

Hon. Prime Minister Schemes

1. **59-minutes loan-** Narendra Modi said the first step taken by the government was to launch the 59-minute loan sanction portal, which will allow easy and quick credit up to Rs 1 lakh to small businesses.
2. **Computerised random allocation & a time frame-** 48 hours max will be given to file report for any inspection to an inspector, and they won't decide which factory to go on their own. Computerised random allocation will decide which inspector goes.
3. **Loan option-** Loan option for GST registered firms will now be available through the GST portal itself. For the exporters seeking loans on pre-shipment and post shipment, the rebate has been increased from 3% to 5%.
4. **Cash flow certainty-** It will now be mandatory for companies with a turnover of more than Rs 500 crore to join Trade Receivables e- Discounting System (TReDS) so that MSMEs do not face trouble in cash flow, stated Narendra Modi.
5. **Interest concession-** Government to raise interest concession on loans for MSME exporters to 5% from 3%. PM Modi also requested large companies to clear bills of MSMEs expeditiously. Over 72,000 MSMEs have been granted loans through this portal, said Modi.
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6. **Quick loan access-** Government launches quick loan access scheme for up to Rs 1 crore for MSME sector. 2% rebate for loans up to Rs 1 cr for GST-registered MSME.
7. **MSME's led by women-** Mandatory for PSUs to procure up to 3 per cent from MSMEs led by women.
8. **Trade receivables and e-discounting systems-** All companies with turnover of more than Rs 500 crore would have to now come on Trade Receivables e-Discounting System (..
9. **Pharma clusters for MSMEs-** PM Modi said that government will set up pharma clusters for MSMEs. Centre to bear 70% of setup cost. He also said that the Govt is to offer Rs 6,000 crore technology upgradation package for MSMEs.
10. **Government e-Marketplace-** Government e-Marketplace platform procurement mandatory for AIPSEs.
11. **Environmental laws-** Easing compliance with environmental rules, MSMEs will need single air and water clearance and just one consent to establish a factory.
12. **Relaxation in labour laws-** MSMEs will have to file just one annual return on eight labour laws and 10 central rules. Modi added that an ordinance has been promulgated to simplify levy of penalties for minor offences under the Companies Act.

MSME Ministry Scheme

SCHEMES OF MINISTRY OF MICRO SMALL AND MEDIUM ENTERPRISES

The role of micro, small and medium enterprises (MSMEs) are well established in the economic and social development of the country. This sector contributes 8 per cent of the country's GDP, 45 per cent of the manufacturing output and 40 per cent of its export. The MSMEs provide employment to about 60 million persons through 26 million enterprises.

In accordance with micro small and medium enterprises development (MSMED) Act 2006 the MSME are classified into:-

1. Manufacturing/Production of goods
2. Providing/Rendering of services

Manufacturing Enterprises

The Manufacturing Enterprises have been defined in terms of investment in plant and machinery (excluding land and building) and further classified into:-

1. Micro Enterprises-investment up to Rs25 lakh
2. Small Enterprises-investment above Rs25 lakh and upto Rs5 crore
3. Medium Enterprises-investment above Rs5 crore and up to Rs10 crore

Service Enterprises

The Manufacturing Enterprises have been defined in terms of investment in plant and machinery (excluding land and building) and further classified into:-

1. Micro Enterprises-investment up to Rs10 lakh
2. Small Enterprises-investment above Rs10 lakh and up to Rs2 crore
3. Medium Enterprises-investment above Rs2 crore and up to Rs5 crore

INITIATIVES OF THE MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES (MSME) IN RECENT YEARS.

Prime Minister Employment Generation Programme and Other Credit Support Schemes Prime Minister's Employment Generation Programme (PMEGP)

The scheme is implemented by Khadi and Village Industries Commission (KVIC) functioning as the nodal agency at the national level. At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks. In such cases KVIC routes government subsidy through designated banks for eventual disbursement to the beneficiaries / entrepreneurs directly into their bank accounts.

Development of Khadi, Village and Coir Industries Market Promotion & Development Scheme (MPDA)

The Market Promotion and Development Assistance Scheme (MPDA) has been launched as a unified scheme by merging different schemes implemented by the Khadi sector including publicity, marketing, market promotion and marketing development assistance. Further, grant/subsidy will also be available for construction of Khadi plazas. The overall objective of the scheme is to ensure increased earnings for artisans.

