

Ministry of Micro, Small and Medium Enterprises

Scheme guidelines

Reimbursement of Bank Loan Processing Fee

under

National SC-ST Hub

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1. Introduction

The Micro, Small and Medium Enterprises (MSME) sector occupies a position of strategic importance in Indian economy. Currently, there are over 6.3 crore MSMEs across various industries that employs more than 111 million persons and produces more than 8,000 products. Comprehending the significance of the sector vis – a – vis lending numbers to the job market, contribution to GDP etc., the development of the sector is significant.

The Public Procurement Policy for Micro & Small Enterprises (MSEs) order mandates 5% of annual procurement of goods and services by Central Ministries / Departments and Public Sector Enterprises from SC/ST MSEs. Therefore, MSEs are expected to play a significant role to achieve the targets under Public Procurement Policy through participation in tenders published by CPSEs, PSUs and Government organizations for procurement of the materials.

The ability of MSEs to develop and strengthen themselves and supply to CPSEs is heavily dependent on their capacity to access finance. Access to finance is a major factor affecting the success of MSEs and is one of the obstacles that limits them to realize their potential and participate in public tenders. Many businesses face lot of challenges in acquiring loan from the banks because of various reasons such as higher cost of credit, collateral requirements, complex application procedure, and stringent norms etc.

Loan processing fee charged to a potential borrower by various banks for availing loans is another issue faced by MSMEs. The loan processing fee, although a relatively small percentage in terms of the loan amount, can impact the margins of MSMEs, especially due to such units not having the scale and thus having a higher production cost. This obstructs their ability to quote a lower price for tenders. Typically, the fee ranges from 2% to 3% (exclusive of all applicable taxes) of the total loan amount, however, it varies from bank to bank.

Therefore, it has been decided to provide financial support to SC/ST MSEs under this reimbursement scheme to enhance the participation rate of SC/ST owned MSEs in public procurement. This scheme aims to offer financial support by providing **reimbursement of Bank Loan Processing charges for SC/ST MSEs**. The National Small Industries Corporation (NSIC) is the nodal agency for implementation of this scheme.

2. National SC-ST Hub (NSSH)

The **National SC-ST Hub (NSSH)**, set up under the aegis of Ministry of Micro, Small and Medium Enterprises, seeks to offer financial assistance against the processing fees charged by the Scheduled Commercial Banks for sanctioning and availment of **business loans (both against fund and non-fund-based limits)**, exclusively for SC-ST micro and small enterprises (MSEs).

While, the overall objective for offering this assistance is to achieve the procurement target of 4% set aside for SC-ST MSEs under the public procurement policy, some of the basic objectives are to:

- i) Enhance marketing capabilities and competitiveness of SC-ST MSEs
- ii) Update these enterprises about the prevalent global market scenario
- iii) Showcase their competencies
- iv) Provide a platform for interaction with large institutional buyers

The National Small Industries Corporation Ltd. (NSIC) is the nodal agency for implementation of the scheme.

3. Reimbursement of Bank Loan Processing Fee

The scheme will provide reimbursement of processing fees charged by the FIs for sanctioning and availment of **business loans (both against fund and non-fund-based limits)**, to SC/ST MSEs. The assistance under this scheme will be released from NSSH funds and would be limited to **50% or Rs. 1,00,000 (excluding GST and all other applicable taxes), whichever is less, on processing fees paid to/ charged by the bank, only after availment of such business loans.**

The scheme can be availed multiple times in a financial year by SC/ST MSEs but the financial assistance shall be restricted to the ceiling mentioned.

Please note that the reimbursement shall be allowed subject to production of valid documents as mentioned in **Annexure- 1**.

The reimbursements shall only be made for processing fees paid/ charged post 14th November, 2018, provided all other criteria are met.

4. Eligibility Criteria/ beneficiaries

Availing reimbursement of bank loan processing charges - All SC/ST MSEs can avail the benefits under the scheme upon submission of relevant documents identified below.

The following definition is applicable for recognizing the SC or ST MSEs:

- In case of proprietorship firm, the proprietor should be from SC or ST category
- In case of partnership firm, the SC or ST partners should be holding at least 51% shares in the unit
- In case of private limited companies, at least 51% shares should be held by SC/ST promoters

Only **SC/ST MSEs** having **Udyog Aadhaar Memorandum (UAM)** number, **PAN** number and registration under **Goods and Services Tax (GST)** are eligible to avail the scheme. It is apt to mention that where unit has not provided GST number, self-declaration for the same with reasons thereof shall be provided by the unit.

