MSME

2024

THE PILLAR FOR 10 TRILLION $ INDIAN ECONOMY









10 TRILLION
INDIAN
ECONOMY





Make INDIAN MSME a GLOBAL MNC

CA ASHISH DUA | ADV. RITIKA BHASIN



MSME
The Pillar for 10 Trillion - Dollar Indian Economy

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Thank you all for being part of this remarkable journey,

Advocate Ritika Bhasin

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CHAPTER-1

MSME and its Impact on Indian Economy

MSMEs in India

The Government of India established the term Micro, Small, and Medium Enterprise (MSME) in accordance with the MSMED (Micro, Small, and Medium Enterprises Development) Act, 2006. MSMEs, overseen by the Ministry of MSME, encompass entities involved in manufacturing, production, processing, and preservation of goods and commodities.

MSME Ownership Statistics

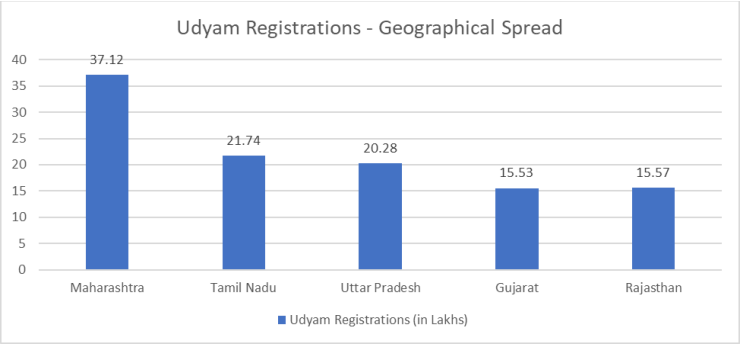
In India, there are a total of 633.9 lakh MSMEs, with over 99% classified as micro-enterprises, totalling 630.5 lakh enterprises. Small businesses constitute 3.3 lakh enterprises, accounting for 0.5% of all MSMEs, while medium businesses comprise 0.05 lakh enterprises, or 0.01% of the total.

Classification	Number (in Lakhs)	Percentage
Micro Enterprises	630.5	99%
Small Enterprises	3.3	0.5%
Medium Enterprises	0.05	0.01%

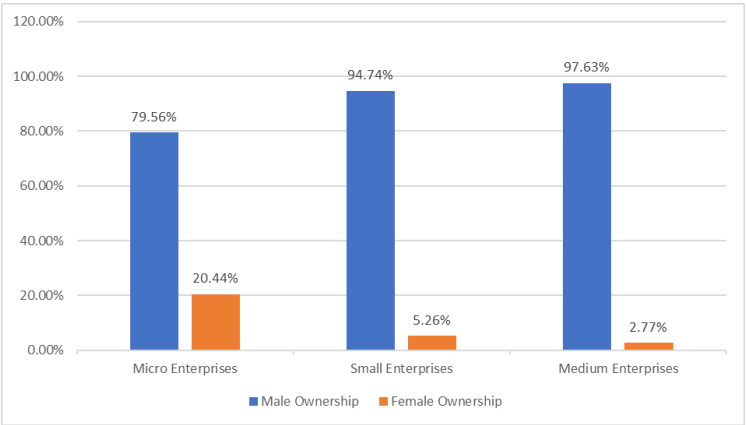
Rural areas host 324.9 lakh businesses, while urban areas accommodate 309 lakh businesses.

Classification	Number (in Lakhs)	Percentage
Micro Enterprises	306.43	324.09
Small Enterprises	2.53	0.78
Medium Enterprises	0.04	0.01

2.15 crore MSMEs were registered as of December 14, 2023. Maharashtra leads in Udyam registrations with 37.12 lakh units, followed by Tamil Nadu (21.74), Uttar Pradesh (20.28), Gujarat (15.53), and Rajasthan (15.57).



Out of the total, 608.41 lakh MSMEs are proprietary concerns. Male ownership dominated across all business sizes, with 79.56% of micro businesses, 94.74% of small businesses, and 97.63% of medium businesses being male-owned. Conversely, female ownership comprised 20.44% of micro businesses, 5.26% of small businesses, and 2.77% of medium businesses. This pattern persisted in both urban and rural areas, although male ownership was slightly more prevalent in urban areas compared to rural areas.



Contribution to GDP

With a notable 33% contribution to India's GDP and 44% of the nation's exports, MSMEs play a pivotal role in shaping the nation's economic landscape. The MSME Ministry aims to increase MSME contribution to GDP to 50% by 2025, focusing on strengthening manufacturing and enhancing competitiveness. Predictions suggest a substantial US$ 1 trillion contribution to India's exports by 2028, highlighting their potential for growth and impact on the economy.

According to recent data from the Ministry of Statistics & Programme Implementation, MSMEs' share of Gross Value Added (GVA) in India's GDP varied from 27.2% to 30.5% between 2019-20 and 2021-22. Similarly, their share of manufacturing output ranged from 36.2% to 36.9% during the same period. Regarding exports, the share of MSME specified products in India's total exports decreased from 49.4% to 43.6% between 2020-21 and 2022-23, based on data from the Directorate General of Commercial Intelligence and Statistics (DGCIS).[1]

Generation of Employment

Recent data highlights that MSMEs are significant contributors to job creation, economic growth, national prosperity, and innovation. As of August 2, 2023, the Udyam Registration Portal recorded a total of 12,36,15,681 persons employed in MSMEs registered from July 1, 2020, to August 1, 2023, across India.[2] They provide employment to over 120 million individuals.[3]

Sector	Jobs Created (in Lakhs)
Trade	387.18
Manufacturing	360.41
Other Services	362.82

The food industry leads in job creation, employing 4,80,000 individuals, followed by non-metallic mineral goods with 4,50,000 employees, and metal products with 3,70,000 workers. These sectors contribute significantly to employment generation. Industries such as machinery parts (excluding electrical), chemicals and chemical products, paper products, printing, wood products, basic metals, hosiery, garments, rubber, plastic products, and repair services collectively provide 49% of jobs, contrasting with the less than 5% contribution from other sectors.

In rural areas, non-metal products account for 22.7% of employment, followed by food goods at 21.1%, and wood products, chemicals, and chemical products at 17.5%. In urban areas, metal and food products each contribute around 22.8% to employment. Chemicals and chemical products, non-electrical machinery parts, and non-metallic mineral products together account for 26.2% of urban employment, while metal products, paper products, printing, and machinery parts other than electrical are the top three contributors, comprising 33.6% of total employment in metropolitan areas.

[1] https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1946375
[2] https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1946375
[3] https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1946375

MSMEs' Unique Contributions to Indian Economic Growth

The evolution of MSMEs in India is connected with the nation's economic progress, offering a conducive ecosystem for small-scale ventures to thrive and make substantial contributions to the GDP. Their history dates back to pre-independence times when cottage industries and local enterprises thrived, sustaining rural communities. The role of MSMEs extends beyond mere economic contributions. They serve as vital catalysts for job creation, particularly in rural areas, and foster an environment conducive to entrepreneurship and innovation. Furthermore, their presence diversifies the Indian economy and plays a crucial role in poverty alleviation and reducing income inequality.

Let's delve into the significant impact of the MSME sector on India's economic growth:

Employment Generation:

MSMEs are integral to India's economic framework, fostering employment growth in both rural and urban sectors. They play a pivotal role in bolstering economic prospects for individuals, by offering diverse opportunities for both skilled and unskilled workers, particularly benefiting the local population in specific regions. This localized approach helps reduce unemployment and under-employment significantly. The Indian MSME sector is the second-largest employer after agriculture, owing to its low capital investment requirements as compared to larger industries.

Regional Dispersal of Industries:

The MSME sector in India is pivotal for fostering equitable growth and its effective functioning is vital for the nation's balanced progress. MSMEs have a widespread presence across India, with a significant impact on regional industrial distribution. These enterprises have been instrumental in driving industrialization in under-developed regions, thereby mitigating regional inequalities and fostering a more inclusive and equitable distribution of national resources and income.

While large-scale industries tend to concentrate around major states and metropolitan areas, MSMEs are more evenly distributed and balanced. According to estimates, 48.75% of MSME units are located in urban areas, and 51.25% are in rural areas. Uttar Pradesh, West Bengal, and Tamil Nadu together represent 36% of all MSME units, according to the NSS 73rd cycle. However, their proportion in the total number of units according to the fourth all-India MSME Census is closer to 31%. Uttar Pradesh has the highest number of MSMEs, accounting for 14.00% of the country's total. The top 10 states collectively represent 74.00% of all MSMEs in India.

Innovation and Entrepreneurship:

MSMEs drive innovation with their pioneering products and processes, contributing substantially to India's startup ecosystem. They encourage entrepreneurship by offering a flexible platform for individuals to establish their own businesses and provide access to regional ecosystems and networking opportunities, fostering growth for budding entrepreneurs. Additionally, access to credit facilities and insurance from government and non-governmental organizations provides financial support, ensuring business continuity and enabling entrepreneurs to focus on their goals.

Generational Businesses:

Inter-generational transmission of traditional skills and craftsmanship cultivate a diverse array of local industries, with small enterprises serving as the economic bedrock of rural regions, fostering self-reliance within local communities for many generations.

Poverty Alleviation:

MSMEs play a crucial role in alleviating poverty by providing employment opportunities to marginalized groups, including women and economically disadvantaged individuals. By creating new job opportunities and fostering equitable income distribution, they contribute to inclusive growth and improve living standards, ultimately aiding in poverty alleviation efforts.

Contribution to Inclusivity & Equity:

MSMEs have played a crucial role in promoting financial inclusion among marginalized communities, offering access to funding without stringent collateral requirements imposed by traditional banks. Government initiatives, such as dedicated microfinance institutions, have facilitated this process, enabling individuals to start businesses and contribute to economic development without significant barriers. This fosters entrepreneurship, enhances social mobility, and promotes equity within Indian society.

Entrepreneurship by Different Social Groups:

MSME enterprises are owned by individuals from diverse socio-economic backgrounds, including SC, ST, OBC, and others. Unlike large-scale industries, where entrepreneurs from the social elite are more common, MSMEs are predominantly owned by socially disadvantaged groups. According to data from the NSS's 73rd round, about 66.27% of MSMEs were owned by socially disadvantaged groups, with 49.72% owned by OBC entrepreneurs, 12.45% by SC entrepreneurs, and 4.10% by ST entrepreneurs. In rural areas, approximately 73.67% of MSMEs were owned by socially disadvantaged groups.

MSMEs and Women's Participation:

There has been a gradual increase in women's participation in the workforce in India over the past few decades. More women are now entering entrepreneurship, thanks to opportunities provided by the MSME sector. Women entrepreneurs are making significant strides, with 20.73% of MSMEs being female-owned, according to the NSS 73rd cycle.

Industrial Growth:

The MSME sector significantly boosts industrial growth and development by fostering innovation and introducing new products, services, processes, and technologies. Additionally, they play a crucial role in the supply chains of large corporations, ensuring efficient and timely delivery of goods and services. Furthermore, the widespread presence of MSMEs across the country facilitates the decentralization of industries, promoting equitable distribution of economic activities. Their small-scale establishments encourage swift adaptability to market demands, innovative approaches, and cost-effective production methods and solutions, further enhancing industrial growth. Unlike larger corporations constrained by bureaucratic processes, smaller enterprises can quickly respond to changing market dynamics.

For example, MSMEs are vital to the automotive industry, driving innovation and efficiency throughout the supply chain. Their agility allows them to leverage cutting-edge technology for product development, enhancing the sector's competitiveness. Additionally, MSMEs contribute to streamlining supply chain operations, ensuring timely delivery of components and reducing production costs while maintaining quality standards. This pivotal role underscores the importance of MSMEs in sustaining the automotive sector's growth and performance.

Recent Changes that have given further boost to MSME Companies

Despite facing challenges, MSMEs have exhibited remarkable resilience by swiftly adapting to the dynamic business landscape. The following factors have given them a further boost: -

Digital Transformation:

Digitisation enables MSMEs to have better access to a wider range of global markets while mitigating supply chain risks. Technologies like e-commerce, digital marketing, cloud computing, and automation are being leveraged to tap into wider customer bases and optimize costs. A survey by Bluehost revealed that 72% of Indian MSMEs opt for digital payments over cash, signalling growth potential.

Digitalisation benefits MSMEs in the short run by facilitating remote transaction management, efficient delivery of goods, and easier access to financial services. It provides tangible benefits to MSMEs such as improved customer acquisition, operational efficiency, staff enhancement, risk management, innovation, and reduced manpower requirements. Increasing internet penetration and growing usage of low-cost smartphone devices, together with digital lenders closing the information asymmetry gap, have further drawn MSMEs to the digital channel. The digital route to secure instant credit has enabled MSME loan book on digital platforms to grow year after year.

Furthermore, Google, led by Mr. Sanjay Gupta, Country Head and Vice President of Google India, is strategically investing in digital payments to fortify the Indian MSME market. Beyond payments, Google aims to broaden its impact, focusing on financial inclusion and digital empowerment to unlock the full potential of India's MSME sector.

E-Commerce:

With the rise of the digital era and technological advancements, Indian MSMEs experienced a surge in growth and innovation. E-commerce platforms and digital marketing have empowered MSMEs to expand their reach and compete globally. The government's Digital India initiative further accelerated this transformation by facilitating online registrations, access to credit, and e-governance services. Government e-Marketplace (GeM) for MSMEs serves as a procurement platform for Ministries and public sector undertakings. As of May 9,2023, the GeM portal processed a total of 1.50 crore transactions from over 68,620 buyer organizations and 60 lakh sellers, with 8.73 lakh sellers being MSEs. Furthermore, Flipkart has partnered with the Government of Gujarat through a MoU with the Commissioner of Cottage & Rural Industries, Government of Gujarat, under its Flipkart Samarth program. The tie-up aims at digitising local businesses that focus on the development of the crafts in every district and to revive the languishing crafts in the state.

Government Schemes:

The Government of India has implemented several schemes to support MSMEs, which aim to provide financial assistance, improve access to credit, enhance technology upgradation, and create a conducive business environment. Some of the key initiatives include the Credit Guarantee Fund Scheme for MSEs, which provides collateral-free credit to MSMEs, and the Prime Minister's Employment Generation Programme, which focuses on generating self-employment opportunities through micro-enterprise establishments. Additionally, the MSME Ministry has launched the Udyog Aadhaar Memorandum portal for easy registration and tracking of MSMEs, and the ASPIRE scheme to promote innovation and rural entrepreneurship.

The Indian Government has also introduced the 'Zero Defect Zero Effect' initiative, which encourages MSMEs to produce high-quality products without negative environmental impact. The 'Credit Linked Capital Subsidy Scheme' is another significant program that provides subsidies for technological upgrades. Furthermore, the 'Micro and Small Enterprises Cluster Development Programme' aims to enhance competitiveness and productivity in cluster areas. The 'National Manufacturing Competitiveness Programme' seeks to support MSMEs in their efforts to become competitive globally. These schemes, along with others like 'Stand-Up India' and 'Startup India', form a comprehensive support system for MSMEs across various stages of their business lifecycle. Additionally, the recently introduced 45-days payment rule to MSEs aims to ensure timely and fair payment of dues to them by their buyers. All these efforts reflect the government's commitment to fostering a robust MSME sector as a cornerstone of India's economic strategy.

Easier Access to Credit:

Apart from the numerous Government schemes, a few more steps have been undertaken by the Government and private institutions to facilitate the provision of credit to MSMEs:

- In a notable initiative to bolster the MSME sector, the Technology Development Board (TDB) and the Small Industries Development Bank of India (SIDBI) have formalized a Memorandum of Understanding (MoU). This collaboration aims to streamline access to credit for enterprises involved in developing and commercializing indigenous or imported technology.

- The Reserve Bank of India launched the Public Tech Platform for Frictionless Credit (PTPFC) pilot project on August 17, 2023. Developed by the Reserve Bank Innovation Hub (RBIH), this initiative aims to connect borrowers and lenders, facilitating easier access to credit for millions of individuals seeking small loans. The PTPFC will enable the disbursal of non-collateral based loans for Micro, Small and Medium Enterprises (MSMEs), Kisan Credit Card loans up to Rs. 1.6 lakh (US$ 1,924.07), dairy loans, personal loans, and home loans.

- In August 2023, Axis Bank announced offering up to Rs. 10 lakh (US$ 12,025.45) unsecured MSME loans and Kisan Credit Card (KCC) for loans up to Rs. 1.6 lakh (US$ 1,924.07) per borrower under the pilot project of the Reserve Bank of India's (RBI) Public Tech Platform for Frictionless Credit, which commenced on August 17, 2023. KCC loans will be offered in Madhya Pradesh.

- In August 2023, DBS Bank in collaboration with supply chain platform Infor Nexus announced the launch of a pre-shipment financing solution for SMEs part of the Infor Nexus supply chain ecosystem.

- In May 2022, Aditya Birla Capital launched Udyog Plus, an MSME-focused portal, which provides capital and other business solutions to small businesses, including investments, advisory services, and utility services. It offers online loans up to Rs. 10 lakh (US$ 120,000) to MSMEs through various product offerings such as supply chain finance and transaction-based loans.

- IT services company Protean eGov Technologies (formerly NSDL eGovernance infrastructure), in August 2023, announced a partnership with the financial services provider for easy credit access to MSMEs and last-mile through the government's ecommerce network Open Network for Digital Commerce (ONDC).

- Life insurance company Max Life on May 8, 2023 announced a strategic tie-up with an MSME representative body Indian Industries Association (IIA) to provide life insurance to employees working in MSMEs based in Uttar Pradesh. The insurance programme will cover more than 11 lakh MSME workers affiliated with IIA and their families in the state and will be undertaken with Sana Insurance Brokers as the enrolment partner.

Sustainable Practices:

Many MSMEs are adopting sustainable practices, including the use of renewable energy sources and waste management systems. By aligning with global sustainability goals, they enhance their reputation and attract socially-conscious consumers.

Collaborative Networks:

MSMEs are forming partnerships and alliances to overcome resource limitations and gain a competitive edge. These partnerships enable them to pool resources, share knowledge, and explore new business opportunities collectively, fostering innovation and collective growth within the sector.

How would this book help MSME Entrepreneurs?

The history of MSMEs in India underscores their resilience, adaptability and vital role in economic growth. From their inception to the present, they've been pivotal in generating employment, fostering entrepreneurship, and promoting inclusive development. This book aims to delve into the intricacies of MSMEs, their significance, challenges, and avenues for growth, equipping entrepreneurs with the knowledge and tools necessary to thrive in this ecosystem.

In this **Chapter 1**, we have explored the profound impact of MSMEs on the Indian economy, by shedding light on their contribution to GDP, employment generation, and socio-economic development. Understanding this pivotal role is crucial for entrepreneurs seeking to leverage the potential of MSMEs for personal and national prosperity.

In **Chapter 2**, we demystify the classification criteria and registration process for MSMEs in India, providing clarity on regulatory requirements and facilitating seamless integration into the formal sector. Armed with this knowledge, entrepreneurs can navigate bureaucratic hurdles with confidence and establish a solid foundation for their ventures.

Chapter 3 delves into the key areas of focus for MSME entrepreneurs, covering aspects such as technological adoption, market competition and marketing strategies, financial management, workforce and infrastructure. By addressing these critical factors, aspiring entrepreneurs can enhance their chances of success and sustainability in the competitive business landscape.

Chapter 4 provides a comprehensive overview of Central Government Schemes tailored to support MSMEs. These initiatives encompass a wide range of areas, including access to finance, technology adoption, skill development, and market access. By navigating through this chapter, entrepreneurs can identify and leverage opportunities to avail themselves of government support, thereby enhancing their competitiveness and sustainability.

Chapter 5 sheds light on State Government Schemes, focusing on the initiatives undertaken by the Uttar Pradesh Government as a reflection of state-level support for MSMEs. From incentives for industrial growth to infrastructure development and skill enhancement programs, this chapter offers insights into the diverse array of schemes aimed at fostering MSME growth at the regional level.

Chapter 6 explores the offerings of Commercial Banks Schemes for MSMEs, with a spotlight on schemes provided by leading financial institutions such as SBI and HDFC. Entrepreneurs will gain valuable insights into tailored financial products, credit facilities, and advisory services aimed at addressing the unique needs of MSMEs. By capitalizing on these schemes, entrepreneurs can access vital funding and expertise to fuel their growth aspirations.

In **Chapter 7**, we turn our attention to the Stock Market Exchange for MSMEs, examining platforms such as the BSE MSME Exchange and NSE Emerge. These specialized exchanges offer MSMEs avenues for raising capital, enhancing visibility, and fostering investor confidence. Through this chapter, entrepreneurs can gain a deeper understanding of the opportunities and challenges associated with listing on stock exchanges, empowering them to make informed decisions about their capital-raising strategies.

In **Chapter 8**, we discuss the importance of timely payments to MSMEs and delve into the intricacies of the recently introduced 45-days payment rule to alleviate cash flow constraints and bolster their resilience.

Chapter 9 celebrates the pivotal role of women in MSMEs, highlighting their contributions to entrepreneurship and economic empowerment. Recognizing the unique challenges faced by women entrepreneurs, this chapter offers insights and strategies to foster gender-inclusive growth in the MSME sector.

Chapter 10 emphasizes the significance of legal support and advisory services for MSMEs, guiding entrepreneurs on compliance, risk management, and dispute resolution. By proactively addressing legal considerations, entrepreneurs can safeguard their interests and mitigate potential liabilities.

In **Chapter 11**, we explore the transformative potential of MSMEs to evolve into multinational corporations (MNCs), leveraging globalization and technology to expand their presence beyond national borders. This chapter offers a roadmap for ambitious entrepreneurs seeking to scale their ventures on a global scale.

Finally, **Chapter 12** provides a succinct summary of the future prospects and growth trajectory of MSMEs, encapsulating key insights and recommendations for aspiring and established entrepreneurs alike. By harnessing the opportunities and overcoming the challenges outlined in this book, MSMEs have the potential to pave the way for a vibrant and resilient Indian economy.

With a meticulous dissection of the chapters in this book, MSME entrepreneurs can unlock a treasure trove of resources and opportunities, propelling them towards greater heights of success and prosperity.



CHAPTER-2

Understanding Classification Criteria and Registration for MSMEs in India

Classification Criteria for MSMEs in India

In the dynamic landscape of Indian business, it is crucial to comprehend the classification criteria for MSMEs. These categories play a pivotal role in determining the eligibility for various benefits and incentives offered by the government. The Aatmnirbhar Bharat Abhiyaan Scheme announced a revision in the definition of MSME on May 13, 2020. Subsequently, the Ministry of MSMEs issued a gazette notification on June 1, 2020, implementing the new classification criteria. This revised classification, based on both investment in plant and machinery and turnover, became effective from July 1, 2020.

Defining MSMEs

In India, the classification of an enterprise as MSME is based on two distinct parameters:

I. **Investment in Plant and Machinery:** For manufacturing enterprises, the investment in plant and machinery or equipment is considered to determine an enterprise's classification as Micro, Small, or Medium. The investment thresholds are as follows:

- Micro Enterprises: up to INR 1 crore
- Small Enterprises: up to INR 10 crore
- Medium Enterprises: up to INR 50 crore

II. **Turnover :** For service enterprises, the turnover is the deciding factor. The thresholds are as follows:

- Micro Enterprises: up to INR 5 crore
- Small Enterprises: up to INR 50 crore
- Medium Enterprises: up to INR 250 crore[4]

[4] https://msme.gov.in/sites/default/files/MSME_gazette_of_india.pdf

Manufacturing Enterprises & Enterprises rendering Services with:	Micro	Small	Medium
Investment in Plant & Machinery or Equipment	< Rs. 1 crore	< Rs. 10 crore	< Rs. 50 crore
Annual Turnover	< Rs. 5 crore	< Rs. 50 crore	< Rs. 250 crore

Calculation of Investment in Plant and Machinery or Equipment

"Plant and machinery or equipment" has the same meaning as defined in the Income Tax Rules, 1962 under the Income Tax Act, 1961 and includes all tangible assets, except land, building, furniture, and fittings.

The evaluation of an enterprise's investment in plant and machinery or equipment is tied to its previous years' Income Tax Return (ITR) filed under the Income Tax Act, 1961. For new enterprises without prior ITRs, the investment is determined based on the promoter's self-declaration, with this relaxation lasting until the end of the financial year in which the first ITR is filed.

When assessing the value of plant and machinery or equipment, the purchase or invoice value is considered, excluding Goods and Services Tax (GST), for new enterprises without ITRs. It doesn't matter if the plant and machinery or equipment is purchased first hand or second hand. Certain items listed in Explanation I to section 7(1) of the Act are excluded from the calculation of the amount of investment in plant and machinery.

Calculation of Turnover

When determining the turnover of any enterprise, whether it's a micro, small, or medium one, the exports of goods or services or both will be excluded for classification purposes. Information regarding turnover and exports turnover is connected to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the Goods and Services Tax Identification Number (GSTIN). Enterprises without a Permanent Account Number (PAN) used to provide turnover figures on a self-declaration basis until March 31, 2021. Thereafter, both PAN and GSTIN have become mandatory.

Graduation or Reverse-Graduation

As businesses grow, they may cross the thresholds for their existing classification. Graduation occurs when a micro enterprise becomes a small enterprise or a small enterprise becomes a medium enterprise, due to exceeding the investment or turnover limits.

Conversely, Reverse-Graduation happens when a medium or small enterprise's investment or turnover falls below the prescribed thresholds, causing it to be reclassified as a small or micro enterprise respectively.

An enterprise's classification as micro, small, or medium is based on a combined assessment of its investment and turnover. If it exceeds the limits for its current category in either investment or turnover, it moves up to the next category. However, it can only move to a lower category if it falls below the limits in both investment and turnover.

Multiple units under the same GSTIN listed against the same PAN are considered one enterprise, and their turnover and investment are evaluated together to determine their category as micro, small, or medium.

Updation of Information and Transition Period in Classification

MSMEs with an Udyam Registration Number need to regularly update their information on the Udyam Registration portal. This includes providing details like their ITR and GST Return from the previous financial year, along with any additional required info, based on self-declaration. Failing to update within the specified period could lead to the suspension of its status.

The enterprise's classification will be adjusted based on the information provided or obtained from government sources like ITR or GST returns. If an enterprise moves to a higher or lower category, it will be notified about the status change.

If there's an increase in investment in plant and machinery or equipment or turnover or both, and a consequent reclassification, the enterprise will maintain its current status for a year from the registration year's end. In case of reverse-graduation due to changes in investment in plant and machinery or equipment or turnover or both, the enterprise remains in its current category until the financial year ends, irrespective of whether it is registered under the Act or not. Any status change will be effective from 1st April of the following financial year.

Udyam Registration for MSMEs in India

The MSMEs play a pivotal role in driving economic growth and fostering entrepreneurship. In India, this sector is a significant contributor to employment generation, innovation, and exports. To empower and support these enterprises, the Government of India has introduced the Udyam Registration process, which is aimed at simplifying the regulatory environment and providing a host of benefits for MSMEs. In this article, we'll delve into the details of Udyam Registration, its significance, and the steps to successfully register your MSME.

Understanding Udyam Registration

Udyam Registration is a government-initiated process that replaces the earlier MSME registration methods such as Udyog Aadhaar Memorandum (UAM) and EM-Part-II. The registration is voluntary and can be done online through the Udyam Registration Portal, which is a user-friendly platform designed to facilitate the registration process. The primary objective of Udyam Registration is to promote ease of doing business and provide several advantages to MSMEs, including easier access to credit, subsidies, and various government schemes.

Benefits of Udyam Registration

Udyam Registration holds immense significance for MSMEs in India. It emerges as a comprehensive solution, not just for compliance but as a catalyst for growth, empowering MSMEs to navigate the Indian business landscape with agility and resilience. Here are some key reasons why business owners should consider registering their enterprises:

1. **Permanent Registration and Basic Identification Number**

   Udyam registration provides MSMEs with a permanent registration and a permanent identity number, known as "'Udyam Registration Number", establishing a distinct identity crucial for business recognition and legal compliance.

2. **Paperless and Self-Based Process**

   The seamless, paperless, and self-based registration process eliminates bureaucratic hassles, fostering efficiency and reducing the burden of unnecessary paperwork on MSMEs. The registration process is absolutely free and no costs or fees is to be paid to anyone.

3. **No Renewal Hassles**

   Unlike other registrations, Udyam doesn't require renewal, providing a hassle-free experience for MSMEs to focus on business operations without worrying about periodic renewals.

4. **Versatility in Business Activities**

   MSMEs can specify and engage in any number of activities, including manufacturing or service-oriented operations, all under a single Udyam Registration, streamlining the regulatory process.

5. **Protection under MSME Act**

   Registration under Udyam ensures that the enterprise is protected by the Micro, Small, and Medium Enterprises Development Act, 2006.

6. **Access to Government Schemes and Subsidies**

   Udyam Registration opens doors to various government schemes, enabling MSMEs to leverage incentives, subsidies, and support programs tailored to their specific industry needs. It gives them a competitive edge in the market.

7. **Easy Access to Credit**

   Udyam-registered MSMEs are eligible for collateral-free loans under various government schemes, making it easier for them to access much-needed financial support.

8. **Eligibility for Priority Sector Lending**

   MSMEs with Udyam Registration become eligible for priority sector lending from banks, aligning with the Reserve Bank of India's Priority Sector Lending Guidelines and facilitating easier access to financial resources.

9. **Integration with Government Portals**

   Udyam Registration facilitates integration with key government portals, such as the Government e-Marketplace (GeM) and SAMADHAAN Portal, enhancing visibility and accessibility to government procurement opportunities.

10. **Onboarding on TReDS Platforms**

    Udyam-registered MSMEs can seamlessly onboard on Trade Receivables Discounting System (TReDS) Platforms like www.invoicemart.com, www.m1xchange.com, and www.rxil.in, facilitating the efficient trading of receivable invoices.

11. **Global Recognition and Credibility**

    Udyam Registration enhances the global recognition and credibility of MSMEs, fostering trust among international partners and customers, potentially opening avenues for global collaborations.

12. Easier Access to Government Tenders

With an Udyam Registration, MSMEs gain easier access to government tenders, expanding business opportunities and increasing the likelihood of securing government contracts.

13. Insurance Premium Subsidies

Udyam-registered enterprises may qualify for subsidies on insurance premiums, reducing operational costs and providing financial relief to MSMEs.

14. Incentives for Export Promotion

MSMEs with Udyam Registration may avail incentives and benefits aimed at promoting exports, facilitating international trade and contributing to economic growth.

15. Skill Development and Training Programs

Udyam-registered MSMEs may access skill development and training programs sponsored by the government, ensuring a skilled workforce and improving overall productivity.

16. Collaboration Opportunities with Large Corporations

Udyam Registration can act as a gateway for MSMEs to collaborate with large corporations, fostering partnerships that can lead to joint ventures, technology transfers, and shared resources.

17. Recognition for Green and Sustainable Practices

MSMEs emphasizing eco-friendly and sustainable practices can leverage Udyam Registration to gain official recognition and potentially qualify for additional incentives or support.

18. Priority in Government Certifications

Udyam-registered MSMEs may receive priority in obtaining various government certifications, streamlining regulatory processes and reducing bureaucratic delays.

19. Networking Opportunities

Udyam Registration opens doors to networking events, conferences, and industry-specific forums, providing MSMEs with opportunities to connect with peers, potential clients, and industry experts.

Udyam Registration Process

Obtaining Udyam registration for your business is a fully digitalized and paperless process. Here are the essential steps:

1. **Eligibility Check**

   Determine your enterprise's eligibility for Udyam Registration based on investment in plant and machinery or equipment and turnover.

2. **Online Registration**

   - Visit the official Udyam Registration Portal - https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm and fill in the required details.
   - You will need your Aadhar number. The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).
   - GSTIN and PAN will also be required along with the Aadhaar number in case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust.

3. **Verification**

   After completing the online registration, your application will undergo a verification process.

4. **Udyam Registration Certificate & Udyam Registration Number**

   Once verified, you will receive your Udyam Registration Certificate, which is valid for a lifetime unless the enterprise outgrows the eligibility criteria. This certificate has a dynamic QR Code from which the web page on the Portal and details about the enterprise can be accessed. Your enterprise will also be assigned a permanent identity number, known as "'Udyam Registration Number".

Registration of Existing Enterprises

Enterprises previously registered under EM–Part-II or UAM were mandated to re-register on the Udyam Registration portal starting July 1, 2020. Entities registered by June 30, 2020, underwent re-classification in accordance with the new guidelines. Existing enterprises registered before June 30, 2020, remained valid until March 31, 2021. Any enterprise registered with another organization under the Ministry of MSME was required to undergo registration under Udyam Registration.

Points to keep in mind

Only one Udyam Registration is allowed for each enterprise, but it can include multiple specified activities such as manufacturing or services or both. Intentionally misrepresenting or attempting to suppress self-declared facts and figures during the Udyam Registration or updation process can result in penalties as specified under section 27 of the Act.

Facilitation and Grievance Redressal of Enterprises

The Champions Control Rooms within various Ministry of MSME establishments, including the Development Institutes (MSME-DI), function as Single Window Systems. Their role is to assist in the registration process and provide comprehensive support to MSMEs. Similarly, District Industries Centres (DICs) also serve as Single Window facilitation Systems within their respective districts.

Individuals facing challenges in filing Udyam Registration for any reason including the absence of an Aadhaar number, can seek assistance from these designated Single Window Systems by presenting either of these documents:

- Aadhaar enrolment identity slip or
- copy of Aadhaar enrolment request or
- bank photo passbook or
- voter identity card or
- passport or
- Driving licence

The Single Window Systems will facilitate the process including getting an Aadhaar number and thereafter in the further process of Udyam Registration.

If discrepancies or complaints arise, the General Manager of the District Industries Centre in the respective district will conduct an inquiry to verify the Udyam Registration details submitted by the enterprise. Subsequently, they will forward the matter, along with relevant remarks, to the concerned Director or Commissioner or Industry Secretary of the State Government. Following a notice issued to the enterprise and an opportunity to present their case, and based on the findings, amendments to the details may be made or a recommendation for cancellation of the Udyam Registration Certificate may be forwarded to the Ministry of MSME, Government of India.



CHAPTER-3

MSME Entrepreneurs' Key Areas of Focus

MSMEs play a pivotal role in India's economic landscape, but often face a myriad of challenges that demand thoughtful consideration and strategic planning. Recognizing these is the initial step towards devising innovative solutions and achieving enduring success in the fiercely competitive Indian business landscape. Let's dive deeper into the key areas on which they need to focus:

1. Regulatory Framework

The bureaucratic red tape in India often appears as a formidable barrier for MSMEs. Navigating through the intricate web of licences, permits, and compliance requirements can be a labyrinthine ordeal. It consumes time and resources, diverting valuable energy away from business growth. Moreover, numerous Indian MSMEs' absence of professionalism exposes them to corruption and power abuse, substantially impeding their business productivity and overall development.

2. Access to Finance

a) **Financial Knowledge:** Enhancing financial literacy is crucial for MSMEs to improve their output and expand their business. Understanding various MSME loan schemes and economic dynamics is vital to weather financial crises effectively.

b) **Cash Flow:** Liquidity issues persist, especially in remote areas, due to lack of knowledge about available loans and schemes, limited access to banking services in rural and remote areas and regulatory loopholes and delays in loans. Despite the government's efforts to make business loans more freely accessible and encourage entrepreneurship, most companies still have difficulty getting financing or applying for an MSME loan. This leads many MSMEs to rely on moneylenders, which often leads to a debt trap. It was even more evident during the pandemic when MSMEs faced the worst hit due to lack of adequate financial solutions and rising NPAs.

c) **Credit Costs:** High credit costs are a significant barrier for MSME growth, as the sector struggles to access credit at reasonable rates, further exacerbated by the trust gap between banks and MSMEs due to the stringent collateral requirements. This often pushes MSMEs toward unsecured, high-cost lending channels, intensifying their financial struggles.

3. Technology Adoption

While technology can be a game-changer, its adoption remains a daunting task for many MSMEs. The majority of India's MSMEs operate using outdated technology, hindering their ability to keep pace with modern advancements. Despite India having the third largest pool of technologically trained manpower, these businesses struggle to adopt new technologies and train their employees due to the challenges and costs involved, particularly in manufacturing where the focus extends beyond software to production facilities. Limited access to IT education contributes partly to this technology gap, but the primary issue is the lack of awareness, leading to reluctance in investing in advanced technological solutions.

4. Market Competition

Indian MSMEs encounter challenges in marketing their products both domestically and internationally, largely due to heightened competition. They face fierce rivalry from global counterparts owing to liberalisation and also contend with domestic giants due to their extensive scale of operation.

The low volume of operations often leads to reduced productivity, escalating their production costs and limiting profit margins. This places them at a significant disadvantage, particularly when competing with larger enterprises. Despite governmental protective schemes for these small-scale businesses, the competition predominantly remains skewed.

5. Marketing

Boosting product visibility poses a challenge for both MSMEs and large corporations. Erratic and inconsistent marketing endeavours often yield minimal results. Small businesses face resource constraints, such as time, finances, and skilled staff, hampering efforts to enhance visibility and generate valuable leads.

6. Adopting E-Commerce and SaaS Solutions

These tools are vital for growth in the digital age. Embracing e-commerce and SaaS solutions could broaden their customer base, enhance productivity, and facilitate entry into global markets. However, the following challenges inhibit their implementation:

a) **Internet Infrastructure:** Many MSMEs lack access to high-speed internet, digital payment systems, and e-commerce platforms necessary for online business. They also lack the technical expertise and resources to establish and manage an e-commerce store.

b) **Funding Limitations:** Implementing e-commerce demands substantial investments in technology, marketing, and logistics infrastructure, which are often unattainable for many MSMEs due to high credit costs, low profitability, and cash flow issues.

c) **Time Restraints:** MSMEs have limited time to learn and adopt new technologies as their focus is primarily on core operations. They also struggle to recruit and retain skilled staff capable of managing e-commerce and SaaS logistics.

d) **Lack of Awareness and Trust:** Many MSMEs either lack awareness about the advantages of e-commerce and SaaS logistics or hesitate to trust these solutions. Concerns often revolve around data security, privacy, product quality, and customer satisfaction.

7. Skilled Workforce

Indian MSMEs lag far behind their international counterparts in terms of technical expertise due to their reliance on low-wage informal workers who do not possess the necessary education or training to contribute significantly to production. MSMEs encounter challenges in recruiting skilled and competent workforce. Limited company recognition narrows the talent pool available for hiring, resulting in fewer responses to job postings by small businesses. Even upon finding suitable candidates from this limited pool, MSMEs struggle to retain them due to the inability to provide competitive salaries, job security, and career advancement prospects comparable to those offered by larger organisations. As a result, small businesses are compelled to take on positions requiring modest levels of experience and training, further limiting their long-term chances for growth.

8. Infrastructure

Unstable infrastructure, whether related to transportation or energy provision, can disrupt business operations significantly. Unreliable services impede productivity and lead to higher operational expenses.

9. Supply Chains

Supply chain inefficiencies plague many MSMEs. These issues result in excessive costs, delays, and logistical nightmares. It's a considerable headache to streamline and optimise this critical aspect of business operations.

10. Exports

Expanding beyond Indian borders poses unique challenges. Trade barriers, customs regulations, and foreign market compliance requirements can be a daunting territory for MSMEs looking to explore international opportunities.

11. Procurement of Raw Materials

Raw material costs have surged significantly, particularly post COVID-19 pandemic. In the manufacturing domain, procuring these materials is vital for MSMEs to sustain operations. Yet, challenges in obtaining bulk orders, access to credit, and transporting raw materials make the procurement process quite challenging.

