

MSME



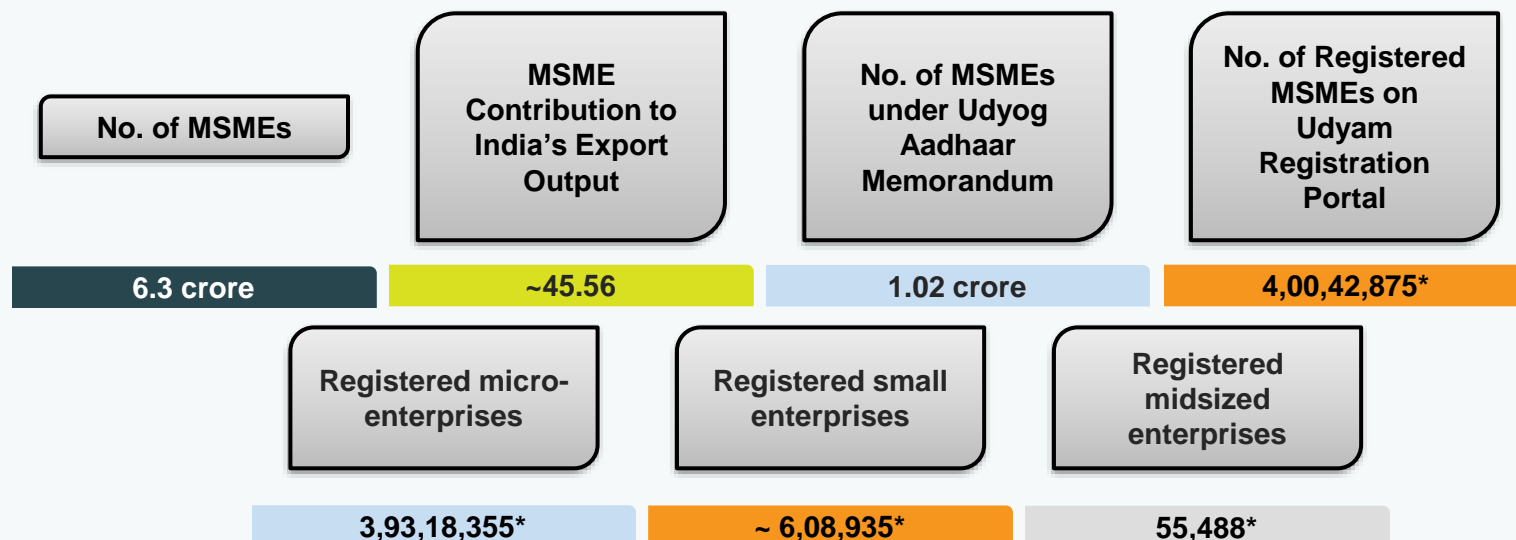
August 2024

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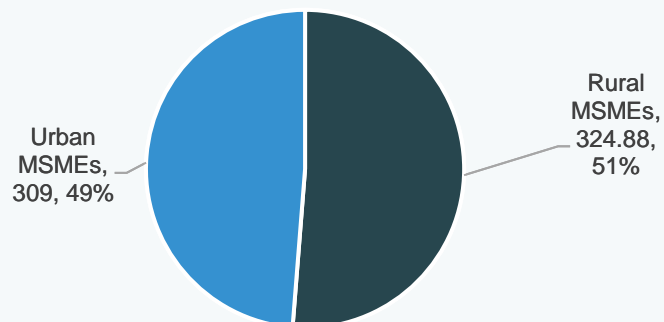
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Executive summary



Registered MSMEs in India in FY22 (lakh units)



- MSMEs are being encouraged to market their products on the e-commerce site, especially through Government e-Marketplace (GeM), owned and run by the government, wherefrom Ministries and PSUs (public sector undertakings) source their procurement.
- The Government e-Market (GeM) portal in India has achieved a significant milestone, surpassing Rs. 9.82 lakh crore (US\$ 117.72 billion) in public procurement transactions as of July 30, 2024, facilitating online purchases for over 63,000 government organizations and supporting more than 1.63 lakh women-led micro and small enterprises (MSEs) and 25,000 startups since its launch in 2016.
- As per data from the Ministry of Micro, Small & Medium Enterprises, as of March 2024, the number of MSMEs registered on the Udyam portal, including the Udyam Assist Platform (UAP), has reached 4,00,42,875, with continual growth observed.

Notes: *As of March 2024

Source: FICCI-EY Re-imagining India's M&E sector, Ministry of Micro Small and Medium Enterprises, GeM Portal



2. STATUTORY BODIES

- The MSME Ministry heads five statutory bodies—KVIC, Coir Board, NSIC, NI-MSME, and the MGIRI.
- These bodies are responsible for aiding MSMEs with respect to government schemes and policies.

1. SECTOR OVERVIEW

- The number of MSMEs in the country is expected to grow from 6.3 crore, of which only 2.5 crore have ever availed credit from formal sources to approximately 7.5 crore in the coming times, growing at a projected CAGR of 2.5%.
- The Ministry of MSME spent Rs. 23,583.90 crore (US\$ 2.84 billion) in FY23, over 260% increase from Rs. 6,513.13 crore (US\$ 786.75 million) spent in FY19.
- According to the Budget 2024 documents, Rs. 22,138 crore (US\$ 2.65 billion) has been allocated to the MSME Ministry, remaining unchanged from the previous year, while the budget for central sector schemes for MSMEs has increased marginally to Rs. 21,868 crore (US\$ 2.62 billion).

