



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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Master Direction FIDD.MSME & NFS.3/06.02.31/2016-17

July 21, 2016

The Chairman/Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(excluding Regional Rural Banks)

Dear Sir / Madam

Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector

As you are aware, the Reserve Bank of India has, from time to time, issued a number of guidelines / instructions / circulars / directives to banks in the matters relating to lending to Micro, Small & Medium Enterprises Sector. The Master Direction enclosed incorporates the updated guidelines / instructions / circulars on the subject. The list of circulars consolidated in this Master Direction is indicated in the *Appendix*. The Direction will be updated from time to time as and when fresh instructions are issued. This Master Direction has been placed on the RBI website at www.rbi.org.in.

2. Please acknowledge receipt.

Yours faithfully

(Jose J. Kattoor)
Chief General Manager

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हिंदी आसान है, इसका प्रयोग बढ़ाइए।

“चेतावनी : मेल रिज़र्व बैंक द्वारा-डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।”

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Master Direction – Reserve Bank of India [Lending to Micro, Small & Medium Enterprises (MSME) Sector] - Directions, 2016

In exercise of the powers conferred by Sections 21 and 35 A of the Banking Regulation Act, 1949, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

CHAPTER – I PRELIMINARY

1.1 Short Title and Commencement

(a) These Directions shall be called the Reserve Bank of India [Lending to Micro, Small & Medium Enterprises (MSME) Sector] Directions, 2016.

(b) These Directions shall come into effect on the day they are placed on the official website of the Reserve Bank of India.

1.2 Applicability

The provisions of these Directions shall apply to every Scheduled Commercial Bank {excluding Regional Rural Banks (RRBs)} licensed to operate in India by the Reserve Bank of India.

1.3 Definitions/ Clarifications

In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them as below:

(a) The MSMED Act, 2006 means ‘Micro, Small and Medium Enterprises Development (MSMED) Act, 2006’ as notified by the Government of India on June 16, 2006 and the amendments, if any, carried out therein by the Government of India from time to time.

(b) ‘Micro, Small and Medium Enterprises’ mean the enterprises as defined in the MSMED Act, 2006 and the amendments, if any, carried out therein by the Government of India from time to time.

(c) ‘Manufacturing’ and ‘Service’ Enterprises mean the enterprises as defined in the MSMED Act, 2006 or as notified by the Government of India, Ministry of MSME under the MSMED Act, 2006 from time to time.

(d) 'Priority Sector' means the sectors as defined in Master Direction - Reserve Bank of India (Priority Sector Lending –Targets and Classification) Directions, 2016 dated July 7, 2016 or as modified from time to time.

(e) 'Adjusted Net Bank Credit (ANBC)' would mean Adjusted Net Bank Credit (ANBC) as defined in Master Direction - Reserve Bank of India (Priority Sector Lending –Targets and Classification) Directions, 2016 dated July 7, 2016 or as modified from time to time.

CHAPTER – II

2 Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and notified the same vide Gazette Notification dated June 16, 2006. With the enactment of MSMED Act 2006, the paradigm shift that has taken place is the inclusion of the services sector in the definition of Micro, Small & Medium enterprises, apart from extending the scope to medium enterprises. The MSMED Act, 2006 has modified the definition of micro, small and medium enterprises engaged in manufacturing or production and providing or rendering of services. The Reserve Bank has notified the changes to all scheduled commercial banks. Further, the definition, as per the Act, has been adopted for purposes of bank credit vide RBI [circular ref. RPCD.PLNFS. BC.No.63/ 06.02.31/ 2006-07 dated April 4, 2007](#).

2.1 Definition of Micro, Small and Medium Enterprises

(a) Manufacturing Enterprises i.e. Subject to the definition in MSMED Act, 2006, manufacturing enterprises would mean enterprises engaged in the manufacture or production of goods as specified below:

(i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh;

(ii) A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore; and

(iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

In case of the above enterprises, investment in plant and machinery is the original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its [notification No.S.O. 1722\(E\) dated October 5, 2006 \(Annex I\)](#).

(b) Service Enterprises i.e. Enterprises engaged in providing or rendering of services and whose investment in equipment (original cost excluding land and building and furniture, fittings

and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006) as specified below:

(i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 lakh;

(ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs. 2 crore; and

(iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

2.2 Priority Sector Guidelines for MSME sector

In terms of [Master Direction FIDD.CO.Plan.1/04.09.01/2016-17 dated July 7, 2016](#) on 'Priority Sector Lending - Targets and Classification', bank loans to Micro, Small and Medium Enterprises, for both Manufacturing and Service sectors are eligible to be classified under the Priority Sector as per the following norms:

2.2.1 Manufacturing Enterprises

The Micro, Small and Medium Enterprises engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time. The Manufacturing Enterprises are defined in terms of investment in plant and machinery.

2.2.2 Service Enterprises

Bank loans up to Rs.5 crore per borrower / unit to Micro and Small Enterprises and Rs.10 crore to Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006.

2.3 Khadi and Village Industries Sector (KVI)

All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 percent prescribed for Micro Enterprises under priority sector.

2.4 Bank loans to food and agro processing units shall form part of agriculture.

2.5 Other Finance to MSMEs

(i) Loans to entities involved in assisting the decentralized sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries.

- (ii) Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries.
- (iii) Loans sanctioned by banks to MFIs for on-lending to MSME sector as per the conditions specified in the extant Master Direction on 'Priority Sector Lending - Targets and Classification'.
- (iv) Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card, and Weaver's Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals).
- (v) Overdrafts extended by banks after April 8, 2015 up to Rs.5,000/- under Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts provided the borrower's household annual income does not exceed Rs.100,000/- for rural areas and Rs.1,60,000/- for non-rural areas. These overdrafts will qualify as achievement of the target for lending to Micro Enterprises.
- (vi) Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.

2.6 To ensure that MSMEs do not remain small and medium units merely to remain eligible for priority sector status, the MSME units shall continue to enjoy the priority sector lending status up to three years after they grow out of the MSME category concerned.

2.7 Since the MSMED Act, 2006 does not provide for clubbing of investments of different enterprises set up by same person / company for the purpose of classification as Micro, Small and Medium enterprises, the Gazette Notification No. S.O.2 (E) dated January 1, 1993 on clubbing of investments of two or more enterprises under the same ownership for the purpose of classification of industrial undertakings as SSI has been rescinded vide GOI Notification No. S.O. 563 (E) dated February 27, 2009.

CHAPTER - III

3 Targets / sub-targets for lending to Micro, Small and Medium Enterprises (MSME) sector by Domestic Commercial Banks and Foreign Banks operating in India

3.1 Advances to Micro, Small and Medium Enterprises (MSME) sector shall be reckoned in computing achievement under the overall Priority Sector target of 40 percent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher, as per the extant guidelines on priority sector lending.

3.2 Domestic Commercial Banks are required to achieve a sub-target of 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for lending to Micro Enterprises **by March 2017**. The sub-target for Micro Enterprises for foreign banks with

20 branches and above operating in India would be made applicable post 2018 after a review in 2017. However, this sub-target for lending to Micro Enterprises is not applicable to foreign banks with less than 20 branches operating in India.

3.3 Bank loans above Rs.5 crore per borrower / unit to Micro and Small Enterprises and Rs.10 crore to Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSMED Act, 2006, shall **not** be reckoned in computing achievement under the overall Priority Sector targets as above. However, bank loans above Rs.5 crore per borrower / unit to Micro and Small Enterprises would be taken into account while assessing the performance of the banks with regard to their achievement of targets prescribed by the Prime Minister's Task Force on MSMEs for lending to MSE sector.

3.4 In terms of the recommendations of the Prime Minister's Task Force on MSMEs, banks are advised to achieve:

- (i) 20 per cent year-on-year growth in credit to micro and small enterprises,
- (ii) 10 per cent annual growth in the number of micro enterprise accounts and
- (ii) 60% of total lending to MSE sector as on preceding March 31st to Micro enterprises

CHAPTER - IV

4 Common guidelines / instructions for lending to MSME sector

4.1 Issue of Acknowledgement of Loan Applications to MSME borrowers

Banks are advised to mandatorily acknowledge all loan applications, submitted manually or online, by their MSME borrowers and ensure that a running serial number is recorded on the application form as well as on the acknowledgement receipt. Banks are further advised to put in place a system of Central Registration of loan applications, online submission of loan applications and a system of e-tracking of MSE loan applications.

