

MSME SCHEMES

*Presentation on
Services given by
MSME to SSE*

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MSME SECTOR AT A GLANCE

MSME Sector – **6.5 Crores**

Employment to over 13 crores

Potential to spread industrial growth across the country

Through more than **8,500 products** contributes.....

❖ **8% to GDP**

❖ **45%** to total manufacturing output

❖ **40%** to exports from the country

Prime Minister's Employment Generation Program (PMEGP)

- **Objective**
Encourage new entrepreneurs to set up micro-enterprises through credit-linked subsidy support
- **Key Benefits**
Bank financed subsidy program for setting up new micro-enterprises in non-farm sector.
- Margin Money subsidy on Bank Loan ranges from 15% to 35% for projects up to Rs. 25 lakhs in manufacturing and Rs. 10 lakhs in service sector
- For beneficiaries belonging to special categories such as SC/ST/Women/PH/Minorities/Ex-Servicemen/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of projects is Rs.25.00 lakh in the manufacturing sector and Rs.10.00 lakh in the service sector.

Scheme applicable for Any individual above 18 years of age, SHGs, Charitable trusts, Registered Societies etc.

Detailed Information

The own contribution of the beneficiary is 10% of the project cost in case of general category and 5% of the project cost in case of reserved category (SC/ST/OBC/PH/Women/Ex Servicemen/ NER) beneficiaries.

In order to have sustainability of the projects/units set up under the scheme, support services are also provided in the form of Backward & Forward Linkages by organizing events like awareness camps, workshops, EDP training to the beneficiaries, exhibitions, etc.

Government of India has introduced online process flow of application and disbursement of Margin Money directly to financing branches. One-page online application form is mandatory for individuals and institutional beneficiaries on the e-portal

To increase the registration of MSMEs in the country, the Government has undertaken measures that the PMEGP units can adopt the Udyog Aadhar Memorandum (UAM) to register online.

2nd Loan for up-gradation of the existing PMEGP/MUDRA units

Detailed Information

Further financial assistance scheme for expansion/upgrade the existing PMEGP/MUDRA units for manufacturing and Service/Trading units from the year 2018-19

The maximum cost of the project under manufacturing sector for up-gradation is Rs.1.00 crore and Rs.25.00 lakh under Service/Trading sector.

Maximum subsidy would be 15% of the project cost (20% for NER and Hill States) i.e. Rs. 15.00 lakh in Non-NER and Rs. 20.00 Lakh for NER and Hill States. The balance amount of the total project cost are provided by Banks as term loan.

All existing units financed under PMEGP/MUDRA schemes running successfully whose Margin Money claim has been adjusted and the First loan (only CE) availed should have been repaid in stipulated time and WC may be exempted. The units should have been making profit for the last three years.

Beneficiary may apply to the same financing bank, which sanctioned the loan for their unit, or to any other financing bank, which is willing to extend credit facility for second loan.

The beneficiary can choose any implementing agency and that may be different from the agency chosen for 1st loan. Registration of Udyog Aadhar Memorandum (UAM) is mandatory.

The 2nd loan should lead to additional employment generation. On PMEGP e-Portal, a separate application link provided to submit the application under 2nd loan for up-gradation.

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)

Credit guarantee for loans upto Rs. 2 crore, without collateral and third-party guarantee.

Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakh) to 75% (others). 50% coverage is for retail activity.

The guarantee cover available under the scheme is to the extent of 50%/ 75% / 80% & 85% of the sanctioned amount of the credit facility.

The extent of guarantee cover is 85% for micro enterprises for credit up to 5 lakhs. The extent of guarantee cover is 50% of the sanctioned amount of the credit facility for credit from 10 lakh to 100 lakhs per MSE borrower for retail trade activity

<https://www.psbloansin59minutes.com/home>

- 1) 159,000 applications approved : 2019-20
- 2) Rs. 49,330 crores sanctioned
- 3) Rs. 37,106 crores disbursed ...Eco Survey GOI

CGFMU – Credit Guarantee Fund for Micro Units

Credit Guarantee Fund for Micro Units(PMMY)...
Upto Rs. 10 lakh, later extended to Rs.20
lakh...finance by Banks/FI's to micro units under
PMMY(shishu, kishor & tarun),SHG's, Loans to SC
& ST with a max. of 75% of the outstanding
other than first loss (i.e.3% borne by the
bank/FI). Promoted and managed by NCGTC.

