AJAY BHALLA, IAS



गृह सचिव Home Secretary भारत सरकार Government of India North Block, New Delhi

D.O. No. 40-3/2020-DM-I(A)

29th August, 2020

Dear Chief Secretary,

Kindly refer to Ministry of Home Affairs (MHA)'s Order of even number issued today whereby guidelines on Unlock 4, for opening up of more activities in areas outside the Containment Zones have been issued.

2. In Unlock 4, which will come into effect from 1<sup>st</sup> September, 2020, the process of phased re-opening of activities has been extended further. Lockdown, however, shall continue to be implemented strictly in the containment zones till 30<sup>th</sup> September, 2020. Containment Zones shall be demarcated by the District authorities at micro level with strict perimeter control and strict enforcement of containment measures as per guidelines of the Ministry of Health & Family Welfare (MOHFW).

3. As per the practice, the guidelines on Unlock 4 are based on feedback received from States and UTs, and consultations held with the related Central Ministries and Departments. Under the process of phased re-opening, following activities, in areas outside the Containment Zones only, have been permitted:

- Metro rail with effect from 7th September 2020 in a graded manner, to be allowed by the Ministry of Housing and Urban Affairs (MOHUA)/ Ministry of Railways (MOR), in consultation with MHA. SOP will be issued by MOHUA.
- Social /academic /sports/ entertainment /cultural/ religious/ politicalfunctions and other congregations with a ceiling of 100 persons and by following health protocol, with effect from 21<sup>st</sup> September 2020.
- Open air theatres with effect from 21st September 2020.
- Schools, colleges, educational and coaching institutions will continue to remain closed for students and regular class activity up to 30th September 2020. However, following will be permitted, with effect from 21st September 2020 and SOP will be issued by the Ministry of Health & Family Welfare (MoHFW):

..contd..p/2..

- a. States/ UTs may permit upto 50% of teaching and non-teaching staff to be called to the schools at a time for online teaching/ tele- counselling and related work.
- b. Students of classes 9 to 12 may be permitted to visit their schools voluntary and withwritten consent of their parents/ guardians, for taking guidance from their teachers.
- c. Skill or Entrepreneurship training will be permitted in National Skill Training Institutes, Industrial Training Institutes (ITIs), Short term training centres registered with National Skill Development Corporation or State Skill Development Missions or other Ministries of Government of India or State Governments.

National Institute for Entrepreneurship and Small Business Development (NIESBUD), Indian Institute of Entrepreneurship (IIE) and their training providers will also be permitted.

• Higher Education Institutions only for research scholars (Ph.D.) and post-graduate students of technical and professional programmes requiring laboratory/ experimental works. These will be permitted by the Department of Higher Education (DHE) in consultation with MHA, based on the assessment of the situation, and keeping in view incidence of COVID-19 in the States/ UTs.

4. As emphasized in my earlier D.O. letters, I would like to reiterate again that States/Union Territories cannot dilute restrictions imposed vide the aforesaid guidelines issued by MHA. State/ UT Governments shall not impose any local lockdown, outside the containment zones, without prior consultation with the Central Government. Further there shall be no restriction on inter-State and intra-State movement of persons and goods including those for cross land-border trade under Treaties with neighbouring countries. No separate permission/ approval/ e-permit will be required for such movements.

5. I would urge you to ensure compliance of the guidelines on Unlock 4, and direct all concerned authorities for their strict implementation. Further guidelines issued by MHA and consequent Orders issued by the respective State Governments / UT Administration should be widely disseminated to the public and to the field functionaries for implementation.

With regards,

Yours sincerely,

(Ajay Bhalla)

**Chief Secretaries of All States** (As per Standard List attached)

#### No. 1(64)/I&F/Guidelines /2020-21 Government of India Ministry of Micro, Small & Medium Enterprises Office of the DC (MSME)

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Nirman Bhavan, New Delhi Dated: 05.08.2020

To,

Chairman & Managing Director, National Small Industries Corporation Ltd. NSIC Bhawan, Okhala Industrial Estate, New Delhi.

Subject: Approved Guidelines on 'Self Reliant India (SRI) Fund' for MSMEs-Communication reg.

Sir,

I am directed to refer to your D.O. Letter No. SIC/PSC/105/2020 dated 18<sup>th</sup> May, 2020 and e-mail communication dated 3<sup>rd</sup> August, 2020, addressed to Secretary, Ministry of Micro, Small and Medium Enterprises on the subject cited above and to enclose herewith the approved Scheme Guidelines of the **'Self Reliant India (SRI) Fund'**.

2. These Guidelines have been duly vetted by the Ministry of Finance and approved by the Hon'ble Minister (MSME).

3. As contained in the approved scheme guidelines, the Mother Fund will be anchored by a SPV having 100% equity from NSIC.

4. You are kindly requested to initiate necessary action for completion of other formalities in order to roll out the scheme.