4.2 Collateral

Banks are mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans up to Rs. 10 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC.

Banks may, on the basis of good track record and financial position of the MSE units, increase the limit to dispense with the collateral requirement for loans up to Rs.25 lakh (with the approval of the appropriate authority).

Banks are advised to strongly encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, including making performance in this regard a criterion in the evaluation of their field staff.

4.3 Composite loan

A composite loan limit of Rs.1 crore can be sanctioned by banks to enable the MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.

4.4 Revised General Credit Card (GCC) Scheme

In order to enhance the coverage of GCC Scheme to ensure greater credit linkage for all productive activities within the overall Priority Sector guidelines and to capture all credit extended by banks to individuals for non-farm entrepreneurial activity, the GCC guidelines were revised on December 2, 2013.

4.5 Credit Linked Capital Subsidy Scheme (CLSS)

Government of India, Ministry of Micro, Small and Medium Enterprises had launched Credit Linked Capital Subsidy Scheme (CLSS) for Technology Upgradation of Micro and Small Enterprises subject to the following terms and conditions:

- (i) Ceiling on the loan under the scheme is Rs.1 crore.
- (ii) The rate of subsidy is 15% for all units of micro and small enterprises up to loan ceiling at Sr. No. (i) above.
- (iii) Calculation of admissible subsidy will be done with reference to the purchase price of plant and machinery instead of term loan disbursed to the beneficiary unit.
- (iv) SIDBI and NABARD will continue to be implementing agencies of the scheme.

4.6 Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle':

In order to provide timely financial support to Micro and Small enterprises facing financial difficulties during their 'Life Cycle', guidelines were issued to banks vide our [circular FIDD.MSME & NFS.BC.No.60/06.02.31/2015-16 dated August 27, 2015](#) on the captioned subject. Banks are advised to review and tune their existing lending policies to the MSE sector by incorporating therein the following provisions so as to facilitate timely and adequate availability of credit to viable MSE borrowers especially during the need of funds in unforeseen circumstances:

- i) To extend standby credit facility in case of term loans

- ii) Additional working capital to meet with emergent needs of MSE units
- iii) Mid-term review of the regular working capital limits, where banks are convinced that changes in the demand pattern of MSE borrowers require increasing the existing credit limits of the MSMEs, every year based on the actual sales of the previous year.
- iv) Timelines for Credit Decisions

4.7 Debt Restructuring Mechanism for MSMEs

(i) All scheduled commercial banks are advised to follow the guidelines / instructions pertaining to SME Debt Restructuring, as contained in [circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015](#) on 'Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' and as updated from time to time.

(ii) In the light of the recommendations of the Working Group on Rehabilitation of Sick MSEs (Chairman: Dr. K.C. Chakrabarty), all commercial banks are advised vide our [circular RPCD. SME & NFS.BC.No.102/06.04.01/2008-09 dated May 4, 2009](#) to:

(a) put in place loan policies governing extension of credit facilities, Restructuring/Rehabilitation policy for revival of potentially viable sick units / enterprises (now read with guidelines on Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises issued on March 17, 2016) and non- discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector, with the approval of the Board of Directors and

(b) implement recommendations with regard to timely and adequate flow of credit to the MSE sector.

(iii) Banks are advised to give wide publicity to the One Time settlement scheme implemented by them, by placing it on the bank's website and through other possible modes of dissemination. They may allow reasonable time to the borrowers to submit the application and also make payment of the dues in order to extend the benefits of the scheme to eligible borrowers.

4.8 Framework for Revival and Rehabilitation of MSMEs

The Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015 had notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs. The Reserve Bank was advised to issue necessary instructions to banks for effective implementation and monitoring of the said Framework. After carrying out certain changes in the captioned Framework in consultation with the Government of India, Ministry of MSME so as to make it compatible with the existing regulatory guidelines on 'Income Recognition, Asset

Classification and provisioning pertaining to Advances' issued to banks by RBI, the guidelines on the captioned Framework along with operating instructions were issued to banks on March 17, 2016. The revival and rehabilitation of MSME units having loan limits up to Rs.25 crore would be undertaken under this Framework. Banks were required to put in place their own Board approved policy to operationalize the Framework not later than June 30, 2016. The revised Framework supersedes our earlier Guidelines on Rehabilitation of Sick Micro and Small Enterprises issued vide our [circular RPCD. CO. MSME & NFS.BC.40/06.02.31/2012-2013 dated November 1, 2012](#), except those relating to Reliefs and Concessions for Rehabilitation of Potentially Viable Units and One Time Settlement, mentioned in the said circular.

The salient features of the Framework are as under:

- i) Before a loan account of an MSME turns into a Non-Performing Asset (NPA), banks or creditors should identify incipient stress in the account by creating three sub-categories under the Special Mention Account (SMA) category as given in the Framework
- ii) Any MSME borrower may also voluntarily initiate proceedings under this Framework
- iii) Committee approach to be adopted for deciding corrective action plan
- iv) Time lines have been fixed for taking various decisions under the Framework

4.9 Structured Mechanism for monitoring the credit growth to the MSE sector

In view of the concerns emerging from the deceleration in credit growth to the MSE sector, an Indian Banking Association (IBA)-led Sub-Committee (Chairman: Shri K.R. Kamath) was set up to suggest a structured mechanism to be put in place by banks to monitor the entire gamut of credit related issues pertaining to the sector. Based on the recommendations of the Committee, banks are advised to:

- strengthen their existing systems of monitoring credit growth to the sector and put in place a system-driven comprehensive performance management information system (MIS) at every supervisory level (branch, region, zone, head office) which should be critically evaluated on a regular basis;
- put in place a system of e-tracking of MSE loan applications and monitor the loan application disposal process in banks, giving branch-wise, region-wise, zone-wise and State-wise positions. The position in this regard is to be displayed by banks on their websites; and
- monitor timely rehabilitation of sick MSE units. The progress in rehabilitation of sick MSE units is to be made available on the website of banks.

Detailed guidelines were issued to the scheduled commercial banks vide our [circular RPCD. MSME&NFS.BC.No.74/06.02.31/2012-13 dated May 9, 2013](#).

Chapter - V

5 Institutional arrangements

5.1 Specialised MSME branches

Public sector banks are advised to open at least one specialised branch in each district. Further, banks have been permitted to categorise their general banking branches having 60% or more of their advances to MSME sector as specialized MSME branches in order to encourage them to open more specialised MSME branches for providing better service to this sector as a whole. As per the policy package announced by the Government of India for stepping up credit to MSME sector, the public sector banks would ensure specialized MSME branches in identified clusters/centres with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise. The existing specialised SSI branches, if any, may also be redesignated as MSME branches. Though their core competence will be utilized for extending finance and other services to MSME sector, they will have operational flexibility to extend finance/render other services to other sectors/borrowers. Banks may take care to train the officials posted in such branches appropriately.

5.2 State Level Inter Institutional Committee (SLIIC)

In order to deal with the problems of co-ordination for rehabilitation of sick micro and small units, State Level Inter-Institutional Committees were set up in the States. However, the matter of continuation or otherwise, of the SLIIC Forum has been left to the individual States / Union Territory. The meetings of these Committees are convened by Regional Offices of RBI and presided over by the Secretary, MSME or Industry of the concerned State Government. It provides a useful forum for adequate interfacing between the State Government Officials and State Level Institutions on the one side and the term lending institutions and banks on the other. It closely monitors timely sanction of working capital to units which have been provided term loans by SFCs, implementation of special schemes such as Margin Money Scheme of State Government and reviews general problems faced by industries and sickness in MSE sector based on the data furnished by banks. Among others, the representatives of the local state level MSE associations are invited to the meetings of SLIIC which are held quarterly.

