

**FAQon “Liberalised Working Capital assessment (LWCA) model for MSME borrowers having Limits upto ₹ 5.00cr (including Enhanced Portion)”**

**Q1. Why is this liberalised scheme introduced?**

To provide relief to MSME customers and to ensure the continuity of viable businesses, it is realised that there may be a temporary disruption in cash flows and in some cases loss of income. This scheme is intended to provide additional finance and liquidity to bring relief to the customers.

The assessment method is liberalised to provide financial assistance to the MSME borrower customers as soon as possible. However, these liberalised assessment method and relaxed margins will be applicable to sanctions upto 31.05.2020, under the scheme.

**Q2. Am I eligible? What is the eligibility criteria?**

All existing MSME borrowers are eligible. The following parameters are to be met:

- Registered as MSME unit and classified either as Manufacturing Enterprise or Service Enterprise as per MSME Act.
- Your loan account with the Bank should be a Standard Asset.

**Q3. How do I apply?**

Customers can apply under the scheme by submitting their request to their present financiers. The request letter (sample provided) can be submitted, either physically or through registered e-Mail ID by the customer.

**Q4. Which facilities would be eligible for reassessment under the scheme & what is the maximum amount that I will get?**

Working capital limits both Fund Based and Non-Fund Based provided to MSME sector are covered under the scheme. Maximum amount that can be sanctioned under this scheme is 33% of the revised projected annual turnover. However, enhanced Working Capital Limit under this scheme cannot go beyond ₹5.00 cr.

**Q5. Do I have to have the required DP?**

For availing the limits DP (Drawing Power) should be available, you may request the bank to reduce the margins on the stocks and receivables and increase the cover period if it is justified.

**Q6. What is the last date for making request to my bank for availing finance under the scheme.**

The scheme is valid for sanction and disbursement either partially or fully upto 31.05.2020. Hence it would be advisable to apply by 20.05.2020 for consideration by your bank.

**Q7. In how many days will my Banker convey the sanction?**

Your Bank will convey its decision within 5 days of submission of your application alongwith requisite documents.

**Q8. What are the documents that I need to submit to my Bank?**

You have to submit the following documents:

- Simple application along with reasons for changing the estimates from the previously submitted sales turnover
- Revised projected turn over for Fy 21

**Q9. Do I need to provide additional security?**

Extension of Charge will be carried out on the existing Collateral Security.

If due to enhancement in limits under this scheme, existing collateral norms as per Banks extant instructions are not complied with, bank will give you time up to two years' to reduce the limits to comply with collateral norms or provide additional collateral. An undertaking in this regard needs to be provided to your Bank

**Q10. I do not need higher limits but I want reduction in margins applied by the Bank, to provide me liquidity.**

Wherever, enhancement is not required or you are not eligible for enhancement, margins on stocks & receivables and cover period on receivables may be relaxed (if required). You may indicate your requirement in the request letter.

**Q11. At what frequency do I need to provide stock & receivable statement?**

There is no change in the frequency of providing these statements. You will continue to provide these statements to your Bank as hitherto.

**Q12. Will the adhoc Limits (CCECL, SLC etc ) sanctioned by my Bank continue?**

If there is enhancement proposed on account of reassessment, any adhoc limit (Like CCECL, SLC etc) sanctioned will be subsumed in this enhanced limit.

Only, if there is no enhancement, you may opt for continuing the adhoc limits as per the original terms of sanction.

**Q13. What will be the rate of interest applicable under the scheme?**

Please contact your Bank's Branch for the interest Rate.

