



## GOVERNMENT OF KERALA

Abstract

Industries Department- " VYAVASAYA BHADRATHA ", a Special Package of Relief Schemes and Financial Assistance for Micro Small Medium Enterprises in the wake of Covid - 2019- Approved- Orders issued



## INDUSTRIES(B)DEPARTMENT

G.O.(Ms)No.56/2020/ID Dated, Thiruvananthapuram, 20/05/2020

ORDER

The 'COVID-19' pandemic and the consequent 'lock-down' imposed by Government of India has seriously affected the functioning of the Micro Small Medium Enterprises (MSMEs) sector. Many of the MSMEs have sustained loss of raw material and loss of market sales leading to financial woes. Being one of the largest employer in the state, it has become imperative to handhold them at this time of crisis.

2. Based on the series of interaction with the Industry representatives and Industry Associations, Department of Industries formulated a special package for assisting the MSMEs for them to restart their business. Government have examined the matter in detail the elements of the revival package and pleased to order a Special Package of Relief Schemes and Financial Assistance for Micro Small Medium Enterprises under the title " VYAVASAYA BHADRATHA " as detailed below.

**1. New Land Premium Payment Policy**

The financial burden on new investors will be reduced by decreasing the upfront lease premium to be paid and increasing the duration of the payment period in K.SIDC/KINFRA parks.

New allottees shall be allotted land by collecting upfront lease premium of only 20%. The balance shall be paid in 5 years' time. No interest shall be levied for this 5 year period.

**2. Freezing of Land Premium for One Year**

**File No.IND-B2/74/2020-IND**

The land premium to be paid from 1st April 2020 to 31st March 2021 in KSIDC and KINFRA parks will be freezed. The land lease premium shall be the rate prevalent during 2019-2020.

**3. Waiving off Standard Design Factories (SDF) rentals for 3 months**

The rental charges on Standard Dcsign Factories presently occupied by the investors in KSIDC/KINFRA parks for a period of three months from March 2020 to May 2020 will be waived off.

**4. Waiving off common facility charges for 3 months**

The common facility charges for investors in KSIDC and KINFRA parks payable for a period of three months for a period of three months from March 2020 to May 2020 will be waived off.

**5. Top Up Loans in KSIDC**

This intends to extend support to existing standard clients of KSIDC to meet immediate working capital and asset creation needs. Short Term Loan up to Rs.200 lakh or 30% of the already sanctioned Term Loan (whichever is less) at an interest rate of 8% will be allowed.

- No additional collateral security required (subject to sufficient security margin based on existing assets), based on request.
- Waiver of upfront fee (0.75 % of loan) and processing fee (Rs.1 lakh) for these Loans.
- Repayment period 3 years, as 30 equal monthly instalments, excluding an initial moratorium of 6 months.

**6. Waiver of Penal Interest for existing customers of KSIDC**

The penal interest (2%), which is normally charged for delayed interest payment, shall be waived for 1 year plus one month, i.e., from 01.03.2020 to 31.03.2021 for all existing customers of KSIDC will be waived off.

**7. Moratorium for Payment of Principal & Interest – KSIDC**

**File No.IND-B2/74/2020-IND**

This extends moratorium for payment of Principal & Interest for all operating units of KSIDC for a period of three months.

The principal repayments falling due from March 2020 till 31st of May 2020 will be provided a moratorium of 3 months by extending the terminal repayment period by 3 months.

The interest due on 31.03.2020 can be paid in 3 monthly instalments after a moratorium of 3 months. The interest is to be repaid during the period 01.07.2020 to 30.09.2020.

Regular interest falling due from 01.04.2020 to 30.06.2020 shall be allowed to be paid in 6 equal monthly instalments from October 2020 to March 2021, without penal interest.

**8. One Time Settlement policy for KSIDC and KINFRA**

This One Time Settlement policy is for settling the loans given by KSIDC and full waiving off interest accrued on CFC and lease premium in KINFRA parks.

