

# Compendium of SIDBI Flagship Schemes for MSME Sector

31 August 2020



# About SIDBI ,MSME & Existing Framework of Schemes

## SIDBI - Mission

To facilitate and strengthen credit flow to MSMEs & address both financial and developmental gaps in the MSME ecosystem

## SIDBI- Objective

- Financing
- Development
- Promotion
- Coordination

## MSMEs

### MSMEs

Category	Investment	Turnover
Micro	<1 Cr.	< 5 Cr.
Small	<10 Cr.	< 50 Cr.
Medium	< 50 Cr.	<250 Cr.

## Reasons to avail Loan/Credit by Units

- Expand Operations
- Purchase Inventory
- Purchase Equipment
- Increase Working Capital

## Existing Framework of Schemes

Subsidy/ Grant Based	Incentive Based	Credit Based
Grant by GOI/State Govt.	Direct Financial Support	Low Interest /Collateral free , Loans to the Industries
Benefit to Industries	To promote/Motivate Industries	To provide Financial Support
Direct – Cash grants Indirect-Tax breaks, Power, GST Subsidy	Skill development schemes/ Employment Generation	PMEGB,SMILE,SEF



# **SIDBI Schemes**

# SIDBI MAKE IN INDIA SOFT LOAN FUND FOR MICRO SMALL AND MEDIUM ENTERPRISES (SMILE)

## ELIGIBILITY CRITERIA

- Emphasis on covering new enterprises in the manufacturing as well as services sector.
- The emphasis is on financing smaller enterprises within MSMEs.
- Existing enterprises undertaking expansion, to take advantage of new emerging opportunities, modernization, technology upgradation or other projects for growing their business also covered.
- Minimum Loan Size - ₹ 10 lakh for Equipment Finance & Others : ₹ 25 lakh.

## SECURITY

- Term Loan First Charge over all assets created under the project.
- Personal guarantee of promoter(s).
- Cases involving term loan up to ₹ 2 crore may be covered under Credit Guarantee Scheme of CGTMSE.
- Charge over the entire assets
- Personal Guarantee of the Promoter(s).

## KEY POINTS

- Competitive interest rates.
- Funding of part Promoter contribution by way of soft loans.
- Longer repayment period.
- Quick dispensation

## TENURE & MORATORIUM

- Longer repayment period upto 10 years including moratorium of upto 36 months.
- Minimum Promoter Contribution of 15% subject to Maximum DER of 3:1

# SMILE EQUIPMENT FINANCE (SEF)

## ELIGIBILITY CRITERIA

- MSMEs should be in existence for at least 3 years having satisfactory financial position.

## ELIGIBLE EXPENDITURE

- Investment in Plant & Machinery/MFAs/Need based civil construction, if any

## QUANTUM OF ASSISTANCE

- Minimum loan amount is ₹ 10.00 Lakh with a cap on maximum loan amount

## SECURITY

- Term Loan First charge over all assets created under the project.
- Personal guarantee of promoter(s).
- Cases involving term loan up to ₹ 2 crore may be covered under Credit Guarantee Scheme of CGTMSE.
- ACR and FACR norms would be applicable in terms of extant Loan Policy.
- Soft Loan Residual charge over the entire assets
- Personal Guarantee of the Promoter(s).

## KEY POINTS

- Quicker dispensation of machinery loan through **Contactless Platform**.
- Simplified application format.
- Competitive Rate of Interest.
- Lower Promoters' Contribution

## TENURE & MORATORIUM

- Maximum repayment period shall not be more than 72 months including moratorium.

# LOANS UNDER PARTNERSHIP WITH OEM

## ELIGIBILITY CRITERIA

- MSME entities should be in existence for at least 3 years having satisfactory financial position.

## QUANTUM OF ASSISTANCE

- Generally, upto ₹ 100.00 Lakh. Higher loan amount can also be considered subject to Bank's guidelines

## ELIGIBLE EXPENDITURE

- Investment in Plant & Machinery purchased from respective OEMs

## SECURITY

- As per SMILE

## KEY POINTS

- One stop solution for MSMEs purchasing machines from OEMs.
- Financial tie ups arranged at the time of placing of order with OEMs.
- Simple Credit dispensation.
- Quick disbursal under CGTMSE cover is proposed to be taken by MSME.