3. POLICY SUPPORT

- In the interim budget 2024-2025, it was announced the establishment of a corpus totaling Rs. 1 lakh crore (US\$ 12.1 billion), offering 50-year interest-free loans. This initiative aims to incentivize the private sector, particularly MSMEs, to enhance research and innovation in emerging sunrise domains.
- In Budget 2023-24, government revamped credit guarantee scheme for MSMEs to take effect from April 1, 2023, through the infusion of Rs. 9,000 crore (US\$ 1.09 billion) in the corpus. This scheme would enable additional collateral-free guaranteed credit of Rs. 2 lakh crore (US\$ 24.4 billion) and reduce the cost of the credit by about 1%.
- According to the Budget 2024 documents, Union Minister for Finance and Corporate Affairs, Mrs. Nirmala Sitharaman announced a crucial increase in the MUDRA loan limit for MSMEs from Rs. 10 lakh (US\$ 11,988) to Rs 20 lakh (US\$ 23,977) for those who have successfully repaid their previous loans.

4. GOVERNMENT SCHEMES

- Under Pradhan Mantri Mudra Yojana (PMMY), In FY24, Rs. 5.41 lakh crore (US\$ 64.87 billion) was sanctioned under 6.6 crore Mudra loans to non-corporate and non-farm MSEs.
- Under Pradhan Mantri Mudra Yojana (PMMY), in FY23, Rs. 4.56 lakh crore (US\$ 55.58 billion) was sanctioned under 6.2 crore Mudra loans to non-corporate and non-farm MSEs, against a target of Rs. 4 lakh crore (US\$ 48.75 billion).
- The "Vivad se Vishwas I-Relief to MSMEs" scheme was launched in May 2023 by the Department of Expenditure, Ministry of Finance, to provide relief to MSMEs during the COVID-19 period.
- The "Raising and Accelerating MSME Performance" (RAMP) scheme, launched in 2022, has benefitted 4 lakh micro, small, and medium enterprises, with women-owned businesses making up over 38% of the registered MSMEs, highlighting the government's focus on empowering female entrepreneurs.

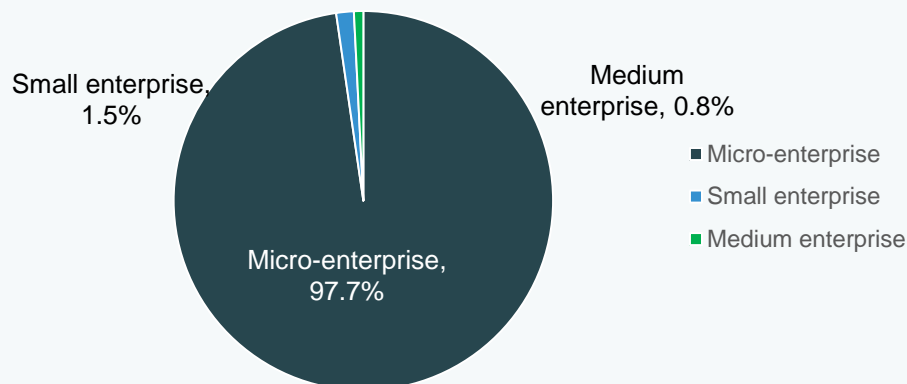


Source: MSME Annual Report (2018-2019), News Sources



Number of MSMEs expected to grow; micro enterprise dominates the sector

Registered MSMEs in India in FY24 (As of March 21, 2024)



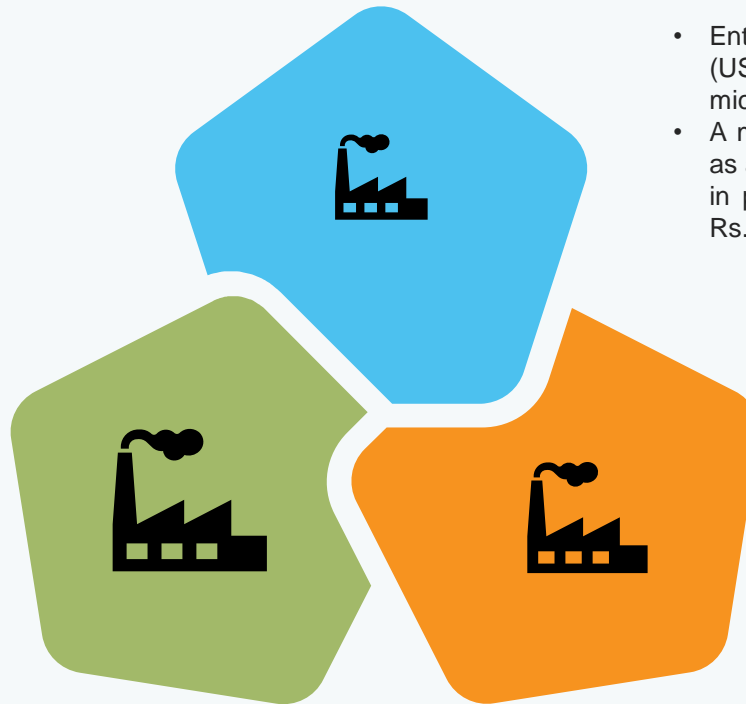
- India has approximately 6.3 crore MSMEs. The number of registered MSMEs stood at 4 crore units as of March 2024.
- As of December 2023, Maharashtra, Tamil Nadu, and Uttar Pradesh collectively account for nearly 40% of all registered micro, small, and medium enterprises (MSMEs) in India, according to findings from a CBRE-CREDAI report. These states, in particular, have emerged as the top three contributors to MSME registrations, with Maharashtra representing 17%, Tamil Nadu 10%, and Uttar Pradesh 9% respectively.
- Majority (72%) of the registered MSMEs, as of December 31, 2022, were service enterprises while manufacturing covered 28%.
- The BSE SME (small and medium enterprises) platform is expected to witness >60 SMEs to enter the market in one year (2021-22) to bring up equity funds for meeting their business requirements. The initial public offering (IPO) route witnessed 16 SMEs enter the market; they raised Rs. 100 crore (US\$ 13.74 million) in 2020.
- According to a survey (published in June 2021) conducted by Bluehost, a web hosting solutions provider, Indian Micro, Small and Medium Enterprises (MSMEs) are rapidly adopting digital payments over cash, with 72% of payments done through digital mode compared with 28% cash transactions. The rise in digital adoption presents prospects for further growth in the sector.
- MSMEs are projected to benefit from the 7% growth forecast for FY24, expecting increased capital expenditure and hiring, as indicated by a joint report by U GRO Capital and Dun & Bradstreet.

