

## **General MSME Frequently Asked Questions**

For further details on below queries, you may please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in) or GJEPC's website <https://www.gjepc.org/>

### **A. MSME Definition**

#### **1. What are Micro, Small and Medium Enterprises (MSME) and how MSME (Manufacturing) are different from MSME (Services)?**

Ans. In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes: a) **Manufacturing Enterprises** & b) **Service Enterprises**:  
The enterprises engaged in providing or rendering of services and are **defined in terms of investment in equipment**.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as under:

#### **Manufacturing Sector**

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed 25 lakh rupees
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees

#### **Service Sector**

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed 10 lakh rupees
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees

#### **2. What is a Micro Enterprise?**

Ans. Any manufacturing enterprise in which the original value of investment in plant and machinery is upto Rs. 25 lakh and any service enterprises in which the

original value of investment in equipment is upto Rs. 10 lakh is called a Micro Enterprise.

### **3. What is a Small Enterprise?**

Ans. Any manufacturing enterprise in which the original value of investment in plant & machinery is above Rs. 25 lakh and upto Rs. 500 lakh and any service enterprise in which the original value of investment in equipment's is above Rs. 10 lakh and upto Rs. 200 lakh is called a Small Enterprise.

### **4. What is a Medium Enterprise?**

Ans. Any manufacturing enterprise in which the original value of investment in plant & machinery is above Rs. 500 lakh and upto Rs. 1000 lakh and any service enterprise in which the original value of investment in equipments is above Rs. 200 lakh and upto Rs. 500 lakh is called a Small Enterprise.

## **B. Udyog Aadhar Registration**

### **1. What is the eligibility criteria to avail MSME benefits?**

Ans. MSME's need to do Udyog Aadhar registration to avail the MSME benefits.

### **2. What is Udyog Aadhar registration?**

Ans. The Udyog Aadhar Registration is a completely online process which is totally free of cost. Industries registered with Udyog Aadhar become entitled to receive the benefits of several government schemes such as subsidies, easy loan approvals etc.

### **3. What are the details of Udyog Aadhar registration?**

Ans. 1. The SME (Small and Medium Scale Enterprises) owner needs to fill a one-page form that he can do either online or offline. For online registration, the applicant should visit the official website:  
[https://udyogaadhaar.gov.in/UA/UAM\\_Registration.aspx](https://udyogaadhaar.gov.in/UA/UAM_Registration.aspx)

#### **4. Documents required for Udyog Aadhar registration?**

Ans. Documents required for Udyog Aadhar registration are as below:  
Aadhaar Number, Name of Owner/Promoter, Category, Business Name, Type of Organization, Address, Date of Commencement, Previous Registration Details (if any), Bank Details, Key Activity, National Industrial Classification (NIC) Code, Investment in Plant & Machinery / Equipment, District Industry Center (DIC).

#### **5. What are the benefits of Udyog Aadhar registration?**

Ans. The applicant will receive the benefits of all the government schemes such as below:

- The applicant will also be eligible for government subsidies and easy loan, loan without guarantee, loans with subsidized rates of interest etc.
- Receive financial support for participating in foreign expos to showcase their products.

### **C. Bank Credit Facilitation Schemes (NSIC)**

#### **1. What is Bank Credit Facilitation Scheme?**

Ans. To meet the credit requirements of MSME units NSIC has entered into a Memorandum of Understanding with various Nationalized and Private Sector Banks. Through syndication with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks.

#### **2. What are the Salient features of Bank Credit Facilitation Scheme?**

Ans:

- a) Facilitates credit to MSMEs by having an integrated mix of various public and private sector banks.

- b) Provides an option for MSMEs to apply for a new bank or switch over of an account to a different bank .
- c) Helps the MSMEs in completing documentation and thereafter submitting it to the bank.
- d) Helps the MSMEs in getting liberal rate of interests from the banks after a favourable rating is awarded to unit under Performance and Credit rating scheme of the Ministry.
- e) To facilitate larger number of MSMEs who are desirous of availing credit.
- f) To provide handholding support to MSMEs.

### **3. How MSME loans can be availed under Bank Credit Facilitation Scheme ?**

Ans. The MSME Unit can approach directly to any of our branch offices and submit their request for loan requirement from any of the banks under our tie up agreement. The official sitting at the branch will provide hand holding support to the MSME unit by assisting them in completing all documentation as required for further submission to the bank.

### **4. What are these Documents?**

Ans. These documents are to be provided by the MSME unit based on the checklist of the banks.

### **5. What are the target clients who can avail loan under NSIC-FFC?**

Ans. Existing MSME units as well as units applying for fresh loans can apply through this portal

### **6. Is there any cost for applying in this scheme?**

Ans. No fee is charged from the MSME unit for applying for loan under this scheme.

### **7. How does this Bank Credit Facilitation Scheme help MSME ?**

Ans. Under Bank Credit Facilitation Scheme ,the MSME(s) can get access to finance from banks based upon their lending policy and a focused attention is given to the credit proposals sponsored by NSIC.

### **8. Which are the lending institutions eligible for extending loans under FFCs?**

Ans. The Banks/FI(s) which have entered into Memorandum of Understanding (MOU) with NSIC are the lending institutions under FFCs.

### **9. What are the types of loan facilities available in Bank for Micro, Small and Medium Enterprises?**

Ans.

- Term loans for acquisition of fixed assets (viz, land/building, plant/machinery, other fixed assets) towards setting up of new units and for expansion, modernization and diversification in case of existing units.
- Working Capital limits to meet the working capital needs of the MSME units in the form of open cash credit, overdraft against book debts and bill discounting facility.

Non fund based limits such as guarantees, letter of credit, foreign bank guarantees, foreign letter of credit etc.

#### **10. Whether KYC compliance is mandatory for availing loans under MSME?**

Ans. Yes, the loan applicants should open an operative account (Savings /Current Bank Account) which is KYC compliant with proper introduction, address proof, ID proof and photo etc; as stipulated by the bank.

#### **11. What are all the documents to be submitted for availing loans under MSME?**

Ans. The documents to be submitted vary based on the purpose of the loan.

The general documents as required are:-

- (i) Proof of Identity
- (ii) Proof of Residence
- (iii) Proof of Business address
- (iv) Asset and Liability Statement of promoters, guarantors, directors etc. with latest income tax returns.
- (v) Rent Agreement / Lease Deed if business premises rented/leased.
- (vi) Copy of SSI registration certificate/Entrepreneur's Memorandum
- (vii) Profile of the Unit (Name and address of promoters, experience, nature of activity, address of all offices/plants, share holding pattern etc.)
- (viii) Last three year's Balance Sheet with IT/ST returns
- (ix) Projected Balance Sheet for next two years
- (x) Application in the prescribed format
- (xi) CMA data in the prescribed format if limit required is Rs. 100 lakh and above.
- (xii) Position of accounts with existing bankers
- (xiii) Project Report for term loan requirements
- (xiv) Estimates/Quotations/Sanctioned building plan etc.
- (xv) Partnership Deed/Trust Deed/Rules & Bye laws/Memorandum

and Articles of Association /Certificate of Incorporation etc.

(xvi) Clearance from Pollution Control Board/Sanction from Electricity Board and other statutory authorities.

(xvii) Month-wise production and sales data for the current financial year, value of stock in process, finished goods, debtors, creditors etc.

**12. What are the margin norms for loans under MSME?**

Ans. Varies from bank to bank

**13. What is the interest rate of MSME loans.**

Ans. Varies from bank to bank

**14. What are the processing charges payable for MSME loans?**

Ans. Varies from bank to bank

**15. What are the security norms for MSME loans?**

Ans. Varies from bank to bank

**16. What is the method of assessing working capital requirement for MSME unit?**

Ans. For units requiring working capital limits up to Rs. 5 crore, requirement is assessed as 25% of the projected turnover for the next year and the working capital limit shall be 20% of the projected turnover. The balance shall be brought by promoters as their contribution by way of equity / loans.

For limits above Rs. 5 crore, the working capital requirement is assessed under Maximum Permissible Bank Finance Method. It may also vary from bank to bank.

