

A large, stylized blue ribbon graphic that forms a horizontal banner across the center of the page. The ribbon has a 3D effect with shadows and highlights, giving it a sense of depth. The text 'MSME' is centered within the ribbon.

MSME

DEFINITION OF MSME

▷ REVISED DEFN W.E.F. JULY 1, 2020

Type of Enterprise	Investment in Plant & Machinery or Equipments (Should not exceed)	Turnover (Should not exceed)
Micro Enterprise	Rs.1.00 crore	Rs.5.00 crores
Small Enterprise	Rs.10.00 crores	Rs.50.00 crores
Medium Enterprise	Rs.50.00 crores	Rs. 250.00 crores

DEFINITION OF MSME

- ▶ Composite criteria - Investment in machines and Annual Turnover
- ▶ Both the criteria need to be satisfied
- ▶ If an Enterprise crosses ceiling in any one criteria, it will be placed in the next higher category.
- ▶ An Enterprise will be placed in the lower category only when it goes below the ceiling in both the criteria.
- ▶ All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) to be treated as one Enterprise

VALUE OF PLANT & MCARY

▶ Existing units

- ❖ WDV (Written Down Value) as at the date of balance sheet (i.e WDV as at the end of the Financial Year and not cost of acquisition or original price), is applicable

▶ New Enterprises

- ❖ Prior ITR is not available. Hence, value of investment in machines / equipments will be based on self-declaration of the promoter of the enterprise.
- ❖ This relaxation is valid till the 31st March of the financial year in which it files its first ITR.
- ❖ Purchase (invoice) value, whether purchased first hand or second hand excluding GST, on self-disclosure basis shall be taken

TURNOVER

- ▷ Exports of goods or services or both, to be excluded
- ▷ Turnover to be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- ▷ Turnover reported in GST return, during the previous year is to be taken into account for the purpose of classification.

CLASSIFICATION AS PER UDYAM REGISTRATION NEEDS TO BE TAKEN

REGISTRATION OF MSME

- Registration in “Udyam Registration Portal” mandatory w e f July 1, 2020.
- Existing Enterprises registered with Entrepreneur Memorandum and Udyog Aadhaar Memorandum should register in Udyam Registration Portal
- No fee for filing Udyam Registration.
- A permanent registration number (Udhyam Registration number} will be given after registration.
- After completion of the process of registration, a certificate will be issued online.
- There is no need for renewal of Registration.

TIME NORMS FOR DISPOSAL OF CREDIT APPLICATIONS

▷ MSME SECTOR

AMOUNT	TIME NORM FOR DISPOSAL
Loans up to Rs.5.00 Lakh	Within 2 weeks
Above Rs.5.00 Lakh and up to Rs.25.00 Lakh	Within 3 weeks
Above Rs.25.00 Lakh	Within 6 weeks

OTHER GUIDELINES

ZED Rated Accounts

To promote Zero Defect and Zero Effect (ZED) manufacturing amongst MSMEs, concessions in processing charges & finer rate of interest are extended for ZED rated MSME loan accounts:

<i>ZED Category</i>	<i>ROI concession</i>	<i>Proc. Charges concession</i>
Platinum	0.25%	50%
Diamond	0.25%	35%
Gold	0.25%	25%

ISO INCENTIVE

- ▶ Our Bank has put in place a Policy to give Rs. 10,000/- as one time incentive to our MSME customers for obtaining ISO Certification.
- ▶ In addition to obtaining ISO certification, certain key financial / performance indicators have also to be taken into account and the minimum cut-off marks to be scored by a MSME customer is 60 marks out of total 100 marks

MUDRA LOANS

Pradhan Mantri MUDRA Yojana (PMMY) to 'fund the unfunded'

To bring such enterprises to the formal financial system and extending affordable credit to them.

Non-farm enterprises in manufacturing, trading and services whose credit needs are below Rs.10.00 lacs.

- ▷ Loans up to Rs.50,000 is termed as "Shishu",
- ▷ Loans above Rs.50,000 to Rs.5.00 lacs is termed as "Kishore" and
- ▷ Loans above Rs.5.00 lacs to Rs.10.00 lacs is termed as "Tarun".