Source: News Sources

Criteria for MSME (micro small medium enterprise)

Medium Enterprise

- Enterprises with less than Rs. 250 crore (US\$ 30.4 million) turnover are categorised as medium enterprises.
- A manufacturing enterprise is categorised as a medium enterprise when the investment in plant and machinery does not exceed Rs. 50 crore (US\$ 6.1 million).



Micro Enterprise

- Enterprises with turnover of Rs. 5 crore (US\$ 610,000) or less are categorised as micro enterprises.
- A manufacturing enterprise is categorised as a micro enterprise when the investment in plant and machinery does not exceed Rs. 1 crore (US\$ 120,000).

Small Enterprise

- Enterprises with turnover of Rs. 50 crore (US\$ 6.1 million) or less are categorised as small enterprises.
- A manufacturing enterprise is categorised as a small enterprise when the investment in plant and machinery does not exceed Rs. 10 crore (US\$ 1.2 million).

Source: Development Commissioner Ministry of Micro Small and Medium Enterprises (DCMSME) Website, News sources

Statutory bodies under MSME ministry

1 **Khadi and Village Industries Commission (KVIC)**
Khadi and Village Industries Commission (KVIC) is a statutory organisation engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy.



2 **Coir Board**
The Coir Board is a statutory body established for promoting overall development of the coir industry and improving living conditions of workers in this industry.



3 **National Small Industries Corporation Limited (NSIC)**
Established in 1955, the National Small Industries Corporation Limited (NSIC) is responsible for promoting, aiding and fostering growth of micro and small enterprises in the country, generally on commercial basis.



4 **National Institute for Micro, Small and Medium Enterprises, (NI-MSME)**
Established in 1960, the National Institute for Micro, Small and Medium Enterprises (NI-MSME) is responsible for enterprise promotion and entrepreneurship development, enabling enterprise creation, performing diagnostic development studies for policy formulation, etc.