(Deepak Rao) Joint Development Commissioner (I &F) Phone- 011- 23061726 Email- deepak.rao@nic.in

Yours faithfully

#### Copy to :

1. Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi

2. Secretary, Ministry of Finance, Department of Expenditure, North Block, New Delhi.

3. Secretary, Ministry of Finance, Department of Financial Services, North Block, New Delhi

#### **Copy for information to:**

1. PS to Hon'ble Minister, Micro, Small & Medium Enterprises, Udyog Bhawan, New Delhi.

2. PS to Hon'ble Minister of State, MSME, Udyog Bhawan, New Delhi.

- 3. PS to Secretary, Ministry of MSME, Udyog Bhawan, New Delhi.
- 4. PS to AS & DC, Ministry of MSME, Nirman Bhawan, New Delhi

#### **Guidelines** for

#### Self-Reliant India (SRI) Fund

#### 1. Introduction

MSME Sector is very important for Indian economy in terms of contribution to GDP and employment generation. India has over 6 Crores MSMEs across manufacturing and services sectors which employ over 11 Crores people. MSMEs also contribute immensely in exports from the country. The MSMEs are spread in the nook and corner of the country. However, one of the biggest challenges faced by MSMEs in India is the inadequate availability of capital. MSMEs have limited access to external equity primarily because only a handful of players provide early stage equity capital. Even if the equity is made available, the uptake would remain low due to:

- Legal Structure of MSMEs prevents infusion of external equity;
- Smaller investment size per enterprise tends to increase transaction cost and management costs for equity investors making this segment relatively less attractive;
- Information asymmetry between promoters, investors and other stakeholders;
- Entrepreneur's concern regarding control and management;
- Low probability of non-linear return discouraging the VC funding.

Also, current VC ecosystem seeks technology driven enterprises and have exponential exit stipulations. It is also noted that VCs generally offer early stage funding but very few VCs are available to provide growth stage funding. This is one among the primary reasons that MSMEs have not grown beyond a limit. Also, while listing on an exchange provides lot of benefits to MSMEs and their stakeholders, but MSMEs often shy away from listing due to increased disclosure requirements and compliance burden. Listing can help the MSMEs grow faster and more sustainably over the long term.

Setting up an MSME fund in the name of **SRI** (**Self-Reliant India**) **Fund** would squarely address these challenges, give them a thrust to break their barriers, encourage corporatisation and allow them to grow to their full inherent potential. With

Government intervention, the SRI Fund scheme would be able to channelize diverse variety of funds into underserved MSMEs and address the growth needs of viable and high growth MSMEs.

- 2. Objectives of the FUND: SRI Fund, in the form of Fund of Funds (FoF), will be oriented towards providing funding support to the Daughter Funds for onward provision to MSMEs as growth capital, in the form of equity or quasi-equity, for :
  - i. Enhancing equity/equity like financing to MSMEs and listing of MSMEs on Stock Exchanges
  - ii. supporting faster growth of MSME Businesses and thereby ignite the economy and create employment opportunities;
  - iii. Supporting enterprises which have the potential to graduate beyond the MSME bracket and become National / International Champions;
  - iv. Supporting MSMEs which help making India self-reliant by producing relevant technologies, goods and services.

#### 3. Scope and Target of the Fund:

- i. Since MSMEs are spread all over the country, the Fund should be dispersed to ensure that impact is created across the Nation and entities in farthest regions of the country can access this funding.
- ii. The target group of FoF funding, through the Daughter Funds, would be those MSMEs which have marked potential to grow, but are not able to grow because their requirement for growth capital remains unfulfilled. They do not have access to the market and debt funding is difficult to come owing to borrowing cost, inability to provide security, over leveraging etc. To tackle this:
  - a. The funding would be provided to all existing and interested MSMEs which, after assessment, are found viable, whose growth trajectory is positive, and who have a defined business plan for growth indicating positive funds flow. Previous 3 years CAGR will be considered and due weightage will be given to potential for growth.
  - b. MSMEs, defined as per the MSMED Act, as amended from time to time, shall be eligible for consideration.
  - c. Non Profit institutions, NBFCs, financial inclusion sector, micro credit sector, SHGs and other financial intermediaries shall not be eligible for consideration.

- d. FoF will seek to actively encourage different term sheets with a view to ensuring non-linear returns envisaged from venture capital funding. It will also factor in the non-monetary aspects, in terms of employment, reduction in regional disparity, overall economic development and establishing supply chains with depth and resilience.
- e. Not-withstanding the above, the guidelines on the investment orientation, industry focus and strategy will be worked out at the time of filing the Private Placement Memorandum (PPM)
- 4. Structure of SRI Fund: FoF is an investment strategy of holding a portfolio of other investment funds, rather than investing directly. In the context of AIFs, a Fund of Fund is an AIF which invests in another AIF. Accordingly, SRI Fund will be a combination of Mother/Daughter Funds which will leverage private equity/ other funds and thus will multiply the impact of the initial budgetary infusion. Mother Fund will provide funds only to the Daughter Funds for onward investment as growth capital, while the investment in MSMEs will be done by the Daughter Funds. Both the Mother and Daughter Funds will be duly registered as Alternate Investment Funds with SEBI. With a view to providing flexibility to the Daughter funds in providing both equity and debt funding to the MSMEs, the Daughter funds would be Category I or II AIFs registered with SEBI.

