



Policy and schemes to help small businesses in India



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Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)

- Aims to encourage first generation entrepreneurs to venture into self-employment opportunities by facilitating credit guarantee support for collateral-free/third-party guarantee-free loans to Micro and Small Enterprises (MSEs), especially in the absence of collateral.
- Credit guarantee for loans up to Rs. 2 crores, without collateral and third-party guarantee. Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakh) to 75% (others), CGTMSE has also introduced a new "Hybrid Security" product allowing guarantee cover for the portion of credit facility not covered by collateral security.
- The CGTMSE coverage is conditional to all new and existing SMEs excluding certain sectors.

Emergency Credit Line Guarantee Scheme

- In view of the economic distress caused by the COVID-19 pandemic, the Finance Ministry unveiled a comprehensive scheme.. This package is in aid of the Micro, Small and Medium Enterprises (MSMEs) sector, addressing working capital needs, operational liabilities and restarting businesses impacted due to the COVID-19 crisis.
- Borrowers with up to Rs. 25 crore outstanding as on Feb 29, 2020 and up to Rs. 100 crore annual turnover for FY 2020 are eligible for this scheme. Business Enterprises, MSMEs constituted as Proprietorship, Partnership, a registered company, trusts and Limited Liability Partnerships (LLPs) shall also be eligible.

Prime Minister's Employment Generation Programme (PMEGP)

- The scheme aims to provide financial assistance to set up self-employment ventures and generate sustainable employment opportunities in rural as well as urban areas.
- Under this scheme, the beneficiary has to invest only 5-10% of the project cost while the government provides a Subsidy of 15-35% of the project based on

different criteria. The participating banks provide the rest of the funds as term loans to the entrepreneur.

PM MUDRA

- Aims to help small scale businesses expand and attain success. Companies from both profit and non-profit sector can avail a loan under this scheme and can avail a loan of up to Rs.10 lakh to kick start their business without committing any collateral.
- There are three types of mudra loan schemes, namely Shishu (upto 50,000), Kishor (50,000-5 lakh), and Tarun (5-10 Lakh).
- The interest rate for the Mudra loan depends on the profile of the applicant. There are several banks in the public sector as well as the private sector offering MUDRA loans. The interest rates are based on RBI's policy which decides every quarter. The interest rates are generally between 8.40% and 12.45% for 1 to 5 years accordingly.
- The borrower's credit guarantee is taken by the government, so if a borrower is unable to repay the amount borrowed, the responsibility for the loss will be borne by the government.

MSME Business Loans in 59 Minutes

- The scheme allows new and existing businesses to utilize the financial assistance that is provided by the scheme. The loans provided under these schemes extend up to Rs. 1 crore and take about 8 to 12 days to complete the process, wherein the approval for the loan is received within 59 minutes
- The rate of interest depends on the nature of the business that is carried on by the applicant of the loan. The interest of such loans begins at 8.5%, and the loan amount granted under this scheme can range from 1 lakh to 5 lakh.

Udyogini

- The scheme has been introduced under the Government of India by the Women Development Corporation. The funding under this scheme is granted in order to support women in meeting their capital requirements for starting a business.
- The maximum loan that can be granted under this scheme is Rs. 15,00,000. For a woman entrepreneur to be eligible to apply for this scheme, the woman must be between the age of 18 years to 55years and the annual income of the family of the woman must not be above Rs. 15,00,000.

Financial Support to MSMEs in ZED Certification Scheme

- Focused on existing and new manufacturing units, ZED or Zero Defect and Zero Effect mission is to encourage manufacturers to create better products, with high quality and zero defects. The focus is to enable manufacturers to embrace world-class manufacturing processes, and use technology to ensure that their products are the best in the class.
- The government scheme will provide both financial support, and technology and tools to ensure zero defects in their products.

Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)

- Government provides financial help to MSMEs to upgrade their technology and implement state of an art technological platforms for their business.
- Under CLCSS, Government provides a 15% subsidy for investment up to Rs 1 crore for upgrading technology for startups and MSMEs in India. More than 7500 products/services are covered under this Government scheme.

Interest Subvention Scheme

- Under this scheme, interest relief is provided on the outstanding loans/balance of the MSMEs at 2% p.a. from the date of disbursal of the loan or the notification date of this scheme, whichever is later. The interest subvention of 2% is provided to the MSMEs on the fresh/incremental amount of working capital sanctioned or new/incremental term loan disbursed by the eligible institutions.

Credit Linked Capital Subsidy Component (CLCS & TU Scheme)

- The objective is to facilitate technology up-gradation in MSEs with state-of-the-art technology, with or without expansion and also for new MSEs which have set up their facilities by providing an upfront capital subsidy of 15 per cent (on institutional finance of upto Rs 1 crore availed by them).

