

Financing Options for SMBs



eBook



Letter from “GYM” team

Dear SME Friend,

Often, financing SME through Bank and Institutions are often understood as Term Loan and Cash Credit and LC and Bank Guarantee Limits. Further, common complaint is SMEs do not get any loan without collateral security. It is both true and false. If you want Rs.200 lakhs loan and if the company operates from a rented premise, it is hard to expect loan without collaterals.

On the contrary, if we had taken a few precautions, Banks and Institution can be great vehicles of growth. It is never too late. If you take a few precautions and start practicing them rigorously, Banks and Institutions can really fuel growth.

Since most of you know about the lending norms with respect to Term Loan, Cash Credit etc, this eBook does not deal about them. Whoever may be your Banker, State Bank of India, the Champion of Small Business Advances, is taken as basis. Most of the Nationalized Banks have similar schemes.

Banks as a vehicle of your growth is discussed in the last page. **Credit rating is discussed before “Dos and Don’ts”**

Starting point is everyone’s interest. Collateral free credit!

All topics are BookMarked for Easy Navigation

You can freely distribute this eBook to whoever you want.

Good luck to you all and enjoy your swim in the tank trusting other side of the tank will be reached ---Soon. Needless to say we are just a click away and any mail to GYM@smbenablers.com will be answered within two working days

Cordially,
SMB Enablers

Micro Small & Medium Enterprises (MSME)

Bank for the purpose of lending treats “Enterprise” as a source for generation of employment (both employers & employees) in large numbers. Such enterprises are being broadly classified into -

- Enterprises engaged in manufacture/production of goods pertaining to any industry and
- Enterprises engaged in providing/rendering of services.

CLASSIFICATION OF MSME SECTORS based on the original investment in plant and machinery with regard to Manufacture/production units & original investment in equipment with regard to Services units.

SECTOR	MFG/SERVICE	INVESTMENT IN P & M/ Equipments
MICRO LEVEL-I	MFG.	Up to Rs.5 lacs
	SERVICE	Up to Rs.2 lacs
MICRO LEVEL-II	MFG.	Rs.5 lacs to Rs.25 lacs
	SERVICE	Rs.2 lacs to Rs.10 lacs
SMALL	MFG.	Rs.25 lacs to Rs.500 lacs
	SERVICE	Rs.10 lacs to Rs.200 lacs
MEDIUM	MFG.	Rs.500 lacs to Rs.1000 lacs
	SERVICE	Rs.200 lacs to Rs.500 lacs



CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL INDUSTRIES

They on their own do not give loans. They guarantee loans given by commercial banks if they are willing to give loans without collateral security. Banks do not popularize it due to fear of NPA. There is a practical discussion on the subject in our [blog](#). Please read it before proceeding further.

The Trust shall provide guarantee as under:

Category	Maximum extent of Guarantee where credit facility is		
	Up to Rs.5 lakhs	Above Rs.5 lakhs up to Rs.50 lakhs	Above Rs.50 lakhs up to Rs.100 lakhs
Micro Enterprises	85% of the amount in default subject to a maximum of Rs.4.25 lakhs	75% / Rs.37.50 lakhs	Rs.37.50 lakhs plus 50% of amount in default above Rs.50 lakhs subject to overall ceiling of Rs.62.50 lakhs
Women entrepreneurs/ Units located in North East Region (incl. Sikkim) other than credit facility up to Rs.5 lakhs to micro enterprises	80% of the amount in default subject to a maximum of Rs.40 lakhs		Rs.40 lakhs plus 50% of amount in default above Rs.50 lakhs subject to overall ceiling of Rs.65 lakhs
All other category of borrowers	75% / Rs.37.50 lakhs		Rs.37.50 lakhs plus 50% of amount in default above Rs.50 lakhs subject to overall ceiling of Rs.62.50 lakhs

All proposals for sanction of guarantee approvals for credit facilities above Rs. 50 lakhs and up to Rs.100 lakhs will have to be rated internally by the MLI and should be of investment grade.

Proposals approved by the MLIs on or after December 8, 2008 will be eligible for the coverage up to Rs.100 lakhs.

The guarantee cover will commence from the date of payment of guarantee fee and shall run through the agreed tenure of the term credit in respect of term credit / composite credit.

Where working capital alone is extended to the eligible borrower, the guarantee cover shall be for a period of 5 years or a block of 5 years, or for such period as may be specified by the trust in this behalf.

FOLLOWING ARE THE MEMBER LENDING INSTITUTIONS (MLI)
THIS MEANS VIRTUALLY EVERY BANK CAN LEND UNDER THE SCHEME

S No.	MLI Name	Operating Offices
1	ALLAHABAD BANK	52
2	ANDHRA BANK	20
3	ANDHRA PRAGATHI GRAMEENA BANK	6
4	ARYAVART GRAMIN BANK	6
5	AXIS BANK LIMITED	26
6	BANK OF BARODA	57
7	BANK OF INDIA	49
8	BANK OF MAHARASHTRA	35
9	BARODA UTTAR PRADESH GRAMIN BANK	1
10	CANARA BANK	32
11	CAUVERY KALPATHARU GRAMEENA BANK	1
12	CENTRAL BANK OF INDIA	19
13	CHAITANYA GODAVARI GRAMMENA BANK	1
14	CHIKMAGALUR-KODAGU GRAMEENA BANK	1
15	CORPORATION BANK	20
16	DENA BANK	22
17	DURG RAJNANDGAON GRAMIN BANK	1
18	GURGAON GRAMIN BANK	1
19	HARYANA GRAMIN BANK	5
20	HDFC BANK LIMITED	1
21	ICICI BANK	28
22	IDBI BANK LTD	1
23	INDIAN BANK	31
24	INDIAN OVERSEAS BANK	45
25	INDUSIND BANK	16
26	ING VYSYA BANK LTD	8
27	JAIPUR THAR GRAMIN BANK	5
28	KARNATAKA BANK LTD.	1

