<u>Press Communique</u>

MCCI organized an **Interactive Session** with **Shri Anand P. Srivastava, Regional Head, Small Industries Development Bank of India (SIDBI)** and **Smt. R. Prabhavathi, Deputy General Manager, SIDBI** on the theme '**SIDBI's Schemes for MSMEs**' at the Chamber premises today.

Shri Anand P. Srivastava said that many people do not know about SIDBI schemes. There is a communication gap which this Session is trying to address. 80 p.c. of SIDBI's lending is in the form of refinance and 20 p.c. is direct lending.

Shri Srivastava said that the four things required for growth are a conducive industrial environment, infrastructure, resources including skilled labour and finance / credit. Credit must be adequate, timely, cost effective and many small entrepreneurs want credit without collateral.

Shri Srivastava stated that SIDBI has shared its benchmark norms with MCCI and it expects MCCI to respond. In other words, SIDBI and MCCI have joined hands to bring cost effective finance to MSMEs. In this regard, Shri Mitra said that MCCI will welcome projects from its members and take the proposals forward with SIDBI.

The SIDBI officials showed a presentation on SIBI Make in India Soft Loan Fund for Micro Small & Medium Enterprises (SMILE) and SMILE Equipment Finance Scheme (SEF Scheme).

Under the first option, SMILE, new and existing enterprises in manufacturing and services are eligible for a term loan of 5 years tenure at an interest rate of about 8.12 p.c., which may be lower for highly rated companies. The minimum loan amount is Rs. 25 lacs and the asset coverage ratio must be 1.3. Cases can be covered under CGTMSE up to Rs. 200 lacs. The benefits are reduced rate of interest, lower upfront fee of 1 p.c. and faster dispensing for equipment finance. There are 25 eligible sectors for SMILE loans.

The SEF Scheme is meant to provide quick machine / equipment loan to existing well performing MSMEs. The eligibility criteria are as follows: The MSME units should be in existence for at least 3 years; the unit should have a satisfactory financial position & good operating situation; the entity should have profits in the last 3 years as per audited accounts; drop in sales turnover, if any, should not exceed 10 p.c. year-on-year in the last 3 years; the entity should not be in default or restructured in the last 3 years with any Bank/FI; the weighted average CIBIL score of the promoters should exceed 700 and the entity or associate concern / its promoters / directors / partners should not be in default with income tax.

The SEF Scheme provides Term Loans at an interest rate of about 8.12 p.c. for a 5 year period. The promoters' contribution needs to be 25 p.c. and the DER should be less than 3:1. The quantum of assistance is in the range of

Rs. 10 lacs to Rs. 100 lacs for new customers (Rs. 300 lacs for existing customers of SIDBI). Eligible expenditures include plant & machinery as well as civil construction for installation of machinery (less than 25 p.c. of total project cost). Investments incurred in last 6 months, but not financed by any bank or FI may be considered under SEF Scheme.

Shri Smarajit Mitra, Chairman, Standing Committee on Banking, Finance and Insurance, MCCI in his welcome address said that that for the Indian economy to jumpstart, it is necessary for both large industry as well as MSMEs to do well.