

Refinance – Scheme Specific Norms

(Please read together with refinance common norms)

1. Micro and Small Enterprises Refinance (MSER) Scheme

Sl. No.	Particulars	
1	Scheme	Micro and Small Enterprises Refinance (MSER) Scheme
2	Objective of scheme	To support Micro and Small Enterprises (MSEs) by facilitating flow of credit to the MSE sector by way of refinance of banks' lending to MSEs.
3	Rate of interest / Commercial Terms	<ul style="list-style-type: none"> ❖ Rate of interest is market determined. The rate of interest and other commercial terms would be negotiated, depending on market conditions. ❖ A charge of 2% p.a., along with applicable taxes over and above the applicable lending rate, will be levied, by way of penal charges, for defaults in payment of installments of principal, interest and other monies as per General Agreement.
4	Period of refinance	❖ Up to 5 years.
5	Periodicity for payment of Principal / Interest	<ul style="list-style-type: none"> ❖ Principal repayment: The repayment terms, including tenor, are negotiated with each bank, depending upon market conditions and requirements of the bank. ❖ Interest payment: Monthly. <i>However, if the due date of repayment falls on Saturday/ Sunday or Holiday under N.I. Act, the due date would shift to preceding working day.</i>

2. Refinance Scheme for Micro and Small Enterprises (RMSE)

Sl. No.	Particulars	
1	Scheme	Refinance Scheme for Micro and Small Enterprises (RMSE) has two components - 1) Refinance Scheme for Micro and Small Enterprises in Identified Credit Deficient Districts (RMSE-ICDD) - To address regional disparities by encouraging banks to lend in 196 Identified Credit Deficient Districts (ICDDs) as notified by RBI from time to time. 2) Refinance Scheme for Micro and Small Enterprises in non-ICDDs (RMSE-Regular) - Incentivizing banks' lending to Micro-Enterprises.
2	Fund	Reserve Bank of India (RBI) has been allocating MSE Refinance Fund (MRF) to SIDBI out of contributions made by banks having shortfall in achievement of Priority Sector Lending (PSL) targets/sub-targets. The MRF is utilised in extending refinance under RMSE.
3	Objective of scheme	To support Micro and Small Enterprises (MSEs) by facilitating flow of credit to the MSE sector at reasonable rate of interest by way of refinance banks' lending to MSEs.

4	Eligible Primary Lending Institutions (PLIs)	PLIs which have achieved their “PSL target for lending to Micro Enterprises in the previous FY” are eligible for refinance under RMSE-Regular component.
5	Final lending rate charged to end-borrowers by banks	<p>RMSE-Regular:</p> <ul style="list-style-type: none"> ❖ Up to 350 bps over the External Benchmark “10-year G-Sec yield”. <p>RMSE-ICDD:</p> <ul style="list-style-type: none"> ❖ Up to 450 bps over the External Benchmark “10-year G-Sec yield”. <p><i>Note:</i></p> <ul style="list-style-type: none"> • The yield as on the last day of the quarter may be used to consider the eligibility of Bank loans for refinance for the ensuing quarter. • The applicable yield for each quarter is hosted on SIDBI website.
6	Eligible refinance assistance	Loans disbursed by PLIs during the previous 12 months and outstanding as on the date of application can be covered for refinance.
7	Rate of interest	<ul style="list-style-type: none"> ❖ Linked to prevailing RBI Bank Rate and other applicable RBI guidelines. ❖ A charge of 2.00% p.a., along with applicable taxes over and above the applicable lending rate, will be levied, by way of penal charges, for defaults in payment of installments of principal, interest and other monies as per the General Agreement.
8	Period of refinance	❖ Upto 3 years or the maturity of the Fund, whichever is earlier.
9	Periodicity for payment of Principal / Interest	<ul style="list-style-type: none"> ❖ Principal repayment: At the end of tenure. ❖ Interest payment: Monthly <p><i>However, if the due date of repayment falls on Saturday/ Sunday or Holiday under N.I. Act, the due date would shift to preceding working day.</i></p>

Note: The above norms of the scheme are subject to changes made by Gol / RBI and the availability of funds allocated by RBI.

3. Refinance Assistance to Micro, Small and Medium Enterprises (MSMEs) for the Purpose of Export (RAMPE).

Sl. No.	Particulars	
1	Scheme	Refinance Assistance to Micro, Small and Medium Enterprises (MSMEs) for the Purpose of Export (RAMPE).
2	Objective of scheme	To support the MSMEs by facilitating flow of credit for the purpose of export.
3	Eligible Primary Lending Institutions (PLIs)	<ul style="list-style-type: none"> ❖ Scheduled Banks (Public Sector Banks, Private Sector Banks, Foreign Banks and Small Finance Banks) ❖ The financial assistance shall be within the borrowing limit / Power approved by the Board of the respective PLI.
4	Purpose of scheme	Refinance of loans and advances extended by PLIs to MSMEs for the purpose of export (viz. Term Loans, Pre-shipment / Post-shipment Credit Limits etc.).

5	Eligible underlying assets / End-borrowers	MSME end borrowers complying with the definition of Micro, Small and Medium Enterprises as per definition contained in Government of India (GoI), Gazette Notification S.O. 2119(E) dated June 26, 2020.
6	Eligible activities of End borrowers	<ul style="list-style-type: none">❖ MSME end borrowers should be involved in export related activities.❖ Banks to certify that the MSME end borrowers are engaged in export related activities.
7	Eligible refinance Assistance	In addition to the refinance norms common for all refinance schemes, the refinance assistance under RAMPE will be in Indian Rupees / Foreign Currency (subject to availability) depending upon the requirement of Banks against their underlying loans and advances to MSME end borrowers in Indian Rupees / Foreign Currency.
8	Rate of interest / Commercial Terms	<ul style="list-style-type: none">❖ The rate of interest is market determined. The rate of interest and other commercial, would be negotiated, depending on market conditions.❖ A charge of 2% p.a., along with applicable taxes over and above the applicable lending rate, will be levied, by way of penal charges, for defaults in payment of installments of principal, interest and other monies as per General Agreement.
9	Period of refinance	Up to 5 years.
10	Periodicity for payment of Principal / Interest	<ul style="list-style-type: none">❖ Principal repayment: The repayment terms, including tenor, are negotiated with each bank, depending upon market conditions and requirements of the bank.❖ Interest payment: Monthly❖ <i>However, if the due date of repayment falls on Saturday/ Sunday or Holiday under N.I. Act, the due date would shift to preceding working day.</i>