#### 5. Overall Fund Corpus of SRI Fund:

- (i) Govt. of India will be the sole anchor investor and provide an initial budgetary support of Rs. 10,000 crore to the Mother Fund in phased manner. No other outside investment will be entertained in the Mother Fund. Mother Fund will have Daughter Funds empanelled with it, subject to fulfilment of conditions as may be laid down and following due process.
- (ii) The empanel Daughter Funds will have to raise funds from outside sources, including but not limited to, Banks/FIs, HNIs, VCs/PEs/Institutional Investors/ PSUs/ Pension Funds/ Foreign Developmental Institutions etc. Daughter Funds, after being empanel with the Mother Fund, will mobilise funds and for each 4 units of funds so mobilised, they will be eligible to solicit 1 unit of fund, backended from the Mother Fund. The entire 5 units will then be available to the Daughter Fund for investment. Thus, 80% of the funds will have to be mobilized by the Daughter Funds and 20% will

be provided backended by the Mother Fund. The minimum fund to be released to a Daughter Fund would be Rs. 50 crore and in multiples of Rs. 10 crore thereafter.

- (iii) As regards leveraging, the Mother Fund of Rs. 10,000 crore provided by the Government of India, shall stand leveraged to the extent of Rs. 50,000 crores (Rs. 10,000 crores from GoI and Rs. 40,000 crores from Daughter Funds).
- (iv) The MSMEs generally procure debt from the financial institutions, and the thumb rule is that financial institutions provide debt keeping a debt : equity ratio of 3:1. The availability of operating funds available to the MSMEs will be further enhanced 3 times, the investment provided to the MSMEs by the Daughter Funds, thereby having significant multiplier effect on availability of growth funds.

#### 6. Tenure of Fund:

- Considering the nature of MSME and difficulties expected in exiting, a longer fund life of **15** years may be kept
- Commitment Period: upto 6 years from the date of first closing
- The FoF would be a revolving fund as earnings of the fund from investments made in AIFs would be re-invested.

#### 7. Fund Managers / AMC:

- Fund Managers/ AMC should have prior experience of growth funding of at least 5 years by managing investments as Fund Manager, and they should have experience of managing a Fund of minimum Rs. 500 crore.
- Past Track record of the fund managers performance to be assessed during evaluation for on boarding

#### 8. Promoting the MSME Investment Ecosystem:

MSMEs are dispersed across the country and have structures which are quite different than Startup and VC investing. It would thus be important to create and cultivate new set of institutions & entities who can help setup MSME investing ecosystem by contributing to daughter funds.

**Banks/ Insurance Companies/Pension Funds**/ Central & State PSUs/Financial Institutions/Industrial Development Institutions can work to promote MSMEs they are

already dealing with or promoting. These entities can identify the MSMEs and promote them in following ways:

- a. PSUs / Financial Institutions/ Industrial Development Institutions may function as mentors to these MSMEs for growth and scale;
- b. PSUs / Financial Institutions/ Industrial Development Institutions which have already established teams for investing in respective sectors (Oil PSUs, EIL etc.), can contribute by investing in the MSMEs and can thus act both as a Mentor and an investor.
- c. PSUs/ Financial Institutions/ Industrial Institutions may invest in daughter fund also.

#### 9. Legal and Governance Structure:

- a. The Mother Fund will be anchored by a SPV (having 100% equity from NSIC) which shall be incorporated as a separate legal entity. The SPV so formed will have an independent Board with CMD NSIC as its Chairman, two Government nominated directors, one NSIC nominated Director and a professional CEO.
- b. SPV will apply to SEBI for registering the Mother Fund as a Category I or II Alternate Investment Fund (AIF).
- c. An Advisory Board/Committee will be constituted by the Government of India, overarching the entire executive framework of FoF scheme. The Advisory Board will be chaired by the Secretary (MSME) and shall comprise of eminent domain specialists in the field of private equity and venture capital, senior government officials from Government of India.
- d. The Advisory Board would formulate broad guidelines for lending/investment from the mother fund, including empanelment of Daughter Funds, investment guidelines including return on investment and tenure, exit options sectoral focus and segmental focus etc.
- e. The Advisory Board will also monitor the progress of the scheme periodically.
- f. A professional Investment Committee, comprising of experienced professionals including Investment and/or Fund Managers and Risk Managers will be constituted by the SPV Board to manage the portfolio of the Mother Fund.
- g. The Investment Committee shall be chaired by an eminent professional with adequate and rich experience in Finance/Banking and/or Capital Markets. The

Investment Committee shall maintain arms length distance with the Government and take decisions on professional lines.

