loan Amount as on 1st April .
* **For Limit based Loans Like Limit for working capital (CC) or Overdraft or Limit for Letter of Credit/Bank Guarantee :**
  + - The sanctions done in case of these loans are reviewed annually. MLI’s may reduce or enhance the sanctions based on multiple factors of the borrower. The reductions or enhancements are not being considered as a potential threat to the essence of CG model. Hence – it is decided and agreed to consider any recently available reduced/enhanced sanctioned amount in the life span of such loans.
    - Billing or CG Fees calculation is happening on latest Sanctioned amount for New guarantees and for renewal guarantees.

### **Base Period Billing Cycle**

Conducted during end of each quarter of the Portfolio. For this billing:

* Surge system will scan the loan records (new loan record *(specifically with File Type 1)* and their respective update records) in the database for the given portfolio whose CGDAN marker is empty. For each of the loan account, whose latest updated CG Status (current) is NOT from this list: 30005 or 30018 or 30019 - Get the latest update record (if any):
  + For Loan Information having ‘Loan Type Code’ as 1 (These are Term Loans/Composite Loans), check if ‘Loan Amount – First Disbursement’ is greater than Zeroes (which means first disbursement has been effected for this loan information):
    - If ‘Loan Amount – First Disbursement’ is Greater Than Zeroes:
      * + Then, Check If outstanding amount is there If Yes:

Then, perform the calculation of CG Fees and taxes as in section 1.8.1.1, 1.8.1.2 and 1.8.1.3 – Based on ‘Modified Sanctioned Amount/Limit’.

Save the actual amount on which CG and CG Charges has been calculated on (i.e. the actual ‘Modified Sanctioned Amount/Limit’)

Mark this records with CGDAN marker – Refer Section 1.7.4.2

* + - If ‘Loan Amount – First Disbursement’ is Equal to Zeroes: Do Not consider this record for Billing Purpose.
  + For Loan Information having ‘Loan Type Code’ as 2 Or 3 Or 4 (These are Limits based credits), check if ‘Loan Amount – First Disbursement’ is greater than Zeroes (which means first disbursement has been effected for this loan information):
    - If ‘Loan Amount – First Disbursement’ is Greater Than Zeroes:
      * Then, Check If the sanctioned amount is modified (which means Sanctioned loan amount has been reduced/enhanced by MLI)
        + If Yes:

Then, perform the calculation of CG Fees and taxes as in section 1.8.1.1, 1.8.1.2 and 1.8.1.3 – Based on ‘Modified Sanctioned Amount/Limit’. *(Note – while billing if the ‘Modified Sanction Amount exceeds 10Lakhs, then, billing is done at 10Lakhs only)*

Mark this records with CGDAN marker – Refer Section 1.7.4.2

* + - * + If No:

Then, perform the calculation of CG Fees and taxes as in section 1.8.1.1, 1.8.1.2 and 1.8.1.3 – Based on ‘Sanctioned Loan Amount/Limit’.

Mark this records with CGDAN marker – Refer Section 1.7.4.2

* + - If ‘Loan Amount – First Disbursement’ is Equal to Zeroes: Do Not consider this record for Billing Purpose.
  + Does summation of the individual CG Charges calculated above and accumulates the same at portfolio level. This CG charges is considered for Payment from MLI.

### **CG Fees Calculation for Single Loan Account for Base Period Billing**

Credit Guarantee Fee is based on Sanctioned Loan Amount provided by MLI in his respective Input File along with ‘Annual Guarantee Fee (%)’ configured in the ‘Scheme’ and it’s respective ‘Docket’ along with Risk Premium on Rating, Risk Premium on NPA and Risk Premium on Claims which is configured for each portfolio. Refer the formulae below:

* Guarantee Fee on SBR = [Loan Amount \* ((Annual Guarantee Fee in Percent) / No. of Days in FY) \* (No. of Days Left till end of FY since date of First Disbursement)]
* Guarantee Fee for all Premiums = [(Risk Premium – CG Rating + Risk Premium – NPA + Risk Premium – Claim)] \* Guarantee Fee on SBR
* Total CG Fees = Guarantee Fee on SBR + Guarantee Fee for all Premiums