29	KARNATAKA VIKAS GRAMEENA BANK	9
30	KASHI GOMTI SAMYUT GRAMIN BANK	7
31	KOTAK MAHINDRA BANK	1
32	LUCKNOW KSHETRIYA GRAMIN BANK	1
33	MADHYA BIHAR GRAMIN BANK	1
34	MGB GRAMIN BANK	1
35	NAINITAL-ALMORA KSHETRIYA GRAMIN BANK	1
36	NATIONAL SMALL INDUSTRIES CORPORATION LTD.	9
37	NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LTD.	1
38	ORIENTAL BANK OF COMMERCE	28
39	PARVATIYA GRAMIN BANK	1
40	PRAGATHI GRAMIN BANK	1
41	PRATHAMA BANK	1
42	PUNJAB & SIND BANK	23
43	PUNJAB GRAMIN BANK	1
44	PUNJAB NATIONAL BANK	70
45	PURVANCHAL GRAMIN BANK	1
46	RAJASTHAN GRAMIN BANK	1
47	RUSHIKULYA GRAMYA BANK	1
48	SAPTAGIRI GRAMEENA BANK	1
49	SAURASHTRA GRAMIN BANK	1
50	SHREYAS GRAMIN BANK	1
51	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	66
52	SOUTH MALABAR GRAMIN BANK	1
53	STATE BANK OF BIKANER & JAIPUR	8
54	STATE BANK OF HYDERABAD	13
55	STATE BANK OF INDIA	206
56	STATE BANK OF INDORE	4
57	STATE BANK OF MYSORE	28
58	STATE BANK OF PATIALA	8
59	STATE BANK OF TRAVANCORE	34
60	SYNDICATE BANK	37

61	TAMILNAD MERCANTILE BANK LTD	1
62	THE BANK OF RAJASTHAN LTD.	1
63	THE FEDERAL BANK LTD	14
64	THE JAMMU & KASHMIR BANK LTD	1
65	THE NAINITAL BANK LTD.	2
66	THE SOUTH INDIAN BANK LIMITED	1
67	TRIVENI KSHETRIYA GRAMIN BANK	1
68	UCO BANK	35
69	UNION BANK OF INDIA	57
70	UNITED BANK OF INDIA	29
71	UTTARANCHAL GRAMIN BANK	4
72	VIJAYA BANK	21
73	YES BANK LTD	4
74	NARMADA MALWA GRAMIN BANK	1
75	PALLAVAN GRAMA BANK	1
76	ASSAM GRAMIN VIKASH BANK	1
77	THE DHANALAKSHMI BANK LIMITED	1
78	THE TAMIL NADU INDUSTRIAL INVESTMENT CORP. LTD.	1
79	BARODA GUJARAT GRAMIN BANK	1
80	DEUTSCHE BANK	1
81	HIMACHAL GRAMIN BANK	1
82	VISVESHVARAYA GRAMEENA BANK	1
83	KRISHNA GRAMEENA BANK	1
84	BAITARANI GRAMYA BANK	1
85	DENA GUJARAT GRAMIN BANK	1
86	CITY UNION BANK	1
87	DELHI FINANCIAL CORPORATION	2
88	ANDHRA PRADESH GRAMEENA VIKAS BANK	1
89	UTTARBANGA KSHETRIYA GRAMIN BANK	1
90	NORTH MALABAR GRAMINA BANK	1
91	VISVESHVARAYA GRAMEENA BANK	1

92	TRIPURA GRAMIN BANK	1
93	ETAWAH KSHETRIYA GRAMIN BANK	1
94	MAHARASHTRA GODAVARI GRAMIN BANK	1
95	MADHYA BHARAT GRAMIN BANK	1
96	STANDARD CHARTERED BANK	1
97	DECCAN GRAMEENA BANK	1



*Small Industries
Development Bank of India
has various schemes for
Micro, Small and Medium
Enterprises*

We at SMB Enablers are of the opinion that every MSME should strive to have some kind of relationship with both SIDBI and NSIC (Discussed elsewhere). They both have some excellent schemes that are available only for their customers. For example, there is a scheme for Marketing Support with SIDBI.

Yes. Let us say, you are ready for spending marketing expenditure which is abnormally higher than your present size and you are looking to make big impact in the market. You may be sure it will have enduring benefit. No bank will finance this kind of operation easily since you are not creating any tangible asset or you are not using it for working capital.

In this scenario, apart from bootstrapping, Venture Capital is the only route available for you. But,

SIDBI regularly sanctions loans of this nature. The catch is you should have been an existing customer! Now if only you had a prior relationship with SIDBI....

The advantage of institutions over commercial banks is that they are very specialized and focused and their risk appetite is normally more!

I suggest you start taking advantage of this.

I have not given all the schemes SIDBI operates. Only general schemes useful for all verticals are discussed. To be precise details of following schemes are discussed.

- Direct Credit Schemes
- Business Enterprise Schemes
- ISO 9000 Scheme
- Marketing of SSI Products

Do make sure to visit their Website.

Direct Credit Schemes

	<ul style="list-style-type: none"> • SSIs • Service sector units with project cost up to Rs.25 crore 	<ul style="list-style-type: none"> • Medium Sector Enterprises (MSE) and • Service sector units with project cost above Rs.25 crore and up to Rs.250 crore.
Eligible Borrowers	<ul style="list-style-type: none"> i] New or existing SSI units. ii] SSI unit graduating to medium scale, and iii] Service sector units with an overall project cost not exceeding Rs.25 crore. 	<ul style="list-style-type: none"> i] New or existing medium sector enterprises, and ii] Service sector units with an overall project cost above Rs.25 crore and up to Rs.250 crore with Bank's assistance not exceeding Rs. 50 crore.
Constitution	The unit should generally be a private limited / public limited company. However, partnership firms, sole proprietorship concerns and Societies and Trusts would also be considered on a case to case basis.	The unit should generally be a private limited / public limited company
Nature of assistance	Term loan and other forms of assistance such as Working Capital Term Loan and bills discounting (on selective basis).	Term loan and other forms of assistance such as Working Capital Term Loan, suppliers' & purchasers' bills discounting, Investment products such as debentures, optionally convertible cumulative preference shares, zero coupon bonds, etc.
Currency of loan	In Rupee or foreign currency	In Rupee or foreign currency

OBJECTIVE

SIDBI finances the creation or up-gradation of IT infrastructure of your company. It provides finance for numerous applications viz. hardware installation, implementation of legal software and other related software, network setup etc.

Making the process of creation or up-gradation of an IT infrastructure for businesses now, a lot simpler.

ELIGIBILITY

Business enterprises and service sector entities recording profit in the previous 2 years are eligible for finance from SIDBI. They should not have defaulted to any financial institutions. Computers for business and commercial purposes are only eligible for this scheme.

AMOUNT OF ASSISTANCE

SIDBI assists in Term Loans. You can get an assistance of amount ranging between RS.5 lakhs to RS.25 lakhs.

PAYMENT DETAILS

You can repay the loan in EMIs at very low interest rate, spread over a maximum period of 36 months.

