



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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October 7, 2020

The Managing Director / Chief Executive Officer  
All Primary (Urban) Co-operative Banks  
All State Co-operative Banks  
All District Central Co-operative Banks

Dear Sir / Madam,

**Interest Subvention Scheme for MSMEs – Co-operative banks**

Government of India, Ministry of Micro, Small and Medium Enterprises (MSMEs) had announced the 'Interest Subvention Scheme for MSMEs 2018' on November 2, 2018 for Scheduled Commercial Banks. A copy of the salient features and operational guidelines for implementation of the Scheme released by the Ministry of MSMEs is [enclosed](#). Government of India has since decided to include Co-operative Banks also as Eligible Lending Institutions effective from March 3, 2020.

2. The scheme provides for an interest relief of two per cent per annum to eligible MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity. The coverage of the Scheme is limited to all term loans / working capital to the extent of ₹100 lakh. The loan accounts on the date of filing claim should not have been declared as NPA as per the extant guidelines in force. No interest subvention shall be admissible for any period during which the account remains NPA.

3. The aforesaid operational guidelines for the Scheme (para 2.1, 2.2 and 2.4 of the enclosed Scheme) have been further modified by the Government as under:

- a. The validity of the scheme has been extended till March 31, 2021. Accordingly, fresh or incremental term loan / working capital limit extended by co-operative banks with effect from March 3, 2020 will be eligible for coverage under the scheme.
- b. Acceptance of claims in multiple lots for a given half-year by eligible institutions is permitted.
- c. Requirement of Udyog Aadhaar Number (UAN) may be dispensed with for units eligible for GST. Units not required to obtain GST may either submit Income Tax Permanent Account Number (PAN) or their loan account must be categorized as MSME by the concerned bank.
- d. Trading activities have also been allowed to be covered under the scheme without UAN.

Accordingly, **the enclosed Scheme should be read in conjunction with the above modifications.**

4. Small Industries Development Bank of India (SIDBI) is the single national level nodal implementation agency for the scheme. Nodal office of eligible lending institutions should submit their half yearly claims to SIDBI in the enclosed formats as per the guidelines for claim submission provided in the scheme.

5. Co-operative Banks may take appropriate action as envisaged in the aforesaid operational guidelines and issue necessary instructions to their branches / controlling offices for successful implementation of the scheme.

Yours faithfully

(Neeraj Nigam)  
Chief General Manager

Enclosure: As above

## Interest Subvention Scheme for MSMEs, 2018

### 1. Background:

The Micro, Small and Medium Enterprises [MSME] sector is a significant contributor towards building up of a strong and stable national economy. Hon'ble Prime Minister while launching outreach initiative for MSME sector on November 2nd, 2018 highlighted that access to credit, access to market, technology upgradation, ease of doing business and a sense of security for employees are five key aspects for facilitating MSME sector. Twelve announcements have been made to address each of these five categories. As part of access to credit, Prime Minister announced 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans.

Ministry of MSME (MoMSME) has decided that a new scheme viz. "Interest Subvention Scheme for Incremental credit to MSMEs 2018" will be implemented over 2018-19 and 2019-20\*.

### 2. Salient Features of the Scheme

#### 2.1 Purpose, Scope and Duration

The Scheme aims at encouraging both manufacturing and service enterprises to increase productivity and provides incentives to MSMEs for onboarding on GST platform which helps in formalization of economy, while reducing the cost of credit. The Scheme will be in operation for a period of two financial years FY 2019 and FY 2020\*.

#### 2.2 Eligibility for Coverage

(i) All MSMEs who meet the following criteria shall be eligible as beneficiaries under the Scheme:

- a. Valid Udyog Aadhaar Number [UAN]
- b. Valid GSTN Number

(ii) Incremental term loan or fresh term loan or incremental or fresh working capital extended during the current FY viz. from 2nd November 2018 and next FY\* would be eligible for coverage.

(iii) The term loan or working capital should have been extended by Scheduled Commercial Banks.

**\* Since extended up to FY 2021**

(iv) In order to ensure maximum coverage and outreach, all working capital or term loan would be eligible for coverage to the extent of ₹100 lakh only during the period of the Scheme.

(v) Wherever both the facilities working capital and term loan are extended to a MSME by an eligible institution, interest subvention would be made available for a maximum financial assistance of ₹100 lakh.

(vi) MSME exporters availing interest subvention for pre-shipment or post-shipment credit under Department of Commerce will not be eligible for assistance under Interest Subvention Scheme for Incremental credit to MSMEs 2018.

(vii) MSMEs already availing interest subvention under any of the Schemes of the State / Central Govt. will not be eligible under the proposed Scheme.

### 2.3 Operational formalities

- a. The interest relief will be calculated at **two percentage points per annum (2% p.a.)**, on outstanding balance from time to time from the date of disbursal / drawal or the date of notification of this scheme, whichever is later, on the incremental or fresh amount of working capital sanctioned or incremental or new term loan disbursed by eligible institutions.
- b. The interest rates charged to MSMEs shall conform to Code of Ethics and Fair Practices Code as published by respective institutions (as per extant RBI guidelines) and linked to the respective internal / external rating of the MSME as per applicable interest rate guidelines of the institution.
- c. The loan accounts on the date of filing claim should not have been declared as NPA as per extant guidelines in force. No interest subvention shall be admissible for any period during which the account remains NPA.