*Note:*

* *Here, the Loan Amount can be Sanctioned Loan Amount/Limit OR Modified Sanctioned Loan Amount/Limit as explained in section 1.8.1*
* *No. of Days Left till end of FY since date of First Disbursement – is calculated including the end day*
* *If No. of Days Left till end of FY since date of First Disbursement – is Negative, then, CG Fees Calculation is NOT done – such records will be considered in the subsequent billing cycles.*

*Note - The latest available risk premium value of NPA/Claim/CG-Rating in the risk premium master table is selected for further calculation of CG Fees.*

**Scenario 1: Billing for Portfolio in ‘Base Period Q1’ AND For Loan Type ‘1’ AND Loan Information DOES NOT Have AN Update Loan Information:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 2,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-May-2016 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q1. Billing cycle is executed on 12th July 2016.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Sanctioned Loan Amount and for 326 days since 10-May-2016 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 2,00,000 \* (1%/365) \* 326 = 1,786.30/-

Guarantee Fee for all Premiums = 1,786.30 \* 30% = 535.89/-

Which equals to INR 2,322.19/-

**Scenario 2: Billing for Portfolio in ‘Base Period Q1’ AND For Loan Type ‘1’ AND Loan Information DOES Have AN Update Loan Information with Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 2,00,000.00 |
| Modified Sanctioned Loan Amount | 1,50,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-June-2016 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q1.

Also, MLI uploads and approves the update input file on SURGE system in Portfolio having status as Base Period Q1.

Billing cycle is executed on 12th July 2016.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Sanctioned Loan Amount and for 295 days since 10-June-2016 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 1,50,000 \* (1%/365) \* 295 = 1,212.33/-

Guarantee Fee for all Premiums = 1,212.33 \* 30% = 363.70/-

Which equals to INR 1,576.03/-

**Scenario 3: Billing for Portfolio in ‘Base Period Q1’ AND For Loan Type ‘2/3/4’ AND Loan Information DOES NOT Have AN Update Loan Information:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 4,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-May-2016 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q1. Billing cycle is executed on 12th July 2016.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Sanctioned Loan Amount and for 326 days since 10-May-2016 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 4,00,000 \* (1%/365) \* 326 = 3,572.60/-

Guarantee Fee for all Premiums = 3,572.60 \* 30% = 1,071.78/-

Which equals to INR 4,644.38/-

**Scenario 4: Billing for Portfolio in ‘Base Period Q1’ AND For Loan Type ‘2/3/4’ AND Loan Information DOES Have AN Update Loan Information with Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 4,00,000.00 |
| Modified Sanctioned Loan Amount | 5,50,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-June-2016 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q1.

Also, MLI uploads and approves the update input file on SURGE system in Portfolio having status as Base Period Q1.

Billing cycle is executed on 12th July 2016.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Sanctioned Loan Amount and for 295 days since 10-June-2016 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 5,50,000 \* (1%/365) \* 295 = 4,445.21/-

Guarantee Fee for all Premiums = 4,445.21 \* 30% = 1,333.56/-

Which equals to INR 5,778.77/-

**Scenario 5: Billing for Portfolio in ‘Base Period Q4’ AND For Loan Type ‘1’ AND Loan Information DOES NOT Have AN Update Loan Information:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 2,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-Feb-2017 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q4. Billing cycle is executed on 12th Apr 2017.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Sanctioned Loan Amount and for 50 days since 10-Feb-2017 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 2,00,000 \* (1%/365) \* 50 = 273.97/-

Guarantee Fee for all Premiums = 273.97 \* 30% = 82.19/-

Which equals to INR 356.16/-p

**Scenario 6: Billing for Portfolio in ‘Base Period Q4’ AND For Loan Type ‘1’ AND Loan Information DOES Have AN Update Loan Information with Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 2,00,000.00 |
| Modified Sanctioned Loan Amount | 1,50,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-Feb-2017 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q4.

Also, MLI uploads and approves the update input file on SURGE system in Portfolio having status as Base Period Q4.