As the up-front fee, 1% of the amount sanctioned needs to be paid.

FOR SECURITY

As security, hypothecation of assets, personal guarantee of Promoters / Directors, Postdated cheques and CGTSI cover must be provided.

PROCESS DURATION

The entire process of loan sanction from SIDBI could take a week to 10 days.

THE BASIC STEPS

- [Application form](#) to be filled in by the applicant and preferably forwarded through Intel[®] Channel member
- Visit by SIDBI official to the applicant to assess the promoters facilities
- Communicate decision : Sanction / rejection
- Documentation & Disbursement

DOCUMENTS TO BE SUBMITTED

- Duly completed application form
- Audited financial statements of the applicant unit for the last 2 years
- ITRs of the unit and promoter(s) for last 2 assessment years
- Bank statement of the unit for last 6 months
- 2 photographs of each of the promoter(s) duly attested by the banker
- Certified copy of Partnership Deed / Memorandum & Articles of Association
- Sanction letters in respect of the facilities being enjoyed by the unit (if any)
- Net worth statements of the promoters
- Identity Proof(s) of promoters

ISO 9000 Scheme (ISO 9000)

Purpose	To meet the expenses on consultancy, documentation, audit, certification fee, equipment and calibrating instruments required for obtaining ISO 9000 certification.
Eligible Borrowers	Existing industrial concerns in the SSI sector having a good record of past performance and sound financial position. The objective is to promote quality / management systems in SSI units with a view to strengthening their marketing and export capabilities.
Norms	Loan Limit - need based. Debt equity ratio not more than 2:1 for the borrowing concern. Repayment - maximum 5 years including an initial moratorium up to 12 months.

Only for Existing Customers of SIDBI

Marketing of SSI Products

Objective

- To provide financial assistance to SSI units to undertake various activities necessary to increase their sales turnover in the domestic and export markets.
- To finance corporate entities to enable them to provide support services and/or infrastructural facilities to small scale sector to improve its marketing capabilities

Eligible Borrowers

- Existing SSI units in the small scale sector with a good track record and sound financial position are eligible for assistance under the scheme. New units could also be considered on a selective basis.
- Specialized organizations incorporated as corporate entities and providing marketing assistance, infrastructure and support services to industrial concerns in the small scale sector.

Purpose

- Assistance under the scheme may be availed of for undertaking various marketing related activities such as:
 1. Marketing research.
 2. R & D, product upgradation and standardization.

3. Preparation of strategic marketing plan
 4. Advertising, branding, catalogue preparation, production of audio-visual aids, etc.
 5. Participation in trade fairs and exhibitions, undertaking sales promotion tours, etc.
 6. Establishing distribution network including showrooms/retail outlets and warehousing facilities.
 7. Training of personnel in activities relevant to marketing etc.
- For setting up new showrooms and/or renovation of existing showrooms for marketing predominantly small scale, cottage and village industry products. Such showrooms could be set up within the country or abroad.
 - Development of infrastructure like permanent exhibition centers, industrial parks e.g. garment and software parks, marketing emporia, design and fashion forecasting studios, auction houses (say for floriculture products), container depots and container freight stations and trade centers (within India and abroad) Such infrastructural projects should largely benefit the small scale, cottage and village industries.
 - Setting up of facilities for providing marketing support to SSI units, e.g. data bank, libraries, internet services, etc.
 - Any other activity directed towards promoting the marketing of SSI products in domestic or international markets.



SIDBI Ventures will take equity participation in your company if you have a clear exit plan. It helps if you are past customers

Key requirements for the project selection are:

- A strong management team which has commitment, demonstrated track record and a high degree of integrity
- Long term competitive advantage
- Potential for above average profitability leading to attractive returns on investments
- Subscription to equity/ equity type instruments
- Unlisted companies preferably in small scale
- Exit should be established

A good **business plan** will expedite the decision making. Intending entrepreneurs/ promoters having projects meeting the fund's investment criteria may contact SVCL at Mumbai with a Business Plan which shall include:

- Executive summary giving brief details of the project and levels of financing required*
- Resume and references on the promoters and management team*
- Details of subsidiary/ associate companies of the chief promoters. Details of credit facilities, if any, enjoyed by the associate companies from any bank/ FI*

- Detailed shareholding pattern of the company (existing and proposed) with brief write up on the extent of interest of each of the major shareholder/ promoter in the company*
- Human resource and requirement in future. Details of ESOP scheme, if any
- Details of performance of the company during the preceding 3 years (where applicable) covering financial performance, nature/ type of operation, projects completed, products developed, competitive strengths etc.*
- Details of technical tie-up/ collaborations*
- Technological strengths vis-a-vis competitors.
- Quality systems adopted and milestones achieved in obtaining Quality Certifications
- Marketing Strategy*
- Key clients, major orders executed for them*
- Details of ratings (if any) of major foreign clients. Other relevant information on the clients like 'DUN' number etc. may be given
- Details of overseas site offices, representative offices, subsidiary/ associate companies set up abroad for marketing/ offshore development*
- Cost of venture and proposed means of finance*
- Present status of the proposed project*
- Financial projections with underlying assumption*
- Implementation schedule*
- Risk Analysis
- Clearly laid out exit plan
- Contact persons at your company, with e-mail address and website, if any.

The Champion of SME funding

State Bank of India is undoubtedly the champion of SME lending. Not just the size and volume of lending. Just consider this. They have 205 centers that cater to *Collateral Free Loans under CGTMSE schemes*. The magnitude will reach you when you realize ICICI Bank has only 28 branches!

This Ebook contains only schemes from State Bank of India. When it comes to SME Credit, SBI sets the trend and all other banks follow. They first started what is called “General Purpose Term Loans”. That is we can obtain a term loan limit for buying machines / equipment like computer without really deciding what we want to buy!

Think of the negotiating power an Entrepreneur when he visits an exhibition armed with this limit! Slowly more and more banks have started adopting this.

Regular loans like TL, CC, LC and BG are not covered in detail. Please visit the website to understand the reach. Clicking the SBI logo should take you to their website.

Following Schemes are covered

- Entrepreneur Scheme - You can take loan for setting up your business
- Equity Fund Scheme - Again for Entrepreneurs
- General Purpose Term Loan

- Liberalized Credit for SSI - An over view of Various Loans

EQUITY FUND SCHEME

Under the Equity Fund scheme, the SBI grants financial assistance to entrepreneurs who are not able to meet their share of equity fully, by way of interest-free loans repayable over a long period.

