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Definition and overview of MSME Sector in India
Micro, Small and Medium Enterprises (MSMEs) - India

These definitions are governed by Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
</table>
| **-Manufacturing**
  Investment in P&M | Upto Rs. 25 Lakh | Above Rs. 25 Lakh & Upto Rs. 5 Crore | Above Rs. 5 Crore & Upto Rs. 10 Crore |
| **-Services**
  Investment in Equipment | Upto Rs.10 Lakh | Above Rs. 10 Lakh & Upto Rs. 2 Crore | Above Rs. 2 Crore & Upto Rs. 5 Crore |

• The Bill was introduced in the Parliament

• Department related Parliamentary Standing Committee agreed to the provisions in the bill

• Subsequently, it was referred to an informal group of Ministers under the chairmanship of Hon’ble Finance Minister

• The informal group met on 14th Sep 2017 and suggested a composite criterion for defining the MSME
Overview of MSMEs in India

- MSME sector a critically important sector of the economy
- The sector is one of the principal contributors to Gross Domestic Product (GDP), exports and employment generation
- As per NSSO Survey, there are 6.34 Crore MSMEs in India
Organizational Set-up
M/o MSME implements its various programmes/schemes through the following organizations attached to the Ministry

Ministry of Micro, Small & Medium Enterprises (M/o MSME)

- Khadi & Village Industries Commission
- National Small Industries Corporation
- Coir Board
- National Institute for Micro, Small and Medium Enterprises
- Mahatma Gandhi Institute for Rural Industrialization
- Tool Rooms & Technology Development Centres
- Development Commissioner - MSME
Footprint of M/o MSME

Development Commissioner (MSME) (87 offices)

Khadi and Village Industries Commission (46 offices) (2,375 Khadi institutions)

National Small Industries Corporation (164 offices)
Schemes
Major Schemes of MSME

- A credit linked capital subsidy scheme implemented through KVIC for setting up of Micro Enterprises

- Financial assistance of **upto Rs 25 Lakh** & **Rs 10 Lakh** for Mfg. & service sector respectively

- During XII Plan Period, **2.54 Lakh** enterprises created generating employment of **19.44 Lakh** persons

Prime Minister’s Employment Generation Programme (PMEGP)
Smt. Papana Mani Chandana, Kothapeta village, Guntur District, Andhra Pradesh - Instant Chapathi and Poori Making unit
Major Schemes of MSME (Contd..)

Credit Linked Capital Subsidy Scheme (CLCSS)

- Aim to facilitate technological upgradation
- Subsidy of 15% limited to maximum of Rs 15 Lakh for purchase of plant & machinery
- Since, inception (2000 – 01) a total of 4,709 MSEs benefited by capital subsidy of Rs 2,802.31 Crore (upto 24.07.2017) and loan amount of Rs 25,297.25 Crore
Southern Power Equipment Co. Private Limited, Bangalore, Karnataka - Power and Distribution Transformers
Major Schemes of MSME (Contd..)

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

- Special corpus to guarantee credit flows to MSEs
- Loans upto Rs 2.00 Crore, without collateral
- Since its inception i.e. 2000, **28,56,136 proposals** have been approved under the scheme extending guarantee coverage of **Rs 1.34 Lakh Crore**. Present outstanding is **Rs. 72,000 Crore**
- **106** active Member Lending Institutes (MLIs) and **5** Non Banking Financial Companies (NBFCs) are covered under the scheme extending loans to MSEs
The scheme comprises Livelihood Business Incubators (LBIs), Technology Business Incubators (TBIs) and Fund of Funds

- 62 LBIs are approved and 30 have commenced training activities
- Over 11,000 incubates have completed incubation, 30% of which have set up their own enterprises and have been engaged in productive employment
- 8 TBIs are approved, 55 compelling ideas have been received from these TBIs
- Out of the Fund of Funds (Rs. 60 Crore), Rs. 55.50 Crore has been committed for utilization in 6 Alternate Investment Funds (AIFs)
Training in LBI at NSIC centre, Delhi
Funding support to traditional industries & artisan clusters to make them competitive

- Heritage Cluster - Rs 8.0 Crore
- Major Cluster - Rs 3.0 Crore
- Mini Cluster - Rs 1.5 Crore

As on 25.10.2017, **DPRs of 74 clusters** approved. **32 clusters** completed

- Rs. **141 Crore** committed; **over 60,000 artisans** covered
Gorakhpur Cotton Khadi Cluster, Uttar Pradesh &
Ektal Bell Metal Cluster, Chhattisgarh by KVIC
The Hub launched in **October, 2016**, to achieve the target of 4% of procurement from SC/ST MSEs and to promote entrepreneurship.

- **40 Vendor Development Programmes (VDPs)** organized in current FY with **1,291 participants**
- **11 international** and **48 domestic** exhibitions organized
- **12 NSSHOs (NSSH Offices)** across the nation are being setup for providing handholding support to MSEs
- A dedicated **Web Portal** is being created.
Support the growth of MSEs by addressing common issues by way of creating Common Facilities Centers (CFCs)

GoI support for CFC/ID – 70% / 60% of project cost (max. 15 / 10 Crore)

As on 30.09.2017, 46 CFCs and 150 Infrastructure projects have been completed
Readymade Garment Cluster, Nagpur
### Major Schemes of MSME (Contd..)