12. Management

Insufficient management skills hinder business growth and frequently lead to the lack of competitiveness in small enterprises. Successful businesses need the capacity to expand their workforce, address various customer requirements, handle inventory, adapt to new competitors, maintain a functioning supply chain, and preserve the company's ethos. Entrepreneurs often underestimate the significance of efficient management, resulting in numerous obstacles when the business experiences later-stage expansion.

13. Cash Flow

Effectively managing cash flow is crucial for any business. However, many MSMEs neglect regular updates to their financial records, impacting their operations significantly. Keeping up-to-date books allows business owners to promptly track outstanding payments and follow up with customers, ensuring a steady flow of funds that can be reinvested into the business.

14. COVID-19 Impact

The MSME sector in India, contributing significantly to the GDP and exports, faced substantial repercussions due to the COVID-19 outbreak. This impact was particularly acute for the informal and unorganised MSMEs, leading to a notable decline in both turnover and employment. Despite governmental support initiatives like the Atmanirbhar Bharat Abhiyan package and the Emergency Credit Line Guarantee Scheme, they fell short in addressing critical issues. These shortcomings included challenges related to liquidity, solvency, access to formal credit, and the imperative need for digital innovation. There is a necessity for the government to develop more pertinent and efficacious policies to fortify the resilience and sustainable progress of the MSME sector.



CHAPTER-4

Central Government Schemes for MSMEs

Prime Minister's Employment Generation Programme (PMEGP)

The Prime Minister's Employment Generation Programme (PMEGP) is a dynamic initiative by the Indian government, specifically tailored to fuel the aspirations of budding entrepreneurs in the MSME sector. It's a Credit linked subsidy program for setting up new micro-enterprise in the non-farm sector.

This scheme acts as a catalyst, fostering a conducive environment for the birth and growth of small businesses. By providing financial support and guidance, PMEGP empowers individuals to turn their business ideas into tangible, sustainable realities. With its focus on job creation and economic development, PMEGP stands as a beacon of hope for those eager to transform their entrepreneurial dreams into flourishing ventures.

Who are the Target Beneficiaries?

Unemployed rural and urban youth are the target beneficiaries under this scheme.

What are the Objectives of this Scheme?

The main objective of this scheme is to offer financial aid to establish self-employment ventures, aiming to create stable job opportunities in both rural and urban regions. The goal is to create lasting and sustainable employment for rural and unemployed young individuals and prospective traditional artisans, thus, curbing the need for job migration.

Who will Implement this Scheme?

This scheme is implemented at the national level by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956. At the state level, it is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks.

What is the Eligibility Criteria under this Scheme?

It is open to applicants aged 18 and above, with no income limitations for support in establishing projects under this scheme. Financial aid for initiating projects under this scheme is limited to one person per family. The term 'family' encompasses the individual and their spouse.

Those initiating projects costing over Rs. 10 lakh in Manufacturing sector or Rs. 5 lakh in Business/Service sector, should hold a minimum VIII standard educational qualification. Projects without Capital Expenditure aren't eligible.

Assistance is exclusively for new projects sanctioned under PMEGP, excluding existing units under government schemes like PMRY or REGP or any other Central or State Government schemes, and those already availing Government Subsidies under various Central or State Government schemes.

Scope of Activities

PMEGP applies to all new viable micro enterprises, except for activities prohibited by local Government/Authorities due to environmental or socio-economic factors, as mentioned in the negative list of the guidelines (Para 30 of the guidelines).

Trading activities:

A. Business I Trading activities in the form of sales outlets may be permitted in NER, Left Wing Extremism (LWE)-affected districts and A & N Islands.

B. Retail outlets/Business - selling Khadi products, Village Industry products procured from Khadi and Village Industry Institutions certified by KVIC and products manufactured by PMEGP units and SFURTI clusters only may be permitted under PMEGP across the country.

C. Retail outlets backed by Manufacturing (including processing) / Service facilities may be permitted across the country.

D. The maximum cost of the project for Business / Trading activities as above [(a) and (b)] may be Rs.20 lakh (at par with the maximum project cost for Service sector).

E. Maximum 10% of the financial allocation in a year in a state may be used for Business / Trading activities as above.

Transport activities:

Transport activities viz purchase of CabNan/ Boat/Motorboat/Shikara etc. for transportation of tourists or general public will be allowed. A ceiling of 10% on the extent of projects financed under transport activities is applicable in all areas except NER, Hilly region, LWE-affected districts and A & N Islands, Goa, Puducherry, Daman & Diu, Dadra Nagar Haveli, J&K, Lakshadweep, or other specific areas as may be declared so by the Government.

What are the Benefits under this Scheme?

The Margin Money Subsidies offered under this scheme range between 15% to 35%.

- **Margin Money Subsidy for General Category :**
    - Rural areas: 25%
    - Urban areas: 15%

- Margin Money Subsidy for Beneficiaries belonging to Special categories such as SC/ST/OBC/ Women/ Minorities/ Ex-Servicemen/ Transgenders/ Differently-abled/ Aspirational districts/ NER/ Hill and Border areas (as notified by the Government):
    - Rural areas: 35%
    - Urban areas: 25%

- The **Allowed Project Cost** is as follows: -
    - Manufacturing Sector: Rs. 50 lakh
    - Service Sector: Rs. 20 lakh

  Land costs are excluded from the Project Cost. However, ready-built shed costs and long-term lease or rental workspaces can be part of the Project Cost for up to a maximum of 3 years.

  In case the total project cost exceeds Rs. 50 lakhs or Rs. 20 lakhs for Manufacturing and Service/Business sector respectively, the balance amount may be provided by Banks without any Government subsidy. If the application for loan is approved, Banks sanction and release the balance amount of 90 to 95% of the total project cost suitably for setting up of the units by the beneficiaries.

- The **Minimum Contribution** that needs to be made by the Beneficiary is as follows: -

- General category: 10% of the project cost
- Special categories such as SC/ST/OBC/ Women/ Minorities/ Ex-Servicemen/ Transgenders/ Differently-abled/ Aspirational districts/ NER/ Hill and Border areas (as notified by the Government): 5% of the project cost

- To ensure the sustainability of projects established under the scheme, support services like Backward & Forward Linkages are offered. These include workshops, EDP training, exhibitions, and similar events aimed at supporting beneficiaries.

How can one Apply under this Scheme?

State/Divisional Directors of KVIC, in coordination with KVIB and State Directors of Industries (for DICs), will locally advertise through print and electronic media, calling for applications and project proposals from prospective beneficiaries looking to start enterprises or service units under PMEGP.

Applicants also have the option to apply online at

https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp and then submit a printed version of the application, along with a Detailed Project Report and necessary documents, to the relevant offices.

The online application form on the e-portal is mobile-friendly and the system automatically sends or the concerned officials at every stage send SMS/email alerts to applicants.

PMEGP e-portal offers Model Projects Reports for potential beneficiaries' advantage. In a move to boost MSME registrations, the Government encourages PMEGP units to adopt UDYAM Registration as well.

What are the Required Documents?

The following documents are required to be submitted by an applicant under this scheme: -

- Aadhaar Card
- PAN Card
- Passport size photograph
- Caste Certificate
- Special Category Certificate, wherever required
- Rural Area certificate

- Project Report
- Education or EDP or Skill Development training certificate
- Any other applicable document

Whom to contact?

State Director, KVIC

Address available at http://www.kviconline.gov.in

Dy. CEO (PMEGP), KVIC, Mumbai

Ph: 022-26711017

Email: ykbaramatikar.kvic@gov.in

How can the Benefits under this Scheme be Optimized?

To optimize the benefits of the Prime Minister's Employment Generation Programme (PMEGP), aspiring entrepreneurs should diligently craft a well-structured business plan that aligns with the scheme's objectives. Researching and understanding the specific requirements, along with meeting the eligibility criteria, lays a solid foundation. Clear and detailed documentation, showcasing the viability and potential of the proposed business, significantly enhances the application's chances of success. Moreover, seeking professional guidance and mentorship can offer invaluable insights into navigating the intricacies of the application process, maximizing the potential subsidies and financial aid offered by the PMEGP. Understanding these nuances can elevate the application's strength and likelihood of approval, thereby optimizing the benefits of this transformative scheme.



2nd Loans for PMEGP/ MUDRA Units

Upgradation stands as a cornerstone for small businesses, signifying a pivotal phase in their evolution. For businesses under schemes like PMEGP and MUDRA, the significance of upgradation cannot be overstated. It's not merely about growth but about adapting, refining and innovating to stay competitive in dynamic markets. Upgradation infuses businesses with renewed vigor, enhancing efficiency, product quality and operational processes. It enables entrepreneurs to pivot, integrate technological advancements and meet evolving customer demands. Embracing upgradation is the gateway to resilience, ensuring small businesses remain agile, relevant and poised for sustained success in a fiercely competitive landscape.

This scheme primarily aims to aid high-performing PMEGP/MUDRA units in their improvement. Similar criteria and processes as those in the ongoing PMEGP scheme, covering eligibility, negative list, bank margin money claims, subsidy release via the e-portal, and retaining the subsidy in TDR, are applicable for the second financial assistance. This assistance is specifically for expanding or upgrading existing or related activities within successful and well-performing PMEGP/MUDRA units.

By leveraging these additional financial resources, businesses can explore avenues for innovation, technological integration and market expansion. Investing in skill development and modernization of operations helps boost productivity, enabling units to meet evolving consumer needs more efficiently. Furthermore, smart financial planning and judicious utilization of the loan amount can catalyze growth and reinforce market presence. Embracing this opportunity empowers entrepreneurs to propel their enterprises to new heights, ensuring a more competitive edge in the market landscape.

What are the Objectives of this Scheme?

This scheme focuses on aiding existing units in their expansion and upgrade efforts. It addresses entrepreneurs' requirements for integrating new technology and automation to modernize their operations. Providing crucial financial assistance to successful units, it aims to enhance productivity and capacity, securing additional wage employment opportunities. This endeavor ensures that well-performing units receive the support necessary for their growth and advancement.

Who all are eligible to apply under this scheme?

Existing units funded through PMEGP/MUDRA Scheme, whose margin money claim has been settled after a 3-year lock-in period can apply under this scheme. There should have been a timely repayment of the initial loan and they must demonstrate profitable operations with good turnover.

Additionally, these units should display potential for increased turnover and profits through technology modernization or upgrades. Registration of UAM/ Udyam Registration is mandatory. Moreover, the second loan should lead to additional employment generation.

What are the Benefits under this Scheme?

- Maximum Subsidy:
  - Non-NER States: 15% of the project cost, i.e., Rs. 15 lakhs
  - NER & Hill States: 20% of the project cost, i.e., Rs. 20 lakhs

- Maximum cost of the project for up-gradation:
  - Manufacturing Sector: Rs. 1 crore
  - Service/Trading Sector: Rs. 25 lakhs

  If the total project cost exceeds Rs. 1.00 Crore or Rs. 25.00 lakhs for Manufacturing and Service/Business sector respectively, the balance amount maybe provided by banks without any Government subsidy.

- Contribution of the Beneficiary (for all categories): 10% of the project cost

How can one Apply under this Scheme?

A beneficiary under this scheme may apply by filling an application form on the PMEGP e-Portal. They may apply to the same fiJnancing bank, which sanctioned the loan for their unit, or to any other financing bank, which is willing to extend credit facility for second loan. Thay may choose any implementing agency, which can be different from the agency chosen for the first loan.

What are the Required Documents?

The following documents are required to be submitted by an applicant under this scheme: -

- Previous 'loan sanction letter' issued by the Bank
- Proof of MM claims adjusted against previous loan
- Bank Certificate for full loan repayment

- Project report for expansion/upgrading the unit.
- Passport size photograph
- Income Tax (IT) returns for the last 3 years.
- Annual accounts certified by a Charted Accountant for the last 3 years



MSME Champions Scheme (Erstwhile CLCS-TUS)

The Ministry of MSME was implementing the Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS) to enhance competitiveness in MSMEs. The scheme focuses on reducing wastage through Lean Manufacturing, supporting design improvement, raising awareness on Intellectual Property Rights, implementing the Zero Defect Zero Effect (ZED) Scheme, digitally empowering MSMEs through Digital MSME and promoting the adoption of the latest technologies through incubation across India.

The MSME Champions scheme has been formulated through the Standing Finance Committee (SFC), consolidates six components of the erstwhile Technology Upgradation Scheme (TUS) for a five-year period from 2021-22 to 2025-26. It adopts a holistic approach to integrate, synergize and converge various schemes and interventions with a unified purpose. The ultimate goal is to select clusters and enterprises, modernize their processes, minimize wastages, enhance business competitiveness and facilitate their national and global reach and excellence.

Who can Apply under this Scheme?

Any MSME unit may apply under this Scheme.

What are the Components under this Scheme?

The new MSME Champions Scheme comprises three components, outlined as follows:

I. MSME SUSTAINABLE (ZED) CERTIFICATION

What are the Objectives of this Scheme?

The ZED Certification aims to promote Zero Defect Zero Effect (ZED) practices among MSMEs with the following objectives:

- Encourage and empower MSMEs to manufacture quality products using the latest technology, tools and continuously upgrade processes for high quality and productivity with minimal environmental impact.
- Develop an ecosystem for ZED manufacturing in MSMEs, enhancing competitiveness and enabling exports.
- Foster the adoption of ZED practices, recognizing the efforts of successful MSMEs.
- Motivate MSMEs to achieve higher ZED Certification levels through

graded incentives.
- Raise public awareness about the demand for Zero Defect and Zero Effect products through MSME Sustainable (ZED) Certification.
- Identify areas for improvement, assisting the Government in policy decisions and investment prioritization.

Who will Implement this Scheme?

The Quality Council of India (QCI) is the Implementing Agency under this Scheme.

What is the Eligibility Criteria under this Scheme?

All MSMEs registered with the UDYAM registration portal (of the M/o MSME) are eligible to participate in MSME Sustainable (ZED) Certification and access associated benefits and incentives.

What are the different Certification Levels under this Scheme?

1. **Certification Level 1: BRONZE**
   Cost of Certification: Rs. 10,000/-
2. **Certification Level 2: SILVER**
   Cost of Certification: Rs. 40,000/-
3. **Certification Level 3: GOLD**
   Cost of Certification: Rs. 90,000/-

What are the Benefits under this Scheme?

- **Subsidy on cost of ZED Certification:**
  - Joining Reward of Rs. 10,000/- (Bronze will become free if availed)
  - Subsidy for MSMEs as per the following structure:
    - Micro Enterprises: 80%
    - Small Enterprises: 60%
    - Medium Enterprises: 50%
- **Additional subsidy:**
  - 10% for Women/SC/ST owned MSMEs OR MSMEs in NER/ Himalayan/LWE/Island territories/aspirational districts.
  - 5% for MSMEs which are also a part of the SFURTI OR Micro & Small Enterprises - Cluster Development Programme (MSE-CDP) of the Ministry.
- **Financial Assistance in Testing/Quality/Product Certification:**

Up to 75% of the total cost of Testing/Certification, with the maximum ceiling of subsidy being Rs. 50,000/-

- **Handholding/Consultancy Support:**

  Up-to Rs. 2 Lakhs for handholding/Consultancy in order to achieve the next Certification Level.

- Support in Technology Upgradation for Zero Effect Solutions:

  Up-to Rs. 3 Lakhs for moving towards zero effect solutions/pollution control measures/cleaner technology

- MSME KAWACH (Knowledge Acquisition through WASH for an Accelerated COVID-19 Handling) Certification:

  After taking ZED Pledge, MSMEs can self certify their preparedness on Covid 19 risk.

- **Graded incentives:**

  MSMEs can access graded incentives corresponding to the three ZED Certification Levels. Integration through API with the ZED portal will link the incentives provided by States, ensuring interoperability.

How can one Apply under this Scheme?

Eligible MSMEs may apply through the online portal at:
https://zed.msme.gov.in/

Whom to contact?

Office of Development Commissioner (MSME),

Ministry of MSME,

Nirman Bhawan, New Delhi.

Phone no: 011-23708371

II. MSME- COMPETITIVE (LEAN)

The MSME- Competitive (Lean) Scheme, initiated by the Ministry of MSME, focuses on boosting the competitiveness of MSME sectors through the implementation of Lean Tools and Techniques, which is an established methodology proven to enhance competitiveness.

What are the Objectives of this Scheme?

The main objective of this Scheme is to enhance the domestic and global competitiveness of MSMEs through the application of various Lean Techniques, including: -

- **Reduction in:**
  - Rejection Rates
  - Product and Raw Material Movements
  - Production Cost
- **Optimization of:**
  - Space Utilization
  - Resources Like Water, Energy, Natural Resources etc.
- **Enhancement of:**
  - Quality in Product and Process
  - Production & Export Capabilities
  - Workplace Safety
  - Knowledge & Skill Sets
  - Innovative Work Culture
  - Social & Environmental Accountability
  - Profitability
  - Introduction & Awareness to Industry 4.0
  - Digital Empowerment

Who will Implement this Scheme?

The Quality Council of India (QCI) & National Productivity Council (NPC) are Implementing Agencies under this Scheme.

What is the Eligibility Criteria under this Scheme?

Any MSME registered with the M/o MSME's UDYAM registration portal is eligible to participate in MSME- Competitive (LEAN) and enjoy associated benefits and incentives.

What is the Cost of Implementation under this Scheme?

- Basic: Free
- Intermediate: Rs. 1,20,000/-
- Advance: Rs. 2,40,000/-

What are the Benefits under this Scheme?

Financial Assistance is provided to group of MSME Units for adoption of Lean tools/techniques under this Scheme. The Subsidy on cost of Implementation given is 90% of Total Cost of Implementation.

How can one Apply under this Scheme?

Eligible MSMEs may apply through the online portal at:
https://lean.msme.gov.in/

Whom to contact?

Office of Development Commissioner (MSME),
Ministry of MSME,
Nirman Bhawan, New Delhi.

III. MSME- Innovative (Incubation, IPR, Design and Digital MSME)

MSME Innovative is a novel initiative designed for MSMEs, incorporating innovation through incubation, design intervention and Intellectial Property Right (IPR) protection in a unified approach. The aim is to raise awareness among MSMEs about India's innovation landscape and inspire them to become MSME Champions. This platform serves as a hub for innovation activities, providing support and guidance for transforming ideas into viable business propositions with direct societal benefits and successful marketability.

What are the Objectives of this Scheme?

The main objectives of this Scheme are as follows: -

- Promote innovations across the value chain, from idea development to application.
- Provide facilities and support for concept-to-market development, design competitiveness, and intellectual property commercialization in the MSME sector.
- Foster a culture of innovation and creative problem-solving through collaboration among industry, academia, government institutions, and research laboratories.
- Serve as a link between industrial/academic leaders and innovators to encourage new product development and provide guidance.
- Focus on developing affordable innovations with widespread benefits, ensuring commercial viability and sustainability.

What is the Eligibility Criteria under this Scheme?

- **Incubation:** Institutions, including Technical Colleges, Universities, other Professional Colleges/Institutes, R&D Institutes, NGOs engaged in incubation activities, MSME-DIs/Technology Centres, or any Institute/ Organization of Central/State Government, may apply for registration as a Host Institute (HI) and act as a Business Incubator (BI) for nurturing ideas from the initial stage of conceptualization to the commercialization stage through HIs/BIs.
- **Design:** The beneficiary unit(s) must be a registered MSME as per the definition in the MSMED Act and should have a valid UAM or Udyam Registration. For manufacturing MSMEs to be considered, profitability in at least one year out of the last three financial years is preferable. Project Monitoring and Advisory Committee (PMAC) has the authority to relax this criterion. Designers employed by units under this scheme should be qualified industrial designers with relevant experience. Implementing agencies are responsible for verifying all relevant documents.
- **IPR:** The beneficiary unit(s) must be a manufacturing MSME and should have a valid UAM or Udyam Registration.

What are the Benefits under this Scheme?

- **Incubation:**
  - → HI can receive financial assistance up to Rs. 15 Lakhs per idea, subject to approval by PMAC.
  - → MSMEs and others approved for ideas contribute 15% and the remaining 85% (up to Rs. 15 Lakhs per idea) is provided by M/o MSME.
  - → Students receive full funding (up to Rs. 15 Lakhs per idea) from the Ministry for their ideas.
  - → Utilization Certificate (UC) must be submitted by HI, approved by the in-charge, with penalties for non-compliance, as fixed by PMAC.
  - → Random checks and inspections by Ministry officials, including MSME-DI (IA), will be conducted.
  - → If an Incubatee leaves an unfinished idea or project, HI can engage other deserving Incubatees to complete it, with unspent funds refunded to the Ministry.
  - → HIs can receive financial assistance up to Rs. 1 Crore for procuring and installing relevant plant and machinery, including hardware and software, for R&D and common facilities for Incubatees of BI.

- → This assistance is applicable to HIs with a minimum of two or more approved ideas under the Incubation Scheme.
- → Funds are for the procurement of plant and machinery specific to the approved ideas.
- → HIs can submit proposals through the MIS portal on the DC MSME website.
- → Proposal approval for plant and machinery is subject to PMAC's decision based on Domain Expert Selection Committee's (DESC) recommendations.

- **Design:**
  - → Design Project : Financial assistance supports engagement of design consultants for design interventions and expenses for prototype or product development. For approved design projects, GoI contributes 75% (Micro) and 60% (Small & Medium) of the project cost, capped at Rs. 40 Lakhs. MSMEs cover the remaining project cost, deposited to the Implementing Agency.
  - → Student Design Project: This component aids student design projects with financial assistance up to Rs. 2.5 Lakhs. For approved projects, GoI contributes 75% of the project cost, capped at Rs. 2.5 Lakhs. MSMEs cover the remaining project cost, deposited to the Implementing Agency.

- **IPR:**
  - → Financial Assistance for Intellectual Property Facilitation Centre (IPFC): PMAC evaluates IPFCs for financial aid, granting up to Rs. 1 Crore in milestone-based three or more instalments. First instalment may be up to 40% of the approved project cost or as requested by IPFC, whichever is less. Subsequent instalments require proof of milestone achievement. After utilizing the grant within three years, IPFC can seek additional funding beyond Rs. 1 Crore, subject to PMAC approval. IPFC accreditation renewal after three years is contingent on satisfactory performance and PMAC approval. Further funding depends on accreditation renewal.
  - → Reimbursement for Registration of Patent, Trademark, Geographical Indications (GI), Design: Applicants must submit reimbursement applications through the Scheme's portal. The IPFC will scrutinize and forward the application to M/o MSME for approval. Upon M/o MSME approval, the IPFC will facilitate reimbursement. Financial assistance under the scheme for reimbursing expenditure on patents/trademarks/Designs/GIs is a one-time support from the GoI. The applicant must not have claimed the same assistance

under any other Central or State Government scheme.

Maximum financial assistance under the IPR component to eligible applicants is subject to specified limits: -

S. No.	Item	Maximum Financial Assistance
1.	Foreign Patent	Rs. 5 Lakhs
2.	Domestic Patent	Rs. 1 Lakh
3.	GI Registration	Rs. 2 Lakhs
4.	Design Registration	Rs. 0.15 Lakh
5.	Trademark	Rs. 0.10 Lakh

How can one Apply under this Scheme?

The eligible applicants may apply at the MIS portal:
https://innovative.msme.gov.in

Whom to contact?

Office of Development Commissioner (MSME),

Ministry of MSME,

Nirman Bhawan, New Delhi.

http://www.dcmsme.gov.in

The Digital MSME will be interlinked with all the other components of the MSME Champions Scheme.



Coir Vikas Yojana (CVY)

The Coir Vikas Yojana (CVY) Scheme interventions include diverse initiatives such as enhancing artisan skills, implementing the Mahila Coir Yojana, supporting modernization, upgrades and new unit setups through the Coir Industry Technology Upgradation Scheme (CITUS). It aims to boost both domestic and export markets, offer trade and industry-related support services and ensure the well-being of coir workers.

The CVY Scheme comprises 7 components, outlined as follows: -

I. Coir Industry Technology Upgradation Scheme (CITUS)

What are the Objectives of this Scheme?

The main objectives of this Scheme are to:

- Improve infrastructure for increased productivity and production quality.
- Support the establishment of advanced Coir Processing Units.
- Expand the industry into untapped regions.
- Optimize the use of available raw materials.
- Generate more job opportunities, particularly for rural women.
- Attract new entrepreneurs to the sector.
- Upgrade existing coir units.
- Foster the development and implementation of information technology, including enterprise resource planning (ERP).
- Back the production of high-value, customer-centric goods.
- Integrate the Coir Industry to compete with modern technologies.
- Promote environmentally friendly production methods.
- Strive for a pollution-free coir industry through technological advancements.

Who will Implement this Scheme?

Coir Board in Kochi will serve as the Nodal Agency for this Scheme. Implementation will be done through the Regional/Sub-regional offices of the Coir Board. Technical support, as needed, will be facilitated by the Central Coir Research Institute (CCRI) in Kalavoor, the Central Institute of Coir Technology (CICT) in Bangalore and other institutes involved in coir industry development and promotion. Ongoing monitoring will be conducted by the Coir Board and the Ministry of MSME, Government of India.

What is the Eligibility Criteria under this Scheme?

Eligibility for assistance under this Scheme is extended to newly established coir production or processing units. Furthermore, units registered under the Coir Board as per the Coir Industry (Registration) Rules, 2008 and holding Udyog Aadhar, can also apply for financial aid for modernization. New units seeking or already benefiting from this Scheme must have been operational for a minimum of 5 years before qualifying for modernization assistance.

What are the Benefits under this Scheme?

Entrepreneurs falling under diverse categories, including individuals or partnership firms, SHGs, Associations and enterprises from small-scale, medium, cooperative, private or public sectors, can access assistance under this Scheme. The support is aimed at producing value-added coir or coir blended items, with coir as the primary fiber. It covers the establishment of new units or expanding existing capacity, with the investment solely directed to new plant and machinery. Applications exceeding the investment limits for medium-scale enterprises outlined in the MSME Act won't be considered. Eligible coir units can receive 25% financial support, up to Rs. 2.5 Crores per coir unit or project, for eligible Plant and Machinery items. The assistance is provided through Direct Benefit Transfer (DBT) and Public Finance Management System (PFMS), reimbursed after installation and operation. Units can fund machinery through loans from financial institutions, banks, leasing companies or own resources.

II. Science and Technology Scheme (S&T) for Coir

What are the Objectives of this Scheme?

This Scheme aims to apply research outcomes from the laboratory to the field and extend testing and service facilities. The research outcomes benefit the coir industry and trade both in India and internationally.

What is the Eligibility Criteria under this Scheme?

The Board conducts Research and Development through the twin research institutes: the Central Coir Research Institute in Kalavoor and the Central Institute of Coir Technology in Bangalore. These institutes can utilize funds allocated under this Scheme.

What are the Benefits under this Scheme?

The Science and Technology activities include programs in the following components:

1. Modernization of Production Processes.
2. Development of machinery and equipment.

3. Product Development and Diversification.
4. Development of Environment-Friendly technologies.
5. Technology Transfer, Incubation, Testing and Service Facilities.

How can one Apply under this Scheme?

Manufacturers, entrepreneurs and coir workers can seek assistance for Technology Transfer, Incubation, Testing and Service facilities by approaching the Research Centre.

Whom to contact?

Director (RDTE), Central Coir Research Institute, Coir Board.

Ph: 0477 2258094

Email: ccri.coirboard@gmail.com

III. Skill Upgradation & Mahila Coir Yojana (MCY)

Skill Upgradation & Mahila Coir Yojana (MCY) is a key component of the Coir Vikas Yojana. The Coir Board provides training in coir processing and value addition to potential workers, coir artisans and entrepreneurs through its training centers, including the National Coir Training and Design Centre (NCT&DC) in Kalavoor, Alleppey, the Research-cum-Extension Centre in Thanjavur and Field Training Centers of Regional/Sub-Regional Officers located throughout the country.

MCY aims to offer self-employment opportunities to rural women artisans involved in coconut husk processing. Over the past two decades, coir fiber production has significantly increased in India. Converting coir fiber into yarn using motorized rats in rural households presents opportunities for extensive employment, enhanced productivity and fiber quality, improved working conditions and increased income. This contributes to the overall upliftment of the standard of living for rural women artisans. The program focuses on providing training exclusively to women artisans, with the following objectives:

1. Provide training on sophisticated machinery or advanced technology to enhance the skills of Mahila Coir Workers.
2. Integrate MCY training with Livelihoof Business Incubator (LBI) to foster entrepreneurial skills in trainees.
3. Encourage trained women to seek assistance under Coir Udyami Yojana (CUY) [merged with Prime Minister's Employment Generation Programme (PMEGP)] to establish units or start self-employment. Year-wise targets for the coir sector will be specified under the PMEGP and necessary support will be provided by the Coir Board's field officers to help women artisans avail assistance under PMEGP.

Who will Implement this Scheme?

Coir Board in Kochi serves as the Nodal Agency for this Scheme. Implementation is carried out through the Regional/Sub-regional offices and training centers of the Board. Monitoring is conducted by the Coir Board and regular feedback reports (Monthly/Quarterly/Half-yearly/Annually) are submitted to the Ministry of MSME by the Board's Head Office. Technical support, when required, is provided by the Central Coir Research Institute, Central Institute of Coir Technology and other institutes involved in coir industry development and promotion.

What is the Eligibility Criteria and Benefits under this Scheme?

Coir artisans and workers in the coir industry can access financial assistance for procuring machines or equipment under the PMEGP Scheme to establish new coir units, with a maximum project cost of Rs. 25 Lakhs.

For skill development programs, the stipend per trainee is capped at Rs.3,000 per month. In cases where the training lasts less than one month, stipends are disbursed on a pro-rata basis. Trainer honorarium is limited to Rs.15,000 per month. Additionally, a financial assistance of Rs.400 per head per month is allocated to the training sponsoring agency to cover operational costs such as raw materials, power charges and other incidentals.

How can one Apply under this Scheme?

The Regional Extension Centre's officer-in-charge is responsible for selecting trainees for training programs conducted at the Regional Extension Centres. Candidates are sponsored and recommended by Trade Associations, Unit Owners, NGOs, Co-operatives and the Industries Department.

Whom to Contact?

Joint Director (P), Coir Board

Ph: 9447187059

Email: jdp@coirboard.org

IV. Export Market Promotion (EMP)

The Coir Board executes Export Market Promotion (EMP) initiatives to enhance the export performance of the Indian Coir Sector. This involves various activities for market promotion such as sponsoring delegations, participating in seminars and conferences, organizing presence in international fairs, conducting generic publicity abroad, providing financial assistance to MSMEs and exporters and presenting annual Coir Industry Awards to acknowledge outstanding performance in export, domestic trade, research and development and the functioning of units and societies.

What are the Components under this Scheme?

1. Delegation, Consultancy & Information Sourcing
2. Participation in seminars and conferences
3. Participation in international fairs/buyer-seller meets
4. Publicity abroad
5. External Market Development Assistance
6. Coir Industry Awards

What is the Eligibility Criteria under this Scheme?

Manufacturers, Entrepreneurs and Exporters of Coir may apply under this Scheme.

How can one Apply under this Scheme?

Application forms are available either at the Coir Board Head Office or can be downloaded from the website: http://coirboard.gov.in/

Whom to contact?

Joint Director (P), Coir Board

Ph: 9447187059

Email: jdp@coirboard.org

V. Domestic Market Promotion Scheme (DMP)

What are the Objectives of this Scheme?

This Scheme aims to offer financial assistance to Apex Co-operative Societies, Central Co-operative Societies, Primary Co-operative Societies, Public Sector Enterprises, franchisees appointed by the Coir Board in the coir industry, and the Showroom and Sales Depots or Hindustan Coir of the Coir Board.

What is the Eligibility Criteria under this Scheme?

Entities eligible for consideration under this Scheme include Apex Co-operative Societies, Central Co-operative Societies, Primary Co-operative Societies, Public Sector Enterprises, franchisees appointed by the Coir Board in the coir industry and the Showroom and Sales Depots or Hindustan Coir of the Coir Board.

What are the Benefits under this Scheme?

In accordance with Section 10(1) of the Coir Industry Act, 1953, the Coir Board has implemented various measures to promote coir and coir products, aiming to expand the domestic market. These measures include establishing and maintaining showrooms and sales depots, participating in fairs or exhibitions organized by other agencies, conducting exclusive fairs for coir and coir goods nationwide, providing Market Development Assistance (MDA) to state-supported

organizations for expanding marketing networks, organizing generic publicity through press, television, website and radio, erecting hoardings, setting quality standards and inspecting and certifying the quality of coir goods. The Board's activities for these purposes encompass publicity, participation in domestic exhibitions, extending performance-linked MDA and the construction, renovation or interior decoration of new and existing showrooms or market development centers, along with field demonstrations or displays.

MDA is granted at a rate of 10% of their average annual sales turnover of coir products over the preceding three financial years, encompassing various coir items, such as coir fibre, coir pith, coir pith block, coir pith products, coir pith organic manure, coir yarn, mats, matting, rubberized coir goods, coir geotextile, garden articles, coir bags, coir umbrella, coir chapel, coir ornaments, coir handicrafts, coir wood and other innovative products. The assistance is contingent on achieving a 5% increase over the immediate previous year. The funding, shared on a 1:1 basis between the Central Government and the respective State/ Union Territory Government, is subject to the availability of budgetary outlay with the Coir Board under the relevant schemes.

How can one Apply under this Scheme?

The MDA application form is available at the Coir Board Head Office and can also be downloaded from the Coir Board website: http://coirboard.gov.in/

Whom to contact?

Joint Director (P), Coir Board

Ph: 9447187059

Email: jdp@coirboard.org

VI. Trade and Industry Related Functional Support Services (TIRFSS)

Collecting statistical data on production, productivity, labor infrastructure, raw materials, marketing, etc., is essential for providing feedback to the trade and industry and formulating appropriate policies for the organized and systematic development of the coir industry. Establishing and maintaining an updated and effective IT-related management information system is imperative for the development of this highly competitive sector.

This Scheme offers accessible export data, including the names of importing countries and the value and quantity of exports to each country. Survey and study reports for various sectors within the Coir Industry are also available.

Coir workers can utilize Human Resource Development (HRD) programs to enhance their knowledge in line with modern technology.

What are the Components under this Scheme?

1. **Knowledge Management :**
   a. Coir Industry Survey
   b. Market Analysis
   c. Techno Economic Feasibility Studies
   d. Economic Research
2. **Information Management:**
   a. Data Collection
   b. Data Management
   c. Library
   d. Connectivity
   e. Hardware & Networking
3. **Infrastructure Creation:**
   a. Establishing and maintaining physical structures and providing infrastructure facilities at the Head Quarters or Regional Offices or Sub-Regional Offices
   b. Developing trade facility centers in coir-producing areas
   c. Constructing CEO Quarters or Guest House
   d. Implementing a module for furnishing IT-related infrastructure
   e. Renting accommodation in Delhi for Regional office and Guest House
4. **Human Resource Development :** Officials of the Board, industry stakeholders, manufacturers, coir workers and major market players can participate in HRD programs organized under this Scheme.

How can one Apply under this Scheme?

The officials of the Board, industry stakeholders, manufacturers, coir workers and major market players can approach the Head Office and Regional Offices of the Board to participate in HRD programs organized periodically in various regions.

Whom to contact?

Joint Director (P), Coir Board

Ph: 9447187059

Email: jdp@coirboard.org

VII. Welfare Measures [Pradhan Mantri Suraksha Bima Yojana (PMSBY)]

Coir Board implemented the Coir Board Coir Workers Group Personal Accident Insurance Scheme from 1998, offering insurance coverage for accidental death, permanent total disability and permanent partial disability to coir workers aged 18 and above. The scheme covered 4 lakh coir workers comprehensively without individually naming each worker. The scheme, operational until May 31, 2016, has been merged into the **"Pradhan Mantri Suraksha Bima Yojana" (PMSBY)** since June 1, 2016. This Scheme provides one-year coverage, renewable annually, offering accident insurance for death or disability to coir workers on account of accident.

What is the Eligibility Criteria under this Scheme?

All coir workers in the country aged 18 to 70, with Aadhar-linked Savings Bank accounts, are eligible to join under this Scheme. Enrollment can only occur through an Aadhar-linked savings bank account.

Coir workers eligible for enrollment through the Coir Board include those who are self-employed, employed under SFURTI coir clusters, engaged in units registered with the Board, falling under the Welfare Fund Board, working in PSUs, Corporations, Federations, Cooperative Societies, etc. In cases of uncertainty regarding an individual's status as a coir worker for insurance coverage, the decision of the Coir Board will be final.

What is the Compensation payable under this Scheme?

The compensation payable will adhere to the prevailing provisions in the PMSBY. The current rates of compensation are as follows:

a) Death (Accidental Death): Rs. 2 Lakhs

b) Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot: Rs. 2 Lakhs

c) Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot: Rs. 1 Lakh

How can one Enrol under this Scheme?

The Coir Board, either directly through its establishments nationwide and/ or through outsourcing, will enrol coir workers in India under PMSBY. The Coir Board will obtain the duly filled-in prescribed form for enrollment and auto-debit authorization. Enrolment in the Scheme will be facilitated by the Board through

participating banks or the Public Sector General Insurance Company by paying the necessary premium. The insurance coverage will be valid for 1 year from June 1 of a year to May 31 of the subsequent year or for periods specified under PMSBY.

Whom to contact?

Joint Director (P), Coir Board

Ph: 9447187059

Email: jdp@coirboard.org



Procurement and Marketing Support (P&MS) Scheme

Improving marketability is crucial for the growth and survival of MSMEs. Challenges such as limited information, resource scarcity and unorganized marketing methods hinder the sector's ability to explore new markets and retain existing ones. The Procurement and Marketing Support (P&MS) Scheme aims to address these issues, boosting the visibility of MSME products and services by providing strategic assistance in navigating markets effectively.

What are the Objectives of this Scheme?

The main objectives of this Scheme are to: -

- Encourage Micro and Small Enterprises (MSEs) to cultivate domestic markets.
- Promote new market access initiatives across India, like organizing or participating in National and International trade fairs, exhibitions and MSME expos, etc.
- Increase awareness and educate MSEs about crucial aspects such as packaging process in marketing, latest packaging technology, import-export policies, GeM portal, MSME Conclave, and developments in International or National trade.
- Facilitate market linkages to support the implementation of the Public Procurement Policy for MSEs Order of 2012.
- Provide education to MSMEs on various facets of business development.
- Create overall awareness about trade fairs, emerging market techniques and related topics.

Who will Implement this Scheme?

This Scheme is implemented by the following: -

1. DC (MSME) via its field organizations, namely MSME Development Institutes and Technology Centers.
2. Other organizations under the Ministry of MSME, including NSIC, KVIC, Coir Board.
3. Other Central Government Ministries through their respective departments, organizations, corporations, autonomous bodies and agencies.
4. Departments, organizations, corporations, autonomous bodies and agencies of State Governments.

What is the Eligibility Criteria under this Scheme?

The eligibility condition for this Scheme is that MSMEs must be registered at UAM Portal and belong to the manufacturing or service sector.

What are the Components under this Scheme?

There are 3 main components under this Scheme: -

1. MARKET ACCESS

Includes the following activities:

- Participation of Individual MSEs in Trade Fairs / Exhibitions.
- Organizing Domestic/ International Trade Fairs/Exhibition
- participation in trade fairs/exhibitions by the Ministry/Office of DC (MSME)/Government organizations.
- Vendor Development Program (VDP).

2. CAPACITY BUILDING

Includes the following activities:

- Adoption of Modern Packaging Techniques
- Adoption of Bar Code
- Adoption of e-Commerce Platform
- National Workshops / Seminars
- Organizing National workshops/seminars by the Ministry / Office of DC (MSME) (Conventional/Virtual).

