

MSME Loans

Mudra and Covid Related Loans and New Package with CGTMSE Support

Interest Rate	Different for different banks. Linked to MCLR or Average 13.50%
Popular MSME loan schemes	Credit Guarantee Funds Trust for Micro and Small Enterprise or CGTMSE
Popular SME loan products	Working Capital Loan
	Term Loan

Eligibility:

Sole Proprietorships, Partnership Firms, Manufacturing or service-based micro and small enterprises excluding Retail traders, educational institutions, training institutions, agriculture & Self Help Groups

The MSME loans are offered for a maximum period of 15 years.

The MSME loans can be both secured and unsecured, depending on the borrower's repayment capacity and on the bank's terms

Less than Rs 500 crores.

Mudra Loan Amount

The maximum funds that can be borrowed with Mudra Loan are Rs. 10 lakhs
Kishore-loans up to Rs 5,00,000 and
Tarun-loans up to Rs 10 lakhs.

Credit Guarantee Funds Trust for Micro and Small Enterprise or CGTMSE

Collateral free loans up to Rs. 1 Crore backed by a guarantee provided by CGTMSE.
Annual Guarantee Fee of 1.5% (0.75% for North Eastern Region including Sikkim).
Guarantee coverage is up to 75% of the credit facility up to Rs 50 lakh and is 50% for a credit facility of Rs. 50 lakh to 1 crore.
Credit guarantee cover can be higher at 85% for micro-enterprises up to Rs 5 lakh, women-oriented enterprises and enterprises belonging to the North East region.

COVID19 Relief package for MSMEs

Eligible Borrowers: Up to Rs 25 crore of outstanding loan and up to Rs 100 crore of turnover

Loan Tenure: 4 years with 1 year moratorium

Guarantee: 100% credit guarantee cover by government to Banks and NBFCs.

Interest: Interest Capped and No Guarantee Fee

Validity: Scheme available till 31st Oct 2020

Sub-Debt along with partial guarantee support from government to banks for providing Rs 20000 crore subordinated debt to stressed and NPA MSMEs. Government to take the risk cover up to first 20% of the loss

Fund of Funds with a corpus of Rs 10000 crore to be set up to provide equity funding support to MSMEs with high growth potential

Global Tenders for any government procurement of up to Rs 200 crore disallowed which means more opportunity for domestic MSMEs

MSME Schemes		Description	
Mudra Loan	The Mudra loan yojana was launched to provide adequate functioning to the non-corporate MSMEs. The scheme focuses more on the priority sector lending, with maximum lending of Rs 10 lakhs.		
Credit Guarantee Funds Trust for Micro and Small Enterprise or CGTMSE	CGTMSE is an MSME scheme to provide collateral-free loans to the existing and new Micro and Small scale industries. The loans are granted for a maximum amount of Rs 1 crores.		
Different Schemes for Standard Acs	Bank to Bank, % of existing facility , period, rate of interest, with max amount as well		
MSME Products		Description	
Working Capital Loan	to fulfil daily cash requirements. Some of the examples of Working Capital Loan are Cash Credit Loan, Bills Discounting		
Term Loan	capital expansion, capital expenditure or buying fixed assets. This can be secured and unsecured.		
MSME Definition			
Old			
Classification	Micro	Small	Medium
Manufacturing	Investment < Rs 25 lacs	Investment < Rs 5 crore	Investment < Rs 10 crore
Services	Investment < Rs 10 lacs	Investment < Rs 2 crore	Investment < Rs 5 crore
New			
Classification	Micro	Small	Medium
Manufacturing and Services	Investment < Rs 1 crore and Turnover < Rs 5 crore	Investment < Rs 10 crore and Turnover < Rs 50 crore	Investment < Rs 20 crore and Turnover < Rs 250 crore
Documents			
Projected Sales , Stock and Profit-5 years			
Networth Certificate, may be required			
Identity proofs: Aadhaar card, PAN card, Voter ID card, driving license, passport, etc.			
Address proofs: Utility bills such as electricity, water or broadband bills, Ration card, Rent agreements, etc.			
Finance proofs: Last two years ITR documents, Profit and Loss statements, banking statements, GST Returns, Balance Sheets			
Business-related documents: Firm registration certificate, professional certificates in case of self-employed professionals, business turnover proofs for sole proprietors, partnership agreements for business partners, and Memorandum of Associations wherever applicable.			
Application and references of users and suppliers			
Authorisation and Fees/Charges acceptance			
Photographs			
Establishment Photographs			
Stock Statement, Purchases, Any other documents as may be required			
Proof of ownership of the enterprise or residence			
Proof of qualification, establishment and business continuity			
Proof of start of business			