5.3 Empowered Committee on MSMEs

As part of the announcement made by the Union Finance Minister, at the Regional Offices of Reserve Bank of India, Empowered Committees on MSMEs are constituted under the Chairmanship of the Regional Directors with the representatives of SLBC Convenor, senior level officers from two banks having predominant share in MSME financing in the state, representative of SIDBI Regional Office, the Director of MSME or Industries of the State Government, one or two senior level representatives from the MSME Associations in the state,

and a senior level officer from SFC/SIDC as members. The Committee would meet periodically and review the progress in MSME financing as also rehabilitation of sick Micro, Small and Medium units. It would also coordinate with other banks/financial institutions and the state government in removing bottlenecks, if any, to ensure smooth flow of credit to the sector. The committees may decide the need to have similar committees at cluster/district levels.

5.4 Banking Codes and Standards Board of India (BCSBI)

The Banking Codes and Standards Board of India (BCSBI) has formulated a Code of Bank's Commitment to Micro and Small Enterprises. This is a voluntary Code, which sets minimum standards of banking practices for banks to follow when they are dealing with Micro and Small Enterprises (MSEs) as defined in the Micro Small and Medium Enterprises Development (MSMED) Act, 2006. It provides protection to MSE and explains how banks are expected to deal with MSE for their day to-day operations and in times of financial difficulty.

The Code also mentions, inter alia, that the banks are expected to dispose of MSE loan application for a credit limit or enhancement in the existing credit limit up to Rs.5 lakh within two weeks; and for credit limit above Rs.5 lakh and up to Rs.25 lakh within 3 weeks; and for credit limit above Rs.25 lakh within 6 weeks from the date of receipt, provided the application is complete in all respects and is accompanied by documents as per 'check list' provided.

While banks may voluntarily adhere to such time limits in the Code, every effort should be taken to reduce further the time taken to process and dispose of MSE loan applications.

The Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and banks will comply with such instructions /directions issued by the RBI from time to time.

5.4.1 Objectives of the BCSBI Code

The Code is developed to:

- (a) Give a positive thrust to the MSE sector by providing easy access to efficient banking services.
- (b) Promote good and fair banking practices by setting minimum standards in dealing with MSE.
- (c) Increase transparency so that a better understanding of what can reasonably be expected of the services.
- (d) Improve understanding of business through effective communication.
- (e) Encourage market forces, through competition, to achieve higher operating standards.
- (f) Promote a fair and cordial relationship between MSE and banks and also ensure timely and quick response to banking needs.
- (g) Foster confidence in the banking system.

The complete text of the Code is available at the BCSBI's website (www.bcsbi.org.in)

5.5 Micro and Small Enterprises Sector – The imperative of Financial Literacy and consultancy support

Keeping in view the high extent of financial exclusion in the MSME sector, it is imperative for banks that the excluded units are brought within the fold of the formal banking sector. The lack of financial literacy, operational skills, including accounting and finance, business planning etc. represent formidable challenge for MSE borrowers underscoring the need for facilitation by banks in these critical financial areas. Moreover, MSE enterprises are further handicapped in this regard by absence of scale and size. To effectively and decisively address these handicaps, Scheduled commercial banks were advised vide our [circular RPCD.MSME & NFS.BC.No.20/06.02.31/2012-13 dated August 1, 2012](#) that they could either separately set up special cells at their branches, or vertically integrate this function in the Financial Literacy Centres (FLCs) set up by them, as per their comparative advantage. The bank staff should also be trained through customised training programs to meet the specific needs of the sector.

5.6 Cluster Approach

All SLBC Convenor banks are advised to incorporate in their Annual Credit Plans, the credit requirement in the clusters identified by the Ministry of Micro, Small and Medium Enterprises, Government of India. They are also encouraged to extend banking services in such clusters / agglomerations which have come up and identified subsequently by SLBC / DCC members.

(i) As per Ganguly Committee recommendations (September 4, 2004), banks are advised that a full-service approach to cater to the diverse needs of the SSI sector (now MSE sector) may be achieved through extending banking services to recognized MSE clusters by adopting a 4-C approach namely, Customer focus, Cost control, Cross sell and Contain risk. A cluster based approach to lending may be more beneficial:

- (a) in dealing with well-defined and recognized groups;
- (b) availability of appropriate information for risk assessment and
- (c) monitoring by the lending institutions.

Clusters may be identified based on factors such as trade record, competitiveness and growth prospects and/or other cluster specific data.

(ii) All SLBC Convenor banks were advised vide letter RPCD.PLNFS.No.10416/06.02.31/2006-07 dated May 8, 2007 to review their institutional arrangements for delivering credit to the MSME sector, especially in 388 clusters identified by United Nations Industrial Development Organisation (UNIDO) spread over 21 states in various parts of the country. A list of SME clusters as identified by UNIDO has been furnished in Annex II.

(iii) The Ministry of Micro, Small and Medium Enterprises has approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro and Small Enterprises Cluster Development Programme (MSE-CDP) located in 121 Minority Concentration Districts. Accordingly, appropriate measures have been taken to improve the credit flow to the identified clusters of micro and small entrepreneurs from the Minority Communities residing in the minority concentrated districts of the country.

(iv) In terms of recommendations of the Prime Minister's Task Force on MSMEs banks should open more MSE focused branch offices at different MSE clusters which can also act as Counselling Centres for MSEs. Each lead bank of a district may adopt at least one MSE cluster.

5.7 Delayed Payment

In the Micro, Small and Medium Enterprises Development (MSMED), Act 2006, the provisions of the Interest on Delayed Payment Act, 1998 to Small Scale and Ancillary Industrial Undertakings, have been strengthened as under:

(i) The buyer has to make payment to the supplier on or before the date agreed upon between him and the supplier in writing or, in case of no agreement, before the appointed day. The period agreed upon between the supplier and the buyer shall not exceed forty five days from the date of acceptance or the day of deemed acceptance.

(ii) In case the buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank.

(iii) For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at (ii) above.

(iv) In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government.

Further, banks are advised to fix sub-limits within the overall working capital limits to the large borrowers specifically for meeting the payment obligation in respect of purchases from MSMEs.

CHAPTER - VI

6 Committees on flow of Credit to MSE sector

6.1 Report of the High Level Committee on Credit to SSI (now MSE) (Kapur Committee)

Reserve Bank of India had appointed a one-man High Level Committee (June 30, 1998) headed by Shri S L Kapur, (IAS, Retd.), Former Secretary, Government of India, Ministry of Industry to suggest measures for improving the delivery system and simplification of procedures for credit to SSI sector. The Committee made 126 recommendations covering wide range of areas pertaining to financing of SSI sector. These recommendations were examined by the RBI and it was decided to accept 88 recommendations which include the following important recommendations:

- (i) Delegation of more powers to branch managers to grant ad-hoc limits;
- (ii) Simplification of application forms;
- (iii) Freedom to banks to decide their own norms for assessment of credit requirements;
- (iv) Opening of more specialised SSI branches;
- (v) Enhancement in the limit for composite loans to Rs. 5 lakh. (*since enhanced to Rs.1 crore*);
- (vi) Banks to pay more attention to the backward states;
- (vii) Special programmes for training branch managers for appraising small projects;
- (viii) Banks to make customers grievance machinery more transparent and simplify the procedures for handling complaints and monitoring thereof.

All scheduled commercial banks were advised vide our circular was RPCD.No.PLNFS.BC.22 /06.02.31/98-99 dated August 28, 1998 to implement the Kapur Committee Recommendations.

6.2 Report of the Committee to Examine the Adequacy of Institutional Credit to SSI Sector (now MSE) and Related Aspects (Nayak Committee)

The Committee was constituted by Reserve Bank of India in December 1991 under the Chairmanship of Shri P. R. Nayak, the then Deputy Governor to examine the issues confronting SSIs (now MSE) in the matter of obtaining finance. The Committee submitted its report in 1992. All the major recommendations of the Committee have been accepted and the banks have been, inter-alia, advised to:

- (i) give preference to village industries, tiny industries and other small scale units in that order, while meeting the credit requirements of the small scale sector;
- (ii) grant working capital credit limits to SSI (now MSE) units computed on the basis of minimum 20% of their estimated annual turnover whose credit limit in individual cases is upto Rs.2 crore [since raised to Rs.5 crore];

- (iii) ensure that there should not be any delay in sanctioning and disbursal of credit. In case of rejection/curtailment of credit limit of the loan proposal, a reference to higher authorities should be made;
- (iv) not to insist on compulsory deposit as a `quid pro-quo' for sanctioning the credit;
- (v) open specialised SSI (now MSE) bank branches or convert those branches which have a fairly large number of SSI (now MSE) borrowal accounts, into specialised SSI (now MSE) branches;
- (vi) standardise loan application forms for SSI (now MSE) borrowers; and
- (vii) impart training to staff working at specialised branches to bring about attitudinal change in them.

