

MSME Schemes: Challenges

At a cabinet meeting on June 1, Mr. Nitin Gadkari, Minister of Road Transport & Highways, Micro, Small & Medium Enterprises, Government of India, shared that the definition of "Medium" enterprises under the MSME definitions has been expanded to include even more units. Some data about MSMEs were also shared:

- # There are 6 crore registered MSMEs in the country
- # Which provide jobs to over 11 crore people
- # And contribute 29 per cent to the GDP.
- # That is made up of 6.11 percent of manufacturing GDP
- # And 24.63% of Services GDP
- # Also, they contribute 33.4% of India's manufacturing output.

Scheme Confusion

It is worth noting that even though there are multiple schemes related to the MSME segment, there are practical issues in availing them:

Difficult to search: It seems almost as if effort has been put in place that the MSME schemes are not easily searchable. There is not a single MSME portal that hosts information of all the MSME related schemes. Its upto the MSMEs to scout multiple websites and hope to find something of value.

Limited information available online: When you do manage to find the schemes, on clicking the link it opens a PDF page which was put there years ago. For many such schemes it seems that the time limit has expired. For eg. for the Pradhan Mantri Employment Generation Scheme, the PDF says it was in effect only upto 2019-20. Similar is the case for with other schemes such as the Credit Linked Capital Subsidy Scheme.

Multiplicity of authorities: While some schemes are apparently governed by the District Industrial Committees, many are under the District Magistrate of the district and yet others are offered by different banks, NBFCs etc.

Why is a simple sole proprietor manufacturer with a small being forced to navigate these departmental by-lanes?

It is high time that all the MSME schemes be made available online:

Their existence, their details, suitability for specific forms of businesses, application, follow-up and final approval.

New MSME Portal

Prime Minister Narendra Modi has launched a new website for the MSME sector:

<https://www.champions.gov.in/>.

CHAMPIONS stands for:

*C*reation and *H*armonious *A*pplication of *M*odern *P*rocesses for *I*ncreasing the *O*utput and *N*ational *S*trength

As per the website, there are three basic objectives of this new portal:

- To help the MSMEs in this difficult situation in terms of finance, raw materials, labour, permissions, etc.
- To help the MSMEs capture new opportunities including manufacturing of medical items & accessories.
- To identify the sparks, i.e., the bright MSMEs who can withstand at present and become national and international champions.

Within the website are links to other MSME portals:

- MSME Schemes
- MSME Samadhan Portal
- MSME Sambhandh
- MSME Champions Start-up
- MSME Registration

However, it is not yet clear what purpose this new website serves since there's nothing new on this portal itself. At the most, what it does do is provide a single launching point for all things related to MSME.

It is hoped that in due course of time the government will make this portal a single point contact for all MSME related activities.

The Indian farmers have been freed of the clutches of the middle men with a new government launched mobile application. But the MSMEs are still waiting for their independence from the bureaucracy, so to speak.

Finally lets look the latest MSME definition:



Modifications made to MSME Categorisation - June 1, 2020

Category	Old				New (as on June 1, 2020)	
	Service		Manufacture		Service/Manufacture	
	Investment	Turnover	Investment	Turnover	Investment	Turnover
Micro	< 10 lacs	-	< 25 lacs	-	< 1 Cr	< 5 Cr
Small	10 lacs to < 2 Cr	-	25 lacs to < 5 Cr	-	1 Cr to < 10 Cr	5 Cr to < 50 Cr
Medium	2 Cr to < 5 Cr	-	5 Cr to < 10 Cr	-	10 Cr to < 50 Cr	50 Cr to < 250 Cr

TIME TO START WORKING FOR YOUR DREAMS

Category	Old				New (as on June 1, 2020)	
	Service		Manufacture		Service/Manufacture	
	Investment	Turnover	Investment	Turnover	Investment	Turnover
Micro	< 10 lacs	-	< 25 lacs	-	< 1 Cr	< 5 Cr
Small	10 lacs to < 2 Cr	-	25 lacs to < 5 Cr	-	1 Cr to < 10 Cr	5 Cr to < 50 Cr
Medium	2 Cr to < 5 Cr	-	5 Cr to < 10 Cr	-	10 Cr to < 50 Cr	50 Cr to < 250 Cr