**17. What is the repayment period stipulated for term loans?**

Ans. The repayment period varies depending upon the income generation from the unit and generally varies from 5-7 years. However, in exceptional cases it can go to 11 years.

**18. How is working capital finance typically structured at bank?**

Ans. At bank, working capital loans are tailored to suit the precise requirements of the client, in any of the various instruments available or structured as a combination of cash credit, demand loan, bill financing and non-funded facilities.

The banks accomplished credit crew can gauge the credit needs of each client and frame the exact solutions.

### **19.How does bank approve working capital loans?**

Ans. Bank dedicated credit team has a deep understanding of the intricacies of various industries and is richly experienced in reckoning the business potential of companies.

These informed professionals can assess your specific credit requirements and tailor customized financial solutions to suit your risk profile and the working capital cycle of your company.

### **20.What is the repayment schedule like?**

Ans. Working capital finance limits are normally valid for one year and repayable on demand. Specific, self-liquidating loans are linked to the natural tenor of the transaction (bill finance, export credit etc.).

### **21.What is meant by Priority Sector Lending?**

Ans. Priority sector lending include only those sectors, as part of the priority sector that impact large sections of the population, the weaker sections and the sectors which are employment-intensive such as agriculture, and Micro and Small enterprises. Detailed guidelines on Priority sector lending are available in RBI Master Circular on Priority sector lending no. RPCD.CO.Plan.BC 9 /04.09.01/2013-14 dated July 1, 2013 . The Master circulars issued by RBI, to banks, on various matters are available on its website [www.rbi.org.in](http://www.rbi.org.in) and updated in July each year.

### **22.Are there any targets prescribed for lending by banks to MSMEs?**

Ans. As per extant policy, certain targets have been prescribed for banks for lending to the Micro and Small enterprise (MSE) sector. In terms of the recommendations of the Prime Minister's Task Force on MSMEs banks have been advised to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises, a 10 per cent annual growth in the number of micro enterprise accounts and 60% of total lending to MSE sector as on preceding March 31st to Micro enterprises.

In order to ensure that sufficient credit is available to micro enterprises within the MSE sector, banks should ensure that:

40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to Rs. 10 lakh and micro (service) enterprises having investment in equipment up to Rs. 4 lakh ; 20 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises with investment in plant and machinery above Rs. 10 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 4 lakh and up to Rs. 10 lakh. Thus, 60 per cent of MSE advances should go to the micro enterprises.

For details, the RBI Master Circular RPCD.MSME & FS.BC.No.5/06.02.31/2013-14 dated July 1, 2013 on 'Lending to Micro, Small and Medium Enterprises (MSME) Sector, may please be seen.

### **23. How many such specialized branches for lending to MSMEs are there?**

Ans. As on March 2013 there are 2032 specialized MSME branches.

### **24. Are there specialized bank branches for lending to the MSMEs?**

Ans. Public sector banks have been advised to open at least one specialized branch in each district. The banks have been permitted to categorize their MSME general banking branches having 60% or more of their advances to MSME sector, as specialized MSME branches for providing better service to this sector as a whole.

As per the policy package announced by the Government of India for stepping up credit to MSME sector, the public sector banks will ensure specialized MSME branches in identified clusters/centres with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise.

Though their core competence will be utilized for extending finance and other services to MSME sector, they will have operational flexibility to extend finance/render other services to other sectors/borrowers.

### **25. How do banks assess the working capital requirements of borrowers?**

Ans. The banks have been advised by RBI to put in place loan policies governing extension of credit facilities for the MSE sector duly approved by their Board of Directors Vide RBI circular; RPCD.SME & FS.BC.No.102/06.04.01/2008-09 dated May 4, 2009 ).

Banks have, however, been advised to sanction limits after proper appraisal of the genuine working capital requirements of the borrowers keeping in mind their business cycle and short term credit requirement. As per Nayak Committee Report, working capital limits to SSI units is computed on the basis of minimum 20% of their estimated turnover up to credit limit of Rs. 5 crore. For more details paragraph 4.12.2 of the RBI Master Circular on lending to the MSME sector dated July 1, 2010 may please be seen.



## **26. Is there any provision for grant of composite loans by banks?**

Ans. A composite loan limit of Rs.1 crore can be sanctioned by banks to enable the MSME entrepreneurs to avail of their working capital and term loan requirement through Single Window in terms of RBI Master Circular on lending to the MSME sector dated July 1, 2010. All scheduled commercial banks have been advised by our circular RPCD.SME&NFS.BC.No.102/06.04.01/2008-09 on May 4, 2009 that the banks which have sanctioned term loan singly or jointly must also sanction working capital (WC) limit singly (or jointly, in the ratio of term loan) to avoid delay in commencement of commercial production thereby ensuring that there are no cases where term loan has been sanctioned and working capital facilities are yet to be sanctioned. These instructions have been reiterated to schedule commercial banks on March 11, 2010.

## **27. What is Cluster financing?**

Ans. Cluster based approach to lending is intended to provide a full-service approach to cater to the diverse needs of the MSE sector which may be achieved through extending banking services to recognized MSE clusters. A cluster based approach may be more beneficial

- (a) In dealing with well-defined and recognized groups
- (b) Availability of appropriate information for risk assessment
- (c) Monitoring by the lending institutions and
- (d) reduction in costs.

The banks have, therefore, been advised to treat it as a thrust area and increasingly adopt the same for SME financing. United Nations Industrial Development Organisation (UNIDO) has identified 388 clusters spread over 21 states in various parts of the country. The Ministry of Micro, Small and Medium Enterprises has also approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro and Small Enterprises Cluster Development Programme (MSE-CDP) located in 121 Minority Concentration Districts. Accordingly, banks have been advised to take appropriate measures to improve the credit flow to the identified clusters.

Banks have also been advised that they should open more MSE focused branch offices at different MSE clusters which can also act as counseling.

Centres for MSEs. Each lead bank of the district may adopt at least one cluster (Refer circular RPCD.SME & NFS.No.BC.90/06.02.31/2009-10 dated June 29, 2010 )

## **28. What are the RBI guidelines on interest rates for loans disbursed by the commercial banks?**

Ans. As part of the financial sector liberalization, all credit related matters of banks including charging of interest have been deregulated by RBI and are governed by the banks' own lending policies.

With a view to enhancing transparency in lending rates of banks and enabling better assessment of transmission of monetary policy, all scheduled commercial banks had been advised in terms of RBI circular;

DBOD.No.Dir.BC.88/13.03.00/2009-10 on April 9, 2010 to introduce the Base Rate system w.e.f. July 1, 2010. Accordingly, the Base Rate System has replaced the BPLR (Bank's prime Lending Rate) system with effect from July 1, 2010. All categories of loans should henceforth be priced only with reference to the Base Rate.

## **29. What are the guidelines for delayed payment of dues to the MSE borrowers?**

Ans. With the enactment of the Micro, Small and Medium Enterprises Development (MSMED), Act 2006, for the goods and services supplied by the MSEM units, payments have to be made by the buyers as under:

The buyer is to make payment on or before the date agreed on between him and the supplier in writing or, in case of no agreement, before the appointed day. The agreement between seller and buyer shall not exceed more than 45 days. If the buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank. For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at above. In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

To take care of the payment obligations of large corporate borrowers to MSEs, banks have been advised that while sanctioning/renewing credit limits to their large corporate borrowers (i.e. borrowers enjoying working capital limits of Rs. 10 crore and above from the banking system), to fix separate sub-limits, within the overall limits, specifically for meeting payment obligations in respect of purchases from MSEs either on cash basis or on bill basis.

Banks are also advised by RBI to closely monitor the operations in the sub-limits, particularly with reference to their corporate borrowers' dues to MSE units by ascertaining periodically from their corporate borrowers, the extent of their dues to MSE suppliers and ensuring that the corporate pay off such dues before the 'appointed day' /agreed date by using the balance available in the sub-limit so created. In this regard the relevant RBI circular; IECD/5/08.12.01/2000-01 dated October 16, 2000 (reiterated on May 30, 2003, vide circular No. IECD.No.20/08.12.01/2002-03 ) available on RBI website.

