

# MSME BLAST

**ON THE PROUD OCCASION OF 75 YEARS OF INDIA'S INDEPENDENCE**



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## FOUNDER MESSAGE...



**Dr. Rajendra K Sinha**  
**Founder,**  
**MSMEAdvisor.com**

It gives me immense pleasure to bring out the 1st issue of MSME BLAST, the magazine of MSMEAdvisor.com dedicated towards the growth and development of MSMEs (Micro, Small & Medium enterprises) in India, which as per available statistics number at 63.3 million. MSMEs significantly contribute to the economic and social development of the country by generating sizeable employment opportunities at relatively lower capital cost, next only to the agriculture. MSMEs in the form of ancillary units are complimentary to the large industries. Their final products are inputs to the heavy industries. Besides, this sector appreciably encourages entrepreneurship and inclusive developments.

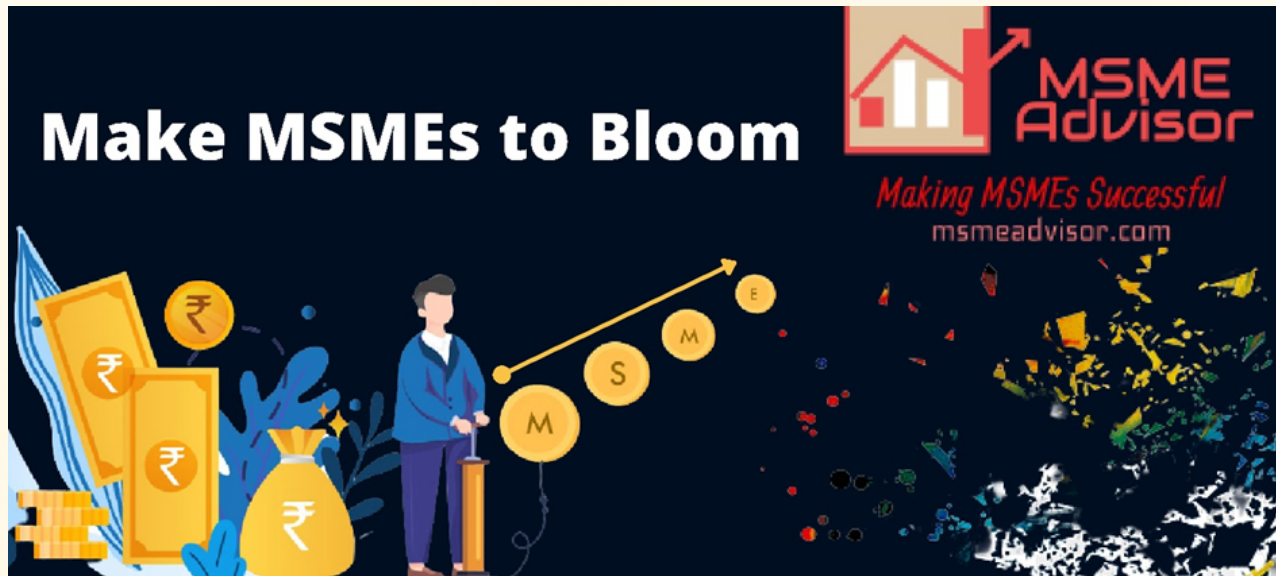
The endeavour of MSME BLAST magazine is to be a leading source of knowledge dissemination on the various constructive developments taking place for the MSMEs, besides awareness creation on the developmental schemes of the Government for the MSMEs.

I am glad that the proactive steps taken by the Government of India during the unprecedented COVID pandemic in 2020 & 2021, gave relief to the MSMEs & industries, which have started showing up their improved performances in 2022. Nonetheless, MSMEs remain a sector, requiring lot of ongoing support from the Government and other stake holders. It is a welcome step that Hon'ble Union Minister of India for MSME Ministry recently appealed on the TV channel to the MSMEs for obtaining the Udyam registration facility for availing the various benefits.



# MAKE MSMEs TO BLOOM

(Dr Rajendra K Sinha, Founder MSMEadvisor.com)



The Micro, Small, and Medium Enterprises (MSME) contribute significantly to the economic and social development of the Indian economy through fostering entrepreneurship and generating large employment opportunities at comparatively lower capital costs, next only to agriculture. MSMEs undoubtedly are complementary to large industries as ancillary units. MSME sector thus contributes significantly to the inclusive industrial development of the country. In the true sense, MSMEs are amongst the strongest drivers of economic development, innovation, and employment.

The MSMEs came under a great challenge under the COVID pandemic. To overcome this challenging situation, there were encouraging steps by the Government in the recent past aimed at reviving and sustaining the growth of the MSMEs. Let me first talk about these initiatives.

## Upward revision in definition ceilings for MSMEs

The much-awaited decision on the revision of the definition Micro, Small and Medium Enterprises (MSME), which came into effect with the FM announcement in 2020, has been a welcome decision. The old definition of MSMEs as per MSMED Act, 2006 since got revised in 2020 as below:

- (i) a micro-enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees
- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

The objective behind the move to shift from a definition based on investment in plant & machinery to the composite criteria of both investment and annual turnover was to incentivize entities to modernize without worrying about losing their MSME status.



### **Liquidity Support to MSME via Emergency Credit Line Guarantee Scheme (ECLGS)**

Government operationalized Rs. 3,00,000 crore collateral-free loan scheme, with an intent to benefit 45 lakh MSMEs. Of which Rs 20,000 crore was made available as subordinate debt for stressed MSMEs. The scheme is a specific response to the unprecedented situation arising out of COVID-19.

- Under ECLGS 1.0, an emergency credit line was offered to MSMEs and other businesses from banks and NBFCs up to 20% of their entire credit outstanding as of February 29, 2020. MSMEs with up to Rs 25 crore outstanding and Rs 100 crore turnover were eligible. However, the turnover cap was removed post amendment in November 2020. Repayment of principal and interest under ECLGS 1.0 was in 36 months.
- ECLGS 2.0 was amended on November 26, 2020. The amended version focused on entities in 26 stressed sectors identified by the Kamath Committee along with the healthcare sector with credit outstanding of more than Rs 50 crore and up to Rs 500 crore as of February 29, 2020. The scheme also mandated borrower accounts to be less than or equal to 30 days past due as of February 29, 2020, that is, they should not have been classified as SMA 1, SMA 2, or NPA by any of the lenders as of February 29, 2020
- Under ECLGS 3.0 announced in March 2021, the government intended to cover enterprises in hospitality, travel & tourism, leisure & sporting sectors as well and had extended the overall emergency credit scheme including the previous two versions by three months from March 31, 2021, till June 30, 2021, or until guarantees for the entire Rs 3 lakh crore amount are issued.
- Also, Finance Ministry extended its scope to cover stressed businesses that have loan dues for up to 60 days (SMA-1 accounts), vis-a-vis 30 days earlier (SMA-0).
- Government also removed the limit of Rs 500 crore loan outstanding for eligibility under ECLGS 3.0 subject to maximum additional ECLGS assistance to each borrower is limited to 40 % or Rs 200 crore, whichever is lower. Finance Ministry also extended the scope of ECLGS 3.0 to cover the Civil Aviation sector.
- Under ECLGS 4.0, availing for a tenor of five years for ECLGS loan was made, that is, repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter.
- 100 % guarantee cover to loans up to Rs 2 crore to hospitals, nursing homes, clinics, medical colleges for setting up on-site oxygen generation plants with the interest rate capped at 7.5 %.
- Finance Minister announced on 28 June 2021 an additional ₹ 1.5 lakh crore for emergency credit line guarantee scheme (ECLGS), which will facilitate loans through microfinance institutions to 25 lakh persons. Overall cap of admissible guarantee raised from Rs 3 lakh crore to Rs 4.5 lakh crore.

The benefit available under ECLGS has been extended till 31st March 2023.