STAND UP INDIA SCHEME

Bank loan of over Rs.10 lakh & up to Rs.100 lakh

SC/ST, Women Entrepreneurs for setting up of Greenfield Enterprises without any Collateral security and / or third party guarantee

Manufacturing, Services and Trading sector

Non individual Enterprises – 51% shareholding by SC/ST (or) women

Contactless banking platform for MSMEs

Online PSB loans in 59 minutes

- ▶ A web portal for MSME Entrepreneurs for credit limits upto Rs.5.00 crores
www.onlinepsbloansin59minutes.com
- ▶ Submission of on application online
- ▶ In-principle approval is given in 59 minutes
- ▶ Access data base of GST, IT Dept, Bank statement etc; on real time basis. Assessment will be done. Thus, TAT is reduced
- ▶ The platform is enabled both for applications with collateral security (outside CGTMSE / CGSSI) and without collateral security (with Credit Guarantee cover).
- ▶ TAT for applications with CGTMSE cover – 7 days from the date of getting in-principle approval
- ▶ TAT for applications with collateral security – as per MSE code

COLLATERAL FREE LOANS TO MSEs

- ✓ No collateral or 3rd party guarantee for advances (both Manufacturing and Service sector) up to ₹10 Lakhs – Mandatory as per RBI guidelines.
- ✓ In case of MSEs with credit limits upto Rs.500 lacs, CGTMSE cover can be taken for eligible accounts and in such cases, collateral security and / or third party guarantee should not be taken.
- ✓ Credit facility to MSE Retail traders with credit facilities up to ₹ 500 Lakh can be covered under CGTMSE.
- ✓ Educational Institutions are also covered under CGTMSE
- ✓ Banks can obtain collateral security for a part of the credit facility, whereas the remaining unsecured part of the credit facility, up to a maximum of ₹ 500 Lakh, can be covered by CGTMSE under “Hybrid Security”.

TARGETS UNDER MSE

As per RBI guidelines

1. There should be minimum 20 per cent year-on-year growth in credit to Micro and Small Enterprises
2. 10 per cent annual growth in the number of Micro Enterprise accounts
3. 60% of total lending to MSE sector as on preceding March 31st should go to Micro enterprises
4. A target of 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Micro Enterprises

All bank loans to MSMEs conforming to the RBI guidelines shall qualify for classification under priority sector lending.

FREQUENTLY ASKED QUESTIONS ON MSME

Q1: MUDRA Loans above ----- to ----- will be termed as KISHORE

- A. Rs.25000 and Rs50000**
- B. Rs50000 and Rs.75000**
- C. Rs.50000 and Rs.5 lacs**
- D. Rs.1 lacs and Rs.5lacs**

Ans: C

**Q2: MUDRA card can be used to operate-----
of working capital limit**

A. 10%

B. 15%

C. 20%

D. 25%

Ans: C

Q3: Margin Requirements for Online Shishu

MUDRA is

- A. Nil
- B. 5%
- C. 10
- D. 15%

Ans: A

Q4: What is the periodicity for obtention of stock statement for Secured OD upto Rs.50 lacs under Trade Well scheme?

- A. Once in a month**
- B. Once in a quarter**
- C. Once in Half year**
- D. Once in a year**

Ans:B

Q5: What is the periodicity for obtention of stock statement for Secured OD above Rs.50 lacs under Trade Well scheme?

- A. Once in a month**
- B. Once in a quarter**
- C. Once in Half year**
- D. Once in a year**

Ans: B

Q6: What is the periodicity for obtention of stock statement for OCC under Trade Well scheme?

- A. Once in a month**
- B. Once in a quarter**
- C. Once in Half year**
- D. Once in a year**

Ans: B

Q7: The CGTMSE would provide cover for credit facility up to

A. Rs.100 lacs

B. Rs.200 lacs

C. Rs.10 lacs

D. Rs.500 lacs

Ans: D

Q8: Scoring model is done for MSME with exposure

- A. Up to Rs. 50 lacs**
- B. Up to Rs. 25 lacs**
- C. Up to Rs. 10 lacs**
- D. Below Rs. 100 lacs**

Ans: D

Q9: As Per RBI guidelines there should be minimum _____ year-on-year growth in credit to Micro and Small Enterprises

A. 10%

B. 15%

C. 20%

D. 25%

Ans: C

Q10: As per RBI guidelines, a target of _____ of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Micro Enterprises

A. 10%

B. 12%

C. 18%

Ans: D
D. 7.5%

Q11: A composite loan limit up to _____ can be sanctioned to enable the entrepreneurs in Micro and Small Enterprises sector to avail of their working capital and term loan requirement through Single Window

A. Rs.20 lacs

B. Rs.50 lacs

C. Rs.75 lacs

Ans: D Rs.1 Crore

Q12: Credit Guarantee Fund for Micro Units (CGFMU) is managed and operated by

A. NCGTC

B. SIDBI

C. MUDRA Ltd

D. GOI

Ans: A

Q13: Credit Guarantee Fund for Stand Up India (CGSSI) is managed and operated by

A. NCGTC

B. SIDBI

C. MUDRA Ltd

D. GOI

Ans: A

Q14: Margin requirements for MSME Sector for OCC & OD/Book debts is

A. 50%

B. 20%

C. 30%

D. 25%

Ans: B

Q15: What is the minimum net working capital(margin) requirement under second method of MPBF?

