



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Seminar on **BANK BRANCH AUDIT**

Organised by
Auditing & Assurance Standards Board of ICAI

Hosted by:
ICAI Nagpur Branch (WIRC)

Advances to MSME & Priority Sector

CA. Maheshwar Marathe,
Pune

CA. Maheshwar Marathe, CMRS, PUNE

Master direction on Priority Sector Lending (updated upto 27 JULY 2023)

TO

- All Commercial Banks including Regional Rural Banks,
- Small Finance Banks, Local Area Banks
- Primary (Urban) Co-operative Banks other than Salary Earners' Banks

Recent Developments – List of Notifications

Prudential norms on IRAC

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit – Extension

New Definition of Micro, Small and Medium Enterprises – Clarification

Kisan Credit Card Scheme - Eligibility criteria for farmers engaged in fisheries/ aquaculture

Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate

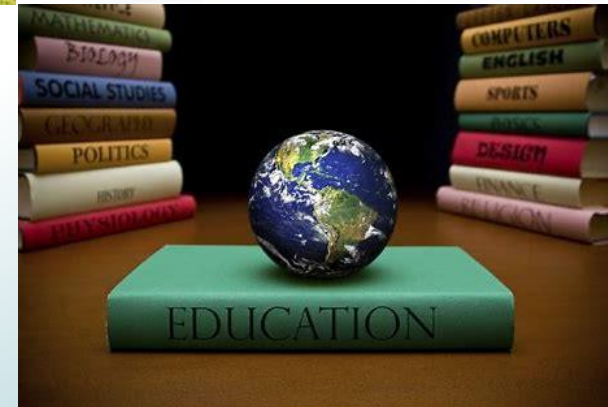
Modified Interest Subvention Scheme for Short Term Loans for Agriculture KCC

What is Priority?

- i. Agriculture
- ii. Micro, Small and Medium Enterprises
- iii. Export Credit
- iv. Education
- v. Housing
- vi. Social Infrastructure
- vii. Renewable Energy
- viii. Others



Marathe, CMRS, PUNE



Why priority?

By empowering **underserved groups**, financial institutions can improve living conditions and increase the **accessibility of financial services** for those on the margins. It can enhance **economic well-being** while also fostering social harmony and inclusivity. PSL promotes **social justice** and togetherness by assisting small companies and helping people **rise out of poverty**

Serve the unserved

RBI advisory to banks

Special dispensation for timely and adequate credit .

Priority **not a CSR** to be funded as normal business operations.

Lend directly to beneficiaries not through intermediaries.

Market players **take risks and innovate**

PSL in last 10 years

PSL Growth (Lk Cr)

FY	PSBs	Others	Total
2014	16.2	5.6	21.7
2015	17.5	(27%)6.3	23.8
2022	26.5	18.9	45.4
2023	28.6	(44%)22.0	50.6

MSE Growth

Year	Number of Accounts	Amount Outstanding
	(Lacs)	(₹ Lk Cr)
2014	126	8.51
2015	138	9.66
2022	261	16.05

TARGETS

Categories	Domestic commercial banks	Regional Rural Banks
Total Priority Sector	40% of ANBC or CEOBE wei is higher	75% of ANBC or CEOBE wei is higher; (Lending to Medium Entp, Social Infra and Renewable Energy limited to 15% of ANBC.
Agriculture	18% of ANBC or CEOBE, wei is higher; out of which 10% for Small and Marginal Farmers (SMFs)	
Micro Entp	7.5% of ANBC or CEOBE, wei is higher	
Advances to Weaker Sections	12% of ANBC or CEOBE, wei is higher	15% of ANBC or CEOBE, wei is higher

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Categories	Target			
	Total Priority Sector	FY2022-23	FY2023-24	FY2024-25
60%		60%	65%	75%
Micro <u>Entp</u>	7.5% of ANBC or CEOBE, <u>wei</u> is higher			
Advances to Weaker Sections	FY2022-23	FY2023-24	FY2024-25	FY2025-26
	11.50%	11.50%	11.75%	12.00%

- Adjusted Net Bank Credit (ANBC)
- Credit equivalent of Off Balance Exposure (CEOBE)
- **Contingent liabilities/off-balance** sheet items do not form part of priority sector achievement

Target Breach?