Billing cycle is executed on 12th Apr 2017.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Sanctioned Loan Amount and for 50 days since 10-Feb-2017 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 1,50,000 \* (1%/365) \* 50 = 205.48/-

Guarantee Fee for all Premiums = 205.48 \* 30% = 61.64/-

Which equals to INR 267.12/-

**Scenario 7: Billing for Portfolio in ‘Base Period Q4’ AND For Loan Type ‘2/3/4’ AND Loan Information DOES NOT Have AN Update Loan Information:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 4,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-Feb-2017 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q4. Billing cycle is executed on 12th Apr 2017.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Sanctioned Loan Amount and for 50 days since 10-Feb-2017 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 4,00,000 \* (1%/365) \* 50 = 547.95/-

Guarantee Fee for all Premiums = 547.95 \* 30% = 164.38/-

Which equals to INR 712.33/-

**Scenario 8: Billing for Portfolio in ‘Base Period Q4’ AND For Loan Type ‘2/3/4’ AND Loan Information DOES Have AN Update Loan Information with Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 4,00,000.00 |
| Modified Sanctioned Loan Amount | 5,50,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-Feb-2017 |

MLI uploads and approves the input file on SURGE system in Portfolio having status as Base Period Q4.

Also, MLI uploads and approves the update input file on SURGE system in Portfolio having status as Base Period Q4.

Billing cycle is executed on 12th Apr 2017.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Sanctioned Loan Amount and for 50 days since 10-Feb-2017 till 31-March-2017 (inclusive of end day).

Guarantee Fee on SBR = 5,50,000 \* (1%/365) \* 50 = 753.42/-

Guarantee Fee for all Premiums = 753.42 \* 30% = 226.03/-

Which equals to INR 979.45/-

### **Calculating Tax on Credit Guarantee Fees for Single Loan Account**

### **Calculation based on Service Tax, Krishi-Kalyan Cess and Swach Bharat Cess**

Tax on Credit Guarantee Charges is determined based on CG Fees calculated in section 1.8.1.1. There will be various Taxation components. SURGE allows users to define these components (their names and tax value). Summation of these tax components is the total tax determined. The formulae is as below:

**(Note: These Taxes calculation are old calculations for old taxes before GST).**

Tax on Guarantee Fee = (Tax1 \* Credit Guarantee Fee) + (Tax2 \* Credit Guarantee Fee) + …. + (Taxn \* Credit Guarantee Fee)

Consider scenario 1 in section 1.8.1.1 above.

Taxation on INR 2,322.19/-is determined as below:

1. Service Tax on this Fee @14% is 2,322.19/-\*14% = INR 325.11/-
2. Swach Bharat Cess on this Fee @0.5% is 2,322.19/-\*0.5% = INR 11.61/-
3. Krishi Kalyan Cess on this Fee @0.5% is 2,322.19/-\*0.5% = INR 11.61/-

Total Tax summation = INR 348.33/-

**Calculating the Credit Guarantee Fee Tax:**

1. SURGE provides facility to define tax components (names and values (%))
2. Summation of these tax components provides total tax chargeable on CG Fees.

### **Calculation based on GST**

As per GST policy, tax on GST is primarily based on MLI’s Headquarters’ location i.e. the state in which MLI is primarily based. NCGTC’s state of operations is decided as Maharashtra state.

**If the state of MLI operation is Maharashtra**:

Then as per GST policy, CGST and SGST will be applicable in the tax calculation.

The formula is as below:

Tax on Guarantee Fee = (Credit Guarantee Fee \* CGST Rate Defined in SURGE) + (Credit Guarantee Fee \* SGST Rate Defined in SURGE)

Consider scenario 1 in section 1.8.1.1 above.

Taxation on INR 2,322.19/-is determined as below:

1. CGST on this Fee @9% is 2,322.19/-\*9% = INR 208.99/-
2. SGST on this Fee @9% is 2,322.19/-\*9% = INR 208.99/-

Total Tax summation = INR 417.99/-

**If the state of MLI operation is Not Maharashtra**:

Then as per GST policy, IGST will be applicable in the tax calculation.

The formula is as below:

Tax on Guarantee Fee = (Credit Guarantee Fee \* IGST Rate Defined in SURGE)

Consider scenario 1 in section 1.8.1.1 above.

Taxation on INR 2,322.19/-is determined as below:

1. IGST on this Fee @18% is 2,322.19/-\*18% = INR 417.99/-

Total Tax = INR 417.99/-

### **Calculating Total Credit Guarantee Charges for Single Loan Account**

Tax on Credit Guarantee Charges is determined based on CG Fees calculated in section 1.8.1.1 and on taxes calculated on 1.8.1.2.

Total Credit Guarantee Charges = CG Fees + Total Taxes on CG Fees

Consider scenario 1 in section 1.8.1.1 above and taxes calculates as in section 1.8.1.2.