- Any queries/suggestions related to ECLGS can be raised to [ceo@ncgtc.in](mailto:ceo@ncgtc.in)

ECLGS has helped a lot to businesses. Even if MSMEs were able to reduce their cost by 5 % then also it is a huge relief. The scheme has certainly helped in the viability of the unit as the entire financials of a business became stronger. Moreover, they have also been able to attract labour back. A lot of this money was used for repayment of an existing debt by MSMEs as the interest rate charged under ECLGS by banks was capped at 9.25 % instead of the usual 14-15 % in a regular bank loan, in a situation they were not receiving their payments from buyers and were not able to pay their debts. But how much of that money went for growth capital and how much for servicing old debt is not known. With now 100 % guarantee cover to loans up to Rs 2 crore to hospitals, nursing homes, clinics, medical colleges for setting up on-site oxygen generation plants with the interest rate capped at 7.5 %, has been another cost-effective relief.

### **Rs 20,000 crores Subordinate Debt for Stressed MSMEs**

Two lakh MSMEs were likely to benefit, including functioning MSMEs that are NPA or are stressed were made eligible under this scheme. The government announced providing support of Rs 4,000 Cr. to CGTMSE, which in turn provides partial Credit Guarantee support to Banks.

Promoters of the MSME will be given debt by banks, which will then be infused by the promoter as equity in the Unit.

### **Global tenders to be disallowed up to Rs 200 crores**

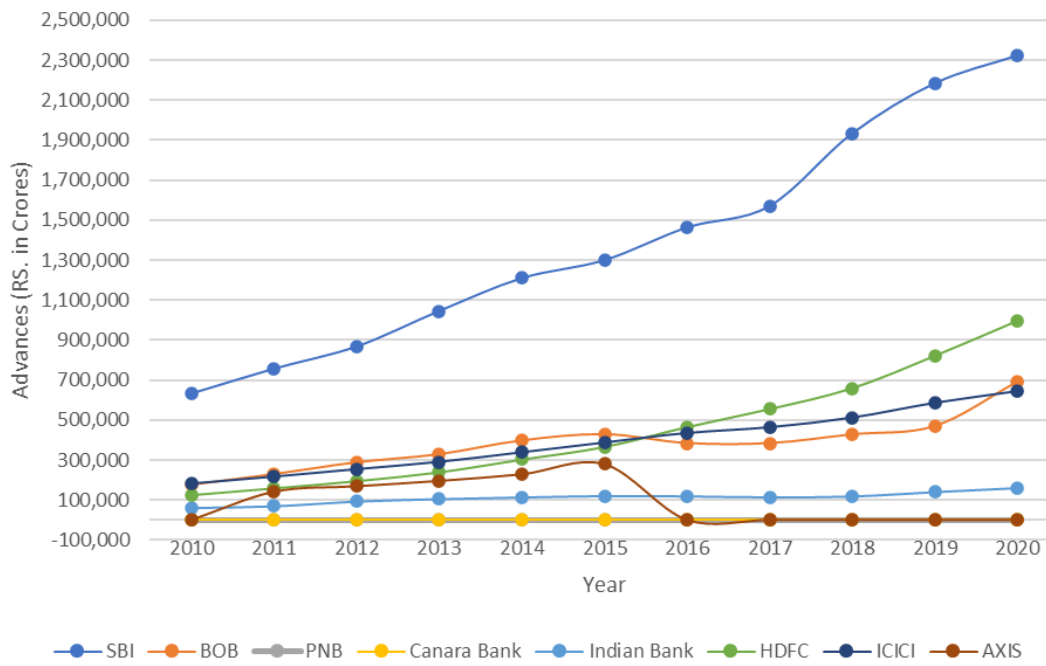
Indian MSMEs and other companies have often faced unfair competition from foreign companies.

Therefore, the decision of the Indian Government to disallow Global tenders in Government procurement tenders up to Rs 200 crores is an appreciable decision. This will be a step towards Self-Reliant India and support Make in India. This will also help MSMEs to increase their business.

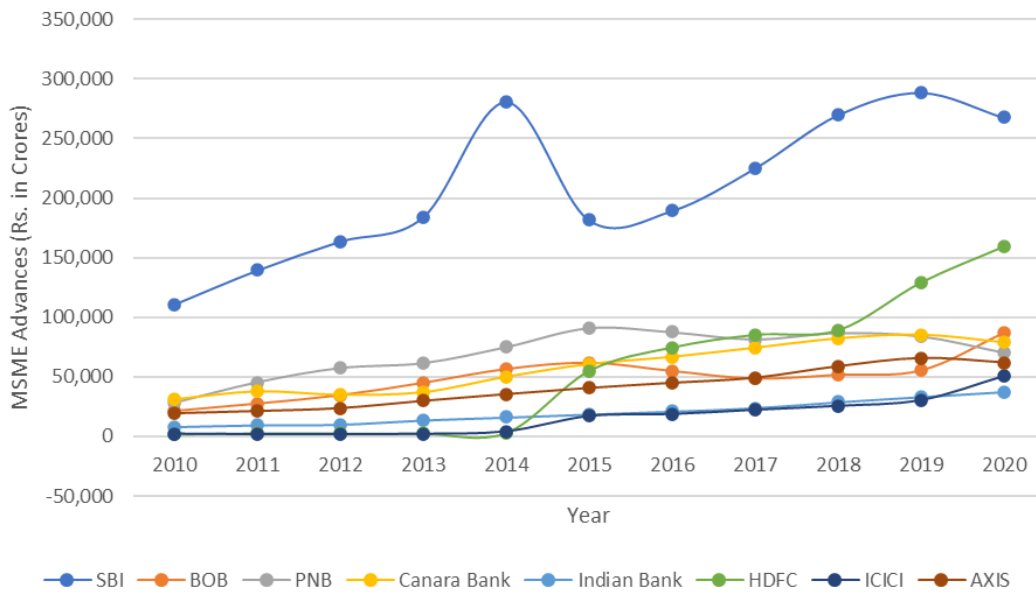
MSME loan growth vis-à-vis Total Advances portfolio growth (prior COVID period)  
The pace of growth for MSMEs loans by and large by the banks has been lower barring few exceptions, as per the data for the 10 years period 2010-2020.



Comparison of Total Advances



Comparison of MSME Advances





The fact is that out of 63 million MSMEs in the country (as per the latest data of the National Sample Survey available), 99 % in numbers are micro-enterprises. Also, not more than 10% of MSMEs are on the formal financing platform. This indicates a tremendous scope for financial intermediation by the formal sector including banks, financial institutions, and NBFCs.

The following two schemes, I would like to talk, need to be given significant encouragement by the banks for MSMEs.

### **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**

Availability of bank credit without the hassles of collaterals / third party guarantees is a major source of support to the first-generation entrepreneurs to realize their dream of setting up a unit of their own Micro and Small Enterprise (MSE).

CGTMSE introduced a new "Hybrid Security" product allowing guarantee cover for the portion of credit facility not covered by collateral security. In the partial collateral security model, the Member Lending Institutions (MLIs) are permitted to obtain collateral security for a part of the credit facility, whereas the remaining part of the credit facility, up to a maximum of 200 lakh, can be covered under Credit Guarantee Scheme of CGTMSE. CGTMSE will, however, have a pari-passu charge on the primary security as well as on the collateral security provided by the borrower for the credit facility.

The main objective of CGTMSE is that the lender should give importance to project viability and secure the credit facility purely on the primary security of the assets financed. The other objective is that the lender availing guarantee facility should endeavour to give composite credit to the borrowers so that the borrowers obtain both term loans and working capital facilities from a single agency.

In the event of an MSE unit, which availed collateral-free credit facilities, fails to discharge its liabilities to the lender, the CGTMSE would make good the loss incurred by the lender at 75% of the credit exposure above Rs. 50 lakh and up to Rs. 200 lakhs (85% for loans up to Rs. 5 lakhs provided to micro-enterprises, 80% for MSEs owned/ operated by women, and all loans to North-Eastern Region).

### **Credit Linked Capital Subsidy Scheme (CLCSS)**

The benefit to MSEs under CLCSS is not going because of unawareness by and large with them. There is a much-needed requirement for disseminating awareness and the benefits of this scheme.

