



Rs. 3.00 Lakh crores loans to MSMEs: Collateral Free, Guarantee Free

Description

- Businesses / MSMEs have been badly hit due to COVID19 need additional funding to meet operational liabilities built up, buy raw material and restart business;
- Guarantee free and collateral free loans amounting to Rs. 3.00 Lakh crores have been approved;
- The Scheme is implemented by Department of Financial Services.

Nature of Assistance

- Upto 20% of entire Outstanding credit as on 29.2.2020;
- Loans up to Rs. 25 cr. Outstanding and units upto Rs. 100 cr. turnover eligible;
- Loans to have 4 year tenor;
- 12 months moratorium on Principal repayment;
- Interest to be capped.

Salient Features

- 100% credit guarantee cover to Banks and NBFCs on principal;
- Scheme can be availed till 31st Oct 2020;
- No guarantee fee, no fresh collateral.

Expected Impact

- It is expected that about 45 lakh units can take benefit and resume business activity and safeguard the employment of people.

Who Can Apply

- All businesses/ MSMEs are eligible.

How to Apply

- Through Banks, DFS and **National Credit Guarantee Trustee Company Ltd (NCGTC)**.



For more Information:
Kindly Visit our Single window System @

www.champions.gov.in

Or write on email:

champions@gov.in / info@ncgtc.in



Distressed Assets Fund - Subordinate Debt Scheme for MSMEs

Description

- MSMEs survive on thin margins and come under financial stress at slightest disruption. To support MSME units which have become stressed, there is a need to infuse capital in the MSME unit in the form of equity or sub debt so that they can be revived;
- The Distressed Assets Fund–Sub Debt Scheme seeks to extend support to the promoter(s) of the distressed units MSMEs by providing a debt facility of upto 15% of the promoter contribution or Rs 75 lakhs, to the Promoter(s);
- Promoter(s) in turn will infuse the amount in the MSME unit as equity and thereby enhance the liquidity and maintain debt-equity ratio.

Nature of Assistance

Guarantee for fund raising for Revival: GOI will provide guarantee coverage of up to 85% for loans upto Rs. 5 lakh and 75% for loans beyond Rs 5 lakh to MSMEs for them to raise funds from Financial Institutions.

Salient Features

- The quasi-equity provision with the guarantee balances the risks and rewards between the lender (bank) and the customer. In a situation where an outright loan is too risky, quasi-equity with guarantee will provide the requisite financing to the company;
- Subordinate debt will be of substantial help in sustaining and reviving the MSMEs which have either become NPA or are on the brink of becoming NPA.

Expected Impact

- Provision for sub debt will be of Rs. 20000 crores which is likely to benefit two lakh MSMEs;
- A bigger number of MSME promoter(s) can do business without worry and avail present opportunities;
- These MSMEs will continue to function, provide jobs and contribute in National Economy.

Who Can Apply

- Functioning MSMEs which are NPA or are stressed will be eligible
- Promoter(s) of such units can apply

How to Apply

- Promoter(s) of MSMEs meeting the eligibility criteria may approach scheduled commercial banks to avail benefit under the scheme



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Equity Infusion for MSMEs through Fund of Funds

Description

- MSMEs face severe shortage of equity. The Fund of Funds will provide equity funding for MSMEs with growth potential and viability with the ultimate aim of encouraging MSMEs to grow and get listed on stock exchanges;
- VCs/PEs firms do offer early stage funding but very few of them provide growth stage funding;
- With Government intervention, this scheme would be able to intermediate different types of funds into underserved MSMEs and address the growth needs of viable and high growth MSMEs.

Nature of Assistance

Growth Funding to MSMEs through equity financing: GOI will support VC/PE firms in investing in commercially viable MSMEs in meeting their growth requirements. The proposed fund of funds will encourage private sector investments in the MSME sector and leverage Rs.50,000 crore. The actual investment may be even higher.

Private funding leverage: Fund of Funds aims to achieve private funding leverage through the use of professional fund managers with access to funding and strategic performance oversight. This will help attract a wide range of investors, including financial institutions, corporate investors, banks, other government funds, HNWI individuals to invest into MSMEs.

Salient Features

- Under the scheme, there would be a Mother Fund, where Government of India will be Anchor Investor;
- The Mother Fund can invest daughter funds who can deploy the investments in targeted MSMEs;
- This will create a partnership with MSMEs in their growth journey and enable them to grow bigger and get listed on stock exchanges.

Expected Impact

- The scheme is expected to facilitate equity financing of Rs.50,000 crore in the MSME Sector

Who Can Apply

- All MSMEs are eligible

How to Apply

- Through Investor Funds onboarded and registered with proposed Fund of Funds



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www.champions.gov.in
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