This type of assistance fills in the gap between the margin requirements in the project and the capital contributed by the promoter. The Equity Fund assistance can be normally repaid over 5 to 7 years after the moratorium period.

FAQs

What are the eligibility criteria for the Equity Fund scheme?

The bank extends Equity Fund assistance only to new projects, which are also eligible for the SBI's Liberalized scheme and the Entrepreneur scheme. The project cost has to be more than Rs 25,000.

What type of security is required for the equity fund assistance?

Security available for other loans should be extended to cover equity assistance also.

ENTREPRENEUR SCHEME

State Bank of India grants financial assistance to technically qualified, trained and experienced entrepreneurs for setting up new viable industrial projects.

Loans are extended to technocrats who are unable to meet the normal margin requirements under the liberalized schemes.

FAQs

What are the eligibility criteria for the Entrepreneur scheme?

The borrower has to be a technically qualified person (a degree/diploma holder in engineering or technology), a craftsman with adequate experience or training or a person possessing a degree in business or industrial management, a chartered accountant or a cost accountant with relevant experience.

What are the types of financial assistance under the Entrepreneur scheme?

The bank provides:

- term loans,
- working capital and
- equity fund finance

What are the margins applicable?

For requirements up to Rs 5 lakhs, no margins are involved. For needs ranging from Rs 5 lakhs to Rs 20 lakhs, the margin is set at 10 per cent.

GENERAL PURPOSE TERM LOANS

State Bank of India grants term loans to small scale industries for meeting general commercial purposes like substitution of high cost debt, research and development, shoring up net worth and funding business expansion.

The tenor of the loan is normally is 3 years, and the pricing is fine-tuned to suit the risk profile of the borrower. The repayment is structured in monthly or quarterly installments, according to the cash generation cycle.

What are the eligibility criteria for these term loans?

The SSI unit that takes the loan should not have any history of

defaults in payment of interest or installments of the principal. The unit should have a strong performance record and a respectable credit rating as per the bank's own credit assessment scales (In case of loan above Rs. 25 lakhs).

What is the type of security/guarantee required for the loan?

Extension of hypothecation charge over the current assets and fixed assets is required as primary security. Further, the borrower whose aggregate loans with the Bank exceed Rs 5 lakhs may explore the possibility of collateralizing tangible security such as immovable property and third party guarantee. In all cases, personal guarantees of proprietors/partners/promoters have to be furnished.

What are the margins applicable?

A minimum margin of 25 per cent is applicable for acquisition of land and building, building construction, renovation of offices, showrooms, godowns, purchase of equipment, vehicles etc. In other words, the quantum of the loan will be restricted to 75 per cent of the total expenditure.

LIBERALIZED CREDIT FOR SSI

State Bank of India extends production-linked credit facilities to small-scale industries, ancillary industrial units and village and cottage industrial units on liberal terms and conditions.

Under this scheme, the quantum of advances is not linked to the security furnished, but the genuine requirements of the unit.

The pricing of the loan is based on credit assessment, and the units with strong ratings may be given finer rates.

No collateral security is required for loans up to Rs 5 lakhs. Composite term loans can be sanctioned up to Rs 25 lakhs combining term loan and working capital.

FAQs

What are the types of financial assistance under the Liberalized scheme?

The Liberalized scheme offers a range of financial products including the following:

1. Term loans for acquisition of fixed assets
2. Working capital loans financing current assets
3. Letter of credit for acquisition of machinery and purchase of raw materials
4. Bank guarantee in lieu of security deposits to be made with government department/other departments for execution of orders.
5. Deferred payment guarantees for purchase of machinery on deferred payment basis.
6. Bill facility for purchase of raw materials and for sale of finished goods.
7. Composite loans (term loans plus working capital) up to Rs 25 lakhs.

What are the margins applicable?

For requirements up to Rs 25,000, no margins are involved. For limits ranging from Rs 25,000 to Rs 5 crore, the margin is set at 20 per cent.

For credit limits above Rs 5 crore, a 25 per cent margin may be applied.



NSIC has some good schemes. These are no substitutions to Bank Finance. They can come in quite handy if you have excess bank guarantee or letter of credit limit. In credit starved situations, sometimes getting a BG or LC limit with some collateral security is much easy. In these cases, NSIC schemes can come in handy.

NSIC has registration authority for Micro and Small Industries. There are a few advantages in this registration.

- Tender EMD can be exempted by Government and Quasi Government Bodies
- In case of Credit rating, there is a structured reimbursement plan.

Following schemes of NSIC are given for your ready reference.

1. Raw Material Assistance
2. Bill Discounting Scheme
3. Government Stores Purchase Programme
4. Exhibitions - NSIC conducts Techmart Exhibitions and they give financial assistance to participate in Exhibitions.

Credit Rating - An all Important reason why every SSI should take registration.



Raw Material Assistance Scheme aims at helping Small Scale Industries/Enterprises by way of financing the purchase of Raw Material (both indigenous & imported). This gives an opportunity to SSI to focus better on manufacturing quality products.

Benefits of the Scheme

- Financial Assistance for procurement of Raw Material up to 90 days.
- SSI helped to avail Economics of Purchases like bulk purchase; cash discount etc
- NSIC takes care of all the procedures, documentation & issue of Letter of credit in case of imports.

How to Apply

The Entrepreneurs are required to apply for Raw Material Assistance only on the prescribed application forms. The application forms downloaded from the link given below may be filled and submitted to the concerned Regional & Branch Offices. The blank forms are also available free of charge from the zonal and Branch offices.

The Process

1. Duly filled application form is to be submitted along with the Application Processing Fee (by Bank Draft / Pay Order in favour of NSIC Ltd.).
2. Preliminary appraisal and Unit inspection is carried out by NSIC.
3. Sanction of Limit to the Unit.
4. Signing of agreement between NSIC and Unit.
5. Disbursement of assistance to the unit.

Terms and Conditions:

Processing Fee (depends on amount of assistance sought)

Sino.	Slab for Processing fee	
a.)	up to Rs.25 lacs	Rs.2,500/-
b.)	above Rs.25 lacs and up to Rs.50 lacs	Rs. 5,000/-
c.)	above Rs.50 lacs and up to Rs.1 crore	Rs. 10,000/-
d.)	above Rs.1 crore	0.1% of the assistance applied for

(Security in the form of Bank Guarantee from Approved/Nationalized Banks)

The rate of interest would be as under (w.e.f 11/05/2009):

a) Assistance against the security of BG/SDR/FDR : 11.25 % p.a

b) Assistance against the security other than those mentioned above : 13.25% p.a. to 16.25% (in such cases high Power Acceptance committee at H.O. is empowered to fix the rate of interest on case to case basis.)