## **30. What is debt restructuring of advances?**

Ans. A viable/potentially viable unit may apply for a debt restructuring if it shows early stage of stickiness. In such cases the banks may consider to reschedule the debt for repayment, consider additional funds etc. A debt restructuring mechanism for units in MSME sector has been formulated and advised to all commercial banks. The detailed guidelines have been issued to ensure restructuring of debt of all eligible small and medium enterprises. Prudential guidelines on restructuring of advances have also been issued which harmony the prudential norms over all categories of debt restructuring mechanisms (other than those restructured on account of natural calamities). The relevant circulars in this regard are circular DBOD.BP.BC.No.34/21.04.132/2005-06 dated September 8, 2005 and circular DBOD.No.BP.BC.37/21.04.132/2008-09 dated August 27, 2008 which are available on our website [www.rbi.org.in](http://www.rbi.org.in).

### **31. What is the definition of a sick unit?**

Ans. As per the extant guidelines, a Micro or Small Enterprise (as defined in the MSMED Act 2006) may be said to have become Sick, if

Any of the borrower account of the enterprise remains NPA for three months or more.

OR

There is erosion in the net worth due to accumulated losses to the extent of 50% of its net worth during the previous accounting year. This criterion enables banks to detect sickness at an early stage and facilitate corrective action for revival of the unit.

### **32. Are all sick units put under rehabilitation by banks?**

Ans. No. If a sick unit is found potentially viable it can be rehabilitated by the banks. The viability of the unit is decided by banks. A unit should be declared unviable only if such a status is evidenced by a viability study.

### **33. Is there a time frame within which the banks are required to implement the rehabilitation package?**

Ans. Viable / potentially viable MSE units/enterprises, which turn sick in spite of debt restructuring, would need to be rehabilitated and put under nursing. It will be for the banks/financial institutions to decide whether a sick MSE unit is potentially viable or not. The rehabilitation package should be fully implemented by banks within six months from the date the unit is declared as potentially viable/viable. During this six months period of identifying and implementing rehabilitation package banks/FIs are required to do “holding operation” which will allow the sick unit to draw funds from the cash credit account at least to the extent of deposit of sale proceeds. The relevant circular on rehabilitation of sick units is RPCD.CO.MSME & NFS.BC.40/06.02.31/2012-2013 dated November 1, 2012 is available on our website.

### **34. What is the procedure and time frame for conducting the viability study?**

Ans. The decision on viability of the unit should be taken at the earliest but not later than 3 months of the unit becoming sick under any circumstances. The following procedure should be adopted by the banks before declaring any unit as unviable:

A unit should be declared unviable only if the viability status is evidenced by a viability study. However, it may not be feasible to conduct viability study in very small units and will only increase paperwork. As such for micro (manufacturing) enterprises, having investment in plant and machinery up to Rs. 5 lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh, the Branch Manager may take a decision on viability and record the same, along with the justification. The declaration of the unit as unviable, as evidenced by the viability study, should have the approval of the next higher authority/ present sanctioning authority for both micro and small units. In case such a unit is declared unviable, an opportunity should be given to the unit to present the case before the next higher authority. The modalities for presenting the case to the next higher authority may be worked out by the banks in terms of their Board approved policies in this regard the next higher authority should take such decision only after giving an opportunity to the promoters of the unit to present their case. For sick units declared unviable, with credit facilities of Rs. 1 crore and above, a Committee approach may be adopted. A Committee comprising of senior officials of the bank may examine such proposals. This is expected to improve the quality of decisions as collective wisdom of the members shall be utilized, especially while taking decision on rehabilitation proposals. The final decision should be communicated to the promoters in writing. The above process should be completed in a time bound manner and should not take more than 3 months.

### **35. What are the RBI guidelines on One Time Settlement scheme (OTS) for MSEs for settlement of their NPAs?**

Ans. Scheduled commercial banks have been advised in terms of our circular RPCD.SME&NFS. BC.No.102/06.04.01/2008-09 dated May 4, 2009 to put in place a non - discretionary one time Settlement scheme duly approved by their Boards. The banks have also been advised to give adequate publicity to their OTS policies. (Refer circular RPCD.SME&NFS. BC.No.102/06.04.01/2008-09 dated May 4, 2009)

**36. Apart from the loans and other banking facilities, do the banks provide any guidance to MSE entrepreneurs?**

Ans. Banks provide following services to the MSE entrepreneurs:

**Rural Self Employment Training Institutes (RSETIs)**

At the initiative of the Ministry of Rural Development (MoRD), Rural Self Employment Training Institutes (RSETIs) have been set up by various banks all over the country. These RSETIs are managed by banks with active co-operation from the Government of India and State Governments. RSETIs conduct various short duration (ranging preferably from 1 to 6 weeks) skill upgradation programmes to help the existing entrepreneurs compete in this ever-changing global market. RSETIs ensure that a list of candidates trained by them is sent to all bank branches of the area and co-ordinate with them for grant of financial assistance under any Govt. sponsored scheme or direct lending.

**Financial Literacy and consultancy support:**

Banks have been advised to either separately set up special cells at their branches, or vertically integrate this function in the Financial Literacy Centres (FLCs) set up by them, as per their comparative advantage. Through these FLCs, banks provide assistance to the MSE entrepreneurs in regard to financial literacy, operational skills, including accounting and finance, business planning etc. (Refer circular RPCD.MSME & NFS.BC.No.20/06.02.31/2012-13 dated August 1, 2012)

Further, with a view to providing a guide for the new entrepreneurs in this sector, a booklet titled “Nurturing Dreams, Empowering Enterprises – Financing needs of Micro and Small Enterprises – A guide” has been launched on August 6, 2013 by the Reserve Bank. The booklet has been placed on our website [www.rbi.org.in](http://www.rbi.org.in) under the following path & URL:

RBI main page – Financial Education – Downloads – For Entrepreneurs (<http://rbi.org.in/financialeducation/FinancialEnterprenure.aspx>)

**37. Can the MSE borrowers get collateral free loans from banks?**

Ans. In terms of RBI circular RPCD.SME&NFS.BC.No.79/06.02.31/2009-10 dated May 6, 2010, banks are mandated not to accept collateral security in the case of loans upto Rs 10 lakh extended to units in the MSE sector. Further, in terms of RBI circular RPCD/PLNFS/BC.No.39/06.02.80/2002-04 dated November 3, 2003, banks may, on the basis of good track record and financial position of MSE units, increase the limit of dispensation of collateral requirement for loans up to Rs.25 lakh with the approval of the appropriate authority.

All scheduled commercial banks that are public/private sector banks and RRbs/NSIC/SIDBI/NETFI are the member lending institutions. (MLI) List of banks offering loans is mentioned below;

### List of Bank's MSME Care Centres

Sl. No.	Name of Bank
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- |     |                                |
|-----|--------------------------------|
| 1.  | Allahabad Bank                 |
| 2.  | Bank of Baroda                 |
| 3.  | O.B.C.                         |
| 4.  | Andhra Bank                    |
| 5.  | State Bank of Bikaner & Jaipur |
| 6.  | State Bank of Hyderabad        |
| 7.  | Bank of India                  |
| 8.  | Bank of Maharashtra            |
| 9.  | State Bank of Travancore       |
| 10. | Canara Bank                    |
| 11. | Dena Bank                      |
| 12. | Indian Bank                    |
| 13. | I.O.B.                         |
| 14. | Punjab & Sind Bank             |
| 15. | P.N.B.                         |
| 16. | Syndicate Bank                 |
| 17. | UCO Bank                       |
| 18. | Union Bank of India            |
| 19. | United Bank of India           |
| 20. | Vijaya Bank                    |

21. State Bank of Mysore
22. Corporation Bank
23. I.D.B.I.
24. State Bank of Patiala
25. State Bank of India
26. Central Bank of India
27. State Bank of Indore

#### **Links of State Level Bankers' Committees contact address**

- | Sl. No. | Name of Bank          |
|---------|-----------------------|
| 1.      | SLBC Rajasthan        |
| 2.      | SLBC Bihar            |
| 3.      | SLBC U.P.             |
| 4.      | SLBC Orissa           |
| 5.      | SLBC Andhra Pradesh   |
| 6.      | SLBC J&K              |
| 7.      | SLBC Gujarat          |
| 8.      | SLBC West Bengal      |
| 9.      | SLBC Kerala           |
| 10.     | SLBC Jharkhand        |
| 11.     | SLBC Himachal Pradesh |

<b>D. Interest Equalisation/ Subvention Scheme</b>
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### 1. What is Interest Equalisation/ Subvention Scheme?