#### 10. Investment Strategy: Mother Fund:

- a. The Mother Fund would be unfettered, i.e. can invest in both external AIFs or internally established AIFs/Daughter Funds, if any, that have a good investment track record and are strategic fits.
- b. The Mother Fund will route all its investments, through the approved, specific daughter funds only and will not directly invest in MSMEs.
- c. All investments will have to be approved by the Investment Committee in line with the mandate given by the SPV Board on the advice of the Advisory Board/Committee.
- d. The AIFs will be supported by Mother Fund to the maximum extent of 20%, which in turn would get invested in MSMEs to the extent of five times the amount contributed. These investee companies are expected to scale up and grow into mature businesses and will attract larger rounds of equity capital which will have a large multiplier effect.
- e. The investment focus will be on traditional manufacturing and service MSMEs as they are facing deficiency to a greater degree because the existing VCs/PEs have a bias towards I.T. and Technology based industries, which offer better control and high and faster returns.
- f. The Daughter Funds will be empanelled with the Mother Fund provided they fulfil the following criteria and abide by the below mentioned conditions:
  - i. Daughter Fund should be registered as Category I or II AIF with SEBI with a view to having better investment flexibility.
  - ii. The Investment Policy, Target MSMEs, tenure, return on investment, hurdle and ceiling rates, and exit policy will have to be submitted to the Mother Fund who shall approve the same and will be adhered to by the Daughter Fund.
  - iii. AIFs which have availed commitments from any of the Fund of Funds of the Government of India, like the Fund of Funds for Startups, EDF of the Ministry of Communications and Information Technology, ASPIRE, etc. shall be eligible for coverage under this Fund provided the total corpus contribution from all the Central Government Funds combined does not exceed specified percentage of the corpus amount of the Fund, to be decided by the Advisory Board at the time of preparation of PPM for submission to SEBI, for approval.

Any funding support received by the Daughter Fund from other Fund of Funds of GoI will not be included in the 80% fund required to be mobilised by the Daughter Fund, as it will tantamount to double funding from the GoI. In such cases, investments that qualify as MSMEs for the purposes of complying with the requirement of this Fund shall be excluded from being counted in end use requirements of any other GoI FoF Scheme.

- iv. Exposure Limit will be set for each Daughter Fund registered with the Mother Fund. Exposure limit should be capped at 20% of the initial corpus of the Mother Fund i.e. no Daughter Fund can have an exposure limit of more than Rs. 2,000 crore.
- v. Mother fund shall release sanctioned funds in proportion to the contribution brought in by the Daughter funds. Daughters fund shall raise the demand of drawing the funds from Mother fund as per the requirements and terms of sanctioned assistance by them to MSMEs. Daughter Funds will be required to invest the funds received from the Mother Fund within 2 months of the same being received from Mother Fund. In case they are unable to deploy the same, they may seek from Mother Fund, further extension of one month, before expiry of initial period of the two months. Mother Fund will take a view in the matter, and in case extension is granted, the funds should be deployed by the Daughter Fund within the extended period, failing which the Daughter Fund shall refund the amount to Mother Fund on the day next to the expiry of the extended period. In case extension is not permitted by the Mother Fund, Daughter Fund shall refund the amount to the Mother Fund May impose interest on any fund retained by the Daughter Fund beyond such communication.
- vi. The commitment given by the Mother Fund will be valid for 18 months during which the eligible funds are required to do the first close. Failing which commitment done by Mother Fund will be re-evaluated.
- vii. After following due process and exercising due diligence, approval for empanelment of the Daughter Fund and fixing Exposure Limit shall be given by the SPV Board or Investment Committee of the Mother Fund if so authorised by the SPV Board.

- viii. An independent Fund Manager/AMC shall be assigned the task of Fund Management for the Mother Fund who will be selected after following due process.
  - ix. Detailed investment strategy and guidelines, including exit options, shall be formulated at the time of preparation of Private Placement Memorandum(PPM) for filing with SEBI.

#### 11. Daughter Funds:

**Investment Strategy:** There will be more than one daughter funds. The Investment Committee, comprising of professionals shall take investment decisions in regard to proposals received, only in line with the business objectives of the respective Daughter Fund, as approved by the Mother Fund at the time of empanelment.

#### 12. Commercials:

- a. A Management Fee of 1% may be permitted to SPV. The Management Fee will be payable in respect of corpus actually placed at the disposal of the Mother Fund.
- b. The AMC (Fund Manager) operating the FoF (Mother Fund) shall be paid operating expenses upto a maximum of 0.50% of the commitments made to Daughter Funds each year, and outstanding commitments for carrying out due-diligence, preparation of memoranda to the Committees/Board, convening meetings etc. This will be paid half-yearly.
- c. All payments and expenses (including the one at a & b above) will be made by debiting the Fund and will be deemed as operational expenses.

#### 13. Risk Management:

- a. Both the Mother Fund and Daughter Funds shall ensure that financial risk management and environmental and social safeguard management systems are in place.
- b. Due diligence will be carried out in execution and implementation of the SRI Fund Scheme so as to safeguard the interest of Government of India, the anchor investor.

#### 14. Miscellaneous:

- a. The classification of the investments will be done as per extant guidelines.
- b. Individual MSME and Group Exposure limits shall be prescribed at the time of filing PPM.
- c. Omnibus documentation will be arranged with the Daughter Funds by the Mother Fund.
- d. For Investment in individual MSMEs, documentation will be executed by the respective Daughter Fund. However, the documentation shall expressly state the interests and rights of the Mother Fund.
- e. The SPV anchoring the Mother Fund shall arrange to prepare a portal and manage the activities online.
- f. These guidelines may be amended, if required, to bring them in line with the rules / regulations issued by SEBI or any other statutory body, from time to time.