<table>
<thead>
<tr>
<th>Technology Center Systems Programme (TCSP)</th>
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</thead>
<tbody>
<tr>
<td>❖ Technological support to MSMEs by making available access to state-of-the-art manufacturing technologies</td>
</tr>
<tr>
<td>❖ Construction of 15 new and upgradation of 18 existing Technology Centers (TCs) through World Bank assistance</td>
</tr>
<tr>
<td>❖ Over 1.5 Lakh persons are being trained every year under the scheme</td>
</tr>
</tbody>
</table>
MSME Technology Centre, CTTC, Bhubaneswar

Mars Orbiter Mission (MOM)
- Solar Array Driving Assembly
- Momentum Wheel Assy.
- Dynamically Tuned Gyroscope

Tejas Aircraft
- Fuel Line Replacement Units
Establishing 15 New & Upgrading 18 Technology Centers

- Bhiwadi – Technology Centre
- Durg – Production Block
- Bengaluru – Production Block
- Up-gradation of Bhubaneswar TC

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Focus on the following components:

- Skill Upgradation & Mahila Coir Yojana (MCY)
- Development of Production Infrastructure (DPI)
- Domestic Market Promotion (DMP)
- Export Promotion Market (EMP) Trade and Industry Related Functional Support Services (TIRFSS) –
- Welfare Measures (Group Personal Accident Insurance Scheme)

The scheme is concentrated in three states: Karnataka, Tamil Nadu and Kerala. Products such as coir mats, mattresses, furniture, geo-textile related products etc.
Coir Geo textiles for soil erosion control
Innovative Coir Products - Coir Pith, Coir Wood and Coir House
Budget & Expenditure (2017-18)
Budget & Expenditure

Budget (2017-18) in Rs. 6,481.96 Cr
Total Expenditure Till Sep 2017 in Rs. 4,120.43 Cr
Total Expenditure Till Oct 2017 in Rs. 4,701.25 Cr
Major Challenges identified and Way Forward
Challenges & Way Forward

Access to modern technology

• **TCSP** – Technology Center Systems Programme

• **CLCSS** – Credit Linked Capital Subsidy Scheme

• **ASPIRE** – A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship
Challenges & Way Forward (Contd..)

Access to Market

- **GeM** – Government e-Marketplace for Government procurement
- **PPP** - Public Procurement Policy
- **SMAS** - Special Marketing Assistance Scheme
- **MATU** - Marketing Assistance and Technology Upgradation Scheme
Challenges & Way Forward (Contd..)

Access to Infrastructure

- MSE – CDP – Micro and Small Enterprises – Cluster Development Programme
- SFURTI – Scheme of Fund for Regeneration of Traditional Industries
- ASPIRE – A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship

Delay in Payments to MSEs

- Delayed Payment Portal “MSME Samadhaan” Launched: http://samadhaan.msme.gov.in
- Empowering the MSEs to register their complaints online
Challenges & Way Forward (Contd..)

Access to Skilled Manpower
- Training through Sector Skill Councils (SSCs)
- National Apprenticeship Promotion Scheme
- Entrepreneurship Skill Development Programmes

Awareness Creation
- Regional and National Level Conclaves
- Vendor Development Programmes (VDPs)
- Collaborative efforts with States
Reaching out to the Grassroots
Reaching out to the Grassroots

- Direct Benefit Transfer/ Digital Payments – 22 Schemes on boarded
- Adoption of Cluster Development Approach for developing new and upgradation of existing clusters
- Bringing State Government onboard for scheme implementation
- Develop skills in thrust sectors with collaboration with various Councils
- Organizing – Exhibitions/ Trade fairs/ Buyer-Seller Meets etc.
- Vendor and Entrepreneurship Development Programmes
- “MSME Pakhwada”
Thank You
<table>
<thead>
<tr>
<th><strong>Manufacturing Enterprises</strong></th>
<th><strong>Investment limit in Plant &amp; Machinery</strong></th>
<th></th>
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<tbody>
<tr>
<td><strong>Existing</strong></td>
<td><strong>Proposed</strong></td>
<td></td>
</tr>
<tr>
<td>Micro Enterprises</td>
<td>Up to Rs. 25 lakh</td>
<td>Up to Rs. 50 lakh</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>Above Rs. 25 lakh &amp; up to Rs. 5 Crore</td>
<td>Above Rs. 50 lakh &amp; up to Rs. 10 Crore</td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>Above Rs. 5 Crore &amp; up to Rs. 10 Crore</td>
<td>Above Rs. 10 Crore &amp; up to Rs. 30 Crore</td>
</tr>
</tbody>
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<table>
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<th><strong>Investment limit in Equipments</strong></th>
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<td>Above Rs. 20 lakh &amp; up to Rs. 5 Crore</td>
</tr>
<tr>
<td>Medium Enterprises</td>
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<td>Above Rs. 5 Crore &amp; up to Rs. 15 Crore</td>
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## Composite Criterion

<table>
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<th>Criteria</th>
<th>Manufacturing/ Service</th>
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<tbody>
<tr>
<td></td>
<td>Micro</td>
</tr>
<tr>
<td>Turnover (Rs. Lakh)</td>
<td>1000</td>
</tr>
<tr>
<td>Employment (No)</td>
<td>20</td>
</tr>
<tr>
<td>Investment in plant and machinery/ equipment (Rs. Lakh)</td>
<td>50</td>
</tr>
</tbody>
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