The rate of interest on the delayed payment (w.e.f 11/05/2009) shall be charged as follows: -

(i) for the delays beyond 90 days but up to 180 days : 2.50% over and over and above the normal rate of interest.

(ii) for the delays beyond 180 days : 3.00% over and above the normal rate of interest.

Revised rate of interest shall be made applicable on :

- a. All the cases sanctioned and / or disbursed on and after 11/05/2009 and
 - b. Principal amount outstanding (not overdue) as on 11/05/2009, against the assistance already granted & disbursed.
- Maximum Period of Facility : up to 90 days

Service Charges

A one time service charges @ 2% p.a. on the limit sanctioned if paid upfront

OR

0.25% for the first 30 days and thereafter 0.08% per week subject to maximum of 3% of principal amount

Service Charges For North-Eastern Region - One time service charges @ 1% p.a. on the limit sanctioned if paid upfront

OR

0.13% for the first 30 days and thereafter 0.04% per week subject to maximum of 1.5% of principal amount.



BILL DISCOUNTING SCHEME

THE SCHEME

The Scheme covers purchase / discounting of bills arising out of genuine trade transactions i.e. purchase of supplies made by small scale units to reputed Public Limited Companies / State and Central Govt. Departments / Undertakings.

SELLERS

Small Scale Units

BUYERS

- i) State and Central Govt. Departments / Undertakings
- ii) Public Limited Companies

GRANT OF PURCHASER-WISE LIMITS

Bills drawn by small-scale units for the supplies made by them and duly accepted by the Purchaser will be financed against security of Bank Guarantee in favour of NSIC.

Purchaser unit(s) may approach NSIC for sanction of annual limits by furnishing information as per the prescribed application form.

GRANT OF SELLER-WISE LIMITS

Seller unit(s) may provide bank guarantee in favor of NSIC for availing financial assistance under the scheme. Bills drawn by them against their supplies made, duly accepted by the purchaser will be financed. Annual limits can be fixed for such units by obtaining information as per the prescribed application form.

PERIOD OF USANCE OF BILLS TO BE CONSIDERED FOR DISCOUNTING:

The maximum usance period of such bills should not exceed 90 days. The period of unexpired usance of the bill shall not exceed 90 days while the tenure of the bills shall not exceed 120 days.

SECURITY:

Bank guarantees issued by banks approved by Head Office. The Bank

Guarantee to be obtained should be equivalent to the value of assistance (including discounting charges & service charges for 90 days).

OR

Bill of Exchange duly accepted by large corporate units of good financial standing with a turnover exceeding Rs 200 Crores and net-worth exceeding Rs 50 crores and which are profit making for the last three years. Personal guarantee of proprietor, partners of firms and Directors of the company shall also be obtained.

RATE OF INTEREST

The rate of interest would be as under (w.e.f 11/05/2009):

- a) Assistance against the security of BG/SDR/FDR : 11.25 % p.a
- b) Assistance against the security other than those mentioned above : 13.25% p.a. to 16.25% (in such cases high Power Acceptance committee at H.O. is empowered to fix the rate of interest on case to case basis.)

The rate of interest on the delayed payment (w.e.f 11/05/2009) shall be charged as follows: -

- for the delays beyond 90 days but up to 180 days : 2.50% over and over and above the normal rate of interest.
- (ii) for the delays beyond 180 days : 3.00% over and above the normal rate of interest.

Revised rate of interest shall be made applicable on:

All the cases sanctioned and / or disbursed on and after 11/05/2009 and

Principal amount outstanding (not

overdue) as on 11/05/2009, against the assistance already granted & disbursed.

SERVICE CHARGES

FOR UNITS PLACED ALL OVER THE COUNTRY OTHER THAN NORTH EASTERN REGION

Minimum service charges will be 0.25% for the first 30 days and thereafter 0.08% per week subject to maximum of 3% of the Principal amount (i.e. amount of invoice to be discounted).

OR

Commitment charge @ 2% p.a. on the limit sanctioned to be collected in advance.

FOR UNITS PLACED IN NORTH EASTERN REGION

Minimum service charges will be 0.13% for first 30 days and thereafter 0.04% per week subject to a maximum of 1.50% of the principal amount (i.e. amount of invoice to be discounted).

OR

Commitment charge @ 1% p.a. on the limit sanctioned to be collected in advance.

PROCESSING FEE

- Processing Fee shall be collected in advance on receipt of application and will be non-refundable. The processing fee shall be 0.2% of the limit applied for.
- At the time of processing of application for enhancement of limit, the rates shall be the same as at (i) above.

- At the time of processing of application for renewal of limit, the rates shall be fifty percent of the rates as at (i) above.

GOVERNMENT STORES PURCHASE PROGRAMME

The Government is the single largest buyer of a variety of goods. With a view to increase the share of purchases from the small-scale sector, the Government Stores Purchase Programme was launched in 1955-56. NSIC registers SSI units under Single Point Registration scheme for participation in Government Purchases.

BENEFITS OF REGISTRATION

- Issue of tender sets free of cost.
- Advance intimation of tenders issued by DGS&D.
- Exemption from payment of earnest money.
- Waiver of security deposit up to the monetary limit for which the unit is registered.
- Issue of competency certificate in case the value of an order exceeds the monetary limit, after due verification.

ELIGIBILITY

Micro & small Enterprises which are in continuous production of stores for one year or more and are registered with the Director of Industries (DI) as manufacturing SSI Unit/Small Scale (industry related) Service & Business Enterprises(SSSBE), who own workshop of their own or on lease basis and have the commercial and technical competence to produce stores/provide services for supply to

the Government Departments such as DGS&D, Railways, Defence, P&T, Central/State Government Departments and Central/State Government Public Sector Undertakings etc. conforming to BIS or such standards as required by the Government buying agencies.

For the micro & small Enterprises who have commenced the commercial production but not completed one year of existence and hence not able to submit the Audited Balance Sheets and other annexures, the provisional Registration Certificate can be issued to such Micro & Small Enterprises under Single Point Registration Scheme which shall be valid for the period of one year only for the date of issue after levying the registration fee and obtaining the requisite documents.

The initial monetary limit for such units will be fixed at Rs. Lac Only. The Provisional Registration Certificate will be valid for the period of one year only.

The Provisional Registration Certificate shall to be renewed by the unit before it expiry as per the term and conditions of the Single Point Registration Scheme laid down for the renewal of the registration.