3. DEVELOPMENT OF RETAIL OUTLET

Includes the following activities:

- Infrastructure development of Retail Outlets for promoting (Geographical Indication) GI Products

How can one Apply under this Scheme?

Applicants can apply online at: https://www.dcmsme.gov.in/

Whom to contact?

Joint Development Commissioner,

O/o DC, MSME

Nirman Bhawan, New Delhi

Tel.: 011- 23061091

Email: mandeepkaur@ias.nic.in



Entrepreneurship Skill Development Programme (ESDP)

The Entrepreneurship and Skill Development Program (ESDP) is a crucial component of the broader "Development of MSMEs" initiative, tailored to address the changing landscape and challenges within the Indian MSME ecosystem. Entrepreneurship development aims to enhance the competencies and expertise of individuals in effectively managing and establishing business ventures while considering associated risks. The Ministry of MSME conducts various programs focused on developing entrepreneurship and skills for current and potential entrepreneurs. These initiatives empower individuals to undertake successful business endeavors, contributing to an increase in the number of entrepreneurs.

Regular entrepreneurship promotion and development programs are organized to nurture the talents of youth, providing insights into various aspects of industrial/ business activities crucial for establishing Micro and Small Enterprises (MSEs). These programs target individuals interested in setting up their own industrial or self-employment ventures. Activities are also conducted in ITIs, Polytechnics, and other technical institutions/business schools to motivate individuals with skills/talents toward self-employment.

What are the Objectives of this Scheme?

The program aims to inspire individuals from diverse societal segments, including SC/ST/Women, differently-abled, Ex-servicemen, and BPL (Below Poverty Line) individuals, to consider self-employment or entrepreneurship as a viable career option. The primary goal is to promote the creation of new enterprises, strengthen the capabilities of existing MSMEs, and cultivate an entrepreneurial spirit within the nation.

The Enterprise Facilitation Centres (EFCs) aim to enhance support for aspiring entrepreneurs and youth seeking job market skills. While Micro, Small, and Medium Enterprises Development Institutes (MSME-DIs) and Technology Centres (TCs) mainly operate in state capitals and a few cities, their reach is limited. The introduction of EFCs aims to expand this outreach, providing essential assistance to new entrepreneurs nationwide. These centers, established by Implementing Agencies, will consist of two main verticals: Enterprise Facilitation and Skill Development.

The Enterprise Facilitation segment will focus on ideation, mentoring, credit facilitation, market accessibility, and diagnostic studies. Simultaneously, the Skill

Development sector will offer job market intelligence, guiding job seekers toward relevant skill development in specific sectors. EFCs will be linked to the National Resource Centre within the Office of DC MSME, creating a cohesive network for entrepreneurial and skill development support.

What are the Benefits under this Scheme?

The following activities are conducted under the ESDP Scheme: -

1. **Industrial Motivational Campaign (IMC) –** Two days
   The Two-Day Industrial Motivational Campaign aims to identify and inspire potential entrepreneurs, both traditional and non-traditional, interested in establishing MSEs. The first day includes formal inaugurations and technical sessions, while the second day focuses on individual discussions with interested participants for counseling and guidance. Each district is expected to organize at least one IMC, accommodating 50 to 100 individuals, with expenditure limited to Rs. 20,000.

2. **Entrepreneurship Awareness Programme (EAP)** – Two Weeks

   The Two-Week Entrepreneurship Awareness Programs aim to nurture the potential of young individuals by providing comprehensive education on various aspects of establishing MSEs. Typically conducted in EFCs, ITIs, Polytechnics, and other technical institutions or colleges, these programs focus on motivating students toward self-employment and entrepreneurship. The program's capacity is designed for 25 individuals, with an expenditure limit of Rs. 50,000. If the number of participants is fewer than 25, expenses will be adjusted proportionally, accounting for variable costs at a rate of Rs. 1,000 per participant. The program entails four sessions per day.

3. **Entrepreneurship-cum-Skill Development Programme (E-SDP)**–Six Weeks

   The six-week program is dedicated to specialized entrepreneurship development sessions, focusing on establishing new livelihood enterprises and fostering the growth of rural businesses. The program integrates both product-oriented and process-based activities, incorporating comprehensive training sessions to enhance the skills of potential entrepreneurs. Hands-on practice and demonstrations for specific activities are integral to the program, accommodating 25 participants with a spending limit of Rs. 1,25,000. If fewer than 25 individuals participate, the expenditure will be adjusted pro-rata at a rate of Rs. 2,500 per participant.
   The curriculum content for these EAPs is a vital component of the

broader E-SDP. The training content is customized to cater to specific trades, activities, and the trainee group under the respective training programs. Courses under ESDPs span diverse fields such as Agro-Based Products, Herbal Cosmetics, Fashion Garments, Food & Fruit Processing, and more, representing a variety of industries. The provided list is for illustrative purposes only.

4. **Management Development Programme (MDP)** – One Week

The one-week initiative aims to enhance the capacities of MSMEs by providing managerial insights to refine decision-making abilities, leading to increased productivity and profitability for existing and potential entrepreneurs. Experts will cover various management topics to familiarize participants with contemporary management techniques and practices.

The program can accommodate up to 25 individuals within a budget of Rs. 50,000, adjusting expenses pro-rata if fewer than 25 individuals attend, at a rate of Rs. 1,000 per participant. Participants, aged 18 years and above, will primarily include MSME entrepreneurs along with their managerial and supervisory staff. The fee structure will be determined by the organizing institution.

These training programs in industrial management, specifically designed for MSME owner-cum-managers and supervisory staff, will be customized to suit local industry demands and cluster requirements. The course content will align with contemporary management practices relevant to MSME executives. Examples of topics covered in Management Development Programs (MDPs) include Industrial Management, Human Resource Management, Marketing Management, Export Management/ Documentation & Procedures, and more. The provided list only serves as an illustration of potential course topics.

The mentioned activities and programs will be conducted through Implementing Agencies (IAs) such as MSME-DIs and MSME-TCs under the Office of Development Commissioner (MSME), Ministries, Departments, organizations, Corporations, PSUs, and agencies under the administrative control of Central/State Governments. Approval for these agencies is granted by the Empowered Committee led by AS & DC (MSME) as required.

Respective IAs (excluding MSME-DIs) are responsible for submitting utilization certificates for grants or funds issued to them by the end of the financial year. It is mandated that 40% of the targeted beneficiaries of EAPs and E-SDPs should be women.

What is the Eligibility Criteria under this Scheme?

The program is open to youth and individuals interested in establishing their own industrial or business or self-employment ventures. The qualification criteria for participants and the fee structure will be determined by the Implementing Agencies. Participants must be 18 years of age or older.

How can one Apply under this Scheme?

Applications may be made by contacting the nearby MSME Development Institute or MSME-Technology Centre. The contact details and addresses of these organizations are available at:
http://www.dcmsme.gov.in/contacts.htm

What is the Procedure for Selection of Candidates?

A web-based Management Information System (MIS) will be utilized to create an integrated database of existing and potential entrepreneurs. IAs will upload their progress data on the ESDP MIS in real-time. Each IA is required to develop its own MIS for this purpose, integrating it with the ESDP MIS managed by the Office of DC MSME. Aadhar-authenticated attendance is mandatory to prevent duplication of beneficiaries under the scheme. Candidates will be identified by implementing agencies through an application process.

The minimum age for participants in the programmes is 18 years. However, the head of the organization conducting the programme may grant relaxation in special cases such as school dropouts, etc. based on their judicious discretion. Generally, there is no upper age limit. Qualifications for participation in a specific programme will be outlined in the programme notification, considering the subject of the training programme. Preference will be given to candidates from SC, ST, Women, Ex-Servicemen of Defence Forces, Differently Abled, and BPL category persons.

Whom to contact?

Deputy Director, O/o DC-MSME

Ph: 011- 2306-3806

Email : vikas.gupta.dcmsme.gov.in



International Cooperation (IC) Scheme

The International Cooperation (IC) Scheme for MSMEs, implemented by the Ministry of MSME, offers financial assistance to eligible MSMEs and organizations for their participation in or organization of various international events related to the MSME sector.

What are the Objectives of this Scheme?

The main objectives of this Scheme are as follows: -

1. Capacity building of MSMEs to enter the export market by facilitating their participation in international exhibitions, fairs, conferences, seminars, buyer-seller meets abroad, and providing actionable market intelligence and reimburwsing the various costs involved in the export of goods and services.
2. Providing opportunities for MSMEs to continuously update themselves to meet challenges arising from changes in technology and demand, emerging markets, etc.
3. Enhancing the competency of MSMEs by capturing new markets, improving manufacturing capacity through new technologies, etc.
4. Promoting the global presence of the MSME sector and showcasing its potential and achievements.

What are the Benefits under this Scheme?

Under the IC Scheme for MSMEs, financial assistance is provided on a reimbursement basis for the following:

1. Airfare
2. Space rent
3. Freight charges
4. Advertisement and publicity charges
5. Entry or registration fee
6. Registration-cum-membership certificate charge or fee
7. Export insurance premium

What are the Sub-Components under this Scheme?

The sub-components under this Scheme are as follows: -

Sub-Component I: Marketing Development Assistance (MDA) of MSMEs

The following activities are covered under the Physical Medium: -

1. Financial assistance is provided for the participation of MSME delegations as exhibitors, from Industry Associations and Government organizations in international exhibitions, trade fairs, and buyer-seller meets abroad to explore potential markets, seek joint ventures, and stay informed about the latest technologies, etc.
2. Financial assistance is extended for organizing international conferences, summits, workshops, and seminars in India on themes relevant to MSMEs by Industry Associations and Government organizations.
3. The scheme supports the organization of mega international exhibitions, fairs, buyer-seller meets, conferences, summits, workshops, and seminars abroad by the Ministry of MSME, its organizations, or in partnership with industry associations to promote the MSME sector.
4. Financial assistance is provided for mega international conferences, summits, workshops, seminars, bilateral/multilateral Government-to-Government events in India organized by the Ministry of MSME, its organizations, or in collaboration with Industry Associations for the promotion of the MSME sector.
5. The scheme supports the participation of Ministry-led industrial delegations in international exhibitions, fairs, and conferences in foreign countries.

The following activities are covered under the Virtual Medium: -

1. Financial assistance is provided for the participation of MSME delegations as exhibitors, from Industry Associations and Government organizations in international exhibitions, trade fairs, and buyer-seller meets abroad to explore potential markets, seek joint ventures, and stay informed about the latest technologies, etc.
2. Financial assistance is extended for organizing international conferences, summits, workshops, and seminars in India on themes relevant to MSMEs by Industry Associations and Government organizations.
3. The scheme supports the organization of mega international exhibitions, fairs, buyer-seller meets, conferences, summits, workshops, and seminars abroad by the Ministry of MSME, its organizations, or in partnership with industry associations to promote the MSME sector.

Sub-Component II: Capacity Building of First Time MSE Exporters (CBFTE)

The key interventions proposed under this sub-component are: -

1. It offers reimbursement of Registration-cum-Membership Certificate charges or fees for first-time MSE exporters registering with Export Promotion Councils (EPCs).
2. MSEs can benefit from the reimbursement of export insurance premiums paid, facilitating them in mitigating risks associated with international trade.
3. Reimbursement of fees paid for Testing & Quality Certification is provided to MSEs to encourage the production and offering of products and services meeting international standards for export markets.

Sub-Component III: Framework for International Market Intelligence Dissemination (IMID)

It proposes the establishment of a National Resource Database System, which would serve as a Global Market Intelligence System for MSME units. This system aims to serve as a centralized knowledge repository for export-related data on foreign markets. It will offer simplified information on trade statistics, market access issues, and export potential indicators. Additionally, the system will provide details on global tenders and procurements, along with specialized Orientation Courses by government institutions involved in foreign trade to enhance the export orientation of MSMEs.

Who are the Target Beneficiaries?

Government Institutions, Registered Industry Associations and Export Promotion Councils associated with the promotion and development of MSME sector, are the target beneficiaries under this scheme.

How can one Apply under this Scheme?

In order to avail financial assistance, applications may apply online on the IC Scheme portal (https://ic.msme.gov.in/IC_APP/IC_Welcome.aspx).

Whom to contact?

Under Secretary (IC), M/o MSME

Ph: 011-23063219,

Email: neelam.sharma25@nic.in



National SC-ST Hub Scheme

In line with the Budget Speech 2016-17, the National Scheduled Caste and Scheduled Tribe Hub (NSSH) scheme was formally launched by the Hon'ble Prime Minister in October, 2016. NSSH is designed to enhance the capabilities of SC/ST entrepreneurs and foster an "entrepreneurial culture" within the SC/ST community. Its objective is to facilitate the active participation of SC/ST enterprises in the public procurement process, aiming to meet the designated 4% procurement target from these entities under the Public Procurement Policy by Ministries, Departments, and CPSEs.

The Office of the DC (MSME), Ministry of MSME, in its memorandum no. F. No. 22(1)/2012-MA dated 20th February, 2014, provided the following clarification for the definition of SC/ST Enterprises:

a) For proprietary Micro & Small Enterprises (MSEs), the proprietor must be SC/ST
b) In the case of partnership MSEs, SC/ST partners must hold at least 51% shares in the unit
c) For private limited companies, at least 51% shares must be held by SC/ST promoters.

Who are the Target Beneficiaries?

Aspiring and Existing SC/ST Entrepreneurs are the target beneficiaries under this Scheme.

What are the Objectives of this Scheme?

The main objectives of this Scheme are as follows: -

1. Offer professional support to Scheduled Caste and Scheduled Tribe Entrepreneurs in meeting obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012.
2. Implement relevant business practices.
3. Utilize the Stand-Up India initiatives.

What are the Benefits under this Scheme?

Under this Scheme, SC/ST Entreprenuers may: -

1. Avail a 25% subsidy on the purchase of plant & machinery/equipment, capped at Rs. 25 lakh, through the Special Credit Linked Capital Subsidy Scheme.

2. Benefit from a 100% subsidy on airfare and twice the DA rate prescribed by MEA under the Special Marketing Assistance Scheme.
3. Obtain a 100% subsidy for acquiring National Small Industries Corporation's (NSIC) Registrations under the Single Point Registration Scheme, with a nominal fee of Rs. 100/-.
4. Receive reimbursement of 80% or Rs. 1 lakh, whichever is less, on Bank Loan Processing fees.
5. Get an 80% reimbursement or Rs. 1 lakh, whichever is less, for Performance Bank Guarantees.
6. Obtain an 80% reimbursement or Rs. 1 lakh, whichever is less, for testing fees.
7. Avail an 80% reimbursement or Rs. 20,000, whichever is less, for membership/subscription fees of Export Promotion Council Membership.
8. Receive an 80% reimbursement or Rs. 25,000, whichever is less, for membership fees of Government-promoted e-Commerce Portals.
9. Benefit from a 90% reimbursement of course fees or Rs. 1 lakh, whichever is less, for top 50 NIRF Rated Management Institution's Short-Term Training Program Fee.
10. Receive marketing and mentoring support by participating in exhibitions and vendor development programs.
11. Access information regarding SC/ST enterprises and entrepreneurs, collected, collated, and disseminated to CPSEs.
12. Benefit from free skill training and the distribution of trade-specific tool kits for trained candidates under the Skill Development programs.

What are the Functions of NSSH?

The main functions of NSSH are to: -

1. Encourage SC/ST-owned units to attain a minimum 4% share of total procurement by Central/State Governments, CPSEs, and other government agencies.
2. Develop a strategy for intervention through industry associations to sensitize, encourage, and enable SC/ST-owned units to participate in the Public Procurement Process.
3. Collect, collate, and disseminate information about SC/ST enterprises and entrepreneurs.
4. Facilitate SC/ST Entrepreneurs to be part of vendor development programs and receive mentoring support from specific CPSEs matching their products/services.
5. Build the capacity of existing and potential SC/ST entrepreneurs through skill development programs.

6. Provide handholding and mentoring support.
7. Facilitate credit linkages for SC/ST entrepreneurs.
8. Share data on SC/ST MSEs with CPSEs to increase procurement from SC/ST entrepreneurs.
9. Undertake outreach activities to promote the scheme among the SC/ ST population.

What are the Components or Interventions under NSSH?

Under NSSH, several interventions and components have been introduced to address the needs of SC/ST MSEs in areas such as finance, technology, market linkages, capacity building, etc., aiming to create a conducive ecosystem. The components are: -

a) Special Credit Linked Capital Subsidy for technology enablement

The Credit Linked Capital Subsidy Scheme (CLCSS) by the Ministry of MSME, Government of India, facilitates technology upgradation for MSEs by providing upfront capital subsidies for the purchase of plant & machinery. Effective from 01.04.2017 to 31.03.2021, a special provision of 25% subsidy is available to SC/ST MSEs under NSSH on institutional finance up to Rs.1 Crore for plant & machinery procurement (with a subsidy cap of Rs.25 Lakhs. There are no sector specific restrictions on technology upgradation as incorporated in the revised guideline of CLCSS, which stands effective from 17.05.2017 to further ease the access to latest technology. The scheme aims to promote new enterprises and support existing ones for increased participation in public procurement, and it is administered by the Office of the Development Commissioner (DC) - MSME.

b) Capacity building of existing & aspiring SC/ST entrepreneurs

Capacity building is a vital initiative under NSSH to achieve its objectives. Numerous entrepreneurship and skill development training programs are conducted to promote entrepreneurship among SC/ST entrepreneurs.

c) Support for enhancing competitiveness through various reimbursement sub-schemes or interventions

The following interventions or sub-schemes are implemented to enhance the competitiveness of SC/STn MSEs: -

1. Reimbursement of Bank Loan Processing Fee
2. Reimbursement of Bank Charges for Performance Bank Guarantee
3. Testing Fee Reimbursement

4. Reimbursement of Membership/ Subscription/ Entry Fee of Export Promotion Council
5. Reimbursement of Course Fees to Top 50 NIRF rated Management Institutions for short-term training of SC/ST entrepreneurs
6. Reimbursement of Membership in Government promoted E-Commerce Portals
7. Reimburesement of Single Point Registration Scheme

d) Special Marketing Assistance Scheme (SMAS) for SC/ST entrepreneurs

The Ministry of MSME operates various schemes to provide marketing support to MSMEs and facilitate their entry into overseas markets. To address the under-representation of SC/ST entrepreneurs, these schemes have been integrated into the Special Marketing Assistance Scheme (SMAS). SMAS offers marketing support to SC/ST enterprises, enhancing their competitiveness and marketability of products through events organized by NSSH, such as: -

1. Organizing Visit to International Exhibitions/ Trade Fairs/ Seminars Abroad
2. Participation in International Exhibitions/ Trade Fairs Abroad
3. Organizing Visit to Domestic Exhibitions/ Trade Fairs
4. Participation in Domestic Exhibitions/ Trade Fairs
5. Vendor Development Programmes
6. Organizing Workshops/ Seminars/ Awareness Campaigns

What is the Governance Structure under NSSH?

The following committees have been formulated that help in the functioning of NSSH: -

a) High Powered Monitoring Committee (HPMC)

The High-Powered Monitoring Committee (HPMC) is chaired by the Minister of MSME, with the Minister/s of State (MSME) serving as co-chair. The committee oversees the overall activities of the Hub and possesses the authority to decide on additional activities or functions. Non-official members serve a three-year term, from the first meeting of the committee after constitution and the chair reconstitutes the committee after the completion of this tenure. The expenditure for HPMC meetings, including the participation of non-official members, will be covered from the Hub's budgetary allocation.

b) Advisory Committee

The Advisory Committee for NSSH is chaired by a representative

of Industry Associations. The committee provides advice on new interventions for supporting SC/ST entrepreneurs, bringing an industry perspective to enhance scheme implementation. The Advisory Committee's term is two years and the chairperson will be nominated on a rotational basis every two years. The nomination of the chairman and Industry Associations is made by the Hon'ble Minister (MSME). The expenditure for Advisory Committee meetings, including non-official members' participation, is covered from the Hub's budgetary allocation.

c) Project Screening Committee (PSC)

The Committee, chaired by the Joint Secretary (SME/NSSH), includes representatives from IFW, 0/o DC(MSME), KVIC, Coir Board, NSIC, and NSSH Cell. The Committee's responsibilities include:

i) Formulating the annual action plan of the scheme, subject to approval by the Secretary (MSME)
ii) Considering and approving proposals for financial assistance under all subcomponents of the scheme
iii) Undertaking any other activity with the approval of the Secretary (MSME)

d) NSSH Cell

The NSSH scheme of the Ministry of MSME is executed by NSIC. The day-to-day operations of the scheme are managed by an NSSH Cell within NSIC, led by a Senior General Manager (GM) level officer. The NSSH Cell reports to the Functional Director of NSIC, who, in turn, reports to the CMD-NSIC.



Promotion of MSMEs in NER and Sikkim

The Ministry of MSME has prioritized the development of the North Eastern Region (NER) and Sikkim and launched the Scheme "Promotion of MSMEs in North Eastern Region and Sikkim" on 02.08.2016. This Scheme aims to enhance the productivity, competitiveness, and capacity of MSMEs in the NER & Sikkim. The Scheme also focuses on establishing or upgrading infrastructural facilities in existing or new Industrial Areas in these regions. Recognizing the potential in the tourism sector, the scheme considers projects such as shared services like kitchen facilities, bakery services, laundry & dry cleaning, refrigeration and cold storage, IT infrastructure, provision of potable water, display centers for local products, and spaces for cultural activities within clusters of homestays.

What are the Components and Benefits under this Scheme?

This Scheme has the following three components: -

1. **Setting up of new and modernization of existing Mini Technology Centres**
   The scheme provides financial assistance to State Governments for establishing new and upgrading existing Mini Technology Centres in NER and Sikkim. It aims to augment infrastructure development in order to enhance productivity, sustainability, competitiveness and growth by addressing common issues such as technology improvement, skill development, quality enhancement, and market access for MSMEs. The projects include the creation of common facilities supporting manufacturing, testing, packaging, research and development, product and process innovations, and training for natural resources like fruits, spices, agriculture, forestry, sericulture, and bamboo. The completion period for projects is 36 months, with the maximum assistance from Government of India capped at Rs. 13.5 crores or 90% of the project cost, whichever is less.

2. **Development of new and existing Industrial Estates**
   The Government of India provides financial assistance for the development of new and existing Industrial Estates and Flatted Factory Complexes for MSMEs. The support includes infrastructure facilities such as power distribution systems, water supply, telecommunication, drainage, pollution control, roads, storage, water harvesting, ETPs and administrative services like office building, telecommunication/ cyber centre/ documentation centre, Conference Hall/ Exhibition centre, Raw material storage facility, Marketing outlets/ First Aid Centre, Creche, Canteen facilities etc. The

completion period for projects is 30 months, with the maximum assistance from Government of India capped at Rs. 13.5 crores for the development of a new Industrial Estate or Rs. 9 crores for the development of an existing Industrial Estate or 90% of the project cost, whichever is less.

3. **Development of Tourism Sector**
   Considering the significant potential in the tourism sector in the region, projects focusing on common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infrastructure, potable water, display center for local products, and a center for cultural activities in a cluster of home stays may be considered. The time period for the completion of projects is 18 months and the assistance from the Government of India will be limited to Rs. 4.5 crores or 90% of the project cost, whichever is less.

What is the Eligibility Criteria under this Scheme?

State Government Departments or Organizations engaged in the promotion of MSMEs in the State may apply under this Scheme. Individuals, MSMEs and NGOs cannot directly avail financial assistance from the Government of India, but can avail the benefits through Technology Centres, Tool Rooms, or common Facility Centres set up for the tourism sector as per their specific requirements.

Who is the Approval Authority for projects under this Scheme?

Project Approval and Monitoring Committee (PAMC) under the Chairmanship of Secretary, MSME, Govt. of India is the approval authority for projects under this Scheme.

Are there any Mandatory Requirements under this Scheme?

The mandatory requirements for various components under this Scheme include: -

a) Geo-tagging of the project.
b) Submission of Detailed Project Report (DPR) through MSME-DFO, accompanied by stakeholder comments. The DPR should cover aspects such as the status and potential of enterprises in the region, proposed location, demand analysis of the sector, project objectives, services offered, organizational structure, capital cost (building, plant & machinery, and other infrastructure facilities), operating expenses, total estimated project cost, funding pattern, Implementing Agency, cash flow analysis indicating the project's techno-economic viability and projections on the impact of the project on the percentage increase in revenue for MSMEs and employment opportunities generated.

What are the Requirements and Pattern for release of Government of India grant to State Government?

Funds will be released to the implementing agency in three installments (50:40:10 ratio) after final approval, considering the implementation plan, progress, and fund requirements. Release of funds is contingent on the upfront contribution by the State Government in proportionate contribution and approval by a committee chaired by the Director/HoO MSME-DFO of the concerned State. The committee includes representatives from the Directorate of Industries or any other State Government organization involved in MSME promotion and one representative from the implementing agency. The release of the Government of India grant is subject to full compliance with the Ministry of Finance O.M No 1(18)/PFMS/FCD/2021 dated 9th March, 2022 regarding Central Nodal Account and State Nodal Account.

How can one Apply under this Scheme?

Applicants may apply online at https://ner-promotion.msme.gov.in or send hardcopy of the applications through State Governments or their autonomous bodies or field institutes of the Ministry of MSME i.e., MSME- DFOs.

Whom to contact?

1. **Shri U.C. Shukla, Director (NER),**
   Office of Development Commissioner, MSME
   Ph: 011-23062230
   Email : umeshshukla@dcmsme.gov.in

2. **Shri Kuldip Singh, Asstt. Director - I,**
   Office of Development Commissioner, MSME
   Ph: 011-23063805, Extn. 2453
   Email : ksingh@dcmsme.gov.in

3. **Dr. Arti Singh Katiyar, Asstt. Director - II,**
   Office of Development Commissioner, MSME
   Ph: 011-23063806, Extn. 2446
   Email : askatiyar@dcmsme.gov.in



Empowering MSME Training: Unveiling the Impact of Assistance to Training Institutions (ATI)

To nurture and equip aspiring entrepreneurs for new business ventures, the Government actively supports the creation of Taining Institutions called Entrepreneurship Development Institutes (EDIs). These institutes play a pivotal role in providing essential entrepreneurship and skill development training to individuals venturing into business for the first time, aiding in the establishment of their enterprises. The Government consistently dedicates resources to promote and enhance entrepreneurship, strengthening training infrastructure and offering program support.

The MSME sector boasts a widespread network of institutions committed to regular skill development training. This includes diverse entities like the National Institute for Micro, Small, and Medium Enterprises (ni-msme), the Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Training cum Incubator Centres (TICs) under the National Small Industries Corporation (NSIC), Central Tool Rooms (Technology Centres), training centers affiliated with MSME Development Institutes, Khadi and Village Industries Commission (KVIC), and the Coir Board.

Support is extended to national-level training institutions affiliated with the Ministry of MSME, including NIMSME, KVIC, Coir Board, Tool Rooms, NSIC, and MGIRI. This assistance comes in the form of a capital grant aimed at building and fortifying infrastructure, as well as backing entrepreneurship development and skill training programs. Additionally, support is allocated to enhance or expand the training infrastructure of existing State-level Entrepreneurship Development Institutes (EDIs).

What are the Objectives of this Scheme?

The ATI Scheme focuses on strengthening training capacities in Skill Development and entrepreneurship. It pecifically targets improving training for staff within DICs and related government bodies handling MSMEs. It aligns with the Skill India Programme, incorporating modules authorized by the National Skill Qualification Framework (NSQF). It aims to upgrade physical infrastructure and enhance training skills for Trainers in National Level Institutions under the Ministry of MSME. It also strives to boost the capabilities of personnel in District Industries Centers and State Industries Departments.

What is the Nature of Assistance provided under this Scheme?

- The assistance amount aligns with the actual needs for strengthening or expanding the infrastructure of the Ministry's training institutions.

- The funding is capped at the actual requirements for creating, strengthening, or expanding the infrastructure of the training institution, covering revenue deficits, etc., for ni-msme.
- State level EDIs are eligible for a maximum assistance cap of Rs.3.00 crore in each case.
- Support for skill development programs adheres to prescribed rates to ensure effective assistance.

What is the Eligibility Criteria under this Scheme?

Support may be extended through the scheme to facilitate the establishment or enhancement/expansion of infrastructure, which includes the opening of new branches/centres for training institutions under the Ministry of MSME. Additionally, assistance may be allocated to address any revenue deficit encountered by ni-msme and State-level EDIs.

How can one Apply under this Scheme?

Entities seeking support for building or reinforcing infrastructure can submit their applications to the Director/Deputy Secretary (EDI) at the Ministry of MSME, located at Udyog Bhawan, Rafi Marg, New Delhi – 110 011.

Whom to contact?

Deputy Secretary (EDI), M/o MSME

Ph: 011- 23062736



A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)

A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE) is a meticulously devised strategic government initiative aimed at catalyzing innovation and economic growth within the agro-rural sector. ASPIRE stands as a paradigm shift in rural empowerment, embodying the intersection of innovation and economic resurgence. From unleashing the power of innovation to providing a lifeline for rural businesses, ASPIRE stands as a beacon of opportunity for MSMEs.

What are the Objectives of this Scheme?

The main objectives of the scheme are:

1. **Job Creation and Unemployment Reduction:** ASPIRE sets out to create new employment opportunities, addressing the pressing issue of unemployment and contributing to economic vitality.

2. **Entrepreneurship Promotion**: With a mission to foster a thriving entrepreneurial culture in India, the scheme encourages individuals to explore and unleash their innovative potential, steering the nation towards a more entrepreneurial future.

3. **Grassroots Economic Development:** ASPIRE focuses on boosting economic growth at the grassroots level, particularly in districts, fostering sustainable development that ripples through local communities.

4. **Innovative Solutions for Social Needs:** A unique facet of ASPIRE lies in its emphasis on facilitating innovative business solutions that address unmet social needs, aligning economic progress with societal welfare.

5. **Strengthening MSME Competitiveness through Innovation:** Recognizing the pivotal role of innovation, ASPIRE aims to elevate the competitiveness of the MSME sector by promoting and integrating innovative practices.

What is the Nature of Assistance provided under this Scheme?

The Livelihood Business Incubator (LBI) is a dedicated organization established to provide skill development and incubation programs. The mission is to foster entrepreneurship and drive employment opportunities, particularly in the agro-rural sector, with a special emphasis on underserved and rural areas.

Objectives of LBI:

- **Creating Jobs :** It aims to generate employment opportunities by facilitating formal, scalable micro-enterprise creation.
- **Empowering Through Skills :** The focus is on equipping the unemployed and existing self-employed or wage earners with the latest technologies through skill development, up-skilling, and re-skilling initiatives.
- **Fueling Industrial Clusters :** By supplying skilled human capital to nearby industrial clusters, it not only addresses employment needs but also strive to enhance innovation, thereby bolstering the competitiveness of the MSME sector.

Functions of LBI:

1. **Boosting Awareness :** It engages in outreach programs to spread awareness about the initiative and onboard potential beneficiaries, ensuring everyone is informed and involved.
2. **Incubating Enterprises :** The focus is on designing and executing incubation programs that nurture the creation of sustainable enterprises.
3. **Comprehensive Support Services :** From handling compliances to managing trademarks and more, it offers a range of support services to empower businesses at every step of their journey.
4. **Advisory Workshops for Growth :** Through workshops, it provides valuable advice to facilitate new microfinancial, legal, product designing, accreditation, and informal enterprises to formalise and scale their operations.
5. **Facilitating Funding :** It facilitates funding for micro-entrepreneurs by tapping into various government schemes and collaborating with financial institutions, ensuring financial support for business ventures.
6. **Practical Training :** Trainees undergo hands-on training by simulating the industrial processes on plants and machinery, ensuring they are well-prepared for real-world challenges.
7. **Creating Entrepreneurial Ecosystems :** Partnering with local entities, we contribute to fostering a supportive ecosystem for entrepreneurship, collaborating on upstream and downstream activities in the chosen focus area.

8. **Prototype Development :** Our Livelihood Business Incubation center provides facilities for developing product prototypes, offering a creative space for turning ideas into tangible innovations.

Who are the Target Beneficiaries under this Scheme?

The program is designed to execute the Incubation and Commercialization of Business Ideas initiative in collaboration with technical and research institutes, including those specializing in agro-based industries. These institutes, recognized as Knowledge Partners, will play a crucial role in incubating both new and existing technologies, paving the way for their successful commercialization.

Furthermore, the scheme allocates funds to support the incubation process, fostering essential collaboration between this initiative and other incubation schemes such as Livelihood Business Incubators, Technology Business Incubators, and various Incubation schemes supported by MSME, NSIC, KVIC, Coir Board, and other Ministries/Departments, as well as private incubators. This strategic synergy ensures a comprehensive and effective approach to nurturing innovative ideas and bringing them to market.

What is the Eligibility Criteria under this Scheme?

Eligibility criteria under ASPIRE is inclusive, welcoming a diverse array of institutions and organizations poised to contribute to the initiative's objectives.

- Government Entities and Training Centers: Agencies and institutions under the Government of India or State government, including existing training centers affiliated with Ministries/Departments, are eligible participants.

- Industry Associations and Academic Institutions: Entities affiliated with Industry Associations and Academic Institutions are encouraged to participate, bringing their expertise and resources to the ASPIRE initiative.

- Not-for-Profit Private Institutions: Not-for-profit private institutions with a successful track record in executing incubation and skill development programs are eligible to establish Livelihood Business Incubators (LBIs).

This broad eligibility framework ensures a diverse pool of contributors, fostering a collaborative environment where government bodies, academic institutions, industry associations, and private entities converge to drive innovation and entrepreneurship in the agro-rural sector under ASPIRE.

How can one Apply under this Scheme?

Applications have to be submitted to Aspire Scheme Steering Committee within the Ministry of MSME. This committee, led by the Secretary of the Ministry of

MSME, oversees policy, coordination, and management support for the scheme. Applimations may also be submitted online by filling the ASPIRE Registration Form at https://aspire.msme.gov.in/ASPIRE/Registration.aspx.

Whom to contact?

Deputy Secretary (ARI), M/o MSME

Ph: 011-23062745,

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Bank Credit Facilitation Scheme for MSMEs

In catering to the credit needs of MSME units, National Small Industries Corporation (NSIC) has established collaborative partnerships through Memoranda of Understanding with both Nationalized and Private Sector Banks. This strategic alliance allows NSIC to streamline the process of securing credit support, be it fund-based or non-fund-based limits, for MSMEs from these esteemed banking institutions. Entrepreneurs in the MSME sector can conveniently approach their nearest NSIC branch office, where they can submit their loan requests to avail of the credit facilities offered by the banks under the established tie-up agreements. The dedicated NSIC officials at the branch stand ready to offer personalized assistance to MSME units, guiding them through the completion of all necessary documentation required by the banks. This ensures a smooth and efficient submission of the credit proposal to the respective bank, simplifying the overall process for MSMEs seeking financial support.

What are some of the Salient Features of this Scheme?

- It streamlines credit facilitation for MSMEs through collaborations with a diverse array of public and private sector banks.
- It offers MSMEs the flexibility to apply for a new bank or switch their account to a different bank under established tie-up arrangements.
- It assists MSMEs in completing required documentation and, post-submission, ensures diligent follow-up with the bank by NSIC officers.
- It aims to facilitate a larger number of MSMEs seeking credit opportunities.
- It provides invaluable handholding support to MSMEs at no cost to them.

Who are the Target Beneficiaries under this Scheme?

Both existing and prospective MSME units can submit applications for loans through this portal.

What are the types of loan facilities available under this Scheme?

The following loan facilities are available under this Scheme for MSMEs: -

- Term loans cater to the acquisition of fixed assets, including land/ building, plant/machinery, and other fixed assets, facilitating the establishment of new units or the expansion, modernization, and diversification of existing units.

- Working capital limits are available to address the working capital requirements of MSME units, offered in the form of open cash credit, overdraft against book debts, and bill discounting facilities.
- Non-fund based limits, encompassing guarantees, letters of credit, foreign bank guarantees, foreign letters of credit, etc., provide additional financial flexibility for MSMEs.

How can one apply and avail loans under this Scheme?

MSME units can directly approach any of the NSIC branch offices to submit loan requests from banks within their tie-up agreement. The branch officials offer hands-on support, guiding MSME units through the completion of all necessary documentation required for subsequent submission to the bank.

MSME units can also download loan application forms from the bank's website. The website addresses of banks are given as under: -

- Yes Bank - http://www.yesbank.in/
- ICICI Bank - https://www.icicibank.com/
- IndusInd Bank Ltd. - http://www.indusind.com/
- Federal Bank - http://www.federalbank.co.in/
- Kotak Mahindra Bank - http://www.kotak.com/
- Bank of Maharashtra - http://www.bankofmaharashtra.in/
- Bank of Baroda - http://www.bankofbaroda.in/
- Axis Bank - http://www.axisbank.com/
- State Bank of India - http://www.sbi.co.in/
- Central Bank of India - http://www.centralbankofindia.co.in/
- Canara Bank - http://www.canarabank.in/
- AU Small Finance Bank - https://www.aubank.in/
- Union Bank of India - https://www.unionbankofindia.co.in/
- HDFC Bank - https://www.hdfcbank.com/
- IDBI Bank - https://www.idbibank.in/
- Karnataka Bank - https://karnatakabank.com/
- Punjab National Bank - https://www.pnbindia.in/
- Utkarsh Small Finance Bank - https://www.utkarsh.bank/

What all documents are required to be submitted for availing loans under this Scheme?

The documents which are required to be submitted for availing loans vary based on the purpose of the loan. The general documents as required are: -

1. Proof of Identity
2. Proof of Residence
3. Proof of Business address
4. Asset and Liability Statement of promoters, guarantors, directors etc. with latest ITRs
5. Rent Agreement / Lease Deed, if business premises rented/leased
6. Copy of SSI registration certificate/Enterpreneur's Memorandum
7. Profile of the Unit (Name and address of promoters, experience, nature of activity, address of all offices/plants, share holding pattern etc.)
8. Last three year's Balance Sheet with IT/ST returns
9. Projected Balance Sheet for next two years
10. Application in the prescribed format
11. CMA data in the prescribed format if limit required is Rs. 100 lakh and above
12. Position of accounts with existing bankers
13. Project Report for term loan requirements
14. Estimates/Quotations/Sanctioned building plan etc.
15. Partnership Deed/Trust Deed/Rules & Bye laws/Memorandum and Articles of Association /Certificate of Incorporation etc.
16. Clearance from Pollution Control Board/Sanction from Electricity Board and other statutory authorities
17. Month-wise production and sales data for the current financial year, value of stock in process, finished goods, debtors, creditors etc.

Is KYC Compliance mandatory for availing loans under this Scheme?

Loan applicants are required to open an operative account (Savings/Current Bank Account) that complies with KYC regulations. This entails providing proper introduction, address proof, ID proof, photos, etc., as stipulated by the bank. The margin norms, interest rate, processing charges payable and security norms for MSME loans vary from bank to bank.

Whom to contact?

Loan enquiries may be sent through email to: himanishali@nsic.co.in



Micro & Small Enterprises Cluster Development (MSE-CDP) Scheme

The Government of India's Ministry of MSME has embraced the Cluster Development approach to boost productivity, competitiveness, and capacity building for MSEs and their collectives across the nation. A cluster, in this context, refers to a group of enterprises situated within a clearly identifiable area, or a value chain extending beyond geographical boundaries. These enterprises produce similar or complementary products/services and can be connected through shared physical infrastructure, addressing mutual challenges. Key characteristics of cluster enterprises include similarities in production methods, quality control and testing, energy consumption, pollution control technology, marketing strategies or practices, communication channels, common market and skill needs, and shared challenges/opportunities.

