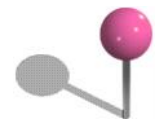


BACK ENDED INTEREST SUBSIDY

- The MSEs should manufacture quality products at competitive rates, to survive in the present global market and face challenges of WTO.
- To encourage the MSEs for technology up gradation and modernization, ISO certification and Research and Development facilities, the following incentives (subject to a maximum of Rs.10 lakhs per enterprise over a period of five years) are given by Tamilnadu Government.
 - 3% Back-ended interest subsidy to MSEs for the term loan obtained for Technology Up gradation and modernization.
 - 3% Back-ended interest subsidy to MSEs for the term loan obtained under National Equity Fund Scheme of SIDBI.
 - 3% Back-ended interest subsidy to micro enterprises for composite term loan obtained under NSIC-SIDCO Consortium, composite term loan and loan obtained by Tiny Industries under Credit Guarantee Fund Trust Scheme from any bank or financial Institutions.
 - 3% Back-ended interest subsidy to MSEs for the term loan obtained for ISO certification and for the term loan for taking up R&D resulting in Patent Registration and protection of intellectual Property Rights Registration.
- The units with investment up to Rs.5 crores will be eligible for BEIS.
- This scheme is being implemented by DIC, TIIC & SIDBI.

Credit Guarantee Fund Scheme for Micro and Small Enterprises

The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE) was launched by the Government of India to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises. The scheme was formally launched on August 1, 2000 and is operational with effect from 1st June 2000.

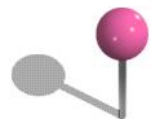


Eligible Lending Institutions

All scheduled commercial banks and specified Regional Rural Banks, NSIC, NEDFi, SIDBI, which have entered into an agreement with the Trust for the purpose. The eligible lending Institutions, on entering with an agreement with CGTMSE, become [Member Lending Institutions \(MLIs\)](#) of CGTMSE.

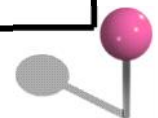
Eligible Credit Facility

Any collateral / third party guarantee free credit facility (both fund as well as non fund based) extended by [eligible institutions](#), to new as well as existing Micro and Small Enterprise, including Service Enterprises, with a maximum credit cap of **Rs.100 lakh (Rupees Hundred lakh only)** are eligible to be covered.



Guarantee Cover

Category	Maximum extent of Guarantee where credit facility is		
	Upto Rs.5 lakh	Above Rs.5 lakh upto Rs.50 lakh	Above Rs.50 lakh upto Rs.100 lakh
Micro Enterprises	85% of the amount in default subject to a maximum of Rs.4.25 lakh	75% / Rs.37.50 lakh	Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh
Women entrepreneurs/ Units located in North East Region (incl. Sikkim) other than credit facility upto Rs.5 lakh to micro enterprises	80% of the amount in default subject to a maximum of Rs.40 lakh		Rs.40 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.65 lakh
All other category of borrowers	75% / Rs.37.50 lakh		Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh



Guarantee fee

For credit facility **upto Rs.5 lakh**, an upfront Guarantee Fee (GF) of **1%** of the amount sanctioned will have to be paid to the Trust by the MLI. For amounts sanctioned **beyond Rs.5 lakh and upto Rs.100 lakh**, the GF is **1.5%**, while for credit facility upto Rs. 50 lakh for units in the North Eastern Region including Sikkim , the GF is 0.75% . The GF will have to be paid within 30 days from the date of first disbursement of credit facility by the MLI to a borrower.

Annual service fee

Guarantee cover extended by CGTMSE in respect of any specific borrower shall be valid provided the MLI concerned pays an Annual Service Fee (ASF) of **0.50%** on the amount guaranteed for credit facilities **upto Rs.5 lakh** and **0.75%** on the amount guaranteed for credit facilities **beyond Rs.5 lakh and upto Rs.100 lakh**. Such ASF is to be paid by the MLI on or before 31st May of that year. The Trust reserves the right to revise the guarantee fee / annual service fee from time to time.

Website

The operations of CGTMSE are conducted through internet. The website of CGTMSE has been hosted at www.cgtmse.in or www.cgtsi.org.in