- Non-achievement of priority sector targets and sub-targets will be taken into account while granting **regulatory clearances**.
- Shortfall to be fulfilled by contribution to the Rural Infrastructure Development Fund - **RIDZ**
- incremental priority sector credit where the credit flow is comparatively lower - **RWA certificate**

PSL exposure	Limit	Risk weight	Districts
Lower PSL p.c.	Rs. 6000	125%	Gadchiroli
Higher PSL p.c.	RS. 25000	90%	Aurangabad, Mumbai, Mumbai Suburban, Nagpur, Nasik, Pune
Others	Others	100%	Others

Before the audit

- Ask for Branch profile to know the scope
- Check the composition of advances, portion of PSL
- Check how PLS accounts are identified, PSL tagging is done
- Know the certificates to be signed
- Fix the samples from each category of PSL

Agricultural Advance

Overall 18% and
10% to Small and Marginal
Farmers (SMFs)

Agriculture

Includes

- Farm Credit (Agriculture and Allied Activities)
- Lending for Agriculture Infrastructure and Ancillary Activities.

Types

- Farm Credit - Individual farmers
- Farm Credit - Corporate farmers, FPCs
- Agriculture Infrastructure
- Ancillary Services
- Lending for on-lending

Farm Credit - Individual farmers

- Traditional/non-traditional plantations, horti allied activities.
- MTL LTL for agri **allied** activities. (Purchase of agri implements, machinery)
- Loans for pre and **post-harvest** activities viz. spraying, harvesting, grading
- Loans to **distressed** farmers indebted to non-institutional lenders.
- Loans under the Kisan Credit Card Scheme. - **KCC**
- Loans to SMFs for purchase of **land** for agricultural purposes.
- **Pledge**/WRs, 12 mths - ₹75 lakh against NWRs, ₹50 lakh in other cases.
- installation of stand-alone **Solar** Agriculture Pumps
- Installation of **solar** power plants on barren land

Small and Marginal Farmer (10%)

- Farmers with landholding of up to **1 hectare** (Marginal Farmers).
- Farmers with a landholding of more than 1 up to **2 hectares** (Small Farmers).
- **Landless agricultural labourers**, tenant farmers, oral lessees and share-croppers whose share of landholding is within the limits prescribed for SMFs.
- Loans to **SHGs** groups of individual SMFs directly engaged in Agriculture and Allied Activities, provided banks maintain disaggregated data of such loans.
- Loans up to **₹2 lakh** to individuals solely engaged in **Allied activities** without any accompanying land holding criteria.
- Loans to **FPOs/FPC** of individual farmers and co-operatives of farmers directly engaged in Agriculture and Allied Activities where the land-holding share of SMFs is not less than 75%

Farm Credit - Corporate farmers, FPCs

1. Loans to following activities with aggregate limit of ₹2 cr/borrower

- Traditional/non-traditional plantations, horti allied activities.
- MTL, LTL for **agri allied** activities (e.g. purchase of agri implements, machinery)
- Loans for **pre and post-harvest** activities viz. spraying, harvesting, grading, **transporting**.

2. Pledge/WRs, **12 mths - ₹75 lakh** against NWRs, **₹50 lakh** in other cases.

3. Loans up to **₹5 cr** per borrower to FPOs/FPCs undertaking **farming** with assured marketing of their produce at a pre-determined price.

Agriculture Infrastructure

Loans for agriculture infrastructure - limit of ₹100 crore per borrower

- Loans for construction of **storage facilities** (warehouse, market yards, godowns and silos) including cold storage units
- **Soil conservation** and watershed development.
- Plant **tissue culture** and agri-biotechnology, seed production, production of bio-pesticides, **bio-fertilizer**, and vermi composting.
- Loans for construction of oil extraction/ processing units for production of **bio-fuels**, their storage and distribution infrastructure along with loans to entrepreneurs for setting up **Compressed Bio Gas (CBG)** plants.
- *Gobardhan*

Ancillary Services

- Loans up to **₹5 crore to co-operative societies** of farmers for **purchase of the produce of members**
- Loans up to **₹50 crore to Start-ups**, as per definition of **Ministry of Commerce (DPIIT)**, that are engaged in agriculture and allied services.
- Loans for **Food and Agro-processing** up to an aggregate sanctioned limit of **₹100 crore** per borrower from the banking system.
- Outstanding deposits under **RIDF** and other eligible funds with NABARD on account of priority sector shortfall.