Ans. The Government has introduced the **Interest equalization/Subvention Scheme on Pre & Post Shipment Rupee Export Credit** with effect from 1.4.2015. The scheme is available to manufacturers for all **exports** under 416 specified tariff lines [at ITC (HS) Codes at 4 digit level] and to **exports** made by manufacturers in Micro, Small and Medium Enterprises across all ITC (HS) Codes. The rate of interest equalization is 3% per annum.

## E. Information & Communication Tools (ICT)

### 1. What support is provided by the Ministry for promotion of Information & Communication Tools (ICT) in MSME Sector?

Ans. The Ministry implements the Information and Communication Technology (ICT) scheme to encourage and assist Indian MSMEs to adopt ICT Tools and Applications in their production and business processes, and thereby improve their productivity and competitiveness in National and International Market.

## F. Cluster development

### 1. What is the support available for cluster development?

Ans. The Ministry is implementing the Micro and Small Enterprises – Cluster Development Programme (MSE-CDP) wherein support is provided for Diagnostic Study; Soft Interventions like general awareness, counseling, motivation and trust building, exposure visits, market development including exports, participation in seminars, workshops and training programmes on technology upgradation etc.; Hard Interventions like setting up of Common Facility Centers (Common Production/Processing Centre, Design Centre, Testing Centre etc.) and creation/upgradation of infrastructural facilities in



the new/existing industrial areas/ clusters of MSEs. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in)

## **G. Skill development**

### **1. What is the support available for Skill Development?**

Ans. The Ministry conducts various types of training programme through its various organisations for self-employment as well as wage employment. The training programmes are primarily focused to promote self-employment in the country. Thus all type of programmes have input which provide necessary information and skills to a trainee to enable him to establish his own micro or a small enterprises. The programmes include two week Entrepreneurship Development Programme (EDP), Six Week Entrepreneurship Skill Development Programme (ESDP). One week Management Development Programme (MDP), One Day Industrial Motivation Campaign (IMC) etc. For Monitoring of the programme a web based system has been developed where coordinator of the programme is bound to feed all details of trainees including his photo and phone no. on the website. The same will be linked to the call center of Ministry where real time feedback is obtained from trainees. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **H. Tool Rooms**

### **1. What benefits do the Tool Rooms of Ministry of MSME provide to MSMEs?**

Ans. Tool Rooms are equipped with state-of-the-art machinery & equipment. They are engaged in designing and manufacturing of quality tools, which are necessary for producing quality products, and improve the competitiveness of MSMEs in national and international markets. They also conduct training programmes to provide skilled manpower to industries specially MSMEs. The placement of trainees trained in Tool Room is more than 90%. There are 18 Autonomous Bodies (10 MSME Tool Rooms and 8 Technology Development

Centers) under DC (MSME), a list of Tool Rooms and Technology Development Centres is available in the website [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **I. Intellectual Property Rights (IPR)**

### **1. Whether there is any scheme for assisting MSMEs for Intellectual Property Rights?**

Ans. Under the National Manufacturing Competitiveness Programme (NMCP) to enhance the competitiveness of the SMEs sector, O/o DC (MSME) is implementing a scheme “Building Awareness on Intellectual Property Rights (IPR)” for the MSME. The objective of the scheme is to enhance awareness of MSME about Intellectual Property Rights (IPRs) to take measure for the protecting their ideas and business strategies. Accordingly, to enable the MSME sector to face the present challenges of liberalisation, various activities on IPR are being implemented under this scheme. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **J. Technology and Quality Upgradation: Energy efficient technologies**

### **1. What support is provided by the Ministry to promote energy conservation in the manufacturing process for SMEs?**

Ans. The Ministry implements the “Technology and Quality Upgradation Support to Micro, Small and Medium Enterprises (TEQUP)” which focuses on two important aspects, namely, enhancing competitiveness of MSME sector through Energy Efficiency and Product Quality Certification. The basic objective of this scheme is to encourage MSMEs in adopting energy efficient technologies and to improve product quality of manufacturing in MSMEs. It is a well-known fact that energy consumption is a significant component in the cost structure of almost any manufacturing/ production activity.

Adopting energy efficient technologies curtails the cost of energy there by reducing production cost and increasing competitiveness. Under this scheme, a capital subsidy of 25% of the project cost subject to a maximum of Rs. 10.00 lakh shall be provided to the registered MSME units. While 25% of the project cost will be provided as subsidy by the Government of India, the balance amount is to be funded through loan from SIDBI/banks/financial institutions. The minimum contribution as required by the funding agency will have to be made by the MSME unit. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

**2. What support is provided by the Ministry to improve quality of products produced in MSME sector?**

Ans. The TEQUP scheme envisages another activity, namely, Product Quality Certification. The main objective of this scheme is to encourage MSMEs to Acquire Product Certification Licenses from National / International Bodies, thereby improving their competitiveness. The primary objective of this activity is to provide subsidy to MSME units towards the expenditure incurred by them for obtaining product certification licenses from National / International standardization Bodies. Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure, towards licensing of product to National/International Standards. The maximum GOI assistance allowed per MSME is Rs.1.5 lakh for obtaining product licensing /Marking to National Standards and Rs. 2.0 lakh for obtaining product licensing /Marking to International standards. One MSME unit can apply only once under the scheme period. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **K. Design Clinic Scheme**

**1. What support is provided by the Ministry to improve design of products produced in MSME sector?**

Ans. The Ministry implements the Design Clinic Scheme for Design Expertise to Micro, Small and Medium Enterprises (MSME) Sector is to improve the design of the product to meet global challenges and compete with similar products domestically and internationally. It is launched to benefit MSMEs by creating a dynamic platform to provide expert solutions to real time Design problems and add value to existing products. The goal of this scheme is to help MSME manufacturing industries move up the value chain by switching the production mode from original equipment manufacturing to original design manufacturing and hence original brand manufacturing. In the Design Clinic scheme, the value additions to an idea or a concept are imparted through interaction at a lesser cost to a specific industry/sector. The expected outcome of such interventions is new product development by design improvement and value addition for existing products. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **L. ISO certification**

### **1. Is there support available for obtaining ISO certification?**

Ans. The Ministry is implementing the ISO: 9001/14001/HACCP Certification Reimbursement Scheme for Micro & Small Enterprises (MSEs) for reimbursement of certification expenses, only to those MSEs which have acquired Quality Management Systems (QMS)/ISO 9001 and /or Environment Management Systems (EMS)/ ISO14001and / or Food Safety Systems (HACCP) Certification. Under the scheme provides reimbursement of 75% of the certification expenses up to a maximum of Rs.75,000/- (Rupees seventy five thousand only) to each unit as one-time reimbursement only to those MSEs which have acquired Quality Management Systems (QMS)/ISO 9001 and /or Environment Management Systems (EMS)/ ISO14001and / or Food Safety Systems (HACCP) Certification. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **M. Quality Management Standards and Quality Technology Tools (QMS/QT)**

### **1. What support is provided by the Ministry to adopt latest Quality Management Standards and Quality Technology Tools (QMS/QT)?**

Ans. Under the National Manufacturing Competitiveness Programme (NMCP) Scheme, one component is “Enabling MSME manufacturing sector to be competitive through Quality Management Standards/Quality Technology Tools (QMS/QT)” was initiated in the XIth Five year plan. The main objective of the scheme is to sensitize and encourage MSEs to adopt latest Quality Management Standards/Quality Technology Tools (QMS/QT) and to keep a watch on sectoral developments by undertaking the stated activities. The major activities under the Scheme are as:

- (a) Introduction of appropriate course modules for technical institutions
- (b) Organizing awareness campaigns for micro & small enterprises.
- (c) Organizing competition–watch (c-watch).
- (d) Implementation of quality management standards and quality technology tools in selected micro & small enterprises.
- (e) Monitoring international study missions.

