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# ICAI Knowledge Series on MSME & Startup **ज्ञान सागर**

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**Startup Portal:**  
[startup.icai.org](http://startup.icai.org)



**MSME Portal:**  
[msme.icai.org](http://msme.icai.org)

# UPDATES



## President Murmu Leads MSME Day 2025

On 27 June 2025, President Droupadi Murmu presided over the “MSME Day 2025 – Udyami Bharat” event at Vigyan Bhawan, New Delhi—bringing together MSME stakeholders from across India. The ceremony featured the release of a commemorative postage stamp marking 25 years of CGTMSE, which has backed over ₹9.8 lakh crore in credit guarantees since inception, including a record ₹3 lakh crore in FY 2024–25. President Murmu also inaugurated the Ministry’s new Online Dispute Resolution (ODR) Portal, aimed at resolving delayed payment disputes efficiently, and launched MSME Hackathon 5.0 while announcing winners of Hackathon 4.0 and unveiling the latest editions of *MSME Patrika* and the credit-guidance booklet *Know Your Lender*.

For more information please visit:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2139800>

## India’s New MSME ODR Portal

Launched on 27 June 2025 by the Ministry of MSME and inaugurated by President Droupadi Murmu, the new Online Dispute Resolution (ODR) Portal offers a full-digital solution for delayed payment disputes affecting micro and small enterprises. The platform features end-to-end document-based case handling—from filing to hearings—integrated into the existing Samadhaan system, with concessions on application and hearing fees to support MSMEs. It enables voluntary out-of-court settlement, empanels private mediators alongside traditional MSEFCs, and even offers an AI-facilitated option for quicker resolution, marking a major step toward accessible, efficient, and lowcost justice for small businesses.

For more information please visit:

<https://odr.msme.gov.in/#/>

## Know Your Lender, Grow Your Business – A Financial Empowerment Guide for MSMEs

The *Know Your Lender, Grow Your Business (KYL-GYB)* handbook, published by the Ministry of MSME, Government of India, serves as a strategic resource to enhance financial literacy and formal credit access among Micro, Small, and Medium Enterprises (MSMEs). It consolidates regulatory frameworks, institutional guidelines, and best practices related to collateral-free loans, digital lending, credit guarantees, and risk assessments. Emphasizing transparency, borrower rights, and responsible lending, the handbook simplifies complex banking procedures and introduces digital tools like Credit Proposal Tracking Systems



and Key Fact Statements. By equipping MSMEs with practical knowledge, KYL-GYB contributes to inclusive economic development aligned with India's *Viksit Bharat 2047* vision.

For more information please visit:

[https://msme.gov.in/sites/default/files/KNOW-YOUR-LENDER\\_2025.pdf](https://msme.gov.in/sites/default/files/KNOW-YOUR-LENDER_2025.pdf)

## MSME Idea Hackathon 5.0 Drives Innovation & Growth

The MSME Incubation Cell, showcased on My MSME's Incubation page, recently opened registrations for the MSME Idea Hackathon 5.0—a flagship national initiative inviting innovators, startups, MSMEs, and students to submit breakthrough ideas across priority sectors. Open until July 14, 2025, this edition aims to channel entrepreneurial energy into smart and sustainable MSME solutions. Through this hackathon, participants gain access to grant funding of up to ₹15 lakhs, incubation support from registered MSI incubators, and expert mentorship—all designed to drive grassroots innovation under the ICAI–MSME partnership framework.

For more information please visit:

<https://my.msme.gov.in/inc/>

## Empowering Youth Entrepreneurs: Highlights of the Mukhyamantri Yuva Udyami Vikas Yojana (CMYUVA)

Under the Mukhyamantri Yuva Udyami Vikas Yojana (CM Yuva), the Bihar government offers substantial support to young entrepreneurs by providing up to ₹10 lakh for setting up businesses—split equally between a 50% non-repayable grant (up to ₹5 lakh) and a 50% interest-free loan (up to ₹5 lakh), with a nominal 1% interest under specific sub-schemes. Eligible beneficiaries must be permanent residents of Bihar, aged 18–50 years, with at least a 10+2 or equivalent qualification, and running a proprietorship or partnership firm. The scheme specifically targets general and backward-class male applicants, empowering them to establish enterprises and drive local economic growth.