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August 04, 2020

Ref. No. 2748 / NCGTC / ECLGS

To the Chairman and Managing Directors, Chief Executive Officers of all Scheduled Commercial Banks, Financial Institutions and Non Banking Finance Companies

Madam/Dear Sir,

#### Emergency Credit Line Guarantee Scheme (ECLGS) -Modification in Operational Guidelines

Please refer to the Operational Guidelines of the scheme, last amended on June 02, 2020. We wish to inform that the scope of the scheme has been expanded to include the following :

- individual loans given for business purposes, subject to the condition that such loans should fulfill the eligibility criteria prescribed under the Scheme;
- (ii) increase in the upper ceiling of loans outstanding as on 29.02.2020 for being eligible under the Scheme from Rs.25 crore to Rs.50 crore, and a corresponding increase in the maximum amount of GECL funding under the Scheme from Rs.5 crore at present (i.e. 20% of Rs.25 crore) to Rs.10 crore (i.e.20% of Rs.50 crore);
- (iii) increase in the annual turnover ceiling for being eligible under the Scheme from Rs.100 crore to Rs.250 crore in line with the increased ceiling of loans outstanding, and the revised definition of MSMEs issued by the M/o MSME.

The revised updated Operational Guidelines have been uploaded on our website. We have also updated the FAQs as on August 04, 2020 and uploaded it on the website.

We advise you to make best use of the modifications made and ensure maximum utilization under the scheme.

With kind regards.

Yours faithful

[Durgesh Pandey] Chief Executive Officer

हम हिन्दी में पत्राचार का स्वागत करते है । नेशनल क्रेडिट गारंटी ट्रस्टी कंपनी लिमिटेड (वित्त मंत्रालय, भारत सरकार)

#### NATIONAL CREDIT GUARANTEE TRUSTEE COMPANY LTD. (Ministry of Finance, Government of India )

पंजीकृत कार्यालय : स्वावलम्बन भवन, सी-11, जी–ब्लॉक, बान्द्रा–कुर्ला कॉम्पलेक्स, बान्द्रा (पूर्व), मुंबई - 400 051, भारत. दूरभाष : 022-67531194 Registered Office : Swavalamban Bhavan, C-11, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, India. Tel : 022-67531194 CIN: U65191MH2014GOI302620 | Website : www.ncgtc.in

Encl: As above



सत्यमंव जयत MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES **GOVERNMENT OF INDIA** 





DISTRESSED ASSETS FUND -SUBORDINATE DEBT SCHEME FOR MSMES Credit Guarantee Scheme for Subordinate Debt (CGSSD)

# DESCRIPTION

- This Scheme seeks to extend support to the promoter(s) of the operational MSMEs which are stressed and have become NPA as on 30th April, 2020;
- Promoter(s) in turn will infuse this amount in the MSME unit as equity and thereby enhance the liquidity and maintain debt-equity ratio.

# NATURE OF ASSISTANCE

- Guarantee for the sub-debt: 90% guarantee coverage would come from the scheme / trust and remaining 10% from the concerned promoter(s);
- The maximum tenor for repayment will be 10 years. There will be a moratorium of 7 years on payment of principal.

# SALIENT FEATURES



In a situation, where an outright loan is difficult, sub-debt with guarantee will provide the requisite financing to the MSME Units,



Subordinate debt will be of substantial help in sustaining and reviving the MSMEs which have either become NPA or are on the brink of becoming NPA.



Promoter(s) of the MSMEs will be given credit equal to 15% of their stake (equity plus debt) or Rs. 75 lakh whichever is lower.

# 

# WHO CAN APPLY

- Provision for sub debt will be of Rs. 20000 crores which is likely to benefit two lakh MSMEs; - A bigger number of MSME
- promoter(s) can do business without worry and avail present opportunities;
- With this help, the MSMEs will continue to function, provide jobs and contribute in National Economy.

- Operational MSMEs which are NPA or are stressed will be eligible - Promoter(s) of such units can apply

# HOW TO APPLY

**Promoter(s) of MSMEs meeting the eligibility criteria** may approach scheduled commercial banks to avail benefit under the scheme



For more Information: Kindly Visit our Single window System @ www.champions.gov.in/ www.cgtmse.in or write to us on email: champions@gov.in

There are ways to come out from Distress...



MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES GOVERNMENT OF INDIA

सत्यमेव जयते



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- Subordinate debt will be of substantial help in sustaining and reviving the MSMEs which have either become NPA or are on the brink of becoming NPA.
- Promoter(s) of the MSMEs will be given credit equal to 15% of their stake (equity plus debt) or Rs. 75 lakh whichever is lower.

# EXPECTED IMPACT



Provision for sub debt will be of Rs. 20000 crores which is likely to benefit two lakh MSMEs; A bigger number of MSME promoter(s) can do business without worry and avail present opportunities;



With this help, the MSMEswill continue to function,providejobsandcontributeinNational

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# WHO CAN APPLY

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There are ways to come out from Distress... ए. के. शर्मा सचिव A. K. Sharma Secretary



भारत सरकार सूक्ष्म, लद्यु और मध्यम उद्यम मंत्रालय GOVERNMENT OF INDIA MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

#### D.O. No. 16/08/2018-P&G/Policy (Pt.II)

20<sup>th</sup> August, 2020

Yours sincerely

(A.K. Sharma

#### Subject: Payment of dues of MSMEs – Monitoring using the MSME SAMADHAAN PORTAL

#### Reference: My earlier letters dated 11<sup>th</sup> June & 4<sup>th</sup> August, 2020

Dear Chief Secretary,

Payment of receivables to MSMEs is very important for their sustenance. You may be aware that it is one of the important announcements made as part of the "AtmNirbhar Bharat" package. You may also be aware about our Ministry's portal, MSME-SAMADHAAN, which manages and monitors the individual instances of delayed payments in MSMEs. In this regard, I have to further update you that we have upgraded our Samadhaan portal to facilitate better monitoring of the dues of MSMEs. Now, you can monitor delayed payments falling under your State Government's jurisdiction by using a new module in MSME SAMADHAAN portal <u>https://samadhaan.msme.gov.in</u>. *A small Presentation is attached for your reference*.