All scheduled commercial banks were advised vide our circular was RPCD.PLNFS/BC.No. 61/06.0262/2000-01 dated March 2, 2001 to implement the Nayak Committee Recommendations.

6.3 Report of the Working Group on Flow of Credit to SSI (now MSE) Sector (Ganguly Committee)

As per the announcement made by the Governor, Reserve Bank of India, in the Mid-Term Review of the Monetary and Credit Policy 2003-2004, a "Working Group on Flow of Credit to SSI sector" was constituted under the Chairmanship of Dr. A S Ganguly.

The Committee made 31 recommendations covering wide range of areas pertaining to financing of SSI sector. The recommendations pertaining to RBI and banks have been examined and RBI has accepted 8 recommendations so far and communicated to banks for implementation vide [circular RPCD.PLNFS.BC.28/06.02.31\(WG\)/2004-05 dated September 4, 2004](#) which are as under:

- (i) adoption of cluster based approach for financing MSME sector;
- (ii) sponsoring specific projects as well as widely publicising successful working models of NGOs by Lead Banks which service small and tiny industries and individual entrepreneurs;
- (iii) sanctioning of higher working capital limits by banks operating in the North East region to SSIs (now MSE) , based on their commercial judgment due to the peculiar situation of hilly terrain and frequent floods causing hindrance in the transportation system;

- (iv) exploring new instruments by banks for promoting rural industry and to improve the flow of credit to rural artisans, rural industries and rural entrepreneurs

6.4 Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C. Chakrabarty)

In the light of the recommendations of the Working Group on Rehabilitation of Sick MSEs (Chairman: Dr. K.C. Chakrabarty, the then CMD of Punjab National Bank), all commercial banks were advised vide our circular [RPCD. SME & NFS.BC.No.102/06.04.01/2008-09 dated May 4, 2009](#) to:

- a) put in place loan policies governing extension of credit facilities, Restructuring/Rehabilitation policy for revival of potentially viable sick units/enterprises and non- discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector, with the approval of the Board of Directors and
- b) implement the recommendations with regard to timely and adequate flow of credit to the MSE sector as detailed in the aforesaid circular.

Banks were also advised vide above circular dated May 4, 2009 to consider implementation of the recommendations, inter alia, that lending in case of all advances upto Rs 2 crores may be done on the basis of scoring model. Banks have further been advised vide [circular DBOD. Dir. BC.No.106/13.03.00/2013-14 dated April 15, 2014](#) to undertake a review of their loan policy governing extension of credit facilities to the MSE sector, with a view to using Board approved credit scoring models in their evaluation of the loan proposals of MSE borrowers.

6.5 Prime Minister's Task Force on Micro, Small and Medium Enterprises

A High Level Task Force was constituted by the Government of India (Chairman: Shri T K A Nair), in January 2010, to consider various issues raised by Micro, Small and Medium Enterprises (MSMEs). The Task Force recommended several measures having a bearing on the functioning of MSMEs, viz., credit, marketing, labour, exit policy, infrastructure/technology/skill development and taxation. The comprehensive recommendations cover measures that need immediate action as well as medium term institutional measures along with legal and regulatory structures and recommendations for North-Eastern States and Jammu & Kashmir.

Banks are urged to keep in view the recommendations made by the Task Force and take effective steps to increase the flow of credit to the MSE sector, particularly to the micro enterprises.

A circular was issued to all scheduled commercial banks vide [RPCD.SME&NFS BC.No. 90/06.02.31/2009-10 dated June 29, 2010](#) advising implementation of the recommendations of the Prime Minister's task Force on MSMEs.

6.6 Working Group to Review the Credit Guarantee Scheme for Micro and Small Enterprises

A Working Group was constituted by the Reserve Bank of India under the Chairmanship of Shri V.K. Sharma, Executive Director, to review the working of the Credit Guarantee Scheme (CGS) of CGTMSE and suggest measures to enhance its usage and facilitate increased flow of collateral free loans to MSEs.

The recommendations of the Working Group included, inter alia, mandatory doubling of the limit for collateral free loans to micro and small enterprises (MSEs) sector from Rs.5 lakh to Rs.10 lakh and enjoining upon the Chief Executive Officers of banks to strongly encourage the branch level functionaries to avail of the CGS cover and making performance in this regard a criterion in the evaluation of their field staff, etc. have been advised to all banks.

A circular was issued to all scheduled commercial banks vide [RPCD.SME&NFS.BC.No.79/06.02.31/2009-10 dated May 6, 2010](#) mandating them not to accept collateral security in the case of loans upto Rs 10 lakh extended to units in the MSE sector and advising them to strongly encourage their branch level functionaries to avail of the CGS cover, including making performance in this regard a criterion in the evaluation of their field staff.

**MINISTRY OF SMALL SCALE INDUSTRIES
NOTIFICATION**

New Delhi, the 5th October, 2006

S.O. 1722(E) – In exercise of the powers conferred by sub-section (1) of Section 7 of the MSMED Act, 2006 (27 of 2006) herein referred to as the said Act, the Central Government hereby specifies the following items, the cost of which shall be excluded while calculating the investment in plant and machinery in the case of the enterprises mentioned in Section 7(1)(a) of the said Act, namely:

- (i) equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
- (ii) installation of plant and machinery;
- (iii) research and development equipment and pollution controlled equipment
- (iv) power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board;
- (v) bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
- (vi) procurement or installation of cables, wiring, bus bars, electrical control panels (not mounted on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
- (vii) gas producer plants;
- (viii) transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of their manufacture to the site of the enterprise;
- (ix) charges paid for technical know-how for erection of plant and machinery;
- (x) such storage tanks which store raw material and finished products and are not linked with the manufacturing process; and
- (xi) firefighting equipment.

2. While calculating the investment in plant and machinery referred to in paragraph 1, the original price thereof, irrespective of whether the plant and machinery are new or second hand, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- (i) Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- (ii) Shipping charges;
- (iii) Customs clearance charges; and
- (iv) Sales tax or value added tax.

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**(F.No.4(1)/2006-MSME- Policy)
JAWHAR SIRCAR, Addl. Secy.**

Annex II

List of MSME Clusters in India (identified by UNIDO)				
S. No.	State	District	Location	Product
1	Andhra Pradesh	Anantpur	Rayadurg	Readymade Garments
2	Andhra Pradesh	Anantpur	Chitradurg	Jeans Garments
3	Andhra Pradesh	Chittoor	Nagari	Powerloom
4	Andhra Pradesh	Chittoor	Ventimalta, Srikalahasti, Chundur	Brass Utensils
5	Andhra Pradesh	East Godavari	East Godavari	Rice Mills
6	Andhra Pradesh	East Godavari	Rajahmundry	Graphite Crucibles
7	Andhra Pradesh	East Godavari	East Godavari	Coir & Coir Products
8	Andhra Pradesh	East Godavari	Rajahmundry	Aluminium Utensils
9	Andhra Pradesh	East Godavari & West Godavari	East Godavari (EG) & West Godavari	Refractory Products
10	Andhra Pradesh	Guntur	Guntur	Powerloom
11	Andhra Pradesh	Guntur	Guntur	Lime Calcination
12	Andhra Pradesh	Guntur	Macherla	Wooden Furniture
13	Andhra Pradesh	Hyderabad	Hyderabad	Ceiling Fan
14	Andhra Pradesh	Hyderabad	Hyderabad	Electronic Goods
15	Andhra Pradesh	Hyderabad	Hyderabad	Pharmaceuticals- Bulk Drugs
16	Andhra Pradesh	Hyderabad	Musheerabad	Leather Tanning
17	Andhra Pradesh	Hyderabad	Hyderabad	Hand Pumpsets
18	Andhra Pradesh	Hyderabad	Hyderabad	Foundry
19	Andhra Pradesh	Karimnagar	Sirsilla	Powerloom
20	Andhra Pradesh	Krishna	Machilipatnam	Gold Plating & Imitation Jewellery
21	Andhra Pradesh	Krishna	Vijayawada	Rice Mills
22	Andhra Pradesh	Krishna	Chundur, Kavadiguda, Charminar, Vijayawada	Steel Furniture
23	Andhra Pradesh	Kurnool	Adoni	Oil Mills
24	Andhra Pradesh	Kurnool	Kurnool	Artificial Diamonds
25	Andhra Pradesh	Kurnool, Cuddapah	Kurnool(Banaganapalle, Bethamcheria, Kolimigundla) Cuddapah	Polished Slabs
26	Andhra Pradesh	Prakasam	Markapuram	Stone Slate
27	Andhra Pradesh	Ranga Reddy	Balanagar, Jeedimetla & Kukatpally	Machine Tools
28	Andhra Pradesh	Srikakulam	Palasa	Cashew Processing
29	Andhra Pradesh	Visakhapatnam, East Godavari	Visakhapatnam, Kakinada	Marine Foods