Lending by banks to NBFCs and MFIs for on-lending in agriculture

- Bank credit extended to registered **NBFC-MFIs** and other MFIs (Societies, Trusts etc.) which are members of RBI recognised SRO for the sector, for on-lending to individuals and also to members of SHGs / JLGs will be eligible for categorisation as priority sector advance under respective categories of agriculture
- Bank credit to registered NBFCs (other than MFIs) towards on-lending for 'Term lending' component under agriculture will be allowed up to **₹ 10 lakh per borrower**

Kisan Credit Card (KCC) - Interest Subvention Scheme (ISS)

- **Available to** - Short term crop loans and short term loans for Allied Activities (including animal husbandry, dairy, fisheries, bee keeping etc.)
- **Overall limit** of ₹3 lakh
- **Period:** IS will be on loan amount from drawal to actual repayment or up to the due date fixed by banks, wei earlier, subject to a max 1 yr.
- **Quantum:**
 - Lending rate to farmers - 7%
 - Rate of Interest Subvention to Lending Institutions - 1.50%
 - Additional interest subvention of 3% (***prompt repayment incentive***)-

Additional interest subvention of 3% (*prompt repayment incentive-PRI*)

- An additional interest subvention of 3% per annum
- To farmers repaying in time
- Period - From the date of **disbursement** to actual date of repayment or due date **wei earlier**, subject to a **max 1 year**.
- This implies effective **RIO of 4%** for those repaying promptly
- This benefit would not accrue to those farmers who repay their agri loans after one year of availing such loans.

Total benefit under subvention scheme

- **Overall limit of ₹3 lakh** per annum subject to a maximum sub-limit of **₹2 lakh** per farmer involved only in **allied activities**.
- **Crop loan component will take priority** and the residual amount will be considered towards allied activities – Max 2lks.
- **Illustration**
 - Overall KCC limit - ₹3 lakhs
 - Limit under Crop loan - ₹0.5 lakh & Sub-limit for allied – ₹2.5 lk
 - Total benefit quantum?
 - IS and PRI benefit will be available on overall ₹2.5 lakhs i.e. ₹0.5 lakh - Crop loan + ₹2 lakhs – allied activity.

Warehousing and Natural calamity

- To discourage distress sale by farmers ISS under KCC will be available to SMFs for a further period of **upto 6 months** post the harvest of the crop against negotiable **warehouse receipts (NWR)**
- In **natural calamities**, ISS for that year will be made available to banks for the **first year** on the restructured loan amount.
- Such restructured loans will attract **normal rate of interest** from the **second year onwards**.
- In **Severe Natural Calamities**, ISS + PRI for will be available to banks for first 3 yrs/entire period (max of 5 yrs) on the restructured amount.
- For hassle-free benefits, **Aadhar linkage, DBT platform** mandatory.

Certification

- **Formats I** - Claim for 1.50% Interest Subvention on Short-term Crop Loans/warehouse receipts/ Loans restructured natural/ severe natural calamities (**separate claim on each head**)
- **Formats II** - One-time claim for 3% Prompt Repayment Incentive (PRI) for timely repayment of Short-term Crop Loans/Loans restructured due to severe natural calamities (**separate claim on each head**)
- **Formats III** - Claim for 1.50% Interest Subvention on Short-term Loans to farmers for allied activities.
- **Formats IV** - One - time claim for 3% Prompt Repayment Incentive (PRI) for timely repayment of short-term loans to farmers for allied activities.

Certificate of IS

We certify having disbursed the above loans at 7% p.a. up to ₹3 lakh by way of short-term credit through KCC to the farmers during the year 2022-23/2023-24 and having calculated the interest subvention claim correctly and strictly in accordance with the RBI circular FIDD.CO.FSD.BC.No.13/05.02.001/2022-23 dated November 23, 2022. Further, we certify that Aadhar Number / Aadhar Enrolment Number (AEN) of all farmers for whom the interest subvention is being claimed for reimbursement has been captured and available with the bank and there is no case of claim for reimbursement where Aadhar No./AEN is not available (except for Assam, Meghalaya, and UTs of Jammu and Kashmir and Ladakh).