## TENURE & MORATORIUM

- Normally upto 60 months including eligible moratorium.

# WORKING CAPITAL (CASH CREDIT)

Satisfying minimum financial parameters under the scheme.

## ELIGIBILITY CRITERIA

- Should be an eligible MSME unit.
- SIDBI assistance shall be considered to any of the following category of customers.
- Existing customers who are solely banking with SIDBI.
- Existing customers of SIDBI (who are also banking with other banks).
- Existing well performing units who do not enjoy WC facility with any other banks.
- New entities, where term loan is considered by SIDBI.
- Takeover of working capital accounts, as a part of term loan takeover, may be considered subject to compliance of takeover guidelines.

Parameters	Eligibility Norm
Total outside liabilities/ tangible Networth (TOL/TNW)	Not to exceed 4:1
Current Ratio	1.25
Interest Coverage	Minimum 1.5 times
Overall Asset Coverage	1.3 for existing units and 1.4 for new projects
Internal Rating	As per existing Bank's Norms

## KEY POINTS

- Presently available for MSMEs, who have outstanding Term loans from SIDBI or propose to avail both TL & WC from SIDBI.
- Option to choose banking platform from 2-3 banks
- Seamless approvals as per customer instructions for setting DP etc.
- Single window for term loan customer to avail working capital facilities.

## SIDBI TRADER FINANCE SCHEME (STFS)

### ELIGIBILITY CRITERIA

- MSME Retailers / Wholesalers (including stockists, super-stockists, distributors, dealers, organized retailers including supermarkets, malls, departmental stores, retail chains, etc.) in existence for at least 3 years having satisfactory financial position. Drop in sales turnover, if any, should not exceed 10% year-on-year in the last 2 years.

### ELIGIBLE EXPENDITURE

- Any business related expenditure i.e. Working Capital requirement and need based capital expenditure (including renovation of existing owned shops), if any (excluding non-business related commodity trading of metals, gems & jewellery, etc)

### QUANTUM OF ASSISTANCE

- Minimum ₹ 10 lakh and maximum ₹1 crore. The assistance shall be need based.
- Further, the total assistance from SIDBI for working capital and capex should not exceed maximum ceiling of ₹ 1 crore.

### SECURITY

- SIDBI offers attractive interest rate on this product.

### KEY POINTS

- Simplified application format.
- Flexible repayment period
- Competitive Rate of Interest.
- Lower Promoters' Contribution for capex

### TENURE & MORATARIUM

- Repayment period would depend upon cash flow and size of the business subject to maximum repayment period of 60 months including moratorium

## SIDBI – LOAN FOR PURCHASE OF EQUIPMENT FOR ENTERPRISE'S DEVELOPMENT (SPEED)

### ELIGIBILITY CRITERIA

- MSME units with at least 3 years operations with stable sales and cash profits in immediate past 2 years..

### ELIGIBLE EXPENDITURE

- For New To Bank (NTB)- Machinery purchased from the OEMs with whom SIDBI has an MoU. Present list of 8 OEMs is as under: Lokesh Machines Ltd., Jyoti CNC Automation Ltd, Milacron India Pvt Ltd, ACE Designers Ltd, ACE Manufacturing Systems Ltd., Bharat Fritz Werner (BfW), HURCO India Pvt Ltd., Batliboi Ltd. For Existing Customer- Any OEM
- Proposed machinery should relate to same line of business
- 2nd hand/ refurbished machines are not eligible.

### QUANTUM OF ASSISTANCE

- Upto 100% of the machinery cost subject to maximum of ₹1 crore for New to Bank (NTB) customers and upto ₹2 crore for existing customers of SIDBI. SIDBI reserves the right to sanction lower amount depending upon assessment of repayment capacity

### Interest Rate

- 9.25% to 10% p.a

### USPs OF Product

- Upto 100% financing
- One-page application format
- Quick sanction and disbursement

### TENURE & MORATARIUM

- 2 to 5 years including moratorium of 3-6 months.