5. Financial Institution Criteria

Only SC/ST MSEs that avail loans from any Scheduled Commercial Banks will be considered under the scheme where the loan processing fee is being charged by such banks.

6. Process Flow

The scheme is envisioned to be implemented through a workflow enabled online portal. Till the time the online portal is operational, the scheme will be implemented offline as per the following process.

- a) **Submission of claims:** After having availed the sanctioned loan(whether in full or partial), the applicant can approach local/nearest NSSH office for claiming the reimbursement(s) of processing fees charged by the FIs with duly filled prescribed application form along with all documents. Full set of application forms along with the list of supporting documents required can be collected from the nearest NSSH Office (NSSHO) or www.scsthub.in.
- b) **Due Diligence by NSSHO:** In-depth evaluation of the application in terms of documentation would be conducted by respective officer at NSSHO. In case of any discrepancy (fake or incomplete documents), clarification would be sought from applicant/bank appropriately. Applications with incomplete documents shall not be accepted at all.
- c) **Submission of documents to NSSH Cell at NSIC head office:** Post evaluation by NSSHO, proposals of all applicants in prescriber format (Annexure) duly signed by the NSSHO and Accounts Head, will be submitted to NSSH Cell at NSIC head office for approval.
- d) **Final approval on reimbursement:** Based on the evaluation conducted by NSSHO, the consolidated proposal shall be put up by NSSH Cell at NSIC head office, to the **Screening Committee** headed by Director (P&M)-NSIC and having officials from Ministry of MSME, NSSH Cell and Finance Division of NSIC as members, for consideration. The screening committee will consider the proposals received in line with the eligibility and other criteria laid down in the guidelines. The Committee shall also review the overall progress of the scheme and its implementation on monthly basis and may suggest amendments in the guidelines and any other aspects of the Scheme for better implementation. The proposals duly recommended by the Screening Committee, shall be put up to the CMD-NSIC, for approval.
- e) **Mode of Payment:** The reimbursement amount would be transferred to the applicant's bank account, where the processing fees charged/ debited by the FIs, directly through **Public Financial Management System (PFMS)** by the respective NSSHO/ NSSH Cell.

- f) **Timeline for submission of claims:** Applicant can submit their claims within **45 days** from the availment of sanctioned loan amount or part thereof. Once, the claim is submitted, the NSSH Office will conduct due diligence and accordingly, reimbursements will be made to each applicant by NSSH Office **within 45 days from the receipt of application form subject to submission of all required documents.**
- g) Clubbing this scheme with any other scheme is not permitted. Any SC-ST MSE availing reimbursement under this scheme can not avail reimbursement of bank loan processing fees, from any other scheme of government or private agencies.
- h) Mere submission of the application form and documents does not guarantee the reimbursement under this scheme as the claim is subject to scrutiny, approval and availability of funds.
- i) In case, of any further queries or information regarding the procedural aspect, SC/ST MSEs may contact **NSSH cell** at NSIC Bhawan, Head Office, Okhla Industrial Estate, New Delhi, India at +91-011-26926275, 26926370 or may drop an email at nsshsupport@nsic.co.in

7. Duration of Scheme

The scheme is valid till the existence of National SC/ST Hub (NSSH) Scheme or until further orders/guidelines of Ministry of MSME, whichever is applicable. Further, these guidelines are subject to revisions and amendments issued from time to time.

8. Formats

Annexure 1: Application form

Annexure 2: Feedback Form

Annexure 3: For internal purpose only

- a. Guidelines for Evaluation to be used by NSSHO*
- b. NSSH Head Office Summary Form*
- c. Application Summary Form*
- d. Monitoring Mechanism and Reporting Matrix*

**APPLICATION FORM FOR CLAIMING REIMBURSEMENT OF BANK LOAN
PROCESSING CHARGES FOR LOAN OBTAINED BY SC-ST MICRO AND SMALL
ENTERPRISES (MSEs)**

For internal use by NSSHO
Application number.....
Date of application received by NSSHO.....