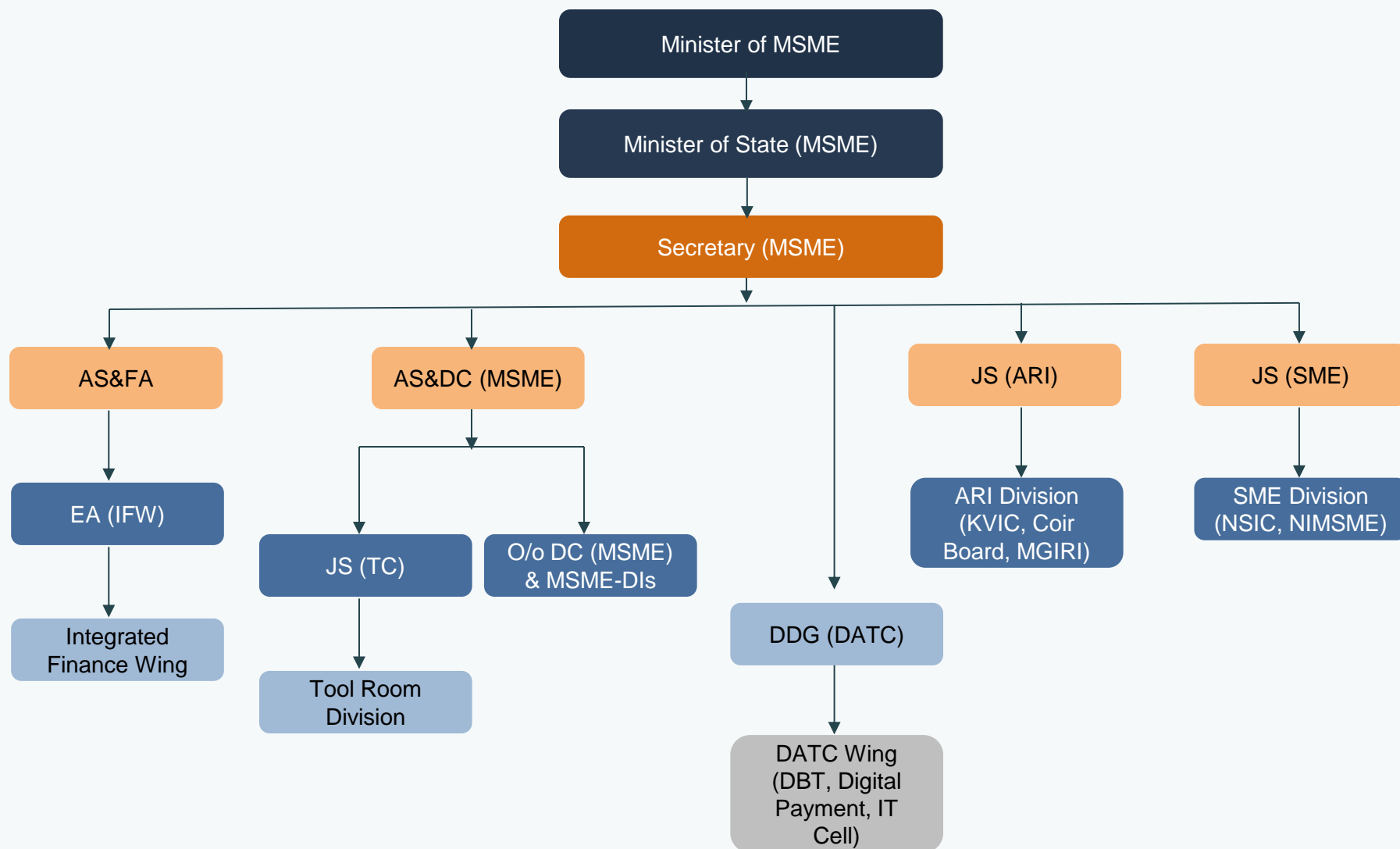


5 **Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)**
The objectives of the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) are to accelerate rural industrialisation for sustainable village economy, empower traditional artisans, encourage innovation through pilot study and R&D for alternative technology using local resources.



Source: MSME website

Organisation setup of MSME ministry



Source: Development Commissioner Ministry of Micro Small and Medium Enterprises (DCMSME) Website

Recent policies and major schemes



Recent policy initiatives for MSME... (1/3)

1

UDYOG AADHAAR MEMORANDUM

- Udyog Aadhaar Memorandum (UAM) is a one-page online registration system for MSMEs based on self-certification.
- The information sought is on a self-certification basis and no supporting documents are required at the time of online filing of UAM.
- As per the Union Budget 2021-22, India has ~6.8 million Udyog Aadhar registered MSMEs.
- The Ministry of Micro, Small and Medium Enterprises extended the validity of Udyog Aadhaar Memorandum from December 31, 2021, to June 30, 2022.

2

MSME DATABANK

- MSME DataBank enables the Ministry of MSME to streamline and monitor the schemes and pass on the benefits directly to MSMEs.
- It is helpful for MSME units that can update their enterprise information as and when required without visiting any government office and updating information about their products/services.
- Until May 2019, more than 6.1 lakh MSMEs were registered in the databank.

3

MY MSME

- In order to facilitate the enterprises to enjoy benefits of various schemes, the MSME office launched a web-based application module in the form of a mobile app called My MSME.
- This allows enterprises to make their applications and check for schemes on their mobile phone using the app.

4

TECHNOLOGY CENTRE SYSTEMS PROGRAMME (TCSP)

- In March 2021, the Ministry of MSME, through the Development Commissioner (DC-MSME), implemented the Technology Centre Systems Programme (TCSP) to establish 15 new technology centres (TC).
- The centres provide assistance to the industry, predominantly MSMEs in the General Engineering, Automotive, Fragrance & Flavour and ESDM sectors

Source: MSME Annual Report (2018-2019), News Articles

Recent policy initiatives for MSME... (2/3)

5

MSME SAMPARK

- Launched in 2018, the MSME Sampark portal is a digital platform wherein jobseekers (students or trainees of MSME Technology Centres) and recruiters can register themselves for mutually beneficial interactions.

6

DIRECT BENEFIT TRANSFER IN THE M/O MSME

- The welfare and subsidy schemes of the Government of India (GOI) have been brought under a single platform, i.e., the Direct Benefit Transfer (DBT), to reform the delivery system, ensure faster flow of funds, target beneficiaries, avoid duplication and reduce frauds.
- Direct Benefit Transfers (DBT) under the MSME ministry's schemes increased by 18.3% to Rs. 1,975.64 crore (US\$ 236 million) until December FY23, compared to Rs. 1,668.99 crore (US\$ 199 million) in the same period of FY22. The highest transfer was Rs.1,505.61 crore (US\$ 180 million) under the Prime Minister's Employment Generation Programme (PMEGP).

7

DIGITAL PAYMENTS

- As part of the Digital India initiative, the Ministry of MSME has taken numerous initiatives to digitally enable the entire MSME ecosystem—all MSME offices have been digitally empowered, and efforts have been taken to spread awareness on the benefits of digital mode of payments such as BHIM, UPI and Bharat QR code.
- In Q1 FY25, UPI transactions in India grew over 36% to Rs. 60 trillion (US\$ 718.30 billion), with 41.22 billion transactions recorded.

8

MSME-SAMBANDH

- For effective implementation of the Public Procurement Policy, Central Ministries/Departments/Public Sector Enterprises (CPSEs) must procure 25% annual procurement from MSEs—including 4% from MSEs owned by schedule cast/schedule tribes and 3% from MSEs owned by Women entrepreneurs. The Ministry of MSME launched MSME Sambandh.
- The portal helps monitor procurement by CPSEs and enables them to share the list of required products or services from MSEs.

Source: MSME Annual Report (2018-2019), RBI, News Articles

Recent policy initiatives for MSME... (3/3)

9

GRIEVANCE MONITORING

- The Ministry of MSME has started an MSME internet grievance monitoring system (e-Samadhan) to help track and monitor the grievances and suggestions received.
- The Ministry also attends to all the grievances on Centralised Public Grievance Redress and Monitoring System (CPGRAMS).

