

SIDBI's Schemes of Assistance

TEAM SIDBI

SIDBI - A brief Profile

- **Constitution**

- Set up in 1990 – SIDBI Act
- Initially wholly owned subsidiary of IDBI
- Act amended in 2000 – to broad based shareholding
- Shares held by 36 GoI owned/controlled Banks, Insurance Companies and FIs.

- **National Presence**

- 5 Zonal offices and 1 Regional office (North East)
- 103 Branches across all the states

- **Mandate**

- Promotion, financing and development of SSIs (now MSMEs) and to co-ordinate the functions of institutions serving the sector.

MSME Definition

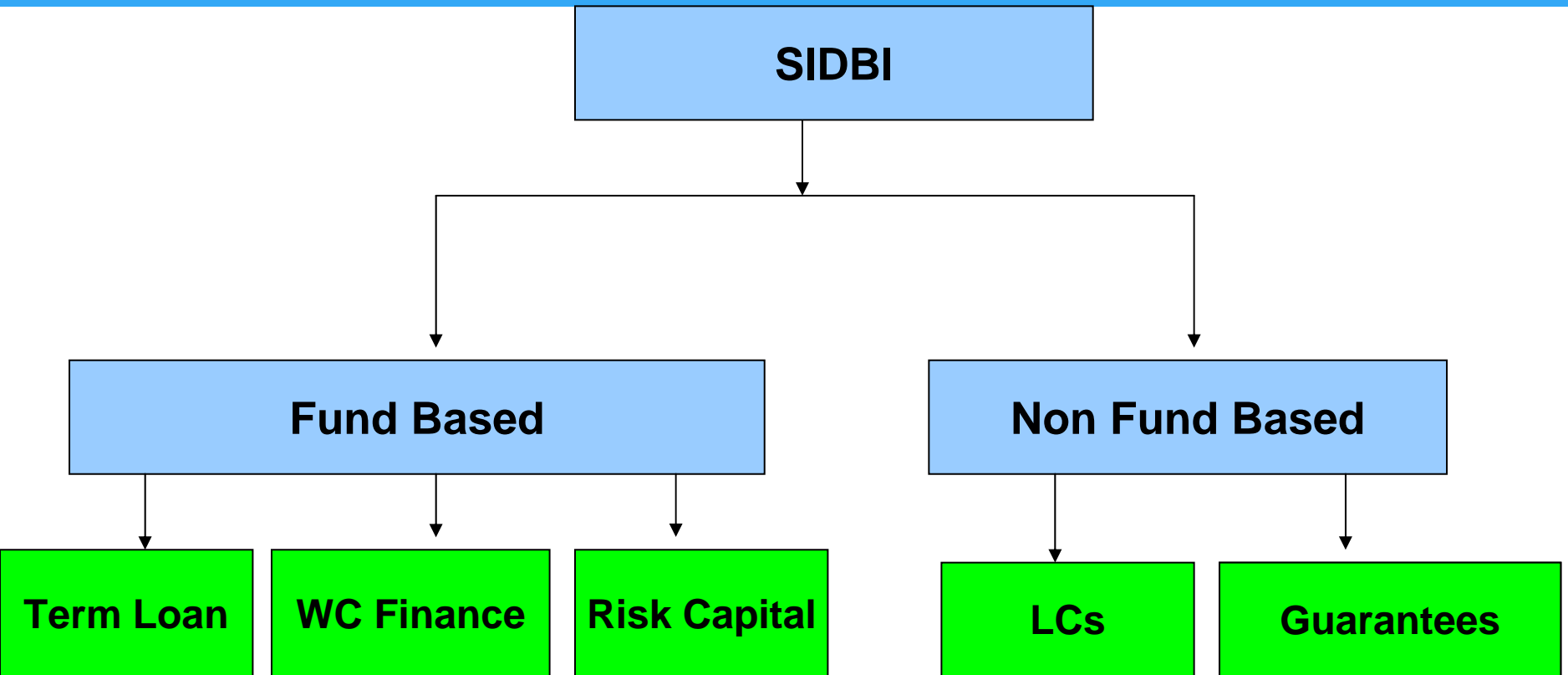
AS PER MSMED ACT 2006 :

Enterprises	Manufacturing (Investment in P&M)	Services (Investment in Equipment)
Micro	Rs.25 lakh	Rs.10 lakh
Small	Upto Rs.500 lakh	Upto Rs.200 lakh
Medium	Upto Rs.1000 lakh	Upto Rs.500 lakh

SIDBI : Sphere of Activities

- **Direct Finance:** Assistance to MSMEs, Service sector entities, Resource support to NBFCs / Other intermediaries, Infrastructure, etc.
- **Indirect Finance** : Refinance/STL to Banks, SFCs, etc.
- **Micro Credit** : Pioneers in micro credit movement in the country. Developed several leading MFIs. Assistance through MFIs
- **Promotion & Development** : Organises and supports initiatives for development of MSME sector (EDP, Skill up gradation, RIP, etc.).
- **Associate Institutions:** SVCL, SMERA, ISTSL, CGTMSE & ISARC.
- **Nodal Agency** : For GoI schemes like CLCSS, TUFS, TUFFPI and IDLSS.