The objective of CLCSS is to facilitate technology to MSEs through institutional finance for induction well established and proven technologies in the specific sub-sectors/products approved under the scheme. There is an upfront subsidy of 15% on institutional credit up to Rs. 1.0 crore (i.e., a subsidy cap of Rs. 15.00 lakh) for identified sectors/ subsectors/ technologies.



All Scheduled Commercial Banks are acting as Primary Lending Institutions (PLI) through 11 Nodal Banks/Agency (SIDBI, NABARD, SBI, Andhra Bank, PNB, BoB, Canara Bank, Corporation Bank, Indian Bank, Bank of India & TIICL). The subsidy has also been made admissible for investment in acquisition/replacement of plant & machinery/equipment & technology up-gradation and the detailed operational guidelines are available on the official website of this office i.e., [www.dcmsme.gov.in](http://www.dcmsme.gov.in) under icon TECH-UP.

### **Conclusion**

MSMEs contribute substantially to our country's manufacturing output, exports as well as GDP while creating employment for about 111 million people, which in terms of volume stands next to the agricultural sector. MSMEs are the backbone of our economy and thus need to be supported strongly, for an enhanced multiplier impact on our economy.



# AWARENESS ON REGISTRATION OF MSMEs (Dr Rajendra K Sinha, Founder MSMEadvisor.com)

The screenshot shows the official website for MSME registration in India. The header includes the Ministry of Micro, Small Medium Enterprises logo and navigation links like Home, NIC Code, Useful Documents, Print / Verify, Update Details, and Login. A prominent message states that registration is free of cost and paperless, and no other agency is authorized to charge. It also mentions that MSME units are requested to onboard on the TReDS platform, listing three available platforms: www.invoicemart.com, www.m1xchange.com, and www.rxil.in. The main content area features a graphic of a person climbing a staircase with steps labeled MICRO, SMALL, MEDIUM, and CHAMPIONS, symbolizing growth. Below the graphic, it says 'Our Small Hands to Make you LARGE'. The page also includes a 'Process' section and a welcome message for new entrepreneurs.

Government of India has the portal for MSMEs registration with website link as under: <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>. This portal gives an important notification for MSMEs: “Except this portal of Government of India and Government's Single Window Systems, no other private online or offline system, service, agency or person is authorized or entitled to do MSME Registration or undertake any of the activity related with the process.”

While going ahead with registration on above portal, it is important to understand the present classification (2020) for micro, small or medium enterprise applicable uniformly for the manufacturing or services activities based on the following criteria.

- (i) micro enterprise: where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.
- (ii) small enterprise: where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.
- (iii) medium enterprise: where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

## Key features of Registration Process: Udyam Registration

Government has highlighted the facts related to Registration Process, which are important and shows as to the easiness & transparency of this process. The Registration Process is totally free, and no Costs or Fees are to be paid to anyone.



- An enterprise for the purpose of this process will be known as Udyam and its Registration Process will be known as 'Udyam Registration'
- MSME registration process is fully online, paperless and based on self-declaration.
- Having PAN and GSTIN (As per applicability of CGST Act 2017 and as notified by the ministry of MSME vide S.O. 1055(E) dated 05th March 2021) is required for Udyam Registration with effect from 01.04.2021.
- PAN & GST linked details on investment and turnover of enterprises will be taken automatically from Government data bases.
- 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).
- In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.
- No documents or proof are required to be uploaded for registering an MSME.
- Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.
- All existing enterprises registered under EM–Part-II or UAM registration or any other registration issued by any authority under the Ministry of MSME, will have to register again on the Udyam Registration portal on or after the 1st day of July 2020.
- No enterprise shall file more than one Udyam Registration. However, any number of activities including manufacturing or service, or both may be specified or added in one Registration.
- A permanent registration number will be given after registration.
- After completion of the process of registration, a certificate will be issued online.
- This certificate will have a dynamic QR Code from which the web page on our Portal and details about the enterprise can be accessed.

### **Key aspects on the updating of information and transition period classification**

For a growing MSME enterprise, it is important to understand the clauses relating to transition period classification because of the changes taking place in amount of investment in plant & machinery or equipment or turnover or both.

- An enterprise having Udyam Registration number shall update its information online in the Udyam Registration portal, including the details of the ITR and the GST Return for the previous financial year and such other additional information as may be required, on self-declaration basis.
- Failure to update the relevant information within the period specified in the online Udyam Registration portal will render the enterprise liable for suspension of its status.



- Based on the information furnished or gathered from Government's sources including ITR or GST return, the classification of the enterprise will be updated.
- In case of graduation (from a lower to a higher category) or reverse-graduation (sliding down to lower category) of an enterprise, a communication will be sent to the enterprise about the change in the status.
- In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent reclassification, an enterprise will maintain its prevailing status till expiry of one year from the close of the year of registration.
- In case of reverse-graduation of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its present category till the closure of the financial year and it will be given the benefit of the changed status only with effect from 1st April of the financial year following the year in which such change took place.

### **Benefits available to Registered MSMEs**

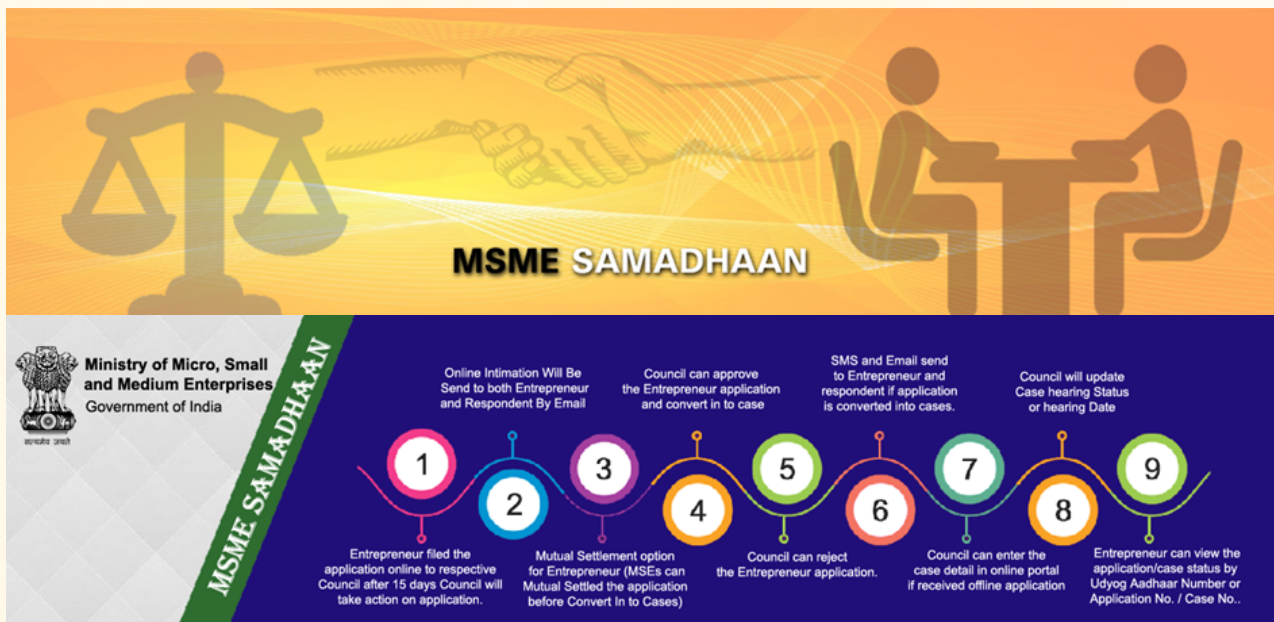
Government of India has been promoting MSMEs because of their significant role in economic growth, and employment generation. This relates to number of benefits such as (i) Collateral Free loans from banks; (ii) Subsidy on Patent Registration; (iii) Protection for Micro & Small Enterprises against Delayed Payments; (iv) Lower Electricity Bills; (v) ISO Certification cost Reimbursement; (vi) Market Development Assistance (MDA) Scheme; (vii) Bar Code registration subsidy; (viii) Subsidy on Credit ratings ; (ix) Access to Tenders; (x) 15% CLCSS subsidy and, few more incentives.

