

Salient features of  
**Micro and Small Enterprises Refinance Scheme (MSERS)**

Sl. No.	Particulars	Details
1	Scheme	Micro and Small Enterprises Refinance Scheme (MSERS) <sup>1</sup>
2	Objective of scheme	The overall objective of the Scheme is to support the Micro and Small Enterprises by facilitating flow of credit to the MSE sector.
3	Eligible Primary Lending Institutions (PLIs)	<ul style="list-style-type: none"> <li>❖ Scheduled Banks (Public Sector Banks, Private Sector Banks, Foreign Banks, Small Finance Banks, Urban Co-operative Banks &amp; Regional Rural Banks) <ul style="list-style-type: none"> <li>• <i>The eligibility criteria for Scheduled Urban Co-operative Banks are given at <a href="#">Annexure-I</a>.</i></li> <li>• <i>The eligibility criteria for Regional Rural Banks are given at <a href="#">Annexure-II</a>.</i></li> </ul> </li> <li>❖ The financial assistance shall be within the borrowing limit / Power approved by Board of the respective PLI.</li> </ul>
4	Purpose of scheme	Refinance of loans and advances extended by PLIs to MSEs.
5	Eligible underlying assets / End-borrowers	<ul style="list-style-type: none"> <li>❖ Loans &amp; Advances extended to MSEs complying with definition of Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, as amended from time to time.</li> <li>❖ Loans and advances relating to micro finance activities / financing micro enterprises under non-farm income generating activities.</li> <li>❖ The above should be Standard Assets not in default or under SMA-0 / SMA-1 category, i.e., with default up to 60 days. NPA &amp; Fraud cases are not eligible to be covered.</li> </ul>
6	Eligible activities	<ul style="list-style-type: none"> <li>❖ Activities of "industrial concerns in the small-scale sector" as defined in Section 2(h) of the SIDBI Act, 1989 or "Micro or Small Enterprises" in terms of Section 7 of Micro, Small and Medium Enterprises Development Act, 2006</li> </ul> <p style="margin-left: 20px;">Note: It is clarified that MSEs engaged in Wholesale and Retail Trade, or running Educational Institutions are also eligible.</p>
7	Eligible Assistance	<ul style="list-style-type: none"> <li>❖ Amount equivalent to the outstanding portfolio of loans and advances to MSEs against which the Bank has not availed financial support, whatsoever nature, from any institution, including refinance support from SIDBI, in respect of the underlying assets / end-borrowers.</li> </ul>

<sup>1</sup> The scheme is called Refinance Scheme for Small Finance Banks (RSFB) in respect of Small Finance Banks.

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		❖ The assistance will be subject to the exposure limit fixed for each Bank by SIDBI.
8	Rate of interest / Commercial Terms	<ul style="list-style-type: none"> <li>❖ The rate of interest and other commercial terms, including up-front fees, would be negotiated, depending upon market conditions.</li> <li>❖ A charge of 2% p.a., over and above the applicable lending rate, will be levied, by way of penal interest, for defaults in payment of installments of principal, interest and other monies as per General Agreement.</li> </ul>
9	Period of refinance	Generally, up to 3-5 years.
10	Security	<p>The Bank shall hold in trust for SIDBI, all the securities including movable and immovable assets, book debts, receivables, actionable claims, guarantees, assignments, bills of exchange and proceeds thereof as also other securities as may be directly or indirectly obtained or to be obtained by the Bank from its borrowers to secure the financial assistance made available to the borrowers for which the loan has been sanctioned by SIDBI to the Bank.</p> <p>The Bank, whenever called upon, shall also furnish to SIDBI all such information and copies of all security documents obtained by it as security for the loan sanctioned to its borrowers covered under the said scheme subject to all applicable laws.</p>
11	Application cum Drawl of Assistance	The Bank shall submit the Application and Certificate in prescribed format to SIDBI.
12	Sanction	On approval of the financial assistance, Letter of Intent (LoI) will be issued to the applicant Bank indicating detailed terms of sanction.
13	Documentation	<p><b>A) <u>One-time</u></b></p> <ul style="list-style-type: none"> <li>❖ General Agreement is executed between the Bank and SIDBI.</li> <li>❖ Letter of Authority (LoA) to be executed by the Banks addressed to the RBI/Principal Banker<sup>2</sup> for Debiting their Current Account with the RBI/Principal Banker. The LoA should be duly acknowledged by the RBI/Principal Banker.</li> </ul> <p><b>B) <u>Each Time</u></b></p> <ul style="list-style-type: none"> <li>❖ Acceptance of LoI by authorized official of the Bank on a non-judicial stamp paper of requisite value with certified copy of Power of Attorney / applicable Board Resolution/Authorization letter.</li> </ul>

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<sup>2</sup> Principal Banker applicable in those cases where the Bank is not maintaining a current account with RBI

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		<p>❖ KYC documents of the authorized officials executing the requisite documents on behalf of the Bank shall be submitted, along with the Board Resolution/DOP/Authorization letter.</p>
14	Time frame for submission of list of end-borrowers	<p>The Bank shall submit the list of end borrowers in the prescribed format at the time of disbursement or within extended period as may be allowed.</p> <p>In case, the Bank fails to furnish the list of end-borrowers as per sanction terms, <b>penal interest (PI) of 2%</b> will be charged with prospective effect till date of receipt of data. The Bank will be charged at monthly rest.</p> <p>In case the data is not furnished even after 3 months from the date of disbursement, SIDBI will reserve the right to recall the outstanding loan. PI will continue to be charged till submission of data, in case the loan is not recalled.</p>
15	Prepayment	<p>The borrower Bank shall not prepay the outstanding principal amount of loan in full or part thereof before the due dates except after obtaining prior approval of SIDBI in writing, which may be granted subject to such conditions as SIDBI may stipulate, including levy of prepayment charges.</p>

[Annexure-I](#)

**Eligibility Criteria of Scheduled Urban Co-operative Banks (UCBs)**

Sr. No.	Indicator	Parameters
1	Status	Scheduled
2	CRAR	11.5 % (minimum)
3	Net Worth	₹ 100 crore (minimum)
4	Gross NPA	Less than 7 %.
5	Net NPA	Not more than 3%.
6	Profitability	Earning net profit in at least 3 out of the last 4 years. *

\* In case of a net loss in any of the years, the UCB should have registered an operating profit.

[Annexure-II](#)

**Eligibility Criteria of Regional Rural Banks (RRBs)**

Sr. No.	Indicator	Parameters
1	Status	Scheduled
2	CRAR	10% (minimum)
3	Net Worth	₹100 crore (minimum)
4	Net NPA	Not more than 7.50 %
5	Profitability	Earning net profit for two out of last three years

[Go to Scheme Guidelines](#)