

# Relief Measures and Schemes for MSMEs

Apparel Export Promotion Council  
June, 2020

# Relief Measures during Covid-19



# Upward revision of MSME definition

The New Definition of MSME are given below:

Category	Old Capital	Old Turnover	New Capital	New Turnover
Micro	25 Lakh	10 Lakh	1 Crore	5 Crore
Small	5 Crore	2 Crore	10 Crore	50 Crore
Medium	10 crore	5 Crore	50 Crore	250 Crore

It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

[Notification - http://egazette.nic.in/WriteReadData/2020/219680.pdf](http://egazette.nic.in/WriteReadData/2020/219680.pdf)

# Collateral-Free Loan

Rs 3 lakh crores Collateral-free Automatic Loans for Businesses, including MSMEs - Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on 29.2.2020

## Details

- Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible
- Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped
- 100% credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st Oct 2020
- No guarantee fee, no fresh collateral

*Notification Awaited*

# Subordinate Debt for Stressed MSMEs

Rs 20,000 crores Subordinate Debt for Stressed MSMEs –

## Details

- Stressed MSMEs need equity support
- Govt will facilitate provision of Rs. 20,000 cr as subordinate debt
- Functioning MSMEs which are NPA or are stressed will be eligible
- Govt. will provide a support of Rs. 4,000 Cr. to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.

*Notification Awaited*

# Equity infusion for MSMEs

Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds

## Details

- MSMEs face severe shortage of Equity.
- Fund of Funds with Corpus of Rs 10,000 crores will be set up.
- Will provide equity funding for MSMEs with growth potential and viability.
- FoF will be operated through a Mother Fund and few daughter funds
- Fund structure will help leverage Rs 50,000 cr of funds at daughter funds level
- Will help to expand MSME size as well as capacity.
- Will encourage MSMEs to get listed on main board of Stock Exchanges.

*Notification Awaited*

# EPF Support for Business & Workers

Rs. 2500 crore EPF Support for Business & Workers for 3 more months

## Details

- Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments.
- This was provided earlier for salary months of March, April and May 2020
- This support will be extended by another 3 months to salary months of June, July and August 2020

*Notification Awaited*

# Reduced EPF

EPF contribution reduced for Business & Workers for 3 months- Rs 6750 crores Liquidity Support

## Details

- Therefore, statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.
- This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.
- This will provide liquidity of Rs 6750 Crore to employers and employees over 3 months.

*Notification Awaited*



# TDS/TCS Rate Reduction

Rs 50,000 crores liquidity through TDS/TCS rate reduction –

## Details

- In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be reduced by 25% of the existing rates
- Payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for this reduced rate of TDS
- This reduction shall be applicable for the remaining part of the FY 2020-21 i.e. from tomorrow to 31st March, 2021.

*Notification Awaited*

Other Schemes  
available for  
MSME-



# Credit Guarantee Trust Fund for Micro & Small Enterprises (CGT SME)

Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI) jointly established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in order to implement Credit Guarantee Scheme for Micro and Small Enterprises. The corpus of CGTMSE is contributed by Government of India and SIDBI. 75% of the loan amount to the bank is guaranteed by the Trust Fund.

Collateral free loan up to a limit of ₹ 100 lakh is available for individual MSE on payment of guarantee fee to bank by the MSE.

For more details- <https://msme.gov.in/node/1763#A2>

# Financial Support to MSMEs in ZED Certification Scheme

The objectives of the scheme include inculcating Zero Defect & Zero Effect practices in manufacturing processes, ensure continuous improvement and supporting the Make in India initiative.

The ZED Certification scheme is an extensive drive to create proper awareness in MSMEs about ZED manufacturing and motivate them for assessment of their enterprise for ZED and support them. After ZED assessment, MSMEs can reduce wastages substantially, increase productivity, expand their market as IOPs, become vendors to CPSUs, have more IPRs, develop new products and processes etc.

For more details- <https://msme.gov.in/node/1765>

# Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)

CLCSS provides 15% subsidy for additional investment up to ₹ 1 cr for technology upgradation by MSEs.