Date: _____

Seal and signature of authorized signatory of bank

Name: _____

Designation: _____

We certify that the above claim for interest subvention of ₹ _____ calculated on eligible short term credit to farmers through KCC disbursed by the bank during the period from _____ to _____ has been found true and correct and strictly in accordance with the RBI circular FIDD.CO.FSD.BC.No.13/05.02.001/2022-23 dated November 23, 2022. Further, we certify that Aadhar Number / Aadhar Enrolment Number (AEN) of all farmers for whom the interest subvention is being claimed for reimbursement has been captured and available with the bank and there is no case of claim for reimbursement where Aadhar No./AEN is not available (except for Assam, Meghalaya, and UTs of Jammu and Kashmir and Ladakh).

Date: _____

Seal and signature of Statutory Auditor/s

Name: _____

Firm Registration Number: _____

Membership Number: _____

UDIN: _____

Common mistakes in certification

- Verification of eligible borrowers list for period of subversion – clerical mistakes, mistakes in Excel formulas etc.
- Date of repayment Vs due date Vs year end – wrong date, period

FAQ - Agri

- Any limit on loan to SMF

NO (limit is on land holding)

- Loan to landless individuals in allied activities eligible as PLS SMF?

YES – Upto 2lks

- How to monitor credit cap of ₹100 crore from banking system?

Declaration/Crilc/cibil/BS

- Limit is borrowerwise?

NO facilitywise

FAQ....

- If more than 100cr, entire exposure out of PSL?

YES

- Loans to transporter eligible under Agri?

YES if used exclusively for food/agro or is for Own farm produce

- PRI available for NWR or Natural calamity?

NO

Agri: PSL Vs IRAC

- Crop season linked asset classification norms – **Only farm credit eligible**
PSL Para 8.1 and 8.2 VS IRAC Annexure – 2
- Interest subvention
Only STL, Crop + Ancillary, Max loan cap

Housing Finance

Housing - Priority

- Loans to individuals up to ₹35 lakh in metro (population > 10 lk) [Cost not more than 45 lks]
- ₹25 lakh in other centres for purchase/construction of a dwelling unit per family [Cost not more than 30 lks]
- Housing loans to own employees not priority
- Loans up to ₹10 lakh in metro, up to ₹6 lakh in other for repairs
- SRA, Affordable – carpet not more than 60 sqmtrs
- Loans to HFCs for on-lending, up to ₹20 lakh for individual borrowers
- Outstanding deposits with NHB on account of priority sector shortfall.

What qualifies?

- **Acquisition Of Land** - Bank finance can be granted only for purchase of a plot, provided a declaration is obtained from the borrower that he intends to construct a house on the said plot, with the help of bank finance or otherwise, within such period as may be laid down by the banks themselves.
- **Upfront disbursal/80:20** - Disbursal of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing project and upfront disbursal **should not be made** in cases of incomplete/under-construction/green field housing projects

Loan to Value (LTV) and Risk Weights (RWs) prescribed

Category of Loan	LTV Ratio (%)	Risk Weight (%)
(a) Individual Housing Loans		
Upto ₹ 30 lakh	≤ 80	35
	> 80 and ≤ 90	50
Above ₹ 30 lakh & upto ₹ 75 lakh	≤ 80	35
Above ₹ 75 lakh	≤ 75	50

Export Credit

- SCBs - Incremental export credit over corresponding date of the preceding year, up to **2% of ANBC** or CEOBE whichever is higher, subject to a sanctioned limit of up to ₹ 40 crore per borrower.
- Export credit includes pre-shipment and post-shipment export credit

Interest Equalization Scheme - EXPORTS

- Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme')
- 3% for MSME manufacturer exporters exporting under any HS lines
- 2% for manufacturer exporters and merchant exporters exporting under 410 HS lines (**Edible products of animal origin**)
- Banks shall reduce the interest rate charged to the eligible exporters upfront
- Banks, while issuing approval to the exporter, will furnish
 - i) Prevailing interest rate,
 - ii) Interest subvention being provided,
 - iii) Net rate being charged to each exporter
- Monthly claim by bank duly certified by external auditor.