Technology Upgradation and Quality Certification Financial Support to MSMEs in ZED Certification Scheme

The objectives of the scheme include inculcating Zero Defect & Zero Effect practices in manufacturing processes, ensure continuous improvement and supporting the Make in India initiative. The ZED Certification scheme is an extensive drive to create proper awareness in MSMEs about ZED manufacturing and motivate them for assessment of their enterprise for ZED and support them. After ZED assessment, MSMEs can reduce wastages substantially, increase productivity, expand their market as IOPs, become vendors to CPSUs, have more IPRs, develop new products and processes etc. The scheme envisages promotion of Zero Defect and Zero Effect (ZED) manufacturing amongst MSMEs and ZED Assessment for their certification so as to: Develop an Ecosystem for Zero Defect Manufacturing in MSMEs. Promote adaptation of Quality tools/systems and Energy Efficient manufacturing. Enable MSMEs for manufacturing of quality products. Encourage MSMEs to constantly upgrade their quality standards in products and processes. Drive manufacturing with adoption of Zero Defect production processes and without impacting the environment. Support 'Make in India' campaign. Develop professionals in the area of ZED manufacturing and certification.

Prime Minister Employment Generation Programme and Other Credit Support Schemes International Cooperation Scheme

The scheme covers the following activities:

- a) Visit of MSME delegations to other countries in international exhibitions/ trade fairs, conferences/ summits/workshops etc. for exploring new areas of technology infusion/upgradation, joint ventures, improving market of MSMEs products, etc.
- b) Participation of MSME delegations in international exhibitions, trade fairs and buyer-seller meets in foreign countries.
- c) Holding international conferences/summits/workshops/seminars relating to MSME sector to be organized in India by the Industry Associations/ Government organizations.
- d) Holding/organising mega international exhibition or fair and international conferences/seminars/workshops, Joint Committee Meetings/Joint Working Group Meetings/Government to Government bilateral meetings with outer countries in India by Ministry of MSME or organizations under it.
- e) Sending a delegation of the Ministry of MSME to an International Exhibition/Fairs/Conference in foreign countries.

Entrepreneurship and skill Development Programme Assistance to Training Institutions (ATI)

The assistance is provided to National level training institutions operating under the Ministry of MSME, namely, NIMSME, KVIC, Coir Board, Tool Rooms, NSIC & MGIRI in the form of capital grant for the purpose of creation and strengthening of infrastructure and support for entrepreneurship development and skill development training programmes. Assistance is also provided to those State level EDIs that enter into partnership with NIMSME for capacity

development for undertaking studies & research on MSME issues. The scheme also provides research grant upto Rs 15.00 lakh on MSME issues. MSME chair are also sanctioned in premier National academic institutions.

**Entrepreneurship and skill Development Programme
Micro & Small Enterprises Cluster Development (MSE-CDP)**

The Ministry of MSME has adopted cluster development approach for enhancing productivity and competitiveness as well as capacity building of MSEs. The Scheme supports financial assistance for establishment of Common Facility Centres (CFCs) for testing, training centres, R&D, Effluent Treatment, raw material depot, complementing production processes etc. and to create/upgrade infrastructural facilities (IDs) in the new/existing industrial areas/clusters of MSE's such as power distribution network, water, telecommunication, drainage and pollution control facilities, roads, banks, raw materials, storage and marketing outlets, common service facilities and technological backup services for MSEs in the new/existing industrial estates/areas.

SIDBI Schemes

Small Industries Development Bank of India SIDBI

The SIDBI was established as a wholly owned subsidiary of Industrial Development Bank of India (IDBI) under a special Act of the Parliament 1988 and started its operations on April 2, 1990. It took over the responsibility of administering Small Industries Development Fund and National Equity Fund which were earlier administered by IDBI. It is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. It is managed by a team of 10 Board of Directors. The authorised capital of the Bank is Rs. 1000 crore and the Paid up capital is Rs. 450 crore.

SIDBI READY TO FUND FOREIGN BUYS OF SMALL UNITS

Small Industries Development Bank of India (SIDBI) is ready to fund domestic MSMEs to acquire foreign companies.

“SIDBI are ready to fund small and medium companies to acquire foreign assets. SIDBI will be funding the acquisition value plus the facilitation charges. The money will come from the Rs 600-crore India Opportunity Fund that SIDBI have just launched”.

SIDBI MARKETING FUND FOR WOMEN (MFW)

Objective The assistance under the Fund is available to women entrepreneurs and organisations involved in marketing of products manufactured by women entrepreneurs to increase their reach, both in domestic and international markets

Eligible Borrowers

SSI units managed by women entrepreneurs.

Marketing related service providers Organisations / units in the corporate / co-operative / NGO sectors which are providing support services like internet, trade related information, advertising, marketing research, warehousing, common testing centres, etc. to enterprises owned and managed by women.

Consortia

Organisations / Associations / Women Groups / Marketing Consortia that have an exclusive marketing mandate and have, as their vendor base, a wide range of small and tiny units owned and managed by women entrepreneurs.

While the terms and conditions for sanction of assistance would be flexible, they would essentially depend upon the soundness of the management, track record of performance and viability of future operations.