### **Conclusion**

It is in the interest of MSMEs themselves to obtain the Udyam Registration number at the earliest possible through the online simplified process detailed above (Government website <https://udyamregistration.gov.in>).



# BENEFITS AVAILABLE TO UDYAM REGISTERED MSMEs (Dr. Rajendra K Sinha, Founder MSMEadvisor.com)



- The government of India has the portal for MSMEs registration with website link: <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>
- The MSMEs registration (Udyam Registration number) enables these enterprises to avail the benefits under the various schemes launched by the GoI. A lot of awareness amongst the MSMEs needs to be built up for these multiple benefits available to them, once they have the Udyam Registration number.
- **Collateral Free loans from banks:** Any collateral / third party guarantee free credit facility (both fund as well as non-fund based) extended by eligible financial institutions, to new as well as existing Micro and Small Enterprise, including Service Enterprises, with a maximum credit cap of Rs 200 lakh are eligible to be covered under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- **Subsidy on Patent Registration:** The subsidy can be availed for patent registration by giving applications under the National Manufacturing Competitiveness Programme.
- **Protection for Micro & Small Enterprises against Delayed Payments:** If the buyer delays the payment for more than 45 days after accepting the products or services then MSEs suppliers may approach the Micro and Small Enterprises Facilitation Council (MSEFC) constituted under the Act in all State/UTs. U/ S 16 of MSMED Act, delayed payment to supplier units, attracts compound interest with monthly interests at three times of the bank rate notified by the Reserve Bank.
- **Lower Electricity Bills:** Concession is available to all the MSME enterprises that have the MSME registration certificate on their application to the department of electricity along with the certificate of registration.



- **ISO Certification Cost Reimbursement:** The scheme is applicable to those Micro & Small (Manufacturing/ Service) Enterprises that have already acquired ISO-9000/ISO-14001/ HACCP certification from NABCB registered Certifying Body. Expenditure for the training for ISO Certification will also be reimbursable if they are by approved consultants. Under the scheme reimbursement available of charges for acquiring ISO-9000/ISO-14001/HACCP certifications to the extent of 75% of the expenditure subject to a maximum of Rs. 75,000/-.
- **Market Development Assistance (MDA) Scheme:** The government of India under this scheme offers funding for participation by registered manufacturing Micro & Small Enterprises in International Trade Fairs/Exhibitions under MSME India stall. Reimbursement eligibility is of 75% of airfare by economy class and 50% space rental charges under General category entrepreneurs and for women/SC/ST entrepreneurs & entrepreneurs from North-Eastern Region, up to 100% of space rent and economy class airfare. The total subsidy is restricted to Rs.1.25 lakh per unit.
- **Bar Code registration subsidy:** Bar Coding not only facilitates the exchange of information between buyers and sellers but also provides the potential for better visibility and sharing of information across an entire Supply Chain. Enterprises that have MSME Registration can avail of Bar Code Registration subsidy which envisages providing 75% of the one-time registration fee and annual recurring fee (for the first three years) paid.
- **Subsidy on Credit ratings:** NSIC is the nodal agency for implementing the scheme of performance and credit rating for Micro & Small Enterprises. Enterprises that have MSME Registration can avail Subsidy on NSIC Performance and Credit ratings. Under this Scheme, the rating fee payable by the micro and small enterprises is subsidized for the first year only and that is subject to a maximum of 75% of the fee or Rs. 40000/- whichever is less. More than 30 banks / financial institutions have signed MOU with the Rating Agencies / NSIC to extend the benefits to the units rated under the Scheme.
- **Access to Tenders:** The Government comes out with tenders that are open only to MSMEs with an objective to promote MSMEs in India. Further, the Government has decided that global tenders will be disallowed in procurement up to Rs 200 crores.
- **15% subsidy under Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradations:** The objective of the scheme is to facilitate technology up-gradation in Micro and Small Enterprises (MSEs) by providing an upfront capital subsidy of 15 percent (limited to a maximum Rs.15 lakhs) on institutional finance of up to Rs 1 crore availed by them, for induction of well-established and improved technology in the specified 51 sub-sectors/products approved. In essence, the major objective is to upgrade their plant & machinery with state-of-the-art technology, with or without expansion, and for new MSEs which have set up their facilities with



appropriate eligible and proven technology duly approved under scheme guidelines. The list of Technologies is available at [www.dcmsme.gov.in](http://www.dcmsme.gov.in). Online Application and Tracking System has been introduced w.e.f. 01.10.2013. To claim subsidy under CLCSS, eligible MSEs are required to apply online through their Primary Lending Institutions (PLIs).

**Public Procurement Policy for MSEs:** Every Central Ministry /Department / PSU shall set an annual target for 25% procurement from MSE Sector. A sub-target of 4% out of 25% target of annual procurement earmarked for procurement from MSEs owned by SC/ST entrepreneurs. Overall procurement goal of a minimum 25% has become mandatory from 1st April 2015. Tender sets are free of cost and exempt from payment of earnest money to registered MSEs. MSEs quoting price within price band L-1 + 15%, when L1 is from someone other than MSE, shall be allowed to supply at least 25% of the tendered value at L-1 subject to lowering of price by MSEs to L-1. 358 items are reserved for exclusive procurement from MSEs.

**Availing Invoice payment by MSMEs under TReDS platform:** TReDS (Trade Receivables Discounting System) is an institutional mechanism set up to facilitate the discounting of invoices for MSMEs from corporate buyers through multiple financiers. Invoice discounting on TReDS involves three participants MSME Supplier, Corporate Buyer, and Financier. The invoice is uploaded by either buyer or supplier depending on the method of discounting and is approved by the other party. Once the invoice is approved the financiers on the platform start to bid on the invoice. The supplier accepts the bid, and the discounted amount is credited in its account in T+1 day, where T is the day of acceptance.

**Raw material Assistance Scheme** aims at helping MSMEs by way of financing the purchase of Raw Material (both indigenous & imported). This gives an opportunity to MSMEs to focus better on manufacturing quality products. Entrepreneurs and any MSME needing raw material through National Small Industries Corporation (NSIC) may apply to any of the NSIC field offices for Raw Material Assistance in the prescribed application forms, which can be downloaded from NSIC's website ([www.nsic.co.in](http://www.nsic.co.in)). Any manufacturing MSME having a Udyam Registration number can apply for assistance under the Scheme.

More details can be found at: [http://www.nsic.co.in/pdfs/FAQ\\_RMA\\_102016.pdf](http://www.nsic.co.in/pdfs/FAQ_RMA_102016.pdf)

*As per data available on the Government website <https://udyamregistration.gov.in>, as of 29th December 2021(3pm), the total registered MSMEs were at 63,40,898. This was compared to my earlier Blog, which gave the data as of 30th September 2021(11 am), for the total registered MSMEs at 50,14,706. There was an addition of 13,26,192 in about a 3-month period. As on 9th August 2022 (1.40pm), this number stood at 1,01,43,638, with an increase of 38,02,740 in next about 7 months, indicating pacing up of registration numbers. Let us strive for bringing all 63.3 million MSMEs on Udyam registration. Govt has simplified the registration process for MSMEs with zero fees for the registration on their website.*



# MSMEs PERSPECTIVES OF UNION BUDGET 2022

(Dr Rajendra K Sinha, Founder MSMEadvisor.com)



The MSME (Micro, Small & Medium Enterprises) sector has been hit badly during the COVID pandemic. The Government of India though had initiated timely measures in 2020, this COVID pandemic period has been a difficult phase for the MSMEs. The Union Budget 2022 has further brought a fresh array of hope for the revival and sustainability of MSMEs. The Union budget presented by Finance Minister has laid emphasis on inclusive finance, digital transformation, and sustainability. The various initiatives can potentially have a short and longer-term positive impact on MSMEs and the startup ecosystem in the country.

## **Budgetary allocations**

Amongst the various initiatives for the MSMEs sector, one key highlight was the increase in budgetary allocation for MSMEs from last year's Rs 15,699 to Rs 21,422 crores, which is up by 26.71%.