What are the Objectives of this Scheme?

The scheme's core objectives include:

1. Enhancing sustainability, competitiveness, and growth of MSEs by addressing shared concerns like technology advancement, skill development, quality enhancements, and improved market access.
2. Boosting the capacity of MSEs and startups through collaborative efforts among self-help groups, consortia, and district industry associations.
3. Developing and upgrading infrastructural facilities in new or existing Industrial Areas Clusters of MSEs.
4. Establishing Common Facility Centres in industrial areas, providing services such as testing, training, raw material storage, effluent treatment, and support for production processes.
5. Promoting environmentally friendly and sustainable manufacturing technologies within clusters, encouraging the adoption of eco-friendly production processes and products.

What are the Components of this Scheme?

There are under two components under this Scheme: -

I. Common Facility Centers (CFCs)

Government of India grants are allocated as follows:

- 70% of the project cost for projects ranging from Rs. 5 crores to Rs. 10 crores.
- 60% of the project cost for projects ranging from Rs. 10 crores to Rs. 30 crores.

- In Aspirational Districts, NER, Hill States, Island territories, LWE affected districts, and clusters with over 50% (a) micro/village or (b) women-owned or (c) SC/ST-owned units:
  - 80% of the project cost for projects between Rs. 5 crores to Rs. 10 crores.
  - 70% of the project cost for projects between Rs. 10 crores to Rs. 30 crores.
- Projects exceeding Rs. 30 crores are eligible, but GoI assistance is capped at the maximum eligible project cost of Rs. 30 crores.

Implementing Agencies

The implementing agencies for setting up of CFCs are as follows: -

- Institutions of Ministry of MSME (MSME-DIs, NSIC,KVIC, Coir Board, Technology Centres, NI-MSME and MGIRI)
- Organizations of State Governments
- National and international institutions engaged in development of the MSE sector
- Any other institution/ agency approved by the Ministry of MSME

Admissible Items

The following items are admissible under setting up of CFCs: -

1. Common Production/ Processing Centre (for balancing/ correcting/ improving production line that cannot be undertaken by individual units)
2. Common Recycling/ Resource Recovery Plant
3. Industry 4.0 and its Learning Facilities, Additive Manufacturing Facilities, Digital Infrastructure
4. Design/ Incubation Centres
5. Testing and Quality upgradation Facilities/ Product Standards Development
6. Packaging Facilities
7. Training Centre/ Skill Upgradation Facilities
8. R&D Centres
9. Effluent Treatment Plant
10. For waste management, disposal and sustainable handling of biodegradable wastes in industrial areas, biogas/ Bio-CNG projects will also be supported

11. Common Logistics Centre
12. Common Raw Material Bank
13. Plug & Play Facility
14. Common Renewable Energy Generation (Solar, Wind, Bio) and Energy Management equipment
15. Safety and Disaster Risk Reduction equipments
16. Facilities relating to linkages Backward/ Forward linkages for value addition in biproduct/ waste of cluster units
17. Any common facilities which will improved competitiveness and productivity of the cluster units
18. Export Promotion Facilities for FPO such as for processing, storage (cold chains), Pack Houses, testing and packaging
19. Common Facilities for services sector such as automobile, tourism, hospitality, health & medical, farm, Dry cleaner, Testing Laboratories, repair and maintenance or any sector prioritize by Government of India/ State Government
20. CFC for Greenfield clusters for holistic developments of MSME sector

Required Documents

The following documents are required for placing a proposal for CFC: -

1. DPR
2. Project Appraisal Report
3. Registered land documents (if in vernacular language then English/ Hindi translation)
4. SPY registration as Section 8 Company (certificate of registration along with MoA and AoA)
5. Geo Tagging
6. SLSC recommendation along with minutes of meeting
7. Statuary Compliances
8. Certificate from State Government for compliance of GFR/ CVC guidelines

II. Infrastructure Development (ID)

The Government of India (GoI) grants are allocated as follows for Industrial Estate/Flatted Factory Complex projects: -

- Setting up new Industrial Estate/Flatted Factory Complex:

- GoI grant is 60% of the project cost for projects ranging from Rs. 5 crores to Rs. 15 crores
- In Aspirational Districts, NER, Hill States, Island territories, LWE affected districts, and clusters with over 50% (a) micro/village or (b) women-owned or (c) SC/ST-owned units: GoI grant is 70% of the project cost for projects between Rs. 5 crores to Rs. 15 crores

- Upgradation of existing Industrial Estate/Flatted Factory Complex:
  - GoI grant is 50% of the project cost for projects ranging from Rs. 5 crores to Rs. 10 crores
  - In Aspirational Districts, NER, Hill States, Island territories, LWE affected districts, and clusters with over 50% (a) micro/village or (b) women-owned or (c) SC/ST-owned units: GoI grant is 60% of the project cost for projects between Rs. 5 crores to Rs. 10 crores
- Projects exceeding Rs. 10 crores/ 15 crores are eligible, but GoI assistance is calculated based on the maximum eligible project cost of Rs. 10 crores/ 15 crores.

Implementing Agencies

The implementing agencies for setting up of ID Projects are State / UT Governments through an appropriate State Government / UT Agency/ Integrated Industrial Park Development Agency / State Industrial Development Agency.

Admissible Items

The following items are admissible under setting up of ID Projects: -

1. Boundary wall / fencing
2. Laying roads
3. Water supply including overhead tanks and pump houses
4. Water harvesting
5. Drainage
6. Power (Sub-Station and distribution net-work work including Street light etc)
7. Others (Sanitary Conveniences etc.)
8. Flatted Factory Complex
9. Common Effluent Treatment
10. Common Renewable Energy Generation (Solar, Wind, Bio)
11. Common Utilities System (Steam, Compressed Air/Gas, Cooling)
12. Raw Material Storage

13. Common Water Recovery Plant
14. Safety & Disaster Risk Reduction Cell
15. Latest Technological Backup Services in new industrial (multi-product) areas/ estates or existing Industrial Areas/ Estates/ Clusters
16. ID projects for Greenfield clusters for holistic developments of MSME sector

Required Documents

The following documents are required for placing a proposal for ID: -

1. DPR
2. Project Appraisal Report
3. Land Documents (if in vernacular language then English/ Hindi translation)
4. Geo Tagging
5. SLSC recommendation along with minutes of meeting
6. Statuary Compliances
7. Certificate from State Government for compliance of GFR/ CVC guidelines

Who can apply under this Scheme?

Group of MSEs of clusters and State Government or State Government Agencies cna apply under this Scheme.

How can one Apply under this Scheme?

Online applications can be filled and submitted at https://cluster.dcmsme.gov.in
More information about the Scheme can be accessed at their Website at:
http://dcmsme.gov.in/CLCS_TUS_Scheme/Cluster-Development-Programme/Scheme_Guideline.aspx

Whom to contact?

Director (CD),

Office of Development Commissioner, MSME

Ph: 011-23062230

Email: umeshshukla@dcmsme.gov.in



Raw Material Assistance (RMA) Scheme

The Raw Material Assistance (RMA) Scheme stands as a pivotal cornerstone in the landscape of government support for MSMEs, wielding profound significance in fostering their growth and sustainability. It is a strategic initiative devised by the government to bolster the resilience and growth of MSMEs by addressing a critical hurdle in their path, i.e., access to essential raw materials. This groundbreaking scheme operates as a lifeline for businesses, streamlining the procurement process and alleviating financial constraints that often impede MSMEs. Essentially, RMA Scheme acts as a catalyst, enabling these enterprises to procure the necessary raw materials at subsidized rates, empowering them to enhance production capabilities, reduce operational costs, and ultimately compete more effectively in the dynamic marketplace.

What is the Eligibility Criteria under this Scheme?

Under the RMA Scheme, eligibility is straightforward for Manufacturing/Service MSMEs possessing a valid Udyam Registration Certificate. This pivotal document serves as the gateway for enterprises to access the benefits offered by the scheme. Notably, the RMA Scheme exclusively caters to businesses engaged in manufacturing or providing services, explicitly excluding trading activities from its purview. This streamlined eligibility criteria not only ensures that registered MSMEs can seamlessly apply for assistance but also underscores the government's commitment to supporting the core operational facets of businesses. In essence, the Udyam Registration Certificate becomes the key that unlocks the potential for MSMEs to harness the advantages provided by the RMA Scheme, fostering a conducive environment for growth and development.

What are the Benefits under this Scheme?

The RMA Scheme extends a host of invaluable benefits to MSMEs. One of the primary advantages is the facilitation of raw material procurement with credit support for a generous period of up to 180 days. This not only eases the financial burden on enterprises but also provides a strategic window for effective resource management.

Moreover, MSMEs enrolled in the scheme stand to gain significant economic advantages, capitalizing on opportunities such as bulk purchases and cash discounts, etc. By fostering an environment where businesses can optimize their purchasing strategies, the RMA Scheme emerges as a powerful tool, empowering MSMEs to enhance their operational efficiency, reduce costs, and ultimately thrive in the competitive business landscape.

How can one Apply under this Scheme?

To avail the benefits of the RMA Scheme, entrepreneurs must follow a streamlined application process outlined for maximum convenience:

1. **Download and Fill Application Forms :** Entrepreneurs are required to access and complete the prescribed application forms available for download from https://www.nsic.co.in/pdfs/forms/RMA-APP-14072023.PDF or obtain them free of charge from the nearest Branch Office.

2. **Submission of Application :** The duly filled application form, accompanied by the necessary documentation (checklist for documents to be submitted can be accessed at

   https://www.nsic.co.in/pdfs/Forms/RMA_DOC_REQ_14072023.pdf), should be submitted to the nearest Branch Office, initiating the application process.

3. **Preliminary Appraisal and Unit Inspection :** The National Small Industries Corporation (NSIC) conducts a thorough preliminary appraisal and unit inspection to assess the eligibility and viability of the application.

4. **Limit Sanction :** Upon successful evaluation, the NSIC proceeds to sanction the limit to the unit, formalizing the commitment to provide assistance.

5. **Agreement Signing :** A crucial step involves the signing of an agreement between the NSIC and the unit, establishing the terms and conditions of the assistance.

6. **Disbursement of Assistance :** Once the agreement is in place, the disbursement of assistance to the unit is initiated, empowering the enterprise to procure raw materials seamlessly.

What are some of the terms and conditions under this Scheme?

- **Security Requirement**

  Entrepreneurs must provide security in the form of a Bank Guarantee (BG) from Approved Banks, ensuring compliance with the stipulated terms and conditions.

- **Applicable Rate of Interest**

  The rate of interest in respect of assistance against the security of BG, availed on or after 01.02.2023 would be as under: -

Normal Interest (Compounded on Monthly Rest) (upto 180 days)	Effective Rate of Interest per annum for Micro Enterprises	Effective Rate of Interest per annum for Small & Medium Enterprises
Units having valid SME 1 rating*	9.00	9.50
Units having valid SME 2 rating*	9.50	10.00
Other units	10.00	10.50

*Note: The concessional rate of interest for the good rated MSMEs, as mentioned at Sl. No. (i) and (ii) in the table above shall be applicable only to those cases, where the units make timely repayments of the Corporation's dues. The units which have not re-paid its dues within the stipulated 180 days, shall not be eligible for the concessional rate of interest. Such units shall be charged rate of interest mentioned at Sl. No. (iii) above.

Additional rate of interest on delayed payment (beyond 180 days), over and above the normal rate of interest: 1.25% per quarter

- **Processing Fee**

  The processing fee would be as under: -

Processing Fee	**Micro Enterprises (per annum)**	**Small & Medium Enterprises (per annum)**
On new sanctions	**1.0%**	**1.0%**
On Renewal	**0.5%**	**1.0%**



Single Point Registration Scheme (SPRS)

NSIC enlists MSEs under the Single Point Registration scheme (SPRS) for participation in Government Purchases. Units enlisted under SPRS are eligible for benefits under the Public Procurement Policy for MSEs Order 2012, as notified by the Government of India, Ministry of MSME, New Delhi vide Gazette Notification dated 23rd March, 2012 and amendment vide order no. S.O. 5670(E) dated 9th November, 2018. Enlistment under SPRS is done entirely online.

What are the Benefits under this Scheme?

The following benefits are extended to MSEs with valid registration: -

1. Tender Sets are issued free of cost.
2. Exemption from Earnest Money Deposit (EMD).
3. For tinder participating MSEs, quoting price within price band of L1+15% is allowed for supplying up to 25% of the requirement, by bringing down their price to L1 Price, where L1 is non-MSEs.
4. Consortia facility is provided for Tender Marketing.
5. Annual goal of minimum 25% procurement of the total annual purchases of the products or services produced or rendered by MSEs to be set by every Central Ministry or Department or PSU. out of this, 4% to be earmarked for SC/ST-owned units and 3% for units owned by entrepreneurs.
6. SPRS registered units are integral to the Government supply chain.
7. 358 items have been reserved for exclusive purchase from MSE Sector (https://www.nsic.co.in/pdfs/358LIST08102020.pdf).

What is the Eligibility Criteria under this Scheme?

- All MSEs with Udyam Registration are eligible under this Scheme.
- MSEs in operation for less than one year and have commenced their commercial production (start-ups) can obtain Provisional Registration. Provisional Registration Certificate may be issued with a monetary limit of Rs. 5 Lakhs under SPRS. Full registration is possible after completing one year of existence.
- MSEs engaged in manufacturing & services are also eligible.
- Traders are not eligible for registration under this Scheme.

- SPRS Certificate is valid for 2 years from the date of registration and is renewable every 2 years.
- The following MSEs are not eligible for registration under SPRS: -
    1. MSEs engaged in the manufacture of medicine and drugs, except for those involved in the manufacture and supply of Ayurvedic, Unani, Sidha and Homeopathic Medicines.
    2. MSEs involved in wholesale trading, retail trading or acting as commission agents.
    3. MSEs that have been blacklisted until the expiration of the specified period.
    4. The proprietor/partner/director/Karta of the MSEs has been convicted of any criminal offence.

What is the Registration Process under this Scheme?

1. Visit the Udyam Registration website to obtain the Udyam Registration Number.
2. MSEs must register in the MSME Data Bank using UAM No. and PAN for Single Point Registration.
3. Fill each step, save and continue for form refilling and review using PAN and UAM combination.
4. Refer to the Check-List and Download section for required forms, annexures and documents.
5. Organize all necessary forms, annexures and documents in a desktop folder for quick uploading.
6. Fees will be charged based on the Unit Enterprise category (Micro or Small).
7. Third-party inspection may be required for store item inspection. Choose an inspection agency with domain expertise and jurisdiction.
8. The final certificate will be available online and a physical copy will be sent by post from the respective NSIC office.
9. Quote the registration number of the certificate for any communications.
10. Contact NSIC field offices for queries:

    https://nsic.co.in/Corporate/SearchBranch
11. If the MSE has multiple factories in the same state or other states, register all factories at one branch and the application will be considered at that branch only.

What is the Registration Fee?

- Registration fee is determined by the turnover as per the latest audited Balance Sheet of the MSE and is exclusive of the Inspection charges as may be decided and levied by the inspecting agency. The fee structure is as follows: -
  - For MSEs with turnover upto Rs. 100 Lakhs:
    - Micro Enterprises: Rs. 3000/-
    - Small Enterprises: Rs. 5000/-
  - For MSEs with turnover exceeding Rs. 100 Lakhs:
    - Micro Enterprises: Rs. 3000/- plus Rs. 1500/- for every additional turnover of Rs. 100 Lakhs
    - Small Enterprises: Rs. 5000/- plus Rs. 2000/- for every additional turnover of Rs. 100 Lakhs
- Nominal fee for Scheduled Caste and Scheduled Tribe registration is Rs.100/- + GST (From 2021-22 to 2025-26).
- MSEs located in the North Eastern Region receive a 20% concession in fee. However, the fee for Technical Inspections of MSEs remains unchanged.
- MSEs may calculate the fee using the Fee Calculator at https://www.nsicspronline.com//Fee_Calculator.aspx.

What is the Validity of the Registration under this Scheme?

- The SPRS Certificate is valid for 2 years from the date of registration.
- MSE units can apply for renewal 6 months before the expiry of the Certificate.
- MSEs applying for renewal before Certificate expiry receive a 50% discount on the renewal fee.
- MSE units with no changes from the previous Certificate can apply for renewal online.

What is the Renewal Process under this Scheme?

1. Review the Check-list and Download section for required forms, annexures and documents.
2. Organize all necessary materials in a desktop folder for efficient uploading.

3. Fees are determined by the Unit Enterprise category (Micro or Small) and MSEs renewing before certificate expiry receive a 50% discount on renewal fees.
4. Third-party inspection is required for units engaged in both manufacturing and services and units providing services only and applying for renewal with an amendment.
5. Choose an inspecting agency based on domain expertise and jurisdiction.
6. The final certificate will be available online and a physical copy will be sent by post from the respective NSIC office.
7. Use the registration number of Certificate for any communications.
8. Contact NSIC field offices for queries at

   https://nsic.co.in/Corporate/SearchBranch
9. During the renewal process, each step will be automatically populated from data provided at the time of registration.



Credit Guarantee Fund Scheme for Micro & Small Enterprises (CGTMSE-Credit Guarantee Fund Trust for Micro and Small Enterprises)

The Ministry of MSME and Small Industries Development Bank of India (SIDBI) jointly established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in order to implement Credit Guarantee Scheme for Micro and Small Enterprises. The corpus of CGTMSE is contributed by Government of India and SIDBI.

Who are the Target Beneficiaries?

Existing entrepreneurs and aspiring entrepreneurs are the target beneficiaries under this Scheme and may apply to avail the banefits.

What are the Objectives of this Scheme?

The main objective of this scheme is to encourage first-generation entrepreneurs to explore self-employment opportunities. Credit guarantee support is provided for collateral-free/third-party guarantee-free loans to MSEs, particularly when collateral is not available.

What is the Eligibility Criteria under this Scheme?

Eligible institutions offer collateral/third-party guarantee-free credit facilities (both fund and non-fund based) to both new and existing Micro and Small Enterprises, including Service Enterprises, with a maximum credit cap of Rs. 2 crores. Recently, select NBFCs and Small Finance Banks have also been granted eligibility.

What are the Benefits under this Scheme?

- The Trust covers credit facilities (both Fund-based and Non-fund based) provided by Member Lending Institutions to a single eligible borrower in the MSE sector. The credit facility is limited to:

1. not exceeding Rs. 50 lakhs for Regional Rural Banks and select Financial Institutions
2. not exceeding Rs. 200 lakhs for Scheduled Commercial Banks, select Financial Institutions, Small Finance Banks (SFBs), and Scheduled Urban Co-operative Banks. These facilities, in the form of term loans and/or working capital, are granted without the requirement of collateral security and/or third-party guarantees, or as determined by the Trust from time to time.

- Individual MSEs can access a collateral-free loan up to a limit of Rs. 100

lakhs by paying a guarantee fee to the bank by the MSE.

- Maximum Credit Guarantee: Rs. 2 crores (without collateral and third-party guarantee)
- Guarantee Coverage:
  - Micro enterprise: 85% of the sanctioned amount (up to Rs. 5 lakhs)
  - Others: 75% of the sanctioned amount
  - Retail activity: 50% of the sanctioned amount (for credit from Rs. 10 lakhs to Rs. 1 crore per MSE borrower)
  - Micro and Small Enterprises operated and/or owned by women & all credits/loans in the North East Region (NER): 80% (for credit facilities up to Rs. 50 lakhs)
- In the event of default, the trust settles the claim, covering up to 75% of the amount in default of the credit facility extended by the lending institution. This applies to credit facilities up to Rs. 2 crores.

How can one Apply under this Scheme?

Candidates who meet the eligibility criteria can approach and apply through the member lending institutions like banks, financial institutions and eligible Regional Rural Banks under the scheme.

Whom to contact?

1. CEO, CGT SME
   Ph: 022-61437805
   Email: pradeepm@cgtmse.in

2. JDC, O/o DC, MSME
   Ph: 011-23061726
   Email: deepak.rao@nic.in



Consortia and Tender Marketing Scheme

A key objective of NSIC is to promote the products of MSEs. MSEs often struggle to secure and fulfill large orders independently, hindering their potential growth. In the competitive landscape, there's a growing need to empower MSEs to market their goods and services either individually or collectively through Consortia.

Recognizing this challenge, NSIC adopts a Consortia approach, creating groups of units manufacturing similar products. The scheme designed to boost MSE products underwent a review in 2011 and was officially named the **"Consortia and Tender Marketing Scheme".** This strategy alleviates marketing obstacles for MSEs.

Who are the Target Beneficiaries under this Scheme?

The scheme covers MSEs registered with NSIC through the Single Point Registration Scheme (SPRS). Additionally, it includes those MSEs applying for NSIC registration under SPRS, submitting the necessary documents as per the scheme, and undergoing factory inspection before tender filing in alignment with the Tender Marketing Scheme. Notably, units involved solely in 'trading activities' without value addition, packing, or branding are excluded from the scheme.

What are some of the Special Features of this Scheme?

- To promote and develop MSEs, the Government of India, Ministry of MSME, circulated the Public Procurement Order 2012 for MSME through Gazette Notification No. S.O. 581(E) dated 23rd March 2012. In this Order, the Government of India has mentioned that that "Annual goal of procurement also include sub-contracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries Corporation".
- Specifically, the scheme includes procedures for forming Consortium, enhancing MSEs' capabilities by creating consortia of units producing similar products, participating in tenders collectively to secure bulk orders, distributing orders among consortium units based on their capacities, facilitating raw material procurement for consortium members, and supporting credit arrangements for supplied goods.
- To align with the scheme's provisions, legal documents such as individual agreements by units, consortium agreements, board resolutions, power of attorney, and related documents have been revised and simplified.

- The scheme outlines the process for selecting units to participate in both open tenders and single tenders on a nomination basis.
- It ensures the provision of Earnest Money Deposit (EMD) and security deposit on a back-to-back basis.
- Under this scheme, NSIC establishes Consortia of Micro & Small Enterprises, supplying required goods and services to Government Departments and PSUs. NSIC offices actively monitor existing consortia and create new ones based on evolving requirements.
- A minimum of two MSEs are required in order to form a Consortia.
- The elected Consortium leader holds the authority to engage with NSIC offices regarding tender participation and related matters and any such commitments made by the Consortium leader shall be binding on all members.
- All the Consortium members shall be jointly and severally responsible for any penalty or damage or for any defaulted unit.

How can one Apply under this Scheme?

To enroll under the Tender Marketing Scheme, the applicant MSE must submit the application form in the prescribed format (Annexures – A and A-1: https://www.nsic.co.in/pdfs/CTMS_scheme_revised_06062022.pdf). The form should be duly signed by the authorized signatory, i.e., the Proprietor / Partner(s) / Director(s) of the firm / company / society. Additionally, the required documents listed in the application form should be submitted. These documents also serve as the necessary paperwork when the enlisted unit intends to participate in a tender and/or form or join a consortium.

What is the validity of the Consortium Agreement entered into between the Corporation and Consoritum under this Scheme?

The Consortium agreement between the Corporation and the Consortium remains valid until officially liquidated by all members, with notice served to the respective branch expressing the decision not to continue as Consortia members. However, if new members join or existing members leave the Consortium, or there is a change in the Constitution of any member, a fresh agreement may be required. To confirm any changes in Constitution or member status, Consortia members must provide a declaration affirming the Consortium's continuity and asserting that no changes have occurred.

Are there any Limits for Tender Participation?

- For enlisted units seeking to participate in tenders through NSIC, the

branch office will establish an overall limit for tender participation on behalf of each unit. This limit is determined as the higher of:

a. 300% of the monetary limit set for the unit under the Single Point Registration Scheme, or

b. The turnover from the last financial year, either based on the last audited accounts or provisional results for a financial year, duly certified by Chartered Accountants.

c. If, during the current financial year, the unit experiences a significant increase in turnover (duly certified by a Chartered Accountant), surpassing last year's turnover or the overall limit mentioned in (a) above, the unit will benefit, and its overall limit will be set at the highest value among (a), (b), or the turnover recorded in the current financial year.

- In determining the overall limit, consideration may also be given to the operating and installed capacity of the unit.
- The limit-setting committee comprises the Branch Head, Accounts Head, and Business Head.
- The fixed limit is valid for one year and is subject to annual review and renewal.
- For units operating as a consortium, the limits established for individual units, following the outlined procedure, will be clubbed. The consortium's limit, once set, is valid for a year and is subject to annual review and renewal.
- In the event of a consortium expanding (by adding a unit/units) or contracting (by the withdrawal of a unit/units):
    - If the consortium expands, the overall limit will be increased by calculating the limit for the added unit/units, setting their limits according to the outlined procedure.
    - If a unit/units withdraw from a consortium, the overall limit will be reduced by an amount equivalent to the limit fixed for the withdrawn unit/units.
    - Nevertheless, the unit's limit will be freed up to the extent of the order already fulfilled. For instance, if a unit has a limit of Rs. 15 crores and is currently executing a Rs. 10 crores order, of which Rs. 3 crores has been completed, the remaining limit available for tender participation at this stage would be Rs. 8 crores.
- Following this process, for units deemed eligible for enlistment under the scheme, the branch will issue an Enlistment Letter.

What is the Annual Fee Structure of Enlistment and Renewal under this Scheme?

The annual fee structure of enlistment and renewal under this Scheme shall be as follows:

Category	Annual or Renewal Fee
If Monetary Limit under SPRS is up to Rs. 100 lakhs	Rs. 1,000 + Service Tax
If Monetary Limit under SPRS is more Rs. 100 lakhs and up to Rs. 500 lakhs	Rs. 2,500 + Service Tax
If Monetary Limit under SPRS is above Rs. 500 lakhs	Rs. 5,000 + Service Tax

Units owned by SC/ST entrepreneurs are exempt from the enlistment fee. No fees apply for the formation of new consortia or the renewal of existing ones. However, during participation in tenders by consortia members, the enlistment fee mentioned above will be applicable.

What are the Service Charges for various Tenders under this Scheme?

The service charges for various types of tenders like open tender or limited enquiries or nomination basis or repeated orders, etc. are proposed on the basis of value of tender irrespective of their category. The revised service charges on bill value before GST are: -

- Individual - 2.5%
- Consortia - 2%

For micro units, a reduction of 0.5% on the mentioned service charges may be applied.

If NSIC arranges for EMD and/or Security Deposit, an additional 1% service charge will be levied. These service charges do not include GST. They will be deducted from the payment received from the buying department, and the remaining amount, after deducting service charges, will be released to the MSE/Consortia.

In instances where NSIC is mandated to join the pre-dispatch inspection team alongside the buyer department or another agency, a higher service charge rate may be applied on a case-by-case basis.



Interest Subsidy Eligibility Certificate (ISEC)

The Interest Subsidy Eligibility Certificate (ISEC) Scheme serves as a crucial funding mechanism for the khadi programme undertaken by khadi institutions. This scheme aims to mobilize funds from banking institutions to bridge the gap between the actual fund requirements and the availability of funds from budgetary sources.

What are the Benefits under this Scheme?

Under the ISEC Scheme, khadi institutions can access credit for working capital at a concessional rate of interest, set at 4% per annum based on their requirements. The Central Government, through Khadi and Village Industries Commission (KVIC), covers the difference between the actual lending rate and 4%, ensuring that lending banks receive the subsidized interest amount.

What is the Eligibility Criteria under this Scheme?

Khadi institutions with a valid Khadi certificate and sanctioned khadi programme are eligible to avail financing under the ISEC Scheme. The scheme specifically supports institutions registered with the KVIC or State Khadi and Village Industries Boards (KVIBs) and is applicable only to the khadi and polyvastra sector.

How can one Apply under this Scheme?

Khadi institutions seeking working capital may submit an application to the financing bank along with the Interest Subsidy Eligibility Certificate (ISEC) issued by KVIC. Once the working capital is sanctioned, the financing bank will submit a reimbursement claim to the nodal branch for the differential interest rate that exceeds 4%.

Whom to contact?

Dy. CEO, KVIC

Ph: 022-26710021

Email: kvicecr@gmail.com



Survey, Studies and Policy Research Scheme (SS & PR Scheme)

The Survey Studies and Policy Research Scheme considers proposals for studies or surveys from relevant divisions and organizations under the Ministry of MSME. It involves conducting studies or surveys to analyze constraints, challenges, and opportunities for MSMEs, based on empirical data. The results are used for scheme evaluations, policy research, and designing intervention strategies and measures by the Government.

What are the Objectives of this Scheme?

The objectives of this Scheme are: -

1. Regular collection of relevant and reliable data, from primary, secondary and other sources, on various aspects and features of MSMEs engaged in manufacturing and services.
2. Study and analysis of constraints, challenges, and opportunities faced by MSMEs in the context of economic liberalization and globalization, based on empirical data or otherwise.
3. Use of survey results and analytical studies for policy research and designing strategies and measures for Government intervention, either by itself or in public private partnership mode.
4. Enhancing efficiency, competitiveness and sustainable employment generation in the MSME sector by assisting and enabling such enterprises to face challenges and benefit from the opportunities available to them.
5. Collaboration with concerned Ministries/Departments, State Governments and other stakeholders to promote growth and development of the MSME sector, including Khadi, Village and Coir Industries.
6. Obtain data on enterprises owned and/or managed by women, SC/ST and OBC, data for sick, closed and new MSMEs and estimate the size of unregistered MSME sector, including Khadi and Village Industries and Coir Industries.
7. Compilation of the share of MSMEs in Gross Value Added (GAV) and the share of MSMEs in exports.

What are the Components under this Scheme?

There are two main components under this Scheme: -

1. **Survey, Studies and Policy Research**
   The objective is to study and analyze, on the basis of empirical data and use the results of surveys, evaluation studies and analytical studies for policy research and designing appropriate strategies and measures of intervention by the Government.

2. **Data Collection and Survey or Studies**
   The aim is to collect, compile and disseminate statistical information on various economic parameters of the MSME sector, like the number of registered and unregistered MSMEs, employment, production, sick and closed units, the share in production and National Gross Domestic Product (GDP), etc.

What is the Eligibility Criteria under this Scheme?

Professional agencies or research institutions engaged in the field of studies or surveys on various sectors with qualified statisticians, economists, etc. and belonging to any of the following categories are eligible for grants or assistance under this Scheme: -

a) MSME - DIs

b) Organizations under M/o MSME viz NSIC, MGIRI, Ni-MSME, etc.

c) Institutions or agencies empanelled under M/o MSME

d) Institutions receiving annual recurring grants from the Central or State Government Agencies

e) Institutions registered as professional society under the Socities Registration Act

f) Institutions registered as "Trusts" under Trusteeship Act

g) Institutions incorporated under the Companies Act

h) Proprietary and Partnership concerns of repute

How can one Apply under this Scheme?

- Proposals can be made only through the concerned divisions and organizations under the Ministry of MSME under this Scheme.
- The divisions or organisations under the Ministry of MSME may propose to undertake or carry out studies, surveys or policy research under the scheme and send the proposals along with Terms of Reference (TOR) to Deputy Secretary or Director (SS & PR/DBT) under DDG (Stat/DBT) in Ministry of MSME.
- The proposals will be examined by a Steering Committee headed by DDG (Stat/DBT), Economic Advisor (IFW) and Deputy Secretary or or Director (SS & PR/DBT) as its members. The COmmittee may comprise

of representatives from various divisions/organisations of the Ministry and outside experts, if required.

- The Committee will recommend the proposals for approval of Secretary (MSME) and Minister (MSME), as per the delegation of powers.
- The approved proposals will be uploaded on the Central Public Procurement Portal (CPPP) as well as the Ministry's website for inviting bids from the eligible agencies/institutions.
- The bids will be evaluated by a Technical Evaluation Committee (TEC) and a Financial Evaluation Committee (FEC) as per the guidelines of the scheme and the General Financial Rules (GFR).
- The selected agency/institution will be awarded the contract for conducting the study/survey and will be required to submit the draft and final reports as per the TOR and the timeline specified in the contract.
- The reports will be reviewed by the Committee and the Ministry and will be accepted after incorporating the comments and suggestions, if any.
- The payment to the agency/institution will be made as per the terms and conditions of the contract and the scheme guidelines.

How can Consultancy Organizations or Institutions be Empanelled under this Scheme?

To facilitate the identification of suitable consultancy organizations/institutions, the Ministry of MSME will periodically empanel agencies based on received applications. Agencies interested in empanelment should submit applications in the prescribed format (Annexure II) to the Ministry of MSME. The Steering Committee will review and recommend cases for approval by the Secretary (MSME) for a duration of 3 years. The database of empanelled agencies will be maintained on the Ministry's website and updated annually.

What are the Terms of Payment for an Assignment under this Scheme?

Terms of payment for each assignment under this Scheme are as follows: -

1. First installment: Maximum 20% of the fees upon signing the agreement.
2. Second installment: 50%, subject to

a. submission of the draft report (5 copies including executive summary) within the stipulated timeframe, and

b. presentation and acceptance of the draft report before the concerned

Division/Organization.

3. Third and final installment: The remaining 30% upon submission and acceptance of the final report by the head of the concerned Division/ Organization.

Any delay in report submission without approval by the head of the concerned Division/Organization, will incur liquidated damages at 5% per week of delay and the balance 30% may be forfeited, in case the delay in submission is beyond 5 weeks. The final payment will be made within 6 weeks of report acceptance and bill submission by the organization/consultants.

Whom to contact?

Under Secretary (DBT/DATC Division),

M/o MSME, Udyog Bhawan

Ph: 011-23063313

Email: thomas.mk@nic.in



Digital Services Facilitation through Aggregation Services

In recent decades, Information, Communication, and Technology (ICT) have played a crucial role in driving business growth. It has emerged as a primary catalyst for competitiveness, improved service quality, reduced processing costs, and enhanced support for Management Information Systems (MIS). Making informed choices and investing in the right digital technologies are often key factors for success.

To support Micro, Small and Medium Enterprises (MSMEs) in adopting technology, enhancing business efficiencies, automating processes and ensuring compliance, National Small Industries Corporation (NSIC) serves as an aggregator and facilitator of ICT-enabled digital services. This involves onboarding various service providers offering products and services essential for MSMEs to transition to digital business management practices. NSIC aims to provide these services at transparent and affordable prices.

What are the Objectives of this Scheme?

NSIC facilitates MSMEs in adopting ICT by providing digital services from leading service providers. The goal is to digitally empower MSMEs, enhancing their competitiveness in national and international markets. This empowerment is achieved through increased efficiencies, automation, cost reduction, capacity enhancements, and compliance improvements.

What are the Benefits to MSMEs under this Scheme?

MSMEs will have their digital requirements met through NSIC, eliminating the hassle of searching for reliable service providers and protecting them from potential exploitation in the market. Additionally, MSMEs will benefit from special offers through the aggregation of bulk requirements in identified categories, eliminating the need for dealers and distributors.

What is the Eligibility Criteria and Supporting Documents required under this Scheme?

S. No.	Eligibility Criteria	Supporting Document
1	The applicant shall be a firm/ company/ partnership/ Limited Liability Partnership/ proprietorship firm registered under the Indian Companies Act, 1956/ the partnership Act, 1932 and who have their registered offices in India.	Certificate of Incorporation and Partnership Deed or any other document supporting the existence of the entity by Government Agency
2	The entity should have been in operation for at least 3 years as on date of Expression of Interest (EOI). In case the current Entity is the result of a merger/acquisition, at least one of the merging companies should have been in operation for at least 3 years. If the entity is a Start-Up registered with Government of India, the entity should be in operation such that its audited balance sheet is available for one financial year.	The Certificate from the Chartered Accountant who has signed the balance sheet along with last year audited financial year statements
3	If the entity is an MSME, it should be profitable in last three financial years. The said criteria may be relaxed for large companies.	Audited Financial Statements for last three years Or Certificate from the Chartered Accountant is mandatory
4	Entity should have minimum turnover (Revenue from operations) of Rs. 5 crores in atleast one year in last three financial Years. If the entity is a Start-Up registered with Government of India, the entity should have a minimum turnover (Revenue from operations) of Rs. 3 crores in the last financial year or the previous financial year.	The Certificate from the Chartered Accountant who has signed the balance sheet may be considered

5	The Entity should not have been blacklisted by or defaulter of any Central Government / State Government / PSU/ Government bodies in India as on the date of its response to the EOI.	Self-Declaration certified by authorized signatory
6	PAN No. / GST Registration / UAM/URN Number (if MSME)	Copy of PAN and GSTN to be enclosed. UAM/URN may be mentioned, if applicable
7	Should have a customer care support system in place where a complaint could be logged by end user	Details of customer support system with number/ online chat URL/ email id etc published on website and product brochures
8	Should have PAN India / Strong Regional coverage (Should be able to provide customer support through reseller/ distributors/ partners/ vendors/ service providers on PAN India / Regional basis). The Entity should have technical manpower to provide service on PAN India basis / Regional basis.	A Self Certified letter by an authorized signatory / broucher indicating to Regional Coverage
9	Should have offices in minimum of 4 cities in India. (In case the delivery of product/serviceis through a cloud-based IT platform supported by pan-India customer support over toll-free number, chat and email, relaxation for number of offices may be considered)	Self-certification letter with office locations clearly specified, if applicable.
10	Minimum 20 employees in India	Self- certifications
11	Only Off-the-shelf, plug-n-play product /service offerings at a declared price should be offered under this empanelment.	Website screenshot, product/service brochure etc. should be provided showing Maximum Retail Price (MRP) and all the features.
12	Service Charge Offered to NSIC	A minimum of 6% service charge must be offered to NSIC

How can one Apply under this Scheme?

MSMEs can apply for NSIC products/services either online through the MSMEmart portal (https://msmemart.com/DigitalServices) or offline at branch offices/NTSCs. The application involves completing a Customer Application Form (CAF) and making full payment based on the chosen products/services from the empanelled service providers' Product-and-Price (P&P) List. Payments can be made in any electronic form such as BHIM UPI, RTGS, IPMS, etc., or through methods like pay order, demand draft, etc.

NSIC, via its field offices, will coordinate the fulfillment of MSMEs' requirements with the respective Service Providers. Payments to these Service Providers will be released by NSIC field offices upon receipt of proof of fulfillment.

What are the Sub-Categories of ICT Enabled Digital Services and the Scope for Service Providers?

1. Software Services (Such as ERP, Accounting, Manufacturing Design, Regulatory Compliance including GST, other software packages etc
2. Cloud Services [Platform as a Service (PaaS), Software as a Service (SaaS)]
3. Digital Infrastructure (IaaS, Hardware, Smart devices]
4. Artificial Intelligence Solutions
5. Internet of Things (IoT) and Machine to Machine (M2M) solutions
6. B2B and B2C E-Commerce Solutions
7. Other ICT Enabled Digital Services

Service providers in these sub-categories can apply for empanelment with NSIC online through the NSIC MSME Aggregation Service. NSIC will sign a commercial MOU with each service provider on a non-exclusive basis. Empanelment is open to all service providers, including MSMEs, with the potential to serve MSME units and relevant products/services. Initially, only service providers with products/services available on an "off-the-shelf" basis, accessible through a "plug-n-play" model, will be empanelled. NSIC will levy a 6% service charge for its role as an aggregator.



Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

Industries and artisans necessitate robust infrastructure support to meet customer demands, compete effectively in the market and prepare for potential exports by balancing technology adoption. The disjointed approach to creating infrastructure for these artisans and enterprises has not been conducive to fostering entrepreneurship or refining existing products for the market. Following extensive discussions with stakeholders and state governments and aiming to streamline processes for improved ease of doing business, the schemes have been revamped and combined for convergence. This aims to simplify operations, ensure transparency, enable effective monitoring and align with Direct Benefit Transfer (DBT) guidelines, providing clear objectives and defined roles.