## SIDBI-LOAN FOR PURCHASE OF EQUIPMENT FOR ENTERPRISE'S DEVELOPMENT PLUS (SPEED PLUS)

### ELIGIBILITY CRITERIA

- MSME units with at least 5 years operations with stable sales and cash profits in immediate past 3 years
- Minimum net sales of ₹ 5 crore and no operating loss in immediate past two years

### ELIGIBLE EXPENDITURE

- Machinery purchased from identified OEMs manufacturing high end machines or authorised dealers / Indian subsidiaries of such foreign OEMs, which have strong brand reputation and with whom SIDBI has entered into an MoU
- Proposed machinery should relate to same line of business
- 2nd hand/ refurbished machines are not eligible

### QUANTUM OF ASSISTANCE

- Upto 100% of the machinery cost subject to maximum of ₹2 crore for New to SIDBI customers (based on 20% - 30% FD) and up to ₹3 crore for existing customers of SIDBI (based on 15% - 30% FD)

### Interest Rate

- 8.80% to 10.50% p.a.

### USPs OF Product

- Upto 100% financing of high-end machineries
- Quick sanction and disbursement
- No immovable property needed as collateral

### TENURE & MORATORIUM

- 2 to 5 years including moratorium of 3-6 months

## SIDBI - RETAIL LOAN SCHEME FOR TRADE FINANCE (RLS)

### ELIGIBILITY CRITERIA

- Existing well performing MSE Retail & Wholesale Traders
- Min 3 years in operations with stable sales & cash profits in past 3 years.
- Satisfactory track record with Banks/FIs/NBFC for past 12 months
- Both MSE Retail Traders & Dealers (dealing with products of at least one large reputed supplier having turnover of around ₹1000 crore or more) and Wholesale Traders are covered (Export trade & large commercial real estate-based models are not covered under RLS)

### ELIGIBLE EXPENDITURE

- For Capex: Acquisition of business premises, godown, shop, office premises, repair, furnishing, renovation of existing business premises and/or purchase of furniture & fixtures, equipment's, tools, computers, UPS, DG set, etc.
- For working capital/ additional working capital (in case the borrower is already having working capital/overdraft facility with some other Bank/FI).

### QUANTUM OF ASSISTANCE

- Loan amount: ₹10 lakh to ₹100 lakh Retailers/ traders and dealers: upto ₹50 lakh
- Wholesale traders (stockists, super stockists, etc.) – upto ₹100 lakh
- Finance towards working capital – Max 20% of the sales turnover of last FY
- Security may include upto 25% FD depending on risk

### USPs OF Product

- Upto 100% finance for capex / working capital
- Quick sanction and disbursement
- Flexible security profile

### TENURE & MORATORIUM

- 36 to 60 months (including moratorium of up to 3 months)

### Interest Rate

- 10.00% to 11.50% p.a.

## TOP UP LOAN FOR IMMEDIATE PURPOSES (TULIP)

### ELIGIBILITY CRITERIA

- At least 1-year association with SIDBI with satisfactory track record
- Expansion in same line of business at same location
- Cash profit in last FY

### ELIGIBLE EXPENDITURE

- Purchase of machinery / equipment
- Need based civil construction/renovation
- Acquisition of DG set/other MFAs (including testing equipment, dies & moulds etc.)
- Margin money for working capital (MMWC)
- To execute sudden/specific/bulk orders which are self-liquidating nature and are against a min. BBB rated counter party or a state / central government department counter party with a track record in making timely payments

### QUANTUM OF ASSISTANCE

- 30% of existing exposure or 20% of net sales subject to Max ₹2 Crore

### Interest Rate

- 10.00% to 11.00% p.a.

