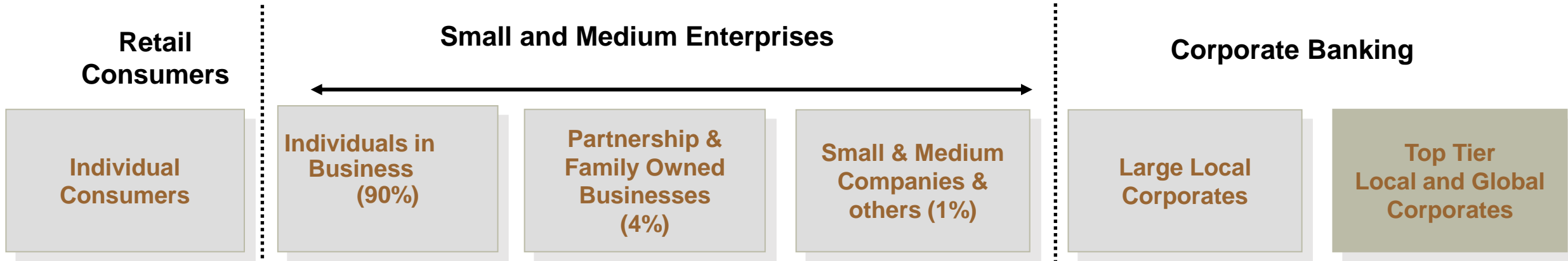
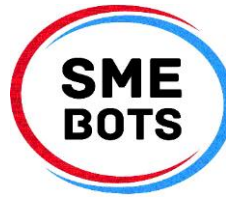


SOME RELEVANT, LESSER-KNOWN CREDIT SCHEMES FOR MSMEs

MSME - CLASSIFICATION

CUSTOMER SPECTRUM FOR BANKS / NBFCs

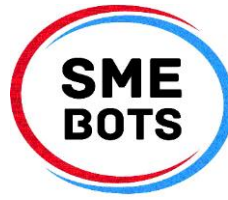


26 million MSMEs as per 2006-07 census (projected to have increased to 31 million in 2010-11) comprising of – micro (94.54%), small (4.89%) and medium (0.17%) enterprises

92.7% MSMEs do not have access to institutional finance

IIP growth rate in MSMEs > organised sector growth rate

MSME CLASSIFICATION AS PER MSMED ACT, 2006



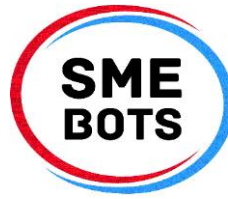
Enterprise type	Manufacturing	Service
	Investment in Plant & Machinery	Investment in Equipments
Micro	Rs. 25 lakhs	Rs. 10 lakhs
Small	Rs. 5 crore	Rs. 2 crore
Medium	Rs. 10 crore	Rs. 5 crore

Registration required for availing benefits of MSME schemes

- a) File EM-I / EM-II with DIC, or
- b) Online registration – Udyog Aadhar No. <http://udyogaadhaar.gov.in/UA/UdyogAadhar-New.aspx>
(instant registration possible – free of cost)

SOME RELEVANT BUT LESSER-KNOWN CREDIT SCHEMES FOR SMES

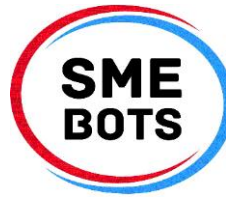
CREDIT-LINKED CAPITAL SUBSIDY SCHEME (CLCSS)



- **Eligible banks** – Canara Bank, NABARD, SIDBI, BOB, BOI, PNB, TIIC, SBBJ, NSIC & Andhra Bank. Other banks can avail through the eligible banks. Eligible micro and small enterprises (existing and new) as per MSME Development Act, 2006
- **Approved Technology** – listed at <http://www.dcmsme.gov.in/schemes/sccredit.htm#appendixI>
- **Eligible amount** – lower of:
 - 15% of the cost of eligible plant and machinery
 - Rs. 15 lakh

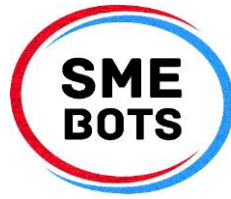
Micro and Small enterprises having already availed of CLCSS can avail subject to a maximum of Rs. 15 lakh in its life
- **Ineligible items** –
 - Replacement of existing equipment / technology with same equipment / technology
 - upgrading with second hand machinery
 - tools, jigs, dies, moulds & maintenance spare parts & consumable stores;
 - cost of installation

CREDIT GUARANTEE FOR MICRO & SMALL INDUSTRIES



- **Eligibility** – micro and small enterprises (not medium) as per MSMED Act, 2006. Application for guarantee cover to be made by lender. Lender to agree for availing guarantee.
- For working capital, once availed by one Bank, the same amount cannot be availed by another Bank. Similarly, once availed for term loan, cannot be availed again after repayment
- **Maximum guarantee** available –
 - 85% for credit exposure of upto Rs. 5 lakh and for women entrepreneurs and for enterprises in NER
 - 75% for credit exposure upto Rs. 50 lakh
 - 50% for credit exposure in excess of Rs. 50 lakh and upto Rs. 1 crore
- **Guarantee Fee** – 1.5% initially and 0.75% annually (1% & 0.5% for credit exposure less than Rs. 5 lakhs)

SIDBI MAKE IN INDIA SOFT LOAN FUND FOR MSMEs (SMILE)