What are the Objectives of this Scheme?

The main objectives of the scheme are to: -

1. Consolidate traditional industries and artisans into competitive clusters, ensuring long-term sustainability and economies of scale.
2. Secure ongoing employment for these artisans and rural entrepreneurs.
3. Enhance the market appeal of cluster products through new designs, improved packaging, and upgraded marketing infrastructure.
4. Provide comprehensive training and exposure visits to boost the skills of artisans within the clusters.
5. Offer common facilities, improved tools, and equipment to optimize infrastructure usage.
6. Strengthen cluster governance with active stakeholder involvement to tackle emerging challenges effectively.
7. Develop innovative skills, advanced technologies, market insights, and public-private partnership models to regenerate traditional industries based on clusters.
8. Establish multi-product clusters with integrated value chains driven by market demands for sustainable operations.
9. Ensure alignment and coordination among all activities from the initial design stage through cluster operations.
10. Identify and cater to the specific needs of the cluster's target customers, especially those valuing natural, eco-friendly, ethically sourced, and unique Khadi and VI products.
11. Develop distinct product lines from the existing diverse range, aligning with the preferences of the target consumer segment. Implement brand unification strategies to maximize value.

12. Transition from a supply-driven selling model to a market-driven approach through suitable branding, focused product mix, positioning, and pricing for a comprehensive and optimal offering.
13. Embrace E-Commerce as a vital marketing channel, requiring a strategic plan to establish a strong presence in the E-Retail space.
14. Invest significantly in product design and quality enhancement, standardizing inputs and processes to meet quality benchmarks and researching new textures and finishes aligned with prevailing market trends.

What are the Project Interventions covered under this Scheme?

This Scheme covers the following 3 types of interventions: -

1. Soft Interventions

Soft Interventions under the project include activities like:

a) General awareness, counselling, motivation, and trust building.

b) Skill development and capacity building across the entire value chain.

c) Institution development.

d) Exposure visits.

e) Market promotion initiatives.

f) Design and product development.

g) Participation in seminars, workshops and training programs on technology upgradation, etc.

2. Hard Interventions

Hard interventions under the project encompass:

a) Multiple facilities for diverse products and packaging as required.

b) Common facility centers (CFCs).

c) Raw material banks (RMBs).

d) Upgradation of production infrastructure.

e) Tools and technological upgradation, including charkha upgradation, tool-kit distribution, etc.

f) Warehousing facility.

g) Training center.

h) Value addition and processing center for multi-products.

3. Thematic Interventions

This Scheme also supports cross-cutting thematic interventions at sectoral level including several clusters in the same sector, emphasising both domestic and international markets. These include:

a) Brand building and promotion campaign.

b) New media marketing.

c) e-Commerce initiatives.

d) Innovation.

e) Research & development initiatives.

f) Developing institutional linkages with existing and proposed clusters.

What is the Eligibility Criteria under this Scheme?

The following organizations are eligible to undertake cluster development under this Scheme: -

a) Non-Government Organizations (NGOs)

b) Institutions of the Central and State Governments

c) Semi-Government Institutions

d) Field Functionaries of State and Central Government

e) Panchayati Raj Institutions (PRIs)

f) similar agencies with suitable expertise

How can one Apply under this Scheme?

Eligible organizations or institutions may submit the proposal to the State Office, Khadi and Village Industries Commission (KVIC) and the same shall be scrutinized at State Level and Zonal Level before being submitted onwards to the Scheme Steering Committee for approval.

Whom to contact?

Deputy Secretary (ARI), M/o MSME

Ph: 011-23062745,

Email: samar.nanda@nic.in



Khadi Gramodyog Vikas Yojana (KGVY)

A umbrella scheme of "Khadi Gramodyog Vikas Yojana" has two major components for the development of Khadi and Village Industries (KVI) programme: -

1. Khadi Vikas Yojana (KVY)

The Khadi Vikas Yojana (KVY) scheme is designed for the promotion and development of the Khadi sector, covering cotton, woolen, silk, and existing schemes such as Modified Market Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC), Khadi Reforms Development Programme (KRDP), Workshed Scheme for Khadi Artisans, Strengthening infrastructure of existing weak Khadi Institutions, Assistance for Marketing Infrastructure, Khadi (S&T), and Centre of Excellence (CoE) for Khadi.

2. Gramodyog Vikas Yojana (GVY)

The Gramodyog Vikas Yojana (GVY) scheme is aimed at promoting and developing village industries through common facilities, technological modernization, training, and other support and services for their promotion. GVY encompasses various components or verticals focusing on activities under Village Industries:

a. Wellness & Cosmetics Industry (WCI)

b. Handmade Paper, Leather & Plastic Industry (HPLPI)

c. Agro Based & Food Processing Industry (ABFPI)

d. Mineral Based Industry (MBI)

e. Rural Engineering & New Technology Industry (RENTI)

f. Service Industry

What are the Benefits under this Scheme?

Assistance is provided In the form of grant or subsidy, training and distribution of machinery or tool kits, under this Scheme.

What is the Eligibility Criteria under this Scheme?

- Any Indian citizen is eligible to be a beneficiary of KGVY.
- Khadi Institutions (KIs) registered with KVIC or State Khadi and Village Industries Boards (KVIBs) and Khadi artisans are eligible.

- The beneficiaries may be identified by KVIC, NGOs, KIs, VIs, KVIBs, DICs, FPOs, etc.
- Age Group: 18-55 Years.
- Must possess a valid Aadhar Card or any other Identity Card issued by the Government.
- Only one person from a family is eligible for assistance under KGVY.
- Individuals who have received benefits from other Government schemes for the same or similar purpose are not eligible; the beneficiary must declare this in writing.
- The field offices will identify beneficiaries through awareness camps or advertisements, adhering to the annual target allocated in the budget or action plan for the Scheme.
- Beneficiaries or candidates are required to provide details such as Date of Birth, Address Proof, Photograph, Mobile Number, etc.
- Selected beneficiaries must submit a self-declared undertaking for the payment of Own Contribution and the maintenance of the machinery, tools, and equipment provided to them.
- Individuals already trained in respective industries by KVIC/KVIB/ NABARD/KVK(s)/ Agriculture or Horticulture Boards/ Eligible NGO(s)/ RSETI/RUDSETI/ITI, etc., are eligible for support under the GVY scheme.
- Preference will be given to individuals belonging to SCs/STs/Women/ Unemployed Youth/BPL category, etc.
- Additionally, preference may be given to individuals for the rehabilitation or resettlement of surrendered Naxalites/Extremists/Militants, Widows of Defense Personnel & Para-Military Forces, and Militancy Affected Families, etc.

How can one Apply under this Scheme?

A beneficiary under this scheme may apply online at http://www.kviconline.gov.in.

Whom to contact?

CEO, KVIC

Ph: 022-26711577,022-26714056

Email: ceo.kvic@gov.in



Significant Government Initiatives

Startup India

Launched on January 16, 2016, Startup India is a flagship initiative of the Government of India, designed to establish a robust ecosystem for fostering innovation and startups in the country. The goal is to drive sustainable economic growth and create widespread employment opportunities. Through this initiative, the government aims to empower startups to thrive by fostering innovation and design and shift India towards becoming a nation of job creators rather than job seekers. Various programs have been introduced to support entrepreneurs and the management of these programs falls under the purview of the dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).

Startup India Seed Fund Scheme

For entrepreneurs in the early stages of enterprise growth, having easy access to capital is crucial. Traditional funding sources like angel investors and venture capital firms typically become available only after proof of concept is established. Similarly, banks usually require asset-backed applicants for loans. Seed funding is vital for startups with innovative ideas to conduct proof of concept trials. Recognizing this need, DPIIT has introduced the Startup India Seed Fund Scheme (SISFS) with a budget of Rs. 945 Crores. This initiative aims to provide financial assistance to startups for activities such as proof of concept, prototype development, product trials, market entry, and commercialization.

The scheme was announced by the Hon'ble Prime Minister of India during his Grand Plenary address at the Prarambh: Startup India International Summit on January 16, 2021. After receiving approval from the EFC and the Hon'ble Finance Minister, the scheme was officially notified on January 21, 2021. The Seed Fund will be disbursed to eligible startups through approved incubators across India.

DPIIT has formed an Experts Advisory Committee (EAC) to oversee the implementation of the Startup India Seed Fund Scheme. The EAC's primary responsibilities include the assessment and selection of incubators for the allocation of Seed Funds. Additionally, it will be tasked with monitoring the progress of the scheme and implementing necessary measures to ensure efficient fund utilization, aligning with the objectives of SISFS.

Stand-Up India Scheme

The Stand-Up India Scheme aims to provide bank loans ranging from Rs. 10 Lakhs to Rs. 1 Crore to at least 1 SC or ST borrower and at least 1 woman borrower per bank branch for establishing a new business. The Scheme is open to SC/ST and/or woman entrepreneurs above 18 years of age, and the loans can be used for starting new businesses in manufacturing, services, agri-allied activities, or the trading sector. The loan amount can cover 85% of the project cost, and the repayment period is 7 years with a maximum moratorium period of 18 months.

Atal Innovation Mission (AIM)

The Atal Innovation Mission (AIM), set up in 2016, is a flagship initiative of the Government of India to promote innovation and entrepreneurship. It focuses on fostering innovation in schools through Atal Tinkering Labs (ATLs), supporting startups and entrepreneurs through Atal Incubation Centres (AICs), and reaching unserved regions through Atal Community Innovation Centres (ACICs). AIM also runs programs like Atal New India Challenges and Mentor India to support technology-based innovations and mentorship. The mission has established numerous labs and centers across the country, providing resources and support to young innovators and entrepreneurs.



CHAPTER-5

State Government Schemes for MSMEs

(Note: Listing Uttar Pradesh Government Schemes as a Reflection of State Government Schemes)

According to a recent CBRE-CREDAI report, Maharashtra, Tamil Nadu and Uttar Pradesh (U.P.) collectively account for nearly 40% of all registered MSMEs in India. The most populous state of the country, U.P. accounts for 9% of all registered MSMEs nationwide. There are 89.99 lakh registered and unregistered MSMEs in the state. [5]

Comprising approximately 14.20%[6] of the MSMEs in the country, U.P. is emerging as the next growth frontier with its substantial consumer base, rapidly improving physical infrastructure, abundant manpower and reform-oriented proactive governance. As per the State Business Reform Action Plan (BRAP) 2019, U.P. secured the 2nd position in India for Ease of Doing Business, marking a 12-place improvement from the previous year. This achievement resulted from the implementation of 186 reforms recommended by the Department for Promotion of Industry and Internal Trade (DPIIT). These reforms include, but are not limited to, areas such as labor regulation, online single window, access to information and transparency, land administration, construction permit, settlement of commercial disputes and inspection enablers.

The MSME sector serves as the backbone of the manufacturing sector in U.P., featuring numerous traditional clusters such as agriculture, leather, handloom, handicrafts, etc. It contributes nearly 60% to U.P.'s annual industrial output and is the second-largest job creator after agriculture and allied farm activities. It provides more than 95 lakh employment opportunities and MSME units contribute 45% to the state's exports. The MSME ecosystem in U.P. has witnessed the emergence of key clusters in cities such as Agra, Kanpur, Varanasi, Lucknow, Meerut and Ghaziabad, actively participating in the Udyam scheme.

However, MSMEs still face many challenges and constraints in their growth and development, such as lack of access to finance, technology, markets, infrastructure and skilled manpower. In order to overcome these challenges and further encourage the growth of MSMEs in the state, the U.P. Government has launched various policies and schemes, in addition to a State legislation passed specifically for the benefit of MSMEs.

[5] M/o MSME Annual Report 2022-23
[6] M/o MSME Annual Report 2022-23

Uttar Pradesh Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2020

The Uttar Pradesh Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2020 aims to promote inclusive economic growth and employment generation by addressing specific needs of the MSME sector. The Act provides several incentives and benefits to the entrepreneurs who want to start or expand their MSME units in the state. Key points include:

- The Act simplifies the establishment and operation of MSME units by waiving the need for approvals, licenses, registrations, or inspections from any state authority for the initial 1000 days.
- MSME units can self-certify compliance with laws and regulations through a centralized online portal.
- An acknowledgment certificate is issued within 72 hours of the online application, serving as proof of existence and eligibility for Act benefits.

Significant Provisions of the Uttar Pradesh Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2020

Some of the significant provisions of the Act are as follows: -

- New businesses applying for an Acknowledgement Certificate under the Act must submit a completed Declaration of Intent, as outlined in Annexure no.-1, to the District Level Nodal Agency (DLNA). The submission should include various documents such as land, electrical safety, pollution, labour and fire safety application forms.
- The Declaration of Intent should be submitted by the Managing Partner for proprietary enterprises, the Authorized Partner for partnerships, and the authorized person for other enterprise forms.
- If the business operates on multiple premises, a separate Declaration of Intent is required for each.
- Upon receiving a fully completed Declaration of Intent, the Deputy Commissioner at the District Industry and Enterprise Promotion Center (DIEPC), acting as the Member Secretary of the District Level Empowered Committee (DLEC), will scrutinize it according to the provisions of the Act. Forms associated with the Declaration of Intent for other departments will be made accessible to the respective departments online.

- A meeting of the DLEC, chaired by the District Magistrate, will be conducted within 72 hours of receiving the application. If the DLEC meeting is not convened within the stipulated time, approval for the Declaration of Intent will be sought through circulation.
- All applications and related documents received will be presented to the DLEC for discussion and decision on Acknowledgment Certificate issuance. The Acknowledgment Certificates will be issued by the Deputy Commissioner, DIEPC, based on DLEC recommendations, following the format in Annexure no.-2.
- All acknowledgments will be uploaded on the Nivesh Mitra portal of the State Government.
- Building plan approval requests will be processed within the stipulated time upon receiving the applicant's request in the prescribed format.
- For land-related matters, the DLNA will grant approval within 72 hours for agricultural land use change and land ceiling No-Objection Certificate (NOC) after DLEC approval. If the DLEC meeting is not held within 72 hours of receiving the application, approval for the Declaration of Intent will be sought through circulation.
- An Acknowledgment Certificate issued under section 8 of the Act is deemed an approval for 1000 days from the date of issuance.
- After this period, the enterprise must obtain required approvals within 100 days.
- The Certificate does not permit deviation from the land use specified in the master plan or use of restricted category land.
- In rural areas outside the master plan, no agricultural land use conversion is needed and Land Ceiling Act doesn't apply for 1000 days with a valid Certificate.
- During this period, no competent authority can conduct inspections related to approvals.
- The Government or any relevant authority, with the capability to exempt an enterprise from approvals, inspections, or related provisions under a Central Act, can exercise this power to grant such exemptions to any enterprise in the State for a period of not less than 1000 days from the date of issuance of the Acknowledgement Certificate.
- This Act does not apply to enterprises submitting a Declaration of Intent to manufacture the following items:
    1. Tobacco products, gutka, panmasala, etc.
    2. Alcohol, aerated drinks, carbonated products, etc.

3. Manufacturing of crackers.
4. Plastic carry bags of less than 40 microns or plastic carry bags of thickness classified in the prohibited category by the State Government.
5. Products notified under the "Red Category" by the Uttar Pradesh Pollution Control Board. However, industries categorized under "Orange" and "Green" categories can establish and operate after obtaining permissions from the Regional Office, State Pollution Control Board.
6. Other products categorized in the prohibitory list from time to time.

Uttar Pradesh Micro, Small and Medium Enterprises Promotion Policy – 2022

The Uttar Pradesh Micro, Small and Medium Enterprises Promotion Policy – 2022 was notified by the U.P. Government by an order dated 28.09.2022, with the vision to: -

- Position U.P. as a preferred destination for attracting national and global investment, aiming for the establishment of a maximum number of MSMEs with a targeted annual growth rate of 15%.
- Achieve maximum employment generation in new units and attain a 15% employment growth rate by focusing on the expansion and upgradation of existing units.
- Address regional disparity and inequality among various sections of society by focusing on benchmarks related to entrepreneurship, employment and per capita income. The strategy involves
- Establish a responsive administrative system built on the best technological platform to address the concerns and grievances of potential entrepreneurs and existing units throughout their growth journey.

What are the Benefits available under this Policy?

Infrastructure Development

- The Gram Sabha land, totaling 5 acres or more, will be identified and re-acquired for the development of Mini Industrial Estates to support MSMEs in rural areas.
- This land will be transferred to the Directorate of Industries and Enterprises Promotion at no cost, which would oversee the development of these plots based on the needs of MSMEs.
- The MSME department will receive the Gram Sabha land based on the

existing norms of the revenue department.

- Allotment of land in these Mini Industrial Estates will be conducted at the circle rate set by the District Magistrate.
- Gram Sabha land measuring 5 acres or more, located within a 5 km radius of expressways such as Agra-Lucknow Expressway, Purvanchal Expressway, Bundelkhand Expressway, Ganga Expressway, and other ongoing development corridors in the state, will be provided to the Directorate of Industries and Enterprises Promotion for the establishment of Mini Industrial Estates.
- The allotment of plots in these developed Mini Industrial Estates will be carried out for MSMEs at the circle rate determined by the District Magistrate or the relevant authority.

Infrastructure Interest Subsidy

- An MSME Park/Industrial Estate/Flatted Factory complex in the private sector, covering an area of 10 acres or more, will be established.
- For a Flatted Factory, the minimum land requirement is 4,000 sq. meters.
- These areas reserve at least 75% of the space available for sale exclusively for MSME units.
- Such areas will be eligible for a 50% reimbursement of the annual interest on the loan taken against the sanctioned project cost for 7 years, with a maximum reimbursement of Rs. 2 Crores per year.
- The project cost may include expenses such as land purchase, infrastructure development, labor housing construction (hostel/ dormitory), etc.

Stamp Duty Exemption

- In the Purvanchal and Bundelkhand regions, MSMEs will qualify for 100% stamp duty exemption.
- In the Madhyanchal and Paschimanchal regions (excluding Gautam Budh Nagar and Ghaziabad), the exemption will be 75%.
- In Gautam Budh Nagar and Ghaziabad, the exemption will be 50%.
- Women entrepreneurs will receive a 100% stamp duty exemption across the state.
- For MSME Park/Industrial Estate/Flatted Factory complex, a 100% stamp duty exemption will be provided on the purchase of land.

Capital Subsidy

- New MSMEs in the state can avail Investment Promotion Assistance (IPA) in the form of a capital subsidy based on their fixed capital investment.
- It will be granted on the investment made by the unit in plant, machinery, equipment and related buildings. The assistance excludes the land cost.
- The subsidy percentages vary based on the region:
  - Bundelkhand and Purvanchal: 25%, 20% and 15%, respectively
  - Madhyanchal and Paschimanchal: 20%, 15% and 10%, respectively
- SC/ST and women entrepreneurs are eligible for an additional 2% capital subsidy.
- The maximum capital subsidy per unit is capped at Rs. 4 Crores.
- The capital subsidy will be disbursed in two equal installments. The first installment is granted upon the completion of related buildings construction, while the second installment is disbursed once at least 50% of commercial production has commenced.
- MSMEs are encouraged to raise funds through Stock Exchanges. The Government will nominate a facilitation agency and reimbursement of 20% (maximum Rs. 5 Lakhs) of the expenditure incurred on raising equity funds through the Stock Exchange will be provided.
- New food processing units with an investment in plant and machinery worth Rs. 5 Crores or more will receive mandi fee waiver for 5 years for the purchase of raw materials, following the provisions of Mandi Act 1964 and Mandi Adhiniyam 1965.

Capital Interest Subsidy

- Only micro units are eligible for the interest subsidy, which includes a 50% interest subsidy payable annually for 5 years, capped at Rs. 25 Lakhs per unit.
- SC/ST and women entrepreneurs can avail a 60% interest subsidy, also payable annually for 5 years, with a ceiling of Rs. 25 Lakhs per unit. For the purpose of this policy, SC/ST and women units are those either under ownership or having at least 51% share capital from entrepreneurs of these categories.
- The cost of land is excluded from the calculation of benefits for capital

subsidy or capital interest subsidy.

Promoting Quality Improvement among MSMEs

- MSMEs will be encouraged to manufacture high-quality products and attain quality standards like ZED, GMP, Hallmark, etc. For this purpose, fiscal assistance of up to 75%, 50% and 25%, respectively (maximum Rs. 5 Lakhs), will be provided to MSMEs as reimbursement.
- Financial assistance of 75% (maximum Rs.10 Lakhs) will be provided for attaining patents and GI tags.
- Attorney fees of Rs 50,000 and Rs 2,00,000 will be reimbursed for obtaining national and international patents/GI tags, respectively.
- Financial assistance of 75% for implementing Enterprise Resource Planning (ERP) system (maximum Rs. 1 Lakh) and ICT solutions (maximum Rs. 5 Lakhs) will be provided to MSMEs.

Promoting Environment Improvement Measures among MSMEs

- Fiscal assistance of 50% of the project cost (maximum Rs. 10 Crores) for the establishment of CETPs (Common Effluent Treatment Plant). The consolidated financial support by the Government of India and the state government should not exceed 75% of the eligible capital investment.
- Financial assistance of 50% of the project cost (maximum Rs. 75 Lakhs) for implementing Zero Liquid Discharge facility (certified by the Uttar Pradesh Pollution Control Board).
- Fiscal assistance of up to 50% of the project cost (maximum Rs. 50 Lakhs) for establishing a boiler facility as a common facility (minimum 10 MSMEs required). This assistance would be 35% for solid fuel and 50% for clean fuel, with a maximum limit of Rs. 50 lakhs.
- For promoting clean production technologies, such as raw material substitution, customization, water and energy conservation and pollution control equipment, there will be a 40% reimbursement (maximum Rs. 20 Lakhs) of the expenditure on plant and machinery.
- Encouraging green practices and environmental audits for MSMEs, including energy and water conservation audits, will provide a 75% reimbursement (maximum Rs. 50,000) for audit services fees and 50% (maximum Rs. 20 Lakhs) for purchasing auditor-recommended equipment or machinery.
- Additionally, up to 50% reimbursement (maximum Rs. 2.5 Lakhs) of consultancy charges for obtaining green ratings for industrial buildings

will be provided, subject to applying for green ratings from the Indian Green Building Council.

- The reimbursement for establishing the Environment Management Laboratory or Environment Management System will be up to 50% (maximum Rs. 10 Lakhs) of the expenses incurred.

Capacity Building and Training

- Reimbursement of the EPF share of employers for new MSMEs for a period of 5 years from the unit's commencement of production.

Udyog 4.0

- Udyog 4.0 will focus on practical aspects of Internet of Things (IoT), uninterrupted internet connectivity, fast communication technologies and 3D printing.
- A working group will be formed with objectives including identification of relevant technologies, equipment and machines, formulation of policies and action plan for promotion of adoption among MSMEs.
- The working group will consist of sector and technical experts.

Marketing

- The ecommerce portal by Uttar Pradesh Handicraft Development and Marketing Corporation will be enhanced for traditional artisans' integration with state and national markets.
- MSMEs will be encouraged to join other e-commerce platforms with reimbursement under various MDA schemes.
- Expo Marts will be established in select cities.

How can one Avail the Benefits under this Policy?

- To avail the Policy benefits, units must apply to the Deputy Commissioner of the district, who will evaluate and forward recommendations to the Divisional Joint Commissioner of Industries.
- Approval will be granted by a committee chaired by the Divisional Joint Commissioner, including Deputy Commissioners of Industry, divisional officials from power, pollution control, labour and Lead Bank Managers. Other relevant department officials may join the committee as needed.

Which Products have been excluded/prohibited under this Policy?

The Policy does not apply to investment proposals involving:

1. Tobacco products, gutkha, pan masala, etc.
2. Alcohol, aerated drinks, carbonated products, etc.
3. Manufacturing of firecrackers
4. Plastic carry bags (less than 40 microns) or plastic bags of specified thickness as categorized by the state government from time to time
5. Other products categorized in the prohibited category from time to time



One District One Product (ODOP) Programme

U.P. plays a significant role in the country's handicraft exports, contributing 44% in total handicraft exports, 39% in carpets and 26% in leather and leather products. The state's overall share in national exports is 4.73%. Each district showcases unique products in handicrafts, handlooms, agriculture, horticulture, or small enterprises, with distinct identities nationally and internationally. Examples include Varanasi's silk sarees, Moradabad's brass handicrafts, Pilibhit's flutes, Banda's Shajar stone artifacts and Siddhartha Nagar's Kala Namak rice. There is substantial potential to enhance marketing efforts, creating more employment opportunities and increasing income levels for artisans and workers in these sectors.

The One District One Product (ODOP) Programme, inaugurated on January 24, 2018, by the Chief Minister of U.P., Shri Yogi Adityanath, aims to promote and sell indigenous and specialized products or crafts of U.P. The Programme aims to establish traditional industrial hubs in all 75 districts of U.P., providing a boost to traditional industries. Each district selects a specific product traditionally famous for production, with a competitive advantage based on an existing traditional MSME industry, such as zari-zardozi and chikankari in Lucknow. Many of these products have GI tags, certifying their regional specificity.

The Programme supports artisans and production units by providing loans, establishing Common Facility Centers and offering marketing assistance and skill development to popularize products and generate employment at the district level. When a district has multiple products with distinct identities, the Programme initially selects the product with the potential to generate more employment and foster development. Over time, additional products will be progressively included under the Programme's scope.

What are the Main Objectives of this Programme?

The main objectives of the ODOP Programme are to:

1. Provide employment to youth and artisans.
2. Preserve and develop local crafts or skills and promote art.
3. Increase incomes and local employment, reducing migration for jobs.
4. Improve product quality and enhance skill development.
5. Artistically transform products through packaging and branding.

6. Connect production with tourism through live demos and sales outlets for gifts and souvenirs.
7. Address economic disparities and regional imbalances.
8. Scale the ODOP concept to a national and international level after successful state-level implementation.

What Actions which would be undertaken in this Programme?

For the execution of the Programme, the following actions are to be taken for products from each district:

1. Prepare a comprehensive database on circulation, stakeholders, total production, export and raw material availability and organize relevant training.
2. Conduct research on production possibilities, development and marketing of the selected product.
3. Develop a micro plan for product development, marketing promotion and creating additional employment and wage opportunities for artisans and workers.
4. Provide advertising, publicity and marketing opportunities at the district, state, national and international levels.
5. Ensure necessary coordination with MUDRA, PMEGP, Stand Up Schemes of the Government of India, as well as Mukhya Mantri Yuva Swarojgar Yojna and Vishwakarma Shram Samman Yojna of the Government of UP for providing required finance to new and existing units. Initiate new schemes as needed.
6. Establish cooperatives and self-help groups.
7. Provide general and technical training in the craft and technology development.

What are the Schemes under this Programme?

There are 4 schemes under the ODOP Programme:

1. **Margin Money or Financial Assistance Scheme**

   Under the Margin Money or Financial Assistance Scheme, the government has provisioned financial assistance of up to Rs. 20 Lakhs per applicant, depending on the project cost. All nationalized banks, regional rural banks and other scheduled banks will fund the scheme. The Department of MSMEs and the Department of Export Promotion will release the ODOP margin money subsidy for all scheme applications.

The selection of beneficiaries is conducted by the District Level Task Force Committee (DLTFC), comprising personnel from leading urban and rural banks, government institutions, DICs (District Industries Centre), ODOP cell, etc.

The subsidy amounts are as follows:

a) For enterprises with a project cost up to Rs. 25 Lakhs, 25% of the entire project cost (up to a maximum of Rs. 6.25 Lakhs) is payable.

b) For enterprises with a project cost between Rs. 25 Lakhs to Rs. 50 Lakhs, Rs. 6.25 Lakhs or 20% of the project cost (whichever is more) is payable.

c) For enterprises with a project cost between Rs. 50 Lakhs to Rs. 150 Lakhs, Rs. 10 Lakhs or 10% of the project cost (whichever is more) is payable.

d) For enterprises with project costs exceeding Rs 150 Lakhs, 10% of the entire amount (up to a maximum of Rs. 20 Lakhs) is payable.

The margin money is merged with the subsidy after the enterprise successfully completes 2 years of operation.

2. Marketing Development Assistance (MDA) Scheme

The Market Development Assistance (MDA) Scheme aims to ensure fair pricing for artisans, weavers, entrepreneurs, production units and exporters of ODOP products by enhancing marketing strategies. This Scheme offers financial assistance to participants attending regional, national and international fairs or exhibitions for the display and sale of ODOP products. Additionally, assistance is extended for marketing products through e-commerce platforms, websites or marketing portals. Beneficiaries include artisans, weavers, skilled workers, entrepreneurs or businessmen and exporters of ODOP products identified by the Government of U.P. from the respective 75 districts.

Under the Scheme, financial assistance is provided as follows:

a) Participation in Trade Fairs/Events/Summits within the State:

- 75% of the stall charge, maximum Rs. 50,000/-
- 75% of transportation charges from house/factory/warehouse to the fair/event/summit, maximum Rs. 7,500/-
- Round-trip Third AC Railway ticket or AC Bus ticket for 1 person (actual cost)

b) Participation in Trade Fairs/Events/Summits outside the State:

- 75% of the stall charge, maximum Rs. 50,000/-

- 75% of transportation charges from house/factory/warehouse to the fair/event/summit, maximum Rs. 15,000/-
- Round-trip Third AC Railway ticket or AC Bus ticket for 1 person (actual cost)

c) Participation in Trade Fairs/Events/Summits outside the Country:

- 75% of the stall charge, maximum Rs. 2,00,000/-
- 75% of transportation charges from house/factory/warehouse to the fair/event/summit (For B2B maximum Rs. 25,000/- and B2C maximum Rs. 50,000/-)
- Round-trip Third AC Railway ticket or AC Bus ticket for 1 person within the country, and 75% of the total cost of the economy air ticket, maximum Rs. 75,000/-

d) Starting the Business/Trading through Renowned E-commerce Portal:

- 75% of the registration charges or any other expenses to start a business/ trading through a renowned e-commerce portal, maximum Rs. 10,000/- . Financial assistance is provided for only 1 e-commerce portal.

3. Skill Development & Tool Kit Distribution Scheme

The ODOP Skill Development and Tool Kit Distribution Scheme aims to address the present and future needs of a skilled workforce throughout the value chain of ODOP products in each district across U.P., by offering various training programs. The Scheme specifically targets both skilled and unskilled artisans or workers, providing training under different modules along with certification. Trained artisans are then eligible to receive a free advanced toolkit through this initiative.

The Eligibility Criteria includes:

1. Minimum age of the applicant must be 18 years.
2. The applicant should be a resident of U.P.
3. Educational qualification is not mandatory.
4. The applicant should not have received any toolkit-related benefits from either the Government of India or the State Government in the last 2 years.
5. Under the Scheme, the applicant or any family member is eligible to apply only once. For this scheme, a family is defined as comprising a husband and wife.
6. An affidavit is required to validate compliance with the eligibility criteria under the Scheme.

The following Incentives are provided under this Scheme:

1. Skilled artisans will undergo necessary training through Recognition of Prior Learning (RPL) and will be certified by relevant Sector Skill Councils (SSCs).
2. Unskilled artisans will receive a 10-day training. After completing the training, these artisans will also be certified under RPL.
3. All trainees will be entitled to receive an honorarium of Rs. 200/- per day during the training period.
4. The department will provide a free advanced toolkit to all trained artisans.

4. Common Facility Centre (CFC) Scheme

The ODOP Programme encompasses assistance for establishing Common Facility Centers (CFC) for raw material, research and design development, manufacturing processes, environmental and energy conservation and packaging of ODOP products. The development of the CFC is proposed to be carried out through a Special Purpose Vehicle (SPV).

To establish a CFC, the facility would encompass the following activities:

1. Testing Lab
2. Design Development and Training Centre
3. Technical Research and Development Centre
4. Product Exhibition cum Selling Centre
5. Raw Material Bank or Common Resource Centre
6. Common Production or Processing Centre
7. Common Logistics Centre
8. Information, Communication and Broadcasting Centre
9. Packaging, Labeling and Barcoding facilities
10. Other facilities related to the missing link of the value chain

Entities or organizations eligible to participate in the establishment of CFCs include NGOs (Non-Governmental Organizations), Volunteer Organizations, Self-Help Groups, Producer Companies, Private Limited Companies, Limited Liability Partnerships (LLPs) and Cooperatives.

The Process of Establishing a CFC entails the following steps:

- Creation of a SPV by any eligible entity mentioned in Section II.
- The SPV must consist of a minimum of 20 members, with at least two-thirds of the members being related to the ODOP Programme.
- Registration of the SPV with the appropriate registration authorities is mandatory.
- The SPV should include stakeholders related to ODOP products and a representative from the State government.
- No single member should hold more than 10% of the total shares of the SPV.
- The SPV will be responsible for the management, operation and maintenance of the CFC, with no recurrent expenditure borne by the state under the Scheme.
- Expression of Interest (EOI) will be invited from interested parties.

The following Incentives are provided under this Scheme:

1. For CFCs with a project cost up to Rs. 15 Crores, the State government will provide financial assistance up to 90% of the project cost, with a minimum of 10% to be borne by the SPV.
2. Financial assistance will also be extended for CFCs with a project cost exceeding Rs. 15 Crores, but the State's share will be calculated based on Rs. 15 Crores only.
3. The State government has the authority to approve capital for projects of similar nature that were previously sanctioned by the Central and State governments but remained incomplete due to insufficient funds. Proper justification will be required to support such incomplete projects.



Scheme for Promoting Establishment of Private Industrial Parks 2017

Aiming to encourage the development of world-class industrial parks in the State, this Scheme offers interest subsidy reimbursement for private sector-developed industrial parks or estates and Agro Parks. The following incentives are given to industrial parks or estates of more than 20 acres in Bundelkhand & Poorvanchal, 30 acres in Madhyanchal & Paschimanchal and Agro Parks of more than 50 acres, developed by the private sector: -

- Interest subsidy reimbursement :
  - 50% of annual interest on the loan for land purchase for 7 years
  - 60% of annual interest on the loan for infrastructure building for 7 years
  - 60% of annual interest on the loan for building hostel or dormitory housing for workers for 7 years
- 100% exemption or reimbursement for developers and a 50% exemption for individual buyers (first) on stamp duty.

Significant State Government Policies

Apart from these, MSMEs may avail benefits of the various policies promulgated by the U.P. Government. These include the following:

1. Uttar Pradesh Startup Policy 2020
2. UP Export Promotion Policy 2020 - 25
3. Uttar Pradesh Warehousing & Logistics Policy 2022
4. Uttar Pradesh Solar Energy Policy 2022
5. Uttar Pradesh Food Processing Industry Policy 2023
6. UP Township Policy 2023
7. Promulgation of Excise Policy 2023 - 24
8. UP Pharmaceutical and Medical Device Policy 2023
9. Sports Policy 2023
10. Uttar Pradesh Film Policy 2023
11. Uttar Pradesh Electric Vehicle Subsidy Scheme
12. Land Policy
13. Tourism Policy 2022

14. IT and ITeS Policy of Uttar Pradesh 2022
15. Uttar Pradesh Poultry Development Policy 2022
16. Uttar Pradesh Agriculture Export Policy 2019
17. Dairy Development Policy 2022
18. UP Textile and Garmenting Policy 2022
19. Private Medical College (Unreserved Districts) Scheme 2022
20. Uttar Pradesh Aircraft Maintenance, Repair and Overhaul Policy 2022
21. Uttar Pradesh Defence & Aerospace Unit & Employment Promotion Policy 2022
22. Uttar Pradesh Electric Vehicle Manufacturing Policy 2022
23. Bio-Energy Enterprises Promotion Programme 2022
24. Uttar pradesh Data Centre Policy 2021
25. Uttar Pradesh Electronics Manufacturing Policy 2020
26. Uttar Pradesh Film Policy 2018
27. Uttar Pradesh Pharmaceutical Industry Policy 2018
28. Uttar Pradesh Civil Aviation Promotion Policy 2017



CHAPTER-6

Commercial Banks Schemes for MSMEs

(Note: Listing SBI & HDFC Banks Schemes as a Reflection of Commercial Banks Schemes)

6.1. State Bank of India's MSME Loan Schemes

To address the challenges faced by MSMEs in accessing adequate and timely credit from formal sources, the State Bank of India (SBI), the country's largest public sector bank, has launched several loan schemes for MSMEs, aimed at providing them with easy and affordable financing options.