30	Andhra Pradesh	Warangal	Warangal	Powerloom
31	Andhra Pradesh	Warangal	Warangal	Brassware
32	Andhra Pradesh	West Godavari	West Godavari	Rice Mills
33	Bihar	Begusarai	Barauni	Engineering & Fabrication
34	Bihar	Muzzafarpur	Muzzafarpur	Food Products
35	Bihar	Patna	Patna	Brass and German Silver Utensils
36	Chhattisgarh	Durg, Rajnandgaon, Raipur	Durg, Rajnandgaon, Raipur	Steel Re-rolling
37	Chhattisgarh	Durg, Raipur	Durg, Raipur	Castings & Metal Fabrication
38	Delhi	North West Delhi	Wazirpur, Badli	Stainless Steel Utensils & Cutlery
39	Delhi	South & West Delhi	Okhla, Mayapuri	Chemicals
40	Delhi	West & South	Naraina & Okhla	Electrical Engineering Equipment
41	Delhi	West & South	Naraina & Okhla	Electronic Goods
42	Delhi	North Delhi	Lawrence Road	Food Products
43	Delhi	South Delhi	Okhla, Wazirpur Flatted Factories Complex	Leather Products
44	Delhi	South, West Delhi	Okhla, Mayapuri, Anand Parbat	Mechanical Engineering Equipment
45	Delhi	West, South, East Delhi	Naraina, Okhla, Patparganj	Packaging Material
46	Delhi	West & South	Naraina & Okhla	Paper Products
47	Delhi	West & South	Naraina Udyog Nagar & Okhla	Plastic Products
48	Delhi	West, South, North West	Naraina, Okhla, Shivaji Marg, Najafgarh Road	Rubber Products
49	Delhi	North East Delhi	Shahdara & Vishwasnagar	Wire Drawing
50	Delhi	West & North West	Mayapuri & Wazirpur	Metal Fabrication
51	Delhi	West & North East	Kirtinagar & Tilak Nagar	Furniture
52	Delhi	North West Delhi	Wazirpur	Electro Plating
53	Delhi	South, West, North West & North West	Okhla, Mayapuri, Naraina, Wazirpur Badli & G.T. Karnal Road	Auto Components
54	Delhi	North East Delhi, East Delhi & South	Shahdara, Gandhinagar, Okhla & Maidangari	Hosiery
55	Delhi	South & North East	Okhla & Shahdara	Readymade Garments
56	Delhi	South Delhi	Okhla	Sanitary Fittings
57	Gujarat	Ahmedabad	Ahmedabad	Pharmaceuticals
58	Gujarat	Ahmedabad	Ahmedabad	Dyes & Intermediates
59	Gujarat	Ahmedabad	Ahmedabad	Moulded Plastic Products

60	Gujarat	Ahmedabad	Ahmedabad	Readymade Garments
61	Gujarat	Ahmedabad	Ahmedabad	Textile Machinery Parts
62	Gujarat	Ahmedabad	Ahmedabad, Dhanduka	Diamond Processing
63	Gujarat	Ahmedabad	Ahmedabad	Machine Tools
64	Gujarat	Ahmedabad	Ahmedabad	Castings & Forging
65	Gujarat	Ahmedabad	Ahmedabad	Steel Utensils
66	Gujarat	Ahmedabad	Ahmedabad	Wood Product & Furniture
67	Gujarat	Ahmedabad	Ahmedabad	Paper Products
68	Gujarat	Ahmedabad	Ahmedabad	Leather Footware
69	Gujarat	Ahmedabad	Ahmedabad	Washing Powder & Soap
70	Gujarat	Ahmedabad	Ahmedabad	Marble Slabs
71	Gujarat	Ahmedabad	Ahmedabad	Power Driven Pumps
72	Gujarat	Ahmedabad	Ahmedabad	Electronic Goods
73	Gujarat	Ahmedabad	Ahmedabad	Auto Parts
74	Gujarat	Amreli	Savarkundla	Weights & Measures
75	Gujarat	Amreli, Juna Garh, Rajkot	Amreli Juna Garh Rajkot belt	Oil Mills Machinery
76	Gujarat	Bhavnagar	Alang	Ship Breaking
77	Gujarat	Bhavnagar	Bhavnagar	Steel Re-rolling
78	Gujarat	Bhavnagar	Bhavnagar	Machine Tools
79	Gujarat	Bhavnagar	Bhavnagar	Plastic Processing
80	Gujarat	Bhavnagar	Bhavnagar	Diamond Processing
81	Gujarat	Gandhinagar	Kalol	Powerloom
82	Gujarat	Jamnagar	Jamnagar	Brass Parts
83	Gujarat	Jamnagar	Jamnagar	Wood Product & Furniture
84	Gujarat	Mahesana	Vijapur	Cotton Cloth Weaving
85	Gujarat	Rajkot	Dhoraji, Gondal, Rajkot	Oil Mills
86	Gujarat	Rajkot	Jetpur	Textile Printing
87	Gujarat	Rajkot	Morvi & Wankaner	Flooring Tiles(Clay)
88	Gujarat	Rajkot	Morvi	Wall Clocks
89	Gujarat	Rajkot	Rajkot	Diesel Engines
90	Gujarat	Rajkot	Rajkot	Electric Motors
91	Gujarat	Rajkot	Rajkot	Castings & Forging
92	Gujarat	Rajkot	Rajkot	Machine Tools
93	Gujarat	Rajkot	Rajkot	Diamond Processing
94	Gujarat	Surat	Surat, Choryasi	Diamond Processing
95	Gujarat	Surat	Surat	Powerloom
96	Gujarat	Surat	Surat	Wood Product & Furniture

97	Gujarat	Surat	Surat	Textile Machinery
98	Gujarat	Surendranagar	Surendranagar & Thangadh	Ceramics
99	Gujarat	Surendranagar	Chotila	Sanitary Fittings
100	Gujarat	Vadodara	Vadodara	Pharmaceuticals- Bulk Drugs
101	Gujarat	Vadodara	Vadodara	Plastic Processing
102	Gujarat	Vadodara	Vadodara	Wood Product & Furniture
103	Gujarat	Valsad	Pardi	Dyes & Intermediates
104	Gujarat	Valsad/ Bharuch	Vapi/Ankleshwar	Chemicals
105	Gujarat	Valsad/ Bharuch	Vapi/Ankleshwar	Pharmaceuticals- Bulk Drugs
106	Goa	South Goa	Margao	Pharmaceutical
107	Haryana	Ambala	Ambala	Mixies & Grinders
108	Haryana	Ambala	Ambala	Scientific Instruments
109	Haryana	Bhiwani	Bhiwani	Powerloom
110	Haryana	Bhiwani	Bhiwani	Stone Crushing
111	Haryana	Faridabad	Faridabad	Auto Components
112	Haryana	Faridabad	Faridabad	Engineering Cluster
113	Haryana	Faridabad	Faridabad	Stone Crushing
114	Haryana	Gurgaon	Gurgaon	Auto Components
115	Haryana	Gurgaon	Gurgaon	Electronic Goods
116	Haryana	Gurgaon	Gurgaon	Electrical Engineering Equipment
117	Haryana	Gurgaon	Gurgaon	Readymade Garments
118	Haryana	Gurgaon	Gurgaon	Mechanical Engineering Equipment
119	Haryana	Kaithal	Kaithal	Rice Mills
120	Haryana	Karnal	Karnal	Agricultural Implements
121	Haryana	Karnal, Kurukshetra, Panipat	Karnal, Kurukshetra, Panipat	Rice Mills
122	Haryana	Panchkula	Pinjore	Engineering Equipment
123	Haryana	Panchkula	Panchkula	Stone Crushing
124	Haryana	Panipat	Panipat	Powerloom
125	Haryana	Panipat	Panipat	Shoddy Yarn
126	Haryana	Panipat	Samalkha	Foundry
127	Haryana	Panipat	Panipat	Cotton Spinning
128	Haryana	Rohtak	Rohtak	Nuts/ Bolts
129	Haryana	Yamuna Nagar	Yamuna Nagar	Plywood/Board/Blackboard
130	Haryana	Yamunanagar	Jagadhri	Utensils
131	Himachal Pradesh	Kullu & Sirmaur	Kullu & Sirmaur	Food Processing