HOW TO APPLY

SSI Units shall have to apply on the prescribed application form in Duplicate and to be submitted to the concerned Zonal/Branch Office of NSIC located nearest to the unit.

In case of any difficulty in filling the application form and completing the documentation please consult any of the Zonal / Branch office of NSIC.

REGISTRATION FEE

S.No.	Category	Registration Fee to be paid to NSIC
1.	For Fresh Registration : Based on the Investment in Plant and Machinery as per slab given below	
	Up to Rs. 5 Lac	Rs 2,500/-
	More than Rs 5 Lac but up to Rs 25 Lac	Rs. 4000/-
	More than Rs 25 Lac but up to Rs 100 Lac	Rs. 7000/-
	More than Rs 100 Lac but up to Rs 500 Lac	Rs. 10,000/-
2.	Fee for issuance of amendments in stores (Qualitative & Quantity); Fee for issuance of change in monetary limit or any other amendment in the certificate and fee for issuance of Renewal of GP Registration. (Every Two years)	50% of the charges as mentioned at S.No. 1 above

REGISTRATION PROCESS

1. The SSI Unit has to submit the application form (in duplicate) along with requisite fee and documents to the Zonal/Branch and Sub Office of NSIC situated nearest to their location.
2. Duplicate copy of the G.P. Registration Application Form submitted by the SSI Unit will be forwarded to the concerned SISI along with copies of required documents and Draft/Pay Order of Rs. 1000/-, requesting for carrying out the Technical Inspection of SSI Unit and forward their recommendations in this regard.

After receiving SISI Inspection Report, NSIC will issue the GP Registration Certificate to SSI Unit for items/stores as recommended.

Procedure for calculation & fixation of Monetary Limits of SSI Units:

Monetary limit of the company is fixed on the basis of the unit's net sales turnover during the last three years reflected in the Audited Balance Sheets.

Sample calculation:

Net Sales = Total sales - All Duties, Taxes, returns etc
Details of the net sales of the company during last three years:-

2002-03 - Rs. 50 Lacs
2003-04 - Rs. 75 Lacs
2004-05 - Rs. 80 Lacs

Therefore, Monetary Limit
= Rs. $(50+75+80)/3 \times 50\%$
= Rs. 34.26 Lac.
Say = Rs. 34 Lac.

In case the Company/Partnership concern/Proprietorship unit is in loss for one year out of past three years, their monetary limit will be fixed at 40% of their average net sales turnover.

Similarly, when the SSI Unit is in loss for two years out of the past three years, the monetary limit will be accordingly fixed at 30% of their average net sales turnover of the past three years. In the event of SSI unit being in loss throughout past three years, the monetary limit of the Unit will be fixed at 20% of the average net sales turnover of the Unit during the past three years

In cases of initial registration where the firm has been in existence for less than 3 years MTL may be fixed at 50% of the average net sales value of the

last year for which audited accounts are available.

Validity Period of G. P. Registration
The G. P. Registration Certificate granted to the SSI Unit under Single Point Registration Scheme (Revised), 2003 is valid for Two Years and will be reviewed and renewed after every two years by verifying continuous Commercial and Technical Competence of the registered SSI Unit in manufacturing / producing the stores for which it has been registered by NSIC.

Documents Required for Renewal of the Registration

- Original GP Registration Certificate.
- A Copy of the Permanent Account Number (PAN CARD).
- Copy of valid SSI Registration Certificate
- List of major Govt. Orders executed during last 2 (two) years.
- Copies of Audited Balance sheet for last 3 years duly signed by the authorized person under his seal
- List of addition/deletion in the plant and machinery after the registration.
- For the following documents one declaration shall be given:
 - Factory License/Shop Establishment Act License
 - Photocopy of Municipal Corporation Certificate
 - Proof of ownership Deed/Lease Deed/ Rent Deed
 - No Objection Certificate from Pollution Control Board.

EXHIBITIONS

NSIC organizes and participates in domestic and specialized product & technology related international exhibitions to help SSIs in marketing their products and projects in both national and international arenas. Besides this, NSIC has its own state-of-the-art Exhibition Ground in New Delhi (Okhla Ind Estate). The ground has 1500 sq. mtrs of covered space and about 15000 sq. mtrs of open space in addition to ample parking for about 1000 vehicles. The facilities at the ground are available to exhibition/event organizers.

Objective of Exhibitions:

- Marketing of products and projects of SSIs
- Closer interaction between technology seekers and offerers.
- Development of mutual contact to discuss all issues involving technology transfer, technical collaboration etc.

Organizing Domestic Exhibitions and Participation in Exhibitions/ Trade Fairs in India:

In order to provide marketing opportunities to MSMEs within the country, certain theme based exhibitions / technology fairs etc. may be organized by NSIC, focused on products and services offered by MSMEs, including technologies suitable for employment generation, products from specific regions or clusters (like North Eastern Region, Food processing, Machine-tools, Electronics, Leather etc).

Micro, Small & Medium Enterprises would be provided space at

concessional rates to exhibit their products and services in such exhibitions/fairs.

Apart from above NSIC may also facilitate participation of MSMEs in the exhibitions / trade fairs / events being organized by various State Government departments, industry associations and other institutions, all over the country to exhibit their products and services.

These exhibitions may be organized in consultation with the concerned stakeholders and industry associations etc. The calendar for these events may be finalized well in advance and publicized widely amongst all participants/stakeholders.

The calendar of events would also be displayed on the Web-site of NSIC. Participation in such events is expected to help the MSMEs in enhancing their marketing avenues by way of capturing new markets and expanding existing markets.

This would also help them in becoming ancillaries, partners in joint ventures and sub-contracting for large companies.

Scale of Assistance:

Built up space would be provided by the implementing agency i.e. NSIC, to MSMEs in various domestic exhibitions at subsidized rates to enable them to exhibit their products and services.

The rates of subsidy available on space charges would be as under:
General Category

Micro Enterprises : 75%
Small Enterprises : 60%
Medium Enterprises: 25%

Enterprises belonging to NE Region/
Women / SC/ST category

Micro Enterprises : 95%
Small Enterprises : 85%
Medium Enterprises: 50%

The budget for organizing the Domestic exhibition/trade fair would depend upon the various components of the expenditure, i.e. space rental including construction and fabricating charges, theme pavilion, advertisement, printing material, transportation etc.

However, the budgetary support towards net expenditure for organizing such exhibition/trade fair would normally be restricted to a maximum amount of Rs. 30 lakhs.