The Prime Minister Employment Generation Programme (PMEGP) has seen a significant increase in allocation from Rs 12,499 to Rs 17,600 crores, an increase of 29%.

Entrepreneurship and skill development schemes allocation also increased from Rs 571 to Rs 718 crore (a 20.48% increase). Within this, the Fund of Funds has got Rs 486 crores, from Rs 350 crores earlier. Similarly, other sub-schemes have also seen a hike. FM has significantly hiked the allocation for the Total-Infrastructure Development Programme — from Rs 1,107 to Rs 1,596 crores.



A fresh allocation of Rs 262 crore has been made for the Micro and Small Enterprises Cluster Development Programme (MSE-CDP). Recognising the need for skilling and technology up-gradation, fresh allocation of Rs 235 crores and Rs 205 crores has been made for tool rooms and technical education, and the 'Technology Centre Systems Programme' (TCSP) respectively. The Technology Upgradation and Quality Certification scheme has seen a reduction in allocation.

## **New Initiatives**

Budget 2022 has taken various initiatives for MSMEs, which have been discussed below:

(i) **Interlinking key portals.** India's MSME sector has been witnessing encouraging strides towards digitisation. The Government announced the UDYAM, e-SHRAM, and National Career Service (NCS), with an intent to help widen the scope of services they offer.

The intent of e-Shram was designed to develop a nationwide database of unorganised labour, while Udyam portal for registering enterprises as MSMEs and NCS provided online job search, job matching, career counselling, vocational coaching, information on skill development courses, internships, and other employment-related services. While the ASEEM portal has been serving as a platform for the supply of skilled workers as per market demands.

Consequent to the interlinking, these portals will be equipped with live organic databases providing G2C (Government to Consumer), B2C (Business to Consumers), and B2B(Business to Business) services. This initiative of the government is aimed at addressing the demand for skilled manpower and credit facilitation. Thus, financial institutions will benefit to mitigate risks in a better way, and in turn, enhance credit flow and credit outreach to MSMEs.

(ii) **Revamp of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme.** This is another welcome measure for the MSME sector. Credit guarantee trust for MSMEs will be revamped and have the allocation of Rs 2 lakh crores more. This in turn will have confidence building for the Banks to expand credit to the MSME sector basis the credit guarantee of trust.

(iii)**Extension of Emergency Credit Line Guarantee Scheme.** This was introduced in 2020, and has been extended for one more year till March 2023. The guarantee amount has also been enhanced by Rs.50,000 crores to Rs.5 trillion.

(iv) **Raising and Accelerating MSME Performance (RAMP) program.** This has been launched with an outlay of Rs 6,000 crores over five years, aimed at improving the competitiveness and efficiency of the sector, enabling them to become part of global value chains. This has an allocation of Rs 723 crores in FY'23. RAMP will help MSMEs to recover from the impact of the pandemic.

(v) **Accelerating Financial inclusion & strengthening Agri-MSME value chain.**



The tech-driven initiatives in rural areas such as Kisan drones, digital high-tech services to farmers, up-gradation of 2 lakh Anganwadis, core banking solution for 1.5 lakh post offices, digital banking units in 75 districts, e-VIDYA for 200 TV channels, change of syllabus in agricultural universities, etc are aimed at achieving financial inclusion in the countryside. This will give a boost to productivity in the rural economy.

The Government will integrate 100 per cent of the 1.5 lakh post offices in the country into the core banking system as part of the Budget's initiatives to increase financial inclusion. For the promotion of digital infrastructure, a DESH-stack e-portal will be launched. The setting up of the Centre for Processing Accelerated Corporate Exit (C-PACE) which aims to reduce the voluntary winding-up time from the current 2 years to 6 months will encourage MSME to come on board the formal fold.

Also, a greater focus on sectoral thematic funds in agriculture, health and deep-tech, higher allocation to NABARAD, and the formation of committee to study various issues in the ecosystem should go a long way in strengthening the foundations for MSMEs.

(vi) **Timely receivables payment for MSMEs.** This remains a challenge for MSMEs as payments from the buyers get blocked for an unduly long period, impacting their liquidity. In the case of government procurement, 75% of the running bill of MSMEs will be paid within 10 days. Provision for an end-to-end platform to submit and manage e-bills for government contracts and commitment to paying 75% within 10 days for running bills will help improve liquidity for MSMEs.

Besides, the introduction of surety bonds for suppliers brings in a lot of advantages as it ensures that the critical cash reserves of MSMEs are not blocked-in financial guarantees thereby enabling a sustained cash flow.

(vii) **Tax benefits.** The Union budget has given leeway to investors in equity shares of start-ups by capping the surcharge at 15%, extending of tax holiday. The Union government has decided to extend custom duty exemption on the import of steel scrap by a year.

(viii) **Thrust in sunrise sectors.** The government's thrust in sunrise sectors and opening up of the defence sector to domestic suppliers is a great opportunity for entrepreneurs and enterprises in the broader start-ups and MSME ecosystem. Start-ups and MSMEs can benefit immensely from the policies which are likely to be announced in sunrise sectors like e-mobility, batteries, artificial intelligence, climate change, semi-conductors, space economy, genomics etc.

(ix) **Other Budgetary Initiatives Impacting MSMEs.** With digitisation gaining great momentum, it is inevitable for MSMEs to deliver their products quickly and efficiently. PM GatiShakti master plan, encompassing the development of roads, ports, railways, airports, mass transport, waterways, and logistic infrastructure, aimed at creating a world-class modern infrastructure to facilitate "seamless multimodal connectivity and logistics efficiency" shall help MSMEs bring down logistical costs and time.



The development of 25,000 kilometres of national highways, cargo terminals, multimodal logistics park, and the one station-one product idea of railways will undoubtedly boost the local business and supply chains.

### **Conclusion**

The Union Budget 2022 continues to provide much-needed support to MSMEs. The blueprint laid down by the government to create an Amrut Kaal of the next 25 years for the MSMEs, will help in realizing the government's vision of making the MSME sector contribute 50 per cent to India's GDP by 2025.



# CHALLENGES FACED BY MSMEs SECTOR AND MEASURES TO OVERCOME DURING COVID

(Ashutosh Pande, Senior Manager-Faculty, UBI Staff Training Centre, Bhubanehswar)



## Introduction

Economic Development, whenever discussed, focuses on two major things- Growth in GDP and Development of core industries across the country. The major contributor to the growth of economy of any Country lies in the prosperity of its various Industries. Be it from the Era of Industrial Revolution in Great Britain to the Industrial revolution in Japan, we all witnessed the history in the making as how these two countries rose to become superpowers. What was the major force which led to their prosperity? It was none other than the development of the small industries who later on became the powerhouse of the country's economic growth.

Yes, we are talking about the MSME sector which is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes 30 per cent of the country's GDP, 45 per cent of the manufactured output and 49 per cent of its exports. The MSMEs provide employment to about 120 million persons. MSMEs are important for the national objectives of growth with equity and inclusion.

### Importance of MSMEs:

Looking at the impact MSME can make in any country's economy let us also look into other important role that the MSME plays in nation building.

**Employment:** It is the second largest employment generating sector after agriculture. It provides employment to around 120 million persons in India.



**Contribution to GDP:** With around 36.1 million units throughout the geographical expanse of the country, MSMEs contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities.

MSME ministry has set a target to up its contribution to GDP to 50% by 2025 as India becomes a \$5 trillion economy.

**Exports:** It contributes around 45% of the overall exports from India.

**Inclusive growth:** MSMEs promote inclusive growth by providing employment opportunities in rural areas especially to people belonging to weaker sections of the society.

For example: Khadi and Village industries require low per capita investment and employs a large number of women in rural areas.

**Financial Inclusion:** Small industries and retail businesses in tier-II and tier-III cities create opportunities for people to use banking services and products.

**Promote Innovation:** It provides opportunity for budding entrepreneurs to build creative products boosting business competition and fuels growth.

