

MSME POLICY



BNPP Policy Framework for Micro, Small and Medium Enterprises

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1. Background and Objective

The policy seeks to establish the framework that would be followed by the bank in determining lending norms to Micro, Small and Medium Enterprises ('MSME') in compliance with the Reserve Bank of India guidelines vide **RBI/FIDD/2017-2018/56, FIDD.MSME & NFS.12/06.02.31/2017-18 dated June 11, 2024.**

This Policy also encompasses the former Banking Codes and Standards Board of India ('BCSBI') code voluntarily adopted by the bank, setting minimum standards of banking practices for banks to follow when they are dealing with Micro, Small & Medium Enterprises (MSMEs) as defined in the Micro Small and Medium Enterprises Development (MSMED) Act, 2006.

Through this policy bank explains its approach to deal with MSME segment for e.g. Enabling liquidity through Priority Sector Lending targets.

The Code does not replace or supersede regulatory or supervisory instructions issued by the Reserve Bank of India (RBI) and the Bank will comply with such instructions /directions issued by the RBI from time to time.

2. Definitions

As published through the gazette notification dated 21st March 2025

Micro enterprise

An enterprise where the investment in plant and machinery or equipment does not exceed **INR 25 Mn** and turnover, net of export, does not exceed **INR 100 Mn**

Small enterprise

An enterprise where the investment in plant and machinery or equipment does not exceed **INR 250 Mn** and turnover, net of export, does not exceed **INR 1,000 Mn**

Medium enterprise

An enterprise where the investment in plant and machinery or equipment does not exceed **INR 1,250 Mn** and turnover, net of export, does not exceed **INR 5,000 Mn**

All the above enterprises may register online on the Udyam Registration portal and obtain an 'Udyam Registration Certificate', which shall be kept on records by the Bank.

3. Retired Policies / Related Policies

These guidelines will replace the previous MSME Code



4. Exception Process

Any changes/ exceptions to this Policy except those regulatory in nature must be approved by the coverage heads of the bank.

Deviations involving credit risk element to be brought to the banks Credit Committee.

5. General Guidelines

Types of Loans

MSME Units may be granted a variety of Credit facilities for their different needs (subject to satisfactory credit assessment by the bank) which will include, but not limited to, the following:

- a. Term Loan for acquisition of capital goods (excluding second hand), fixed assets, vehicles, Plant & machinery, construction of buildings etc.
- b. Working Capital Demand Loan, Working Capital by way of Overdraft / Cash Credit facilities etc for: Purchase of raw material, components, stores, and maintenance of stock of these items at minimum level and stock in process and finished goods.
- c. Finance against receivables including receipted challans/invoices.
- d. Bills Purchase/Discounting under L/C or outside L/C.
- e. Export and import Finance
- f. Letter of Credit on sight / usance basis for purchase of raw material / capital goods.
- g. Bank Guarantees.
- h. Buyer's Credit for raw material and capex
- i. Standby letter of credit
- j. Foreign exchange – spot and forwards
- k. With Recourse Factoring Supply Chain Financing
- l. Sales or Purchase domestic Bill/ Invoice financing
- m. CP/NCD

Suitability and appropriateness of products:- The Bank shall offer products, particularly derivatives, to MSME clients only after having clearly understood the economic purpose for using these instruments in relation to the fundamentals of the client's business, its sophistication and its financial resources. The bank would consider relevant factors that could influence the present and future repayment capacity of the borrower and should avoid inducing undue hardship and over-indebtedness and therefore ensure responsible lending. Particular attention must be paid to products with embedded optionality or with embedded loans and to the adequacy between the cash flow of the borrower and its financial obligations (debt service and/or collateral calls), notably in terms of foreign exchange and interest rate.



Framework

Processing of Applications: For credit limit up to Rs 25 lakhs within 14 working days from the date of receipt of all information requested for credit appraisal. For credit limit above Rs 25 lakh within 8 weeks from the date of receipt of all information requested for credit appraisal. The timeline will be considered from the day the loan application is received by the bank which is complete in all respects and is accompanied by documents as per 'check list' provided.