Development Assistance

Besides providing financial assistance as mentioned above, SIDBI could also consider, on a selective basis, developmental assistance by way of soft loans/grants for organising group activities and programmes such as trade fairs, exhibitions, buyer-seller meets, seminars, workshops, training programmes, etc. to promote marketing of products manufactured by women entrepreneurs.

OBJECTIVE

To ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions of Banks in lending without collateral security, a credit guarantee fund scheme for Micro and Small Enterprises was introduced by the government in August 2000

SALIENT FEATURES

The scheme is being implemented by the Credit Guarantee Fund Trust for Micro and Small Enterprises, set up jointly by the Government of India and Small Industries Development Bank of India (SIDBI). The Government of India and SIDBI contribute to the corpus fund of the trust in the ratio of 4:1.

The scheme became operational and effect from January 1, 2001.

All Scheduled Commercial Banks and regional rural Banks (Categorized under sustainable viability) or such of those institutes as may be directed by Government of India are eligible to become Member Lending Institute Under the Scheme.

The Scheme covers collateral free credit facility (term loan and/on working Capital) extended by eligible lending Institution to new and existing micro and small enterprises up to Rs100lakh per borrowing unit. The Guarantee cover provided is up to 75 % of credit facility up to Rs50 lakh with an incremental Guarantee of 50% of the facility above Rs50 lakh and up to Rs100 lakh (85 % of loan up to Rs5 Lakh provided to Micro Enterprises, 80% for MSEs owned/operated by women and all loan to NER). One time Guarantee fee of 1.5% of credit facility sanctioned (0.75% for NER including Sikkim) and Annual Service Fee of 0.75% is collected from MLIs. 120 Banks and Institution. i.e, 26 public sector and 19 private banks, 63 RRBs, 4 foreign banks and other institution including NSIC, NEDFI, SIDBI have joined this scheme as Member Lending Institutions (MLIs).

ELIGIBILITY

The scheme covers collateral free credit facility (term loan and/or working capital) up to Rs100 Lakh extended by eligible lending institutions to new and existing micro and small enterprises.

The scheme is operated through Credit Guarantee Fund Trust for Micro and Small Enterprises, 7th Floor SME Development Centre, Plot No.C-11, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051

NSIC Schemes

National Small Industries Corporation (NSIC)

National Small Industries Corporation Ltd., (NSIC) is an ISO 9001 certified Mini-Ratna, Govt. of India Enterprise under the Ministry of Micro, Small and Medium Enterprises (MSME).

NSIC has been working to fulfil its mission of promoting, aiding and fostering the growth of small scale industries, since its establishment in 1955. With enactment of the Micro, Small and Medium enterprises development (MSMED) Act, 2006, medium enterprises also come into its ambit.

Skill Development training and common facility services.

NSIC in addition to commercial services, rendering technical support services through its Technical services centres located in different parts of the country.

One of the Technical centres in Okhla was setup in 1962 with an aim to develop prototypes and to conduct training for the skill development.

The centre has been showing continuous growth in past years with a turnover of Rs. 59.69 crores achieved in the year 2016-17.

All the departments in the centre are connected through Local area network (LAN) with internet connectivity. As a result, the activities like inquiry handling, admission of trainees, I-Card printing, result updation, certificate printing and post-training status is done through computer network using a software.

In addition, the centre is having linkages with academic institutions to invite their students for Entrepreneurship orientation programme in the centre.

For further details of training programmes/ Common facility services, please contact:

NSIC Technical Services Centre

The National Small Industries Corporation Limited.
(A Govt. of India Enterprises)
Okhla Industrial Estate, Phase III
Near Govindpuri Metro Station, New Delhi-110020

NSIC Schemes for MSME

Credit Support

RMA against Bank Guarantee

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.

Benefits of the Scheme

- Financial Assistance for procurement of Raw Material upto 90 days.
- MSMEs helped to avail Economics of Purchases like bulk purchase; cash discount etc
- NSIC takes care of all the procedures, documentation & issue of Letter of credit in case of imports.

How to Apply

The Entrepreneurs are required to apply for Raw Material Assistance only on the prescribed application forms. The application forms downloaded from the link given below may be filled and submitted to the concerned Branch Office. The blank forms are also available free of charge from the Branch offices.

The Process

- Duly filled application form is to be submitted along with the Application
- Preliminary appraisal and Unit inspection is carried out by NSIC.
- Sanction of Limit to the Unit.
- Signing of agreement between NSIC and Unit.
- Disbursement of assistance to the unit.

Terms and Conditions

- Security in the form of Bank Guarantee from Approved/Nationalised Banks.