- A. 25% of total current assets**
- B. 25% of total assets**
- C. 25% working capital gap**
- D. 20% of total assets**

Ans: A

Q16: The TReDS, which undertakes clearing and settlement activities, would be governed by the regulatory framework put in place by the Reserve Bank of India under the _____

A. Payment and settlement Systems Act 2007

B. NPCI Act

C. TReDS act

D. RBI Act

Ans: A

Q17: Factoring transactions takes place through _____ Platform

- A. TReDS**
- B. E Factor**
- C. PSL**
- D. e-kuber**

Ans: A

Q18: Eligible Participants in TReDS platform are

A. Sellers

B. Buyers

C. Financiers

D. All the above

Ans: D

Q19: Net working capital means

A. Total of current assets

B. Total assets

C. Surplus of long term sources over long term uses

D. All are correct

Ans: C

Q20: In case of accounts with annual turnover more than _____, audited financial statements to be submitted

- A. Rs.75 lacs**
- B. Rs.1 Crore**
- C. Rs.5 Crore**
- D. Rs.50 lacs**

Ans: B

Q21: Maximum loan that can be sanctioned under IND MSME Vehicle

- A. Rs.50 lacs**
- B. Rs.1 Crore**
- C. Rs.2 Crore**
- D. Rs.5 Crore**

Ans: C

Q22: Quantum of Term Loan under My Own Shop in case of firms/ Company .

A. 5 times of the cash profit of immediate preceding year

B. 4 times of average cash profit for last three years

C. Higher of A & B

D. Not related to cash profit

Ans: C

Q23: MAPC will be headed at least by

-
- A. SM/CM**
 - B. CM/AGM**
 - C. AGM/DGM**
 - D. All are correct**

Ans: B

Q24: Which one of the following is a measure of Debt Service Capacity of a firm

A. Current Ratio

B. Quick Ratio

C. Interest coverage ratio

D. Debtors Turnover

Ans: C

Q25: A Medium Enterprise is an enterprise where Investment in Plant and Machinery and turnover should not exceed _____ & _____ Respectively

- A. 1 Cr, 5 Cr**
- B. 50 Cr, 250 Cr**
- C. 10 Cr, 50 Cr**
- D. 5 Cr, 50 Cr**

Ans: B

Q26: Verification is required from any one of the four Data Base/Credit information companies (CIC) in case of loan amount of _____.

- A. less than Rs.50 lakh**
- B. less than Rs.60 lakh**
- C. less than Rs.70 lakh**
- D. less than Rs.1.0 crore**

Ans: A

Q27: MUDRA stands for

- A. Micro Units Development & Refinance Agency**
- B. Micro Units Development & Refinance Authority**
- C. MSME Units Development & Refinance Agency**
- D. MSME Units Development & Refinance Authority**

Ans: A

Q28: Margin Requirements for MUDRA Loans

Tarun is

A. 10%

B. 15%

C. Nil

D. 5%

Ans: B

Q29: Time frame for disposal of MSME credit proposal beyond Rs.5 lakh and upto Rs.25 lakh is _____

- A. Within 7 days**
- B. Within 10 days**
- C. Within 2 weeks**
- D. Within 3 weeks**

Ans: D

**Q30: Margin for Weavers Mudra Scheme
Above Rs50,000 to Rs.2.00 lakhs**

- A. 10% of Project cost**
- B. 15% of Project cost**
- C. 20% of Project cost**
- D. No margin**

Ans: C

Q31: Margin for IB MUDRA – TVS KING is----%

A. 10%

B. 20%

C. 25%

D. 15%

Ans: D

Q32: Maximum loan quantum under IB TRADEWELL is Rs. _____ for SOD facility

- A. 25 lacs**
- B. 1 Crore**
- C. 2 Crores**
- D. 50 lacs**

Ans: C

Q33: Under IB DOCTOR PLUS for fresh passed out students, Maximum exposure is Rs._____

A. 2 Crores

B. 1 Crore

C. 5 Crores

D. No loan for fresh passed out students

Ans: A

Q34: Quantum of Term Loan under My Own Shop in case of Individuals/ Professionals