## **N. Performance & Credit Rating Scheme**

### **1. What support is provided by the Ministry for enabling MSMEs to get credit rating?**

Ans. The Ministry is implementing the Performance & Credit Rating Scheme, the main objective of the scheme is to provide a trusted third party opinion on the capabilities and creditworthiness of the MSEs so as to create awareness

amongst them about the strengths and weakness of their existing operations. This is to provide them an opportunity to improve and enhance their organizational strengths and credit worthiness, so that they can access credit at cheaper rates and on easy terms. NSIC was appointed as nodal agency to implement the scheme on behalf of the Government. Rating under the scheme is being carried out through empaneled rating agencies i.e. Credit Rating Information Services of India Limited (CRISIL), Credit Analysis & Research Limited (CARE), Onicra Credit Rating Agency of India Ltd. (ONICRA), Small and Medium Enterprises Rating Agency of India Ltd. (SMERA), ICRA limited and Brickwork India Ratings. Under this Scheme, rating fee payable by the micro and small enterprises is subsidized for the first year only and that is subject to maximum of 75% of the fee or Rs. 40000/-, whichever is less.

## 2. Is credit rating mandatory for the MSE borrowers?

Ans. Credit rating is not mandatory but it is in the interest of the MSE borrowers to get their credit rating done as it would help in credit pricing that is cost of funds (interest and other charges etc.) of the loans taken by them from banks.

## 3. Why is credit rating of the micro small borrowers important?

Ans. With a view to facilitating credit flow to the MSME sector and enhancing the comfort-level of the lending institutions, the credit rating of MSME units done by reputed credit rating agencies and it should be encouraged. Banks are advised to consider these ratings as per availability and wherever appropriate structure their rates of interest depending on the ratings assigned to the borrowing SME units.

## **O. Training Institutions Scheme**

### **1. What support is provided by the Ministry for assisting training institutions?**

Ans. The Ministry is implementing the Assisting to Training Institutions Scheme which envisages financial assistance for establishment of new institutions (EDIs), strengthening the infrastructure of the existing EDIs and for supporting entrepreneurship and skill development activities. The main objectives of the scheme are development of indigenous entrepreneurship from all walks of life for developing new micro and small enterprises, enlarging the entrepreneurial base and encouraging self-employment in rural as well as urban areas, by providing training to first generation entrepreneurs and assisting them in setting up of enterprises. The assistance shall be provided to these training institutions in the form of capital grant for creation / strengthening of infrastructure and programme support for conducting entrepreneurship development and skill development programmes.

## **P. Marketing Assistance**

### **1. What are the activities being implemented by NSIC under the Marketing Assistance Scheme.**

- Ans. a. Organizing Domestic Exhibitions  
b. Participation in Exhibitions/ Trade Fairs in India  
c. Support for Co-sponsoring of Exhibitions organized by other organisations/ industry associations/agencies  
d. Buyer-Seller Meets:  
e. Intensive Campaigns and Marketing Promotion Events  
f. Other Support Activities (Listed in MAS)

### **2. Who is eligible for availing benefits under the Marketing Assistance Scheme?**

Ans. Micro, Small & Medium Enterprises having Udyog Aadhar Memorandum (UAM) and entry on MSME databank are eligible for availing benefits under the Marketing Assistance Scheme.

**3. What are the eligible components for availing subsidies under Marketing Assistance Scheme?**

Ans. For participation in Domestic Exhibitions, Built- up stall is provided to MSMEs at subsidized rates.

**4. How many times an MSME unit is eligible for participation in Domestic Exhibition?**

Ans. An MSME unit is eligible for participation in One Domestic exhibition in a financial year. Units belonging to SC/ST entrepreneurs will be governed by special Marketing Assistance Scheme.

**5. What is maximum budgetary limit for participation in a domestic exhibition?**

Ans. The budgetary limit for participation in a domestic exhibition is Rs.15 lakhs (based on screening committee approval). The support is provided on 'First come First serve' basis.

**6. When an MSME unit should apply to NSIC for participation in domestic exhibition?**

Ans. The unit must apply to nearest NSIC branch office with complete documents at least one month prior to the commencement of the exhibition.

**7. How do you define MSEs owned by SC I ST enterprises?**

Ans. Definition of MSEs owned by SC I ST, as per clarification dated 25.6.2013 by Ministry of MSME under the provision of para 16 of Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, is as given under:

- (a) In case of proprietary MSE, proprietor(s) shall be SC /ST.
- (b) In case of partnership MSE, the SC I ST partners shall be holding at least 51% shares in the unit.
- (c) In case of Private Limited Companies, at least 51% share shall be held by SC/ ST promoters.



**8.What are the benefits and where do we need to go to avail marketing assistance scheme for participation in International and Domestic exhibitions?**

Ans. To avail the benefits for participation in International and Domestic exhibitions members can approach 2 of the government bodies NSIC and MSME DI.

MSME members can avail this benefits of Marketing Assistance for participation in International/Domestic fairs. MSME units are entitled to get subsidies of space rent and airfare for participation in International trade fair/domestic fair. Please note you will have to contact the NSIC for the preapproval , at least 2 months prior to participation for International fair/ domestic fair.

**9.What scheme does the Ministry have for providing marketing support to MSMEs?**

Ans. The Ministry implements the Marketing Assistance scheme through National Small Industries Corporation (NSIC) Limited for providing marketing support to MSMEs and for capturing the new market opportunities through organizing / participating in various domestic & international exhibitions/ trade fairs, Buyer-Seller meets intensive-campaigns and other marketing events.

**10.How can the MSME's avail the grants for domestic exhibitions through?**

Ans. For **participation in domestic exhibitions** members may visit the NSIC office and may request them **individually** for availing the grants for exhibitions even though they are not listed.

**11.What are the documents required for domestic exhibitions by NSIC?**

Ans. Following below are the documents are required by NSIC from Organizer (GJEPC) which members need to provide to NSIC by coordinating with GJEPC's exhibition and accounts team for availing benefits for domestic exhibitions:

- 1) Brochure of exhibition mentioning amount of stall rental of minimum size.
- 2) Proforma Invoice in favor of "NSIC A/c Unit Name".

- 3) Letter from the organizer stating the rate and minimum size of the stall.
- 4) Organizer (Voluntary Organization(VD) Non-Government Organization(NGO) Registration with NITI Aayog Darpan Portal and that Registration Number should be mentioned in the event brochure/Profile/Invoice.
- 5) Certificate of Incorporation/Registration documents, audited Balance sheet for last three years/Certified by C.A., GSTIN Registration and mandate form from the Bank.
- 6) 3 years Audited Balance sheet of the organizer (GJEPC).

## **12.What support is provided by the Ministry for participation of MSMEs in international events?**

Ans. Under the International Cooperation Scheme, financial assistance is provided on reimbursement basis to the State/Central Government organizations, industries/enterprises Associations and registered societies/trusts and organizations associated with MSME for deputation of MSME business delegation to other countries for exploring new areas of MSMEs, participation by Indian MSMEs in international exhibitions, trade fairs, buyer seller meet and for holding international conference and seminars which are in the interest of MSME sectors. Eligible beneficiary organizations can apply to the Ministry directly to avail the assistance under IC Scheme as per Scheme Guidelines. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in)

## **13.How to participate in International exhibitions which are not listed through NSIC and MSME DI?**

Ans. O/O DC (MSME) participates in a limited number of international exhibitions every year. For this purpose, Office of DC (MSME) books space, and selected SSI units are given the facility of free display space and free shipment of their exhibits from Mumbai to the fair and back. To get selected for participation, the unit must be registered and be producing goods, which are export worthy. A team of SISI Officers of your State who will recommend participation of your unit assesses export worthiness. Preference is given to units, which are ISO-9000 certified. You may also attend the fair in your individual capacity after availing shipment from O/O DC (MSME) at your own cost or through financial assistance under the Market Development Assistance (MDA) scheme of the Ministry of Commerce. O/O

DC(MSME) has also launched its own scheme called MSME-MDA to encourage MSME entrepreneurs to participate more actively in international exhibitions.