I request you to instruct the Nodal Officers appointed for this purpose to utilize this online module and update the data on monthly basis. It will facilitate better monitoring at your end and would also help us to know about delayed payments at all India basis.

Login Ids to Nodal Officers have been given earlier. But in case they need any help on the issue of login-id or module working, they may contact Shri Shubhendu Kumar, Senior Technical Director, National Informatics Centre : email : <u>shub@nic.in</u> (Tele: 011-23061158)

With regards,

Encl: Presentation

To / All Chief Secretaries to States/ UTs All Secretary of Industries of States / UTs.

169, UDYOG BHAWAN, NEW DELHI-110 011, Tel. : +91-11-23061023, 2306 2107, Fax : 2306/3045

(SM

ए. के. शर्मा सचिव A. K. Sharma Secretary





सूक्ष्म, लद्यु और मध्यम उद्यम मंत्रालय GOVERNMENT OF INDIA MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

#### D.O. No.16/08/2018-P&G/Policy(Pt.II)

#### 4<sup>th</sup>August, 2020

#### Dear Sir/Madam

You may kindly recall that vide my letter dated 11<sup>th</sup> June, 2020, I had requested you to kindly monitor payment towards MSME dues with the Departments/Organizations/PSUs under the control of your State Government. You may also like to recall that this issue is one of the announcements made by the Central Government as part of Atma Nirbhar Bharat package. It may also be noted that as per the provisions of MSME Development Act 2006, MSME dues have to be released within 45 days.

Once again, I request you to kindly see that the payments due to MSMEs are released at the earliest. I also request that a regular monitoring mechanism may be put in place for this purpose. Details of cases of pending dues which have been filed by MSMEs, State-wise, can be seen at our portal https://samadhaan.msme.gov.in.

I will appreciate if a reply in this regard as also an update regarding the situation in the enclosed format is sent to us at the earliest.

With regards,

Yours sincerely, (A.K. Sharma)

Encl: As above.

All Chief Secretaries to States/UTs

### Format for Report

#### Name of the State:

#### Name & Designation of the Nodal Officer:

S. Name of Dptt. No. PSUs	/ Total due payment beyond 45 days as on 31 <sup>st</sup> July, 2020 (in Rs. crore)	May to July,	Total outstanding as on 1 <sup>st</sup> August, 2020 (in Rs. crore)	
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ए. के. शर्मा सचिव Á. K. Sharma Secretary



भारत सरकार सूक्ष्म, लद्यु और मध्यम उद्यम मंत्रालय GOVERNMENT OF INDIA MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

11<sup>th</sup> June, 2020

D.O. No.16/08/2018-P&G/Policy(Pt.II)

#### Dear Sir / Madam

You are aware that delayed payments to the MSMEs is one of the biggest challenges which this sector is facing. Particularly, in the present situation, while overall supply chain has been badly affected, release of the receivables from the Departments/Organizations/PSUs under your control would go a long way in restarting the economic cycle at the grass-root level. This would help in protecting the jobs and livelihoods of lacs of people. Release of this amount will also enable the MSMEs in production of certain essential medical and auxiliary items required in the fight against Covid-19. This will also lead to reduction of imports and eventual export of such items.

Concerned with the situation and looking towards the benefit of releasing these receivable payments, Hon'ble Finance Minister, while announcing the recent economic package of Atmnirbhar Bharat, had specifically covered this point as one of the strategies to revive the MSME sector. As per the announcement dated 13.5.2020, such receivables/dues have to be released by the Government agencies and PSUs within 45 days.

It may also be noted that even the MSMED Act, 2006, provides for a maximum gap of 45 days for payment 'from the day of acceptance or the day of deemed acceptance.'

I am providing herewith a web-link of the details of payments which are due from the Organizations. However, these are only the cases where the MSMEs have filed the cases for payment as an option of last resort. But, there may be many more instances of delayed payments to several other MSMEs who have not lodged such complaints.

I request for your intervention and direction to all the organizations under the control of your State including as follows:

- Direction and Co-ordination with MSE facilitation councils to expedite the pending cases;
- Direction to all agencies specially PSUs to make payments to MSMEs where matters are clear;
- Direction to the agencies and PSUs of your State to join and transact on the TReDS platform designed by GOI for discounting of bills of MSMEs.

Once again, I seek your cooperation and request you to kindly see that the payments due to MSMEs are decided and released at the earliest. I also request you to kindly appoint a nodal officer for this purpose. We will be happy to share more details in this regard. The details of cases filed can be accessed on our portal https://samadhaan.msmc.gov.in. I will be grateful for expeditious action and a fortnightly report in the enclosed format.

With kind regards,

Yours sincerely, (A.K. Sharma)

Encl: As above.