- A. 36 times monthly gross income
- B. 60 times monthly net income
- C. Higher of 1 & 2
- D. Not related to monthly income

Ans: C

Q35: Margin for Secured OD under IB contractors on EM properties

A. 20%

B. 30%

C. 40%

D. 50%

Ans: D

Q36: What is the Maximum loan amount that can be sanctioned under My Own Shop

- A. 1 Crore**
- B. 10 Crores**
- C. 5 Crores**
- D. 2 Crores**

Ans: B

Q37: Which among the following is correct regarding IB CONTRACTOR

- A. Contractors in the line of business for at least 3 years**
- B. Should have made net profit for the last 2 year**
- C. Sub-Contractors are eligible for finance**
- D. All are correct**

Ans: D

Q38: A Small Enterprise is an enterprise where Investment in Plant and Machinery and turnover should not exceed _____ & _____ Respectively

A. 1 Cr, 25 Cr

B. 2 Cr, 25 Cr

C. 5 Cr, 50 Cr

D. 10 Cr, 50 Cr

Ans: D

Q39: A Micro Enterprise is an enterprise where Investment in Plant and Machinery and turnover should not exceed _____ & _____ Respectively

A. 1 Cr, 5 Cr

B. 2 Cr, 25 Cr

C. 10 Cr, 50 Cr

D. 5 Cr, 50 Cr

Ans: A

Q40: Which of the following is a long-term liability

A. Current asset

B. Revenue

C. Expenditure

D. Term Loan

Ans: D

**Q41: Exposure (Maximum) under IB MUDRA
– TVS KING is Rs**

- A. 1.00 lac**
- B. 2.00 lacs**
- C. 3.00 lacs**
- D. 5.00 lacs**

Ans: B

**Q42: The extent of CGTMSE coverage is -----
-----% for credit facilities of Rs.50 lakh for
micro enterprises**

A. 50

B. 60

C. 75

D. None of these

Ans: C

**Q43: The extent of CGTMSE coverage is -----
-----% for credit facilities to Women
Enterprises for loan above 5 lacs to 50laks.**

A. 40%

B. 75%

C. 85%

D. 65%

Ans: C

Q44: Purpose of IB Doctor Plus

- A. To set up clinic, Clinic cum Residence**
- B. Nursing Home, Hospital**
- C. Machinery / Equipment for hospital**
- D. All the above**

Ans: D

Q45: IB My Own Shop Scheme can be given or allowed for

- A. New construction of shop**
- B. Renovation of shop**
- C. Ready purchase of shop**
- D. All the above**

Ans: D

Q46: Maximum loan amount to be sanctioned under Trade Well Term Loan

A. Rs 20.00 lacs

B. Rs 50 lacs

C. Rs 1 crores

D. Rs.5 crores

Ans: D

Q47: Borrowers should be advised that _____ p.a over the applicable rate will be charged for the delay in submission of stock statement

A. 2%

B. 1%

C. 1.5%

D. 0.5%

Ans: B

Q48: Minimum Amount of Loan to be sanctioned under IB Doctor Plus

A. Rs 1 lacs

B. Rs 5 lacs

C. Rs 10 Lacs

D. none of these

Ans: A

Q49: What is time frame for disposal for loan applications for loans upto Rs.5 lakhs ?

- A. Within two weeks**
- B. Within three weeks**
- C. Within two days**
- D. Within three days**

Ans: A

Q50: Current Ratio bench Mark for fresh sanction for Micro small and medium Enterprises as per credit policy

A. 1.1

B. 1.25

C. 1.15

D. 1.35

Ans: A

Q51: Debt Equity ratio bench Mark for Micro small and medium Enterprises as per credit policy

A. 3:1

B. 4:1

C. 2:1

D. 5:1

Ans: B

Q52: Who is eligible for Stand Up India scheme is for

A. SC

B. ST

C. Women

D. all of the above

Ans: D

Q53: Applicable method of working capital finance for Seasonal industries, construction contractors, Software and others is

- A. Turn-over method**
- B. Cash budget method**
- C. MPBF II Method**
- D. MPBF I Method**

Ans: B

Q54: In working capital finance end use of funds is done through.....

