

## **FAQs under GIFT**

### **FAQs for Beneficiaries (applicant or enterprise)**

#### **1. What is MSE-GIFT Scheme?**

**Answer:** Ministry of Micro, Small & Medium Enterprises (MoMSME) has formulated MSME-GIFT scheme to develop an ecosystem wherein institutional finance is made available to MSEs at a concessional cost to minimize/ overcome the incremental cost of clean/green technologies, which include energy from renewable sources like solar, wind, biogas, etc.; clean transportation that involves lower greenhouse gas emissions; energy-efficient projects like green building; waste management that includes recycling, efficient disposal, and conversion to energy, etc.

#### **2. Who is the target beneficiary of the Scheme?**

**Answer:** The target beneficiaries of the MSE-GIFT Scheme are Micro and Small Enterprises (MSEs) in India.

#### **3. What categories of enterprises are covered under the scheme?**

**Answer:** The categories of enterprises covered under the scheme include Micro and Small Enterprises (MSEs) in India.

#### **4. What are the key components of MSE-GIFT?**

**Answer:** The key components of the MSE-GIFT Scheme include:

- i. Interest Subvention Component: This component provides affordable finance to MSEs for adopting green technologies by offering a 2% interest subvention per annum for a maximum of 5 years on term loans up to INR 2 crores.
- ii. Risk Sharing Facility: The scheme offers a Risk Sharing Facility to cover loans up to INR 2 crores for MSEs, providing financial assistance under a hybrid model to mitigate risk for financial institutions.

#### **5. What are the eligibility criteria of the Scheme?**

**Answer:**

a. Interest Subvention for MSEs

- All Udyam certified Micro and Small Enterprises (MSEs) in both the manufacturing and service sectors are eligible.
- Loan size upto Rs. 2 crore
- Max. repayment period – 5 years
- Machines should be available in the 890-technology list of machineries.

b. Risk Sharing Facility

- Udyam certified Micro and Small Enterprises (MSEs) in manufacturing and service sectors are eligible.
- Entities providing services or acting as aggregators must establish a clear linkage with MSEs.
- MSEs cannot avail guarantee cover under both CGTMSE and MSME-GIFT schemes.
- Assistance must be sanctioned after the scheme notification by MoMSME, operational till corpus depletion, or scheme tenure end.

- Participating Financial Institutions (PFIs) must submit specific documents for interest subvention approval.
- Promoters/directors/partners/proprietors should not be in defaulter lists, and MSE units must not have defaulted to any financial institutions.

## **6. How to avail benefits under the Scheme?**

**Answer:** To avail benefits under the MSE-GIFT Scheme, MSEs should:

- i. Identify eligible green projects viz. Renewable Energy: Installing solar panels, wind turbines, or using biogas for energy generation, Energy Efficiency: Upgrading to energy-efficient machinery, LED lighting, or implementing smart energy management systems, Waste Management, Green Buildings, Clean Transportation: Using electric vehicles, promoting carpooling, or investing in hybrid vehicle fleets, Water Management: Implementing water-saving technologies, wastewater treatment systems, or rainwater harvesting, Circular Economy Practices: Adopting practices that minimize waste generation and promote the reuse and recycling of resources.
- ii. Approach participating financial institutions who shall/have joined the scheme by signing MoU with SIDBI.
- iii. Submit project proposal to eligible PFIs.
- iv. Await evaluation and approval.
- v. Utilize approved benefits for green technology adoption.
- vi. Ensure compliance with scheme guidelines.

## **7. Which documents are required to be provided during registration on MSE-GIFT?**

**Answer:** During registration on the MSE-GIFT Scheme, the following documents are required to be provided:

- i. **Sanction Letter:** Document indicating the approval of the project proposal.
- ii. **Declaration & Undertaking:** Agreement between the Participating Financial Institution (PFI) and the borrower.
- iii. **Tax Invoice:** Proof of eligible Plant & Machinery covered under the project.
- iv. **Snapshot of Geotagging:** Image of the project site for review and approval at SIDBI.
- v. Ensure that the names of promoters/directors/partners/proprietors are not on any defaulter lists, and the MSE unit has no defaults with Banks/FIs/NBFCs.

## **8. What is the amount of initial loan under the scheme?**

**Answer:** Under the MSE-GIFT Scheme, all loans under above Rs. 10 Lakh with an interest subvention of 2% per annum up to a term loan limit of INR 2 crores with for Micro and Small Enterprises (MSEs).

## **9. What is the rate and amount of interest subvention in the scheme?**

**Answer:** The MSE-GIFT Scheme offers an interest subvention of 2% per annum on all loans under the financing facility up to a term loan limit of INR 2 crores for Micro and Small Enterprises (MSEs). This interest subvention is available for a maximum period of 5 years.

## **10. What is RSF?**

**Answer:** The Risk Sharing Facility (RSF) under the MSME-GIFT scheme provides partial credit guarantee coverage to Participating Financial Institutions (PFIs) to mitigate the default

risk associated with extending credit facilities to Micro and Small Enterprises (MSEs) for green projects related to climate change mitigation and adaptation.

### **11. How does the RSF benefit banks and or MSEs?**

**Answer:** The benefits of the Risk Sharing Facility (RSF) for banks and MSMEs are as follows:

#### **a. Benefits for Banks:**

- i. **Risk Mitigation:** The RSF provides partial credit guarantee coverage to Participating Financial Institutions (PFIs), reducing their risk exposure when extending credit facilities to MSEs for green projects.
- ii. **Enhanced Lending:** With the risk-sharing mechanism in place, banks are more inclined to lend to MSEs for green projects, leading to increased access to finance for environmentally sustainable initiatives.

