

Amendments approved in interest subvention scheme for MSMEs

Changes set to give Fillip to the MSME Sector

The Minister for Micro, Small and Medium Enterprises and Road Transport & Highways, Shri Nitin Gadkari approved the changes in the Interest Subvention Scheme for MSMEs, in a meeting held here today to review the functioning of the scheme. The improvements are set to provide momentum giving fillip to the MSME sector. The Interest Subvention Scheme for MSMEs was launched by the Prime Minister Shri Narendra Modi in November, 2018. The modifications in operational guidelines carried out are based on suggestions made by various stakeholders, including banks and lending institutions who had brought to light operational difficulties which were hindering a smooth rollout of the scheme.

The details of the improvements / modifications are as below:-

1. Settlement of claims based on internal / concurrent auditor certificate and submission of statutory auditor's certificate once by June 30, 2020;
2. Acceptance of claims in multiple lots for a given half year by eligible institutions;
3. Requirement of Udyog Aadhar Number (UAN) is dispensed with for units eligible for GST.

Unit not required to obtain GST, may either submit Income Tax Permanent Account Number (PAN) or their loan account must be categorised as a MSME by the concerned eligible institutions;

4. The last date of submission of claims for half-yearly period ended March, 31, 2019 has now been extended till December 31, 2019.
5. Trading activities without UAN have been made eligible.
6. 50% of the estimated claim amounts may be released to eligible institutions (at least to those belonging to Public Sector Banks), based on data / information to be furnished by them and the Utilisation Certificate duly certified by respective statutory auditor to submitted by June 2020.

Speaking about the decision Shri Gadkari said, "It is expected that the modifications in the scheme guidelines will lead to fulfilment of objectives of the scheme, i.e. to increase productivity in MSMEs through access to credit at reduced cost". He also added that the Government is committed to enhancing credit to MSME sector and the implementation of the scheme is being closely monitored to help MSMEs get incremental credit of upto Rs. one crore with Interest Subvention of 2% by Government.
