



# Year End Review- 2019: Ministry Of Micro, Small And Medium Enterprises

## Important Schemes and Policies

### [Prime Minister's Employment Generation Programme \(PMEGP\)](#)

- PMEGP is a major credit-linked subsidy programme being implemented by the Ministry of MSME since 2008-09.
- The Scheme is aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth in rural as well as urban areas.
- Implementation:
  - National Level- Khadi and Village Industries Commission (KVIC) as the nodal agency.
  - State Level- State KVIC Directorates, State [Khadi and Village Industries Boards](#) (KVIBs), District Industries Centres (DICs) and banks.

### Cluster Development Programme

- **Micro Small Enterprises - Cluster Development Programme (MSE-CDP)**
  - Adopts cluster development approach for enhancing the productivity and competitiveness as well as capacity building of MSEs.
- [SFURTI \(Scheme of Fund for Regeneration of Traditional Industries\) Clusters](#)
  - Organizes traditional industries and artisans into clusters and make them competitive by enhancing their marketability & equipping them with improved skills.
- **Solar Charkha Clusters** under [Solar Charkha Mission](#)
  - Solar Charkha Units have been classified as village industries and is expected to generate direct employment to nearly one lakh persons and contribute to the green economy.

### [Credit Linked Capital Subsidy Relunched](#)

- The Government approved for continuation of Credit Linked Capital Subsidy component under Credit Linked Capital Subsidy-Technology Upgradation Scheme (CLCS-TUS) in February 2019.
- This scheme aims at **improving the competitiveness of MSMEs** by integrating various ongoing schematic interventions aimed at up-grading technology through the Credit Linked Capital Subsidy (CLCS).
- The subsidy will be given for investment in acquisition/replacement of plant & machinery/equipment & technology up-gradation of any kind.

### Technology Centre Systems Programme (TCSP)

- To expand and upgrade the network of Technology Centres (Tool Rooms and Technology Development Centres) in the country, Ministry of MSME is implementing Technology Centre Systems Programme (TCSP) to establish 15 new Technology Centres (TCs) and upgrade existing

TCs across the country.

- Efforts have been made during the last four years to make NIMSME (**National Institute for Micro, Small and Medium Enterprises**) as one of the premier National Institutes of India. The Institute conducts Training Programmes in various states across the country
- **Digital MSME:** Organizations like Common Service Centres (CSC), Entrepreneurship Development Institute of India (EDII) on boarded for bringing MSMEs on digital platform and for providing them digital identity.
- **Lean Manufacturing:** Scheme under implementation in 267 Clusters of MSMEs throughout the country through Quality Council of India (QCI) and National Productivity Council (NPC).
- **Incubation:** Incubation centres have been approved for more than 200 Technical Institutions, Industry Associations, Social Enterprises. Seed capital upto Rs. 1 crore have been provided to start up entrepreneurs under the scheme.
- **Design Clinic:** Design scheme opened for different technical institutions under Ministry of Human Resource Development (MHRD), Industry Associations, Social Enterprises, Self Help Groups working on providing design support to MSME entrepreneurs including rural and art based enterprises.
- **Financial Support to MSMEs in Zero Defect Zero Effect (ZED) Certification Scheme:** ZED parameters are being simplified to onboard more than one million MSMEs on ZED journey. All Industry Associations and technical institutions are being on boarded for wider access to the scheme.
- **Building Awareness on Intellectual Property Rights (IPR) Scheme:** More than 60 new IP Facilitation Centres set up in different parts of the country to have one IP lawyer to assist MSMEs to apply for and register their trademarks and patents.
  - FPOs to get support for applying for registration of GIs.
  - Reimbursement being given for registration of different IPRs to MSMEs.

### **Problems Faced by the MSME Sector**

- **Lack of adequate capital:** The MSME`S are presently facing the problems of credit from the banks. The banks are not providing the adequate amount of loan to the MSME`S.
- **Poor infrastructure:** MSME`S are developing rapidly but their infrastructure is very poor. With poor infrastructure, their production capacity is very low while production cost is very high.
- **Access to modern technology:** The owners of MSME's are either not aware of advanced technologies of production or they are very expensive. Thus, their methodology is outdated and the cost of production is high.
- **Access to markets:** Their advertisement and sales promotion are comparatively weaker than the multinational companies. The ineffective advertisement and poor marketing channels lead to very poor selling and they are not able to compete with big firms.
- **Getting statutory clearances related to power, environment, labor etc:** All the laws related to all aspects of manufacturing and service concern are very complex and compliance with these laws are practically difficult.

### **U. K. Sinha Committee Recommendations**

- Recommended doubling the cap on collateral-free loans to Rs 20 lakh from the current Rs 10 lakh.
  - This will be extended to borrowers falling under the Mudra scheme, self-help groups, and MSMEs.
  - A collateral free loan means that borrowers do not have to offer any asset or pledge collateral to borrow against.
- Recommended the mainstreaming of the restructuring of stressed loans, considering the central bank had given a one-year window to banks to do so in January 2019.

### **Important Facts**

- Since 2017, [United Nation General Assembly](#), observes 27<sup>th</sup> June as the [International Micro, Small and Medium-sized Enterprises Day](#) to raise public awareness of their contribution to [sustainable development goals](#).

### **SMEs and SDG's**

- SMEs play an important role in the implementation of **SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation, and infrastructure)**.
  - Micro, small and medium-sized enterprises are vital in promoting innovation, creativity and decent work for all.
- Efforts to enhance access to finance for SMEs across key sectors of national economies are an important element of the implementation of the Sustainable Development Goals (SDGs).
  - SDG targets 8.3 and 9.3 call for enhancing the access of SMEs to financial services

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