Thus, Indian MSME sector is the backbone of the national economic structure and acts as a bulwark for Indian economy, providing resilience to ward off global economic shocks and adversities.

### **MSME Re-defined and its Impact**

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

- (i) A Micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) A Small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; &
- (iii) A Medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

The re-classification was done considering the constraints of the earlier classification which was also very low in terms of financial limits. The revision has been done in order to be realistic with time and to establish an objective system of classification. With the new classification, there will be no difference between manufacturing and service sectors. Also, a new criterion of turnover has been added in the previous criteria of classification based only on investment in plant and machinery. The new criteria are expected to bring about many benefits that will aid MSMEs to grow. It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium. This is yet another step towards ease of doing business. This will help in attracting investments and creating more jobs in the MSME sector.



The change in criteria of classifying the MSMEs is set to offer major relief to the exporters. With this change in criteria of classification of MSMEs the Government has also done away with the difference between manufacturing and services.

### **Factors which led to growth of MSMEs**

Since MSME has been the major contributor in the growth of economy of our country there have been numerous initiatives taken by the government in helping in its development some of the factors which have led to its growth are:

**Campaigns** like Skill India, Startup India, Digital India and Make in India aim to provide MSME players with a level playing field and a definitive push towards enhanced productivity.

**Digitization:** Increasing internet penetration, customer's familiarization with digital payments fuelled by B2C ecommerce players facilitate MSME sector growth.

**Tie-ups** with new-age non-banking finance (FinTech) companies allowed access to timely collateral free finance to MSMEs.

**Changing employment patterns:** Younger generation shifting from agriculture towards entrepreneurial activities creating job prospects for others.

Issues faced by MSMEs & Steps taken by Government to improve their condition  
With the prospects of growth, the sector has shown, there also have been various constraints faced by the sector in its development. Government on the other hand, has been providing the sector all possible growth measures which would be instrumental in the development of the sector. Let us take a closer look at the various issues faced by the MSMEs in the recent times and the steps taken by government.



ISSUES FACED BY THE SECTOR	STEPS INITIATED BY THE GOVERNMENT
ACCESS TO CREDIT	LAUNCH OF THE 59-MINUTE LOAN PORTAL TO ENABLE EASY ACCESS TO CREDIT FOR MSMEs.
90% OF THE MSMEs ARE DEPENDENT ON INFORMAL SOURCES FOR FUNDING	2 PERCENT INTEREST SUBVENTION FOR ALL GST REGISTERED MSMEs, ON FRESH OR INCREMENTAL LOANS.
	TRADE RECEIVABLES E-DISCOUNTING SYSTEM (TREDS) TO ENABLE ACCESS TO CREDIT FROM BANKS, BASED ON THEIR UPCOMING TRADE RECEIVABLES FROM CORPORATE AND OTHER BUYERS.
LACK OF SUFFICIENT COLLATERAL AND HIGH WORKING CAPITAL NEEDS	
	UNION GOVERNMENT ANNOUNCED TO LAUNCH AN E-COMMERCE PLATFORM ON THE LINES OF "AMAZON AND ALIBABA" TO SELL PRODUCTS FROM MSMEs AND THE KHADI AND VILLAGE INDUSTRIES COMMISSION (E NAM)
	PUBLIC SECTOR COMPANIES NOW COMPULSORILY PROCURE 25%, INSTEAD OF 20% OF THEIR TOTAL PURCHASES, FROM MSMEs.
	MORE THAN 40,000 MSMEs REGISTERED ON GOVERNMENT E-MARKETPLACE (GEM) PORTAL. IT PROVIDES TRANSPARENCY IN PROCUREMENT AND FACILITATES MSMEs TO DIRECTLY REACH OUT TO THE BUYERS
ACCESS TO MARKETS	
LOW OUTREACH AND NON-AVAILABILITY OF NEW MARKETS.	HUBS AND SPOKES IN THE FORM OF TOOL ROOMS TO BE ESTABLISHED ACROSS THE COUNTRY. THIS WILL FACILITATE PRODUCT DESIGN AND EASY ACCESS TO LATEST TECHNOLOGY TO MSMEs.
LACK OF SKILLED MANPOWER AND INEFFECTIVE MARKETING STRATEGY.	FINANCIAL ASSISTANCE IS PROVIDED FOR IMPLEMENTATION OF LEAN MANUFACTURING TECHNIQUES TO ENHANCE THE MANUFACTURING COMPETITIVENESS OF MSMEs.
DIFFICULT FOR MSMEs TO SELL PRODUCTS TO GOVERNMENT AGENCIES.	
COMPETITION FROM MNCs AND OTHER BIG INDUSTRIES.	FINANCIAL SUPPORT TO MSMEs IN ZED (ZERO DEFECT ZERO EFFECT) CERTIFICATION TO IMPROVE QUALITY OF PRODUCTS.
	GOVERNMENT PROVIDES SUBSIDY TOWARDS THE EXPENDITURE INCURRED BY ENTERPRISES TO OBTAIN THE PRODUCT CERTIFICATION LICENSES FROM NATIONAL AND INTERNATIONAL BODIES.
	THE RETURN UNDER 8 LABOUR LAWS AND 10 UNION REGULATIONS MUST NOW BE FILED ONLY ONCE A YEAR.
	COMPUTERIZED RANDOM ALLOTMENT FOR INSPECTOR VISITS TO THE ESTABLISHMENT.



<b>TECHNOLOGY ACCESS</b>	<b>ENVIRONMENTAL CLEARANCE UNDER AIR POLLUTION AND WATER POLLUTION LAWS,</b>
<b>LIMITED HUMAN RESOURCES AND WEAK FINANCIAL STANDING.</b>	<b>HAVE BEEN MERGED INTO ONE. ALSO, THE RETURN WILL BE ACCEPTED THROUGH SELF-CERTIFICATION.</b>
<b>MSMES, PARTICULARLY IN THE UNORGANIZED SECTOR, SHOW LOWER ADAPTABILITY OF NEW TECHNOLOGY AND INNOVATION.</b>	<b>FOR MINOR VIOLATIONS UNDER THE COMPANIES ACT, THE ENTREPRENEUR WILL NO LONGER HAVE TO APPROACH THE COURTS, BUT CAN CORRECT THEM THROUGH SIMPLE PROCEDURES. THIS SIGNIFIES SIMPLIFICATION OF GOVERNMENT PROCEDURES AND INSTILLING CONFIDENCE AMONG ENTREPRENEURS.</b>
<b>QUALITY AND EXPORT ISSUES</b>	
<b>LOW QUALITY PRODUCTS IMPACT EXPORT COMPETITIVENESS.</b>	
<b>INADEQUATE ACCESS TO QUALITY RAW MATERIALS.</b>	
<b>USE OF TRADITIONAL MACHINES CAUSES LOW PRODUCTIVITY</b>	
<b>EASE OF DOING BUSINESS</b>	
<b>CUMBERSOME GOVERNMENT PROCEDURES AND RULES FOR ESTABLISHING NEW UNITS.</b>	
<b>BUREAUCRATIC DELAYS IN GETTING CLEARANCES.</b>	
<b>POOR LITIGATION SYSTEM IN</b>	
<b>THE COUNTRY</b>	



### **Impact of COVID on MSME sector:**

The COVID 19 hit the global economy and the major impact was felt by the MSME sector which is the largest employer and employment provider to 120 million citizens in India. With the coronavirus impacting their cash cycles, MSMEs, the backbone of India's inclusive growth story, have felt a significant impact and faced severe disruptions. To curtail the rapid spread of the virus and prepare the country for battle against the invisible enemy the government had announced a complete lockdown in the entire country. The unprecedented lockdown had brought a state of disarray in the economy. The lockdown of a country in response to a pandemic severely constrained the demand and supply. Millions of migrant workers were stranded in sealed cities with no job and income. As the economic activities came to a standstill, millions of livelihoods and businesses were at stake. There was a complete collapse of global and domestic supply chains with no movement of raw material and finished goods due to abrupt closure of national and state borders. The economy also experienced a demand shock as the spending was only limited to essential expenditures. The lockdown also resulted in migration of many labour class back to their roots due to which the production at factories saw a huge dip. The country also experienced a huge dip in exports as many countries which India was maintaining good trade relations were victims of the COVID -19 pandemic. Under the export services of the country the travel and tourism services were mostly impacted as the demand for the same fell drastically mainly due to the fall in international travel and the restrictions imposed by European nations looking to the active surge in pandemic cases worldwide.