Loans/facilities are sanctioned based on established criteria that are detailed in the internal / local credit policy manual of the various businesses that contribute towards the MSME segment in the bank. These policies are based on the bank's experience of credit performance of its existing portfolio. Further all policies are periodically reviewed and approved by coverage heads of the bank.

Broadly, each credit proposal is reviewed / validated by the Bank. Thereafter, it is reviewed by the independent Credit Risk team. This mechanism ensures a complete and neutral loan review mechanism of all new proposals and renewal proposals.

Unless specifically decided otherwise, all credit file approvals would have a validity of one year from the month of approval. The file validity may be extended suitably (for an additional 3 months) in the event that the credit file cannot be reviewed by the scheduled time for valid reasons such as detailed audited financials/ annual report expected soon, business plans proposing capex / credit limit enhancements expected, etc.

Each credit proposal would be evaluated on a case-to-case basis keeping in mind the internally validated factors, as well as other parameters as may be deemed necessary. The Bank has the sole discretion to decline transactions based on its perception of clients' financial situation.

Mechanism to onboard MSME

Banks shall put in place a structured mechanism to monitor the entire gamut of credit related process granted to the MSME sector. Accordingly, banks shall implement the following,.

- a) Application Tracking process and MIS.
- b) Documentary checks
- c) Review/Assessment of Loan/Credit Application including Pricing.
- d) Monitoring of overall MSME portfolio

Information

MSME customer can get information on interest rates, common fees and charges through any of the following

- a. Referring to the Tariff Schedule which is available at the bank branches.
- b. Phoning the bank's branches.



- c. Asking the bank's designated staff/help desk.

Interest Rates

Changes in interest rates

The Bank will inform the MSME customer of the change in the interest rates on financing products immediately (maximum 15 working days) by written or email communication or by way of a notice at the branch location.

Tariff Schedule

Fees & Charges

- a. The Bank will make known to MSME customer all charges applicable to the products and services chosen by them
- b. The Bank will make a copy of the Tariff schedule available at every branch for the MSME customer's perusal.
- c. The Bank will also provide the MSME customers information about the charges leviable in case of non-observance/violation of any of the terms and conditions governing the product/services chosen by them.

Terms And Conditions

- a. When MSME becomes a customer or avails of a product/ service for the first time, the Bank will advise them of the relevant terms and conditions for the service which the Bank will provide.
- b. All terms and conditions will be fair and will set out respective rights wherever applicable and liabilities and obligations clearly and as far as possible in plain and simple language.

Changes to Terms and Conditions

When MSME become a customer, they can get information of changes to terms and conditions through any of the following channels

- a. Written communication
- b. Notice Board at each branch
- c. Email

**6. Grievance Redress Process**

The bank has a Grievance Redressal mechanism for all customers in place where any complaints received from MSME customers are also monitored and resolved. The bank adheres to the Code of Commitment to MSME customers issued by the Banking Code and Standards Board of India in this regard as well.

7. Getting Help

For any kind of help MSME customers can contact the following personnel (Branch Manager) at respective branches of the bank as well can visit our website for additional contact details.

Website: [Contact Us - BNP Paribas in India](#)

Mumbai Branch

Branch Manager
1 North Avenue, Maker Maxity,
Bandra – Kurla Complex, Bandra East,
Mumbai 400 051
Tel – (022) 61964000

New Delhi Branch

Branch Manager
8th & 9th Floor East Towers (Sood Towers),
25, Barakhamba Road
New Delhi – 110 001
Tel – (011) 41796600

Chennai Branch

Branch Manager
3rd Floor, Prince Towers
25/26 College Road
Chennai – 600006
Tel – (044) 66806100

Pune Branch

Branch Manager
Godrej Millenium Park, Unit No. 1 & 2,
Ground Floor, 9, Koregaon Road,
Pune – 411 001
Tel – (020) 67086912.

Bangalore Branch

Branch Manager
A – 3, Ground floor, Salarpuria Windsor,
Ulsoor Road
Bengaluru – 560042.
Tel – (080) 66076200.