All Chief Secretaries of States/ UTs

### Format for Fortnightly Report

#### Name of the State:

· .

#### Name & Designation of the Nodal Officer:

S. No.	Name of Dptt. / PSUs	payment beyond 45 days as on 13 <sup>th</sup> May, 2020	13 <sup>th</sup> May, 2020	2020	Remarks and further action plan towards release of Payments
		(in Rs. crore)	(in Rs. crore)	(in Rs. crore)	

### Home Page https://samadhaan.msme.gov.in

Ministry of Micro Small and Medium Enterprises (Government of India) MSME SAMADHAAN- Delayed Payment Monitoring System

Check Case Status

Case Filing for Entrepreneur/MSE Units

0

English



2

Officer Login



Ministry of Micro, Small and Medium Enterprises Government of India

MSME Stand Stand

#### Launch Date : 30.Oct.2017

Developed by National Informatics Centre (NIC)

MSME SAMADHAAN - "State Govt. Dues towards MSMEs" Software Module

The module will open in State Govt. Login area.

#### Steps to fill Data of MSMEs dues

- Open MSME SAMADHAAN Portal; <u>https://samadhaan.msme.gov.in/</u> and login using the Link "Officer Login".
- 2. Click on "State Govt. Dues towards MSMEs" link.
- 3. Previous Month and Year auto selected from the Current Month. (e.g. If its August 2020, July 2020 will be automatically selected)
- 4. Heading descriptions of Text field 3, 4, 5 automatically changes to Previous Month .
- 5. Data of previous month can be entered any time during the current month.
- 6. It can also be updated if there is any change during that month. This can be done any number of times. But it will freeze after next month has passed. Means, State Govt. cannot change data of June 2020 in August 2020.

### "State Govt. Dues towards MSMEs" Data Entry page.

Ministry of Micro Small and Medium Enterprises (Government of India) MSME SAMADHAAN- Delayed Payment Monitoring System	And in the local division of the local divis
Home Application Detail - Reports - State Govt. Dues towards MSMEs Logout - Principal Secretary Delhi 🗠 i	
State Government (Including all Ministries, Departments, PSUs, Other State Govt organizations) Monthly Dues to MSMEs  1.* Name of State Govt. (Auto Filled) Principal Secretary Delhi  2.* Month and Year. (Auto Selected) July-2020	
3.* Total Cumulative dues towards MSMEs at the end of July-2020 ( in Rs. Crore.)	
4." Amount Paid to MSMEs in the July-2020 ( in Rs. Crore.)	
S.* Total Pending dues towards MSMEs as of end of July-2020 ( in R5. Crore.)	



### View /Update Page.

#### Ministry of Micro Small and Medium Enterprises (Government of India) MSME SAMADHAAN- Delayed Payment Monitoring System



Home Application Detail - Reports - State Govt. Dues towards MSMEs

SMES Logout +

Principal Secretary Delhi U i

"State Government (Including all Ministries, Departments, PSUs, Other State Govt organizations) Monthly Dues to MSMEs"

#### Principal Secretary Delhi

			Data already submitted by you		
s.No.	Month & Year	Total Cumulative dues towards MSMEs ( in Rs. Crore.)	Amount Paid to MSMEs ( in Rs. Crore.)	Total Pending dues towards MSMEs ( in Rs. Crore.)	Edit
2	July-2020	12.0000	1.0000	11.0000	Edit

## Thank You

विकास आयुक्त का कार्यालय (सूक्ष्म, लघु एवं मध्यम उद्यम) सूक्ष्म, लघु एवं मध्यम उद्यम मंत्रालय (भारत सरकार)

বির্মাণ মধন, মানেরী সঁজিল, নীমানা আজার হাঁড়, নর্দ্ব রিম্পো-११০ १০৪

OFFICE OF THE DEVELOPMENT COMMISSONER (MICRO, SMALL & MEDIUM ENTERPRISES)

MINISTRY OF MICRO, SMALL & MEDIUM ENTERPIL. GOVERNMENT OF INDIA

> Nirman Bhawan, 7<sup>a</sup> Floor, Maulana Azad Rood, New Delhi-110 103

Ph. EPAX-23063800, 23063802, 23063803, 23063804, 23063805 & 23063806

F. No. 22/CLCSS/Mou/2019-20 (C.No: 15382)

Dated 04.08.202

ester and

To,

All Nodal Banks/Agency (As per List Enclosed)

Subject: Extended and revised detailed schedule of implementation of CLCS component f CLCS – TUS and SCLCSS through online application and tracking system – MIS a 1 acceptance of application –regd.

In continuation of this office letter of even no. dated 14.05.2020, I am directed to convey th . Competent Authority has pleased to extend / revised the timelines for submission of online application . -for eligible claims under CLCS Competent of CLCS – TU Scheme for the remaining period (Referen - date 01.10.2019 to 31.03.2020) of FY 2019-20 as technical issues reported in MIS portals of CLCS ' Udhyam Registration / MSME Databank. The extended and revised schedule is given in details Annexure – I.