10

MSME SAMADHAAN

- MSME Samadhaan is a portal that gives information about pending payments with the Central Ministries, State Governments, etc., with respect to micro and small enterprises (MSEs). The government bodies are provided with a username and password to login and check the delayed payment with respect to MSEs.
- The portal also allows the MSEs to track their delayed payments related complaint online. After 15 days of online filing, the case automatically gets registered with the MFEFC.

11

NATIONAL SCHEDULED CASTE AND SCHEDULED TRIBE HUB

- The National Scheduled Caste and Scheduled Tribe Hub has been set up to provide professional support to SC/ST entrepreneur to fulfill the obligations of the Government Public Procurement Policy.
- The Hub is also in-charge of collection, collation and dissemination of information regarding SC/ST enterprises and entrepreneur, capacity building among existing and prospective SC/ST entrepreneur through skill training and EDPs, promoting participation of SC/ST entrepreneur in exhibitions and organising special exhibitions for this purpose, etc.

12

MSME-SAMBHAV

- In November 2021, the Ministry of Micro, Small and Medium Enterprises launched SAMBHAV, a national-level awareness programme to push economic growth by promoting entrepreneurship and domestic manufacturing.
- Through this programme, 130 field offices of the ministry will promote entrepreneurship to students from different colleges/ITIs in a month-long initiative under the ministry.

Source: MSME Annual Report (2018-2019), News Article

Major schemes...(1/7)

The Ministry of MSME runs numerous schemes targeted at providing credit and financial assistances, skill development training, infrastructure development, technological and quality upgradation and other services for MSMEs across the country.

Credit and Financial (1/3)

1

Prime Minister's Employment Generation Programme

- The scheme, implemented by the KVIC, aims to generate employment opportunities in rural and urban areas by setting up new self-employment ventures/projects/micro enterprises. The programme also aims to provide continuous sustainable employment to prospective artisans and unemployed youth and increase the wage-earning capacity of artisans and contribute to the growth of rural and urban employment
- The eligibility criteria to avail this scheme are the individual should be 18 years and above and if a project size is above Rs. 10 lakh (~US\$ 12,000) for manufacturing and Rs. 5 lakh (~US\$ 6,000) for service, the applicant must have completed education up to 8th standard
- The Prime Minister's Employment Generation Programme (PMEGP) has created approximately 8 million jobs and supported over 9.65 lakh micro enterprises since its inception in FY09, according to the MSME ministry. The scheme has provided more than Rs. 25,263.33 crore (US\$ 3.03 billion) in subsidies and aims to enhance employment opportunities for traditional artisans and unemployed youth.
- Jammu and Kashmir leads in employment generation under the Prime Minister's Employment Generation Programme (PMEGP), with 44,542 projects assisted between 2021-22 and 2023-24, receiving a margin money subsidy of Rs.921.38 crore (US\$ 110 million).

2

Credit Linked Capital Subsidy Scheme

- As large number of MSEs in India are running their business with outdated technology and machinery, the objective of the Credit Linked Capital Subsidy Scheme (CLCSS) is to facilitate technology upgrade among MSEs by providing capital subsidy of 15% (limited to a maximum Rs. 15 lakh (~US\$ 18,000)).
- The guarantees under this fund is provided to extend collateral free lending to MSEs through banks and other institutions.
- The scheme covers collateral free credit facility up to Rs. 2 crore (~US\$ 240,000) per borrowing unit. The guaranteed cover is up to 75% of the credit facility—Rs. 50 lakh (~US\$ 60,000) (85% for loans up to Rs. 5 lakh (~US\$ 6,000) provided to micro enterprises, 80% for MSEs owned with a uniform guarantee at 75% of the credit exposure above Rs. 50 lakh (~US\$ 60,000) and up to Rs. 2 crore (~US\$ 240,000)). A composite all in Annual Guarantee Fee up to 1.80% p.a. of the credit facility sanctioned is charged, with the minimum Guarantee Fee being 1% p.a.

Source: MSME Annual Report (2019-2020)

Major schemes...(2/7)

Credit and Financial (2/3)

3

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

- The scheme was launched by the Government of India (GoI) to provide collateral-free credit to the micro and small enterprise sector.
- Since the launch of the Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE), till November 30, 2023, guarantees amounting to Rs. 5,33,587 crore (US\$ 64.35 billion) have been issued under the Credit Guarantee Scheme for Micro and Small Enterprises (CGMSE).
- For the period from January 2023 to November 2023, a total of 12.50 lakh guarantees were approved, amounting to Rs. 1.46 lakh crore (US\$ 17.50 billion)
- Union Minister for MSME Mr. Narayan Rane launched the revamped CGTMSE Scheme in Mumbai on April 27, 2023. CGTMSE has been provided with an additional corpus support of Rs. 9,000 crore (US\$ 1.09 billion) in the Union Budget for FY24 to revamp its Scheme to provide a guarantee for an additional Rs. 2 lakh crore (US\$ 24 billion) to Micro and Small Enterprises. The modifications included a reduction in the guarantee fees for loans up to Rs. 1 crore (US\$ 120,000) by 50% bringing the minimum guarantee fee to the level of 0.37% per annum only. Another major change announced was raising of ceiling for guarantee from Rs. 2 crore (US\$ 240,000) to Rs. 5 crore (US\$ 610,000) and enhancing the threshold limit for claim settlement without initiation of legal action to Rs. 10 lakh (US\$ 12,000).
- Credit Guarantee Fund for Micro and Small Enterprises (CGTMSE) approves Rs. 2 lakh crore (US\$ 23.98 billion) guarantees in FY24, marking the highest ever in a single fiscal year, doubling from the previous year's figure, aimed at facilitating collateral-free loans to eligible MSMEs.
- As of February 04, 2024, during the current Financial Year 2023-24, the Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) has achieved a noteworthy milestone by surpassing a guaranteed amount of Rs. 1.50 lakh crore (US\$ 18.09 billion). This marks a substantial increase of 50% from the previous fiscal year's figure of Rs. 1.04 lakh crore (US\$ 12.54 billion).
- The guarantee cover available under the scheme is to the extent of 50%, 75%, 80% & 85% of the sanctioned amount of the credit facility. The extent of guarantee cover is 85% for micro-enterprises for credit up to Rs. 5 lakh (US\$ 6,000). The extent of guarantee cover is 50% of the sanctioned amount of the credit facility for credit from Rs. 10-100 lakh (US\$ 12,000-120,000) per MSE borrower for retail trade activity.
- The extent of guarantee cover is 80% for (i) Micro and Small Enterprises operated and/or owned by women; and (ii) all credits/loans in the North East Region (NER) for credit facilities up to Rs. 50 lakh (US\$ 60,000). In case of default, trust settles the claim up to 75% of the amount in default of the credit facility extended by the lending institution for credit facilities up to Rs. 200 lakh (US\$ 240,000).