### USPs OF Product

- Up-to 100% finance based on 10% FD & extension of charge
- Quicker sanction within 7 days
- No additional collateral security (except SIDBI FD)

### TENURE & MORATORIUM

- Max. 5 years (including moratorium of up to 6 months)

### ELIGIBILITY CRITERIA

- Vintage: New Customer – 4 years, Existing Customer – 2 years
- 2 years cash profits
- Satisfactory repayment track record
- For New Customer: Minimum IACR of 0.5% (if no CGTMSE cover)
- Proposed Solar rooftop capacity not to exceed connected load
- Only On-site projects

### Key Attraction

- 100% finance
- Zero promoter's contribution
- FD of 15% to 25% of Loan (interest bearing)
- Attractive Interest rates
- Credit Guarantee cover available
- Simple Loan documentation
- Direct payment to Supplier

### ELIGIBLE EXPENDITURE

- Purchase of machinery / equipment
- Need based civil construction/renovation
- Acquisition of DG set/other MFAs (including testing equipment, dies & moulds etc.)
- Margin money for working capital (MMWC)
- To execute sudden/specific/bulk orders which are self-liquidating nature and are against a min. BBB rated counter party or a state / central government department counter party with a track record in making timely payments

### Coverage

- Solar Panels / Equipment's (Including all accessories) from established suppliers, manufacturers, aggregators, etc.
- Installation cost

### USPs OF Product

- Helping MSMEs to reduce their Power bill
- Across the segment coverage with 25 KW to 500 KW plants (indicative)
- Loan Amount: ₹10 lakh to ₹250 lakh
- Quick sanction and fast disbursement

### TENURE & MORATORIUM

- Repayment up to 5 years (including moratorium of 3 to 6 months)

### Interest Rate

- 9.10% to 10.20% p.a.



## SIDBI ASSISTANCE TO FACILITATE EMERGENCY RESPONSE AGAINST CORONA VIRUS (SAFE)

### ELIGIBILITY CRITERIA

- For New to Bank customer - At least two years of cash profits and account not in SMA1/2 category
- For existing Bank customer - Cash profit in last audited balance sheet and account not in SMA1/2 category

### ELIGIBLE EXPENDITURE

- To finance all existing MSMEs who are manufacturing any products or providing any services directly related to fighting Corona Virus

### QUANTUM OF ASSISTANCE

- Max. upto ₹ 50 Lakh

### Interest Rate

- 5% p.a. fixed on reducing balance basis

### USPs OF Product

- Upto 100% financing for capex / working capital
- A quick delivery product – loan with 48 hours
- Cost of credit guarantee cover is borne by SIDBI
- No processing fees
- No prepayment charges

### TENURE & MORATORIUM

- Term Loan: Upto 5 years including moratorium
- WCTL: Upto 18 months including moratorium

## SIDBI ASSISTANCE TO FACILITATE EMERGENCY RESPONSE AGAINST CORONA VIRUS – PLUS (SAFE PLUS)

### ELIGIBILITY CRITERIA

- For New to Bank customer - At least two years of cash profits and account not in SMA1/2 category
- For existing Bank customer - Cash profit in last audited balance sheet and account not in SMA1/2 category

### Security

- For existing customers - Extension of charge on existing security/any other security available
- For New to SIDBI customers - Escrow arrangement for receivables of specific govt. order or Power of Attorney in favour of SIDBI, exclusion of charge from working capital banker, credit guarantee cover at no cost to customer for MSE units or any security offered by borrower to meet asset coverage norms

### ELIGIBLE EXPENDITURE

- To meet emergency / additional working capital requirement of all existing MSMEs having confirmed order(s) from Central/ State Govt./ Govt. agencies nominated for the purpose and who are manufacturing any products or providing any services directly related to fighting Corona Virus (Covid-19)

### QUANTUM OF ASSISTANCE

- Maximum upto ₹100 Lakh (linked to turnover of the unit)

### Interest Rate

- 5% p.a. fixed on reducing balance basis

### USPs OF Product

- Upto 100% of WC requirement against specific orders
- A quick delivery product – loan with 48 hours
- Cost of credit guarantee cover is borne by SIDBI
- No processing fees
- No prepayment charges

### TENURE & MORATORIUM

- Revolving WCTL - Repayable over 4-month cycle based on execution schedule of govt orders i.e. each drawal against each order to be repaid gradually over a period of 4 months and payment may be made anytime during these 4 months.

---

**Thank You**