

Interest Subvention Scheme for MUDRA – Shishu loans

Operational Modalities

- 1) The Department of Financial Services (DFS), Ministry of Finance (MoF), Govt. of India (GoI), vide their Circular F No. 27/09/2020 – IF-II dated June 26, 2020 has come out with the details of the captioned Scheme, which is attached at **Annexure I**.
- 2) Detailed operational modalities for submission of claim, etc. are explained below:
- 3) **Coverage**
 - a. All such Scheduled Commercial Banks (incl. Regional Rural Banks & Small Finance Banks), NBFCs-Investment & Credit Companies, NBFC-Micro Finance Institutions (MFIs) and other MFIs [hereinafter referred to as Member Lending Institutions (MLIs)] who have submitted data as on 31 March 2020 on the PMMY (both Performance & NPA) portal.
 - b. Regarding such MFIs, who have submitted their data (both Performance & NPA) on PMMY portal through Sa-Dhan, a confirmation regarding the same shall be obtained from Sa-Dhan. Further such MFIs shall register themselves on PMMY Portal for directly uploading of claim data.
- 4) **Claim submission**
 - a. All MLIs are responsible for submission of accurate data in compliance with the scheme. All claims, including reconciliation, have to be duly certified by the Statutory Auditor / Independent Chartered Accountant of the MLI after verifying each loan account, NPA status as above, and compliance to the scheme.
 - b. Each MLI shall submit one consolidated claim for their respective institution. For the purpose, each MLI is advised to route their claim through the Nodal Officer appointed for PMMY. In case of any change in name and other details of Nodal Officer / Authorized Officer, the same should be informed to SIDBI and MUDRA immediately.
 - c. The claim(s) are to be submitted to the General Manager, SIDBI. In view of the Covid scenario, scanned copy can be sent through E-mail, only from the dedicated E-mail id and claim shall be settled on the basis of the scanned copy. Original claim certificate shall be sent through registered post / courier separately.
 - d. MLI shall provide a dedicated bank account for releasing the claim amount. RTGS/NEFT to the said bank account of the MLI would be treated as Utilisation Certificate of the Fund. In case of any change in



the account, the same should be informed to SIDBI / MUDRA through the Authorized Officer immediately.

- e. Nodal offices of eligible MLIs should submit their claims to SIDBI along with Claim Certificate and data file as per formats in **Annexure III**. The data file may be submitted in MS Excel file. In case the data file is too large for MS Excel, the MLI may get in touch with SIDBI to ascertain the mechanism to submit the data. Hard copy of the data file is not required to be submitted.
- f. It is clarified that the data file is being called only for MIS purposes and shall not be used for any commercial purposes, without permission of the MLI.
- g. MLIs will be funded upfront for their estimated 2% interest subvention for the initial 3 months. Thereafter, they can lodge claims in a minimum 2 (two) month cycle as explained in the following paras.
- h. The first claim shall be submitted by the MLI based on their estimate of interest subvention for the first 3 months. As borrowers may have paid their dues for the month of June 2020, the estimate shall include actuals for the month. e.g. the 1st claim in Non-moratorium cases shall be made with the actuals of June 2020 and estimate for the months of July 2020 & August 2020. This claim should be made latest by July 31, 2020.
- i. Similarly, in Moratorium cases, the claim for estimate of 1st three months should be made latest by August 31, 2020.
- j. Thereafter, the MLI shall submit their subsequent claims with 2 months future estimate and reconciliation of 2 earlier months, e.g. the 2nd claim in Non-moratorium cases, shall be made with the estimate for the months of September 2020 & October 2020 alongwith reconciliation of June 2020 & July 2020.
- k. Such subsequent claims, including reconciliation, must be submitted within 30 days of the period for which reconciliation is being submitted.
- l. **To illustrate the claim submission, a Transaction matrix is given below.**
- m. The last submission by the MLI, providing reconciliation of the last 2 months claim period, must be submitted latest by June 30, 2021 for Non-moratorium cases and by September 30, 2021 for Moratorium cases.
- n. If an MLI does not submit reconciliation within the period indicated above, SIDBI / MUDRA reserves the right to call for the reconciliation and in case the same is not submitted, SIDBI reserves the right to recall the amount claimed.