This issues with the approval of AS&DC (MSME)

Deputy Director (I & F

হা গাঁৱ দি বিদ্যালয় বেশালো তথ্য পিইসমাস্ট্য Chrona পালো মহকার্থবিত যে এবিলান বুলন, বন্ধু ইয় সম্মদ চলাপ গাঁৱলা নির্মার্থস্য বিভালে, উদ্যান নি নির্বাচন চলাবল্যাতের নেমা ব্যাযুধ্য, (বুড়ালত ইয়া প্রত্যায়ন ক্রায়ালের

Copy to:

Sh Shubhendu Kumar, Sr. Technical Director, NIC, office of DC(MSME), New Della-owith a requested to issue the direction for making the provisioning in MIS of CLCS Component of CLCS-TU scheme and upload the same on the official website of this office.

#### Nodal Banks/Agencies Addresses

- 1. General Manager, MSME Division, PNB, Corporate Head Office, 4<sup>th</sup> Floor, B Wing, Plot No. 4, Sector 10, Dwarka, New Delhi-110075.
- 2. General Manager, Bank of Baroda, Baroda Corporate Centre, MSME Banking, 2<sup>nd</sup> Floor, C-26, G-Block, Bandra Kurla Complex, Bandra(E), Mumbai-400051.
- 3. Deputy General Manager, NABARD, Farm Development Department, Head Office, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
- Chief Manager, Bank of India, TUFS Cell, SME Deptt., Head Office, Star House, C-5,G-Block, 3<sup>rd</sup> Floor, Bandra Kurla Complex, Bandra East, Mumbai-400051.
- 5. Chief Manager, State Bank of India, TUFS Cell, Commercial Branch, NGN Vaidya Marg, Horniman Circle, Fort, Mumbai-40001.
- 6. Divisional Manager, Canara Bank, TUFS Cell, Corporate Credit Wing-III, Head office, 112, J.C.Road, Bangalore-560002.
- 7. Deputy General Manager, Indian Bank, 254-260, Avvai Shanmugam Salai, Royapettah, Chennai-600014.
- 8. Deputy General Manager, The Tamilnadu Industrial Investment Corporation Bank Limited, 692, Anna Salai, Nandanam, Chennai-600035.
- 9. Assistant General Manager, Corporation Bank, M-41, Connaught Circus, New Delhi-110001.
- 10. Chief General Manager, SIDBI, Government Scheme Cell, Head Office, SIDBI Tower, 15, Ashok Marg, Lucknow-226001.
- 11. Asstt. General Manager, Andhra Bank, Department of MSME, Head Office, Saifabad, Hyderabad.

Annexure I

### Revised Timelines / Schedule for Submission of Subsidy Claims under Credit Linked Capital Subsidy Scheme

Phase	Financial Year	Reference Date	Period of Submission of Claims through online System (Fresh claims at PL1 level)	Time line for submission of completed claims		
				PLIs to Nodal Bank / Agency	Nodal Bank / Agency to O/o DC- MSME.	
Phase-III Contd.	2019-20	01.10.2019 to 31.12.2019	Slot approved earlier i.e (22.06.2020 to 14.07.2020) has now been extended from 08.08.2020 to 17.08.2020	From 18.08.2020 to 25.08.2020 (i) During this period, Nodal Banks can also return the claims to PLIs for rectification, if any, and PLIS can also resubmit such claims to Nodal Banks / Agency. (ii) Nodal Agencies can also forward the claims to the Office of the DC (MSME) (iii) No fresh claims will be accepted by PLIs during the said period.	submit the Claims to DC (MSME)	
		01.01.2020 to 31.03.2020	26.09.2020 to 07.10.2020 (Revised)	From 08.10.2020 to 17.10.2020 (i) During this period, Nodal Banks can also return the claims to PLIs for rectification, if any, and PLIS can also resubmit such claims to Nodal Agencies (ii) Nodal Agencies can also forward the claims to the Office of the DC (MSME) (iii) No fresh claims will be accepted by PLIs during the said period.	From 18.10.2020 to 23.10.2020 i) Only Nodal Banks / Agency can submit the Claims to DC (MSME)	

્યુપ્ય મેળે મુખ્ય કેવે છે કે છે. આગળ અસ્વાર્થ છે માટે કે છે છે છે છે. સાથ કે અસ્વાર્થ છે છે છે છે છે છે છે છે. સાચાર પ્રસાણ દેવ છે છે છે છે છે છે છે છે. આ સાથ સાથે છે છે છે છે છે છે છે છે છે. આ સાથ સાથે છે છે છે છે છે છે છે છે. આ સાથ છે છે છે છે છે છે છે છે છે છે. આ સાથ છે છે.







MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES GOVERNMENT OF INDIA

### We invite all MSMEs to on board TReDS with Zero Fee



Enabling free access to TReDS (till Sept 20) -"Swavalamban Crisis Responsive Fund (SCRF)" set up by SIDBI

### TReDS enables MSME Suppliers to get quick access to low-cost Finance



### **Quicker Payments**

MSME sellers receive funds against approved invoices within 48 hours



### Without Recourse Borrowing

No obligation on the seller to repay the financier. The buyer's account is debited automatically through a pre-approved NACH mandate.



### **Multiple Financiers**

MSMEs are not restricted to a single bank. Have the option to choose the lowest bids among the multiple financiers



### **Lower Cost of Funds**

Transparent bidding process to discover the most suitable price. Sellers can access financing at competitive terms as it is based on the credit rating of the buyer.