Technology upgradation would ordinarily mean induction of state-of-the-art or near state-of-the-art technology. In the varying mosaic of technology covering more than 7,500 products in the Indian small scale sector.

List of technologies is available at <http://www.dcmsme.gov.in>

Units looking to replace existing equipment/technology with the same equipment/technology will not qualify for subsidy under this scheme. Similarly, units upgrading with used machinery would not be eligible under this scheme.

For more details- <https://msme.gov.in/node/1765>

# Marketing Support/Assistance to MSMEs (Bar Code)

Under this scheme the Ministry conducts seminars and reimburses registration fees for bar coding in order to encourage MSEs to use bar-codes.

Reimbursement of registration fee (one time and recurring for 3 years) for bar coding. Financial assistance for reimbursement of 75% of one-time registration fee (Under MSE-MDA) and 75% of annual recurring fee for first three years (Under NMCP) paid by MSEs to GS1 India for the use of bar coding.

For more details- <https://msme.gov.in/node/1765#A17>

# Lean Manufacturing Competitiveness for MSMEs

The objective of the scheme is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques.

Financial assistance is provided for implementation of lean manufacturing techniques, primarily the cost of lean manufacturing consultant (80% by GoI and 20% by beneficiaries). Lean manufacturing consultants (LMCs) will raise bills for services provided to Special Purpose Vehicle (SPV). SPV will, in turn, pay the first installment of 20% to the LMC and will obtain reimbursement from the NMIU. Thereafter, Ministry of MSME will transfer funds to the NMIU. SPV payments to LMC will be on a milestone basis in 5 tranches, each of 20% of the amount fixed.

For more details- <https://msme.gov.in/node/1765#A17>

# Technology and Quality Upgradation Support to MSMEs

The scheme advocates the use of energy efficient technologies (EETs) in manufacturing units so as to reduce the cost of production and adopt clean development mechanism.

- Capacity building of MSME clusters for energy efficiency/clean development and related technologies. Funding support of up to 75% for awareness programmes, subject to maximum of Rs 75,000 per programme;
- Implementation of energy efficient technologies in MSME units 75% of actual expenditure for cluster level energy audit and preparation of model DPR; Setting up of Carbon Credit Aggregation Centres. 50% of actual expenditure subject to maximum Rs 1.5 lakh per DPR towards preparation of subsequent detailed project reports for individual MSMEs on EET projects;
- Encouraging MSMEs to acquire product certification / licenses from National / International bodies. 75% of the actual expenditure, subject to a maximum Rs 15;  
25% of the project cost as subsidy by Government of India, balance amount to be funded through loan from SIDBI/banks/ financial Institutions. MSMEs are required to make the minimum contribution as required by the funding agency;
- 75% subsidy towards licensing of products to national/ international standards; ceiling Rs 1.5 lakh for obtaining product licensing/marketing to National standards and Rs 2 lakhs for International standards.

For more details- <https://msme.gov.in/node/1765#A17>



# Marketing Promotion Schemes

## International Cooperation

The scheme covers the following activities:

- a) Visit of MSME delegations to other countries in international exhibitions/ trade fairs, conferences/ summits/workshops etc. for exploring new areas of technology infusion/upgradation, joint ventures, improving market of MSMEs products, etc.
- b) Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meets in foreign countries.
- c) Holding international conferences/summits/workshops/seminars relating to MSME sector to be organized in India by the Industry Associations/ Government organizations.
- d) Holding/organising mega international exhibition or fair and international conferences/seminars/workshops, Joint Committee Meetings/Joint Working Group Meetings/Government to Government bilateral meetings with outer countries in India by Ministry of MSME or organizations under it.
- e) Sending a delegation of the Ministry of MSME to an International Exhibition/Fairs/Conference in foreign countries.

For more details- <https://msme.gov.in/node/1766#A21>

# Marketing Assistance Scheme

The marketing assistance scheme provides assistance for the following activities:

- a) Organisation of exhibitions abroad and participation in international exhibitions/ trade fairs
- b) Co-sponsoring of exhibitions organised by other organisations/industry associations/ agencies;
- c) Organising buyer-seller meets, intensive campaigns and marketing promotion activities.