Documents to be enclosed with application form

1. A passport size photograph of each of the Proprietor / Directors / Partners / Society office bearers.
2. Self-attested photocopy of :
 1. UAM,
 2. GST Registration Certificate ,
 3. PAN Card of the Firm / Proprietor (in case of Proprietorship concern).
 4. Copy of latest ITR of the Company/Firm /Directors/Partners/Proprietor
3. Self-attested statement of personal assets and liabilities along with the residential address of Proprietor/Directors/Partners/Society office bearers.
4. Copy of Memorandum & Articles of Association along with list of Directors in case of Pvt. Ltd. / Ltd. Co.

OR

Copy of Partnership Deed duly notarized in case of Partnership concern.

OR

A copy of Bye Laws & charter of society along with a list of governing body / executive members in case of society.

5. A copy of Board Resolution in case of Pvt./Public Ltd. Co., Power of Attorney in case of partnership firm & a Governing Body Resolution in case of Society authorizing the signatory to sign and to deal with NSIC in respect of financial assistance required, for and on behalf of the applicant unit.
6. Specimen signatures of authorized signatory attested by bank.
7. Copy of sanction letter for credit limit sanctioned by the FIs/ banks.
8. Audited/Provisional financial statements of the unit:
 1. Last year Audited financial statements.
 2. Provisional current year financial statements.
 3. For startup MSME unit- Current year estimates financial statements duly certified by its Auditors or Chartered accountants
9. Bank statement of the unit for the last six months.
10. Copy of the latest Electricity Bill.
11. Conduct Report of Account of the unit with Banks (Other than BG issuing Bank) and Financial Institutions
12. Certificate / Undertaking from the borrower that their name(s), name of the company/its owners/its associates /its sister concern/its members in any way fall in the list of CIBIL/ RBI Defaulters list or any sort of case is there against them.
13. Copy of orders in hand, in case of enhancement of limit beyond five crore

Documents Required for Renewal of Cases

1. Unit's request letter for renewal of limit and declaration that there is no change in constitution, promoters & address.
2. In case there is any change in constitution, promoters & address, relevant supporting documents to be obtained.
3. Copy of latest and valid Bank Sanction letter.
4. In case renewal is due after the due date of filing of income tax return, copy of Audited Annual Accounts for the last financial year. In case, audited annual accounts are not finalized, self-attested declaration of financial parameters of last financial year as mentioned at S.No.19 of Appraisal form along with latest available Audited Annual Accounts.
5. Projected /Estimated annual accounts of the Current Financial Year or self-attested financial parameters as mentioned at S.No.19 of the appraisal note.

Documents needed after Sanctioning of limit and before disbursement

1. Agreement for Raw Material Assistance
2. Material Receipt as per Format.
3. Demand Promissory Note as per Format & duly signed.
4. Letter of Continuity as per Format.
5. Bills / Invoices for release of payment in favour of supplier.
6. Bank Guarantee as per format and its confirmation from Bank.

Marketing Support

Consortia & Tender Marketing

Promotion of the product of Micro and Small Entrepreneurs is one of the major objective of the Corporation. In the present competitive scenario a need has been felt to facilitate Micro and Small Enterprises to market their goods / services individually or collectively through 'Consortium'. Accordingly, the scheme for promoting the products of the MSEs has been reviewed in 2011 & named as "Consortia and Tender Marketing Scheme".

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Other Supports

National Scheduled Caste and Scheduled Tribe Hub

India is witnessing rapid growth and prosperity. For this to be truly inclusive, all sections of the society need to partake in this prosperity. Besides wage employment and education, the marginalized sections of the society also need to envision, create and scale - up ventures to be a major participant in this growth story. While in the past, there has been some increase in the number of SC/ST owned enterprises, this needs to increase substantially to enable the socio-economic empowerment of the SC/ST communities. In this context, the National SC/ST Hub is an initiative of the Government of India targeted towards developing a supportive ecosystem towards SC/ST entrepreneurs.

ASPIRE Scheme

According to the Fourth All India Census of MSME 2006-07, the MSME sector provides employment to approximately 805.23 lakh persons through an estimated 361.76 lakh enterprises. 55.34% of these enterprises were in rural areas while 44.64% are in urban areas. 68.21% of the enterprises were engaged in services with remaining 31.79% engaged in manufacturing. These enterprises are primarily engaged in activities pertaining to wholesale / retail trade; repair of personal and household goods; manufacture of food products and beverages; manufacture of wearing apparel; dressing and dyeing of Fur; manufacture of textiles; hotels and restaurants; sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel; manufacture of furniture; education; and other businesses / services.

Micro Units Development Refinance Agency Ltd. (MUDRA)

Micro Units Development and Refinance Agency Limited (MUDRA) has been set up for 'funding the unfunded' micro enterprises in the country. MUDRA will refinance all banks, Micro-finance Institutions (MFIs) and other lending institutions, which are in the business of lending to micro / small business entities, engaged in manufacturing, trading and services activities. Thus, MUDRA will strengthen the Last Mile Financial Institutions by extending refinance and other development support to expand their outreach. This will in turn help micro businesses across the length and breadth of the country. MUDRA's mandate also includes developing the micro enterprise sector into a viable economic sector, for which various developmental interventions including financial/ business literacy programmes are planned.