Source: MSME Annual Report (2019-2020), Start-up India

Major schemes...(3/7)

Credit and Financial (3/3)

4

Non-government provident funds (PFs) investing in alternative investment funds (AIFs) will add to MSME fundraising options

- In March 2021, the Finance Ministry allowed private retirement funds to invest up to 5% in Category I & II AIFs regulated by SEBI; this will help widen the fundraising options for MSMEs and expand the domestic pool of capital
- Category 1 AIFs consists of infrastructure, venture capital, angel and social venture funds. Category II AIFs covers funds where at least 51% of the size can be invested in either infrastructure, SMEs, venture capital or social welfare entities

5

Special Credit Linked Capital Subsidy Scheme (SCLCSS) for the services sector

- In November 2021, the Indian government launched the Special Credit Linked Capital Subsidy Scheme (SCLCSS) for the services sector.
- This scheme will help enterprises in the services sector meet various technology requirements. It also has a provision to grant 25% capital subsidy for procurement of plant & machinery and service equipments through institutional credit to MSMEs owned by SC-ST entrepreneurs without any sector specific restrictions on technology upgradation.

6

Raising and Accelerating MSME Performance (RAMP)

- The "Raising and Accelerating MSME Performance" (RAMP) scheme, launched in 2022, has benefitted 4 lakh micro, small, and medium enterprises, with women-owned businesses making up over 38% of the registered MSMEs.
- The central government approves Rs. 114.80 crore (US\$ 13.67 million) for Rajasthan under the Raising and Accelerating MSME Performance (RAMP) programme, aimed at boosting MSME enterprises in the state and enhancing their capacity to contribute to the goals of Developed India-Developed Rajasthan.

Source: Press Information Bureau

Major schemes...(4/7)

7

Credit Guarantee Scheme for the livestock sector

- The Department of Animal Husbandry & Dairying (DAHD) under the Ministry of Fisheries, Animal Husbandry and Dairying announced the launch of a new credit guarantee scheme. The scheme under the Animal Husbandry Infrastructure Development Fund (AHIDF) aims to facilitate collateral-free credit for MSMEs in the livestock sector.
- To operationalize the scheme, DAHD said it has set up a credit guarantee fund trust of Rs. 750 crore (US\$ 90.2 million) for credit guarantee coverage of up to 25 % of loans disbursed to MSMEs by eligible banks and other lending institutions.

Skill Development and Training

1

A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE)

- The objectives of this scheme are to create new jobs, promote entrepreneurship culture in the country, promote innovation in the MSME sector, etc.
- The scheme activities include livelihood business incubators and technology business incubators.

2

Entrepreneurship and Skill Development Programmes (ESDP)

- Under the Entrepreneurship and Skill Development Programmes (ESDP), the Ministry of MSME has been organising several programmes focussing on the process of improving skills and knowledge of entrepreneur, and enhancing the capacity to develop, manage and organise a business venture.
- The objective of the program is to motivate young individuals to consider self-employment or entrepreneurship as one of the career options.
- The programme is carried out by the MSME-Development Institutes, Technology Centres and Enterprise Development Centres (EDCs).

Source: MSME Annual Report (2019-2020)

Major schemes...(5/7)

Infrastructure

1

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

- The objectives of this scheme are to organise traditional industries and artisans into clusters to make them competitive and provide support for their long-term sustainability, enhance marketability of products of such clusters, build innovative products, improve technologies, etc.
- Chief Secretary Dr. K. S. Jawahar Reddy oversees the establishment of a banana processing cluster in Pulivendula, Kadapa district, under the SFURTI scheme, with an estimated cost of Rs 121 crore (US\$ 14.51 million), capable of processing 1.08 lakh metric tonnes of bananas annually.
- A total of 513 clusters have received approval, with 389 of them operational. Within January 2023 to December 2023, 89 clusters became functional, benefiting 50,166 artisans across 25 States. Additionally, 15 clusters were approved, with the Government of India providing Rs. 40.01 crore (US\$ 4.83 million) in assistance, directly benefiting 8,875 artisans.

2

Scheme for Micro & Small Enterprises Cluster Development Programme (MSE-CDP)

- The MSME Ministry has adopted the cluster development approach as a key strategy for enhancing productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) in the country.
- The programme includes activities such as support funding for setting up 'Common Facility Centres (CFC) and Infrastructure Development Projects (IDP)'. 30 projects for setting up of Common Facility Centre (CFC) under MSE-CDP have been approved in Maharashtra, out of which, 14 projects are completed.
- Since the scheme's inception, a total of 580 projects have received approval, with 308 projects completed. Among these approved projects, 40 were sanctioned from January 2023 to December 2023, with a total project cost of nearly Rs. 560 crore (US\$ 67.53 million), aided by the Government of India with Rs. 386 crore (US\$ 46.55 million).