1. Surya Shakti – Solar Finance

- **Purpose :** To provide finance to SME & Business Enterprises for installation of Solar rooftop / ground mounted grid-connected systems upto 1 MW capacity for captive use
- **Target Group :** Existing and Prospective SME & Business enterprises, having requirement for installation of Solar rooftop / ground mounted grid-connected systems upto 1 MW capacity
- **Eligibility Criteria :**
  - Existing and Prospective SME & Business enterprises having requirement for installing solar rooftop / ground mounted projects for captive use
  - CIBIL Score of all Promoters not less than 650
  - Solar systems to be Grid connected
  - Net Metering Arrangement
  - MSME unit should have Udyam Registration Number (URN)
  - Post installation of solar rooftop / ground mounted grid-connected system Electricity Cost Savings shall cover at least the monthly repayment obligations
- **Type of Facility :** Term Loan
- **Quantum of Loan :** Rs. 4 Crores (maximum)
- **Borrower's Margin / Contribution :** 20% (minimum)
- **Pricing :** Attractive Interest rates based on rating of the Borrower
- External Benchmark Lending Rate (EBLR) linked (for MSMEs) & 6 months

Marginal Cost of the Fund-based Lending Rate (MCLR) linked (for Non-MSMEs)

- **Repayment Period :** Upto 10 years (maximum initial moratorium of 6 months)
- **Upfront fees / charges:** 1% of Term loan amount + applicable GST
- **Processing of loans :** Centralised Processing for quick Turn Around Time (TAT)
- **Financial Benchmark**
  - Average Gross Debt Service Coverage Ratio (DSCR) considering all Term Loans: 1.20 (minimum)
  - Fixed Asset Coverage Ratio (FACR): 1.10 (minimum)
  - Interest Coverage Ratio (ICR): 1.75 (minimum)
  - Debt:Equity: 4:1(maximum)
  - Debt / EBIDTA: 6 (maximum)
- **Collateral Security :** Not mandatory, if security coverage is adequate as per Bank's assessment
- **Guarantee :** Personal Guarantee of Promoters (proprietor / partners / directors, etc.)
- **Pre-payment charges :** Nil
- **Apply at:** https://suryashakti.bank.sbi:5443/SSC/login

2. Loans under Contactless Lending Platform

- **Purpose :** to meet Working Capital needs & and assist in Acquisition of fixed assets
- **Target Group :** Individually managed proprietary/partnership firm or closely held public/private limited companies in the Small and medium industrial and trading sector under C&I (Commercial & Industrial) and SIB (Systematically Important Bank) segments
- **Quantum of Loan :**
  - Minimum loan amount: Rs. 1 lakh
  - Maximum loan amount: Rs. 500 lakhs
- **Margin (%) :** 25% for working capital component and 33% for Term Loan (TL) component
- **Pricing :** Competitive Pricing Linked to EBLR & MCLR
- **Collateral Security:** As per Bank's extant norms for WC and TL

- **Repayment Period :**
  - WC loan to be renewed every year
  - TL not more than 7 years excluding moratorium not exceeding 12 months
- **Processing Fee :** As applicable to SSI (Standard Settlement Instructions) /SBF / C&I units as per as per Bank's latest Instruction
- **Apply at:** https://www.sbiloansin59minutes.com/home

3. Asset Backed Loan

- **Purpose :** For build-up of current assets and fixed assets needed for business purpose, capacity expansion, modernization, short term working capital (including shoring up of Net Working Capital, etc)
- **Target Group :** All MSMEs as per MSMED Act 2006, including Self-employed and Professional individuals and Wholesale/Retail traders. The Unit should be registered as an MSME
- **Eligibility Criteria:**
  - Existing Customer already availing credit facilities from SBI
  - New units with marketable assets to offer as security
  - Takeover of existing units from other Banks/ FIs with satisfactory track record (Credit information report to be obtained)
- **Quantum of loan:**
  - Minimum loan amount: Rs 10 lakhs
  - Maximum loan amount: Rs. 20 crores
  - However, in cities viz, Mumbai and Delhi loans upto Rs.30 Crores can be considered
- **Loan to Value (LTV) (%):** Immovable property: 60% of the realizable value
- **Pricing :** Competitive pricing linked to EBLR / 6 Months MCLR
- **Repayment Period :** Drop-line Overdraft-
  - 12 months to 240 months with either equated reduction in limit or customized reduction in limit, depending upon the cash accruals.
  - Max Moratorium period-18 months based on activity. Interest to be serviced monthly during the moratorium period.
- **Processing fee/Upfront Fee:**
  - For Dropline OD: Upfront/ processing fee of 1% of the limit subject to a maximum of Rs.10 lakhs

- For Cash Credit: 0.40% of the loan amount Once in a year

- **Collateral Security :** Immovable property (compliant under SARFAESI Act) belonging to the unit, its proprietor/partners/ directors or their near relatives
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

4. Asset Backed Loan - Commercial Real Estate

- **Purpose:** Creation/acquisition of real estate such as office buildings, retail space, industrial or warehouse space, multiplex, hotels, restaurants, gymnasium, amusement parks, cold storage etc. where the prospect for repayment would generally be lease or rental payment or sale of asset. For both working capital (including pre-operative expenses) and acquisition of fixed asset.
- **Target Group:** Proprietorship/ Partnership/ Company/ LLPs
- **Eligibility Criteria:**
  - Existing customers who have already availed credit facilities from SBI
  - New units with marketable assets to offer as security
  - Takeover of existing units from other Bank/FIs permitted with satisfactory track record (Credit information report to be obtained), subject to complying with takeover norms mentioned under "Takeover criteria' parameter
- **Quantum of loan:**
  - Minimum loan amount: Rs.10 lakhs
  - Maximum loan amount:
    - Metro & Urban Centres: Rs.50 crores
    - Semi-Urban Centres: Rs.20 crores
    - Rural Centres: Nil.
- **LTV (%) :** Immovable property: 50% of the realisable value
- **Margin (%) :** 25% both for working capital and acquisition fixed assets
- **Pricing :** Competitive pricing linked to MCLR (6 months) / EBLR
- Repayment Period: 12 months to 72 months, including the moratorium period. However, if the repayment is coming from rental income, based on cash flows the loan can be sanctioned upto 120 months. Interest to be serviced monthly during the period of moratorium also.
- **Upfront Fee/Processing Fee:** 1% of the limits (Upper Cap: Rs.10 lakhs)

- **Collateral Security:** Immovable property (compliant under SARFAESI Act) belonging to Unit, its proprietor/partners/directors or their near relatives, in the name of Associate units with common partners/ directors or their near relatives
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

5. Export Packing Credit

- **Purpose :** For purchase of raw materials, processing, packing, transportation and warehousing of goods meant for export. It has two essential features:
  - Existence of an export order and / or letter of credit
  - liquidation of the packing credit by submission of export documents within a stipulated period
- **Target Group :** Manufacturers as well as merchant exporters, are eligible to avail Rupee Packing Credit at concessional rate of interest
- **Eligibility Criteria :**
  - Existing Customer already availing credit facilities from SBI
  - New units
  - Takeover of existing units from other Banks/ FIs with satisfactory track record (Credit information report to be obtained)
- **Nature of Facility:** Pre-shipment finance extended as working capital
- **Quantum of Loan:** Need based Finance
- **Margin (%):** The percentage of margin is determined depending on the nature of order, commodity, capability of exporter, etc. keeping in view the spirit behind RBI guidelines for liberal finance to the export
- **Pricing :** Competitive Pricing
- **Collateral Security :** As applicable in case of Cash Credit / Working capital limits
- **Repayment Period :** The period for which the Bank gives packing credit depends on the manufacturing / trade cycle or specific requirements of the individual export, normally not exceeding 180 days
- **Processing Fee/Upfront Fee :** As applicable to cash Credit Facility/ Working Capital Limits
- Since packing credit loans are concessional and purpose oriented, it will be necessary to ensure proper end use of amounts disbursed to the exporters.

- ECGC- Bank's export credit portfolio (pre-shipment or Packing Credit) is insured under Export Credit Insurance for Banks Guarantee Scheme (ECIB WTPC of ECGC Ltd. Premium cost will be borne by bank for those rated 'A' and above.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

6. E Dealer Finance Scheme

- **Purpose :** To provide hassle free finance to authorised exclusive Dealers/ stockiest/distributors/franchisees (hereinafter called "dealers") of Industry Majors (IMs) for purchase of Inventory who are willing to furnish Collateral Security of adequate value
- **Eligibility Criteria :** All Authorised dealers of Industry Majors with whom the Bank has tie-up arrangement
- **Type of Facility :** Cash Credit
- **Quantum of Loan :**
  - Need Based
  - Past Performance or Projected Sales, whichever is higher or
  - Limit Recommended by IM, whichever is Lower
- **Margin (%):** Nil. 100% finance to dealers
- **Pricing :** Competitive Interest Rate Linked to MCLR
- **Collateral Security :** Nil / Or up to 50% depending on each tie -up
- **Repayment Period :** Credit period up to 90 days & Yearly renewal
- **Processing Fee/Upfront Fee :** Minimum single unified charges comprising of Processing Fee, Inspection Charges ranging from Rs. 10,000 to Rs. 30,000/-
- Transactions are done on Internet Banking Platform of the bank (no cheque book required) & which results in easy, convenient & hassle free banking facilities to all stake holders i.e. Bank, IM & Dealer.
- Multiple Channel Repayment Option such as Cash, Cheque, Fund Transfer, NEFT, RTGS etc.
- Transaction is done through 2 methods:
  - PULL METHOD (When the Industry Major makes a request for debit in the dealer's account)
  - PUSH MODEL (When the dealer originates the remittance)
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

7. E Vendor Finance Scheme

- **Purpose :** Financing receivables of recommended vendors of reputed Corporates/ Industry Majors (IMs). Completely web based solution with minimal branch intervention and provides instant credit to vendors account electronically
- **Target Group :** Vendors of reputed Industry Majors/ Corporates with whom the Bank has tie-up arrangement
- **Eligibility Criteria :**
  - Existing borrowers of Bank with continuously making profit for last 3 yr
  - Minimum Turnover Size for IM: Rs. 500 crores and above
  - External Rating: A & above/Internal Rating SB-7 & above (If SBI customer)
  - IMs total vendor base at least 50
  - Outstanding Sundry Creditors not to exceed three months purchase
  - Industry Scenario to be considered / RMD guidelines will be referred
- **Type of Facility :** Cash Credit
- **Quantum of Loan :** Need Based
- **Margin (%):** Nil
- **Pricing :** Competitive Pricing Linked to MCLR
- **Collateral Security :** Nil
- **Repayment Period :** According to tenor of the receivables
- **Processing Fee/Upfront Fee :** Rs. 10,000 to Rs. 50,000/-
- Transactions are done on Internet Banking Platform of the bank (no cheque book required) & which results in easy, convenient & hassle free banking facilities to all stake holders i.e. Bank, IM & Dealer.
- Multiple Channel Repayment Option such as Cash, Cheque, Fund Transfer, NEFT, RTGS etc.
- There are 2 variants under e-VFS:
  - Vendor Exposure: Financing will be made to the vendors against the supply of goods/services to reputed Corporates/IMs.
  - IM Exposure: Financing will be made to the reputed corporate/IMs for payment towards the supply received from their vendors.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

8. Fleet Finance

- **Purpose:** To finance new vehicles (Small, Light, Medium, Heavy Commercial Vehicles, Passenger Vehicle). E.g. trucks/tankers/ trailers/ tippers/ buses/ luxury buses and passenger vehicles etc. Electric/ Hybrid commercial vehicles can also be financed
- **Target Group :** Existing Fleet Operators & Captive Users, Business Enterprises, contractors, Mine owners, Port owners/ operators/ aggregators etc.
- **Eligibility Criteria :**
  - Minimum 3 years of experience in transport industry and other businesses. Fleet operator having existing fleet of minimum 10 vehicles.
  - Requirement of minimum 10 new vehicles or minimum loan amount Rs.50 lakhs
  - Transport operators holding national/ state route permit and other necessary permits/license/approval.
  - Satisfactory track record with existing banks/FIs.
  - Income Tax Assessee (personal & Business).
  - Eligibility is linked to the scores obtained under scoring model. Borrower has to get min 50% score under scoring model to be eligible for SBI Fleet Finance Scheme.
- **Quantum of Loan :**
  - Minimum: Rs.50 lakhs
  - Maximum: Rs.50 crores
- **Margin (%):** Margins are linked to the scores under scoring model

	Scores between 50% to 60%	Scores above 60%
For cost of chassis	5%	0%
For cost of body	30%	30%
For fully built model	10%	5%
Other expense (Road tax + Insurance + Registration)	Minimum 50%	Minimum 50%

- **Pricing :** Competitive pricing linked to EBLR / 6 Months MCLR
- **Repayment Period :**
  - Scores between 50% to less than 60%: Max 60 months.
  - Scores 60% and above: Max 66 months Repayment in EMI basis.
  - Negotiated repayment can be done depending on cash accruals.
- **Upfront Fee :** 1% of the loan amount
- **Collateral Security :**
  - Up to Rs.2 Cr: No collateral security. Loans will be covered under CGTMSE. Guarantee fee to be borne by the borrower.
  - Above Rs.2 Cr: Min 20% tangible collateral including unencumbered vehicles in the existing fleet (current resale value to be taken). In case, the borrower has scored minimum 60% and above under the scoring model, Collateral Security is not required.
- **Apply at :** https://sbi.co.in/web/business/sme/lead-generation

9. Lease Rental Discounting

- **Purpose :** To meet borrower's liquidity mismatch (Proceeds of loan amount not to be used for any speculative purposes, whatsoever, including speculation on real estate and equity shares). A Certificate regarding the end use of funds should be obtained stating that the funds will be utilised for the purposes required in the usual course of business and not utilised for speculative, real estate purposes.
- **Target Group :** All MSME Units along with Individuals which are owners of Residential & Commercial Properties let out on Rent
- **Eligibility Criteria:**
  - Owners of residential buildings and commercial properties, which are to be rented or already rented to MNCs / Banks/ Large & Medium size Corporates / Government Offices (both Central and State)/reputed Public bodies such as Municipal Corporations etc.
  - the properties should not be or have been leased to Social Infrastructure projects such as Schools, Colleges, Orphanages, Hospitals, Old age homes, Nursing homes etc.
- **Type of Facility :** Term Loan
- **Quantum of loan:**
  - Minimum loan amount: Rs. 10 lakhs
  - Maximum loan amount: Rs. 50 crores for NBG; Rs. 500 crores for MCG

- **Scale of Finance :**
  - Lowest of:
    - 95 % of Net Present Value (NPV) of net rent receivables as per 1 yr MCLR OR
    - 70% of realizable value of the property mortgaged OR
  - Upto Rs.50 crore: 70% of net rent receivable for the residual lease period including the period covered under one renewal or loan tenor, whichever is less
  - Above Rs.50 crore: 75% of net rent receivable for the residual lease period including period covered under renewal clause or loan tenor, whichever is less
- **Pricing :** Competitive Pricing Linked to MCLR
- **Repayment Period :** Repayment of loan should be through EMI. An escrow account should invariably be opened with the Bank for credit of rentals against which the loan is sanctioned.
- **Processing Fee/Upfront Fee :** As per extant instructions
- **Collateral Security :** Equitable Mortgage on building against the rentals of which the loan would be sanctioned or any other acceptable property of similar value. The realizable value of property to be mortgaged should be at least 143% of the loan amount
- Standing Instructions have to be set up in CBS for transfer of the EMI from the Escrow Account to Term Loan account.
- The Loan should be disbursed only after:
  - The execution and registration of Lease Deed.
  - Noting of EM is mandatory in States where such provision exists. Where creation of EM is not possible Registered Mortgage should be done.
  - The occupation of premises by lessee or after the receipt of first lease rent whichever is later.
- **Apply at :** https://sbi.co.in/web/business/sme/lead-generation

10. Simplified Small Business Loan (SSBL)

- **Purpose :** To provide hassle free finance for meeting only working capital requirement related to business activity of the unit.
- **Target Group :** All Business units engaged in manufacturing, services activities along with self-employed and professional individuals, wholesale / retail trade.

- **Eligibility Criteria:**
  - Existing business for at least 3 years in the same locality/area.
  - Should be owner of the premises or should have valid tenant agreement with the owner of the shop, in case of rented premises the residual period to be minimum > 3 years and minimum 1 year stay at the rented/leased premises.
  - Current account holder at any bank for at least 2 years (proprietorship, partnership & corporate concerns).
  - Monthly threshold balance of Rs. 10,000/- & Min. credit summations of > Rs. 50 lakhs during last 12 months Unit is situated within a radius of 10 km from the financing branch.
  - The borrower should also fulfil the eligibility criteria for Go/ No Go.
- **Quantum of Loan:**
  - Minimum loan amount: Rs. 10 lakhs
  - Maximum loan amount: Rs. 25 lakhs
- **Margin (%):** 10% which should be ensured through stocks and receivable statement
- **Pricing:** Competitive pricing linked to EBLR
- **Collateral Security:**
  - Minimum collateral of 40% in the form of exclusive mortgage charge on Land & Building/cash equivalent like lien/charge on Fixed Deposit, Mutual Fund etc. Realizable value of immovable property to be taken for this purpose and property should be SARFAESI compliant.
  - Personal guarantee of all the directors / partners. However, personal guarantee of Professional director / Independent directors / Nominee directors will not be obtained.
  - Personal Guarantee of the owner of the Collateral Security offered as Mortgage/Pledge.
- **Repayment Period :**
  - Cash Credit : Repayable on demand or To be renewed annually.
  - Dropline OD:
    - Limits can be sanctioned for a period ranging from 12 months to 60 months (reducing DP) including a moratorium of a maximum three months. To be reviewed annually.
    - The drawing power shall be reduced monthly so as to have the outstanding liquidated at the end of the repayment period.

- Regular transactions are permitted upto drawing power available.
- No over-drawings will be permitted.
- DP Reduction date or instalment due date will be last working day of every month.
- After liquidation, in case further loan is required, fresh request to be made

- **Unified Charges :** Rs. 7500/- plus applicable taxes. Unified annual charges comprising of processing fee, EM charges, documentation charges, Inspection, commitment charges and remittance charges (1 remittance per day free)
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

11. Stand Up India

- **Purpose:** To meet all kinds of credit requirement for setting up Greenfield projects under manufacturing, services or the trading sector.
- **Target Group :** SC / ST and Women entrepreneurs
- **Eligibility Criteria :** All loans more than Rs. 10 lakhs and up to Rs. 1 crore to SC / ST borrowers and women entrepreneurs for Greenfield projects only.
- **Nature of Facility :** Composite Loan (Working Capital facilities / Term Loan)
- **Quantum of Loan:**
  - Minimum loan amount: Rs 10 lakhs
  - Maximum loan amount: Rs. 1 crore
- **Margin (%):** Minimum mandatory margin is 10%. Max. Margin money on composite loan would be upto 25% which will be reduced through convergence with Central / State schemes.
- **Pricing :** Competitive Interest rates Linked to MCLR
- **Collateral Security :** No Collateral / Third Party Guarantee to be obtained. All loans to be covered under CGSSI (Credit Guarantee Scheme for Stand-Up India Scheme)
- **Repayment Period :** Maximum of 7 years (including moratorium period upto 18 months)
- **Processing Fee :** 0.20% of loan amount (plus GST as applicable). No other charges are proposed to be recovered.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

12. SME Smart Score

- **Purpose :** To meet any kind of credit requirements including purchase of fixed assets
- **Target Group :** All MSME Units including Proprietorship Firm/ Partnership Firm/ Closely held public & private limited company in Small & Medium industrial, trading and service sector under SSI, C&I and SBF Segments.
- **Eligibility Criteria:**
  - The chief promoter /chief executive should be 18 to 65 years of age
  - The applicant must obtain a minimum overall score of 60% with a minimum of 50% under each sub-head like Personal Details, Business Details, Collateral Details (except in cases where collateral is not applicable, the minimum marks will be nil)
- **Quantum of Loan (for Manufacturing, Trade & Services Units):**
  - Minimum loan amount: Rs. 10 lakhs
  - Maximum loan amount: Rs. 50 lakhs
- **Margin (%) :**
  - Working Capital: 20%
  - Term Loan: 33%
- **Pricing :** Competitive pricing linked to EBLR
- **Collateral Security :** Nil. All loans to be covered under CGTMSE (Credit Guarantee Fund Trust Fund for Micro & Small Enterprises) and guarantee fee to be borne by borrower
- **Repayment Period :**
  - Cash Credit: Loan to be renewed every 2 years with annual review of performance.
  - Term Loan/ Dropline OD: Not more than 7 years including moratorium not exceeding 6 months. Annual review to be done for all loans.
- **Fee & Charges :** 0.40% of the loan amount
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

13.SME Credit Card

- **Purpose :** To meet any kind of credit requirements including purchase of shop
- **Target Group :** All Micro Enterprises, SSI units, SBF, Retail Traders, village industries, tiny units, professionals, self-employed, MSME Units - Udyam Registration with Ministry of MSME is mandatory.
- **Eligibility Criteria :** Customers of the following segments with a satisfactory track record for the last 2 years:
  - Small Industrial Unit, Micro Enterprises, Small Retail Traders, MSME Units, Professionals & Self-Employed persons, Small Business Enterprises, Transport Operators (SRTO), Units who do not enjoy credit limit with us/ other banks at present with excellent performance and credentials may be considered.
  - Scoring Model: Units which obtain a minimum of 60% score as per Scoring Model, would qualify under the product.
- **Quantum of Loan :** Maximum Rs. 10 lakhs
  - Upto Rs. 50,000/-: Nil
  - Above Rs. 50,000/-: 20%
- **Pricing:** Competitive pricing linked to EBLR
- Collateral security: Nil Collateral Security. All loans to be covered under CGTMSE (Credit Guarantee Fund Trust Fund for Micro & Small Enterprises) and guarantee fee to be borne by borrower
- Repayment Period:
  - **Cash Credit :** Repayable on demand. Validity: 3 years subject to Annual Revie
  - Term Loan:
    - < Rs. 5 lakhs: Max. 5 years including moratorium period up to 6 months. Annual review to be done.
    - Rs. 5 lakhs & above: Max. 7 years including maximum moratorium period of upto 12 months. Annual review to be done.
- **Fee & Charges :** As applicable to SSI/SBF units

Loan amount	Processing Fee
Upto Rs.5 lakhs	Nil
Above Rs. 5 lakhs and upto Rs.10 lakh	Rs. 1,000/- (+ GST)

- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

14. Warehouse Receipt Finance

- **Purpose :** The scheme is being extended to finance traders/owners of goods/manufacturers for own processing against Warehouse Receipts issued by Collateral Managers (C.M) with whom we have tie-up.Further, WHR issued by CWC / SWC would also be eligible for WHR finance.
- **Eligibility Criteria:** Traders/owners of goods/manufacturers for own processing against WHR issued by CM/CWC/SWC.
- **Nature of Facility :** Cash Credit facility (for limits of Rs. 1 crore and above) / Working Capital Demand Loan / Revolving Demand Loan.
- **Quantum of Loan:** Need based Financing based on eligibility.
- Margin ranges from 25% of Market Price to 35% of Market Price depending on facility and tie-up or without tie-up. Discretionary powers has been provided for concessions to authorities/committees at Circle level.
- **Pricing :** Competitive Pricing Linked to MCLR
- **Processing Fee :** Unified Charges (Includes Processing charges, Inspection charges and Facility Fees) are being levied which ranges from Nil to Rs.3 Lacs based on the quantum of loan.
- **Repayment Period :**
  - WCDL : The loan should be liquidated as and when the produce is sold during the validity period not exceeding 12 months.
  - Cash Credit: Repayable on demand. To be brought to credit balance and DP made Nil / reduced when the quality certificate expires.
  - RDL: All the individual DLs under RDL should be liquidated after closure of the underlying loan & liquidation of Bank's dues. In addition, branches should diarise the due date of each WHR and should also ensure that the WHRs are released only after closure of the underlying loan & liquidation of Bank's dues.
- **Security:**
  - Primary - Pledge / Hypothecation of underlying stocks for which WHR has been issued by the Collateral Manager / CWC / SWC, with lien marked in favour of Bank.
- **Collateral :** Personal Guarantee of partners / directors, wherever applicable.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

15.Finance to food processing industry

- **Purpose :** To encourage units engaged in food processing industry such as:
  - Fruit and vegetable processing industry
  - Food grain milling industry
  - Dairy products
  - Processing of poultry and eggs, meat products
  - Fish processing
  - Bread, oilseeds, meals (edible), breakfast foods, biscuits, confectionery, other ready to eat food products
  - Aerated water/ soft drinks and other processed foods
  - Special packaging for food processing industries etc.
- **Special pricing applicable to Food Processing Units (Concessionary Pricing):** Pricing depends upon Internal Rating, External Rating & availability of collateral security which ranges between 0.45% to 2.90% over & above one year MCLR/ RLLR.
- **Processing Fee(annually) (For renewals also):** As applicable to the regular loans:
  - Upto Rs. 25,000: Nil
  - > Rs. 25,000 but upto Rs. 2 lakhs: Rs. 550
  - > Rs. 2 lakhs & upto Rs. 10 lakhs: Rs. 1000
  - > Rs. 10 lakhs & upto Rs. 50 lakhs: 0.40% of the loan amount
  - > Rs. 50 lakhs: Depends upon the rating (0.20% of the loan amount to 0.40% of the loan amount, maximum Rs. 40 lakhs)
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

16.Loans to Business Correspondents

- **Purpose :** To meet all kinds of Credit requirements relating to business
- **Target Group :** Kiosk operators / Customer Service Providers (CSPs) engaged by Business Correspondents of the Bank (one person per outlet)
- **Eligibility Criteria :** Kiosk operators / CSPs between the age of 18-60 years who themselves have valid agreement BCs of the Banks for the purpose of providing Banking Services under Financial Inclusion and should be residing in his / her area of operations for more than 3 years. Further, the BC/CSP should be attached with Bank for at least 01 year.

- **Nature of Facility :** Overdraft (OD) / Demand Loan (DL) / Term Loan (TL)
- **Quantum of Loan:**
  - Minimum loan amount: Rs. 25,000/-
  - Maximum loan amount: Rs. 2.50 lakhs
  - Amount Limit to be fixed at 6 times of the average commission earned during the last 12 months or max. of Rs. 2.50 lakhs, whichever is lower.
- **Margin (%):** Nil
- **Pricing:** One Year MCLR + 2.75%
- **Collateral Security :** Nil. To be covered under Credit Guarantee Fund for Micro Units (CGFMU)
- **Repayment Period :**
  - Overdraft: 12 months and to be reviewed every year
  - Demand Loan: Maximum 36 EMIs with 1 month moratorium
  - Term Loan: Maximum 60 EMIs with 1 month moratorium
- **Processing Fee:**
  - Loans upto Rs. 50,000/-: Nil
  - Loans > Rs. 50,000/-: 0.50%
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

17. SBI Exporters' Gold Card Scheme

- Purpose: Hassle-free availability of export credit on best terms for creditworthy exporters with good track record
- **Eligibility Criteria :**
  - Existing customers/new connections who fulfil the following criteria will be eligible for SBI Exporters Gold Cards: -
    - Accounts classified as 'Standard Asset' continuously for a period of last three years.
    - No irregularities/ adverse features observed in the conduct of the accounts. However, occasional overdrawings should not be construed as an adverse feature.
    - The exporter has not been blacklisted by ECGC and/or included in RBI defaulters' list/caution list.
    - The unit has not incurred losses during the past three years.
    - Overdue export bills of the unit are not in excess of 10% of the previous year's turnover.

- Greenfield projects, may also be considered under the Scheme by the appropriate sanctioning authority on a case to case basis.
- In case of take-over of the account, the extant take over norms should be complied with, together with the other eligibility norms listed above.

- **Assessment of Credit Limit:**
  - Sanction and renewal of the limits under the Scheme is based on simplified procedure
  - Standby limit of 20% will be sanctioned over and above the assessed fund based and non-fund based limits, to meet credit demands arising out of receipt of sudden orders etc.
- **Time Limit :** Time frame for disposal of applications:
  - For disposal of fresh applications: 25 days
  - Renewal of limits: 15 days
  - Sanction of ad hoc limits: 07 days
- **Rate of Interest :** Competitive rate of Interest on Pre & Post Shipment Rupee/ Foreign Currency Export Credit.
- **Service Charges /ECGC Premium :** Simplified Service Charges structure for Export Credit Customers. Based on value of account further concession in Service charges may be provided at the Bank's discretion. Exemption from ECGC guarantee in deserving cases at the Bank's discretion.
- **Benefits to Exporters:**
  - Better terms of credit
  - Simplified Applications process
  - Faster processing of applications
  - Limits sanctioned for 3 years with renewal subject to fulfilment of the terms and conditions of sanction
  - Preference for grant of packing credit in foreign currency (PCFC)
  - Provision for concessions in Interest Rates
  - Standby limit for meeting exigencies

18. SME Gold Loan

- Target Group & Eligibility Criteria:
  - Existing MSME Units (Proprietorship Firm only), both borrowing & non-borrowing units of our Bank, who want to avail loan against Gold Ornaments/ Jewellery.

- Unit/ Shop shall be with running activity
- Account should not be in NPA status

- **Nature of Facility:** Overdraft (OD) / Demand Loan (DL)
- **Quantum of loan:**
  - Minimum loan amount: Rs. 1 lakh
  - Maximum loan amount: Rs. 50 lakhs
  - Subject to not exceeding advance value of Gold
- **Pricing (linked to EBLR):** EBLR + 0.60%
- **Repayment Period for Overdraft & Demand Loan:** Maximum 12 months
- **Processing Fee:**
  - Up to Rs. 10 lakhs: Rs. 500 plus applicable taxes
  - Above Rs. 10 lakhs: Rs. 1000 plus applicable taxes
- **Pre-Payment Penalty:** Nil

19. SME Marble Plus

- **Purpose :** To provide finance to the Marble, Felspar, Quartz and other Stone Units for financing their working capital / capital expansion (capex) requirements related to their business activity
- **Target Group :** All SME units engaged in Marble and other stone activity such as manufacturing, processing, carving, polishing, mining and also trading.
- **Eligibility Criteria:**
  - Existing / New units engaged in Marble and other stone activity such as manufacturing, processing, carving, polishing, mining and also trading.
  - Takeover of existing units from other Banks/ FIs with satisfactory track record
- **Type of facility :** Cash Credit / Term Loan / Dropline Overdraft / Non-Fund Based facilities (LC/BG).
- **Quantum of Loan :**
  - Minimum loan amount: Rs.10 lakhs
  - Maximum loan amount: Rs.10 crores
- **Margin (%) :**
  - Working Capital: Stocks: 25%; Receivables: 40%
  - Term Loan: 25%

- LC & BG: Minimum 25% Cash Margin

- **Pricing :** Competitive Interest Rate linked to Collateral coverage & Internal rating
- Repayment Period for Term Loan / Dropline OD: Maximum 120 months (including an initial moratorium not exceeding 12 months)
- **Unified Charges :** 1% of the Sanctioned limit
  - Minimum: Rs. 10,000/-
  - Maximum: Rs. 50,000/-
- **Collateral Security :** Minimum 50% of loan amount, in the form of tangible SARFAESI compliant collateral security (Non-agricultural property) belonging to the borrower / guarantor.
- Eligible units to be covered under CGTMSE, as per CGTMSE guidelines.
- No Second Charge or Pari-Passu charge will be extended to other Bank/ FI

20. SME Car Loan

- **Purpose :** To provide car loans as term loan in the name of SME units, having borrowing arrangements with the Bank for purchase of only new cars viz. passenger cars, jeeps, multi utility vehicles (MUVs) and sports utility vehicles (SUVs) etc. for use by its promoters / partners / directors / employees usage. The car can be of Petrol/Diesel/CNG/Hybrid/Electric Engine. Financing for Demo Cars is not permitted.
- **Target Group :** The loan can be extended in the name of SME Unit, which are banking with us. Loans in individual names shall not qualify under SME Car Loan.
- **Eligibility Criteria :** All MSME/Non-MSME units, having borrowing arrangement with SBI, are eligible under the product, subject to account not being in SMA-1 or worse category during the last 12 months.
- **Quantum of Loan :**
  - Minimum loan amount: Rs. 1 lakh
  - Maximum loan amount: Rs. 300 lakhs
- **Margin (%):**
  - Loans up to Rs. 10 lakhs: 15% of the on road price of the car
  - Loan > Rs. 10 lakhs to Rs. 3 Cr: 20% on the On-Road Price of the car.
  - Sanctioning authority will have discretion to reduce the margin by 5% on case to case basis considering value of connection.

- **Pricing :** Competitive Rate of Interest linked to CIC score of the Proprietor/Partner/Promoter Director and Term of the loan.
- **Collateral Security :** Nil
- **Repayment Period :** Maximum Repayment Period of 5 or 7 years. Repayable through EMIs
- **Upfront Fee :** 0.50% of the loan amount (subject to minimum of Rs. 500 and maximum of Rs. 10,000)
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

21. Arthiyas Plus

- **Purpose :** To meet the Working Capital requirements of Commission Agents / Arthias engaged in trading activity.
- **Target Group :** Commission Agents/ Arthias engaged in Retail Trade. qualify under SME Car Loan.
- **Eligibility Criteria :**
  - Commission Agents / Arthias (functioning in markets/ mandies) also engaged in Retail trade activities and enjoying good reputation in the market with sufficient experience in the line of their business for the past 3 years.
  - They should be registered with the Market Committee and possess a valid license issued by the Authorized government agencies.
  - In addition to the existing criteria, new units promoted by family members / partners of existing firm banking with SBI may also be considered eligible for loan provided they have at least one financial statement and minimum 6 months of operations / data.
- **Quantum of Loan :**
  - Minimum loan amount: Rs. 10 lakhs
  - Maximum loan amount: Rs 5 crores
- **Margin (%) :**
  - Stocks: 30%
  - Receivables (not older than 6 months): 40%
- **Pricing :** Competitive pricing linked to EBLR
- **Collateral Security :** 125% of loan amount. Only SARFAESI Compliant Commercial and Residential properties shall be obtained as Collateral Security.

- **Repayment Period:** Repayable on demand or renewable after 12 months.
- Unified Charges (Inspection, Processing, Equitable Mortgage, Documentation Charges):
  - **New Cases :** 0.50% of limit sanctioned per annum. (Minimum: Rs 5,000/- and Maximum: Rs. 50,000/- plus applicable taxes)
  - Renewal at Existing Level:
    - 0.25% of limit sanctioned per annum. (Minimum: Rs. 2500/- and Maximum: Rs. 25,000/- plus applicable taxes)
    - 0.50% on enhanced portion of the limit sanctioned per annum (Minimum: Rs. 5000/- and Maximum: Rs. 50,000/- plus applicable taxes)
    - Overall cap of Rs. 50,000/- plus taxes
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

22. SME Open Term Loan

- **Purpose :** The disbursal of limits need not immediately follow its sanction; but can take place at a point of time chosen by the borrowers subject to the same being within the currency of sanction. The borrower can avail the facility multiple times within the currency of sanction subject to the total utilisation being within overall sanctioned limit. Any genuine commercial purposes in the same line of activity, with regular business, of the customer are funded.
- **Target Group :**
  - All units under manufacturing sector
  - Under Service Sector: Healthcare Industry (Hospitals, Doctors, Pathological Labs and Nursing Home), Hospitality Industry Hotels, Restaurants, etc), and Transport operators with minimum 25 vehicles
- **Eligibility Criteria:**
  - Existing customers having CRA rating up to SB-6/ CUE-6 and better or ECR of BBB (if available) and above.
  - in respect of customer banking with SBI for more than 5 years with satisfactory track record, i.e. the account has not slipped to category SMA-1 and below in the previous 12 months (irregular for 31 to 60 days) will also be eligible for finance under SME Open Term Loan subjected to CRA rating of SB-8 / CUE-8 & better or ECR of BB & above.

- Non-customers /Units not having borrowing arrangements with us shall not be eligible.

- Quantum of Loan for both manufacturing and services sector enterprises: 25% of total limit sanctioned with a minimum of Rs 25 lakhs and maximum of Rs. 10 crores (For expansion, modernization, technology up-gradation and for the purpose of creation of tangible assets only).
- **Margin (%) :** 25%
- **Pricing:**
  - For MSMEs: As per the credit rating (CRA /CUE) of the borrower linked to EBLR.
  - For Non-MSMEs: As per the credit rating (CRA /CUE) of the borrower linked to 6 months MCLR.
- **Repayment Period :** Repayment period not to exceed 8 years including a moratorium period.
- **Upfront Fee:**
  - CRA SB /CUE 1 to SB 4: 0.90 % of the loan amount
  - CRA SB /CUE 5 to SB 7: 1.10 % of the loan amount
  - CRA SB /CUE 8 to SB 10: 1.30 % of loan amount
  - CRA SB /CUE 11 and below and Unrated: 1.40 % of loan amount
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

23. Rinn Suraksha for Micro & Small Enterprises

- **Purpose :** For funding of CGTMSE fee plus applicable GST
- **Target Group :** New as well as existing Micro and Small Enterprises which are paying the Annual Guarantee Fee (AGF) for the CGTMSE coverage. New demand loan to be sanctioned on yearly basis for the payment of AGF. Coverage to Standard Account only.
- **Eligibility Criteria :** New as well as existing Micro and Small Enterprises which are paying the Annual Guarantee Fee (AGF) for the CGTMSE coverage.
- **Quantum of Loan :** Equivalent to the amount of AGF for CGTMSE Coverage plus applicable GST.
- **Margin (%) :** NIL
- **Pricing :** Same as applicable to linked SME Facility / loan
- **Collateral Security :** Nil

- **Repayment Period :**
  - Interest: to be repaid as and when applied
  - Principle: to be repaid in maximum 12 months / repayment to be co-terminus with the tenure of the loans (for which CGTMSE fee is paid) whichever is earlier.
- **Fee & Charge:** Nil
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

24. Healthcare Business Loan

- **Purpose :**
  - To finance qualified medical practitioners for setting up clinics.
  - For purchase of medical equipment including ancillary equipment (For dentists, the loan also covers dental implants besides equipment; for orthopaedists, the loan also covers various replacements/ implants for hip/knee/shoulder/spine etc.)
  - For setting up Hospitals/ Nursing Homes, diagnostic centre, pathology labs, drug store, ambulance, computers, vehicles, physiotherapy centres, ayurvedic centres, acupressure centre, yoga centre, other therapy centres under tie-up with/ employed qualified doctors
  - For Expansion/renovation/ modernization of existing premises.
- **Target Group:**
  - Hospitals/ Nursing Homes
  - Diagnostic Centres and Pathology Laboratories
  - Eye Centres, ENT Centres, Small and Medium size specialty clients like skin clinics, dental clinics, dialysis centres, endoscopy centres, IVF centres, poly clinics, X-ray labs etc.
  - Qualified Medical Practitioners
- **Eligibility Criteria:**
  - Individuals/ Proprietorship Firms/ Partnership Firms/ Corporates/ Trusts (with powers to borrow)
  - Applicant should have minimum 2 years of operations of the diagnostic centre, pathological lab, hospital, nursing home, etc. irrespective of constitution.
  - In case of financing to Hospitals/ Nursing Homes, the promoter should have required minimum qualification in the relevant discipline; like MBBS, BDS, BHMS etc.

- Should have the required approvals/ registrations from the statutory/ regulatory authority.
- ITR is mandatory in case of all existing units operating for more than one Financial Year.

- **Quantum of loan:**
  - Minimum loan amount: Rs. 10 lakhs
  - Maximum loan amount: Rs. 20 crores
  - Cash Credit facility shall be given for maximum limit of Rs. 2 crores only, for meeting recurring expenses.
- **Margin (%):**
  - Term Loan: 15%
  - Cash Credit: 25%
- **Pricing :** Competitive pricing linked to EBLR / 6 Months MCLR
- **Repayment Period :**
  - Cash Credit: Repayable on demand or Renewable annually.
  - Term Loan:
    - Maximum period of 10 years including moratorium period.
    - Maximum moratorium 12 months (6 months in case of purchase of equipment only)
    - Repayment can be equated or customized as per the cash accrual of the unit.
    - Interest to be serviced on a monthly basis during the moratorium period.
- **Upfront Fee :** 50% concession on card rates
- **Collateral Security :**
  - Loans up to Rs. 2 crores:
    - Nil collateral, if covered under CGTMSE/CGSSI.
    - Guarantee Fee to be borne by borrower.
    - For coverage under CGTMSE, partial collateral security model is also applicable as per extant CGTMSE guidelines.
  - Loans above Rs. 2 crores to Rs. 20 crores:
    - Minimum 25% SARFAESI enabled tangible collateral security.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

25. Commercial Vehicle Loan

- **Purpose :** To finance new commercial vehicles, Electric vehicles, Hybrid commercial vehicles, CNG vehicles, Ambulances and Caravan Vehicles (Specially built for the purpose of travel, leisure and accommodation).
- **Target Group :** Transport Operators, Tour Operators, Travel Agencies, Business Enterprises, Contractors, Captive Users, Warehouse Owners, Logistics provider, Hospitality Sector, First Time Buyers with experience in related activities.
- **Eligibility Criteria :**
  - Minimum 2 years of experience in transport industry/ Hospitality
  - Industry and other related business enterprise/ activities.
  - Satisfactory track record with existing banks/FIs.
  - Income Tax Assessee (personal & Business).
  - MSMEs should be registered in UDYAM portal and should have Udyam Registration Certificate.
  - First time users may also be considered as a special case.
- **Quantum of loan :**
  - Minimum loan amount: Rs.10 lakhs
  - Maximum loan amount: Rs.50 Lakhs
- **Margin (%) :** 15% on on-road price.
- **Pricing :** Competitive pricing linked to EBLR
- **Repayment Period :**
  - For Commercial Vehicle: Maximum 84 months. Moratorium: Up to 6 months.
  - For Electric Vehicle: Maximum 48 months. Moratorium: Up to 6 months.
  - Repayment on EMI basis.
  - Negotiated repayment can be done depending on cash accruals.
- **Upfront Fee :** 0.50% of the loan amount + GST.
- **Collateral Security:** Nil
- Loans will be covered under CGTMSE.
- Guarantee fee to be borne by the borrower.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

26. SME Finance for a CA Firm

- **Purpose:**
  - Overdraft: For payment of salaries to employees/ Overheads/ Expenses pertaining to office.
  - Term Loan:
    - Purchase of Office Equipments, Computers, Fixtures Fixed assets/ Renovating office premises.
    - For Construction of office premises on self-owned land/ firm land/ Promoter's land.
    - For acquisition of ready built new office premises on ownership basis.
- **Target Group :** CA Firms (Proprietorship/ Partnership) registered with the Institute of Chartered Accountants of India and currently under practice.
- **Eligibility Criteria:**
  - CA firm should be registered with ICAI.
  - Promotor's Age: 25 - 65 years
  - CA must have Certificate of Membership (CoM)/ Certificate of Practice (CoP) issued by ICAI. CoM/ CoP should be at least 5 years old.
  - ITR for past 3 years should be available.
  - The applicant must obtain a above 60% score as per score card under the scheme.
  - Applicant must be registered in UDYAM portal as MSME.
  - Applicants with CIC score above 650.
- **Quantum of Loan :**
  - Overdraft:
    - Minimum loan amount: Rs. 2 lakhs
    - Maximum loan amount: Rs. 25 lakhs
  - Term Loan:
    - Minimum loan amount: Rs. 2 lakhs
    - Maximum loan amount:
      (i) Metros: Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Bengaluru: Rs. 100 lakhs

(ii) Other Centres (State Capital/ Tier-I cities): Rs. 75 lakhs

- **Margin (%):**
  - Term Loan: 25%
  - Overdraft: Nil
- **Pricing :** Competitive pricing linked to EBLR
- **Collateral Security:**
  - Overdraft: Nil.
  - Term Loan: Loan to be covered under CGTMSE. CGTMSE fee to be borne by the borrower.
- **Repayment Period :**
  - Overdraft: Repayable on demand.
  - Term Loan: Repayable in 60 EMIs. (With maximum moratorium of 12 months).
- **Upfront Fee:**
  - Up to Rs. 10 lakhs: Rs. 500 plus applicable taxes
  - Above Rs. 10 lakhs: Rs. 1000 plus applicable taxes
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

27. SBI Fleet Finance under Tie-up with TATA Motor Finance Limited

- **Purpose :** To finance new vehicles (Small, Light, Medium, Heavy Commercial Vehicles, Passenger Vehicle). E.g. trucks/tankers/ trailers/ tippers/ buses/ luxury buses and passenger vehicles etc.
- **Target Group :**
  - Existing Fleet Operators (For Goods or Passenger transport)
  - Existing Individuals / Firms/ Companies/ Trusts / Society / Institutions / LLPs / Associations
- **Eligibility Criteria :**
  - Existing Fleet Operators (Goods or Passenger) having experience of 3 years or more in the same line.
  - Fleet operator having existing fleet of minimum 10 vehicles or Requirement of minimum 10 new vehicles or minimum loan amount Rs. 50 lakhs.
  - Transport operators holding national/ state route permit and other necessary permits/ license/ approval.