**9. Special Loan for asset creation for MSMEs by KSIDC**

To extend financial assistance to MSMEs for the expansion/diversification purposes, a corpus of Rs.10,000 lakh shall be earmarked by KSIDC through refinance from banks/financial institutions. The loan quantum shall range from Rs.50 lakh to Rs.500 lakh per unit based on the existing norms of KSIDC

**10. Entrepreneur Support Scheme (ESS) to be liberalized**

The existing ESS norms shall be liberalized to support entrepreneurs. MSMEs facilitate enhance the investment support to Women, SC/ST and Young entrepreneurs from the present 20% to 25.

Bill discounting scheme (BDS) will be implemented for ESS sanctioned amounts with the support of respective banks/Financial Institutions.

The one-year period given for submission of online ESS application after commencement of production (which expired during the lock down period) will be extended for three more months.

Enterprises which manufacture sanitary products, personal hygiene products, medical disinfectant products, pharmaceutical products/drugs and essential medical equipments/accessories (such as ventilators, hospital furniture, N95 mask, surgical gloves, blood bags, medical oxygen etc)

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will be included in the priority sectors of ESS.

**11. A) Margin Money Assistance for Additional Working Capital**

To support the MSMEs in the state (amounting to around 1,30,000 in number) which are facing distress. As per SLBC quick estimate, the additional working capital requirement in the sector is approximately Rs.2675 Crores.

To provide 50% of margin money component as grant for newly availed working capital loan after lockdown. The margin money grant is limited to 50% of the margin insisted by the banks/financial institution limited to Rs 1 lakh and shall not exceed 15% of working capital requirement. There must be minimum 10% of the new/additional working capital as beneficiary contribution.

**B) Interest Subvention on additional working capital Loan for MSMEs**

To extend support to MSMEs by providing Interest subvention for the additional term loan for 6 months at 50% interest amount(5% - approximately) or for total interest subvention for 3 months (10% approximately)

**12. Interest Subvention on additional Term Loan for MSMEs**

The Scheme intends to support the MSMEs in the state which are facing distress by providing additional term loans.

To provide interest subvention for 6 months at 6% Interest or full interest subvention for 3 months on additional term loan (12% interest).

**13.ESI Contribution of Employers for three months**

Meeting the employers' ESI contribution for a period of three months will be proposed to Government of India. The ESI contribution of the employer is 3.25% of the total of basic pay and DA of the employee.

**14.PF Contribution of Employers for Three months**

Government of India will be addressed to meet the employers' PF contribution for employees drawing wages from Rs.18000 to Rs.24000 in all industrial units and for employees

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drawing Rs.15000 in industrial units with more than 100 workers.

#### 15. Modification of NPA Norms

RBI will be addressed to increase the present criterion of 90 days (for declaring a loan account as NPA) to 180 days.

#### 16. Extension of moratorium for principal and interest to 6 months

The proposals will be given to RBI to increase the moratorium period for payment of principal and interest from 3 to 6 months

#### 17. Payment of moratorium period for MSMEs

It is for providing interest subvention (additional interest accrued on 3 months interest) on the term loan and working capital loan of MSMEs for the moratorium period of three months.

3. The revenue due to M/s. KSIDC and M/s. KINFRA will be absorbed by themselves and for item No: 9 above the Corpus fund will be created by KSIDC. The portion of budgetary support will be met from the re-appropriation and the additional portion of Government of Kerala will be met through special assistance. The order outlining the implementation procedure will be issued separately by the Department.

(By order of the Governor)  
DR. K. ELLANGOYAN  
PRINCIPAL SECRETARY

To:

- ✓ The Director of Industries and Commerce, Thiruvananthapuram
- ✓ The Managing Director, Kerala State Industrial Development Corporation, Thiruvananthapuram
- ✓ The Managing Director, KINFRA, Thiruvananthapuram
- ✓ The Principal Accountant General (A&E/Audit), Kerala, Thiruvananthapuram
- ✓ The District Treasury Officer, Thiruvananthapuram
- Finance Department ( Vide U.O. No: 1496390/PU-D3/41/2020 dated 11.05.2020)
- Planning & Economic Affairs Department
- The General Administration (SC) Department ( Vide Item No: ..... dated

**File No.IND-B2/74/2020-IND**

13.05.2020)

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*Arifurrahman*  
Section Officer