Source: MSME Annual Report (2019-2020)

Technology Upgrade and Competitiveness

1

Financial Support to MSMEs in ZED Certification

- The scheme promotes Zero Defect and Zero Effect (ZED) manufacturing among MSMEs and ZED Assessment for their certification to encourage MSMEs to constantly upgrade their quality standards in products and processes, promote adaptation of quality tools/systems and energy-efficient manufacturing, and drive manufacturing by adopting the Zero Defect production processes and without impacting the environment.
- The scheme is targeted towards MSMEs involved in manufacturing.
- The Quality Council of India is responsible for implementing the scheme.

2

Support for Entrepreneurial and Managerial Development of SMEs through Incubators

- The objective of the scheme is to promote and support the creativity of MSME enterprises and encourage adoption of the latest technologies in manufacturing as well as knowledge-based innovative MSMEs.
- The scheme includes financial assistance of up to Rs. 15 lakh (US\$ 18,000) for developing and nurturing the idea; up to Rs. 1 crore (US\$ 120,000) for procurement and installation of plant and machines to strengthen technology-related R&D activities; or up to Rs. 1 crore (US\$ 120,000) as a grant-in-aid for seed capital support to Host Institute (HIs)/Business Incubator (BIs) for converting deserving ideas into start-ups.

Source: MSME Annual Report (2019-2020)

Other Services

1

Building Awareness on Intellectual Property Rights (IPR) for MSMEs

- The Building Awareness on Intellectual Property Rights (IPR) has been launched to promote awareness of Intellectual Property Rights (IPINR) among MSMEs by assisting them in technology upgrade and enhancing competitiveness and effective utilisation of IPR tools.
- The scheme is executed through various activities such as awareness programmes, seminar workshops, reimbursement for registration of IP, international co-operation & setting up IP facilitation centre across the country.

2

Trade, import and export for MSMEs

- MSME support and development organisation, National Small Industries Corporation (NSIC), will assist MSMEs working with the Agricultural and Processed Food Products Export Development Authority (APEDA) across multiple areas
- The NSIC, through an MoU with APEDA, will help its MSME members in exploring the export potential of their agricultural and processed foods products. Additionally, APEDA members will get access to NSIC schemes, which would help them address issues pertaining to technology adoption, skills, product quality and market access
- The relationship will also support promotion of green & sustainable manufacturing technology for MSME clusters, enabling units to switch to sustainable and green production processes and products

Source: MSME Annual Report (2019-2020)

Recent Developments



New developments (1/3)

1

Institutional Support

- At the TN Global Investors Meet in January, investments of Rs. 63,573 crore (US\$ 7.62 billion) were committed, with Rs. 13,000 crore (US\$ 1.56 billion) operationalized in the MSME sector. State Minister for MSME, Mr.T.M. Anbarasan announced that 1,277 MSME companies have invested Rs.13,003 crore (US\$ 1.56 billion) over the past five months, generating approximately 46,000 jobs. Additionally, 60% of the MoUs signed during the meet are in advanced stages of implementation, with a high-level committee to oversee these investment commitments being formed.
- The Holani Group has successfully raised Rs. 184 crore (US\$ 22 million) for its new SME-focused venture capital fund, which aims to reach a total of Rs. 300 crore (US\$ 35.96 million). This initiative follows the group's approval from SEBI for its Alternate Investment Fund earlier this year. The fund includes a green shoe option to potentially raise an additional Rs.100 crore (US\$ 12 million).
- PayU, the payments and fintech business of Prosus, has made a strategic investment of US\$ 5 million in a seed round in BRISKPE, a Mumbai-based cross-border payments platform focused on simplifying global payments for MSMEs.
- Google plans to make a calculated investment in digital payments with the aim to strengthen the dynamic Indian Micro, Small and Medium Enterprise (MSME) market, said Mr. Sanjay Gupta, Country Head and Vice President of Google India. Google plans to expand its impact beyond payments, aiming to unlock India's MSME potential through financial inclusion and digital empowerment.
- In a significant move to bolster the MSME sector in India, the Technology Development Board (TDB) and the Small Industries Development Bank of India (SIDBI) formalized a Memorandum of Understanding (MoU) to facilitate easier access to credit for enterprises engaged in the development and commercial application of indigenous or imported technology.
- As of February 05, 2024, women-owned MSMEs constitute 20.5% of Udyam Portal registrations, contributing 18.73% to employment and 10.22% to turnover. Various initiatives support their growth and empowerment in the sector.
- On January 18, 2024, FinAGG Technologies, specializing in MSME financing, secured US\$ 11 million funding co-led by BlueOrchard and Tata Capital Ltd. The Series A round also involved SIDBI and Prime Venture Partners, aiming to expand presence, drive innovation, and empower women entrepreneurs.
- On February 27, 2023, in New Delhi, a Memorandum of Understanding (MoU) was signed to renew cooperation in the MSME sector between the National Small Industries Corporation Ltd. (NSIC), a CPSE under the Ministry of MSME, and the Korea SMEs and Startups Agency (KOSME) of the Republic of Korea.
- On December 15, 2023, DCM Shriram Ltd approved its Chemicals business entry into "Advanced Materials". The Self-Reliant India (SRI) Fund, initiated by the government in May 2020, managed by SBICAP Ventures, has invested Rs. 6,448 crore (US\$ 777.62 million) in MSMEs as of November 30, 2023, with a 15-year tenure for equity infusion.