With effect from FY 2023-24

- The banks which have priced the loans covered under this scheme at an average interest rate of greater than Repo Rate + 4% **prior to subvention** would be subjected to certain restrictions under the scheme.
- Non compliance by banks will result in restricting and debarment from the scheme.

Education

- Loans to individuals for educational purposes, including vocational courses, not exceeding ₹ 20 lakh will be considered as eligible for priority sector classification.
- Loans currently classified as priority sector will continue till maturity.

Social Infrastructure

Bank loans up to a limit of ₹5 crore **per borrower** for setting up

- schools,
- drinking water facilities and
- sanitation facilities including
- construction/ refurbishment of household toilets and water improvements at household level, etc. and

Loans up to a limit of ₹10 crore per borrower for building health care facilities including under 'Ayushman Bharat' in Tier II to Tier VI centres

Renewable Energy

Bank loans up to a limit of ₹30 crore to borrowers for purposes like

- solar based power generators,
- biomass-based power generators,
- wind mills,
- micro-hydel plants and
- for non-conventional energy based public utilities, *viz.*, street lighting systems and remote village electrification etc.,

For individual households, the loan limit will be ₹10 lakh per borrower.

Weaker Sections

- Small and Marginal Farmers
- Artisans, village and cottage industries - individual limits up to ₹1 lakh
- Beneficiaries under Government Sponsored Schemes
- Scheduled Castes and Scheduled Tribes
- Beneficiaries of Differential Rate of Interest (DRI) scheme
- Self Help Groups
- Distressed farmers indebted to non-institutional lenders
- Distressed persons, upto ₹1 lakh to prepay their debt to non-institutional lenders
- Individual women beneficiaries up to ₹1 lakh per borrower
- Persons with disabilities
- Minority communities as may be notified by Government of India from time to time.

Advances to MSME (Sublimit of 7.5% to Micro)

Definition

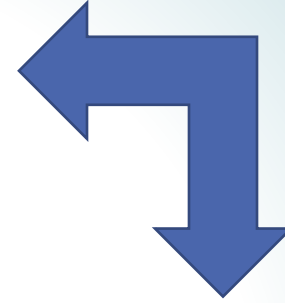
- The definition of MSMEs will be as per Government of India (GoI), Gazette Notification S.O. 2119 (E) dated June 26, 2020 – ***Amendment to MSME Act.***
- Further, such MSMEs should be **engaged in the manufacture** or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 or engaged in providing or **rendering of any service** or services.
- Trading activity – wef. 2nd JULY 2021

Registration Process



www.udyogaadhaar.gov.in

IS NOW



www.udyamregistration.gov.in

30th June 2022 – last date

CA.Marath

The screenshot shows the homepage of the Udyam Registration website. At the top, it features the logo of the Ministry of Micro, Small Medium Enterprises (MSME) and the text 'सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय' and 'Ministry of Micro, Small Medium Enterprises'. Below this, there is a message from the MSME Family: 'MSME Family is committed to Make Atmanirbhar Bharat... Entrepreneurs! Just take few simple steps to make an Enterprise of your dreams...'. The main heading is 'Udyam Registration'. Underneath, it says 'Welcome to Register here' and provides two options: 'For New Entrepreneurs who are not Registered yet as MSME' and 'You can Re-Register here' with a sub-option 'For those already having registration as EM-II or UAM'.

Old definition

Type of Unit	Manufacturing	Service
	P&M	Equipment
Micro	25 Lk	10 Lk
Small	5 Cr	2 Cr
Medium	10 Cr	5 Cr

New Definition of MSME – w.e.f - **1st July, 2020**

Manufacturers & service providers	MICRO	SMALL	MEDIUM
Investments in Plant & Machinery or Equipment	Upto Rs. 1 crore	Upto Rs. 10 crores	Upto Rs. 50 crores
Turnover	Upto Rs. 5 crores	Upto Rs. 50 crores	Upto Rs. 250 crores

Micro Entp – 7.5%

Factsheet of MSME (Udyam) Registration Including Udyam Assist Platform (UAP)

Facts Dated:- 16/03/2024 01:00:2 PM

Total Registration

4,00,46,782

Total Classified

3,99,86,686

Micro

3,93,22,281

Small

6,08,916

Medium

55,489

Total Employment

17,94,63,096

Factsheet of MSME (Udyam) Registration

Total Registration

2,44,02,077

Total Classified

2,43,41,981

Micro

2,36,77,576

Small

6,08,916

Medium

55,489

Total Employment

16,06,98,133

Factsheet of Udyam Assist Platform (UAP)

Total Registration & Classified

1,56,44,705

Micro

1,56,44,705

Total Employment

1,87,64,963

Udyam Assist Certificate shall be treated as micro enterprises for the purpose of PSL

MSME Products....