**14. Can benefits from Scheme for marketing assistance be availed from both Central & State Government for same event?**

Ans. This may be decided by the screening committee who has been applied to for availing the benefits.

**15. Is there any fee for availing benefits of marketing assistance?**

Ans. For scheme under State Government, there is no fee. Whereas, for availing benefits through NSIC (Nodal agency) for Central Government, 10% of total expenditure of the Marketing assistance scheme shall be re-imbursed to NSIC for implementing the scheme as administrative charges.

**16. Who can avail the benefits of the Marketing Assistance schemes?**

Ans. Any MSME registered unit.

**17. Can the units apply under these schemes at any time of the year?**

Ans. Units can apply under these schemes at any time of the year. But they should apply minimum 3 months in advance of the participation in the event.

**18. What is the mechanism for disbursement of assistance to the unit?**

Ans. The assistance is provided in form of re-imbbursement after submission of all the related expense details with supporting.

**19. Whether the Scheme is applicable for new MSME registered units?**

Ans. Yes.

**20. Are these schemes limited to specific sectors only?**

Ans. No. These schemes can be availed by any unit in any sector subject to approval of their application by the screening committee.

**21. For these schemes can units apply individually or they have to apply through any trade association / organization?**

Ans. Any unit can apply in either way individually for domestic exhibitions or through a trade association / organizations in a group of at least 10 MSME's for International exhibitions.

**22. Which is the Nodal Agency for Marketing Assistance scheme?**

Ans. Nodal Agency for schemes by Central Government is National Small Industries Corporations (NSIC) and for schemes by State Government is MSME DI & District Industries Center (DIC).

**23. What support is provided by the Ministry for participation of MSMEs in international events?**

Ans. Under the International Cooperation Scheme, financial assistance is provided on reimbursement basis to the State/Central Government organizations, industries/enterprises Associations and registered societies/trusts and organizations associated with MSME for deputation of MSME business delegation to other countries for exploring new areas of MSMEs, participation by Indian MSMEs in international exhibitions, trade fairs, buyer seller meet and for holding international conference and seminars which are in the interest of MSME sectors. Eligible beneficiary organizations can apply to the Ministry directly to avail the assistance under IC Scheme as per Scheme Guidelines. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

**Q. Credit Link Capital Subsidy Scheme for Technology Upgradation**

**1. What is the support available for technology upgradation?**

Ans. Ministry implements a scheme called Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of Micro and Small enterprises in the country. Under the scheme, 15 per cent capital subsidy, limited to maximum of Rs 15 lakh (12 per cent prior to 29.09.2005 limited to maximum of Rs 4.8 lakh) is provided to the eligible MSEs for upgrading their technology with the well-established and improved technology as approved under the scheme. 48 products/sub-sectors have been approved under the CLCSS till date. If you are an MSE manufacturing a product and want to upgrade the technology of manufacturing the product with the well-established and improved technology as approved under the Scheme, then you may have to approach to the nodal agencies/eligible financial institution for sanction of term loan for purchase of eligible machinery. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **2. What is CLCSS?**

Ans. It is Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation / purchase of new machine of Micro and Small enterprises in the country.

## **3. Whether the CLCSS is in operation at present?**

Ans. Yes.

## **4. When CLCSS was launched?**

Ans. The Scheme was launched in the financial year 2000-2001.

## **5. What were the salient features of the CLCSS?**

Ans. Under the scheme, 15 per cent capital subsidy, limited to maximum of Rs 15 lakh is provided to the Micro and Small Enterprises for upgrading their technology with the well-established and improved technology as approved under the scheme.

**6. How many products/sub-sectors have been approved under the CLCSS?**

Ans. 51 products / sub-sectors have been approved under the CLCSS till date. List is available in the Scheme guidelines at [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

**7. Whether the Scheme is restricted to 51 sub-sectors only?**

Ans. Technologies / new sub-sectors / products can be added as per the need / proposal received from industrial associations/units in the prescribed format (available on the website) after approval of Technical Sub-Committee (TSC) and Governing and Technical Approval Board (GTAB).

**8. Whether the Scheme is applicable for new MSEs?**

Ans. Yes.

**9. How can I get benefit under the Scheme?**

Ans. If you are as MSE manufacturing a product / sector (falling under the 51 categories approved under CLCSS) and want to upgrade the technology of manufacturing the product through institutional finance, then you may have to approach to the concerned bank / nodal agencies / eligible financial institution. Concerned Bank / PLI will upload the online application of CLCSS and forward to their Nodal Bank / Agency. Nodal Bank / Agency will forward the same online to Office of DC (MSME) after scrutiny.

**10. Which are the Nodal Agencies for implementation of CLCSS?**

Ans. Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), Canara Bank, Bank of Baroda, Bank of India, The Tamilnadu Industrial Investment Corporation Limited, Chennai (TIIC), Andhra Bank, State Bank of Bikaner & Jaipur, State Bank of

India, Corporation Bank, Indian Bank and Punjab National Bank are the nodal agencies for implementation of the CLCSS at present. Nomination of nodal agencies are continuous process.

**11. Why all the banks are not covered under the Scheme?**

Ans. All Scheduled Commercial Banks are covered under the scheme either as nodal bank or as PLI to SIDBI or NABARD.

**12. Whether CLCSS is applicable for medium scale Enterprises?**

Ans. Units graduated from small scale to medium scale are eligible for subsidy under CLCSS for a period of three years from the date of graduation.

**13. Is there any web-site where from I can get more details of the CLCSS?**

Ans. Yes. Web-site is [www.dcmsme.gov.in](http://www.dcmsme.gov.in) under the tab 'Technology Upgradation'.

**14. What are the new steps that have been taken by the Ministry for effective implementation' of CLCSS?**

Ans. For effective implementation and transparency, Online Application and Tracking System has been introduced w.e.f. 01.10.2013 for submission of online application by concerned Nodal Banks.

**15. Whether individual MSEs can directly apply for subsidy?**

Ans. No, this scheme is applicable to those units who have availed term loan from banks to acquire upgraded technology/machines. Units cannot apply directly online but banks will forward the application to Office of Development Commissioner (MSME).

**16. What is the time limit for applying for subsidy?**

Ans. Eligible claim with reference date (date of release of last instalment of term loan) of each quarter should reach up to the end of next quarter. For example, if reference date falling between 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March, 2015 the claim should be forwarded latest by 30<sup>th</sup> June, 2015 to Office of DC (MSME).

**17. What is the mechanism for disbursement of subsidy to the unit?**

Ans. Subsidy is to be kept in the form of Term Deposit Receipt (TOR) for 3 years by bank after release by Office of DC (MSME) in the concerned unit account and interest amount on the term loan should be reduced accordingly. The beneficiary unit shall remain in commercial production for a period of at least three years after installation of eligible plant & machinery on which subsidy under CLCSS has been availed. If the unit fulfils the condition, the TOR will be transferred to unit's account after three years.

**R. Scheme for Technology Acquisition****1. Is there any time limit for the Scheme for Technology Acquisition by State Government?**

Ans. Yes. Currently the operative period of this scheme is from 01/01/2015 to 31/12/2019 until any further changes.

**2. What is eligibility criteria for Scheme for Technology Acquisition?**



Ans. A new enterprise with new technology, existing enterprise will also eligible for new product or for improvement of production process, Such MSMEs intending to acquire technology for a specific product/ process.

**3. Who can avail the benefits of these schemes?**

Ans. Any MSME registered unit.

**4. What is the mechanism for disbursement of assistance to the unit for Scheme for Technology Acquisition?**

Ans. The assistance is provided in form of re-imbursement after submission of all the related expense details with supporting.

**5. Are these schemes limited to specific sectors only for Scheme for Technology Acquisition?**

Ans. No. These schemes can be availed by any unit in any sector subject to approval. Further, no assistance is given for purchase of plant and machinery or equipment under this scheme.

**6. For these schemes can units apply individually or they have to apply through any trade association / organization?**

Ans. Any unit has to apply individually for these schemes.

**7. Whether the Scheme is applicable for new MSME registered units?**

Ans. Yes.