Direct Credit Products



Retail Credit Schemes - Fund based

Schemes for Term Loan Assistance

- Direct Credit Scheme; Micro Enterprises Loan scheme
- Govt. Sponsored Scheme – CLCSS, TUFS, TUFFPI, etc.
- MSME Scheme for Energy Saving Projects

Schemes for Working Capital Assistance

- Working Capital
- MSME Receivable Finance Scheme (bills / invoice discounting)

Risk Capital Assistance *For growth oriented units with clear exit route*

- Equity
- Quasi Equity

Retail Credit Schemes - Term Loan

Direct Credit Scheme

Purpose	New unit/ Expansion/ Modernisation/ Marketing/ R&D/Working Capital/ in manufacturing and services segment
Nature of assistance	Term Loan
Tenure	Need based. Generally, not more than 8 years including moratorium
Interest rate	Based on Risk Rating
Overall DER	Generally not more than 2 :1
DSCR	Generally more than 1.5:1
Asset Coverage	1.3 for existing units and 1.4 for new units

Retail Credit Schemes - Term Loan

Assistance under Govt. of India Schemes -

➤ Credit Linked Capital Subsidy Scheme (CLCSS):

- To facilitate technology upgradation in SSIs.
- Capital subsidy for induction of proven technologies (new machines only) in 49 sectors.
- Subsidy will be limited to 15% of the purchase price of P & M with a ceiling of Rs.15 lakh per unit.
- The Scheme is operational till XIth Plan (March 2012)

➤ Food processing Technology Upgradation Fund Scheme (FPTUFS):

- For modernisation/technology upgradation of food processing capabilities.
- Provides 25% of the cost of Plant & Machinery and technical civil works in general areas.
- Ceiling of Rs. 50 lakh in general areas.
- 50% of subsidy to be released after utilisation of 50% of the loan and promoters contribution and remaining after full utilisation of the loan and promoters contribution.

Retail Credit Schemes - Term Loan

Assistance for cleaner Production options in MSMEs

Parameter	Norm
Purpose	Investment in cleaner production options by way of equipments / production processes.
Minimum Assistance	Rs.10 lakh
Overall DER	Maximum 2.5 : 1
Interest Rate	Fixed : 9.5-10% p.a. Floating : PLR -1.25 to PLR -0.25% (present PLR 11%)
Asset coverage	Minimum 1.4 for new unit and 1.3 for existing unit
Repayment period	Need based. Normally, should not exceed 7 years.
Eligible investments	List of equipments / technologies / processes is available on SIDBI website : www.sidbi.in
Any other incentive	CLCSS or any other Government Scheme benefit shall be available, if eligible.

Retail Credit Schemes - Term Loan

CGTMSE Cover :

Parameter	Norm
Purpose	Facilitate credit delivery to SSIs which cannot provide collateral security by providing guarantee cover to eligible banks / institutions.
Guarantee Cover	Credit facility upto Rs. 100 lakh.
One Time Guarantee Fees	1.50% of the credit limit sanctioned
Annual Service Fees	0.75% of the credit facility guaranteed.
Other terms	As that of the lending institution.

Working Capital Scheme

- SIDBI has arrangement with **IDBI Bank** for providing working capital facilities to SIDBI customers on IDBI Bank's banking platform.

Purpose	To provide working capital facility to existing / new customers of SIDBI who avails term loan for capital expenditure.
Max. Assistance	Initial limit shall not be more than Rs.5 crore.
Tenure	Limit is sanctioned for one year which may be renewed annually.
Interest rate	Based on Risk Rating
Financial norms	Current Ratio : 1.33 TOL/TNW : 4:1 Min interest coverage : 1.5
Asset Coverage	1.3 for existing units and 1.4 for new units

MSME Receivable Finance Scheme

Purpose	To provide finance to MSME vendors / service providers in respect of their sales / services, against bills of exchange / invoices arising out of such sales
Eligible MSME vendors	Manufacturing units/ Service providers/ Transporters/ IT vendors
Form of assistance	Discounting of Bills of Exchange / invoices accepted by purchasers
Advantage to seller	Immediate payment against receivables. Improves cash flow cycle;
Eligible purchasers	Turnover : Minimum Rs 30 crore relaxable upto Rs. 20 crore or Networth : Rs 6 crore relaxable upto Rs. 4 crore

Risk Capital

- **Objective** : To provide risk capital to well performing MSME units having high potential for growth.
- **Instruments**: Mezzanine/quasi equity type of instruments.
- **Assistance** : Need – based.

NON FUND BASED - Guarantee Scheme

Parameter	Norm
Purpose	To issue guarantee on behalf of Bank's customer for its normal trade / business.
Types	Financial, deferred and performance guarantee
Eligibility	Existing well performing MSE customers of SIDBI New customers with fund based facility
Guarantee Commission	Financial Guarantee : 1.5 to 3 % p.a. Performance Guarantee : 1 to 2 % p.a.
Margin	Normally 25% of guarantee amount
Asset coverage	Minimum 1.4 for new unit and 1.3 for existing unit
Tenure of Guarantee	Guarantees would be issued for a definite period, normally not running beyond a year.

NON FUND BASED - LC Scheme

Parameter	Norm
Purpose	To issue Letter of Credit (foreign / inland) for purchase of machinery / equipment and raw material generally against sanctioned Term Loan / Working Capital facility.
Eligibility	Existing well performing MSE customers of SIDBI New customers with fund based facility
Usance charges	0.20 - 0.30% of LC value for usance period.
Margin	No margin is required against sanctioned loan.
Security	No separate security is required if facility is against sanctioned fund based facility.

SIDBI : USP for MSMEs

- **Competitive rate of Interest** : Market maker for SME segment.
- **Flexible approach** for key aspects like security, financial parameters, based on unit standing.
- **Simple business processes** : Credit Appraisal & Rating Technique (CART). SIDBI appraisal techniques recognised across the banking sector.
- **Quick decision making** : Effective integration of technology.
- **Qualified & professional** manpower.
- **Tailor made and customised** products services.
- **Quick disbursement of GoI grants / subsidies.**
- 11 branches in Maharashtra (4 in Mumbai : Nariman Point, BKC, Andheri & Thane)

Thank You