Guaranteed Emergency Credit Line

(Booster to Economy by GOI post COVID 19)

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Introduction to MSME

- A branch of the Government of India.
- Apex executive body for the **formulation and administration** of rules, regulations and laws relating to micro, small and medium enterprises in India.

Present Scenario

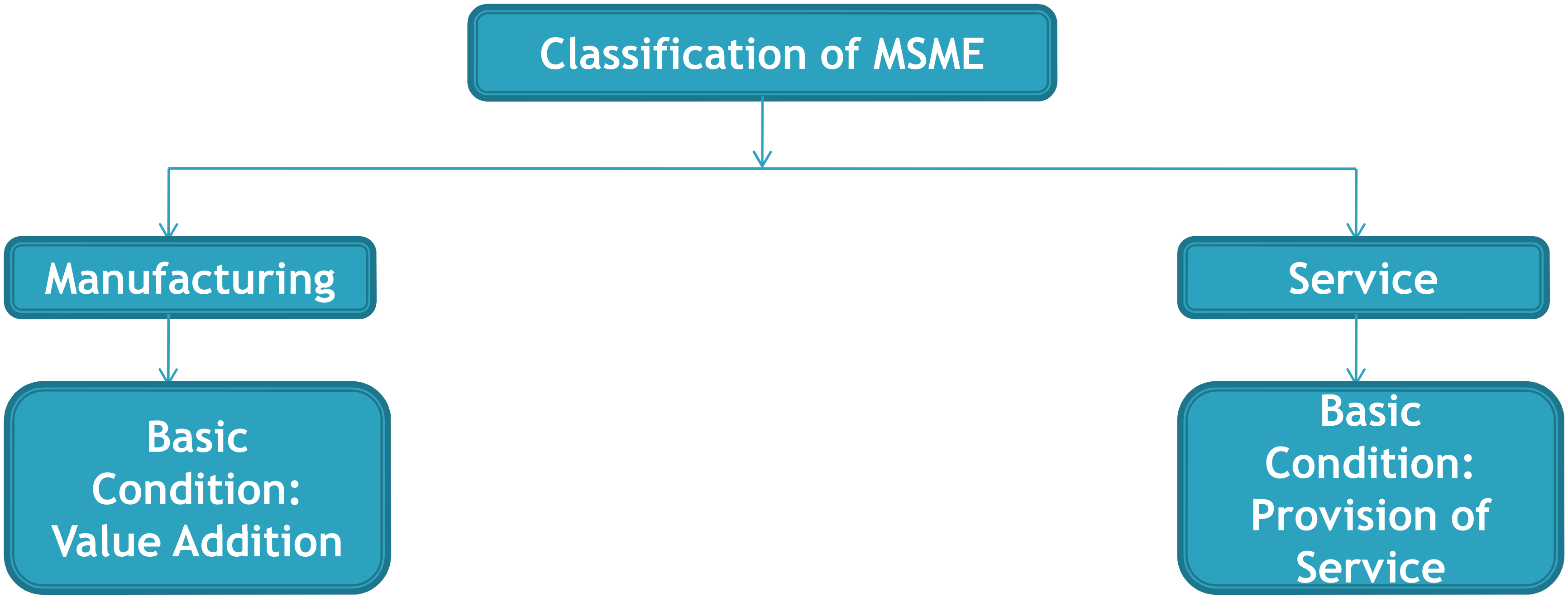
- Engine for growth and Development
- Job creation for 6 crore Indians
- Contribution to GDP 8% (Approx)
- Contribution to Manufacturing 45% (Approx)
- Contribution to Export 36% (Approx)

Note:

Source of facts & figures……. As per FM Speech

Obstacle to MSME

- Unavailability of raw material
- Lack of entrepreneurial skills development
- Lack of support of financial and technical assistance
- Unavailability of adequate and timely credit facility
- High cost of credit
- Lack of modern technology,
- No research and innovations
- Insufficient training and skill development
- Complex labor laws


Classification of MSME
Manufacturing
Service
Basic Condition: Value Addition
Basic Condition: Provision of Service

Definition of MSME

Existing MSME Classification

Criteria: Investment in Plant & Machinery or Equipment

Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 25 Lac	Investment < Rs. 5 Cr.	Investment < Rs. 10 Cr.
Service Enterprises	Investment < Rs. 10 Lac	Investment < Rs. 2 Cr.	Investment < Rs. 5 Cr.

Revise MSME Classification (FM Speech dtd 14th May, 20)

Criteria: Investment and Annual Turnover

Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 1 Cr	Investment < Rs. 10 Cr.	Investment < Rs. 20 Cr.
Service Enterprises	Turnover < Rs. 5 Cr	Turnover < Rs. 50 Cr.	Turnover < Rs. 100 Cr.

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Scheme Details

- Additional funding of Rs. 3L cr to eligible MSMEs and MUDRA borrowers.
- 100% guarantee coverage to be provided by National Credit Guarantee Trustee Company Limited (NCGTC).
- ***Time limit to avail this facility 31st October, 2020, or till an amount of Rs 3L cr is sanctioned under (GECL)***
- Loan facility available from Member Lending Institutions (MLIs) i.e., Banks, Financial Institutions (FIs) and Non-Banking Financial Companies (NBFCs).

Eligible borrowers

- All MSME borrower accounts with **outstanding credit** of **up to Rs. 25 crore** as on 29.2.2020 which were less than or equal to 60 days past due as on that date, i.e., regular, SMA 0 and SMA 1 accounts, **and** with an **annual turnover** of **up to** Rs. 100 crore.
- Funding in the form of additional working capital term loans (in case of banks and FIs), or additional term loans (in case of NBFCs) would be up to ***20% of their entire outstanding credit up to Rs. 25 crore as on 29th February, 2020***.
- Entire funding provided under GECL, 100% credit guarantee by NCGTC to MLIs
- Tenor of loan – 4 years

Continued……

- 5. Moratorium period – 1 Year on Principal Amount & Not on Interest Amount.
- 6. No Guarantee Fee shall be charged by NCGTC from the Member Lending Institutions
- 7. Interest rates under the Scheme shall be capped at 9.25% for banks and FIs, and at 14% for NBFCs.

- Note:
- Interest rate is as per cabinet approval dated 20th May, 2020.

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Thank You

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