

Frequently Asked Questions (FAQs)

1. What is National Credit Guarantee Scheme (NCGS)?

The National Credit Guarantee Scheme (NCGS) is a counter cyclical policy measure during the COVID-19 situation to stimulate investments through enhanced access to finance. The Government will guarantee a portion of the loan under the scheme.

2. How much will the Government Guarantee?

The Guarantee will be limited to debt financing of the project. NCGS coverage will *not exceed Nu. 30 million*.

Category of Industry	Investment (Nu. m)	Government	Participating Bank	Borrower
Large	>100	30% or Nu.30m, whichever is lower.	Up to Nu.30m.	Balance debt financing secured by collateral.
Medium	10-100	50% or Nu.30m, whichever is lower.	40% of balance debt financing.	60% of balance debt financing.
Small	1-10	70%	20%	10%
Cottage	< 0.500	70%	20%	10%

3. What is the guarantee period?

The guarantee period will not exceed a maximum of three years.

4. What is the Debt to Equity Ratio to avail loans under NCGS?

The Debt to Equity Ratio under the NCGS will be **90:10**, which is significantly lower than the existing 75:25. However, for start-ups under CSI category, equity requirement will be exempted.

5. Who will be eligible for NCGS?

All aspiring Bhutanese desiring to start new projects or upgrade existing projects, under the category of Cottage and Small, Medium and Large industries

6. What kind of businesses are eligible for the Scheme?

This Scheme is available to eligible business of large, medium and CSI, including primary producer, which falls under the category of productive sector. The definition of productive sectors and full details of the eligibility criteria are available through the NCGS website and the participating Bank websites.

7. How can businesses apply for the Scheme?

The NCGS is accessible by direct application to participating Banks. The Banks will start receiving application from October 23, 2020.

8. Which Banks are participating in the Scheme?

The Bank of Bhutan, Bhutan Development Bank and National CSI Development Bank will participate in the NCGS from the launch.

9. What is the interest rate applicable for NCGS?

The interest rates will be applicable as follows:

a) Cottage & Small industries:

7% during gestation period; and
8 % after commercial operation.

b) Medium & Large industries:

8.75% during gestation period; and
9.75 % after commercial operation.

10. Do we use the same loan application to apply for the NCGS?

A separate loan application form is available for loans under the NCGS, which will be made available on the Banks' websites before October 23, 2020.

11. What is National Credit Guarantee Support Facility (NCGSF)?

NCGSF is one-stop shop for NCGS related support and information.

12. What kind of support will the NCGSF provide?

In addition to facilitating the guarantee approval, the NCGSF will support project development guidance; facilitate clearances and approval for business establishment; and smooth implementation of the projects under the NCGS.

13. How can I contact the NCGSF?

The NCGSF is located in Chubachu, opposite of the Tarayana Complex, Tourism Council of Bhutan Office. Till permanent lines are established, you can contact us on 17341733 (Ugyen), 17587762 (Namgyal) and 77106677(Yeshi).