Pradhan Mantri Mudra Yojana (PMMY), a scheme to finance income generating small business enterprises was launched on 08 April 2015 by the Hon'ble Prime Minister, whereby all banks are required to finance micro entrepreneurs upto ` 10 lakh. MUDRA loans are available in three categories. For small business, loans upto ` 50,000/- is available under the 'Shishu' category; beyond ` 50,000 and up to ` 5 lakh under the 'Kishor' category and beyond ` 5 lakh and up to ` 10 lakh under "Tarun" category.

PMMY loans will be extended by all Banks such as PSU banks, Regional Rural Banks (RRBs), Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions and Non-Banking Finance Companies.

Any Indian Citizen who has a business plan for income generating micro/small business activity in manufacturing, processing, trading or service sector, and whose credit need is less than 10 lakh can approach a Bank/ MFI for availing of MUDRA loans under PMMY, or can apply online through website of standup India (<https://www.standupmitra.in/>).

Pradhan Mantri MUDRA Yojana (PMMY)

Under the aegis of Pradhan Mantri Mudra Yojana (PMMY), MUDRA has created products / schemes. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to :

Shishu : covering loans upto 50,000/-

Kishor : covering loans above 50,000/- and upto 5 lakh

Tarun : covering loans above 5 lakh and upto 10 lakh

It would be ensured that more focus is given to Shishu Category Units and then Kishor and Tarun Categories.

Within the framework and overall objective of development and growth of micro enterprises sector under Shishu, Kishor and Tarun, the products being offered by MUDRA are so designed, to meet requirements of different sectors / business activities as well as business / entrepreneur segments.

The funding support from MUDRA are of four types :

Micro Credit Scheme (MCS) for loans upto 1 lakh finance through MFIs.

Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Scheduled Co-operative Banks

Women Enterprise programme

Securitization of loan portfolio

Micro Credit Scheme :

Micro Credit Scheme is offered mainly through Micro Finance Institutions (MFIs), which deliver the credit upto Rs.1 lakh, for various micro enterprise activities. Although, the mode of delivery may be through groups like SHGs/JLGs, the loans are given to the individuals for specific income generating micro enterprise activity. The MFIs for availing financial support need to enroll with MUDRA by complying to some of the requirements as notified by MUDRA, from time to time.

Refinance Scheme for Banks

Different banks like Commercial Banks, Regional Rural Banks and Scheduled Cooperative Banks are eligible to avail of refinance support from MUDRA for financing micro enterprise activities. The refinance is available for term loan and working capital loans, upto an amount of 10 lakh per unit. The eligible banks, who have enrolled with MUDRA by complying to the requirements as notified, can avail of refinance from MUDRA for the loan issued under Shishu, Kishor and Tarun categories.

Women Enterprise Programme

In order to encourage women entrepreneurs the financing banks / MFIs may consider extending additional facilities, including interest reduction on their loan. At present, MUDRA extends a reduction of 25bps in its interest rates to MFIs / NBFCs, who are providing loans to women entrepreneurs.

Securitization of loan portfolio

MUDRA also supports Banks / NBFCs / MFIs for raising funds for financing micro enterprises by participating in securitization of their loan assets against micro enterprise portfolio, by providing second loss default guarantee, for credit enhancement and also participating in investment of Pass Through Certificate (PTCs) either as Senior or Junior investor.

Purpose of MUDRA loan

Mudra loan is extended for a variety of purposes which provide income generation and employment creation. The loans are extended mainly for :

Business loan for Vendors, Traders, Shopkeepers and other Service Sector activities

Working capital loan through MUDRA Cards

Equipment Finance for Micro Units

Transport Vehicle loans

Following is an illustrative list of the activities that can be covered under MUDRA loans:

Transport Vehicle

Purchase of transport vehicles for goods and personal transport such as auto rickshaw, small goods transport vehicle, 3 wheelers, e-rickshaw, passenger cars, taxis, etc.

Community, Social & Personal Service Activities

Saloons, beauty parlours, gymnasium, boutiques, tailoring shops, dry cleaning, cycle and motorcycle repair shop, DTP and Photocopying Facilities, Medicine Shops, Courier Agents, etc.

Food Products Sector

Activities such as papad making, achar making, jam / jelly making, agricultural produce preservation at rural level, sweet shops, small service food stalls and day to day catering / canteen services, cold chain vehicles, cold storages, ice making units, ice cream making units, biscuit, bread and bun making, etc.

