

CAB Training Cards



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Interest Subvention Scheme for Incremental credit to MSMEs, 2018 ¹

1. The scheme was introduced in November 2018. It was modified in December 2019. (PIB release dated December 16, 2019)

2. Purpose

- to increase productivity
- provide incentives to MSMEs for onboarding on GST platform
- formalization of economy
- reduction in the cost of credit

3. **Period of operation** : FY 2019 and FY 2020

4. **Eligibility** - All MSMEs with

- Valid Udyog Aadhar Number [UAN] (later modified)
- Valid GSTN Number

The eligibility conditions were partially modified by the Government in December , 2019.

The modified eligibility conditions are as under :

- Requirement of Udyog Aadhar Number (UAN) is dispensed with for units eligible for GST.
- Unit not required to obtain GST, may either submit Income Tax Permanent Account Number (PAN) or their loan account must be categorised as a MSME by the concerned eligible institutions;
- Trading activities without UAN have been made eligible.

¹ Compiled by Narayan, DGM & MoF, CAB, RBI, Pune

Disclaimer: This Knowledge Card is a recall note to be used as academic input after completion of training. It is not a substitute to the scheme guidelines. Please refer to the scheme related guidelines issued by GoI.

5. Salient features

- The scheme covers incremental term loan or fresh term loan or incremental or fresh working capital extended during FY 2019 on or after 2nd November 2018 and during FY 2020 by Scheduled Commercial Banks/Non-deposit taking Systemically Important Non-Banking Finance Companies (ND-SI- NBFC)
- All working capital or term loan would be eligible for coverage under the scheme to the extent of ₹100 lakh.
- Wherever both 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. The interest subvention would be made available for a maximum financial assistance of ₹100 lakh
- **Exclusions** – the following will not be eligible under the scheme:
 - MSME exporters availing interest subvention for pre-shipment or post-shipment credit under Department of Commerce
 - MSMEs already availing interest subvention under any of the Schemes of the State / Central Govt.
- **Interest relief will be provided** at 2% p.a. on outstanding balance from the date of disbursement / drawal or the date of notification of this scheme
- 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.
- **Claim Submission**
 - The claims are to be submitted on half-yearly basis to SIDBI
 - The claims will be settled on the basis of internal / concurrent auditor certificate and submission of statutory auditor's certificate submitted by the FI
 - The claims may be accepted in multiple lots for a given half year by eligible institutions.