- A. Regular visits to the assisted units and inspection of securities charged/ hypothecated to the bank**
- B. Periodical scrutiny of the books of account of the borrowers**
- C. conducting stock audit in applicable cases**

Ans: D All the above

Q55: Minimum loan amount that can be sanctioned under Trade Well Scheme is

- A. No min limit**
- B. Rs 1 lakhs**
- C. Above 10 lakhs**
- D. Rs 5 lakhs**

Ans: C

Q56: Method of Working capital assessment that is used for assessing WC under IB Doctor Plus Scheme is

- A. Turnover method**
- B. Fund flow method**
- C. MPBF method**
- D. Cash budget method**

Ans: D

Q57: In case of accounts with credit facilities more than _____, audited financial statements to be submitted

A. Rs.30 lacs

B. Rs.20 lacs

C. Rs.25 lacs

D. Rs.50 lacs

Ans: B

Q58: Maximum MSME Loan that can be Classified for Priority Sector

- A. 100 cr**
- B. 500 cr**
- C. 1000 cr**
- D. No Ceiling**

Ans: D

Q59: RAM rating is must for fund based and/non-fund based exposure of limit (for other than Agriculture accounts)

- A. Rs 50 lakh and above**
- B. Rs 10 lakh and above**
- C. Rs 25 lakh and above**
- D. Rs 100 lakh and above**

Ans: D

Q60: Purpose of IND-SME E-VAAHAN Product

A. Purchase of 2 wheeler electric vehicle for business

B. Purchase of 3 wheeler electric vehicle for business

C. Purchase of 4 wheeler electric vehicle for business

D. All the above

Ans: D

Q61: Maximum loan that can be sanctioned under IND-SME E-VAAHAN

A. 25 Lacs

B. 100 Lacs

C. 50 lacs

D. No Ceiling

Ans: D

Q62: Administrative Approval for sanction of Loans under Mudra (PMMY) is required for limits above Rs. _____

A. 1 lac

B. 2 lacs

C. 5 lacs

D. No need of Approval

Ans: A

Q63: The person seeking a loan facility under IB My Own Shop Scheme should have been in the / activity for a minimum period to

A. 5 years

B. 3 years

C. 2 years

D. No such Criteria

Ans: B

Q64: While funding capital expenditure, to fund unforeseen increases in capital expenditure for MSEs, _____ may be sanctioned.

- A. Standby credit facility**
- B. Line of credit**
- C. Adhoc limit**
- D. None of the above**

Ans: A

Q65: Under credit flow to MSMEs, _____ of the working capital limit may be sanctioned as 'standby credit facility' to fund periodic capital expenditure

A. 20%

B. 50%

C. 25%

D. 40%

Ans: C

Q66: CGTMSE has introduced _____ product allowing guarantee cover for the portion of credit facility not covered by collateral security.

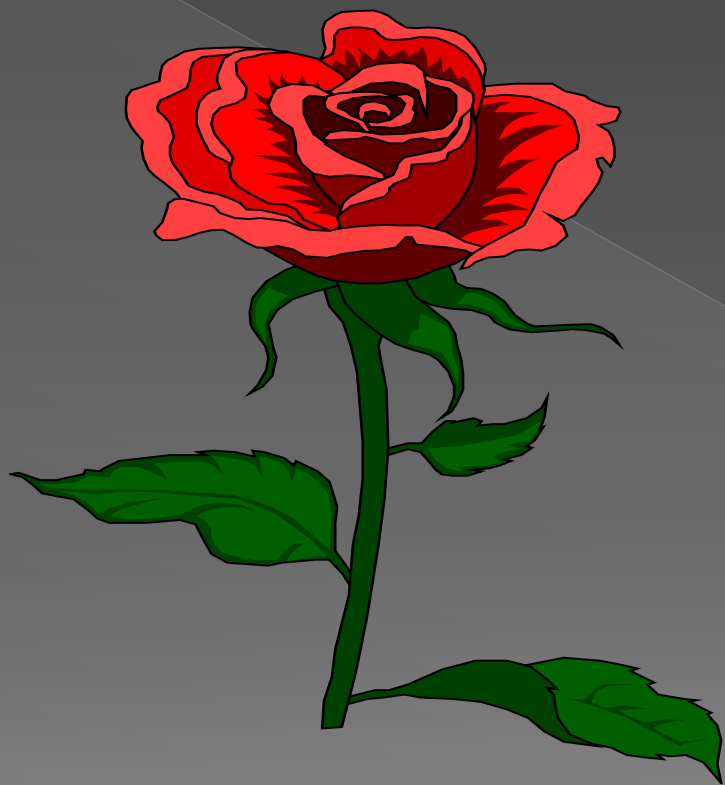
- A. Hybrid security**
- B. Primary security**
- C. A&B**
- D. Collateral Security**

Ans: A

Q67: Monitoring of advances in MSME will include

- A. Unit/Factory Visit Reports.**
- B. Stock Statements/Book Debts Statements.**
- C. End Use Verification**
- D. All the above**

Ans: D



Thank
you