- Satisfactory track record with existing banks/FIs.
- Income Tax Assessee (personal & Business)
- Borrower has to get min 50% score under scoring model to be eligible under tie-up with TMFL.
- Minimum CIBIL Score of main promotors/ partners/ directors should be 650.

- **Quantum of Loan :**
  - Minimum loan amount: Rs. 50 lakhs
  - Maximum loan amount: Rs. 50 crores
- LTV% (Loan to Value percent) & Margin Requirement for Large Fleet Owners having 10 - 25 commercial vehicles, Strategic Fleet Owners having more than 25 - 50 CVs & Super Strategic Fleet Owners having more than 50 CVs:
  - LTV on Chassis/Prime Mover: 100%
  - LTV on Body/Trailer: 70% (Margin 30%)
  - LTV on Fully Built Vehicles: 90% (Margin 10%)
  - No finance for insurance, RTO registration, AMC, extended warranty, other charges has to be borne by the Customer.
  - Sanctioning authority may allow up to 100% LTV.
- **Pricing :** Competitive pricing linked to EBLR or 6 Months MCLR
- **Collateral Security :** Nil under the tie-up
- **Repayment Period :** Maximum 72 months including moratorium period of 5 months. Repayment on EMI basis.
- **Upfront Fee :** 0.20% + Taxes
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

28. Small Commercial Vehicle Finance under Tie-up with TATA Motors Limited

- **Purpose:** To finance Small Road Transport Operators and First Time Users for purchasing new Small Commercial Vehicles (SCVs) namely Ace Diesel, Ace Petrol, Intra V10, Yodha and Majic including Cargo, Pick-ups and CV passenger vehicles manufactured by Tata Motors Limited.
- **Target Group:** Small Road Transport Operators and First Time Users engaged in transport services who are interested to purchase new Small Commercial Vehicles (SCVs) manufactured by Tata Motors Limited.

- **Eligibility Criteria :**
  - Small Road Transport Operator having less than10 vehicles.
  - Transport operators must have necessary permits/ license/ approval.
  - Satisfactory track record with existing banks/FIs.
  - Applicant must be MSME, registered in Udyam portal and should have Udyam Registration Certificate.
  - Borrower has to get min 60% score under scoring model to be eligible under tie-up with TML.
- **Quantum of Loan :**
  - 90% LTV on on-road price.
  - Maximum: Rs.10 lakhs.
- **Margin :** 10% on on-road price.
- **Pricing :** Competitive pricing linked to EBLR
- **Collateral Security :** Loan to be covered under CGTMSE. CGTMSE fee to be paid by the Bank.
- **Repayment Period :**
  - Repayable in 72 EMIs. (Including moratorium of 1 month).
  - Repayment to be worked out on the amount disbursed.
- **Upfront Fee :** 0.50% of loan amount plus applicable taxes.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

29. Small Commercial Vehicle finance under tie-up with Mahindra & Mahindra Ltd

- **Purpose:** To finance Small Road Transport Operators and First Time Users for purchasing new Small Commercial Vehicles (SCVs) & Electric Vehicles (EVs) manufactured by Mahindra & Mahindra Limited.
  - SCVs models: Various models of Jeeto, Supro , Alfa & Pick-up vans and other models manufactured by M & M in same segment
  - EVs models: Treo Auto, Treo Zor, Treo Yaari & E-Alfa.
- **Target Group :** Small Road Transport Operators and First Time Users engaged in transport services who are acquiring new Small Commercial Vehicles (SCVs) & Electric Vehicles (EVs) manufactured by Mahindra & Mahindra.
- **Eligibility Criteria:**

- Small Road Transport Operator having less than10 vehicles.
- Transport operators must have necessary permits/ license/ approval.
- Satisfactory track record with existing banks/FIs.
- Applicant must be MSME, registered in Udyam portal.
- Borrower has to get min 60% score under scoring model to be eligible under tie-up with M & M.

- **Quantum of Loan:**
  - 85% LTV on on-road price
  - Maximum: Rs.10 lakhs
- **Margin:** 15% on on-road price
- **Pricing:** Competitive pricing linked to EBLR
- **Collateral Security:** Loan to be covered under CGTMSE. CGTMSE fee to be paid by the Bank.
- **Repayment Period :**
  - SCVs: Repayable up to 72 EMIs (including Moratorium of 1 month)
  - EVs: Repayable up to 48 EMIs (including Moratorium of 1 month)
- **Upfront Fee :** 0.50% of loan amount plus applicable taxes
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

30. Dall Mill Plus

- **Purpose: To meet:**
  - Working Capital needs
  - Acquisition of machinery/factory building for modernization/ expansion etc
- **Target Group:** MSME-Manufacturing units engaged in Dal Milling activities (Trading units are not eligible)
- **Eligibility Criteria:**
  - CRA rating to be worked out for regulatory purpose and should be better than hurdle rate SB-10.
  - Profit making existing units with CUE rating of CUE-8 and better as per Project Vivek.
  - Take-over of good units, subject to compliance of takeover norms.
  - Newly proposed / Newly established Dal Mill units with CUE of CUE-7 and better (greenfield units)

- Track record of previous two years to be considered for new connections / enhancements, i.e. 2 years of continuous profit making.
- Udyam Registration Certificate (for MSME units).

- **Type of Facility :** Term Loan, Working Capital limit (Fund based & Non-fund based facilities)
- **Quantum of Loan :**
  - Maximum: Rs. 25 crores
- **Pricing :** Competitive pricing linked to EBLR
- **Margin (%):**
  - Term Loan: Minimum 25%
  - Working capital:
    - Stocks: Minimum 25%
    - Book debts: Minimum 40% with cover period up to 90 days
- **Primary Security :** Hypothecation of Assets financed by the Bank.
- **Collateral Security:**
  - With CGTMSE Cover:
    - All loans upto Rs. 2 crores are eligible to be covered under CGTMSE, w.e.f. 01.01.2017.
    - Loans above Rs.2 crores can also be covered under CGTMSE for amount upto Rs. 2 crores under Hybrid Model (with partial collateral security).
    - Annual CGTMSE Fee has to be borne by the borrower.
  - Without CGTMSE Cover: Equitable mortgage of property / tangible security belonging to borrower / guarantor valued not less than 75% of the loan amount.
- **Repayment Period:**
  - Term Loan: 8 years (including the moratorium period of maximum 12 months)
  - Working Capital: Repayable on demand.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

31. Compressed Bio Gas under SATAT Scheme

- Purpose: To part-finance setting up of Compressed Bio-Gas (CBG) plants under Sole Banking Arrangement with SBI

- **Target Group & Eligibility:** Entrepreneurs who have been awarded Letter of Intents (LOIs) by Oil Marketing Companies (OMCs) for supply of Compressed Bio-Gas under SATAT Scheme.
- **Nature of Facility:** Term Loan, Working Capital
- **Quantum of loan:** Need based
- **Debt :** Equity: Minimum 70 : 30
- **LTV:** 70
- **Margin:**
  - Term Loan: Minimum 30% of Project Cost.
  - Project cost shall include all components including margin money for Working Capital as per Bank guidelines on financing Term Loan / Project loans.
  - Working Capital: Minimum 25%
- **Pricing:** 25 bps concession over and above the extant card rates.
- **Primary Security:**
  - Term Loan:
    - Exclusive charge on entire project assets including immovable assets, movable assets, cash flow, Commercial Agreement and Escrow accounts, DSRA/ISRA etc.
    - An Escrow account shall be maintained by the CBG Plant owner in which all sales proceeds received from the OMCs from sale of CBG and Bio-manure will be credited.
    - Payment will be made as per usual waterfall mechanism.
    - The proceeds in the Escrow account shall be appropriated first towards Bank's term loan repayment.
  - Working Capital: Hypothecation of Stocks & Receivables
- **Collateral Security:**
  - Pledge of shares (In case of companies):
    - 51% of shares of the borrower to be pledged where Security Trustee is available.
    - In other cases, as per Bank's extant guidelines.
    - In rare cases where mortgageability of lease-hold land is not possible, equivalent amount of collateral to be obtained.
  - Personal / Corporate Guarantee:
    - Personal Guarantee of all the Promoters

- Corporate Guarantee of the Parent Company in case of SPV / Joint Ventures.

- **Repayment Period :** The overall door-to-door tenor (moratorium + repayment tenor) not to exceed tenor of offtake agreement, which is 15 years and may be extended on mutual consent. For Renewable Energy projects, overall door-to-door tenor permissible is upto 15 years.
- **Moratorium :**
  - Construction period / Achievement of COD: 12 – 18 months
  - Moratorium after COD: 1 year
  - Interest to be serviced during moratorium.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

32. Finance to Bio fuel projects

- **Purpose :** To part-finance setting up of Bio-fuels extraction plant (including Biomass suppliers / aggregators), including their storage and distribution infrastructure
- **Target Group & Eligibility :** Units setting up new / expansion of Bio-fuels extraction plants (including Biomass suppliers / aggregators) for sale to Oil Marketing Companies (OMCs) / Govt. Organisations / Private Companies for usage in transportation, power, heating and other industrial applications. [Biofuels would include all types of biofuels including CBG (Non-SATAT) as mentioned in the 'National Policy of Biofuels 2018' issued by Ministry of Petroleum & Natural Gas (MoPNG) vide Gazette Notification dated June 8, 2018]
- **Exclusions / Not eligible :** Ethanol Projects of Sugar Mills / Molasses based / Grain based / Dual feed-based distilleries having Tripartite Agreement between OMC, Bank & Ethanol Producer under EBP programme where the margin is only 5% of Project cost are not eligible for financing under the Product
- **Nature of Facility :** Term Loan, Working Capital, LC & BG
- **Quantum of loan :** Need based
- **Debt :** Equity: Minimum 70 : 30
- **LTV:** 70
- **Margin:**
  - Term Loan: Minimum 30% of Project Cost.
  - Project cost shall include all components including margin money for Working Capital as per Bank guidelines on financing Term Loan / Project loans.

- Working Capital: Minimum 25%

- **Pricing :** 25 bps concession over and above the card rates
- **Primary Security :**
  - Term Loan:
    - Exclusive charge on assets created by Bank's finance including immovable assets, movable assets, cash flow, Commercial Agreement and escrow accounts, DSRA/ISRA (wherever applicable).
    - An Escrow account shall be maintained by the Biofuel Plant owner in which all sales proceeds will be received from the OMCs / Private companies from sale of Biofuels and its' by-products.
  - Working Capital: Hypothecation of Stocks & Receivables
- **Collateral Security :** As per Bank's extant guidelines for manufacturing units.

  Collateral may be relaxed by the Sanctioning Authority, on a case-to-case basis, based on the following:
  - Loans upto Rs. 2 crores:
    - To be covered under CGTMSE.
    - Annual Guarantee fees to be borne by the borrower.
  - Loans above Rs. 2 crores:
    - In case of listed Companies, pledge of 51% of shares of the borrower to be explored.
    - The borrower has firm Contract / Purchase agreement / Supply agreement with reputed clients like Reliance Industries Ltd., NTPC, Oil Marketing Companies, etc.
    - Escrow account is maintained for capturing entire cash flows of the unit.
- **Personal / Corporate Guarantee :**
  - Personal Guarantee of all the Promoters
  - Corporate Guarantee of the Parent Company in case of SPV / Joint Ventures.
- **Repayment Period :** The overall door-to-door tenor (construction, moratorium + repayment tenor) not to exceed 15 years.
- **Moratorium :**
  - Moratorium after COD: 6 months (maximum)
  - Interest to be serviced during moratorium.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

33. Finance to Start-ups (MSME UDAAN)

- **Purpose :** To provide financial assistance to DPIIT registered / recognised Start-ups for their various requirements like Prototype creation, product / website / app development, Team hiring, Legal and consulting services, Raw material and equipments, Licenses and certifications, Marketing and Sales, Purchase / Leasing of Office spaces and administrative expenses.
- **Target Group :** MSME Start-ups registered with / recognized by Department for Promotion of Industry and Internal Trade (DPIIT), Govt. of India.
- **Eligibility Criteria :**
  - The Start-up should be registered as MSME having valid Udyam Registration Certificate.
  - The Start-up should be registered with / recognized by DPIIT, Government of India, with the following characteristics:
    - Constitution: Public or Private Limited Company, Registered Partnership, or a Limited Liability Partnership.
    - Age: Up to 10 years from the date of incorporation/registration
    - Turnover: Not to exceed Rs. 100 crores in any of the Financial Years after incorporation / registration.
    - Attributes: Working towards innovation, development or improvement of products/processes/services or if it is scalable business model with high potential of employment generation or wealth creation.
    - Should not have been formed by splitting or reconstructing an already existing business.
  - The Start-up should have the support of recognized Incubator / Accelerator / Investors, available as per the Start-up India portal.
  - The equity portion of Start-up shall be fully tied-up.
- **Type of facility:** Term Loan, Working Capital
- **Quantum of Loan:** Maximum Rs. 50 crores
- **Borrower's Margin / Contribution:**
  - Loans upto Rs. 10 lakhs: Nil
  - Loans above Rs. 10 lakhs:
    - Term Loan: As per the Debt:Equity specified.
    - Working Capital: Min. 25% on Stocks & Receivables, if any.

- **Pricing :**
  - Attractive Interest rates based on internal credit rating of the Borrower.
  - 50 bps concession in interest rates to women beneficiary.
- **Repayment Period :**
  - Term Loan: Upto 120 months (inclusive of moratorium upto 36 months) / Bullet repayment
  - Working Capital: Repayable on demand
- **Primary Security :**
  - Hypothecation of Assets financed by the Bank.
  - Hypothecation of Stocks & Receivables
  - Charge on Intellectual Property Rights (if financed by Bank).
  - Right /Lien on all Products/Patents/Copyrights and Results created out of Bank Finance, in consultation with empanelled reputed Law Firm / Law Dept. of the Bank.
- **Collateral Security :**
  - Loans upto Rs. 50 lakhs:
    - To be covered under CGTMSE / CGSS
    - If CGTMSE / CGSS coverage is not available, Minimum 25% tangible collateral security to be obtained.
  - Loans above Rs.50 lakhs – 50 Crores:
    - Alternative Investment Fund (AIF) investment is compulsory
    - To be covered under CGTMSE / CGSS
    - If CGTMSE / CGSS coverage is not available, Minimum 25% tangible collateral security to be obtained
- **Guarantee :** Personal Guarantee of all Promoters
- **Processing charges:** Nil
- **Inspection fees / Commitment charges / Pre-payment charges:** Nil

34. PM Mudra Yojana

- **Purpose :** Business purpose, capacity expansion, modernization
- **Target Group :** Business Enterprises in Manufacturing, Trading and Services sector including allied agricultural activities
- **Eligibility Criteria :** Existing & New units
- **Type of Facility :** Working Capital and Term Loan
- **Quantum of Loan :**

- Maximum loan amount: Rs. 10 lakhs
- Loans upto Rs.50,000 are categorised as SHISHU
- Loans from Rs.50,001 to Rs.500,000 are categorised as KISHORE
- Loans from Rs.500,001/- to Rs.10,00,000/- are categorised as TARUN

- **Margin (%):**
  - Upto Rs. 50,000/: Nil
  - Rs. 50,001 to Rs. 10 lakhs: 10%
- **Pricing :** Competitive Pricing Linked to MCLR
- **Repayment Period :**
  - WC/TL: in 3 - 5 yrs including a moratorium of upto 6 months depending on the activity/ income generation.
  - Review of WC/TL to be done annually.
- **Processing Fee :**
  - Shishu and Kishore to MSE Units: Nil
  - Tarun: 0.50%(plus applicable tax) of Loan amount
- **Collateral Security:** Nil.
  - To be covered under CGFMU.
  - However, as Primary Security, Hypothecation of P&M for TL and Hypothecation of Stocks & Receivables for CC to be done.
- The loans under Mudra Scheme are guaranteed by Credit Guarantee for Micro Units (CGFMU) and the same is provided through National Credit Guarantee Trustee Company (NCGTC).
- The guarantee cover is available for five years and hence, for advances granted under Mudra Scheme the maximum period is 60 months.
- Leads are now available in Udyami Mitra Portal (www.udyamimitra.in). Site can be accessed by Branches with Username and Password
- All Branches to issue MUDRA RuPay Card for all the eligible CC accounts.
- **Apply at:** https://sbi.co.in/web/business/sme/lead-generation

6.2. HDFC

EASY EMI for SMEs

HDFC's Bank MyBusiness aims to support MSMEs at every step of their growth and expansion. EASYEMI for MSMEs gives them no-cost EMI benefits and allows them to enhance their infrastructure and acquire modern equipment and pay through easy instalments later.

Key features

- Flexible Tenure: from 6 to 36 months
- Minimum loan amount: Rs.50,000
- Maximum loan amount: Unsecured up to Rs. 50 Lakhs
- In case the loan amount is more than Rs. 50 Lakhs, collaterals will be applicable.

Key benefits

- Special pricing
- Repayment in EasyEMI
- No blocking of working capital
- Depreciation claim on purchase value
- No Cost EMI benefit
- GST Input credit for OPEX
- Claim interest as an expense (Both in CIB and No-Cost EMI)

Products included

- Electronics (TVs, ACs, Laptops, Desktops)
- Refrigerators
- Security Systems
- Printers & Scanners
- Paper Shredders
- Generators
- Washing Machines
- Mobile phones & Tablets
- Batteries & Inverters
- Water Heaters

- Geysers
- Water Filters
- Projectors

Fees and Charges

- Processing Fee: 1%
- Rate of Interest: 18% (No Cost EMI is available from selected OEMs)

How to Avail?

By visiting the nearest branch or store or getting in touch with the respective Relationship Manager.

What are the Documents required?

- **For existing HDFC Bank Pre-approved customers:** No Documents are required for pre-approved customers. They can talk to their Relationship Manager & avail these benefits.
- **For existing to Bank/New to Bank customers:**
  1. Last 6 months Bank statement
  2. Last 2 years audited Balance sheet and P&L statement
  3. KYC of Partners/Directors/Proprietor/Karta
  4. Business proof

Dukandar Overdraft (OD) Facility

The Dukandar Overdraft Facility is a flexible credit line designed to provide businesses such as traders, shopkeepers and merchants with convenient access to funds as needed.

Benefits of Dukandar OD Facility

- Dukandar OD offers a high credit facility of up to Rs. 10 Lakhs
- No collateral is required
- Interest is charged only on the utilized amount
- There are zero commitment charges on the unused overdraft amount
- No regular stock statements are needed to be submitted to the bank
- Flexible auto-renewals are available based on the business needs
- The application process is streamlined with minimal documentation
- Spot sanction is available free of cost

- Interest is charged at only 50 paisa per day per Rs. 1000/- availed
- The OD fee includes a 2% Processing Fee at the time of Limit Utilization. Stamp duty is based on local government charges and the Goods and Services Tax (GST) will be applied to the Processing Fee according to the rates set by Government of India.
- The funds may be utilised for various business expenses, including inventory purchases, payroll and equipment upgrades, effectively covering working capital needs.

Eligibility Criteria for the Dukandar OD Facility

To apply for the Dukandar OD Facility at HDFC Bank, an applicant needs to meet basic eligibility criteria:

1. Must be a retailer, shopkeeper, kirana store owner, wholesaler or trader.
2. Must be a proprietor or business partner in the business to apply.
3. The business must have been in operation for a minimum of 3 years.
4. Must submit 12 months' bank statements of personal and business bank account.
5. Whether the applicant has an HDFC Bank account or any other bank's account, they can apply for Dukandar OD and must submit the bank's statement.
6. Must have a valid Udyam Registration Certificate number obtained through the Ministry of MSME.

How to Apply for Dukandar OD Facility?

To apply for the Dukandar OD Facility:

1. visit the website: www.hdfcbank.com/sme
2. choose Product Type - 'Working Capital'
3. select Product - 'Dukandar Overdraft up to Rs. 10 Lakhs

The online application process on the website typically takes just a few minutes for approval.

Commercial Construction Equipment Financing & Loan

HDFC's Bank MyBusiness offers Commercial Construction Equipment Finance for financing a range of commercial or construction equipment, such as earthmovers, compactors, loaders, concrete and material processing machines, etc. Various loan options, tailored to business needs, are offered at attractive interest rates. Benefits include up to 100% finance for equipment and speedy loan processing.

The following benefits are available for MSE borrowers: -

1. NIL Premature Closure Charges for all floating rate loans. For Fixed rate loan facility up to Rs. 50 Lakhs, closure must be from own funds.
2. 2% takeover charges for loan takeover by another Bank or Financier. Bank may inquire about the documentary proof for the source of funds for closure request of loans.
3. No prepayment penalty on prepayment of floating rate loans, regardless of the reference rate or source of funds (own source of funds or balance transfer from another Bank).

What are the Documents required?

The following documents are required for a loan application: -

1. KYC documentation
2. Bank statement
3. Proof of residence
4. Track record (if applicable)
5. Other documents as required by the ban



Business Loans for MSMEs

MSMEs often require additional financial liquidity for their upkeep. To address this need, various financial institutions and banks provide Business Loans specifically designed for MSMEs. Business Loans assist MSMEs in expanding their business, purchasing machinery and equipment, acquiring raw materials, meeting working capital requirements, investing in fixed assets, paying rent, salaries, daily or monthly expenses, managing cash flows and other operational needs.

Such loans play a crucial role in fostering substantial credit flow within the MSME sector. They enable businesses to enhance their technology, meeting the specific requirements of the small business sector and provide comprehensive development capabilities for small-scale industries through skill development and training packages.

Banks offer competitive interest rates starting as low as 7.65%, with loan sanction amounts as low as Rs. 50,000/- and a repayment tenure of up to 15 years. These business loans for MSMEs are available as both secured and unsecured loans. The selection between the two depends on the borrower's repayment capacity and the terms and conditions set by the bank.

Eligibility Criteria

The enterprises eligible for this type of loan include partnerships, sole proprietorships, manufacturing units and service-based micro and small enterprises. However, businesses falling under the retail trader segment, training or educational institutions, agricultural entities and self-help groups are not eligible to apply for a Business Loan for MSMEs.

How to Apply?

By filling and submitting a form at:

https://leads.hdfcbank.com/StartDoing/business-loan/business-loan-leadform.aspx?SourceCode=HNET&Promocode=P4_LearningCentre_BL

MSME Current Account

A current account is a banking account specifically designed for businesses. It enables business owners to deposit cash and cheques at various bank branches, facilitating the collection of payments from diverse customers. The account provides higher limits for cash withdrawals and deposits and easy access to overdraft and loan facilities. It also allows unlimited banking transactions and supports automated vendor payments or assists in maintaining and filing GST

returns, features that may not be available with a savings account. It offers a pre-specified number of free cheque leaves, demand drafts, NEFT and RTGS transactions per month.

HDFC Bank offers a range of business accounts tailored to different needs:

- Cash account for physical retailers and small businesses
- SmartUp accounts for startups
- Standard current accounts for professionals (doctors, lawyers, CAs, etc.)
- Saksham accounts for government vendors
- Special e-commerce accounts for digital businesses
- Foreign currency accounts for those in the EXIM space
- Highly customized premium current accounts for scalable businesses with various banking benefits.

Eligibility Criteria

You can open and operate a current account if you fall under any of the following categories:

- Resident Individual
- Hindu Undivided Family
- Sole Proprietorship Firms
- Partnership Firms
- Limited Liability Partnership (LLP) Firms
- Private and Public Limited Companies.

What are the Documents required?

The following documents are required: -

- Proof of identity - To identify key personnel managing account operations
  - PAN card, Aadhaar card, voter's ID, passport, or driving license
  - Address proof such as utility bill, telephone bill or Gumastha license
- Proof of the existence of the business
  - Shops and establishment license or Gumastha license
  - GST registration certificate
  - Business registration certificate issued by the respective state government
  - Registration certificate issued by RBI or SEBI

- Licenses issued by a relevant authority, such as an EXIM license by the Director General of Foreign Trade (DGFT) or a food and beverage license by the Food Safety and Standards Authority of India (FSSAI)

- Proof of business address
  - Title deed or registered rental agreement
  - Property registration document
  - Copy of property tax or water bill
  - Bank account statements
  - TAN (Tax Deduction and Collection Account) allotment letter issued by the IT Department

Depending on the constitution of the business and the profile of key account operators, you may be required to furnish some additional documents, listed as follows:

- For Partnership firms
  - Businesses registered as LLPs need to submit the LLP agreement.
  - Certificate of Incorporation for LLP.
  - List of all designated partners and their ID (DPID) issued by the Ministry of Corporate Affairs.
  - KYC of all designated partners.
  - A resolution stating details of all designated partners who are authorized to be a signatory and operate the account.
- For Private or Public Limited Company
  - Certificate of Incorporation
  - Memorandum of Association
  - Articles of Association
  - List of directors of the company
  - Board resolution appointing signatories.
  - Certificate of Commencement of Business (only for a Public Limited Company)

How to Open a Current Account?

Opening a business account with HDFC Bank is a simple and hassle-free process. To open a current account, individuals can visit the bank's website or download the account opening form from the website or any branch. They need to fill out the form with all relevant details, gather the required documents and submit the application.



CHAPTER-7

Stock Market Exchange for MSMEs (BSE NSE Exchange & NSE Emerge)

Globally, MSMEs are recognized as crucial drivers of economic growth. Governments worldwide acknowledge their substantial contributions to employment generation, industrial production and exports. Despite their pivotal role, MSMEs face a significant challenge in accessing capital.

In response to this challenge, several major capital markets have introduced dedicated exchanges for the Small and Medium Enterprise (SME) segment, such as the London Stock Exchange's Alternative Investment Market (AIM) platform. The establishment of these SME bourses aims to create a market structure conducive to SMEs, supported by effective policies and institutions, thereby fostering a new class of investable equities. These platforms offer companies a more lenient set of listing rules, intending to prepare them for eventual migration to the main exchanges after a specific period.

In 2012, Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) introduced BSE SME and NSE Emerge, offering SMEs the opportunity to list on these exchanges and subsequently migrate to the main board without the necessity of an initial public offering. The main distinction lies in the more stringent eligibility criteria of the main board compared to these platforms. SMEs opting for BSE SME and NSE Emerge enjoy relaxed requirements in terms of track record, cost, corporate governance norms, reporting obligations and the timeframe for listing. The BSE SME exchange also provides an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives and mutual funds.

7.1. BSE SME Exchange

BSE Ltd. has established the BSE SME Platform in accordance with SEBI regulations. The platform provides an entrepreneur and investor-friendly environment, facilitating the listing of SMEs from the unorganised sector across India into a regulated and organised sector.

Listed SMEs gain access to the BSE SME Platform, stepping into the realm of finance for further growth and development. BSE SME assists these SMEs in raising equity capital to fuel their growth and expansion, nurturing them into fully-fledged companies. Over time, these SMEs may qualify to migrate to the Main Board of BSE following the existing rules and regulations.

Advantages of Listing on BSE SME Exchange

Listing on the BSE SME Exchange offers various advantages: -

1. Easy Access to Capital: BSE SME offers growth-focused SMEs a platform to secure capital through equity infusion, facilitating business expansion, product diversification and technology acquisition for enhanced growth opportunities.
2. Enhanced Visibility and Prestige: Listing boosts SMEs' credibility and financial standing, driving heightened demand and valuation of company shares. This improved reputation attracts a larger pool of customers, suppliers, employees, and investors.
3. Encourages SME Growth: BSE SME's equity financing creates growth opportunities such as expansion and mergers, providing SMEs with a cost-effective and tax-efficient strategy to capitalize on strengths and address weaknesses.
4. Liquidity for Shareholders: Equity financing enables shareholders to achieve liquidity by selling shares in the secondary market anytime. It also serves as an exit option for venture capital funds, minimizing their lock-in period through stake sales in listed companies.
5. Employee Incentives: Employee stock options strengthen commitment, participation, and recruitment incentives. They motivate employees to work harder, aligning their interests with the company's goals.

Eligibility Criteria for Listing on BSE SME Exchange

- **Incorporation :** The company should be incorporated under the Companies Act, 1956 or the Companies Act, 2013 in India.
- **Post Issue Paid up Capital :** The post issue paid up share capital of the company should not be more than Rs. 25 Crores.
- **Networth:** The networth of the company should be at least Rs. 1 Crore for 2 preceding full financial years. If a company is established through the conversion of a registered proprietorship, partnership or LLP, then the partnership firm or LLP must have a net worth of Rs. 1 Crore for the preceding 2 full financial years.
- **Net Tangible Asset :** The net tangible assets of the company should have been at least Rs. 3 Crores in the preceding full financial year.
- **Track Record :** The company must have a track record of at least 3 years. In cases where the company has acquired a proprietorship concern, registered partnership firm or LLP, then the combined track record, including the acquired entity, should also be a minimum of 3

years. Additionally, the company must demonstrate a track record of operations for at least 1 full financial year and provide audited financial results for that period.

Or

If the company lacks a 3-year track record, the project for the proposed Initial Public Offering (IPO) should be assessed and funded by entities such as National Bank for Agricultural and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Banks (excluding cooperative banks) and Financial Institutions. However, the company must still have a track record of operations for at least 1 full financial year, along with audited financial results for that period.

- **Earnings before Interest, Depreciation and Tax :** The company, proprietorship concern, registered firm or LLP must demonstrate operating profit (earnings before interest, depreciation, and tax) from operations for 2 out of the 3 most recent financial years before the application date. Additionally, the company should have operating profit from operations for 1 full financial year preceding the application date.

  Companies seeking listing, with projects appraised and funded by NABARD, SIDBI, Banks (excluding cooperative banks) and Financial Institutions, must demonstrate positive operating profit (earnings before interest, depreciation, and tax) from operations in 1 full preceding financial year.

- **Leverage Ratio :** The Leverage ratio should not be more than 3:1. Relaxation may be granted to finance companies.

- **Disciplinary action :** There must be no regulatory trading suspension actions against promoters or companies promoted by them on any stock exchange with nationwide trading terminals. Promoters or directors should not have been associated with compulsory delisting or trading suspension due to non-compliance. Directors must not be disqualified or debarred by any Regulatory Authority.

- **Default :** There must be no outstanding defaults in payment of interest and/or principal to debenture/bond/fixed deposit holders by the company, promoters, promoting company(ies) or subsidiary companies.

- **Name change :** If there has been a name change within the last year, at least 50% of the revenue, calculated on a restated and consolidated basis, for the preceding full financial year should have been generated from the activity indicated by the new name. The activity implied by the name change should have contributed to at least 50% of the revenue,

calculated on a restated and consolidated basis, for the preceding full financial year.

- **Website :** The company must have a functional website.
- **Promoter's Shareholding :** The entire promoter's shareholding in the company must be in dematerialized form.
- **Demat :** The company must mandatorily support trading in dematerialized securities and establish agreements with both depositories.
- **Promoters :** There should be no change in the company's promoters in the one-year period preceding the filing date of the application.
- **Board Composition :** The board composition must comply with the requirements of the Companies Act, 2013 at the time of receiving in-principle approval.
- **Calculation of Networth :** The calculation of networth must follow the definition provided in SEBI (ICDR) Regulations.
- **Insolvency :** The company must not have been referred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC).
- **Winding-up :** There is no winding-up petition against the company that has been admitted by the court.

I. Additional Criteria for Broking Companies

- Networth and profit: The company must have a networth of at least Rs. 5 Crores with a profit before tax of at least Rs. 5 Crores in any 2 out of the 3 financial years.

  Or

  The company must have a networth of at least Rs. 25 Crores in any 3 out of 5 financial years.

  The financial year should span a period of 12 months. Extraordinary income will not be taken into consideration for profit calculations.
- Net Tangible Assets: The net tangible assets should be at least Rs. 3 Crores according to the latest audited financial results.
- Post issued Paid up capital: The post issue paid up capital of the Broking Member must be a minimum of Rs. 3 Crores.

II. Additional Criteria for Micro Finance Companies

Micro finance companies, in addition to the existing criteria for all SME companies, must have Assets Under Management of at least Rs. 100 Crores, a client base of 10,000 or more and should not have accepted or held public deposits.

Listing Procedure on BSE SME Exchange

There are 5 Ps or steps in the listing procedure of BSE SME Exchange: -

1. **Planning:** The issuer company consults and appoints the Merchant Banker/s in an advisory capacity.
2. **Preparation:** The Merchant Banker prepares the documentation for filing after conducting due diligence on the company, which involves checking documentation, including financial documents, material contracts, government approvals, promoter details, etc. Additionally, they plan the IPO structure, share issuances and financial requirements.
3. **Process:** The application procedure includes the following steps -
    a. Submission of DRHP/Draft Prospectus: The Merchant Banker prepares these documents and files them with the Exchange and SEBI as per requirements.
    b. Verification & Site Visit: BSE verifies the documents and processes them. An official from the Exchange conducts a site visit to the company. Promoters are interviewed by the Listing Advisory Committee.
    c. Approval: BSE issues an In-Principle approval if all requirements are met, based on the Committee's recommendation.
    d. Filing of RHP/Prospectus: The Merchant Banker submits these documents to the Registrar of Companies (ROC), indicating the opening and closing date of the issue.
    e. Intimation to Exchange: Upon ROC approval, the Exchange is informed about the issue's opening dates along with the required documents.
4. **Public Offering:** The IPO opens and closes according to the schedule. Following the IPO closure, the company submits the required documents based on a checklist to the Exchange for the finalization of the basis of allotment.
5. **Post Listing:** BSE finalizes the basis of allotment and issues the notice regarding listing and trading.

Guidelines for Listing on BSE SME Exchange

- **Capital:** The post issue face value share capital of the company must not be more than Rs. 25 Crores.
- **Trading Lot Size:**
    - The minimum application and trading lot size must not be less than Rs. 1,00,000 to restrict participation from retail investors.

- The minimum depth should be Rs. 1,00,000 and it must not fall below Rs. 1,00,000 at any point in time.
- Investors holding less than Rs. 1,00,000 can offer their holdings to the Market Maker in one lot.
- However, the market lot functionality may be subject to revival after a stipulated time.

- **Participants:** Existing members of the Exchange are eligible to participate in the SME Platform.
- **Underwriting:** The issues must be 100% underwritten, with Merchant Bankers underwriting 15% in their own account.

Trading Guidelines on BSE SME Exchange

BSE SME Exchange trading mirrors the standard buy and sell process but with distinct rules. SME Exchanges enforce a larger lot size, setting a minimum transaction value of Rs. 1 Lakh. Lot sizes vary based on stock prices. These stocks trade in the cash segment, enabling transactions in both continuous and call auction markets. Similar to the standard cash segment, shares are categorized into series like 'rolling settlement,' 'block trading window,' 'odd lot trading,' etc. Traders can place market and limit orders, modify or cancel orders until processing. Settlement occurs in T+2 days and once settled, shares are delivered accordingly.

7.2. NSE Emerge

NSE EMERGE (Emerge) is a reputable and efficient marketplace facilitating the convergence of sophisticated investors and emerging corporates in the country. It presents opportunities for informed investors to invest in emerging businesses with exciting growth plans, innovative business models and a commitment to good governance and investor interests.

Emerge features customized systems and processes to assist prospective issuers in their transformation into listed public companies. This platform offers capital-raising opportunities to credible and rapidly growing businesses that uphold high governance standards. It serves as an ideal avenue for companies on a growth trajectory that may not be large enough to list on the main board.

The Emerge Index is crafted to mirror the performance of a portfolio comprising eligible Small and Medium Enterprises (SMEs) listed on the Emerge platform. Constituents of the Index are weighted according to free float market capitalization. The Index has a base date of December 01, 2016, with a base value set at 1000.

Advantages of Listing on Emerge

The advantages of listing on the Emerge platform include: -

1. Higher visibility and profile.
2. Increased credibility with stakeholders such as customers, vendors, and employees.
3. Access to an alternate asset class for investors.
4. Unlocking the value of Employee Stock Ownership Plans (ESOPs) to attract and retain talent.
5. Appropriate valuations, providing liquidity and an exit option for investors.
6. Opportunity for migration to the Main Board.

Eligibility Criteria for Listing on Emerge

To be part of the Emerge Index, stocks must meet the following eligibility criteria: -

- Stocks must be listed on the Emerge platform.
- During the quarterly review, stocks should have been traded for a minimum of 25% of trading days, with a minimum of 10 trading days in the previous 3 months.
- The minimum number of constituents in the Index is 20. If fewer than 20 stocks qualify, the minimum trading frequency threshold of 25% is lowered by 1% at a time until a minimum of 20 stocks are available for inclusion in the Index.

I. Additional Criteria for SME Companies

- The company should be incorporated under the Companies Act, 1956 or the Companies Act, 2013 in India.
- The post issue paid up capital (face value) of the company must be less than Rs. 25 Crores.
- There must be a track record of at least 3 years of either:
  - The company
  - The promoters or prompting company, whether incorporated in India or outside
  - A proprietary or partnership firm later converted into a company (not existing as a company for 3 years)
- The company must have a positive net worth.