#### **b. Benefits for MSEs:**

- i. **Access to Finance:** The RSF makes it easier for MSEs to access affordable credit for implementing green projects, which may have higher upfront costs but long-term environmental and cost-saving benefits.
- ii. **Reduced Cost of Borrowing:** With the partial credit guarantee, MSEs may benefit from lower interest rates and reduced collateral requirements, making green investments more financially viable.
- iii. **Sustainability and Competitiveness:** By adopting green technologies and practices supported by the RSF, MSEs can enhance their sustainability credentials, improve operational efficiency, and stay competitive in the market.
- iv. **Environmental Impact:** MSEs can contribute to environmental protection, resource conservation, and climate change mitigation by implementing green projects, aligning with global sustainability goals.

### **12. Who all I can approach to get help regarding availing benefits under the scheme?**

**Answer:** To seek help regarding availing benefits under the MSE-GIFT Scheme, approach:

- i. Participating Financial Institutions (PFIs)
- ii. SIDBI (implementing agency)

### **13. Can MSMEs register themselves on the portal?**

**Answer:** No. MSME can be registered for claiming the subsidy only through the eligible PLIs.

### **14. Can MSMEs avail both components viz Risk sharing and interest subvention for the same project?**

**Answer:** Yes. Eligible MSEs can avail either interest subvention or risk sharing facility or both.

### **FAQs for PFIs**

#### **1. Who are PFIs?**

**Answer:** PFIs stand for "Participating Financial Institutions." These are the financial institutions that participating in the GIFT & SPICE scheme.

#### **2. What are the eligibility criteria of PFIs?**

**Answer:** PFIs must meet the following eligibility criteria:

- i. Registered with the Reserve Bank of India
- ii. Maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) as per RBI guidelines.

- iii. Engaged in lending business for at least 3 years
- iv. Demonstrated profitability in the last 2 years
- v. Must comply with all the extant guidelines of the Scheme.

### **3. What PFIs have to do ?**

**Answer:**

- i. Enter into agreements with SIDBI for the Risk Sharing Facility for Micro and Small Enterprises (MSMEs).
- ii. Inform SIDBI about the date on which the account was classified as Non-Performing Asset (NPA) in a particular calendar quarter.
- iii. Refund any amount received or recovered from the beneficiaries' accounts in respect of cases covered under the Scheme.
- iv. Apply for interest subvention under the scheme through an online MIS platform.
- v. Execute a General Agreement for availing interest subvention under the scheme.
- vi. Ensure that the projects financed qualify as green activities according to the defined criteria.
- vii. Recommend proposals for interest subvention to SIDBI and follow the guidelines of the scheme for subsidy disbursement.

### **4. What would be process of availing? Anything extra to be done by PFIs?**

**Answer:**

- i. Eligibility Check: PFIs must meet criteria set by MoMSME and SIDBI.
- ii. Borrower Selection: Criteria set by lending institutions for eligible borrowers.
- iii. Green Definition: Projects must align with green financing framework.
- iv. Viability Assessment: Project appraisal based on key financial parameters.
- v. Subsidy Disbursement: Loan disbursal after approval and recommendation to SIDBI.
- vi. Interest Subvention: 2% interest subvention for green technology projects.
- vii. Risk Sharing Facility: Partial credit guarantee for MSMEs undertaking green projects.

### **5. What documents are required for claiming interest subvention under the scheme?**

**Answer:** The documents required for claiming interest subvention include a certificate for claiming interest subvention, PFI/branch-wise data submission, and account-wise information submission. These documents provide details of incremental term loan amounts disbursed, loan amounts eligible for subsidy, and interest relief claimed by MSMEs in the manufacturing and service sectors.

### **6. Are these standard formats or banks can use their own existing formats?**

**Answer:**

PFIs would require entering into an agreement with SIDBI, as per the attached formats (copies enclosed as Appendices I to VII) as per the operating guidelines.

### **7. What is defined as green, green loan for gift and spice?**

**Answer:**

The definition of "green" and "green loan" includes the following aspects:

- a. **Green Technologies and Practices:** The Ministry has adopted a document titled "Framework for Green Financing to MSMEs" prepared by SIDBI, which defines "a

deemed green activity as the one which substantially contributes to one of the following six environmental aims and does not harm the other five.

- i. Greenhouse gas Reduction [Carbon, Methane & Others)
  - ii. Climate Change adaptation
  - iii. Sustainable use and protection of water
  - iv. Transition to a circular economy.
  - v. Pollution Prevention and Control
  - vi. Protection and restoration of biodiversity and the ecosystem.
- b. Projects should be E&S compliant. Environmental (E) – pollution control, recycling & reuse, energy efficiency, climate change, natural resource efficiency, and environment management and Social (S) – working conditions, local communities, conflict, health and safety, employee relations, and diversity.
  - c. Stack of 890 technologies maintained by MoMSME, SIDBI and BEE shall be used as reference. For detailed list please go through the guidelines.

**8. Who is a super user?**

**Answer:** A super user is one who has been identified by PLI for assigning multiple maker rights within the PLI. This super user rights would be assigned by SIDBI PMU.

**9. What can a super user do?**

**Answer:** A super user can create multiple makers for submitting the online application. A super user will be the checker within the PLI.

**10. What would be the process of availing the subsidy?**

**Answer:** PLI maker should visit the Green MSME portal and login with the credentials provided by the super user for submitting the online application.