ELIGIBILITY CRITERIA CGFMU

All PMMY accounts :

- i) Shishu upto Rs.50000/-.
- ii) Kishor above Rs.50000 upto Rs.5 Lakh.
- iii) Tarun above Rs. 5 lakh upto Rs.10 lakh.
- Should be new or existing micro unit/enterprise as per MSMED act 2006.
- No collateral security or third party guarantee should be attached to such accounts.
- Micro loans to SHG's, SC & ST

1--COVID Emergency Credit Line Guarantee Scheme - ECLGS

Key highlights:

Borrowers with up to INR 25 crore outstanding as on Feb 29, 2020 and up to INR 100 crore annual turnover for FY 2020 will be eligible.

Loans sanctioned under IGECCL would be up to 20% of the borrower's total outstanding credit as on Feb 29, 2020.

Loans provided to Business Enterprises/MSMEs constituted as Proprietorship, Partnership, registered company, trusts and Limited Liability Partnerships (LLPs) shall be eligible under the Scheme.

Business Enterprises/MSME borrower must be Goods and Services Tax (GST) registered in all cases where such registration is mandatory.

This condition will not apply to Business Enterprises/MSMEs that are not required to obtain GST registration.

Borrower accounts which had NPA or SMA-2 status as on Feb 29, 2020 shall not be eligible under the scheme.

Nil processing charges and waiver of foreclosure/prepayment charges.

No additional collateral requirement.

Scheme is available up to Oct 31, 2020

2--CREDIT GUARANTEE SCHEME FOR SUBORDINATE DEBT

To provide guarantee coverage for the CGSSD to provide Sub-Debt support in respect of restructuring of MSMEs. 90% guarantee coverage would come from scheme/ Trust and remaining 10% from the concerned promoter(s).

The objective of the scheme is to provide personal loan through banks to the promoters of stressed MSMEs for infusion as equity / quasi equity in the business eligible for restructuring, as per RBI guidelines for restructuring of stressed MSME advances.

Credit facility "means financial assistance provided under the scheme by way of sub-debt facility extended by the lending institution to the Promoters of the MSME units upto 15% of promoter's stake or Rs. 75 lakh whichever is lower.

Eligible borrower "means the promoters of MSME units which are stressed, viz. SMA-2, and NPA accounts as on 30.04.2020 and can become commercially viable as per the assessment of the lending institutions.

The Scheme is applicable for those MSMEs whose accounts have been standard as on 31.03.2018 and have been in regular operations, either as standard accounts, or as NPA accounts during financial year 2018-19 and financial year 2019-20.

For this scheme, 90% guarantee coverage would come from scheme/ Trust and remaining 10% from the concerned promoter(s).

Financial Year ----- 2019-20

No.of PMMY Sanctioned ---6,22,37981.

Amount sanctioned -----Rs.3,37,465.13

Amount Disbursed ----- Rs.3,29,684.63

Stand-Up India scheme

The objective of the **Stand-Up India scheme** is to facilitate bank loans between 10 lakh and 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting **up** a Greenfield enterprise.

Credit Linked Capital Subsidy Scheme

Facilitating technology up-gradation by providing **15% upfront capital subsidy** upto a **maximum of Rs. 15 lakhs** (i.e., **maximum investment** in approved machinery is **Rs. 1 crore**) to MSE units

MSME SAMADHAAN- Delayed Payments to Micro and Small Enterprises under Micro, Small and Medium Enterprise Development (MSMED) Act, 2006.

Salient Features

The buyer is liable to pay compound interest with the monthly rests to the supplier on the amount at the three times of the bank rate notified by RBI in case he does not make payment to the supplier for his supplies of goods or services within 45 days of the acceptance of the goods/service rendered. (Section 16)

The provisions under the Act are implemented by MSEFC chaired by Director of Industries of the State /UT having administrative control of the MSE units.

State Government/UTs are requested to ensure that the MSE Facilitation Council hold meetings regularly and delayed payment cases are decided by the Councils within a period of 90 days as stipulated in the MSMED Act, 2006.

THANK YOU