### **Measures to Enhance the growth of MSMEs in India**

Although the government has been focusing on the provision of easy credit by introducing various credit linked schemes. When it comes to providing easy credit to MSME sector by the financing institutions, it is seen that majority of the borrowers are weak on financial papers as there is no track record of their maintaining financial disciplines. After the impact of COVID -19 many financial institutions had to come out with one-time restructuring mechanism for MSMEs, which were, the most stressed and effected due to COVID-19. What was majorly seen that the MSME sector was suffering from inadequate cash flow as their operating cycle was hampered due to non-receipt of payments from their large buyers who were equally affected by the pandemic. The relief measures taken by the government and backed by the financial institutions have provided a stimulus to the suffering units and given them sufficient time to get back to business and start generating revenue so that the interest can be served in due time.

Government introduced a series of measures to enhance the growth of MSMEs some of them are as follows:

**Udyami Mitra Portal:** launched by SIDBI to improve accessibility of credit and Hand holding services to MSMEs.



**MSME Sambandh** : To monitor the implementation of the public procurement from MSMEs by Central Public Sector Enterprises.

**MSME Samadhaan**: MSME Delayed Payment Portal — will empower Micro and Small Entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments.

**Digital MSME Scheme**: It involves usage of Cloud Computing where MSMEs use the internet to access common as well as tailor-made IT infrastructure

**Prime Minister Employment Generation Programme**: It is a credit linked subsidy program under Ministry of MSME.

**Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**: organizes traditional industries and artisans into clusters and make them competitive by enhancing their marketability & equipping them with improved skills.

**A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)**: Creates new jobs & reduce unemployment, promotes entrepreneurship culture, facilitates innovative business solution etc.

**National Manufacturing Competitiveness Programme (NMCP)**: to develop global competitiveness among Indian MSMEs by improving their processes, designs, technology and market access.

**Micro & Small Enterprises Cluster Development Programme (MSE-CDP)**: adopts cluster development approach for enhancing the productivity and competitiveness as well as capacity building of MSEs.

**Credit Linked Capital Subsidy Scheme (CLCSS)**: is operational for upgradation of technology for MSMEs.

Apart from this, the various financial institutions have adopted digital mode of lending. Banks like Union Bank of India, State Bank of India etc. have adopted Straight through Process (STP) for lending to MSME sector. The next era of banking will make it more convenient to reach the MSME units and make up for the loss of timely execution of projects due to loss of timely financial aid received from the financial institutions.

### **Conclusion:**

Looking at the scope of the sector as the biggest source of employment generator and the Government initiative for Aatmanirbhar Bharat, the MSMEs will have a vital role to play in building India as a self-reliant country. Although the impact of COVID is huge but we are gradually witnessing the sector turning back to normal. In the age of Fintech and digital banking, the MSMEs will surely see a light in the dark by timely financial support and quicker disposal of applications. More efforts are needed in addressing the grievances through a single window system (Champion Portal launched by GOI) and ensuring that the level of grievances reduces gradually.



Last but not the least, efforts should be directed towards manufacturing and development of green products, technologies, and processes as a step towards meeting climate change and sustainability. Worldwide the nations are adopting green marketing and the concept of adopting Equator Principles is gradually catching up, Indian manufacturing sector also needs to focus on adopting these principles to prevent the adverse effect on climate for the larger good.

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# DIGITALIZATION IS THE NEED OF HOUR FOR THE MSMEs

(Subhransu Sekhar Patra, Member Banking Committee, Jagdish Sheth School of Management)



India a developing county, yet a major chunk of the population has yet not aware or is accessible to the basic and absolute necessary information that is needed for their well-being. The MSMEs are not aware of all necessary schemes being made available to them for the support of their needs. MSME sector generating about 29-30 percent of the GDP of India along with other economies of the world, faced a major setback in recent years due to the onset of a global pandemic. Digitalization is the need of the hour for the upgradation of the work process and to increase the development and revenue generation. This would help MSMEs to increase the market reach at a global scale. The major drawback is the unavailability of digital infrastructure to support the growth at a global pace.

Indonesia which is a developing country like India has adopted digitalization and global reach to increase their exports up to 50 percent even during pandemic as MSME contributes to 60 percent of their GDP. This is also possible in India and thanks to various programs and schemes introduced by Government of India. The MSME sector in India is a significant contributor for socio-economical development by promoting entrepreneurship and generating a lot of employment opportunities at a lower capital cost. This sector is widening its grip in economy and producing diverse products to meet domestic and global demands. Though being such versatile part of Indian economy second to Agriculture it has its fair share of challenges, some of which can be tackled by digitalization.

## **Problem Statement:**

One of the biggest challenges of MSME in India is the lack of finances. This is mainly because of lack of financial literacy among majority of micro enterprise owners who are mainly from education deprived and poverty hit region. This leads to them falling into financial trap of money lenders due to not being aware of the special financial privilege offered by the public sector banks and other scheduled commercial banks.



They do not enjoy the creditworthiness due to lack of proper book keeping & accounting. They lack the proper marketing and managerial strategies to boost sales and acquire new customer. The lack of knowledge of market trends, consumer preferences and access to advance technologies has bottleneck to their advancement. The marketing and advertising challenges and lack of proper branding has a major setback on the sales.

#### **How digitalization can help:**

Digitalization can benefit the MSME sector in a variety of ways:

- The availability of e-commerce option will help them to promote the global reach.
- Better customer engagement on digital platforms by targeted marketing, advertising, and grievance management.
- Better management and sourcing of raw material and inventories which help in efficient business operations.
- Increase in digital footprint will make the MSMEs visible to banks and increases their creditworthiness and in turn providing better finance opportunities.
- Efficient management of customer credit, and risk mitigation by setting a credit limit which helps to keep credit loss in check and maintain an adequate cash flow in business.

#### **Challenges and Govt Schemes:**

·MSME having a low adaptation to social media and other digital business channel, must be provided with an incentive or subsidy scheme by government to promote digitalization. Digital Saksham Initiative helps MSMEs to promote market reach by better handling of digital payment acceptance.

·**EdTech startups** and Tech businesses have come together to help MSMEs grow their business online by reducing skill gap and improving acceptance of digital methods by means of providing digital literacy.

·**Cost of digitalization**, which is a major concern of MSMEs has to be backed up with government subsidies for efficient cash and credit management of digitalized MSMEs.

·**Making digital credit more accessible and protecting users from frauds and cybercrime.**

**Udyam registration of MSMEs** will provide them with various financial opportunities, subsidies and public procurement schemes offered by government. This will also help them in better access to tenders and other business opportunities. The MSME sector after digitalization will bring in better employment opportunities and increase inflow of cash into the economy through exports. This will also help them to increase their resilience to unpredicted crisis like COVID19.



# MSMEs NEWS

## Year 2022

· The ECLGS has been extended for the MSME sector till March 2023, with the guarantee cover further increased by Rs 50,000 crore to a total of Rs5 lakh crore, with the additional money reserved solely for hospitality and allied firms.

· **Bank Credit to Small and Medium-Sized Enterprises (SME):** The Reserve Bank and the government have made increasing credit flow to SMEs a policy priority. In March 2022, SCBs' outstanding credit to MSMEs increased by 13.4% over the previous year (10.6 per cent a year ago).

· **Ease of Doing Business for MSMEs-** Over 99 per cent of 6.33 crore MSMEs in India are micro units while 0.52 per cent and 0.01 per cent are small and medium respectively.