Textile Products Sector / Activity

Handloom, powerloom, khadi activity, chikan work, zari and zardozi work, traditional embroidery and hand work, traditional dyeing and printing, apparel design, knitting, cotton ginning, computerized embroidery, stitching and other textile non garment products such as bags, vehicle accessories, furnishing accessories, etc.

Business loans for Traders and Shopkeepers

Financial support for on lending to individuals for running their shops / trading & business activities / service enterprises and non-farm income generating activities with beneficiary loan size of upto 10 lakh per enterprise / borrower.

Equipment Finance Scheme for Micro Units

Setting up micro enterprises by purchasing necessary machinery / equipments with per beneficiary loan size of upto 10 lakh.

Activities allied to agriculture

'Activities allied to agriculture', e.g. pisciculture, bee keeping, poultry, livestock, rearing, grading, sorting, aggregation agro industries, diary, fishery, agriclinics and agribusiness centres, food & agro-processing, etc.(excluding crop loans, land improvement such as canal, irrigation and wells) and services supporting these, which promote livelihood or are income generating shall be eligible for coverage under PMMY in 2016-17.

MUDRA Card

MUDRA Card is an innovative product which provides working capital facility as a cash credit arrangement. MUDRA Card is a debit card issued against the MUDRA loan account, for working capital portion of the loan. The borrower can make use of MUDRA Card in multiple withdrawal and credit, so as to manage the working capital limit in a most efficient manner and keep the interest burden minimum. MUDRA Card will also help in digitalization of MUDRA transactions and creating credit history for the borrower.

National Payment Corporation of India (NPCI) has given RuPay branding to MUDRA Card and also separate BIN / IIN for the same, by which credit history can be tracked.

MUDRA Card can be operated across the country for withdrawal of cash from any ATM / micro ATM and also make payment through any 'Point of Sale' machines.

Startup India

What is Startup India

The Government of India decided to boost the Startup ecosystem in the country and help India become a nation of job creators rather than job seekers. The Hon'ble Prime Minister of India, Shri Narendra Modi, on the 69th Independence Day celebration of India, announced the 'Startup India' initiative and subsequently, launched the Startup India Action Plan on January 16, 2016 in New Delhi. The Government through this initiative aims to empower Startups to grow through innovation and design and to accelerate spreading of the Startup movement. The focus areas, with regards to implementation of Startup India, for the States/ Union Territories are listed below.

- Startup Policy: Notifying a Startup policy
- Simplification & Handholding:
- Enabling ease of registration as a Startup
- Enabling ease of recognition as a Startup
- Enabling ease of compliances under various laws
- Facilitating for setting up of incubators
- Setting up a dedicated Startup Cell/ Helpline
- Setting up a dedicated Portal/ Mobile Application
- Funding Support: Undertaking initiatives to increase access to funds for Startups and formulating a credit guarantee scheme
- Industry-Academia Partnership: Building partnerships with Industry and Educational Institutes to set up incubators and support for vocational training institutes
- Fest/ Events: Organizing Startup Fests/ Events
- Others:
- Adopting innovative ways for effective implementation of scheme.

What is Standup India

The Stand up India scheme aims at promoting entrepreneurship among women and scheduled castes and tribes. The scheme is anchored by Department of Financial Services (DFS), Ministry of Finance, Government of India.

Stand-Up India Scheme facilitates bank loans between Rs 10 lakh and Rs 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or woman entrepreneur.

Eligibility

SC/ST and/or woman entrepreneurs, above 18 years of age.

Loans under the scheme is available for only green field project. Green field signifies, in this context, the first time venture of the beneficiary in the manufacturing or services or trading sector.

In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.

Borrower should not be in default to any bank/financial institution.

Loan details

Nature of Loan - Composite loan (inclusive of term loan and working capital) between 10 lakh and upto 100 lakh.

Purpose of Loan - For setting up a new enterprise in manufacturing, trading or services sector by SC/ST/Women entrepreneur.

Size of Loan - Composite loan of 75% of the project cost inclusive of term loan and working capital. The stipulation of the loan being expected to cover 75% of the project cost would not apply if the borrower's contribution along with convergence support from any other schemes exceeds 25% of the project cost

Interest Rate - The rate of interest would be lowest applicable rate of the bank for that category (rating category) not to exceed (base rate (MCLR) + 3%+ tenor premium).

Security - Besides primary security, the loan may be secured by collateral security or guarantee of Credit Guarantee Fund Scheme for Stand-Up India Loans (CGFSIL) as decided by the banks.

Repayment - The loan is repayable in 7 years with a maximum moratorium period of 18 months.

Working Capital - For drawal of Working capital upto 10 lakh, the same may be sanctioned by way of overdraft. Rupay debit card to be issued for convenience of the borrower. Working capital limit above 10 lakh to be sanctioned by way of Cash Credit limit.

