



## CHEMEXCIL

Basic Chemicals, Cosmetics & Dyes Export Promotion Council  
 (Set-up by Ministry of Commerce and Industry, Govt of India)  
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EPC: LIC: RBI: MSME

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## Interest Subvention Scheme for MSMEs – Co-operative Banks

### ALL THE MEMBERS OF THE COUNCIL

Dear Members,

The Reserve Bank of India (RBI) has issued Notification dated 7<sup>th</sup> October 2020 vide reference no RBI/2020-21/48

DOR (PCB).BPD.Cir No.3/13.05.001/2020-21 regarding **Interest Subvention Scheme for MSMEs – Co-operative banks.**

You might be aware, that 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 available on <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11976&Mode=0#ANN>

### **Government of India has since decided to include Co-operative Banks also as Eligible Lending Institutions effective from March 3, 2020.**

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 Rs. 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.

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:

*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.*

*Acceptance of claims in multiple lots for a given half-year by eligible institutions is permitted. 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.*

*Trading activities have also been allowed to be covered under the scheme without UAN.*

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

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. 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.

Members (specially MSME's banking with co-operative banks) are requested to take note and benefit from the same. The said RBI notification is available for reference using below links-

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11976&Mode=0>

For specific queries, you check with your bank and take it forward. Feed-backs, if any, may also be sent on id's ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in, pwdd@chemexcil.gov.in and info@chemexcil.gov.in for records/taking it further, if required.

Thanking You,

Yours faithfully,

**(S. G. BHARADI)**  
**EXECUTIVE DIRECTOR**  
**CHEMEXCIL**

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