Various initiatives taken by the government to promote micro, small and medium enterprises (MSMEs) such as-

-preferential procurement in the public sector

-cluster development programs

-more will promote competition

-avoid dwarfism among such enterprise

## Year 2021

· **PM GatiShakti-National Master Plan.** It was launched on 13 October 2021, points which are focused on this scheme are as:

1. *It will integrate and implement various infrastructure schemes in the next four years.*

2. *It will subsume Rs. 110 lakh crore National Infrastructure Pipeline that was launched in 2019.*

3. *The scheme will increase cargo handling capacity, reduce turnaround time at ports, develop 11 industrial and 2 defence corridors, extend 4G connectivity to all villages, extend gas pipeline network, national highway network, creation of new airports, heliports, water aerodromes and more.*

· The Reserve Bank declared in February 2021 that new borrowers in the MSME sector will have their loans deducted from banks' cash reserve ratio (CRR) requirements. This method boosted the amount of loanable funds available to new MSME sector borrowers, as new loans expanded at nearly the same rate as current loans.

· **May 5, 2021:** - The cash reserve ratio (CRR) exemption available to scheduled commercial banks (SCBs) for exposures up to '25 lakh and credit disbursed up to the fortnight ending October 1, 2021 was extended until December 31, 2021 to further encourage the inclusion of unbanked micro, small, and medium enterprises (MSMEs) into the banking system.



# MSMEs NEWS

· **June 4, 2021:** - SIDBI was given a special refinancing facility worth Rs. 16,000 crores to meet the short and medium-term credit needs of MSMEs in order to kick-start the investment cycle, with a special focus on smaller MSMEs and companies, particularly those in credit-deficient and aspirational regions.

## Year 2020

· **Production Linked Incentive (PLI) Scheme**- On April 1, Ministry of Electronics and Information Technology (MeitY) introduced PLI or Production Linked Incentive Scheme, as a part of the National Policy on Electronics.

· The scheme will give incentives between 4-6% to the electronic companies, provided that they manufacture mobile phones and other electronic and nanoelectronic components-- transistors, diodes, thyristors, resistors, capacitors, microelectromechanical systems in India. It is aimed to attract huge foreign investments in the IT sector and will also encourage the Indian companies to expand their production units and presence in India and in line with the Make in India initiative.

· **Atmanirbhar Bharat Scheme** - On 12 May 2020, Prime Minister Modi announced a relief package of Rs 20 lakh crore to ease the coronavirus distress. It will help India in reviving the economy focus on land, labour, liquidity and laws and will benefit farmers, workers, taxpayers, MSMEs and cottage industry.

· On 12 November 2020, Union Finance Minister along with Minister of State for Finance and Corporate Affairs, launched Atmanirbhar Bharat 3.0 to boost Covid-hit economy. A total of 12 announcements were made by Finance Minister in a press conference focussing on jobs creation and tax relief in housing.

· As stated by the Prime Minister, India's self-reliance will be based on five pillars — economy, infrastructure, technology-driven system, vibrant demography and demand.

· **Atmanirbhar Uttar Pradesh Rojgar Yojana** - On 26 June 2020, Prime Minister Modi launched Atmanirbhar Uttar Pradesh Rojgar Yojana to provide employment to 1.25 crore people, covering 31 districts in Uttar Pradesh amid the COVID-19 pandemic. The scheme will focus on promoting local entrepreneurship, providing jobs, and creating partnerships with Industrial associations to create employment opportunities.

· **Atmanirbhar Gujarat Sahay Yojna (AGSY)** - On 14 May 2020, Gujarat Government launched Atmanirbhar Gujarat Sahay Yojna (AGSY) for small businessmen, skilled workers, autorickshaw owners, electricians and barbers, among others. The scheme aims to help people in the lower-middle-income group get back to their normal life. People in the lower-middle-income group can avail guarantee-free loan of Rs 1 lakh from banks at 2% annual interest. The tenure of the loans will be three years and the payment of instalments will begin after six months of sanctioning the loan.



## **IMPORTANT & USEFUL GOVERNMENT WEBSITES FOR MSMEs**

MSME Ministry: <https://msme.gov.in/>

NSIC's website: [www.nsic.co.in](http://www.nsic.co.in)

My MSME: <https://my.msme.gov.in/> This website shows links for various Schemes.

1. Udyam Registration

<https://udyamregistration.gov.in/>

2. MSME Dashboard

<https://dashboard.msme.gov.in/>

3. Incubation

<https://my.msme.gov.in/>

4. MSME Samadhaan

<https://samadhaan.msme.gov.in/>

5. MSME Sambandh

<https://sambandh.msme.gov.in/>

6. Credit Linked Capital Subsidy Scheme

<https://clcss.dcmsme.gov.in/>

7. Cluster Development Programme

<https://cluster.dcmsme.gov.in/>

8. Design

<https://innovative.msme.gov.in/>

9. Procurement and Marketing Support Scheme

<https://my.msme.gov.in/>

10. Intellectual Property Rights

<https://innovative.msme.gov.in/>



11. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)  
<https://sfurti.msme.gov.in/>
12. MSME Testing Centre  
<https://tc.dcmsme.gov.in/>
13. International Cooperation  
<https://ic.msme.gov.in/>
14. Grievance Monitoring System  
<https://champions.gov.in/>
15. MSME DataBank  
<https://www.msmedatabank.in/>
16. Aspirational District  
<https://my.msme.gov.in/>
17. Zero Defect Zero Effect  
<https://zed.msme.gov.in/>
18. B2B Portal  
<https://www.msmemart.com/>
19. Credit Guarantee (CGTMSE)  
<https://www.cgtmse.in/>
20. Prime Minister Employment Generation Programme (PMEGP)  
<https://www.kviconline.gov.in/>
21. A Scheme For Promoting Innovation,Rural Industry & Entrepreneurship (ASPIRE)  
<https://aspire.msme.gov.in/>
22. MSME Schemes  
<https://my.msme.gov.in/>
23. MSME Project Profiles  
<https://my.msme.gov.in/>
24. National MSME Trainee Database Click here..  
<https://msmetraining.gov.in>



25. Tool Rooms - SD MIS  
<https://ab.dcmsme.gov.in/>

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**About Dr. Rajendra K Sinha**  
**(Founder MSMEadvisor.com, MSME Blast Magazine)**

Dr Rajendra K Sinha is an enterprising leader & planner with 30+ years of extensive experience with State Bank Group including Top Executive assignments in SME, and Industry Studies. He holds a Ph.D. (Business Administration), PGDM (International Management), CAIIB, CIF, AMFI and Independent Director's Databank Certification of IICA.

He is Founder of MSMEadvisor.com with its vision as" Be the trusted leading Advisory Services & Solutions Provider for the sustainable growth of MSMEs & Industries". He is on the National Advisory Board of SME Chamber of India. He is member of MSME Forum of Bombay Chamber of Commerce & Industry. He has conceptualized & successfully executed the "MSME Financing" course at JAGSoM.

As Business Head-SME at SBI's Mumbai Circle, he spearheaded the largest portfolio amongst all Circles. As Industries Studies Vertical Head at SBI Corporate Centre, he headed the team for tracking 37 Industries in SBI's credit portfolio and issuing advisories for the operational functionaries of Corporate Account Group, Mid-corporate Group and Retail Group.

He is frequently invited as a Speaker/Panellist in SMEs related Conferences, including Confederation of Indian industry; Bombay Chamber of Commerce & Industry; SME Chamber of India; Maharashtra Economic & Industrial Development Association; BCCI & SIDBI; BCCI & NSE; EGROW; AIMA; ISEC etc; also, Panellist on TV Channel News9.

He was Founder Secretary, Advisory Council on Training & Research in SBI at State Bank Academy. He is recipient of "CH Bhabha Research Scholarship & Award" on "Cost of Bank services", from Indian Banks Association. Recipient of 21st century Finance Minister Book Writing Award in 2000 under IBA auspices on a book in Hindi on "Risk Management & Derivatives". He has published over 60+ Papers / Articles in reputed Journals/ Magazines.

He is Professor & Chairperson, Centre of Excellence in Banking at Jagdish Sheth School of Management (the 6th AACSB accredited B-School of India & ranking in World University QS Global Masters), Bengaluru.



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- RS Greenwoods Apartment, Hosur
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