

## FREQUENTLY ASKED QUESTIONS ON FFC FOR MSME LOANS

<b>1.</b>	<b>Question:</b>	<b>What is Finance Facilitation Centres (FFCs)?</b>
	<b>Answer :</b>	Finance Facilitation Centre (FFCs) are dedicated online platform ( <a href="http://www.nsicffonline.in">www.nsicffonline.in</a> ) under which credit to MSMEs will be facilitated through web linkages between NSIC portal and Bank's portal.
<b>2.</b>	<b>Question:</b>	<b>What are the Salient features of FFC?</b>
	<b>Answer :</b>	<ul style="list-style-type: none"> <li>a) To operate as a nodal point for aggregating various financing options of MSMEs.</li> <li>b) Speedy disposal of credit proposals thus saving time and cost of MSMEs.</li> <li>c) To disseminate information about MSME schemes offered by the Banks/FIs.</li> <li>d) To facilitate larger number of MSMEs who are desirous of availing credit.</li> <li>e) To provide handholding support to MSMEs</li> </ul>
<b>3.</b>	<b>Question:</b>	<b>How MSME loans can be availed through NSIC-FFCs?</b>
	<b>Answer :</b>	The MSME Unit can either directly log in at <a href="http://www.nsicffonline.in">www.nsicffonline.in</a> and fill in the required details in the basic online input form or can also contact offline to its nearest NSIC Finance Facilitation Center with the loan proposal .The official at the Finance Facilitation Center will provide hand holding support by assisting the unit in documentation for online submission of the loan proposal to the bank.
<b>4.</b>	<b>Question:</b>	<b>What are the target clients who can avail loan under NSIC-FFC?</b>
	<b>Answer :</b>	Existing MSME units as well as units applying for fresh loans can apply through this portal
<b>5.</b>	<b>Question:</b>	<b>Is there any cost for registering on to the portal?</b>
	<b>Answer :</b>	No fee is charged for registering on this portal

<b>6.</b>	<b>Question:</b>	<b>How does this portal help MSME?</b>
	<b>Answer :</b>	The portal will help the MSME(s) to get access to finance from banks based upon their lending policy and with speedier disposal of proposals through technology intervention.
<b>7.</b>	<b>Question:</b>	<b>How do I get handholding support?</b>
	<b>Answer :</b>	You can navigate through the portal either by filling in basic input form online or by submitting it offline to nearest the NSIC-FFC in your area. After keying all relevant details on the portal, our nodal officer shall validate your loan application form before submitting it to your preferred banks.
<b>8.</b>	<b>Question:</b>	<b>Which are the lending institutions eligible for extending loans under FFCs?</b>
	<b>Answer :</b>	The Banks/FI(s) which have entered into Memorandum of Understanding (MOU) with NSIC are the lending institutions under FFCs.
<b>9.</b>	<b>Question:</b>	<b>What is a Micro Enterprise?</b>
	<b>Answer :</b>	Any manufacturing enterprise in which the original value of investment in plant and machinery is upto Rs. 25 lakh and any service enterprises in which the original value of investment in equipment is upto Rs. 10 lakh is called a Micro Enterprise.
<b>10.</b>	<b>Question:</b>	<b>What is a Small Enterprise?</b>
	<b>Answer:</b>	Any manufacturing enterprise in which the original value of investment in plant & machinery is above Rs. 25 lakh and upto Rs. 500 lakh and any service enterprise in which the original value of investment in equipments is above Rs. 10 lakh and upto Rs. 200 lakh is called a Small Enterprise.
<b>11.</b>	<b>Question:</b>	<b>What is a Medium Enterprise?</b>
	<b>Answer:</b>	Any manufacturing enterprise in which the original value of investment in plant & machinery is above Rs. 500 lakh and upto Rs. 1000 lakh and any service enterprise in which the original value of investment in equipments is above Rs. 200 lakh and upto Rs. 500 lakh is called a Small Enterprise.