The following details are to be filled by the applicant

1. Enterprise Details

Enterprise Details			
Unit Name			
Date of Incorporation			
UAM Number			
GST Number			
Office Address			
District			
Pin Code			
Telephone Number			
Email ID			
Category (Micro/ Small)			
Name of Promoter (s)			
Social Category of Promoter (SC/ST)			
Gender (Male/ Female/ Other)			
PAN Card No.			
Cost of Investment in Plant & Machinery or equipment's (In Rs.)			
Annual turnover in previous three financial years (In Rs)			
Range of Products manufactured or serviced	<ul style="list-style-type: none"> • • • 		

2. Bank Loan Details

Particulars	Details
Loan Number	
Loan amount (In Rs)	
Loan Duration (Months)	
Total Loan Processing Fee including taxes	
Loan Processing Fees excluding taxes	
Bank Loan issued in favour of (MSE/ Unit Name)	
Beneficiary Address	
Bank Name	
Bank Address	
Loan Amount Sanction Date	
Loan Disbursement Date	

3. In case, the applicant has availed reimbursement under this scheme before, please mention the following details:

Details of reimbursements availed previously under this Scheme							
Application ID No.....							
Name of Bank sanctioned the loan	Contact details of the Bank i.e. Location, Address & Ph. No.			Date (loan sanctioned by the Bank)	Total amount of loan availed (In Rs)	Total processing charges paid to the bank against the loan (In Rs)	Amount reimbursed under the scheme (In Rs)
	Location	Address	Ph. No.				
1..... ...							

****Please attach the proof of amount transferred as reimbursement by NSSHO/ NSIC through PFMS under the scheme***

4. List of documents to be enclosed with the application form

#	List of Documents	Page No.
1	Self-certified copy of UAM& GST	
2	Self-certified copy of PAN Card - In case of proprietorship, PAN card of SC/ST proprietor ought to be submitted	
3	Copy of Caste Certificate of proprietor/ all partners/ directors	
4	Details of shareholding in case of partnership / Pvt. Ltd / LLP firm. In case of partnership concerns, shareholding of	

	the enterprise would be required to ascertain status of the MSE as SC/ST MSE (shareholding of SC/ST entrepreneur to be > 51%). Copy of Partnership Deed for Partnership Firm / Memorandum and Article of Association in case of LLP/Private Limited Company are required	
5	Bank attested (signature with stamp) debit statement with Bank Loan Processing Fee charges mentioning Loan number and applicant MSE's name/valid payment receipt/ original receipt of bank loan processing fee paid by the applicant/ system generated GST Invoice, etc.	
6	Business loan avilment certificate/ disbursement certificate/bank statement substantiating the fact that business loans have been availed.	
7	Bank attested (signature with stamp) copy of loan sanction letter	
8	Cancelled Cheque of the current account of the enterprise from which Bank loan processing charges have been debited	
9	Proof of transferred amount as reimbursement by NSSHO/ NSIC through PFMS under the scheme, where any such assistance is availed earlier within the same financial year.	

I, declare that all details given by me are true and correct. I confirm that I have not availed any reimbursement/subsidy or financial assistance of any kind, in the current financial year, w.r.t. the Bank loan processing fee for the sanctioned loan amount. I further undertake that I am not listed as defaulter by any of the Government Dept./ Private agencies. I also agree that I will refund the claimed amount in total, in case any discrepancies/ any of the above information/data provided by me found to be false/incorrect/ misleading.

Date

Signature of Applicant
(Proprietor/ partners/ directors only)

Place

Name of Applicant

FEEDBACK FORM
REIMBURSEMENT SCHEME FOR BANK LOAN PROCESSING FEE
(TO BE FILLED BY APPLICANT)

A. Did you find the reimbursement scheme useful?

Yes/ No

B. Please rate the scheme process mechanism

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very Poor

C. Would you recommend this reimbursement scheme to others?

Yes / No

D. Was the application process easy?

Yes/ No

E. Was your interaction with NSSHO satisfactory?

Yes/ No

F. Did you face any challenges in the application process?

Yes/ No

G. If yes, please mention the challenges.....

H. What further support do you need from National SC ST Hub?.....

1.....

2.....

3.....

4.....

I. Were you informed of other initiatives under the National SC ST Hub during your interaction with NSSH Officials?

Yes/ No

Date

Signature of Applicant
(Proprietor/ partners/ directors only)

Place

Name of Applicant