The corresponding budgetary limit for participation in an exhibition/trade fair shall be Rs. 10 lakhs. In cases exceeding the above budgetary limits, the approval of Administrative Ministry would be required.

"Techmart" exhibition by NSIC
NSIC has been organizing "Techmart" exhibition every year during India International Trade Fair (IITF) in the month of November.

This is an international exhibition showcasing the best MSME products, technologies and services of India. No subsidy would be available to General Category entrepreneurs participating in this exhibition.

Up to 30% of the total area may be allocated for the entrepreneurs belonging to the Special Category i.e. Entrepreneurs belonging to NE Region/ Women / SC/ST category, keeping in mind the instructions and guidelines issued in this regard from time to time. The rates of subsidy

available on space charges for the Special category would be as under:-

Micro Enterprises : 95%
Small Enterprises : 85%
Medium Enterprises: 50%

The total budgetary support for organizing "Techmart" would normally be restricted to Rs. 75 lakhs only. The proposal exceeding this limit would require approval of the Administrative Ministry.

Support for Co-sponsoring of Exhibitions organized by other organizations/ industry associations/agencies:

Support may be provided to various institutions, industry associations and organizations engaged in promotion & development of MSMEs, for organizing exhibitions/ fairs within the country for the benefit of MSME sector. This support would be in the form of co-sponsoring of the event by NSIC.

In order to apply for co-sponsoring of an event by NSIC, the applicant organization/agency must fulfill the following criteria/conditions:

(a) The applicant organization / industry association / institution should be engaged in the development of MSMEs for at least three years and should be able to demonstrate sufficient experience and capability for holding such events.

(b) The event to be organized should have at least 5000 sq ft covered area exclusively for stalls/shops and must have participation from at least 50 MSME units. The organizer shall be required to submit a blueprint / layout of the proposed exhibition along with his application.

(c) The organizer would provide a stall of at least 100 sq. ft. to NSIC, to disseminate information about the promotional and other schemes of the Ministry and its organizations.

(d) The name of event would be prefixed with 'NSIC' and also display prominently that the event is for the 'MSMEs' and supported by Ministry of MSME.

(e) The names of NSIC and Ministry of MSME would be prominently displayed in all publications, literature, banners, hoardings etc. of the event.

Scale of Assistance:

The scale of assistance to the applicant organisation/agency for co-sponsoring of an exhibition/trade fair would depend on the place of the event. The budgetary support towards partially meeting the expenditure on hiring of exhibition ground/hall, erection of stalls, publicity etc. for co-sponsoring the event and would be limited to 40 % of the net expenditure (gross expenditure - total income), subject to maximum amount of -

Rs. 5 lakhs in case of 'A' class cities.
Rs. 3 lakhs in case of 'B' class cities.
Rs. 2 lakhs in case of 'C' class cities.
Rs. 1 lakhs in case of rural areas.

The assistance towards co-sponsoring the event shall be provided to the applicant organization on reimbursement basis after the event, on submission of event report and other relevant documents.

Buyer-Seller Meets:

Buyers-Sellers Meets are organized to bring bulk buyers / Government departments and micro, small & medium enterprises together at one

platform. Bulk and departmental buyers such as the Railways, Defence, Communication departments and large companies are invited to participate in buyer-seller meets to bring them closer to the MSMEs for enhancing their marketing competitiveness.

These programmes are aimed at vendor developments from micro, small & medium enterprises for the bulk manufactures.

Participation in these programmes enables MSMEs to know the requirements of bulk buyers on the one hand and help the bulk buyers to know the capabilities of MSMEs for their purchases.

These Buyers-Seller Meets may be organized in consultation with the concerned stakeholders, including industry associations and other agencies involved in industrial development, and the calendar for these events may be finalized well in advance and publicized widely.

Scale of Assistance:

No subsidy would be available to General Category entrepreneurs participating in such meets. However, the entrepreneurs belonging to North-East/women/SC/ST category, would be provided space at subsidized rates for participation in Buyer-Seller Meets as per the rates mentioned hereunder:-

Micro Enterprises : 95%
Small Enterprises : 85%
Medium Enterprises: 50%

Up to 30% of the total area in such Buyer-Seller Meets may be allocated for the entrepreneurs belonging to the Special Category i.e.

Entrepreneurs belonging to NE Region/ Women / SC/ST category, keeping in mind the instructions and guidelines issued in this regard from time to time.

The budget for organizing the Buyer-Seller Meet would depend upon the various components of the expenditure, i.e. space rental, interior decoration, advertisement, printing material, transportation etc. However, the net budgetary support for the Buyer-Seller Meet would be subject to the following limits:-

Rs. 5 lakhs in case of the meet is held in 'A' class cities.

Rs. 3 lakhs in case of the meet is held in 'B' class cities.

Rs. 2 lakhs in case of the meet is held in 'C' class cities.

Rs. 1 lakhs in case of the meet is held in rural areas.

Intensive Campaigns and Marketing Promotion Events:

Intensive Campaigns and Marketing Promotion Events are conducted all over the country to disseminate information about the various schemes for the benefit of the micro, small & medium enterprises. They are also facilitated to enrich their knowledge regarding latest developments, quality standards etc. and improve the marketing potential of their products and services.

Scale of Assistance:

Expenditure incurred for organizing Intensive Campaigns and Marketing Promotion Events would be met out of the budgetary support provided by

the Government under the Scheme, subject to a maximum limit of : -

Rs. 80,000 in case of 'A' class cities.

Rs. 48,000 in case of 'B' class cities.

Rs. 32,000 in case of 'C' class cities.

Rs. 16,000 in case of rural areas.

No financial assistance would be given to the participating units for attending the event. The participating MSMEs have to attend these programmes at their own cost.

Other Support Activities:

Under the Scheme, the following activities for supporting the marketing efforts of MSMEs may be undertaken by NSIC:

- Development of Display Centres, Show windows and hoarding etc. for promoting products and services of MSMEs.
- Printing of Literature, Brochures and Product-specific Catalogues and CDs etc. and preparation of short films for disseminating information
- Development of website/portal for facilitating the marketing of MSME products and services.
- Development and dissemination of Advertising and Publicity material about various programmes / schemes for MSME sectors and events.
- Preparation and Upgradation of MSME Manufacturers/Suppliers /Exporters Directory.
- Documentation of the success stories of MSMEs.
- Conducting studies to explore and assess new markets/businesses and product ranges for both

- domestic & International markets.
- Hosting international delegations and networking events.