**S. Capital Investment Subsidy & Interest Subsidy**

## 1. What is eligibility criteria for the Scheme?

Ans. The eligibility criteria are as follows:

- ❖ The Enterprise registered as MSME.
- ❖ For setting up new enterprise and such enterprise has to commence production during the operative period.
- ❖ For carrying out expansion or diversification by existing enterprise with investment in fixed capital more than 50% of its existing gross fixed capital investment. However, such investment should be minimum 60% only in plant and machinery.
- ❖ For carrying out Modernization of existing unit with investment in plant – machinery and equipment by more than 25% of its existing gross fixed capital investment, such modernization should be carried out by way of adopting new technology/ production process and/or improving quality of products.
- ❖ **Only one expansion/diversification and one modernization** during operative period is eligible to new unit set up during operative period of the scheme.
- ❖ Old & second hand machinery will not be eligible for assistance.

## 2. Is there any time limit for the Scheme?

Ans. Yes. Currently the operative period of this scheme is from 01/01/2015 to 31/12/2019 until any further changes.

### **3. Are these schemes limited to specific sectors only?**

Ans. No. These schemes can be availed by any unit in any sector subject to approval.

### **4. Are there any conditions applicable to this scheme?**

Ans. **Conditions for Capital Investment Subsidy**

- Enterprise which has obtained first disbursement during the operative period of the scheme will eligible for the assistance.
- In case term loan is sanctioned after one year from the date of commencement of commercial production, such enterprise will not eligible for subsidy under the scheme.
- The Unit shall have to continue production at least for 5 years from the date of commencement of commercial production, and if, it fails to do so than subsidy already been disbursed will be recovered as land revenue arrears.
- Total quantum of Capital Subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by the bank/Financial Institutes.

### **Conditions for Interest Subsidy**

- Enterprise shall have option for date of availment of interest subsidy either from the date of first disbursement of the loan or from the date of commencement of commercial production. This opted date will be final and period of 5 year will start from that date.
- The interest subsidy will be reimbursed to the enterprise who pays regular installments and interest thereof to the financial institution. If the enterprise becomes defaulter for any period, it will not be eligible for reimbursement of interest subsidy for that default period.

- In case term loan is sanctioned after one year from the date of commencement of commercial production, such enterprise will not be eligible for Interest subsidy under the scheme.
- Total quantum of Interest Subsidy (State + Central) in any case shall not exceed the total loan amount disbursed by the bank/Financial Institutes.

**\*\*For other conditions and information's, refer to the scheme details available on [http://ic.gujarat.gov.in/?page\\_id=3776](http://ic.gujarat.gov.in/?page_id=3776)**

**5. What is the mechanism for disbursement of assistance to the unit for Scheme for Technology Acquisition?**

Ans. The assistance is generally provided in form of deduction from the outstanding loan amount at the end of the tenure of repayment. However, the policies of different banks may be different for adjustment of subsidy amount for either Capital Investment subsidy or Interest Subsidy.

**6. For this scheme can units apply individually or they have to apply through any trade association / organization?**

Ans. MSME unit has to apply individually for this scheme.

**7. Where to apply for availing benefits of this scheme?**

Ans. District Industries Center (DIC).

**8. Can both manufacturing and service provider units apply for this scheme?**

Ans. No. This scheme is only available for the manufacturing units registered under MSME.

## **T. 'Credit Guarantee Fund Scheme for Micro and Small Enterprises' (CGTMSE)**

### **1. What is the support available for collateral free borrowing?**

Ans. The Ministry of MSME, Government of India and SIDBI set up the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) with a view to facilitate flow of credit to the MSE sector without the need for collaterals/ third party guarantees. The main objective of the scheme is that the lender should give importance to project viability and secure the credit facility purely on the primary security of the assets financed.

The Credit Guarantee scheme (CGS) seeks to reassure the lender that, in the event of an MSE unit, which availed collateral- free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 85 per cent of the outstanding amount in default.

The CGTMSE would provide cover for credit facility up to Rs. 100 lakh which have been extended by lending institutions without any collateral security and /or third party guarantees. A guarantee and annual service fee is charged by the CGTMSE to avail of the guarantee cover. Presently the guarantee fee and annual service charges are to be borne by the borrower. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

### **2. Who can apply for assistance under this scheme?**

Ans. Any MSME registered unit in Manufacturing or Service sector can apply for assistance under this scheme.

### **3. Whether borrowers from all service sector enterprises are eligible under the Scheme?**

Ans. As of now, all activities that come under service sector as per MSMED Act, 2006 except retail trade are eligible for coverage under the scheme.

**4. Which type of borrowers can be covered under the Scheme?**

Ans. New and existing Micro and Small Enterprises engaged in manufacturing or service activity excluding Retail Trade, Educational Institutions, Agriculture, Self Help Groups (SHGs), Training Institutions etc.

**5. Which are considered as eligible lending institutions under the scheme?**

Ans. All Scheduled Commercial Banks (either PSU, Private or Foreign Banks), selected Regional Rural Banks, selected state financial corporations or such of those institutions as may be directed by GOI can avail of guarantee cover in respect of their eligible credit facilities under the Scheme. Small Industries Development Bank of India (SIDBI), National Small Industries Corporation Ltd. (NSIC) and North Eastern Development Finance Corporation Ltd. (NEDFi) have been included as eligible institutions.

**6. What is quantum of credit facility that can be covered under the Scheme?**

Ans. Fund and non-fund based (Letters of Credit, Bank Guarantee etc.) credit facilities up to Rs. 100 lakh per eligible borrower are covered under the guarantee scheme provided they are extended purely on the project viability without collateral security or third party guarantee.

**7. Can a Private sector bank or a foreign bank be eligible for guarantee cover?**

Ans. Yes, provided it is a commercial bank listed in the II Schedule to the Reserve Bank of India Act, 1934.

**8. Is Regional Rural Bank eligible for guarantee cover?**

Ans. Yes, fulfilling the criteria of circular dated June 10, 2014 on “Review of Interest cap and other registration criteria of Regional Rural Banks (RRBs) as Member Lending Institutions (MLIs) of CGTMSE”. The Trust shall cover credit facilities (Fund based and/or Non fund based) extended by select RRB(s) to a single eligible borrower in the Micro and Small Enterprises sector for credit facility not exceeding 50 lakh by way of term loan and/or working capital facilities on or after entering into an agreement with the Trust, without any collateral security and/or third party guarantees.

**9. Is guarantee benefit available to existing units of a lending institution which has become a MLI of CGTMSE?**

Ans. In case of existing units, additional credit facilities in the form of term loan or renewal of working capital facilities can be covered as and when the facilities are extended, provided no collateral security and/ or third party guarantee is obtained. Part of the credit facility with collateral and part of the facility without collateral for guarantee cover would not be entertained if it is considered as a composite credit.

**10. Is it possible to cover credit facilities, which have already become NPA?**

Ans. No, the credit facility that has already become NPA cannot be covered under the Scheme.

**11. What would be the guarantee / service fee that would be payable by the member-lending institution on credit facility sanctioned in excess of 100 lakh?**

Ans. Presently, annual guarantee fee is payable @1% (0.75% or 0.85% in case of Women, Micro and units in North Eastern Region including state of Sikkim) on the credit facility agreed to be covered by the Trust. In this case, maximum of 100 lakh would be extended guarantee cover even though the sanctioned amount exceeds 100 lakh.

**12. Can a credit facility extended to a borrower against a collateral security be covered under the Guarantee Scheme, if the lending institution relinquishes its rights on the collateral security?**

Ans. Yes, provided the lending institution relinquishes its rights on the collateral assets and releases the same in favour of the borrower before seeking guarantee cover and subject to fulfilment of the other norms of the Scheme. Further, in case the MLIs has to retain the collateral security for the existing credit facility, a new credit facility extended to same borrower, without taking collateral can be covered under the scheme provided, the MLI is not extending the charge on the existing collateral to new facility.

**13. Can term loan or working capital facility alone be extended by an eligible lender and still be covered under the guarantee scheme?**

Ans. Yes, a lender can extend either term loan or working capital facility alone and still be eligible for a guarantee cover if it meets the other eligibility parameters. Needless to say, the credit facility extended to a borrower should be without any collateral security and/or third party guarantee.