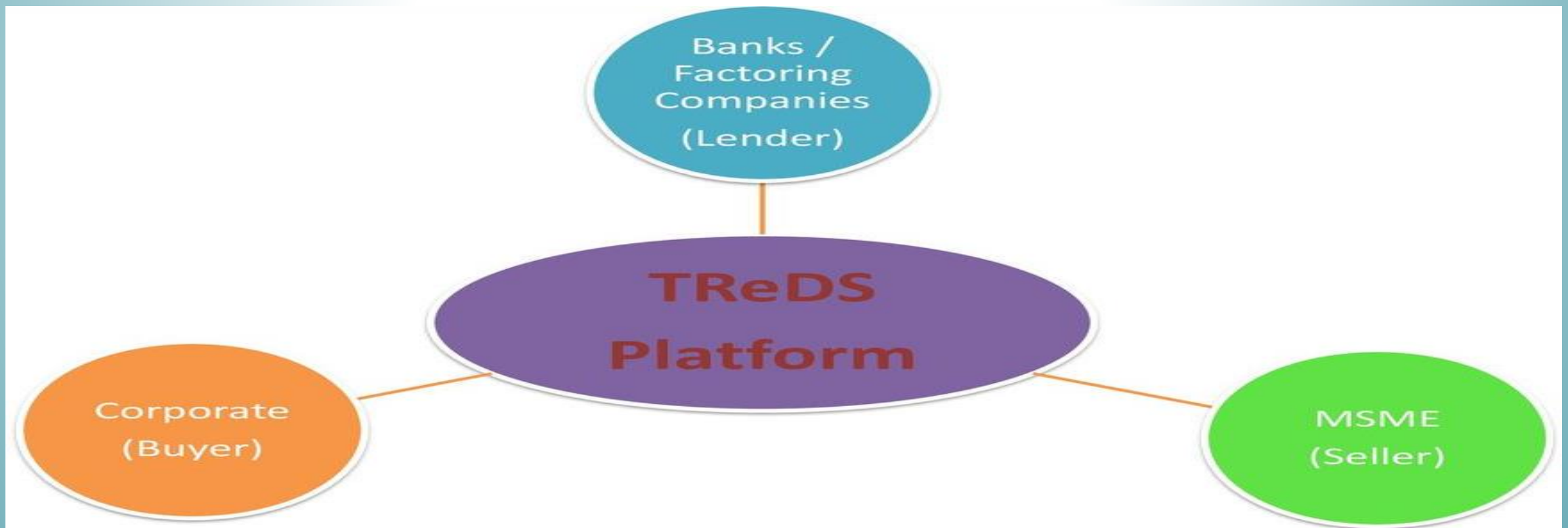
- Loans up to **₹50 crore to Start-ups,**.
- **Loans to entities** involved in supply of inputs and marketing of **output of artisans, village and cottage industries. – Vishwakarma**
- Loans to **co-operatives** of producers in the decentralized sector viz. artisans, village and cottage industries.
- Loans to NBFC-MFIs for on-lending to MSME sector.
- Credit outstanding under General Credit Cards (Artisan CC, Laghu Udyami Card, Swarojgar CC, Weaver's Card etc).
- Overdraft to Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holders qualify as lending to Micro Enterprises.
- Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.

MSME Products

- All loans to units in the **KVI sector** will be eligible for classification under sub-target of 7.5% prescribed for Micro Enterprises sector.
- **‘With Recourse’ Factoring** transactions by banks which carry out the business of factoring departmentally wherever the ‘assignor’ is a Micro, Small or Medium Enterprise would be eligible for classification under MSME category on the reporting dates.
- Factoring transactions pertaining to MSMEs taking place through the Trade Receivables Discounting System (**TReDS**) shall also be eligible for classification under priority sector.