The maximum amount of budgetary support for such activities would be limited to 5% of the total annual budget for the scheme and for an individual proposal, the maximum permissible limit for any of the above event/activity would be Rs. 5.00 lakhs only.

PROCEDURE FOR IMPLEMENTATION OF THE SCHEME:

Ministry of MSME shall implement the scheme through National Small Industries Corporation (NSIC), which shall carry out the various activities under the Scheme through its offices located all over the country.

Funds for implementing the scheme shall be placed at the disposal of NSIC, which shall be wholly responsible for proper utilization of the same and submission of Utilization Certificates and other reports as required.

The applications/proposals for seeking assistance under the scheme shall be submitted directly to NSIC, with full details and justification. The consolidated proposal shall be put up before the Screening Committee, set up under para 6 of the scheme, for consideration.

The Screening Committee shall examine and consider the proposals, keeping in view the eligibility conditions and other criteria laid down under the scheme.

While processing the proposals preference shall be given to

participants/units who have not availed of the benefits under this scheme or other such schemes of the Ministry earlier.

The proposals, after processing by the Screening Committee, shall be put up for approval by the Chairman-cum-Managing Director of NSIC along with its recommendations.

The proposals requiring approval of the Administrative Ministry shall be forwarded by CMD, NSIC, with proper justification, for consideration and approval of the Ministry, in consultation with IFD.

The assistance shall be released to the concerned applicant organization on reimbursement basis on receipt of the event report and other prescribed documents, including feedback from the participants.

SCREENING COMMITTEE

The proposals received under the Marketing Assistance Scheme shall be examined by a Screening Committee headed by Director (Planning & Marketing), NSIC which shall also include representatives from Finance and Exhibitions divisions. The Screening Committee shall meet at least once every month or as and when required.

ADMINISTRATIVE EXPENDITURE

NSIC is the nodal agency for implementing the Marketing Assistance Scheme of Ministry of MSME. The administrative expenditure to the tune of 10% of the total expenditure of the Marketing Assistance Scheme shall be reimbursed to NSIC for implementing the scheme. The administrative expenditure includes overheads as

well as the cost of the manpower and efforts put in by the NSIC for implementation of the scheme.

MONITORING AND EVALUATION

The progress of the scheme shall be reviewed and monitored by NSIC as well as Ministry of MSME from time to time and periodic reports on the progress shall be submitted to the Ministry. The impact and benefits of the scheme shall also be evaluated through internal studies, sample surveys, feedback reports etc. as well as study by an independent agency.

CREDIT RATING

Need of a Performance and Credit Rating Mechanism for SSIs was highlighted in Union Budget'04-05. A scheme for SSIs has been formulated in consultation with Indian Banks' Association (IBA) and Rating Agencies.

NSIC has been appointed the nodal agency for implementation of this scheme through empanelled agencies...

Benefits of Performance and Credit Rating

- An independent, trusted third party opinion on capabilities and credit-worthiness of SSIs
- Availability of credit at attractive interest
- Recognition in global trade
- Prompt sanctions of Credit from Banks and Financial Institutions
- Subsidized rating fee structure for SSIs
- Facilitate vendors/buyers in capability and capacity assessment of SSIs

- Enable SSIs to ascertain the strengths and weaknesses of their existing operations and take corrective measures.

Benefits to Banks and Financial Institutions

Availability of an independent evaluation of the strength and weaknesses of an SSI unit seeking credit and thereby enabling banks and financial institutions manage their credit risk

Salient Features

- A combination of credit and performance factors including operations, finance, business and management risk
- Uniform Rating Scale for all empanelled rating agencies except SMERA.
- SSIs have the liberty to choose among the empanelled Rating Agencies.
- Turn-Over based Fee structure
- Partial Reimbursement of Rating Fee through NSIC

Empanelled Agencies (Click on the names for contact details and rating fee)

- [CARE](#)
- [CRISIL](#)
- [Dun & Bradstreet\(D&B\)](#)
- [FITCH](#)
- [ICRA](#)
- [ONICRA](#)
- [SMERA](#)

Performance and Credit Rating Fee
Please contact the respective rating agency. Reimbursement of Performance and Rating Fee

Turn Over of SSI	Reimbursement of Fee through NSIC
Up to Rs 50 Lacs	75% of the fee or Rs 25000/- (Whichever is less)
Above Rs 50 to 200 lacs	75% of the fee or Rs 30000/- (Whichever is less)
More than Rs 200 lacs	75% of the fee or Rs 40000/- (Whichever is less)

Getting Banks to be your partner in growth

Certain basic steps, when followed will go a long way in cementing the association with banks and will go a long way in funneling the growth. Please make sure you take the following steps. It is never too late. You can start today and build up credibility over a period of time.

- Obviously, pay all existing loans in time. It is not worth regularly defaulting, even for a few days.
- If you have an OCC account make sure drawings go substantially lower at least for a few times in a year. Highest and lowest drawing levels are important parameters while considering enhancement of working capital. If the limit is always to the brim or if you resort to temporary over drawing repeatedly your risk rating and interest rate goes up. So is the need for Collateral security.
- Do not bounce any of your cheques.
- In case inbound cheques get bounced, please make sure, you take an apology letter from the party and submit it to the bank. Please don't take it lightly. Third party cheques returning unpaid increases the risk since quality of your debtors are devalued. This again increases interest rates and need for collateral security.
- Get your periodic renewals between April and June preferably or June to September consistently and try to produce the Audited Balance Sheet. It adds lot of weight since most of the small businesses finalize their accounts by late November! If you delay your projections will have to be substantiated with half yearly workings!
- Submit Stock statements and Debtor statements in time. Same goes for QOD and HOD. There is a column for this in appraisal report.
- Make sure you register for NSIC. It will come in handy in more than one way.
- Take Credit rating. To let you in on a secret, we normally ended up getting better rating than what we hope for. SME yardsticks applied by credit rating agencies do take into consideration the problems of small industries.
- NSIC subsidizes credit rating fees. Another important reason to get registered with them.
- Take technology upgradation loan from SIDBI under SME-Intel initiative, when you are ready. It establishes much needed relationship with SIDBI. It will go a long way.
- If you have a clear cut exit plan, SIDBI ventures is the place to go if you are looking for equity participation. Especially, this is very useful for Non It Companies.

Did you know?

This is a free e-guide to SME Financing options, offered to Indian SMBs by SMB Enablers. You are encouraged to distribute this eBook to others, who you feel, might get benefited.



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Thank You

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