**14. Is there any ceiling in respect of interest to be levied on the credit facility advanced to the borrower if the same is to be covered under the Scheme?**

Ans. Any credit facility which has been sanctioned by the lending institution on or after September 01, 2015 with interest rate more than 2% and 3% over the Base Rate/ (Average Base rate decided by the Trust from time to time as



applicable to RRBs) for loans up to 50 lakh and loans above 50 lakh respectively. However, in case of those MLIs for whom Reserve Bank of India has not enjoined Base Rate concept, the existing provision of CGS will continue.

**15. When will the guarantee cover commence for the eligible credit facility?**

Ans. The guarantee cover will commence from the date on which guarantee fee proceeds are credited to bank account of the Trust.

**16.Does CGTMSE have branch offices in other cities in India?**

Ans. CGTMSE has its Registered Office at Mumbai and does not have any branches. Since the entire operations are online, CGTMSE is able to cater to the needs of its MLIs from Mumbai.

**17. How is this guarantee scheme operated by the Trust?**

Ans. The operations of this Scheme are fully computerized using B2B e-business concept to enable the Trust to deliver prompt service to the lenders.

**18. How long the guarantee cover is available for credit facilities extended to a particular borrower?**

Ans. Guarantee will commence from guarantee start date and shall run through the agreed tenure of the term loan / composite loans. Where working capital facilities alone are extended to eligible borrowers, it would be for a period of 5 years or block of 5 years on renewal of the guarantee cover, provided MLI pays the Annual Service Fee due as on March 31, latest by within 60 days from the date of demand by CGTMSE.

**19. What is the tenure of the cover for credit relating to working capital?**

Ans. The tenure for coverage of working capital facilities is 5 years, where working capital alone is covered under the scheme. In case term credit and working capital both are covered under the scheme, the tenure relating to working capital facility would match the normal repayment period of term credit. The reason for keeping a limit of 5 years wherever working capital alone are covered are that the period for which the same are extended by the lending institutions are not time bound. The same are reviewed periodically for increase/ decrease in the limit sanctioned, and are expected to continue for a time frame much longer than 5 years. CGTMSE welcomes any renewal of guarantee cover beyond 5 years on a payment of applicable guarantee fee.

**20. Can the Micro and Small Entrepreneurs / borrowers approach the Trust directly to seek guarantee for the credits sanctioned by the Banks?**

Ans. Entrepreneurs in the Micro and Small Enterprises sector have to approach the Banks or financial institutions (who have already registered with the Trust as MLIs) with their viable proposals for their credit requirements. The List of MLIs of the Trust can be seen at CGTMSE's web-site at <http://www.cgtmse.in> or [www.cgtsi.org.in](http://www.cgtsi.org.in)

**21. What information is required to be submitted to the Trust before starting operations under the Scheme?**

Ans. The lending institution has to submit an undertaking (download from <http://www.cgtmse.in/files/Undertaking.pdf>) on a stamp paper of appropriate value to the registered office of the Trust. Subsequently, MLIs are required to give the names and addresses of the Zonal / Regional / Branch offices through which they would like to operate the Scheme. They are also required to furnish the names of a nodal officer and two other officers who will be operating the Scheme at each of the operating offices. On receipt of this information, Member ID and Passwords

would be allotted by the Trust, after which it would be possible for MLIs to lodge applications for guarantee cover. Applications are required to be lodged online.

## **U. Support for setting up of ‘Business Incubators’**

### **1. What support is provided by the Ministry for setting up Business Incubators?**

Ans. The Ministry implements the Support for Entrepreneurial and Managerial Development of SME’s Through Incubators”. The main purpose of the scheme is to nurture innovative business ideas (new/indigenous technology, processes, products, procedures, etc), which could be commercialized in a year. Under the Scheme, financial assistance between 75% to 85% of the project cost upto maximum of Rs. 8 lakh per idea/unit, provided to Business Incubators (BIs). The BIs are also eligible to avail Rs. 3.78 lakh for infrastructure and training expenses for incubating 10 ideas. Any individual or Micro and Small Industries (MSEs) that has innovative business idea at near commercialization stage can approach the Business Incubators approved under the scheme. Under the scheme, various institutions like Engineering Colleges, Management Institutions, Research labs, etc. that have in-house incubation facilities and faculty for providing handholding support to new idea/entrepreneur can apply in the prescribed application form. For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

### **2. Which are the Implementing Agencies under this scheme?**

Ans. The incubational support will be provided by Host Institutions, like:

- (i) Indian Institutes of Technology (IITs)
- (ii) National Institutes of Technology (NITs)
- (iii) Engineering Colleges
- (iv) Technology Development Centres, Tool Rooms, etc
- (v) Other recognized R&D&/or Technical Institutes/Centres, Development Institutes of DIP&P in the field of Paper, Rubber, Machine Tools, etc.

### **3. What is Business Incubator?**

Ans. Business Incubator is a unit which will be given assistance for developing and doing research or study on any innovative idea that they want to develop as a business. For further details please refer the scheme document.

### **4. What is the assistance provided per Business Incubator?**

Ans. The assistance provided per incubatee /idea can be any amount between Rs. 4 Lakhs to Rs. 8 lakhs depending upon the requirement.

### **5. Is there any limitation on number of incubators to be given financial assistance?**

Ans. Yes. Under this scheme, 100 “Business Incubators” (BIs) are to be set up under Technology (Host) Institutions [@ say 25 per financial year] and each BI is expected to help the incubation of about 10 new ideas or units.

### **6. What is the mode of applying for assistance under this scheme?**

Ans. The application can be sent to MSME or any of the implementing agencies listed in the scheme document.

## **V. Assistance in Rent to MSEs for Shed and Plot developed by Private Developer**

### **1. What is the assistance provided under this scheme?**

Ans. 50% of rent paid or Rs. 50000/- whichever is less for units situated in Municipal corporation areas or areas falling under urban development authority. For others, the assistance is 50% of rent paid or Rs. 25000/- whichever is less.

**2. Who can avail the benefits of this scheme?**

Ans. Any micro and small manufacturing unit registered under MSME. Units registered under Medium category and service providers cannot take assistance under this scheme.

**3. For how many years the assistance is available to a unit under this scheme?**

Ans. Assistance is available for maximum of 3 years under this scheme.

**4. What is the mechanism for disbursement of assistance to the unit?**

Ans. The assistance is provided in form of re-imbursement after submission of all the details with supporting.

**5. Whether the Scheme is applicable for new MSME registered units?**

Ans. Yes.

**W. Financial Assistance on 'Bar-Code'an NMCP Scheme**

**1. What is the assistance provided under this scheme?**

Ans. 75% reimbursement of only one-time registration fee and 75% of annual recurring fee for first three years paid by MSEs to GS1 India for using of Bar Coding.

**2. What is the mechanism for disbursement of assistance to the unit?**

Ans. The assistance is provided in form of re-imbursement after submission of all the related expense details with supporting.

### **3. Whether the Scheme is applicable for new MSME registered units?**

Ans. Yes.

## **X. National Manufacturing Competitiveness Programme (NMCP)**

### **1. What support is provided by the Ministry for improving manufacturing competitiveness?**

Ans. The National Manufacturing Competitiveness Programme (NMCP) is the nodal programme of the Government to develop global competitiveness among Indian MSMEs. The Programme was initiated in 2007-08. This programme targets at enhancing the entire value chain of the MSME sector through the following schemes:

- (a) Lean Manufacturing Competitiveness Scheme for MSMEs;
- (b) Promotion of Information & Communication Tools (ICT) in MSME sector;
- (c) Technology and Quality Up gradation Support to MSMEs;
- (d) Design Clinics scheme for MSMEs;
- (e) Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT);
- (f) Marketing Assistance and Technology Up gradation Scheme for MSMEs;
- (g) Setting up of Mini Tool Room under PPP Mode;
- (h) National campaign for building awareness on Intellectual Property Rights (IPR);
- (i) Support for Entrepreneurial and Managerial Development of SMEs through Incubators.
- (j) Bar Code under Market Development Assistance (MDA) scheme.

For further details please visit [www.dcmsme.gov.in](http://www.dcmsme.gov.in).