

# 'Self Reliant India'

## MSME Booster Package

## आत्मनिर्भर भारत

### Businesses including MSMEs



#### **Revision of MSME Definition**



**Emergency Credit Line Guarantee scheme  
Rs 3 Lakhs Crores**



**Rs 20,000 Crores Subordniate Debt for  
Stressed/NPA MSMEs**



**Rs 50,000 Crores equity infusion through  
MSME Fund of Fund**



#### **Other Measures**

- **Global tender to be disallowed up to Rs 200 crores**
- **E-Market Linkage**
- **Release of MSME receivables from Govt within 45 days**

In order to encourage MSMEs, Central Government has revised classification definition of MSMEs under '**Micro, Small and Medium Enterprise Development Act, 2006**' through notification issued on 1<sup>st</sup> June, 2020

## Earlier Classification






	Manufacturing Sector	Service Sector
	Investment in Plant & Machinery	Investment in Equipment
<b>Micro Enterprise</b>	Less than Rs 25 Lakhs	Less than Rs 10 Lakhs
<b>Small Enterprise</b>	More than Rs 25 Lakhs But less than Rs 5 Crs	More than Rs 10 Lakhs But less than Rs 2 Crs
<b>Medium Enterprise</b>	More than Rs 5 Crs but less than Rs 10 Crs	More than Rs 2 Crs but less than Rs 5 Crs

## Revised Classification

	Manufacturing & Service Sector	
	Investment in Plant & Machinery/Equipment	Turnover
<b>Micro Enterprise</b>	Less than Rs 1 Cr	Less than Rs 5 Crs
<b>Small Enterprise</b>	Less than Rs 10 Crs	Less than Rs 50 Crs
<b>Medium Enterprise</b>	Less than Rs 50 Crs	Less than Rs 250 Crs







Applicable w.e.f. 1<sup>st</sup> July, 2020

## Benefits






-  **Wider Coverage**
-  Benefits under '**Aatmanirbhar Package**'
-  Protection of payment within **45 days** under MSMED Act.
-  Provision of **Interest** on delayed payment
-  Online **Bill Discounting** Platform for early payment

In order to meet operational liabilities, buy raw material and restart business Government has announced  
' **Guaranteed Emergency Credit Line Scheme** ' : Rs 3 Lakh Crores

### Benefits







-  Emergency Credit Facility from Banks/NBFCs  
**Up to 20% of entire Outstanding credit** as on 29<sup>th</sup> Feb,2020
-  **Eligibility :**  
Borrowers up to **Rs 25 Crs** outstanding and **Rs 100 Crs** turnover  
*(turnover expected to be revised in line with new MSME definition)*
-  Facility : Working Capital Term Loan  
Tenor of Loan : **4 years** (with 12 months moratorium)  
Rate of Interest : **9.25%** (Maximum) (while for NBFC Max 14%)  
Guarantee coverage : **100% by NCGTC**
-  **No guarantee fee, No fresh collateral**
-  Can be availed till **31<sup>st</sup> Oct,2020**
-  **No prepayment charges**

### Conditions

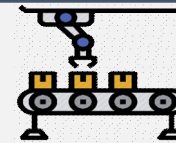
-  Valid for **Existing Customers** only
-  Facility should **not be** classified as **SMA 2 or NPA** as on 29<sup>th</sup> Feb,2020
-  Must be **GST Registered** (not applicable if exempted under GST Act)
-  Limit of Rs 25 crores borrowings **from all Banks/NBFCs**
-  Validity of scheme till 31<sup>st</sup> Oct,2020 or Rs 3 Lakhs Crores **whichever is earlier**




## Rs 20,000 crores Subordinate Debt for Stressed MSMEs

### Benefits

-  Government will facilitate **Subordinate Debt** to promoter of MSME – '**Distress Assets Fund**'
-  Promoters will **infuse** it as **Equity** in Business.
-  Subordinate Debt will be considered as '**Promoter's Equity**'
-  Eligibility to raise debt will also get increased. (Debt Equity Ratio)
-  Govt. will provide a support of **Rs. 4,000 Crs** to CGTMSE
-  **Guarantee coverage**
  - Up to 85% for loans up to Rs 5 Lakhs
  - Up to 75% for loans above Rs 5 Lakhs

### Stressed MSMEs



-  Functioning Stressed MSMEs **need equity support**
-  Functioning MSMEs which are already classified as **NPA or which are under Stressed**
-  **Two Lakhs MSMEs** are likely to get benefited

## Rs 50,000 crores Equity Infusion for MSMEs through Funds of Funds

### Features



Set up of '**Funds of Funds**' with Corpus of **Rs 10,000 Crs**



**Equity funding** for MSMEs with Growth potential and Viability



FoF will be operated through a **Mother Fund and few Daughter Funds**

### Benefits









Help to MSMEs to expand its size as well as capacity






Encourage MSMEs to get listed on main board of Stock Exchanges.

## Other Measures

### Features

-  Global tenders will be disallowed in Government procurement tenders **up to Rs 200 crore**
-  E-market linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.
-  Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace
-  MSME receivables from Gov and CPSEs to be released in 45 days
-  Payment of EPF contributions by Government extended by another 3 months June, July and August 2020
-  Extend RERA registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications

### Benefits

-  Help MSMEs to increase business
-  Help MSMEs to have Digital Presence
-  Support Make in India

***Thank You***