



Department of Industrial Policy and  
Promotion

Ministry of Micro,  
Small and Medium  
Enterprises

# MSME Sector

Achievements Report

February 13, 2017



**MAKE IN INDIA**

# Table of Contents



**0 3**  
Policy  
Initiatives &  
Investments

**0 5**  
Skill  
Development

**0 4**  
Promoting  
MSME in  
Defence

**0 5**  
Ease of Doing  
Business

**0 4**  
Support for  
Startups



# MSME Sector

Micro, Small and Medium Enterprises (MSME) sector is one of the still untapped high growth segments in India and an essential partner for achieving socio-economic growth. MSMEs, which are spread across both urban and rural areas of the country, mostly form part of the unorganized sector. As per present estimates, the MSME sector including Khadi, Village and Coir industries, consist of 51 million units and provides employment to over 117 million persons. The sector contributes 7% to India's GDP while accounting for 45% of the total manufacturing output and 40% of the exports from India.

India is **the largest producer of coir in the world** with a production of 5,42,000 MT, which comes to around 55% of global production of coir.

In a first, Ministry of MSME **has been awarded the ISO 9001-2008 certification**. Implementation of ISO standards has enabled the Ministry to identify areas for improvement and also bring in transparency and accountability in its functioning.

## Policy Initiatives & Investments

### FDI Policy

FDI in MSMEs is subject to the sectoral caps, entry routes and other relevant sectoral regulations.

### Make in India Soft Loan Fund

Launched by SIDBI on August 18, 2015, soft loans, in the nature of quasi-equity, and term

loans on relatively soft terms are being provided to MSMEs to meet the required debt-equity ratio for establishment of an MSME and for pursuing opportunities for growth of existing MSMEs.

### Enterprise creation under Prime Minister's Employment Generation Programme (PMEGP)

This is a credit link subsidy programme targeted at creating self employment opportunities for traditional artisans and unemployed youth in non-farm sectors. Maximum subsidy for manufacturing sector is INR 25 lakh while for service sector, it is INR 10 lakhs. **From April 2014 to November 2016, a total of 1,19,369 units were setup, which provided employment to 1,99,524 persons.**

### Scheme of Fund for Up-gradation and Regeneration of Traditional Industries (SFURTI)

The revamped scheme organizes traditional industries and artisans into clusters in order to make them competitive for their long term sustainability. The updated scheme also supports the clusters to enhance marketability of products with design interventions, improved packaging and infrastructure.

During FY 2015-16, and FY 2016-17 (as on December 30, 2016), INR 118.63 crore has been approved for clusters providing employment to 54,201 artisans.



## Framework for Revival and Rehabilitation of MSMEs

Notified by the Ministry on May 29, 2015, this was introduced to help combat the financial obstacles that MSMEs face. Enterprises can seek revival and rehabilitation benefit through a committee constituted by banks with representatives from State Governments, experts and others.

## Technology Acquisition and Development Fund

Technology Acquisition and Development Fund (TADF) was launched on November 18, 2015 under National Manufacturing Policy. The scheme provides funding specific to technology acquisition and development of clean and green technologies. Global Innovation & Technology Alliance (GIAT), appointed for implementation of the scheme has signed agreement for implementation of 16 projects with MSMEs.

## Fiscal incentives

**Budget 2017-18** provides for the following:

- Income tax for companies with annual turnover up to INR 50 crore is reduced to 25%. About 96% of companies will get this benefit of lower taxation.

## Promoting MSMEs in Defence Sector

- In the **'Make' category of capital acquisition**, government funded projects with estimated cost of **prototype development phase not exceeding INR 10 crore** and **industry funded projects** with estimated cost of prototype

development phase **not exceeding INR 3 crore** are **reserved for MSMEs**.

- MSMEs allowed to participate in conducting feasibility studies for 'Make' projects.
- MSMEs have been granted relaxation in the registration and profitability criteria for consideration as eligible "Indian Vendor" for participation in the 'Make' projects.
- In the discharge of offset obligations, a multiplier of 1.50 has been permitted where MSMEs are Indian Offset Partners (IOPs).