### 2.4 Claim Submission

- a. Nodal office of eligible lending institutions should submit their half yearly claims to SIDBI as per the format given in [Annex I](#). Information with respect to loans disbursed and interest relief claimed (branch-wise) shall be submitted in soft copy in excel in the format given in [Annex II](#).
- b. The format for compilation of data by branches of eligible institutions is given in [Annex III](#). The same may be submitted by the branches to their Controlling Offices / Head Offices.
- c. All claims have to be duly certified by the **statutory auditors of the eligible institutions**. The certificate shall include statement on verification of individual accounts with regard to amount, incremental / fresh lending, interest charged and amount claimed. Lending institutions shall ensure that total relief claimed as indicated in [Annex I](#), [II](#) and [III](#) are matched.
- d. The Half Yearly claims shall be submitted to the Chief General Manager, Institutional Finance Vertical, SIDBI, Mumbai
- e. Disbursement against each claim to individual institution shall be only after release of funds from MoMSME.

### 2.5 Other covenants

- a. SIDBI shall act as a Nodal Agency for the purpose of channelizing of interest subvention to the various lending institutions through their Nodal office.
- b. All lending institutions shall be responsible for submission of the accurate data and monitoring of the scheme.
- c. The interest subvention would be released only on the basis of claim duly certified by the Statutory Auditors of the eligible institutions. SIDBI shall not be liable for any inaccurate submission of data by lending institutions.

- d. Interest subvention amount shall be released by SIDBI subject to availability of funds from GOI. Also, MoMSME, GOI will be the final authority for all interest subvention related matters and their decision would be final and binding. Receipt of funds by the eligible institutions would be treated as Utilization Certificate of the Fund.

**Format of Certificate for claiming Subsidy**  
(Hard copy to be submitted to SIDBI)

Name of Lending Institution:

(Amounts in Rupees)

| Fresh or Incremental funded Assistance on or after March 03, 2020* |                       |                    |       | Amount of Interest Relief Claimed |                       |                    |       |
|--|-----------------------|--------------------|-------|-----------------------------------|-----------------------|--------------------|-------|
| MSME (Manufacturing)   | MSME (Service sector) | Trading Activities | Total | MSME (Manufacturing)              | MSME (Service sector) | Trading Activities | Total |
| (1)  | (2)                   | (3)                | (4)   | (5)                               | (6)                   | (7)                | (8)   |
|  |                       |                    |       |                                   |                       |                    |       |

\*This may be calculated by arriving at the difference between the opening balances viz. the principal outstanding as on March 2, 2020 minus any interest accrued.

Note:

- i. Data for term loan and working capital accounts may be furnished separately.
- ii. NPA accounts may be excluded as no interest subvention shall be admissible for any period during which the account remains NPA.

We hereby certify that the amounts of Fresh or Incremental Working capital sanctioned/ incremental/ new Loan disbursements and interest relief being claimed thereon, as shown above, have been correctly calculated in conformity with the Circular issued by SIDBI. We undertake that in the event of any inaccuracy detected later during audit or otherwise, we shall immediately refund to SIDBI any excess amount received by us.

*(Authorized Signatory)*

We hereby certify that we have verified the individual accounts with regard to amount, incremental / fresh lending, interest charged and amount claimed.

*(Signature of Statutory Auditor)*

Place:

Date:

*The certificate should be signed by the CA, and his membership number with ICAI should be indicated*

Please note this certificate is to be submitted duly certified by the statutory auditor of the lending institution; a copy of the lending institutions fair practice code and interest rate chart mapped to internal/external ratings is to be annexed with the claim.



**एमएसएमई लाभार्थियों के संबंध में प्रारूप Format for MSME Beneficiary**

**Name of the Co-operative Bank :**

शाखा का नाम

क्षेत्रीय कार्यालय

आंचलिक कार्यालय

Name of the Branch

Regional Office

Zonal office

| क्र. N <sup>o</sup> | ऋण खाता सं. Loan Account no. | लाभग्राही इकाई का नाम Name of the Beneficiary Unit | उद्योग आधार सं. Udyog Aadhar ID | जीएसटी पंजीकरण संख्या GST Regn. No | महिला / पुरुष Male/ Female | ग्रामीण/अधर शहरी / शहरी Rural/Semi-urban / Urban | प्रवर्तक के श्रेणी (सामान्य/ पिछड़ा वर्ग/ अनुसूचित जाति/ अनुसूचित जनजाति) Promoter's Category (Gen/OBC/ SC/ST) | शारीरिक रूप विकलांग Physically Challenged | अल्पसंख्यक Minority | जिला District | राज्य State | ऋण का उद्देश्य / गतिविधि Purpose of Loan / activity | इकाई का स्वरूप (सेवा/विनिमय/अन्य) Type of unit (Service/ Mfg/ others) | इकाई का क्षेत्र (सूक्ष्म/लघु मध्यम) Sector of Unit (Micro/ Small/ Medium) | उद्योग / Industry * | अधिवेश राशि Outstanding Amount as on 02/03/2020 | 03/03//2020 को या उसके बाद वितरित सहायता/ Incremental or fresh funded assistance Disbursed on or after 03/03//2020 | ब्याज दर ROI |
|---------------------|------------------------------|--|---------------------------------|------------------------------------|----------------------------|--|--|---|---------------------|---------------|-------------|---|---|---|---------------------|---|--|--------------|
| 1                   | 2                            | 3  | 4                               | 5                                  | 6                          | 7  | 8  | 9   | 10                  | 11            | 12          | 13  | 14  | 15  | 16                  | 17  | 18   |              |
| 1                   |                              |  |                                 |                                    |                            |  |  |   |                     |               |             |   |   |   |                     |   |  |              |
| 2                   |                              |  |                                 |                                    |                            |  |  |   |                     |               |             |   |   |   |                     |   |  |              |

\*As per RBI guidelines

- Note: 1. कृपया एमएसएमई प्रारूप में आकडे भेजे / Please send the data in Ms-excel format  
2. कृपया कोई स्तंभ रिक्त न छोड़ें / Please do not leave any column blank.  
3. कृपया प्रारूप में कोई परिवर्तन न करें / Please do not change the format