o. Claims will not be processed and may be rejected by SIDBI in the following illustrative circumstances:



- i. Incomplete claims, including those claims received without reconciliation as mentioned above
 - ii. Claims submitted by any Officer other than the Authorised Officer of the MLI.
 - iii. Claims not countersigned by the Statutory Auditor / Independent Chartered Accountant.
 - iv. Inconsistency between the data file sent along with the Claim Certificate.
 - v. Any variation between the format of Claim Certificate and actual certificate submitted.
 - vi. Claim, including scanned copy of the Claim certificate, received from an e-mail id other than the dedicated e-mail id.
 - vii. Data (both Performance & NPA) not submitted on PMMY portal.
 - viii. Confirmation from Sa-Dhan not received regarding submission of data on PMMY portal (*only for such MFIs who have submitted their data through Sa-dhan*)
- p. Interest subvention amount, against the MLI's claim(s) shall be released by SIDBI subject to availability of funds from Govt. of India. Also, Govt. of India will be the final authority for all interest subvention related matters and their decision would be final and binding.
 - q. To partially defray certification expenses, 10 paise per account shall be released to the MLI at the time of last submission by the MLI, providing reconciliation of the last 2 months claim period.
 - r. The MLI shall provide a dedicated bank account for releasing the claim amount. RTGS/NEFT to the said bank account of the MLI would be treated as Utilisation Certificate of the Fund.
 - s. All MLIs shall ensure that they have registered themselves on the Public Financial Management System (PFMS) portal (<https://pfms.nic.in>). Claim shall be released only after they are registered on the portal.
 - t. Any deviation in the Scheme guidelines shall be approved by DFS, MoF, GoI.

Transaction Matrix

For Non-Moratorium cases									
Interaction No.	Claim				Claim Submission Month		Payment month		Type of Transaction
	Projection for months		Reconciliation for months						
1	June (actual)	2020			July	2020	August	2020	Payment based on claim (projection /actual for 3 months)
	July (actual)	2020							
	August	2020							
2	September	2020	June	2020	August	2020	September	2020	Payment based on claim
	October	2020	July	2020					



3	November	2020	August	2020	October	2020	November	2020	(projection & reconciliation)	
	December	2020	September	2020						
4	January	2021	October	2020	December	2020	January	2021		
	February	2021	November	2020						
5	March	2021	December	2020	February	2021	March	2021		
	April	2021	January	2021						
6	May	2021	February	2021	April	2021	May	2021		
			March	2021						
7			April	2021	June	2021				Reconciliation for last 2 months
			May	2021						

eg In Feb 2021, MLI claims for March & April 2021, while submitting reconciliation for Dec 2020 & Jan 2021

For Moratorium cases									
Interaction No.	Claim				Claim Submission Month		Payment month		Type of Transaction
	Projection for months		Reconciliation for months						
1	September	2020			August	2020	September	2020	Payment based on claim (projection for 3 months)
	October	2020							
	November	2020							
2	December	2020	September	2020	November	2020	December	2020	Payment based on claim (projection & reconciliation)
	January	2021	October	2020					
3	February	2021	November	2020	January	2021	February	2021	
	March	2021	December	2020					
4	April	2021	January	2021	March	2021	April	2021	
	May	2021	February	2021					
5	June	2021	March	2021	May	2021	June	2021	
	July	2021	April	2021					
6	August	2021	May	2021	July	2021	August	2021	
7			June	2021	September	2021			Reconciliation for last 2 months
			July	2021					
			August	2021					

Eg In Jan 2021, MLI claims for Feb & March 2021, while submitting reconciliation for Nov & Dec 2020