Total CG Charges is - 2,322.19 + 348.33 = 2,670.52/- (tax is calculated as per service tax regime)

### **Yearly Billing Cycle**

Conducted during end of currency period of the Portfolio. This billing cycle composed of two types of billing. This billing cycle will operate on those CG records whose latest updated CG Status (current) is 30005 or 30018 or 30019 - then it performs the following step *(specifically for those record whose File Type is 1)*:

* Round A Yearly Billing:
  + System undertakes calculation for each loan record, as mentioned in section 1.8.1 and accumulates the totals.

*Whilst the same process and formulae is being used in calculating charges as specified in section 1.8.1 the only difference is that for current Round A Yearly Billing, system calculates the charges till previous FY only.*

* + This billing cycle is necessitated for those loan records whose updates has been received and has not undergone a billing cycle.
* Round B Yearly Billing:
  + This billing cycle undertakes billing for previously billed loan accounts and for in advanced billing for entire FY.
  + Surge system will scan the loan records (new loan record and their respective update records) in the database for the given portfolio whose CGDAN marker is NOT empty. For each of the loan account,
  + Get the latest update record (if any)
  + For Loan Information having ‘Loan Type Code’ as 1 (These are Term Loans/Composite Loans), check if in the previous billing cycle (including Round A billing) loan amount considered for billing has been ‘Original Outstanding Loan amount ‘ (reported in New Loan Information file) OR has been ‘Modified Outstanding Loan amount ‘ (as a way of update loan information file) :
    - If ‘Original Outstanding Loan amount’ has been considered for previous billing cycle:
      * Then, Check If this ‘Original Outstanding Loan amount’ is modified
        + If Yes:

Then, perform the calculation of CG Fees and taxes as in section 1.8.2.1, 1.8.2.2 and 1.8.2.3 – Based on ‘Modified Outstanding Loan amount’.

Save the actual amount on which CG and CG Charges has been calculated on (i.e. the actual ‘Modified Outstanding Loan amount’)

Mark this records with CGDAN marker – Refer Section 1.7.4.2

* + - * + If No:

Then, perform the calculation of CG Fees and taxes as in section 1.8.2.1, 1.8.2.2 and 1.8.2.3 – Based on ‘Outstanding Loan amount’.

DO NOT SAVE the actual amount on which CG and CG Charges has been calculated on (i.e. the actual ‘Outstanding Loan amount’)

Mark this records with CGDAN marker – Refer Section 1.7.4.2

* + - If ‘Modified Sanctioned Amount/Limit’ has been considered for previous billing cycle:
      * Then, use this same value for CG Charge calculations:
        + Then, perform the calculation of CG Fees and taxes as in section 1.8.2.1, 1.8.2.2 and 1.8.2.3 – Based on ‘Modified Sanctioned Amount/Limit’. *(Note – while billing if the ‘Modified Sanction Amount exceeds 10Lakhs, then, billing is done at 10Lakhs only)*
        + Mark this records with CGDAN marker – Refer Section 1.7.4.2
    - Mark these records with CGDAN marker – Refer Section 1.7.4.2

(**Note**: - The Guarantee fee for the subsequent years will be paid on the **outstanding balance** (including on accounts which have turned NPA) corresponding to the of the crystalized portfolio. **However, fee shall be charged on the outstanding amount as on April 01 of the Financial Year except in case of working capital accounts where it shall continue to be charged on sanctioned amount.**)

* + For Loan Information having ‘Loan Type Code’ as 2 Or 3 Or 4 (These are Limits based credits), Check If the sanctioned amount is modified (which means Sanctioned loan amount has been reduced/enhanced by MLI)
    - If Yes:
      * Then, perform the calculation of CG Fees and taxes as in section 1.8.2.1, 1.8.2.2 and 1.8.2.3 – Based on ‘Modified Sanctioned Amount/Limit’. *(Note – while billing if the ‘Modified Sanction Amount exceeds 10Lakhs, then, billing is done at 10Lakhs only)*
      * Mark this records with CGDAN marker – Refer Section 1.7.4.2
    - If No:
      * Then, perform the calculation of CG Fees and taxes as in section 1.8.2.1, 1.8.2.2 and 1.8.2.3 – Based on ‘Sanctioned Loan Amount/Limit’. *(Note – while billing if the ‘Modified Sanction Amount exceeds 10Lakhs, then, billing is done at 10Lakhs only)*
      * Mark this records with CGDAN marker – Refer Section 1.7.4.2
  + Does summation of the individual CG Charges calculated above and accumulates the same at portfolio level.
  + Does summation of Round A and Round B billing cycle at portfolio level. This CG charges is considered for Payment from MLI.
  + If bill generation is not done in the same financial year and in following year if closed accounts are updated, then at the time of bill generation of previous currency period the system closed account are exclude from Bill. In Update CG, condition to be added that the closed date should be less than End date of Currency Period Financial Year.
  + CP4 Billing - CP4 Billing should be done for Standard Accounts as on 31st March of CP3.As On date of CP4 billing these accounts would be standard or NPA. Closed Accounts to be ignored in Billing.