Source: News Articles

2

Government Push

- According to the Budget 2024 documents, Rs. 22,138 crore (US\$ 2.65 billion) has been allocated to the MSME Ministry, remaining unchanged from the previous year, while the budget for central sector schemes for MSMEs has increased marginally to Rs. 21,868 crore (US\$ 2.62 billion).
- According to the Budget 2024 documents, Union Minister for Finance and Corporate Affairs, Mrs. Nirmala Sitharaman announced a crucial increase in the MUDRA loan limit for MSMEs from Rs 10 lakh (US\$ 11,988) to Rs. 20 lakh (US\$ 23,977) for those who have successfully repaid their previous loans.
- The central government approves Rs. 114.80 crore (US\$ 13.67 million) for Rajasthan under the Raising and Accelerating MSME Performance (RAMP) programme, aimed at boosting MSME enterprises in the state and enhancing their capacity to contribute to the goals of Developed India-Developed Rajasthan.
- The Centre approves Strategic Investment Plans (SIPs) for nine states, including Rajasthan, West Bengal, and Gujarat, under the Raising and Accelerating MSME Performance (RAMP) scheme, with a total funding of Rs. 713 crore (US\$ 85.49 million), aiming to reduce compliance costs and improve credit access for micro, small, and medium enterprises.
- The Self-Reliant India (SRI) fund, with a corpus of Rs. 50,000 crore (US\$ 6 billion), has invested Rs. 7,593 crore (US\$ 910 million) in 425 MSMEs, supporting sectors such as agriculture, pharma, auto, and chemicals, under the Aatmanirbhar Bharat package.
- The Defense Ministry will procure 928 strategically important Line replacement units, subsystems, spares, and components from Indian MSMEs, as informed in May 2023.
- Through the Public Procurement Policy, the Central Government is promoting small-scale enterprises by purchasing the products of MSEs. In the financial year 2022-23, the government spent Rs. 60,432 crore (US\$ 7.3 billion), which is 42% more than the target.
- On March 15, 2024, the total number of registered enterprises on Udyam and UAP surpassed 4 crore, marking a significant achievement for the formalization initiative led by the Ministry of MSME.
- Launched on 17th November 2023, the PM Vishwakarma Scheme provides holistic support to artisans and craftspeople, offering recognition, skill enhancement, tool incentives, credit aid, digital transaction bonuses, and marketing assistance, with a total financial outlay of Rs. 13,000 crore (US\$ 1.57 billion) and a target of 30,00,000 beneficiaries by 2027-28.
- As of February 04, 2024, during the current Financial Year 2023-24, the Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) has achieved a noteworthy milestone by surpassing a guaranteed amount of Rs. 1.50 lakh crore (US\$ 18.09 billion). This marks a substantial increase of 50% from the previous fiscal year's figure of Rs. 1.04 lakh crore (US\$ 12.54 billion).
- The Ministry, in collaboration with the Small Industries Development Bank of India (SIDBI), introduced the Udyam Assist Platform (UAP) on January 11, 2023, to integrate Informal Micro Enterprises (IMEs) into the formal sector. By December 31, 2023, approximately 1.11 crore IMEs have been registered on UAP.

3

Industrial Demand

- In September 2021, Union Minister for MSMEs, Mr. Narayan Rane called for building the coir industry in Konkan, North and Northeastern regions of the country and growing the market network.
- In FY22, exports of coir and coir products stood at US\$ 528.13 million
- In FY22, the US was the largest importer of coir and coir products from India (30% in value), followed by China (20% in value), the Netherlands, South Korea, the UK and others.
- Domestic production of coir fibre in FY21 (until December 2020) stood at 519,000 metric tonnes and was estimated at 710,000 metric tonnes until March 2021.

Key Industry Contacts



Key Industry Contacts

	Agency	Contact Information
 <p>सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES</p>	Ministry of Micro, Small and Medium Enterprises	<p>B - 4 / 161, Safdarjung Enclave, New Delhi-110029, Telephone: +91-11-23063288/23063643 Website: https://msme.gov.in</p>
	Federation of Indian Micro and Small & Medium Enterprises (FISME)	<p>Room No 356 A, Udyog Bhawan, Rafi Marg, New Delhi – 110011 Telephone: 91-11- 26187948,26712064,46023157,46018592 Fax: +91-11- 26109470 Email: info@fisme.org.in Website: http://www.fisme.org.in</p>



Glossary

- CFC: Common Facility Centres
- CPGRAMS: Centralised Public Grievance Redress and Monitoring System
- CPSEs: Central Ministries/Departments/Public Sector Enterprises
- DBT: Direct Benefit Transfer
- GOI: Government of India
- KVIC: Khadi and Village Industries Commission
- MGIRI: Mahatma Gandhi Institute for Rural Industrialisation
- MSEs: Micro and Small Enterprises
- MSE-CDP: Micro & Small Enterprises Cluster Development Programme
- MSME: Micro Small and Medium Enterprise
- NSIC: National Small Industries Corporation Limited
- NI-MSME: National Institute for Micro, Small and Medium Enterprises
- SC/ST: Schedule Caste/ Schedule Tribe
- TCSP: Technology Centre Systems Programme
- UAM: Udyog Aadhaar Memorandum
- Y-o-Y: Year on Year
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25**	83.42

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024*	83.22

*Note: *- Until June 2024, **- April-June 2024*

Source: Foreign Exchange Dealers' Association of India

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