132	Himachal Pradesh	Kangra	Damtal	Stone Crushing
133	Himachal Pradesh	Solan	Parwanoo	Engineering Equipment
134	Jammu & Kashmir	Anantnag	Anantnag	Cricket Bat
135	Jammu & Kashmir	Jammu	Jammu	Steel Re-rolling
136	Jammu & Kashmir	Jammu/ Kathua	Jammu/ Kathua	Oil Mills
137	Jammu & Kashmir	Jammu/ Kathua	Jammu/ Kathua	Rice Mills
138	Jammu & Kashmir	Srinagar	Srinagar	Timber Joinery/ Furniture
139	Jharkhand	Sarikela-Kharsawan	Adityapur	Auto Components
140	Jharkhand	East Singhbhum	Jamshedpur	Engineering & Fabrication
141	Jharkhand	Bokaro	Bokaro	Engineering & Fabrication
142	Karnataka	Bangalore	Bangalore	Machine Tools
143	Karnataka	Bangalore	Bangalore	Powerloom
144	Karnataka	Bangalore	Bangalore	Electronic Goods
145	Karnataka	Bangalore	Bangalore	Readymade Garments
146	Karnataka	Bangalore	Bangalore	Light Engineering
147	Karnataka	Bangalore	Bangalore	Leather Products
148	Karnataka	Belgaum	Belgaum	Foundry
149	Karnataka	Belgaum	Belgaum	Powerloom
150	Karnataka	Bellary	Bellary	Jeans Garments
151	Karnataka	Bijapur	Bijapur	Oil Mills
152	Karnataka	Dharwad	Hubli, Dharwad	Agriculture Implements and Tractor Trailer
153	Karnataka	Gadag	Gadag Betgeri	Powerloom
154	Karnataka	Gulburga	Gulburga Gadagh belt	Dal Mills
155	Karnataka	Hassan	Arasikara	Coir & Coir Products
156	Karnataka	Mysore	Mysore	Food Products
157	Karnataka	Mysore	Mysore	Silk
158	Karnataka	Raichur	Raichur	Leather Products
159	Karnataka	Shimoga	Shimoga	Rice Mills
160	Karnataka	South Kannada	Mangalore	Food Products
161	Kerala	Alappuzha	Alappuzha	Coir & Coir Products
162	Kerala	Ernakulam	Ernakulam	Rubber Products
163	Kerala	Ernakulam	Ernakulam	Powerloom
164	Kerala	Ernakulam	Kochi	Sea Food Processing
165	Kerala	Kannur	Kannur	Powerloom
166	Kerala	Kollam	Kollam	Coir & Coir Products
167	Kerala	Kottayam	Kottayam	Rubber Products
168	Kerala	Mallappuram	Mallappuram	Powerloom

169	Kerala	Palakkad	Palakkad	Powerloom
170	Kerala		Faizlure	Powerloom
171	Maharashtra	Ahmednagar	Ahmednagar	Auto Components
172	Maharashtra	Akola	Akola	Oil Mills (Cotton seed)
173	Maharashtra	Akola	Akola	Dal Mills
174	Maharashtra	Aurangabad	Aurangabad	Auto Components
175	Maharashtra	Aurangabad	Aurangabad	Pharmaceuticals- Bulk Drugs
176	Maharashtra	Bhandara	Bhandara	Rice Mills
177	Maharashtra	Chandrapur	Chandrapur	Roofing Tiles
178	Maharashtra	Chandrapur	Chandrapur	Rice Mills
179	Maharashtra	Dhule	Dhule	Chilly Powder
180	Maharashtra	Gadchiroli	Gadchiroli	Castings & Forging
181	Maharashtra	Gadchiroli	Gadchiroli	Rice Mills
182	Maharashtra	Gondia	Gondiya	Rice Mills
183	Maharashtra	Jalgaon	Jalgaon	Dal Mills
184	Maharashtra	Jalgaon	Jalgaon	Agriculture Implements
185	Maharashtra	Jalna	Jalna	Engineering Equipment
186	Maharashtra	Kolhapur	Kolhapur	Diesel Engines
187	Maharashtra	Kolhapur	Kolhapur	Foundry
188	Maharashtra	Kolhapur	Ichalkaranji	Powerloom
189	Maharashtra	Mumbai	Mumbai	Electronic Goods
190	Maharashtra	Mumbai	Mumbai	Pharmaceutical - Basic Drugs
191	Maharashtra	Mumbai	Mumbai	Toys (Plastic)
192	Maharashtra	Mumbai	Mumbai	Readymade Garments
193	Maharashtra	Mumbai	Mumbai	Hosiery
194	Maharashtra	Mumbai	Mumbai	Machine Tools
195	Maharashtra	Mumbai	Mumbai	Engineering Equipment
196	Maharashtra	Mumbai	Mumbai	Chemicals
197	Maharashtra	Mumbai	Mumbai	Packaging Material
198	Maharashtra	Mumbai	Mumbai	Handtools
199	Maharashtra	Mumbai	Mumbai	Plastic Products
200	Maharashtra	Nagpur	Nagpur	Powerloom
201	Maharashtra	Nagpur	Nagpur	Engineering & Fabrication
202	Maharashtra	Nagpur	Nagpur	Steel Furniture
203	Maharashtra	Nagpur	Nagpur(Butibori)	Readymade Garments
204	Maharashtra	Nagpur	Nagpur	Handtools
205	Maharashtra	Nagpur	Nagpur	Food Processing
206	Maharashtra	Nanded	Nanded	Dal Mills

207	Maharashtra	Nashik	Malegaon	Powerloom
208	Maharashtra	Nashik	Nashik	Steel Furniture
209	Maharashtra	Pune	Pune	Auto Components
210	Maharashtra	Pune	Pune	Electronic Goods
211	Maharashtra	Pune	Pune	Food Products
212	Maharashtra	Pune	Pune	Readymade Garments
213	Maharashtra	Pune	Pune	Pharmaceuticals- Bulk Drugs
214	Maharashtra	Pune	Pune	Fibre Glass
215	Maharashtra	Ratnagiri	Ratnagiri	Canned & Processed Fish
216	Maharashtra	Sangli	Sangli	M S Rods
217	Maharashtra	Sangli	Madhavanagar	Powerloom
218	Maharashtra	Satara	Satara	Leather Tanning
219	Maharashtra	Sholapur	Sholapur	Powerloom
220	Maharashtra	Sindhudurg	Sindhudurg	Cashew Processing
221	Maharashtra	Sindhudurg	Sindhudurg	Copper Coated Wires
222	Maharashtra	Thane	Bhiwandi	Powerloom
223	Maharashtra	Thane	Kalyan	Confectionery
224	Maharashtra	Thane	Vashind	Chemicals
225	Maharashtra	Thane	Tarapur, Thane-Belapur	Pharmaceuticals- Bulk Drugs
226	Maharashtra	Thane	Thane	Sea Food
227	Maharashtra	Wardha	Wardha	Solvent Oil
228	Maharashtra	Yavatmal	Yavatmal	Dal Mills
229	Madhya Pradesh	Bhopal	Bhopal	Engineering Equipment
230	Madhya Pradesh	Dewas	Dewas	Electrical Goods
231	Madhya Pradesh	East Nimar	Burhanpur	Powerloom
232	Madhya Pradesh	Indore	Indore	Pharmaceuticals-Bulk Drugs
233	Madhya Pradesh	Indore	Indore	Readymade Garments
234	Madhya Pradesh	Indore	Indore	Food Processing
235	Madhya Pradesh	Indore	Pithampur	Auto Components
236	Madhya Pradesh	Jabalpur	Jabalpur	Readymade Garments
237	Madhya Pradesh	Jabalpur	Jabalpur	Powerloom
238	Madhya Pradesh	Ujjain	Ujjain	Powerloom
239	Orissa	Balangir	Balangir	Rice Mills
240	Orissa	Balasore	Balasore	Rice Mills
241	Orissa	Balasore	Balasore	Powerloom
242	Orissa	Cuttack	Cuttack	Rice Mills
243	Orissa	Cuttack	Cuttack	Chemicals & Pharmaceuticals
244	Orissa	Cuttack	Cuttack (Jagatpur)	Engineering & Fabrication