TReDS

TReDS is an **electronic platform** facilitating the **financing of trade receivables of MSMEs** through multiple **FIs**. These receivables can be due from corporates and other **Buyers**, including Govt. Depts & PSUs.



FAQ

? Whether the MSME liable to pay to the financier in case the buyer defaults in repayment?

Ans: No. The transactions processed under TReDS are “without recourse” to the MSMEs.

? Are there charges for registration?

Ans: No, all three platforms have free registration facility.

? Is this compulsory for all buyers

Ans: Its compulsory for all PSU and corporates with turnover > 500 Crores

TReDS platforms business

FY – 2020 - 11.17k cr

FY – 2021 - 17.08k cr

FY – 2022 - 40.3k cr

FY – 2023 - 150k cr+

RXIL

INVOICE MART

M1XCHANGE

Compliance under MSMED Act

At Bank Branch

Or as a CSA

Udyog Vs Udyam

- Definition (Limits) changed after 14 long years. .
- Increased limit of Invt in Plant & Machinery (4 Times for Mnf to 10 times for Services)
- Added criteria linked to Turnover
- No distinction between Manufacturer & Service Provider.
- Gross Block Vs WDV
- One PAN one URN
- Investment definition – Exclusive Vs. Inclusive
- Udyam assist is Micro Entp

Disclosure requirements

Sec 22: **Any buyer required to get his accounts audited under any law** for the time being in force, such buyer shall furnish the 5 point info in his annual statement of accounts,

SN	PARTICULATS	Principle Amt. RS.	Interest Amt. Rs.
1	Interest & Principle paid beyond due date (During the year)	800000	100000
2	Interest & Principle o/s (Year end)	1600000	150000
3	Interest due for principle paid beyond due date (Out of 2 above, but relating to 1 above)	-	80000
4	Balance Interest accrued for principle unpaid (2-3)	-	70000
5	Status of Interest up to reporting date (As on date of signing of balance sheet)	-	40000

Income Tax Act

Clause 22 of 3CD - Amount of interest inadmissible under section 23 of MSMED Act 2006

- Identify the MSE suppliers
- Verify if credit period is < 45 days
- If there is delay whether entity has provided interest
- If Yes – Report the same
- If not – Reporting? Mention NIL

Section 43B

(h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in **section 15 of the Micro, Small and Medium Enterprises Development Act, 2006,**”; -shall be allowed (irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him) only in computing the income referred to in section 28 of that **previous year in which such sum is actually paid by him.**

Provided that nothing contained in this section shall apply in relation to any sum which is actually paid by the assessee on or before the due date of ITR **except clause (h)**

Audit Procedure

- Documentation of verification process adopted ***“to verify how auditee has identified its MSE suppliers”***.
 - Correspondence with suppliers, replies received?
 - If a supplier has printed his udyam on invoice - straight way classify.
 - Any claim is received through SAMADHAAN?
- **Audit conclusion** on findings & Reporting of non compliance
 - No identification procedure done – **Qualify**.
 - Procedure done MSEs identified but no interest provided - **Qualify**
 - MSEs identified and Interest provided – **Compliance done**.
- **MRL** - NIL MSEs identified, Total delay in payment, Interest provision and calculation thereof.

Classification of MSMEs - **Min of MSME Vs RBI**

- **Min of MSME – Oct 2022**

In case of an upward change in terms of investment and consequent re-classification, an enterprise shall continue to avail of all non tax benefits of the category it was in before the re-classification, for a period of **three years from the date of such upward change.**

- **RBI – Dec 2023**

All the above enterprises are required to register online on the Udyam Registration portal and obtain 'Udyam Registration Certificate'. For PSL purposes banks shall be guided by the classification recorded in the Udyam Registration Certificate (URC)

MSME - FAQ

- Whether the continuity of the PSL status for 3 years is still applicable to MSMEs?

NO

- New funding to Udyog Adhaar holder possible?

NO, it has expired

- Trading activity any limit on funding to be PSL?

NO

- Funding to School more than 5 cr, is it social infra or MSME?

YES

- Can the account be reconned in both Social + MSME?

NO

अमृत काल के दायित्व निर्वहन के लीये शुभकामना

Thank you

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