### **CG Fees Calculation for Single Loan Account for Yearly Billing**

Credit Guarantee Fee is based on Sanctioned Loan Amount provided by MLI in his respective Input File along with ‘Annual Guarantee Fee (%)’ configured in the ‘Scheme’ and it’s respective ‘Docket’ along with Risk Premium on Rating, Risk Premium on NPA and Risk Premium on Claims which is configured for each portfolio. Refer the formulae below:

* Guarantee Fee on SBR = [Loan Amount \* (Annual Guarantee Fee in Percent)]
* Guarantee Fee for all Premiums = [(Risk Premium (CG Rating + NPA percentage +Claim Payout ratio)] \* Guarantee Fee on SBR
* Total CG Fees = Guarantee Fee on SBR + Guarantee Fee for all Premiums

Note:

* Here, the Loan Amount will be outstanding amount. CG Fees shall be charged on the outstanding amount as on April 01 of the Financial Year(Term Loans/Composite Loans)
* Here, the Loan Amount can be Sanctioned Loan Amount/Limit OR Modified Sanctioned Loan Amount/Limit as explained in section 1.8.2 for old loan records (Limits based credits).

*Note - The latest available risk premium value of NPA/Claim/CG-Rating in the risk premium master table is selected for further calculation of CG Fees.*

**Note: - As per New CR the CG Fees calculation scenarios. Effective from 1st April, 2023**

**Scenario 1: Billing for Portfolio in ‘Currency Period’ (either 1 or 2 or 3) AND For Loan Type ‘1’ AND has been billed on Outstanding amount:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Outstanding Loan amount | 2,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-May-2016 |

Thus, in case of this scenario, Guarantee Fee calculation will be based on Outstanding Loan amount.

Guarantee Fee on SBR = 2,00,000 \* 1% = 2,000.00/-

Guarantee Fee for all Premiums = 2,000.00 \* 30% = 600.00/-

Which equals to INR 2,600.00/-

**Scenario 2: Billing for Portfolio in ‘Currency Period’ (either 1 or 2 or 3) AND For Loan Type ‘1’ AND has been billed Modified Outstanding Loan amount is available:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Outstanding Loan amount | 2,00,000.00 |
| Modified Outstanding Loan amount | 1,50,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-June-2016 |

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Outstanding Loan Amount.

Guarantee Fee on SBR = 1,50,000 \* 1% = 1,500.00/-

Guarantee Fee for all Premiums = 1,500.00 \* 30% = 450.00/-

Which equals to INR 1,950.00/-

**Scenario 3: Billing for Portfolio in ‘Currency Period’ (either 1 or 2 or 3) AND For Loan Type ‘2/3/4’ AND Loan Information DOES NOT Have AN Update Loan Information with not Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 4,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-May-2016 |

Thus, in case of this scenario, Guarantee Fee calculation will be based on Sanctioned Loan Amount.

Guarantee Fee on SBR = 4,00,000 \* 1% = 4,000.00/-

Guarantee Fee for all Premiums = 4,000.00 \* 30% = 1,200.00/-

Which equals to INR 5,200.00/-

**Scenario 4: Billing for Portfolio in ‘Currency Period’ (either 1 or 2 or 3) AND For Loan Type ‘2/3/4’ AND Loan Information DOES NOT Have AN Update Loan Information with Modified Sanction Amount/Limit:**

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Sanctioned Loan Amount | 2,00,000.00 |
| Modified Sanctioned Loan Amount | 4,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-May-2016 |

Thus, in case of this scenario, Guarantee Fee calculation will be based on Modified Sanctioned Loan Amount.