For more details- <https://msme.gov.in/node/1766#A21>

# Entrepreneurship Skill Development Programme (ESDP)

Entrepreneurship Development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up MSEs. These EDPs are generally conducted in ITIs , Polytechnics and other technical institutions, where skill is available to motivate them towards self-employment.

For more details- <https://msme.gov.in/node/1767>

Schemes available for  
Apparel Industry



# Rebate of State and Central Taxes and Levies (RoSCTL)

Rebate of State and Central Taxes and Levies (RoSCTL) is the scheme to rebate all embedded State and Central Taxes and Levies on garments and made-ups to enhance competitiveness of these sectors at notified rates and value caps. Garments shall mean goods falling under Chapters 61 or 62 of the Schedule of All Industry Rates (AIR) of Drawback.

Made-ups shall mean goods falling under chapter 63 of the Schedule of All Industry Rates (AIR) of drawback excluding tariff items 6308, 6309, 6310 and goods in tariff items 9404 that are excluded from drawback tariff item 6304.

Value in relation to exported garments and made-ups shall be the Free on Board (FOB) value.

For more details- <http://aepecindia.com/system/files/pdf/RoSCTL%20new.pdf>

# Amended Technology Upgradation Fund Scheme (ATUFS)

This scheme facilitates augmenting of investment, productivity, quality, employment, exports and import substitution in textile industry. It promotes investment in textile machinery manufacturing

For more details- <http://aepecindia.com/system/files/pdf/ATUFS.pdf>

# Advance Authorization (AA)

Duty free import of fabric under "Special Advance Authorisation Scheme for export of Articles of Apparel and Clothing Accessories" is allowed. The authorisation shall be issued based on Standard Input Output Norms (SION) or prior fixation of norms by Norms Committee. The authorisation shall be issued for the import of relevant fabrics including inter lining only as input. No other input, packing material, fuel, oil and catalyst shall be allowed for import under this authorisation.

For more details- <http://aepecindia.com/system/files/pdf/Advance%20Authorization.pdf>

# Zero duty EPCG scheme

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness.

Exporters may import eligible machinery for garment manufacturing on zero duty under EPCG scheme.

For more details-<http://aepcindia.com/system/files/pdf/EPCG.pdf>



# Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit

Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 01.04.2015 providing interest equalisation at 3% for labour intensive / MSME sectors. The rate was increased to 5% for MSME sectors with effect from 02.11.2018 and merchant exporters were covered under the Scheme with effect from 02.01.2019

RBI vide its Notification No. RBI/2019-20/231 DOR.Dir.BC.No.69/04.02.001/2019-20 dated 13<sup>th</sup> May, 2020 has notified the extension of Interest Equalization Scheme for pre and post shipment Rupee export credit, with same scope and coverage, for one more year i.e. upto March 31, 2021. The extension shall take effect from April 01, 2020 and end on March 31, 2021 covering a period of one year.

The extant operational instructions issued by the RBI under the captioned Scheme shall continue to remain in force upto March 31, 2021.

For more details- <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/231IESB366F6A1C1074B599555190440E745DF.PDF>

# Scheme for Development of Knitting and Knitwear Sector under Powertex

The exporters may avail various benefits under this schemes as the scheme is focused on infrastructure development, access to credit, common facilities required in the cluster, raw material price fluctuation etc. for Knitting and Knitwear industry/sector.

For more details-

<http://aepcindia.com/system/files/pdf/Scheme%20for%20Knitting%20and%20Knitwear%20Sector.pdf>

# Important Links

- AEPC INITIATIVES FOR APPAREL EXPORTERS & APPEAL TO GOVERNMENT To Mitigate & Combat the impact of Covid-19

<http://aepecindia.com/system/files/pdf/AEPC%20Mailer%203%20May%202020.pdf>

- Notification/circular related to Covid-19 for the trade

<http://aepecindia.com/covid-19-updates>

- Presentation made by Union Finance Minister for MSMEs of 13<sup>th</sup> May, 2020

<https://static.pib.gov.in/WriteReadData/userfiles/Aatmanirbhar%20Presentation%20Part-1%20Business%20including%20MSMEs%2013-5-2020.pdf>