

FREQUENTLY ASKED QUESTIONS ON BANK CREDIT FACILITATION SCHEMES FOR MSME LOANS

1.	Question	What is Bank Credit Facilitation Scheme?
	Answer	To meet the credit requirements of MSME units NSIC has entered into a Memorandum of Understanding with various Nationalized and Private Sector Banks . Through syndication with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks .
2.	Question	What are the Salient features of Bank Credit Facilitation Scheme?
	Answer	<ul style="list-style-type: none"> a) Facilitates credit to MSMEs by having an integrated mix of various public and private sector banks. b) Provides an option for MSMEs to apply for a new bank or switch over of an account to a different bank . c) Helps the MSMEs in completing documentation and thereafter submitting it to the bank. d) To facilitate larger number of MSMEs who are desirous of availing credit. e) To provide handholding support to MSMEs
3.	Question	How MSME loans can be availed under Bank Credit Facilitation Scheme ?
	Answer	The MSME Unit can approach directly to any of our branch offices and submit their request for loan requirement from any of the banks under our tie up agreement. The official sitting at the branch will provide hand holding support to the MSME unit by assisting them in completing all documentation as required for further submission to the bank.
4	Question	What are these Documents?
	Answer	These documents are to be provided by the MSME unit based on the checklist of the banks.
5.	Question	What are the target clients who can avail loan under NSIC-FFC?
	Answer	Existing MSME units as well as units applying for fresh loans can apply through this portal

6.	Question:	Is there any cost for applying in this scheme?
	Answer :	No fee is charged from the MSME unit for applying for loan under this scheme.
7.	Question:	How does this Bank Credit Facilitation Scheme help MSME ?
	Answer :	Under Bank Credit Facilitation Scheme ,the MSME(s) can get access to finance from banks based upon their lending policy and a focused attention is given to the credit proposals sponsored by NSIC.
8.	Question:	Which are the lending institutions eligible for extending loans under FFCs?
	Answer :	The Banks/FI(s) which have entered into Memorandum of Understanding (MOU) with NSIC are the lending institutions under FFCs.
9.	Question:	What is a Micro Enterprise?
	Answer :	Investment in Plant and Machinery or Equipment: does not exceed Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore
10.	Question:	What is a Small Enterprise?
	Answer:	Investment in Plant and Machinery or Equipment: does not exceed Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore
11.	Question:	What is a Medium Enterprise?
	Answer:	Investment in Plant and Machinery or Equipment: does not exceed Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore
12.	Question:	What are the types of loan facilities available in Bank for Micro, Small and Medium Enterprises?
	Answer:	- Term loans for acquisition of fixed assets (viz, land/building, plant/machinery, other fixed assets) towards setting up of new units

		<p>and for expansion, modernization and diversification in case of existing units.</p> <p>- Working Capital limits to meet the working capital needs of the MSME units in the form of open cash credit, overdraft against book debts and bill discounting facility.</p> <p>Non fund based limits such as guarantees, letter of credit, foreign bank guarantees, foreign letter of credit etc.</p>
13.	Question:	Whether KYC compliance is mandatory for availing loans under MSME?
	Answer:	Yes, the loan applicants should open an operative account (Savings /Current Bank Account) which is KYC compliant with proper introduction, address proof, ID proof and photo etc; as stipulated by the bank.
14.	Question:	What are all the documents to be submitted for availing loans under MSME?
	Answer:	<p>The documents to be submitted vary based on the purpose of the loan. The general documents as required are:-</p> <ul style="list-style-type: none"> (i) Proof of Identity (ii) Proof of Residence (iii) Proof of Business address (iv) Asset and Liability Statement of promoters, guarantors, directors etc. with latest income tax returns. (v) Rent Agreement / Lease Deed if business premises rented/leased. (vi) Copy of SSI registration certificate/Entrepreneur's Memorandum (vii) Profile of the Unit (Name and address of promoters, experience, nature of activity, address of all offices/plants, share holding pattern etc.) (viii) Last three year's Balance Sheet with IT/ST returns (ix) Projected Balance Sheet for next two years (x) Application in the prescribed format (xi) CMA data in the prescribed format if limit required is Rs. 100 lakh and above. (xii) Position of accounts with existing bankers (xiii) Project Report for term loan requirements (xiv) Estimates/Quotations/Sanctioned building plan etc.

		<p>(xv) Partnership Deed/Trust Deed/Rules & Bye laws/Memorandum and Articles of Association /Certificate of Incorporation etc.</p> <p>(xvi) Clearance from Pollution Control Board/Sanction from Electricity Board and other statutory authorities.</p> <p>(xvii) Month-wise production and sales data for the current financial year, value of stock in process, finished goods, debtors, creditors etc.</p>
15.	Question:	What are the margin norms for loans under MSME?
	Answer:	Varies from bank to bank
16.	Question:	What is the interest rate of MSME loans.
	Answer:	Varies from bank to bank
17.	Question:	What are the processing charges payable for MSME loans?
	Answer:	Varies from bank to bank
18.	Question:	What are the security norms for MSME loans?
	Answer:	Varies from bank to bank