Guarantee Fee on SBR = 4,00,000 \* 1% = 4,000.00/-

Guarantee Fee for all Premiums = 4,000.00 \* 30% = 1,200.00/-

Which equals to INR 5,200.00/-

**Scenario 5: Billing for Portfolio in ‘Currency Period’ (either 1 or 2 or 3) AND For Loan Type ‘1’ AND has been billed on Outstanding amount and First dibusrmnet date is in Currency period (either 1 or 2 or 3 or 4 or 5 or 6).**

* Guarantee Fee on SBR = [Loan Amount \* ((Annual Guarantee Fee in Percent) / No. of Days in FY) \* (No. of Days Left till end of FY since date of First Disbursement)]
* Guarantee Fee for all Premiums = [(Risk Premium – CG Rating + Risk Premium – NPA + Risk Premium – Claim)] \* Guarantee Fee on SBR
* Total CG Fees = Guarantee Fee on SBR + Guarantee Fee for all Premiums

|  |  |
| --- | --- |
| **Mudra Scheme Parameters** |  |
| Annual Guarantee Fee (%) | 1% |
| Maximum Limit to Guarantee Issuance Allowed (INR) | 10,00,000.00 |
| Minimum Limit to Guarantee Issuance Allowed (INR) | 50,000.00 |
| Outstanding Loan amount | 2,00,000.00 |
| Risk Premium – CG Rating | 15% over SBR |
| Risk Premium – NPA | 5% of SBR |
| Risk Premium – Claim | 10% of SBR |
| Date of First Disbursement | 10-March-2023 |
| Current system Date | 15-Sept-2023 |

MLI uploads and approves the update input file on SURGE system in Portfolio having status as Currency Period (either 1 or 2 or 3 or 4 or 5 or 6).

**Ex. Portfolio currency period 1 is in 2023-2024**.

Thus, in case of this scenario, Guarantee Fee calculation will be based on Outstanding Loan amount and for 388 days since 10-March-2023 till 31-March-2024 (inclusive of end day). Quarterly + Yearly billing/ CG fees will be calculate.

Guarantee Fee on SBR = 2,00,000 \* (1%/365)\*388 = 2,12602.74/-

Guarantee Fee for all Premiums = 2,000.00 \* 30% = 63,780.82/-

Which equals to INR 2,76,383.6/-

### **Calculating Tax on Credit Guarantee Fees for Single Loan Account**

### **Calculation based on Service Tax, Krishi-Kalyan Cess and Swach Bharat Cess**

Tax on Credit Guarantee Charges is determined based on CG Fees calculated in section 1.8.2.1. There will be various Taxation components. SURGE allows users to define these components (their names and tax value). Summation of these tax components is the total tax determined. The formulae is as below:

Tax on Guarantee Fee = (Tax1 \* Credit Guarantee Fee) + (Tax2 \* Credit Guarantee Fee) + …. + (Taxn \* Credit Guarantee Fee)

**(Note: These Taxes calculation are old calculations for old taxes before GST).**

Consider scenario 1 in section 1.8.2.1 above.

Taxation on INR 2,600.00/-is determined as below:

1. Service Tax on this Fee @14% is 2,600.00/-\*14% = INR 364.00/-
2. Swach Bharat Cess on this Fee @0.5% is 2,600.00/-\*0.5% = INR 13.00/-
3. Krishi Kalyan Cess on this Fee @0.5% is 2,600.00/-\*0.5% = INR 13.00/-

Total Tax summation = INR 390.00/-

**Calculating the Credit Guarantee Fee Tax:**

1. SURGE provides facility to define tax components (names and values (%))
2. Summation of these tax components provides total tax chargeable on CG Fees.

### **Calculation based on GST**

As per GST policy, tax on GST is primarily based on MLI’s Headquarters’ location i.e. the state in which MLI is primarily based. NCGTC’s state of operations is decided as Maharashtra state.

**If the state of MLI operation is Maharashtra**:

Then as per GST policy, CGST and SGST will be applicable in the tax calculation.

The formula is as below:

Tax on Guarantee Fee = (Credit Guarantee Fee \* CGST Rate Defined in SURGE) + (Credit Guarantee Fee \* SGST Rate Defined in SURGE)

Consider scenario 1 in section 1.8.2.1 above.