245	Orissa	Cuttack	Cuttack	Spices
246	Orissa	Dhenkanal	Dhenkanal	Powerloom
247	Orissa	Ganjam	Ganjam	Powerloom
248	Orissa	Ganjam	Ganjam	Rice Mills
249	Orissa	Koraput	Koraput	Rice Mills
250	Orissa	Puri	Puri	Rice Mills
251	Orissa	Sambhalpur	Sambhalpur	Rice Mills
252	Punjab	Amritsar	Amritsar	Rice Mills
253	Punjab	Amritsar	Amritsar	Shoddy Yarn
254	Punjab	Amritsar	Amritsar	Powerloom
255	Punjab	Fatehgarh Sahib	Mandi Govindgarh	Steel Re-rolling
256	Punjab	Gurdaspur	Batala	Machine Tools
257	Punjab	Gurdaspur	Batala,Gurdaspur	Rice Mills
258	Punjab	Gurdaspur	Batala	Castings & Forging
259	Punjab	Jalandhar	Jalandhar	Sports Goods
260	Punjab	Jalandhar	Jalandhar	Agricultural Implements
261	Punjab	Jalandhar	Jalandhar	Handtools
262	Punjab	Jalandhar	Jalandhar	Rubber Goods
263	Punjab	Jalandhar	Kartarpur	Wooden Furniture
264	Punjab	Jalandhar	Jalandhar	Leather Tanning
265	Punjab	Jalandhar	Jalandhar	Leather Footwear
266	Punjab	Jalandhar	Jalandhar	Surgical Instruments
267	Punjab	Kapurthala	Kapurthala	Rice Mills
268	Punjab	Kapurthala	Phagwara	Diesel Engines
269	Punjab	Ludhiana	Ludhiana	Auto Components
270	Punjab	Ludhiana	Ludhiana	Bicycle Parts
271	Punjab	Ludhiana	Ludhiana	Hosiery
272	Punjab	Ludhiana	Ludhiana	Sewing M/C Components
273	Punjab	Ludhiana	Ludhiana	Industrial Fastners
274	Punjab	Ludhiana	Ludhiana	Handtools
275	Punjab	Ludhiana	Ludhiana	Machine Tools
276	Punjab	Ludhiana	Ludhiana	Forging
277	Punjab	Ludhiana	Ludhiana	Electroplating
278	Punjab	Moga	Moga	Wheat Threshers
279	Punjab	Patiala	Patiala	Agricultural Implements
280	Punjab	Patiala	Patiala	Cutting Tools
281	Punjab	Sangrur	Sangrur	Rice Mills
282	Rajasthan	Alwar,S. Madhopur,	Alwar, S. Madhopur	Oil Mills

		Bharatpur	Bharatpur belt	
283	Rajasthan	Ajmer	Kishangarh	Marbe Slabs
284	Rajasthan	Ajmer	Kishangarh	Powerloom
285	Rajasthan	Alwar	Alwar	Chemicals
286	Rajasthan	Bikaner	Bikaner	Papad Mangodi, Namkin
287	Rajasthan	Bikaner	Bikaner	Plaster of Paris
288	Rajasthan	Dausa	Mahuwa	Sand Stone
289	Rajasthan	Gaganagar	Ganganagar	Food Processing
290	Rajasthan	Jaipur	Jaipur	Gems & Jewellery
291	Rajasthan	Jaipur	Jaipur	Ball Bearing
292	Rajasthan	Jaipur	Jaipur	Electrical Engineering Equipment
293	Rajasthan	Jaipur	Jaipur	Food Products
294	Rajasthan	Jaipur	Jaipur	Garments
295	Rajasthan	Jaipur	Jaipur	Lime
296	Rajasthan	Jaipur	Jaipur	Mechanical Engineering Equipment
297	Rajasthan	Jhalawar	Jhalawar	Marble Slabs
298	Rajasthan	Nagaur	Nagaur	Handtools
299	Rajasthan	Sikar	Shikhawati	Wooden Furniture
300	Rajasthan	Sirohi	Sirohi	Marble Slabs
301	Rajasthan	Udaipur	Udaipur	Marble Slabs
302	Tamil Nadu	Chennai	Chennai	Auto components
303	Tamil Nadu	Chennai	Chennai	Leather Products
304	Tamil Nadu	Chennai	Chennai	Electroplating
305	Tamil Nadu	Coimbatore	Coimbatore	Diesel Engines
306	Tamil Nadu	Coimbatore	Coimbatore	Agricultural Implements
307	Tamil Nadu	Coimbatore	Tirupur	Hosiery
308	Tamil Nadu	Coimbatore	Coimbatore	Machine Tools
309	Tamil Nadu	Coimbatore	Coimbatore	Castings & Forging
310	Tamil Nadu	Coimbatore	Coimbatore, Palladam, Kannam Palayam	Powerloom
311	Tamil Nadu	Coimbatore	Coimbatore	Wet Grinding Machines
312	Tamil Nadu	Erode	Surampatti	Powerloom
313	Tamil Nadu	Karur	Karur	Powerloom
314	Tamil Nadu	Madurai	Madurai	Readymade Garments
315	Tamil Nadu	Madurai	Madurai	Rice Mills
316	Tamil Nadu	Madurai	Madurai	Dal Mills
317	Tamil Nadu	Namakkal	Thiruchengode	Rigs

318	Tamil Nadu	Salem	Salem	Readymade Garments
319	Tamil Nadu	Salem	Salem	Starch & Sago
320	Tamil Nadu	Thanjavur	Thanjavur	Rice Mills
321	Tamil Nadu	Tiruchirappalli	Tiruchirappalli	Engineering Equipment
322	Tamil Nadu	Tiruchirappalli	Tiruchirappalli (Rural)	Artificial Diamonds
323	Tamil Nadu	Tuticorin	Kovilpathi	Safety Matches
324	Tamil Nadu	Vellore	Ambur,Vaniyambadi, Pallar Valley	Leather Tanning
325	Tamil Nadu	Virdhunagar	Rajapalayam	Cotton Mills(Gauge Cloth)
326	Tamil Nadu	Virudhunagar	Virudhunagar	Tin Container
327	Tamil Nadu	Virudhunagar	Sivakasi	Printing
328	Tamil Nadu	Virudhunagar	Sivakasi	Safety Matches & Fire Works
329	Tamil Nadu	Virudhunagar	Srivilliputhur	Toilet Soap
330	Uttar Pradesh	Agra	Agra	Foundry
331	Uttar Pradesh	Agra	Agra	Leather Footwear
332	Uttar Pradesh	Agra	Agra	Mechanical Engineering Equipment
333	Uttar Pradesh	Aligarh	Aligarh	Brass & Gunmetal Statues
334	Uttar Pradesh	Aligarh	Aligarh	Locks
335	Uttar Pradesh	Aligarh	Aligarh	Building Hardware
336	Uttar Pradesh	Allahabad	Mau	Powerloom
337	Uttar Pradesh	Allahabad	Mau Aima	Leather Products
338	Uttar Pradesh	Banda	Banda	Powerloom
339	Uttar Pradesh	Bulandshahr	Khurja	Ceramics
340	Uttar Pradesh	Firozabad	Firozabad	Glass Products
341	Uttar Pradesh	Gautam Buddha Nagar	Noida	Electronic Goods
342	Uttar Pradesh	Gautam Buddha Nagar	Noida	Toys
343	Uttar Pradesh	Gautam Buddha Nagar	Noida	Chemicals
344	Uttar Pradesh	Gautam Buddha Nagar	Noida	Electrical Engineering Equipment
345	Uttar Pradesh	Gautam Buddha Nagar	Noida	Garments
346	Uttar Pradesh	Gautam Buddha Nagar	Noida	Mechanical Engineering Equipment
347	Uttar Pradesh	Gautam Buddha Nagar	Noida	Packaging Material
348	Uttar Pradesh	Gautam Buddha Nagar	Noida	Plastic Products