## Support for Startups

**Scheme for Promoting Innovation and Rural Entrepreneurship (ASPIRE)** was launched on March 18, 2015 to set up a network of technology and incubation centers to accelerate entrepreneurship and promote innovative start-ups in the agro-industry. An **important component of this scheme is setting up of Livelihood Business Incubators (LBI)** under National Small Industries Corporation (NSIC), KVIC, Coir Board or any other Institution/agency of GOI/State Govt. or under PPP mode with these institutions. The financial support under LBI is up to INR 1 crore for NSIC & others and INR 50 Lakh for PPP incubators. For setting up of Technology Business Innovation Model (TBI), the assistance is for INR 30 Lakh for existing and INR 1 Crore for new incubators. Other financial support includes, INR 3 lakh per idea and a seed capital of INR 1 crore for setting up of start-ups by the incubators.



Presently, the total number of LBIs is 41 and TBIs is 5 across States.

Some of the other key initiatives for promoting startups include:

- Requirement of experience and prior turnover in procurement from Startups by Central Public Sector Enterprises (CPSEs) have been relaxed w.e.f March 10, 2016.
- An Incubation Cell '**Knowledge for Innovation in Trade & Technology for Entrepreneurial Start-ups**' (KITTES) was setup at IIFT Delhi on July 18, 2016 to provide hand holding support for MSME start-ups in international business.

### Ease of doing Business

- The '**Udyog Aadhaar Memorandum**' (UAM) **Services** was launched on September 18, 2015 to **enable entrepreneurs to register themselves by filing a simple one page form online on Self-Certification basis**. No fees and supporting documents are required for the online filing of UAM. Over 22 lakh entrepreneurs have registered as on December 31, 2016.
- The documents required at application stage and claim stage for **International Cooperation scheme** have been simplified & kept to bare minimum (10) w.e.f June 1, 2016 and applications can be submitted online.

### MSME Data Bank & Finance Facilitation Web Portal

MSME Databank Portal and Online Finance

Facilitation Web Portal was launched on August 11, 2016 and enables the Ministry to pass on the benefits directly to MSMEs. MSME units can also update their information on their enterprise, products and services without visiting any government office in person. As on December 31, 2016 more than 60,000 MSME units have enrolled on the portal.

### MyMSME

A web-based application module and **Mobile App** '**MyMSME**' has been launched enabling entrepreneurs to submit their applications for schemes online and track it at their convenience.

### Skill Development

- The Ministry has set a target of training 1.5 crore youth by 2022. Towards this goal, the Ministry with **Samsung Electronics have set up 10 MSME Samsung Technology Schools** for skilling youth in repair and maintenance of Samsung products.
- Training centers have been set up by NSIC in collaboration with Escorts, Carl Zeiss, Schneider and ABB for providing technology up-gradation training.
- During 2014-16, an amount of INR 165.42 crore was utilized under Assistance to Training Institutions (ATI) Scheme for **organizing 6,745 Entrepreneurship Development Program. 88,540 people have been trained** since April 2014 to January 2017.
- **4,68,531 people** have been trained by Tool Rooms & Technology Centres in industry oriented skills
- An **online Employment Exchange portal for industries benefitting both employers and job seekers** was launched in June 2015.

# Contact Us

**Department of Industrial Policy and Promotion,**

Ministry of Commerce and Industry,  
Udyog Bhawan, Rafi Ahmed Kidwai Marg,  
Rajpath Road Area, Central Secretariat,  
New Delhi, Delhi 110011

<http://www.dipp.nic.in>

**Ministry of Micro, Small and Medium Enterprises**

Udyog Bhawan, Rafi Ahmed Kidwai Marg,  
Rajpath Road Area, Central Secretariat,  
New Delhi, Delhi 110011

<http://www.msme.gov.in>

**Knowledge Partner : KPMG**

Building No. 10, 8th Floor, Tower B & C,  
DLF Cyber City, Phase II,  
Gurgaon, Haryana 122 002

<https://home.kpmg.com/in/en/home.html>