Taxation on INR 2,600.00/-is determined as below:

1. SGST on this Fee @9% is 2,600.00/-\*9% = INR 234/-
2. CGST on this Fee @9% is 2,600.00/-\*9% = INR 234/-

Total Tax summation = INR 468/-

**If the state of MLI operation is Not Maharashtra**:

Then as per GST policy, IGST will be applicable in the tax calculation.

The formula is as below:

Tax on Guarantee Fee = (Credit Guarantee Fee \* IGST Rate Defined in SURGE)

Consider scenario 1 in section 1.8.2.1 above.

Taxation on INR 2,600.00/-is determined as below:

1. IGST on this Fee @18% is 2,600.00/-\*18% = INR 468/-

Total Tax = INR 468/-

### **Calculating Total Credit Guarantee Charges for Single Loan Account**

Tax on Credit Guarantee Charges is determined based on CG Fees calculated in section 1.8.2.1 and on taxes calculated on 1.8.2.2.

Total Credit Guarantee Charges = CG Fees + Total Taxes on CG Fees

Consider scenario 1 in section 1.8.2.1 above and taxes calculates as in section 1.8.2.2.

Total CG Charges is - 2,600.00 + 390.00 = 2,990.00/- (tax is calculated as per service tax regime)

## **Persisting the Loan Account Information in CG Table**

### **New Credit Guarantee Information**

The New Loan Account information (or New CG) if found eligible, is saved in Credit Guarantee table (i.e. CG table). It is important to note that, all the loan information value provided by MLI is saved in the table along with Credit Guarantee status (as explained in above section) and along with below mentioned specific field values:

* File Type – 1 (which indicates that this is a batch transaction for New CG)
* Transaction Mode – 120001
* IP Address – IP Address of the User
* Is Active Flag – Active
* Created By – NCGTC user id
* Created Date – DateTime of Record insertion
* The CG Status code will be as below:

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Record Details In Input File for Loan Account in Consideration | State of Latest Record in SURGE for Corresponding Loan Account’s CG | Satus Codes Provided by System for the New Entry |
| 1 | Loan Account is Standard | Current State – 30010 | Current State – 30010  Previous State – 30036 |
| 2 | Loan Account is NPA | Current State – 30010 | Current State – 30020  Previous State – 30036 |
| 3 | Loan Account is Standard | Current State – 30020 | Current State – 30010  Previous State – 30036 |
| 4 | Loan Account is NPA | Current State – 30020 | Current State – 30020  Previous State – 30036 |
| 5 | Loan Account is Closed | Current State – 30010 OR  Current State – 30020 | Current State – 30005  Previous State – 30036 |
| 6 | Loan Account is NPA & Closed | Current State – 30010 OR  Current State – 30020 | Current State – 30005  Previous State – 30036 |

*Note: if loan a/c information provided, specifies, the loan a/c as closed and NPA, it will be marked as closed.*

### **Update Credit Guarantee Information**

The Loan Account information provided for continuity of CG if found eligible, is saved in Credit Guarantee table (i.e. CG table). It is important to note that, all the loan information value provided by MLI is saved in the table along with Credit Guarantee status (as explained in above section) and along with below mentioned specific field values:

* File Type – 3 (which indicates that this is a batch transaction for Update CG)
* Transaction Mode – 120001
* IP Address – IP Address of the User
* Is Active Flag – Active
* Created By – NCGTC user id
* Created Date – DateTime of Record insertion
* The CG Status code will be as below:

|  |  |  |  |
| --- | --- | --- | --- |
| S. No. | Record Details In Input File for Loan Account in Consideration | State of Latest Record in SURGE for Corresponding Loan Account’s CG | Satus Codes Provided by System for the New Entry |
| 1 | Loan Account is Standard | Current State – 30010 | Current State – 30010  Previous State – 30010 |
| 2 | Loan Account is NPA | Current State – 30010 | Current State – 30020  Previous State – 30010 |
| 3 | Loan Account is Standard | Current State – 30020 | Current State – 30010  Previous State – 30020 |
| 4 | Loan Account is NPA | Current State – 30020 | Current State – 30020  Previous State – 30020 |
| 5 | Loan Account is Closed | Current State – 30010 | Current State – 30005  Previous State – 30010 |
| Current State – 30020 | Current State – 30005  Previous State – 30020 |
| 6 | Loan Account is NPA & Closed | Current State – 30010 | Current State – 30005  Previous State – 30010 |
| Current State – 30020 | Current State – 30005  Previous State – 30020 |