12.	<b>Question:</b>	<b>What are the types of loan facilities available in Bank for Micro, Small and Medium Enterprises?</b>
	<b>Answer:</b>	<ul style="list-style-type: none"> <li>- Term loans for acquisition of fixed assets (viz, land/building, plant/machinery, other fixed assets) towards setting up of new units and for expansion, modernization and diversification in case of existing units.</li>   <li>- Working Capital limits to meet the working capital needs of the MSME units in the form of open cash credit, overdraft against book debts and bill discounting facility.</li>   <li>Non fund based limits such as guarantees, letter of credit, foreign bank guarantees, foreign letter of credit etc.</li> </ul>
13.	<b>Question:</b>	<b>Whether KYC compliance is mandatory for availing loans under MSME?</b>
	<b>Answer:</b>	Yes, the loan applicants should open an operative account (Savings /Current Bank Account) which is KYC compliant with proper introduction, address proof, ID proof and photo etc; as stipulated by the bank.
14.	<b>Question:</b>	<b>What are all the documents to be submitted for availing loans under MSME?</b>
	<b>Answer:</b>	<p>The documents to be submitted vary based on the purpose of the loan. The general documents as required are:-</p> <ul style="list-style-type: none"> <li>(i) Proof of Identity</li> <li>(ii) Proof of Residence</li> <li>(iii) Proof of Business address</li> <li>(iv) Asset and Liability Statement of promoters, guarantors, directors etc. with latest income tax returns.</li> <li>(v) Rent Agreement / Lease Deed if business premises rented/leased.</li> <li>(vi) Copy of SSI registration certificate/Entrepreneur's Memorandum</li> <li>(vii) Profile of the Unit (Name and address of promoters, experience, nature of activity, address of all offices/plants, share holding pattern etc.)</li> <li>(viii) Last three year's Balance Sheet with IT/ST returns</li> <li>(ix) Projected Balance Sheet for next two years</li> <li>(x) Application in the prescribed format</li> </ul>

		<p>(xi) CMA data in the prescribed format if limit required is Rs. 100 lakh and above.</p> <p>(xii) Position of accounts with existing bankers</p> <p>(xiii) Project Report for term loan requirements</p> <p>(xiv) Estimates/Quotations/Sanctioned building plan etc.</p> <p>(xv) Partnership Deed/Trust Deed/Rules &amp; Bye laws/Memorandum and Articles of Association /Certificate of Incorporation etc.</p> <p>(xvi) Clearance from Pollution Control Board/Sanction from Electricity Board and other statutory authorities.</p> <p>(xvii) Month-wise production and sales data for the current financial year, value of stock in process, finished goods, debtors, creditors etc.</p>
<b>15.</b>	<b>Question:</b>	<b>What are the margin norms for loans under MSME?</b>
	<b>Answer:</b>	Varies from bank to bank
<b>16.</b>	<b>Question:</b>	<b>What is the interest rate of MSME loans?</b>
	<b>Answer:</b>	Varies from bank to bank
<b>17.</b>	<b>Question:</b>	<b>What are the processing charges payable for MSME loans?</b>
	<b>Answer:</b>	Varies from bank to bank
<b>18.</b>	<b>Question:</b>	<b>What are the security norms for MSME loans?</b>
	<b>Answer:</b>	Varies from bank to bank
<b>19.</b>	<b>Question:</b>	<b>What is the method of assessing working capital requirement for MSME unit?</b>
	<b>Answer:</b>	<p>For units requiring working capital limits upto Rs. 5 crore, requirement is assessed as 25% of the projected turnover for the next year and the working capital limit shall be 20% of the projected turnover. The balance shall be brought by promoters as their contribution by way of equity / loans.</p> <p>For limits above Rs. 5 crore, the working capital requirement is assessed under Maximum Permissible Bank Finance Method.</p> <p>It may also vary from bank to bank.</p>
<b>20.</b>	<b>Question:</b>	<b>What is the repayment period stipulated for term loans?</b>
	<b>Answer:</b>	The repayment period varies depending upon the income generation from the unit and generally varies from 5-7 years. However, in

		exceptional cases it can go to 11 years.
<b>21.</b>	<b>Question:</b>	<b>How working capital finance is typically structured at bank?</b>
	<b>Answer:</b>	<p>At bank, working capital loans are tailored to suit the precise requirements of the client, in any of the various instruments available or structured as a combination of cash credit, demand loan, bill financing and non-funded facilities.</p> <p>The banks accomplished credit crew can gauge the credit needs of each client and frame the exact solutions.</p>
<b>22.</b>	<b>Question:</b>	<b>How does bank approve working capital loans?</b>
	<b>Answer:</b>	<p>Bank dedicated credit team has a deep understanding of the intricacies of various industries and is richly experienced in reckoning the business potential of companies.</p> <p>These informed professionals can assess your specific credit requirements and tailor customized financial solutions to suit your risk profile and the working capital cycle of your company.</p>
<b>23.</b>	<b>Question:</b>	<b>What is the repayment schedule like?</b>
	<b>Answer:</b>	Working capital finance limits are normally valid for one year and repayable on demand. Specific, self-liquidating loans are linked to the natural tenor of the transaction (bill finance, export credit etc.).