SMILE CONTINUES

- **Permitted sectors** mentioned at <http://www.makeinindia.com/sectors>
- **Objective** - To provide soft loan (10% of the project cost), in the nature of quasi-equity, and term loan on relatively soft term.
- **Eligibility** – New as well as existing MSMEs in the manufacturing as well as services sector; undertaking expansion, modernization, technology upgradation or other projects for growing their Business.
- **Promoter's Contribution** - Minimum 15% of project cost for project up to Rs. 1 crore and 20% projects having project cost in excess of Rs. 2 crore
- **Term Loan** – upto 75% of the project cost (maximum DER of 3:1) including soft loan of 10% of project cost (15% for SC/ST/Women/ Persons with disability) subject to maximum of Rs. 20 lakhs
- **Minimum Term Loan** – Rs. 25 lakhs
- **Repayment period** – 7 years
- **Interest rate** – 9.35% p.a. for soft loan and regular loan 9.45% - 9.95% for the first 3 years. After 1st 3 years, entire loan would be charged normal rate of interest @ 11.70% to 14.20% p.a. **Upfront fee** of 0.5% + taxes

TECHNOLOGY INNOVATION FUND - SRIJAN SCHEME

- Technology Information, Forecasting & Assessment Council, (**TIFAC**) GOI fund, implemented by SIDBI
- **Eligibility** - New/ existing MSME units
- **Promoters contribution** – Minimum 20% of the project cost
- **Loan Amount** – 80% of the project cost subject to maximum of Rs. 100 lakh
- **Interest Rate** – not more than 5% p.a. and **upfront fee** - 0.5% of sanctioned amount plus applicable service tax
- **Repayment Period** – 6 year including moratorium period from the date of completion of the project

4E SCHEME – END-TO-END ENERGY EFFICIENCY INVESTMENT

- **Objective** – for meeting capital expenditure including equipment cost, commissioning of project and other expenditure related to achieving energy efficiency measures. Other expenditure limited to 50% of equipment costs. Land and Civil works costs excluded
- **Eligibility** – only for existing MSME units of more than 3 yrs
- **Promoters contribution** – 10% of the project cost
- **Loan Amount** – 90% of the project cost subject to mini-max of Rs. 10 lakh and Rs. 150 lakh; limited to 20% of turnover
- **Interest Rate** – **below** 2.5% of normal rate
- **Repayment Period** – moratorium period of 6 months; total repayment period – 3 years for loans upto Rs. 100 lakhs and 5 yrs for loans exceeding Rs. 100 lakhs

SIDBI - GENERAL PURPOSE TERM LOAN

- **Objective**

- Setting up of new MSME unit,
- Expansion/Diversification / Modernization/ technology upgradation/ quality certification of existing units by MSMEs,
- acquisition of additional machinery / equipments,
- marketing related activities by MSMEs.

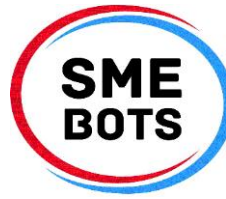
- **Promotor Contribution** - 33 % of Project Cost in new project and 25% in existing well performing units

- **Loan amount** – Minimum Rs. 10 Lakh with security margin of 1.3 to 1.4

- **Loan Period** – 8-10 years including moratorium period up to 18 months

- **Interest Rate** – normal interest rate charged by SIDBI and **upfront fee** of 1% of the term loan sanctioned

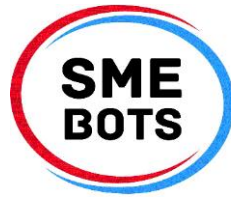
SIDBI – GEMS / GROWTH CAPITAL & EQUITY ASSISTANCE FOR MSMEs



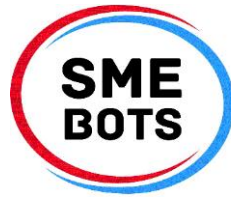
- **Objective** – to bridge finance gap for expansion, modernization and scaling up, margin money for working capital, financing for business growth including for intangibles like R&D, marketing, energy efficiency etc.
- **Eligibility** – existing MSMEs in existence for more than 3 years
- **Type of assistance** –
 - Optionally Convertible Cumulative Preference Share
 - Subordinated debt
 - Loans with royalty or equity participation
- **Promotor Contribution** - 33% of Project Cost in new project and 25% in existing well performing units
- **Loan amount** – 50% of the tangible networth
- **Loan Period** – 7 years for loans; equity components – suitable exit options are anticipated
- **Interest Rate** – normal interest rate, generally 2%-3% above SIDBI's PLR
- **Security** – generally with assets created out of the assistance

SIDBI – PRIVILEGED CUSTOMER SCHEME (PCS)

- **Objective** - for general (non-specific investment plan)
- **Loan Amount** - Maximum of Rs. 1 cr subject to a maximum of
 - 20% of Annual Sales, for manufacturing and service sector enterprises
 - 40% of Annual Sales, for entities operating purely on job work basis
- **Eligibility**
 - **Existing SIDBI customer** with good track record of repayment
 - Should not be in negative industry list
 - Should not be in default to other banks
 - SIDBI's internal rating - SB6 or better
- **Promotor Contribution** - not asked (DER should preferably be low on overall business basis to enjoy better rating and qualify under this scheme)
- **Period of loan** - flexible based on need
- **Interest Rate** – normal interest rate based on internal credit rating



DISCUSSIONS / Q&A



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