- The company must have an operating profit from operations for at least any 2 out of 3 financial years.
- The company must not been referred to the erstwhile Board for Industrial and Financial Reconstruction (BIFR) and no proceedings should have been admitted under the Insolvency and Bankruptcy Code (IBC) against the issuer and promoting companies.
- The company must not have received any winding-up petition admitted by an National Company Law Tribunal (NCLT)/Court.
- There must not have been any material regulatory or disciplinary action by a stock exchange or regulatory authority against the company in the past 3 years.
- The issuer seeking listing must ensure that none of the Merchant Bankers involved in the IPO has experienced instances of their IPO draft offer document being returned by the Exchange in the past 6 months from the date of application. This includes the lead Merchant Banker and any other applicable Merchant Banker responsible for due diligence activities and drafting the draft offer document or offer document, as per the Lead Managers' Inter-se Allocation of Responsibilities.
- The offer document must disclose:
    - Any material regulatory or disciplinary action by a stock exchange or regulatory authority within the past year regarding promoters or promoting companies, group companies or companies promoted by them.
    - Defaults in payment of interest and/or principal to debenture/ bond/fixed deposit holders, banks and Financial Institutions (FIs) by the applicant, promoters or promoting companies, group companies or companies promoted by them in the past 3 years.
    - Litigation records of the applicant, promoters or promoting companies, group companies, or companies promoted by them, including the nature and status of litigation.
    - Regarding the track record of directors, information on the status of criminal cases filed or investigations related to alleged offences by any director. Specifically, the document should outline the effect on the business if any director has been charge-sheeted with serious crimes like murder, rape, forgery or economic offences.

II. Additional Criteria for Technology Startups

- The company should be incorporated under the Companies Act, 1956 or the Companies Act, 2013 in India.

- The post issue paid up capital (face value) of the company must be less than Rs. 25 Crores.
- There must be a track record of at least 3 years of either:
  - The company
  - The promoters or prompting company, whether incorporated in India or outside
  - A proprietary or partnership firm later converted into a company (not existing as a company for 3 years)
- The company must have a positive net worth.
- The annual revenue of the company must not be less than Rs. 10 Crores.
- There must be an annual growth rate of 20% in metrics such as number of users, revenue growth or customer base.
- A minimum of 10% of pre-issue capital, as of the draft offer document filing date, should be held by either:
  - Qualified Institutional Buyer(s) (QIB), OR
  - A member of the angel investor network or private equity firms.
- The angel investor network or private equity firm must have made investments in the startup ecosystem, with investments in 25 or more startups and an aggregate investment exceeding Rs. 50 Crores.
- The company must not been referred to the erstwhile BIFR and no proceedings should have been admitted under IBC against the issuer and promoting companies.
- The company must not have received any winding-up petition admitted by an NCLT/Court.
- There must not have been any material regulatory or disciplinary action by a stock exchange or regulatory authority against the company in the past 3 years.
- The offer document must disclose:
  - Any material regulatory or disciplinary action by a stock exchange or regulatory authority within the past year regarding promoters or promoting companies, group companies or companies promoted by them.
  - Defaults in payment of interest and/or principal to debenture/bond/fixed deposit holders, banks and FIs by the applicant, promoters or promoting companies, group companies or companies promoted by them in the past 3 years.

- Litigation records of the applicant, promoters or promoting companies, group companies or companies promoted by them, including the nature and status of litigation.
- Regarding the track record of directors, information on the status of criminal cases filed or investigations related to alleged offences by any director. Specifically, the document should outline the effect on the business if any director has been charge-sheeted with serious crimes like murder, rape, forgery or economic offences.

Listing Procedure on Emerge

Prior to applying for listing, the issuer must undertake various steps to ensure compliance with specific requirements. These steps include:

- The issuer must submit the draft prospectus, along with the documents listed in the IPO Vetting checklist.
- The draft prospectus should comply with SEBI (ICDR) Regulations and other applicable statutes, notifications, circulars, etc. governing the preparation and issuance of a prospectus.
- Issuers should consider provisions of the Companies Act, Securities Contracts (Regulation) Act, SEBI Act and relevant subordinate legislations.
- NSE will review the draft prospectus solely for compliance with listing requirements. Any approval by NSE should not be construed as approval under other laws, rules, notifications, circulars, guidelines, etc.

Salient Features of the Emerge Platform

- The Index has a base date of December 01, 2016.
- It has a base value of 1000.
- It reflects the performance of chosen liquid SMEs listed on the Emerge Platform.
- Constituents are weighted according to free float market capitalization.
- The index is reconstituted on a quarterly basis.
- 2 out of the 4 quarterly reviews align with the semi-annual review of NIFTY broad market indices, becoming effective on the next working day post the last Thursday of March and September.
- The remaining 2 quarterly reviews become effective on the next working day post the last Thursday of June and December.
- An existing Index constituent is excluded if its trading frequency falls below 10%.

- Besides scheduled reviews, additional ad-hoc reconstitution of the Index shall be initiated if any Index constituent undergoes suspension, delisting, scheme of arrangement or moves to NSE Mainboard.
- The Index is calculated on an end-of-day basis for all days when NSE is open for trading in equity shares.
- The Emerge trading platform will be accessible on the capital market segment of NSE.
- NSE operates on the 'National Exchange for Automated Trading' (NEAT) system, a fully automated screen-based trading system that follows the principles of an order-driven market. NSE intentionally chose an order-driven system over a quote-driven system. This decision has contributed to the reduction of jobbing spreads, not only on NSE but also on other exchanges, thereby lowering transaction costs. SME securities are clearly identified on the NEAT trading system.
- Multiple options exist for trading listed company securities. SME securities can be traded in the normal (continuous) market or have a daily liquidity window through a call auction session.
- The trading system incorporates hybrid features allowing market makers to provide quotes in an order-driven system.
- A dedicated front end is provided to market makers to facilitate eligible quotes.

Emerge ITP Platform

Emerge's Institutional Trading Platform (ITP) is designed for Start-ups and SMEs without securities listed on any recognized stock exchange. These entities seek exclusive listing of their specified securities on the institutional trading platform for informed investors.

ITP provides a credible avenue for Start-ups and growing companies to showcase their performance to lenders and potential investors, with or without an IPO. India has seen a burgeoning Start-up ecosystem driven by a large entrepreneurial community. While many entrepreneurs build excellent businesses, they often lack access to the necessary funding.

Concurrently, there is a growing Angel and Venture Capital Industry providing essential equity capital to these businesses. However, they face challenges in accessing diverse early-stage opportunities. As these investments mature, it becomes crucial for initial investors to exit and seek new opportunities, while new investors step in to fuel the next phase of growth. ITP aims to facilitate a dynamic investment portfolio churn, creating a more active market to channelize funds to Start-ups and small companies.

Some of the salient features of ITP Platform include the following: -

- Securities listed on ITP will be traded in the Capital Market segment of the Exchange under the Normal market.
- Trading occurs in the Normal market (market type 'N') with Book Type 'RL'/'SL' and series 'IT'.
- The minimum order value should be Rs. 10 Lakhs.
- The base price for securities will be the previous close price or close price after the adjustment of corporate action, if any.
- Trading is permitted within the permissible price band determined by the Surveillance department.
- Trading hours are the same as that of the Capital Market segment.
- Orders are matched based on price-time priority.



CHAPTER-8

45-Days Payment Rule to MSMEs

The 45-days payment rule to MSEs is a policy that aims to ensure timely and fair payment of dues to them by their buyers. Section 43B of the Income Tax Act, 1961 is a provision that allows certain deductions to be claimed only on actual payment basis, irrespective of the method of accounting followed by the assessee. This provision aims to ensure timely payments to the Government, banks, financial institutions, and employees. The Union Budget 2023 introduced a new clause (h) in Section 43B, which applies specifically to payments made to MSEs registered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

"*(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 (27 of 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*"

According to this clause, any sum payable by the assessee to an MSE beyond the time limit specified in Section 15 of the MSMED Act will not be allowed as a deduction unless it is actually paid by the assessee.

"*Section 15: Liability of buyer to make payment*

Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance."

The time limit for payment varies depending on the agreement between the buyer and the supplier, but it cannot exceed 45 days from the day of acceptance or deemed acceptance of the goods or services. In case there is no agreement, payment has to be made within 15 days as Appointed Date has been defined as 15 days in Section 2(b) of the MSMED Act. If the buyer fails to do so, the MSME can charge interest on the outstanding amount at 3 times the bank rate notified by the Reserve Bank of India under Section 16. Additionally, according to Section 23, any interest paid or payable is not allowed as expenditure in the computation

of income. This provision overrides anything contained in the Income Tax Act, 1961.

This amendment in Section 43B shall come into effect from 1st April, 2024. Therefore, if payments for outstanding expenses as of March 31st are not made within the specified time limit, such expenses shall be disallowed under section 43B(h) from the income computation. The allowance for these expenses will be made in the year in which the payment is actually made.

The benefit of this amendment is that it will encourage prompt payments to MSEs, which are often facing liquidity crunch and delayed payments from their buyers. This will also help MSEs to improve their cash flow, working capital, and credit rating. Thus, the amendment to Section 43B is a positive step towards supporting the growth and development of MSEs in India.

The MSMED Act also empowers MSMEs to file a complaint with the Micro and Small Enterprises Facilitation Council (MSEFC) for recovery of the dues along with interest. The MSEFC is a statutory body that can conduct conciliation and arbitration proceedings to settle the disputes between the MSMEs and their buyers.

The MSME SAMADHAAN - Delayed Payment Monitoring System[7] is a web portal launched by the Ministry of MSMEs in India. It enables MSMEs to file applications against delayed payments from buyers and monitor the status of their cases. The portal aims to empower MSMEs by providing a platform for grievance redressal and reducing case pendency. It also offers information on MSME Ministry schemes and initiatives to support the sector.

Every reference to MSEFC must be resolved within ninety days from the date of submission. If an appellant, excluding the supplier, wishes to file an appeal, no court can entertain an application to set aside any decree or award by the MSEFC unless the appellant has deposited 75% of the award amount with the court (Section 19).

[7] https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx



CHAPTER-9

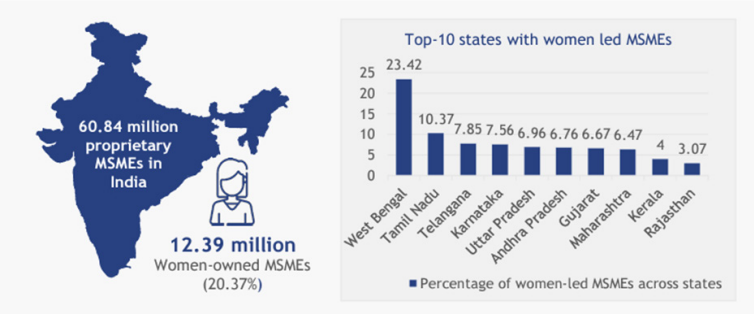
Role of Women in MSMEs

MSMEs constitute the backbone of the global economy in the twenty-first century, both in India and beyond. MSMEs are crucial to a nation's economic growth. They are widely acknowledged as a foundation for any nation's industrial development.

Women's Involvement in MSME Sector: Data and Patterns

Of India's 63 million MSMEs, about 20% are owned by women, providing employment opportunities for 22–27 million individuals. According to the Mastercard Index of Women Entrepreneurs, India came in at number 57 out of 65 nations (MIWE, 2021).

2.1 Share of women-owned enterprises in all proprietary MSMEs[15] and the states with the highest number of wMSMEs



The above states list the majority of MSMEs led by women, with West Bengal at the top of the list.

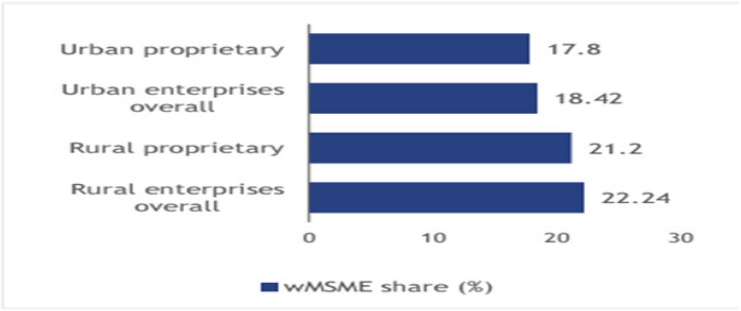


Figure 2: Share of wMSMEs in rural and urban sector
Source: MOSPI, 2016, 2019

Reports suggest that rural areas have a higher share of women-owned enterprises (22.24%) as compared to those in urban areas (18.42%)

34.3% of the women-led MSMEs were engaged in agricultural activity, while 65.7% were engaged in non-agricultural activity, according to the sixth economic census. The majority of those working in agriculture (92.2%) are in the cattle industry, with forestry (4.5%), non-crop farming (1.9%), and fisheries (1.4%). Approximately 45% of firms engaged in non-agricultural activities are manufacturing-related. Trading (28.57%), other services (8.8%), education (4.1%), and food and lodging services (4.2%) are further non-agricultural sector activities. About 22% of enterprises in the handicraft and handloom sector are owned by women.

Economic Impact and Efficiency of Women-owned MSMEs

According to studies, women-owned companies play a significant role in India's economy. By 2025, improving women's equality in India would boost the country's GDP by an astounding US$770 billion, according to McKinsey. Women create and run start-ups because they hope to achieve positive outcomes. Companies run by women are notable for their effectiveness and unique characteristics. These businesses have a greater potential for return on investment, needing less capital in exchange for better net revenue. As compared to men-led start-ups, which yield a return of only 31 cents for every dollar invested, women-led start-ups offer an astounding 78 cents return on investment. For women, this financial benefit becomes a strong motivator to start their own business.

Hardships Faced by Women Entrepreneurs in India

Women entrepreneurs often face difficulties in availing loan services from nationalised banks. This was mostly due to the fact that when women apply for loans, they rarely have any property registered in their names to utilize as a down payment. Since women have a strong repayment history (over 90%), banks ought to be more willing to lend to women-owned companies, but sadly, this isn't the case.

Policies are required to support the establishment of enterprises by more women. Women are frequently discouraged from seeking employment by cultural conventions, especially in small towns and rural areas. Enhancing bank financing accessibility through higher budgetary allotments and modifying central government programs to benefit more women-owned enterprises is essential.

In India, female entrepreneurs have a variety of particular hurdles because of their gender. The following are the most typical difficulties experienced by Indian

women business owners when starting and maintaining their enterprises:

- **Gender Bias :** When it comes to obtaining resources, such as credit, knowledge, and technology, women entrepreneurs in India sometimes encounter gender bias. Their capacity to develop and compete in the market may be hampered as a result.

- **Economic Challenges :** For a variety of unclear reasons, a large number of angel investors and venture capital firms are hesitant to invest in women-led businesses. Furthermore, the majority of women lack the legal capacity to mortgage or sell any assets or properties that are registered in their names.

- **Legal and Regulatory Barriers :** Indian women company owners encounter legal barriers while trying to register their companies, get permits, and get government assistance. These legal hurdles can make it difficult for women to start and nurture their businesses.

- **Work-Life Integration :** Women's schedules and priorities shift as they launch their own businesses. Running a business can be difficult for women entrepreneurs if household duties and family obligations disrupt their work-life balance. In this situation, having a supportive family is essential.

- **Mentorship and networking :** One of the main issues facing female entrepreneurs is a lack of access to networking opportunities. Female SME owners face limited opportunities for network development as a result of their reduced integration with formal and informal networks. When travelling for business, a lot of women are uneasy staying in hotels or travelling alone.

- **Access to Technology and Resources :** Many female entrepreneurs struggle with a lack of capital to set up an inviting place to work.

- **Overcoming Mental Barriers :** Societal norms and assumptions that imply women's roles should be restricted to domestic duties are among the largest obstacles faced by Indian women entrepreneurs. Due to this, it can be difficult for women to reject gender norms and pursue jobs in entrepreneurship. Success as an entrepreneur might be impeded for women by cultural attitudes regarding women in business and a lack of confidence. Stereotypes, prejudice, and other forms of bias may be faced by women, which may impede their achievement.

- **Government Initiatives and Support :** Though there has been an increase in female entrepreneurship, more is anticipated in the coming years. To help women entrepreneurs get past the challenges they face, the Indian government has launched a number of support initiatives. These include the Mudra Loan, Stand-Up India Scheme, Mahila Coir Yojana, CGTMSE, Udyam Shakti Portal, TREAD, etc. The benefits under these schemes can be availed by aspiring women entrepreneurs to overcome the challenges they face.

Government Initiatives and Support for Women Entrepreneurs

Some of the most effective government programmes to assist women entrepreneurs in India are Mudra Loan, Stand-Up India Scheme, Mahila Coir Yojana, CGTMSE, Udyam Shakti Portal, TREAD, etc. The goal of the credit-linked subsidy program PMEGP is to give women and other groups the opportunity to work for themselves. In a similar vein, by providing guarantee insurance for credit facilities given to MSEs, CGTMSE offers vital financial support. Notably, under these plans, women entrepreneurs earn lower annual guarantee fees and larger guarantee coverage. Women owned MSMEs as of March 2023, accounting for about 19% of all MSMEs that received government assistance.

Policy Changes to Empower Women Entrepreneurs

Developing gender-neutral legislation, closing policy gaps, using women's strengths, encouraging resilience in business, and so on are some of the reforms that can support and empower Indian women entrepreneurs.

Inspiration from Leading Women Entrepreneurs

Among the most inspiring women entrepreneurs in India are Ashwani Asokana (Mad Street Den), Sugandha (Dottocare), Falguni Nayar (Nykaa), Hemalatha Annamalai (Uni Connect), Divya Gokulnath (Byju's), etc. To grow their companies to new heights, they have conquered the obstacles faced by female entrepreneurs, taken lessons from their errors, and established extensive networks.



CHAPTER-10

Legal Support & Advisory for MSME

Many MSMEs face challenges in achieving their business objectives, despite abundant opportunities available to them. This often stems from shortcomings in marketing strategies, financial management, business planning, and managerial decisions. Empirical evidence suggests that MSMEs face higher risks compared to larger enterprises but often lack robust risk management practices. This vulnerability stems from owners' limited knowledge and resource constraints, hindering the development of effective risk management systems. Consequently, MSMEs struggle to mitigate or transfer risks through insurance, leaving them exposed during crises and susceptible to legal challenges.

Additionally, MSMEs may require legal support to navigate government regulations. MSME promoters often lack familiarity with rules, risking hefty penalties from minor errors. Legal professionals play a critical role in helping entrepreneurs comply with laws and regulations and capitalise on government initiatives and schemes effectively. Some of the important areas where MSMEs can seek professional legal help are as follows: -

1. Registrations

Lawyers play a crucial role in helping entrepreneurs and business establishments choose and establish the appropriate business entity, defining legal rights and liabilities for partners or promoters and shareholding structure through appropriate agreements, and facilitating the registration processes. MSMEs are initially registered under various laws such as the Companies Act, 2013, LLP Act, 2008, and Partnership Act 1932. Lawyers decipher the complexities of these laws and ensure timely compliance to avoid penalties and litigation for the enterprises.

They can also assist in registering under the MSMED Act, 2006, and provide guidance on MSME investments, benefits, and compliance matters. Many entrepreneurs aren't aware that MSME registration is free on the Udyam portal and lawyers can guide them about the registration process online.

2. Modification of Data

Once an MSME obtains an Udyam Registration Certificate, they may update or modify their data in case of any errors or changes in circumstances. Lawyers can provide guidance to facilitate this process and ensure accurate and timely updates or modifications to the data on the portal.

3. Legal Documentation and Review

Lawyers assist MSMEs in drafting and reviewing contracts to ensure legal compliance and protect the interests of the business. They help prepare legal documents such as agreements and other necessary paperwork for smooth business operation. Additionally, lawyers handle funding arrangements, including securitization of loans, and design legal contracts with stakeholders. They also manage tasks like construction, review and modification of contracts such as lease and sales contracts, licenses, vendor invoices, exit agreements and sweat equity partnership agreements. Moreover, lawyers facilitate mergers, acquisitions and joint ventures with other business entities and carry out due diligence. Additionally, they assist with initial and further public offerings, rights and preferential issues.

4. Intellectual Property Protection

Lawyers can assist MSMEs in protecting their intellectual property rights through patents, trademarks, copyrights, and trade secrets. They help MSMEs register their intellectual property and obtain licenses for copyrighted materials. They also renew intellectual properties and ensure ongoing legal and regulatory compliance. Additionally, lawyers assist MSMEs in seeking remedies for infringements of intellectual property rights and guide them on how to file a lawsuit in the court of law to obtain remedies.

With comprehensive data protection rules, new MSMEs must devise robust strategies for handling data, incorporating security and privacy from the outset in their system(s). They should establish procedures for addressing user data requests and aim for certifications for their hardware and software. Additionally, they need to store sensitive data locally and develop the capability to share data with the government for policymaking. These tasks may seem overwhelming without legal assistance, as businesses must ensure full compliance with regulations.

5. Immigration Matters

Lawyers advise MSMEs on various immigration matters, including visa options, work permits, residency requirements, and compliance with immigration laws. They help MSMEs navigate complex immigration regulations, ensuring compliance when hiring foreign employees or transferring employees internationally. They assist in preparing and submitting visa applications for employees, ensuring all necessary documentation is in order for seamless immigration processes. Moreover, lawyers guide MSMEs through intercompany transfers,

assisting with documentation, compliance requirements, and the legal aspects of transferring employees between different branches or subsidiaries of the company.

6. Labour Law Compliances

Lawyers provide MSMEs with comprehensive legal advice and guidance on various aspects of labour regulations, including employment contracts, wages, working hours, benefits, workplace safety, and termination procedures. They help MSMEs understand their obligations under local labour laws and ensure that their policies and practices align with legal requirements. They assist in drafting employment contracts and workplace policies that comply with labour laws, minimising the risk of disputes or legal challenges. Moreover, lawyers represent MSMEs in labour disputes and negotiations with employees or labour unions, helping to resolve conflicts and mitigate potential liabilities. By leveraging their expertise in labour law, lawyers enable MSMEs to maintain a compliant and harmonious work environment while protecting their interests and reputation.

7. Banking Law Compliances

Lawyers provide essential support to MSMEs concerning banking laws by offering comprehensive legal advice on navigating complex banking regulations effectively. They assist MSMEs in understanding and implementing RBI guidelines related to financial transactions and capital flows. They further assist MSMEs in ensuring compliance with international taxation laws, and adhering to foreign exchange regulations set by the RBI. Moreover, they help MSMEs develop robust compliance frameworks to prevent money laundering activities, including the establishment of due diligence procedures and reporting mechanisms. By leveraging their expertise, lawyers enable MSMEs to safeguard their operations from legal risks associated with financial transactions.

8. Succession and Inheritance

Lawyers play a crucial role in assisting MSMEs with succession and inheritance matters by providing comprehensive legal advice and guidance. Lawyers help MSME owners draft legally sound wills that accurately reflect their wishes for asset distribution and ensure a smooth transition of assets by offering expertise on inheritance laws, rights of heirs, and estate administration. Additionally, they aid in estate planning by advising on tax implications, facilitating asset transfer, and establishing trusts or other protective structures. Moreover, they represent MSMEs in inheritance disputes, such as contesting or

defending the validity of a will, thus safeguarding the interests of the business and its stakeholders.

In conclusion, the MSME industry is highly vulnerable, with many eligible enterprises missing out on maximum benefits due to a lack of awareness or professional guidance. Despite being registered, entrepreneurs often struggle to utilise government schemes due to a lack of knowledge. This is where lawyers can step in, assessing their clients' status and providing mentoring and advice to help them capitalise on opportunities for business growth. By offering standardised legal services and cost-effective solutions, lawyers can empower MSMEs and assist them in turning challenges into opportunities for positive change. Ultimately, lawyers play a crucial role in helping MSMEs make critical decisions that impact society and drive sustainable growth for their businesses.



CHAPTER-11

Making MSME a Multinational Corporation

MSMEs in India have the potential to expand globally and transform into Multinational Corporations (MNCs) by adopting strategic approaches to internationalisation. To realise this vision, they must address the following challenges:

1. Market Research and Analysis

Challenge : Lack of understanding of international markets and consumer behaviour.

Solution : Conduct comprehensive market research to identify viable target markets, consumer preferences, and competitive landscapes. Utilise data analytics and market intelligence tools to gain insights into market trends, opportunities, and challenges.

2. Product Adaptation and Localization

Challenge : Products or services may need adaptation to suit diverse cultural preferences and regulatory requirements.

Solution: Customise offerings to meet the specific needs and preferences of target markets. This may involve product modifications, localization of marketing materials, and compliance with local regulations. Establishing partnerships with local distributors or suppliers can facilitate product localization and market entry.

3. Financial Planning and Management

Challenge : Limited financial resources and unfamiliarity with international financial systems and regulations.

Solution : Develop a robust financial strategy that includes budgeting for market entry costs, managing currency risks, and accessing funding sources such as venture capital, grants, or international loans. Engage financial experts to navigate international banking, taxation, and currency exchange regulations.

4. Legal and Regulatory Compliance

Challenge: Complex and varying legal frameworks across different countries.

Solution : Seek legal counsel to ensure compliance with international trade laws, import/export regulations, intellectual property rights, and product standards. Establish clear contractual agreements with international partners and distributors to mitigate legal risks. Stay informed about changes in regulations and adapt business practices accordingly.

5. Building Distribution Networks and Partnerships

Challenge : Limited network and resources for establishing distribution channels in foreign markets.

Solution : Identify and cultivate strategic partnerships with local distributors, agents, or franchisees who know the local market and distribution networks. Leverage trade associations, chambers of commerce, and industry networks to connect with potential partners. Invest in building long-term relationships based on trust and mutual benefit.

6. Technology Adoption and Infrastructure

Challenge: Insufficient technological infrastructure and expertise for global operations.

Solution : Invest in digital technologies such as e-commerce platforms, cloud-based software, and data analytics tools to streamline operations, enhance customer experience, and enable remote collaboration. Provide training and development opportunities for employees to acquire digital skills and adapt to new technologies.

7. Talent Acquisition and Development

Challenge : Recruiting and retaining talent with international business expertise and cultural competence.

Solution: Implement recruitment strategies to attract skilled professionals with diverse cultural backgrounds and language proficiency. Offer cross-cultural training programs to enhance employees' cultural awareness and communication skills. Foster a culture of diversity and inclusion to leverage the strengths of a multicultural workforce.

8. Risk Management and Contingency Planning

Challenge : Exposure to geopolitical risks, currency fluctuations, supply chain disruptions, and political instability.

Solution : Conduct risk assessments to identify potential threats and vulnerabilities in global operations. Develop contingency plans and risk mitigation strategies to address unforeseen events and minimise

business disruptions. Diversify supply chains, maintain adequate insurance coverage, and establish emergency response protocols to manage risks effectively.

9. Brand Building and Reputation Management

Challenge : Establishing brand recognition and building trust in new international markets.

Solution : Develop a cohesive branding strategy that communicates the company's values, strengths, and unique selling propositions to global audiences. Implement targeted marketing campaigns across various channels to raise brand awareness and foster customer engagement. Monitor online reputation and address customer feedback promptly to maintain a positive brand image.

10. Supply Chain Optimization and Logistics

Challenge : Ensuring efficient supply chain management and logistics operations across borders.

Solution : Streamline supply chain processes by integrating technology solutions for inventory management, order tracking, and logistics optimization. Collaborate with logistics partners and freight forwarders to navigate customs clearance, transportation, and warehousing challenges in international trade. Implement lean principles to minimise waste and improve supply chain efficiency.

11. Continuous Innovation and Adaptation

Challenge : Staying competitive in rapidly evolving global markets with changing consumer preferences and technological advancements.

Solution : Foster a culture of innovation and agility within the organisation to respond proactively to market trends and emerging opportunities. Invest in research and development to enhance product innovation, service quality, and operational efficiency. Keep abreast of industry trends and disruptors to anticipate market shifts and adapt strategies accordingly.

Today's MSMEs have the potential to evolve into tomorrow's MNCs. By executing this holistic strategy, MSMEs in India can overcome challenges, capitalise on opportunities, transcend borders, and establish themselves as thriving global enterprises poised for sustainable growth and success.



CHAPTER-12

Summary: MSME Future & Growth

In the vibrant landscape of India's economy, MSMEs stand as pillars of growth and resilience. They have emerged as the backbone of India's economic growth, driving innovation, and creating job opportunities. These dynamic businesses are igniting a revolution in the Indian economy. They account for approximately 30% of the GDP, drive 44% of the nation's exports, and provide employment to over 120 million individuals. They are characterised by their investments in machinery and equipment, operating across diverse sectors including manufacturing, services, trade, agriculture, and more.

MSMEs are vital for achieving inclusive and sustainable growth, as they promote regional development, rural entrepreneurship, social justice, and environmental protection. They are deeply rooted in local communities and many actively engage in social responsibility activities, giving back to the communities in which they operate.

Women-owned MSMEs play a significant role in India's economy. By 2025, improving women's equality in India would boost the country's GDP by an astounding US$770 billion, according to McKinsey. With increased effectiveness and unique characteristics, companies run by women have a greater potential for return on investment, needing less capital in exchange for better net revenue.

Despite playing a pivotal role in India's economic landscape, MSMEs face the following challenges that hinder their success and competitiveness in the domestic and global markets:

- Lack of access to adequate and timely finance
- High cost of credit and collateral requirements
- Complex and cumbersome regulatory and compliance procedures
- Lack of awareness and adoption of digital technologies
- Low productivity and quality standards
- Limited market access and exposure
- Inadequate infrastructure and logistics support
- Inefficient supply chains
- Shortage of skilled manpower and managerial capabilities
- Competition from large enterprises and imports
- Export challenges
- Impact of COVID-19 pandemic and lockdowns

To overcome these challenges and unleash the full potential of MSMEs, the central and state governments have launched various schemes, initiatives and policy measures to support them. These initiatives encompass financial assistance, skill development, technology upgradation, and market access, providing a conducive environment for MSMEs to thrive. To empower and support them, the Government has introduced the Udyam Registration process. It is aimed at simplifying the regulatory environment and provides a host of benefits, thus encouraging the growth and development of MSMEs.

The recently implemented 45-days payment rule, which ensures timely payments to MSMEs, addresses one of the critical challenges faced by them. The establishment of stock market exchanges exclusively for MSMEs, such as BSE MSME Exchange and NSE Emerge, has provided avenues for MSMEs to raise capital and enhance their visibility. With relaxed norms, they enable MSMEs to raise equity capital from investors without an IPO.

These initiatives have helped MSMEs in overcoming some of their challenges and enhancing their performance and growth. However, there is still a lot of scope for improvement and innovation in the MSME sector, which requires concerted efforts from policymakers, financial institutions, industry bodies, and other stakeholders.

Suggestions

Looking ahead, the future outlook for MSMEs in India appears promising yet fraught with challenges. With the government's continued focus on promoting entrepreneurship, innovation, and ease of doing business, MSMEs are poised to play a pivotal role in driving economic growth, job creation, and fostering innovation. The following suggestions are offered to empower MSMEs in becoming more resilient, agile, innovative, and profitable in the changing economic scenario: -

Firstly, MSMEs should adopt digital technologies such as cloud computing, artificial intelligence, internet of things, blockchain, etc. to improve their efficiency, productivity, quality, customer service, etc. Digital technologies can also help them in accessing new markets, reducing costs, increasing transparency, etc. The government should facilitate the digital transformation of MSMEs by providing them with training, awareness, incentives, infrastructure, etc.

Secondly, MSMEs should develop strategic foresight and adaptability and must plan for the future, amidst the growing trend of younger generations settling abroad and showing reluctance to return to India. MSMEs should prioritize talent retention and succession planning to ensure continuity and innovation within their businesses. Additionally, MSMEs can explore opportunities for global expansion and diversification to accommodate the preferences and aspirations of the younger generation. By embracing change and proactively addressing

the evolving needs of their workforce and customer base, MSMEs can navigate demographic shifts and position themselves for sustained growth and relevance in an increasingly mobile and interconnected world.

Thirdly, MSMEs should focus on enhancing their competitiveness in the global market by improving their quality standards, innovation capabilities, branding strategies, etc. MSMEs can accelerate their growth by strategically expanding their operations beyond Indian borders and establishing a global presence. Setting up businesses overseas opens up new markets, diversifies revenue streams, and reduces dependency on local economies. By leveraging international opportunities, MSMEs can access larger customer bases, tap into niche markets, and capitalize on favourable regulatory environments. Establishing foreign subsidiaries or partnerships facilitates access to local expertise, resources, and networks, enhancing competitiveness and resilience. Furthermore, global expansion enables MSMEs to mitigate risks associated with economic fluctuations and geopolitical uncertainties, ensuring long-term sustainability and profitability in an increasingly interconnected world. Through careful planning, market research, and adaptation to cultural and regulatory nuances, MSMEs can harness the immense potential of global markets to drive innovation, create value, and achieve sustainable growth.

Fourthly, MSMEs should collaborate with each other and form networks, clusters, associations, etc. to leverage their collective strengths and overcome their common challenges. They should also partner with large enterprises, academia, research institutions, etc. to access resources, technology, knowledge, etc. The government should encourage such collaborations by providing them with platforms, incentives, facilitation, etc.

Fifthly, MSMEs should invest in human capital development by providing training, skill development, career progression, etc. to their employees. They should also create a conducive work environment that fosters creativity, motivation, empowerment, etc. among their workers. The government should assist them by providing them with skill development schemes, labour welfare measures, social security benefits, etc.

Sixthly, MSMEs should adopt sustainable practices that minimize their environmental impact and maximize their social impact. They should use renewable energy sources, recycle waste materials, conserve water resources, etc. They should also contribute to social causes such as education, healthcare, women empowerment, etc. The government should reward them by providing them with green incentives, certifications, recognition, etc.

Seventhly, MSMEs should not hesitate in seeking professional assistance, which could significantly benefit their future prospects through enhancing branding efforts, re-structuring their business, conducting valuations and securing funding. Expert guidance helps MSMEs navigate complex regulatory

frameworks, optimize operational processes, and mitigate risks, thereby fostering sustainable growth and scalability. Professional branding expertise helps MSMEs differentiate themselves in competitive markets, build credibility, and connect with target audiences, ultimately driving customer acquisition and loyalty. Additionally, professional valuation services provide accurate insights into the true worth of the business, aiding in strategic decision-making, negotiations, and investor relations. Accessing funding through professional channels opens doors to diverse financing options, including venture capital, angel investors, and government schemes, which can fuel expansion and innovation. By leveraging the specialized knowledge and networks of professionals, MSMEs can unlock untapped potential, capitalize on opportunities, and achieve their long-term objectives with confidence.

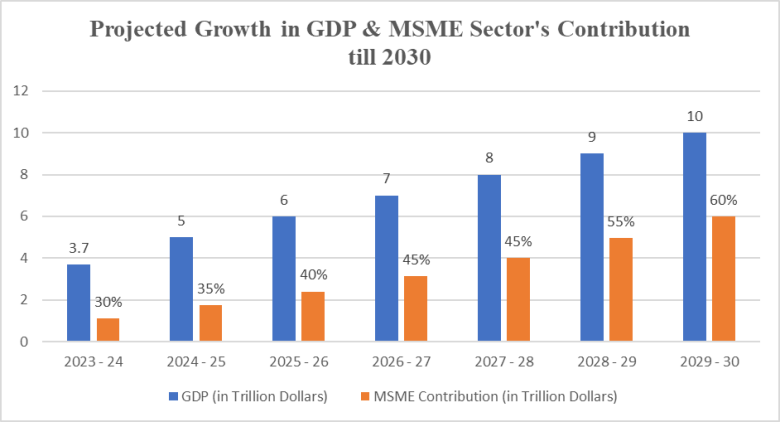
Eighthly, MSMEs must also not hesitate in seeking legal support to navigate government regulations and compliances and manage all possible future risks. MSME promoters often lack familiarity with rules, risking hefty penalties from minor errors. Legal professionals play a critical role in helping entrepreneurs comply with laws and regulations and capitalise on government initiatives and schemes effectively. By offering standardised legal services and cost-effective solutions, lawyers can empower MSMEs and assist them in turning challenges into opportunities for positive change.

Roadmap to $10 Trillion Indian Economy

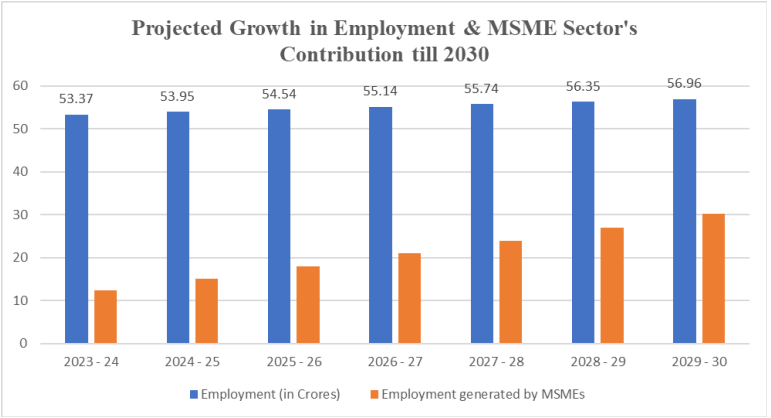
India's economic growth trajectory is impressive, with projections indicating it will become the world's third-largest economy in the next few years. Despite challenges, such as the pandemic and inherited macro-economic imbalances and a fractured financial sector, India has steadily climbed the global GDP rankings, from the 10th to the 5th largest economy globally. India's GDP has surged from $1.9 trillion to an estimated $3.7 trillion in FY24. With a growth rate of 7.3% in the current financial year, India remains the fastest-growing major economy. This growth underscores India's resilience and potential for further development, positioning it as a significant player on the global economic stage.

Projections suggest that India's economy will reach $5 trillion by 2024-25 and double to $10 trillion by the end of the decade, making it a key player in the global economy. Borge Brende, President of the World Economic Forum, predicts that India is on track to achieve a $10 trillion economy in the near future, positioning it as the world's third-largest economy. Bloomberg Intelligence projects India's GDP to rise from $2.7 trillion in 2019 to $5 trillion by 2025 and $8.4 trillion by 2030, indicating an average annual real growth rate of 8%. These projections reflect India's potential for substantial economic growth and its rising prominence in the global economic landscape. The government's ambitious goal of achieving developed status by 2047, alongside aspirations of reaching a $30 trillion economy by the same year, underscores India's determination for sustained growth.

The MSME sector's pivotal role in India's journey till the current financial year is undeniable, given its significant contribution to employment and GDP. With approximately 63 million businesses, MSMEs already account for nearly 30% of the country's GDP.



As the economy expands, there would be a proportional rise in job opportunities and subsequent expansion in the MSME sector would ensure more inclusive growth across the country.



In conclusion, MSMEs are not just the engines of economic growth but also the drivers of social inclusion, innovation, and sustainable development. As India embarks on its journey towards a $10 trillion economy, MSMEs will undoubtedly remain at the forefront of this transformative agenda, shaping the future of India's economic landscape. They play a crucial role in creating a self-reliant and

resilient nation. In a world of constant change, MSMEs are adaptable. As they continue to grow and thrive, they will shape the economic landscape of India for years to come.

To sustain this growth, it's essential to address the challenges they face. By addressing their challenges and providing comprehensive support, India can unlock the full potential of its MSME sector, leading to a brighter and more prosperous future, and sustaining economic momentum on the path to a $10 trillion Indian economy. This requires a holistic approach encompassing policy support, financial inclusion, infrastructure development, skill enhancement, and technology adoption. Moreover, initiatives aimed at making MSMEs more globally competitive and transforming them into MNCs hold the promise of catapulting India onto the global stage as a manufacturing and innovation hub. Strengthening linkages between MSMEs and large corporations, fostering innovation ecosystems, and enhancing access to global markets are critical steps in this direction.

Journey of Indian Micro, Small & Medium Enterprises in Future

Micro, Small & Medium Enterprises (MSME)



Multinational Corporation

Increase in Branding and Valuation

MSME Stock Exchancge

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Transition to New Generation Entrepreneurs



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