Margin Money - The Scheme envisages 25% margin money which can be provided in convergence with eligible Central / State schemes. While such schemes can be drawn upon for availing admissible subsidies or for meeting margin money requirements, in all cases, the borrower shall be required to bring in minimum of 10% of the project cost as own contribution.

Make In India

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India. The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

"I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. Go and sell in any country of the world, but manufacture here. We have skill, talent, discipline and the desire to do something. We want to give the world an opportunity that come make in India," Prime Minister of India, Mr Narendra Modi said while introducing the programme in his maiden Independence Day speech from the ramparts of the Red Fort on August 15, 2014. The initiative was formally introduced on September 25, 2014 by Mr Modi at Vigyan Bhawan, New Delhi, in the presence of business giants from India.

The focus of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems.

The dedicated website for this initiative (www.makeinindia.com) not only showcases the 25 sectors but also puts focus on the live projects like industrial corridors and policies in the area of foreign direct investment, national manufacturing, intellectual property and new initiatives. The Investor Facilitation Cell is an integral part of this website, which aims at providing all information/data analysis to investors across sectors.

The Make in India initiative, has become the largest and fastest growing government initiative ever with over 2.1 billion global impressions on social media and reached an overall fan base of over 3 million on its Facebook page, according to an official release issued in December 2014

The initiative has been highlighted at key international events. The Make in India programme was the key message on Brand India at the Annual Meeting of the World Economic Forum at Davos 2015. The India Lounge, set up by the India Brand Equity Foundation (IBEF) was inspired by the Make in India programme. IBEF backed it with a strategic communications campaign to create a brand resonance. Make in India is also the theme for India's participation as Partner Country at Hannover Messe 2015 scheduled to be held from April 13-17, 2015.

BSE SME Exchange

NEED FOR SME EXCHANGE

Provide SMEs with equity financing opportunities to grow their business – form expansion to acquisition

- Equity Financing will lower the Debt burden leading to lower financing cost and healthier balance sheet
- Expand investor's base which in turn will help for getting secondary equity financing, including private placement
- Enhance Company's visibility. Media coverage can provide SMEs with greater profile and credibility leading to increase in the value of the shares
- Incentive for greater venture capital participation by providing them an exist route
- Greater incentive for the employees as they can participate in the ownership of the company and benefit from being shareholders
- Encourage innovation and entrepreneurial spirit
- Capital Market will help distribute risk more efficiently by transfer of risk to those who are best able to bear it
- SME sector will grow better on two pillars of Financial system, i.e., Banking for debt capital and capital Market for equity capital
- Initiating a dedicated Stock Exchange for SMEs will lead to diversification of resources of finance and help build a bridge between the SMEs, private Equity and the Venture Capital by providing an exist route

UNDERSTANDING EQUITY CAPITAL

BSE SME Exchange is an integrated Platform with BSE Main Exchange on shared infrastructure basis and the listed SMEs will be traded through BSEs online trading(BOLT) system in secondary market.

BSE has simplified norms of listing and compliance in respect of SMEs desired to list on BSE SME Platform.

Generally, SMEs have been over leveraging the debts capital for their needs. The BSE SME Platform will provide an opportunity to raise the equity capital to fulfill their dreams of faster business growth and expansion.

The raising of Equity by SMEs is going to transfer the future of the SMEs and make them grow into corporate in coming decades. This will be a big “Game Changer” for the SMEs in future.

Listing will enhance the visibility, improve the corporate governance and bring transparency in the working of SMEs. Listing of SMEs will also provide an exit route to VCs/PEs and all other investors.

INTRODUCTION

Understanding the importance of SMEs in the nation building, with an aim to provide a world class platform for SMEs and Investors to come together and raise equity capital.

SME exchange a reality, such as;

Issue of Frame work for Recognition and Supervision of Stock Exchanges

Amendment of SEBI ICDR (Issue of Capital and Disclosure Requirements) Regulations by inserting a Chapter XA on "Issue of specified securities by SMEs ".

Amendments to other relevant regulations

Issue of Model Equity Listing Agreement

Approval to BSE & NSE to launch SME exchanges

MAIN FEATURES & BENEFIT

The new thing about the SME Exchange is that the issue will be 100% underwritten and therefore, the issue will be 100% subscribed. SMEs have several relaxations compared with norms for other listed companies. Following are their main features:

An Issuer with post-issue face value capital up to Rs.10 Crores will be invariably covered under the SME Exchange

An Issuer with post-issue face value capital between Rs.10 Crores to 25 Crores may get listed on either SME Exchange or Main Board.

Issue with post issue face value capital above Rs.25 Crores has to be necessarily listed on the Main Board of the BSE.