349	Uttar Pradesh	Ghaziabad	Ghaziabad	Chemicals
350	Uttar Pradesh	Ghaziabad	Ghaziabad	Mechanical Engineering Equipment
351	Uttar Pradesh	Ghaziabad	Ghaziabad	Packaging Material
352	Uttar Pradesh	Gorakhpur	Gorakhpur	Powerloom
353	Uttar Pradesh	Hathras	Hathras	Sheetwork (Globe, Lamp)
354	Uttar Pradesh	Jhansi	Jhansi	Powerloom
355	Uttar Pradesh	Kannauj	Kannauj	Perfumery & Essential Oils
356	Uttar Pradesh	Kanpur	Kanpur	Saddlery
357	Uttar Pradesh	Kanpur	Kanpur	Cotton Hosiery
358	Uttar Pradesh	Kanpur	Kanpur	Leather Products
359	Uttar Pradesh	Meerut	Meerut	Sports Goods
360	Uttar Pradesh	Meerut	Meerut	Scissors
361	Uttar Pradesh	Moradabad	Moradabad	Brassware
362	Uttar Pradesh	Muzaffarnagar	Muzaffarnagar	Rice Mills
363	Uttar Pradesh	Saharanpur	Saharanpur	Rice Mills
364	Uttar Pradesh	Saharanpur	Saharanpur	Woodwork
365	Uttar Pradesh	Varanasi	Varanasi	Sheetwork (Globe, Lamp)
366	Uttar Pradesh	Varanasi	Varanasi	Powerloom
367	Uttar Pradesh	Varanasi	Varanasi	Agricultural Implements
368	Uttar Pradesh	Varanasi	Varanasi	Electric Fan
369	Uttaranchal	Dehradun	Dehradun	Miniature Vacuum Bulb
370	Uttaranchal	Haridwar	Roorkee	Survey Instruments
371	Uttaranchal	Udham Singh Nagar	Rudrapur	Rice Mills
372	West Bengal	Bankura	Barjora	Fishing Hooks(Information awaited)
373	West Bengal	HMC & Bally Municipal area	Howrah	Foundry
374	West Bengal	Howrah	Bargachia, Mansinghapur, Hantal, Sahadatpur & Jagatballavpur	Locks
375	West Bengal	Howrah	HMC & Bally Municipal area Sevok Rd	Steel Re-rolling
376	West Bengal	Howrah	Domjur	Artificial & Real Jewellery
377	West Bengal	Cooch Bihar	Cooch Bihar-I, Tufanganj, Mathabangha, Mekhliganj	Sitalpati/ Furniture
378	West Bengal	Kolkata	Wellington, Khanpur	Electric Fans
379	West Bengal	Kolkata	Sovabazar, Cossipur	Hosiery
380	West Bengal	Kolkata	Metiaburuj Ward No. 138 to 141	Readymade Garments
381	West Bengal	Kolkata	Tiljala, Topsia, Phoolbagan	Leather Goods

382	West Bengal	Kolkata	Daspara(Ultadanga), Ahiritola	Dal Mills
383	West Bengal	Kolkata	Taltala, Lenin, Sarani	Mechanical Engineering Equipment
384	West Bengal	Kolkata	Bowbazar, Kalighat	Wood Products
385	West Bengal	Nadia	Matiary,Dharmada,Nabadwip	Bell/Metal Utensils
386	West Bengal	Nadia	Ranaghat	Powerloom
387	West Bengal	Purulia	Jhalda Proper, Purulia, Begunkodar & Tanasi	Handtools
388	West Bengal	South 24 Parganas	Kalyanpur, Purandarpur, Dhopagachi	Surgical Instruments

Appendix

List of Circulars consolidated by the Master Direction

No.	Circular No.	Date	Subject	Paragraph No.
1	FIDD.MSME & NFS.BC.No.21/06.02.31/2015-16	17/03/2016	Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs)	4.8
2	FIDD.MSME & NFS.BC.No.60/06.02.31/2015-16	27/08/2015	Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle'	4.6
3	Master Direction FIDD.CO.Plan.1/04.09.01/2016-17	07/07/2016	Priority Sector Lending - Targets and Classification	1.3(e)(f), 2.2,
4	RPCD.MSME & NFS.BC.No.61/06.02.31/2013-14	02/12/2013	Revised General Credit Card (GCC) Scheme	4.4
5	RPCD.MSME&NFS.BC.No.74/06.02.31/2012-13	09/05/2013	Structured Mechanism for monitoring the credit growth to the MSE sector	4.1, 4.9
6	RPCD.CO.MSME & NFS.BC.40/06.02.31/2012-2013	01/11/2012	Guidelines for Rehabilitation of Sick Micro and Small Enterprises	4.8
7	RPCD.MSME & NFS.BC.No.20/06.02.31/2012-13	01/08/2012	Micro and Small Enterprises Sector – The imperative of Financial Literacy and consultancy support	5.5
8	RPCD.MSME & NFS.BC.No.53/06.02.31/2011-12	04/01/2012	Issue of Acknowledgement of Loan Applications to MSME borrowers	4.1
9	RPCD.SME & NFS.BC.No.35/06.02.31 (P)/2010-11	06/12/2010	Ownership of units – Two or more undertakings under the same ownership – Status of the unit	2.7
10	RPCD.SME&NFS.No.90/06.02.31/2009-10	29/06/2010	Recommendations of the Prime Minister's High Level Task Force on MSMEs	3.4, 6.5
11	RPCD.SME&NFS.BC.No.79/06.02.31/2009-10	06/05/2010	Working Group to Review the Credit Guarantee Scheme for Micro and Small Enterprises (MSEs) - Collateral free loans to MSEs	6.6
12	RPCD.SME&NFS.No.9470/06.02.31 (P)/2009-10	11/03/2010	Sanction of Composite Loans to the Micro and Small Enterprises (MSE) sector	4.3
13	RPCD.SME & NFS.No.13657/06.02.31(P)/2008-09	18/06/2009	Collateral free loans to the units financed under PMEGP	4.2
14	RPCD.SME&NFS.BC.No.102/06.04.01/2008-09	04/05/2009	Credit delivery to the Micro and Small Enterprises Sector	6.4
17	RPCD,SME&NFS.No.12372/06.02.31(P)/2007-08	23/05/2008	Credit Linked Capital Subsidy Scheme	4.5
18	RPCD.PLNFS.BC.No.63/06.02.31/2006-07	04/04/2007	Credit flow to Micro, Small and Medium Enterprises Sector – Enactment of the Micro, Small and	2

			Medium Enterprises Development (MSMED), Act 2006	
19	RPCD.PLNFS.BC.28/06.02.31 (WG)/ 2004-05	04/09/2004	Working Group on Flow of Credit to SSI sector	6.3
20	RPCD.PLNFS.BC.39/06.02.80/2003-04	03/11/2003	Credit facilities for SSIs – Collateral Free Loans	4.2
21	DBOD.No.BL.BC.74/22.01.001/2002	11/03/2002	Conversion of General Banking Branches to Specialised SSI Branches	5.1
22	IECD.No.5/08.12.01/2000-01	16/10/2000	Flow of Credit to SSI Sector- Decision of the Group of Ministers	5.7
23	RPCD.No.PLNFS.BC.61/06.0262/2000-01	02/03/2001	Implementation of Nayak Committee Recommendations- Progress made by banks-Study of specialized SSI branches	6.2
24	RPCD.No.PLNFS.BC.22/06.02.31(ii) -98/99	28/08/1998	High Level Committee on SSI- Kapur Committee- Implementation of recommendations	6.1
