

# Govt. Initiatives in helping small(MSMEs) in pandemic situation.

1. Collateral free automatic loan for SMEs up to 3 lakh crore which means not a single MSME unit needs to pay any collateral or guarantee for the loans availed under this scheme. They will also not be required to pay any principal component of the loan for the first year. The tenure of the loan will be for 4 years. This will benefit 45 lakh units resume business activities and safeguard jobs, said the FM.

2. Rs 20,000 crore subordinated debt for stressed MSMEs facing an equity problem. It will help functioning MSMEs which are either NPA (non performing assets) or are economically stressed. Around Rs 2 lakh MSMEs qualify under this category. The government will provide Rs 4,000 crore partial credit guarantee support to banks and promoters of the MSMEs will be given debt by banks in the form of equity infusion.

3. Fund of fund for the infusion of Rs 50,000 crore as equity into MSMEs. This will benefit MSMEs with potential and viability by providing them greater support in capacity expansion and for the purpose of market-listing. This will cover MSMEs that are performing very well and can use the opportunity to expand.

4. The definition of MSME is being changed to encourage MSMEs to grow bigger without losing on the benefits availed by MSMEs. The investment limit that defined an MSME is being revised upwards along with the addition of turnover as criteria to categorise MSMEs. In addition to these, differentiation between manufacturing and service MSMEs is being removed.

For micro-enterprises in both the manufacturing and service sectors, the investment limit is being raised from Rs 25 lakh and Rs 10 lakh respectively to Rs 1crore with a maximum turnover of Rs 5 crore. Similarly, for small enterprises in both the sectors, the investment limit is being raised from Rs 5 crore and 2 crore respectively, to Rs 10 crore with a maximum turnover of Rs 50 crore and finally for medium enterprises in manufacturing and service sector, the investment limit was being raised from Rs 10 core and 5 crore respectively to Rs 20 crore with a maximum turnover of Rs 100 crore.

5. The government procurement tenders up to Rs 200 crore will no longer be open to global tenders/ players, allowing MSMEs the chance to compete. The government said it will make necessary amendments to General Financial Rules to enable this provision. Sitharaman said this was a major step towards creating a self-reliant India.

6. Post Covid trade fares will be difficult, therefor e-linkage market is being provided to MSMEs. In addition to this, the government has promised to clear all receivables due to MSMEs in the next 45 days.

Total ,a package of Rs. 6Lakh crore is devoted towards MSME sector.....