Suitable provisions for migration to/from Main Board from/to SME Exchange

Minimum 50 investors required while listing IPO. No post-listing continuous requirement of minimum number of shareholders

The minimum application amount as well as minimum trading lot shall not be less than Rs.1,00,000.

Unlike other companies, the IPO prospectuses of SMEs will be vetted by exchanges rather than SEBI.

Merchant bankers who manage an SME listing are mandated to underwrite the new share offering 100% and appoint brokers to act as market-makers for at least 3 years from the date of listing.

Financial results shall be submitted on half yearly basis instead of on quarterly basis.

SMEs need not publish their financial results, as required in respect of companies listed on the Main Board. The SMEs can make it available on their websites.

SMEs can send the abridged version of the annual report of few pages with the details of the profit & loss account and balance sheet to the shareholders instead of sending physical copies of full annual report.

SMEs have been exempted from the condition of having a track record of profit making for 3 years out of last 5 years as applicable for listing an IPO on the Main Board.

First major benefit from a dedicated Exchange to the SMEs is that it will help them in finding a solution to their financial requirements to execute their expansion plans. . Normally the SMEs go for debt capital which is costly and cumbersome to avail, due to requirement of co-lateral. Listing of a company on the exchange gives better valuation to the company. Improved debt equity ratio will present a strong balance sheet. Second advantage is from taxation angle. Unlisted shares attract short term capital gain tax of 30% and long term capital gains tax of 20%. Whereas in the case of listed securities, the short-term and long term capital gain tax is 15% and nil respectively, provided Securities Transaction Tax (STT) is paid. Promoters holding substantial

CHECKLIST ON 'PREPARATIONS FOR IPO AS STATED ON BSE WEBSITE IS AS FOLLOWS.

- Keeping the Annual Reports on accounts ready
- Peer Review by Reputed Chartered Accountant firms (since its inception or last 5 years, whichever is shorter)
- Detailed Disclosures about the Past Performance of the company
- Future Projections of the company (CMA Data) for at least next 3 years
- Conversion of private limited company to public limited company
- Full time company secretary (Compliance Officer) to be appointed
- Infusing 50% independent directors into the Board
- Due diligence on the applicability of various Regulations
- Due diligence (Legal) by reputed Legal firms
- Due Diligence on the various approvals required from Regulatory Bodies
- Detailed disclosures about the Risk Factors associated with the company
- Detailed disclosures about the External Environment effecting the company
- Detailed disclosures about the the litigations, its magnitude and ramifications
- Detailed disclosures about the Business activity
- Documenting the Material Contracts and Agreements
- Detailed disclosures about the Promoters & Management
- Selection of Investment Banker
- Selection of Registrar and Transfer Agent (RTA)
- Selection of Syndicate Member /Sub- Syndicate Members
- Selection of electronic media and advertising agency
- Selection of Escrow Bankers
- Website is mandatory for listing companies

SME EXCHANGE –SEBI GUIDELINES

An issuer with post issue face value capital up to Rs 10 crore will be invariably covered under the SME Exchange. An issuer with post –issue face value capital between Rs 10 Crores to 25 Crores may get listed to either SME Exchange or Man Board ,and issue with Post Issue face value capital above Rs 25 Crores has to be necessarily on the main board of the BSE

No need to fulfill condition of track record of distributable profits in terms of section 205 of the companies act, 1956, for a least three out of proceeding five years for listed on SME exchange. Suitable Position for migration to/from main Board from/to SME Exchange.

The minimum application amount as well as minimum trading lot shall not be less than Rs 1,00,000. The trading lot shall be subject to periodically review by the exchange.

All Existing trading members would be eligible to participate on SME Exchange without any further registration.

100% under written issues. Merchant/Banker's shall underwrite 15 % in their own account.

The Merchant Banker to the issue will undertake market making through a stock broker who is registered as market maker with SME Exchange. The Merchant banker shall be responsible for market making for a minimum period of 3 years.

BENEFITS OF EQUITY CAPITAL

Going for a public issue of capital would provide the SMEs with quirt financing opportunities to grow their business – from expansion of operations to acquisitions. In addition, equity financing lowers the debt burden leading to lower financing costs and healthier balance sheets for the firms. The continuing requirement for adhering to the stock market rules for the issuers lower the on-going information and monitoring costs for the banks.

KEY PLAYERS INVOLVED

- Venture Capital Funds
- Private /Equity Funds
- High Network Individuals
- Retail Investors
- Banks
- Qualified Institutional Byers (QIBs)
- Foreign Institutional Investors (Flls)
- Non Banking Finance Companies (NBFCs)
- Registrars to the Issue
- Merchant Bankers
- Member Brokers and sub-brokers
- Financial Advisors
- Professionals like Chartered Accountants, Company Secretaries, Chief Financial Officers, etc.
- SME Companies.

For Further Information please visit following Site:

All India MSME Association

www.aima-msme.in