ASPIRE

- A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE) was launched to set up incubation centres and network of technology centres to accelerate entrepreneurship and to promote startups for innovation in agro-industry.
- This scheme helps and encourages the entrepreneurs and startups in the agro-industry by providing incubation facilities to their business, funds and making

available a network of technology. The components of ASPIRE are Livelihood Business Incubators, Technology Business Incubators, and a fund to be managed by Small Industries Development Bank of India (SIDBI).

Entrepreneurial and Managerial Development of SMEs through Incubators

- The main objective of the scheme is to promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing as well as Knowledge based innovative MSMEs (ventures) that seek the validation of their ideas at the proof of concept level.
- The scheme also supports engagement with Enablers who will advise such MSMEs in expanding the business by supporting them in design, strategy and execution. The Enablers will play a pivotal role and would be integral part of business development.

Entrepreneurship and Skill Development Programme

- To promote new enterprises, capacity building of existing MSMEs and inculcate entrepreneurial culture in the country. Entrepreneurship promotion and development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial/business activity required for setting up MSEs. These Programmes are conducted for youth and other people interested to set up their own industrial/self-employment venture. Such activities are also organized in ITIs, Polytechnics and other technical institutions/business schools, where skill/talent is available to motivate them towards self-employment.

Startup India Seed Fund

- DPIIT has created Startup India Seed Fund Scheme (SISFS) with an outlay of INR 945 crore to provide financial assistance to startups for Proof of Concept, prototype development, product trials, market entry, and commercialization. It will support an estimated 3,600 entrepreneurs through 300 incubators in the next 4 years.
- Department for Promotion of Industry and Internal Trade (DPIIT) has created an Experts Advisory Committee (EAC) to execute and monitor the Startup India Seed Fund Scheme. The EAC will select eligible incubators who will be provided grants

of upto Rs 5 crores each. In turn, the selected incubators will provide startups with up to Rs 20 lakhs for validation of Proof of Concept, prototype development, product trials to startups.

ZED certification

- The objective of the scheme is to enable MSMEs for manufacturing of quality products. by inculcating Zero Defect & Zero Effect practices in manufacturing processes, ensure continuous improvement thereby supporting the Make in India initiative.
- Promote adaptation of Quality tools/ systems and Energy Efficient manufacturing. Financial assistance will be provided to the MSMEs in obtaining a ZED certification. Reimbursement of Certification fees/ Consultancy charges on successful certification, subject to an upper ceiling as per the scheme guideline. This can be claimed only once each for National and International Standards.

Digital MSME

- The scheme is aimed at creating awareness, supporting developments and e-platforms, creating literacy, training and promoting digital marketing in MSME sectors.
- The office of MSME, Government of India (GOI), has defined a methodology for this scheme. GOI has already identified various Implementing Agencies (IA) and the Tele Communications India Limited (TCIL, GOI) which will organise and implement this scheme to the MSMEs. GOI has allocated funds to set up various Implementing Agencies (IA) across the country. The expenses related to IT infrastructure would cover up to Rs.10 lakh per IA.

Awareness on Intellectual Property Rights (IPR)

- Aims to enhance awareness among the MSMEs about Intellectual Property Rights, to take measures for protecting their ideas and business strategies thereby assisting them in technology upgradation and enhancement of their competitiveness. Also this scheme assists SMEs in effective Utilization of IPR Tools for technology up-gradation, market and business promotion and competitiveness enhancement.
- Reimbursement of Patent/Trademark/GI is provided by the government . (Indian Patent up to Rs.1.00 lakh, Foreign Patent up to Rs. 5.00 lakh, Trademark up to Rs. 0.10 lakh, GI Registration Rs. 2.00 lakh, Assistance for setting up IP Facilitation Centre up to Rs. 1.00 cr. for period of 5 years)

Single Point Registration Scheme

- National Small Industries Corporation registers Micro & small Enterprises (MSEs) under Single Point Registration scheme (SPRS) for participation in Government Purchases. Enterprises are classified as Micro, Small, or Medium based on the limit of investment. Eligible MSME units are provided with Udyog Aadhar registration certificate.
- Provides benefits such as Free Tender Information, Exemption from Earnest Money Deposit, Advantage in tender participation etc.

Startup India

- Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large-scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.
- The Action Plan includes Simplification, Handholding, Funding Support, Industry-Academia Partnership and Incubation support.

MSME SAMBANDH

- The MSME SAMBANDH is the Public Procurement Portal launched by Central Government for the MSME. The main objective to launch this portal is to monitor the implementation of the Public Procurement from MSEs by Central Public Sector Enterprises

MSME SAMADHAAN

- MSME SAMADHAAN is an online Delayed Payment Monitoring System, governed by the Micro and Small Enterprise Facilitation Council (MSEFC) for settlement of disputes on getting references or filing on Delayed payments by aggrieved MSMEs. Filing can be done online through MSME SAMADHAN portal (samadhaan.msme.gov.in) and the status of filing can be checked online.

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