* *Note: if loan a/c information provided, specifies, the loan a/c as closed and NPA, it will be marked as closed.*

|  |  |
| --- | --- |
| **CG State** | **Description** |
| 30010 | Guarantee In Force |
| 30020 | NPA Guarantee In Force |
| 30018 | Guarantee Close By NCGTC |
| 30036 | Guarantee Issuance Provisional |
| 30005 | Guarantee Close By MLI |
| 30119 | CGFMU Claim 1 |
| 30219 | CGFMU Claim 2 |
| 30319 | CGFMU Claim 3 |

## **Billing for Claim lodged Cases**

Billing for claim lodged cases is handled in specific manner. In order to prevent refund calculations and the associated functionality, it is decided to undertake billing of the claim lodged case till lodgment of claims and NOT for the entire financial year.

System will follow the steps below and the formula for this calculation:

1. A change in billing is suggested for resetting the billing flags till the billing cycle if the update is being provided as STD or NPA record and its earlier status has been claimed i.e. either 30119,30219 or 30319 – so that it is considered for billing. As mentioned in section 1.8.
2. The flags will be resettled in such a way that billing is not allowed if the update is provided as Closed/Revoked and its earlier status has been claimed i.e. either 30119,30219 or 30319 – so that it is NOT considered for billing.
3. From the fees determined – per day fee is determined. (note that the fee determined in pt. 1 above is for entire financial year, from this fee the per day fee is determined) (Let’s say this as ‘PDF’)
4. The duration between the first day of the financial year or the first disbursement date (as the case may be) and claim lodged date is determined. (Let’s say this as ‘D’). The claim lodged date is the date when MLI Approver approves the Batch Claim file. This date of approval is considered as ‘Claim Lodgment Date’ (or in specific approves the claim for that loan record/CG in SURGE system). If the record is claimed i.e. either 30119/30219/30319 then, consider it for prorate billing such that till the date of new claim and billing flags set so that no further billing is allowed.
5. The total fees for claim lodged cases:

* Guarantee Fee SBR for claim lodged case = [PDF \* D]
* Guarantee Fee for all Premiums = [(Risk Premium – CG Rating + Risk Premium – NPA + Risk Premium – Claim)] \* Guarantee Fee SBR for claim lodged case
* Total CG Fees = Guarantee Fee SBR for claim lodged case + Guarantee Fee for all Premiums

*Note:*

* *For determining ‘PDF’ system will use the ‘Guarantee Fee SBR’ as explained in section 1.8*

1. The tax calculations and subsequently the total guarantee charges is calculated in the same way as explained in 1.8.
2. Claimed account billing Scenarios:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Scenario** | **Previous State** | **Current Status** |  | **CG Fee** |
| 1 | Claimed (NPA + 6 Months) | STANDARD | MLI has to provide updates to mark “Standard” | CG should be charged prospective for the entire year |
| 2 | Claimed (NPA + 6 Months) | NPA with new date |  | CG fee should be charged prospective for full year if NPA date is less than 6 months.  If NPA date + 6 months, and lodge in claim file, CG fee will not be charged.  In case it has NPA+ 6 months but not provided in claim file, CG fee should be charged prospective for full year |
| 3 | Claimed (NPA + 6 Months) | NPA with same NPA date of previous claim file | If MLI provide details of accounts claimed in previous file in addition to new accounts | No CG Fee will be charged on previous claimed accounts.  CG Fee for additional accounts would be charged till lodgment |
| 4 | Claimed (NPA + 6 Months) |  | MLI has to provide updates to mark “Closed” | No CG fee |

## **Selection of Risk Premium Rate for Calculation**

The Risk Premium parameters are saved in the respective masters. For billing purpose of CG cases, the selection of particular risk premium value (for NPA, Claim etc.) depends on - the current system date. The current system date should be between the ‘Start Date’ and ‘End Date’ of a particular risk value (inclusive of these dates).

## **Points Pending for Further Clarification**

Following points will need clarification from NCGTC:

|  |  |  |
| --- | --- | --- |
| S. No. | Point for Further Clarification | Contemplations |
| - | - | - |

On receipt of further clarification from NCGTC team, the current document will undergo revision