For more information please visit:

<https://www.myscheme.gov.in/schemes/myuyb>



# Guidelines for Central Sector Scheme “Promotion of MSMEs in N.E. Region and Sikkim”

## 1. Introduction:

The Ministry of MSME is working for development of MSMEs in the country. With a focus for development of MSMEs in North Eastern Region & Sikkim a special scheme for ‘Promotion of MSMEs in North Eastern Region and Sikkim’ was approved on 02.08.2016. The scheme was made a component of new Central Sector Scheme ‘Technology and Enterprise Resource Centre’ formulated on 16.01.2018. The operational guidelines of the scheme component were revised and issued on 15.01.2019. Impact of COVID-19 pandemic on MSME-Sector and various initiatives of Govt. of India such as ‘Atma Nirbhar Bharat Abhiyan,’ ‘Vocal for local to Global’ and ‘zero effect to zero defect’ and Act East Policy to boost indigenous manufacturing and service sectors necessitated revision of the scheme guidelines. Various consultations with MSME-DIs, State Implementing Agencies and State Governments have suggested bringing simplification in the scheme guidelines so as to reduce layers of various processes and reduce the time required for approval of the projects and which can help in better execution. It has also necessitated a greater involvement of State governments in project identification, execution and monitoring its impact to the local industry especially micro enterprises.

## 2. Revised Guidelines of the Scheme:

These revised guidelines of Scheme ‘Promotion of MSMEs in North Eastern Region and Sikkim’ are issued in supersession of the previous guidelines and encompasses, inter-alia, the procedures and funding patterns. The guideline would be effective in prospective manner from the date of issuance. The past liabilities will be addressed as per the previous guidelines of the scheme. Ministry of MSME may amend guidelines on need basis.

## 3. Scheme Components:

The Scheme ‘Promotion of MSMEs in North Eastern Region and Sikkim’ approved by Govt. of India has the following components: -

### 3.01 Setting up of new and modernization of existing Mini Technology Centres:

*Objective:* The Scheme envisages financial assistance to State Governments for setting up new and modernization of existing Tool Room/ Mini Technology Centres. Projects for creation of common facilities to supplement manufacturing, testing, packaging, R&D, product and process innovations and training for natural resources such as fruits, spices, agri, forestry, sericulture and bamboo etc. available in NER and Sikkim would be given priority. The Geo tagging of the project is mandatory.

*Financial Assistance:* The maximum assistance from Government of India will be limited to Rs. 13.50 crore or 90% of the project cost, whichever is less, balance and any excess amount to be contributed by State Government. The GoI assistance towards the building cost for up-gradation of infrastructure would be limited to Rs. 1.00 crore within the total permissible GoI assistance. Government of India financial assistance would not be admissible towards the cost of land.

### 3.02 Development of new and existing Industrial Estates:

*Objective:* Government of India financial assistance will be provided for development of new and existing Industrial Estates, Flatted Factory complexes. The infrastructure facilities will include power distribution system, water, telecommunication, drainage & pollution control facilities, roads, storage and marketing outlets etc. Geo tagging of the project is mandatory.

*Financial Assistance:* The maximum assistance from Government of India will be limited to Rs. 13.5 crore for development of New Industrial Estate or Rs. 9.00 crore for development of Existing Industrial Estate or 90% of the project cost, whichever, is less balance and any excess amount to be contributed by State Government.

### **3.03 Development of Tourism Sector:**

*Objective:* Looking into immense scope of tourism sector in NER and Sikkim, projects for creation of common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infra, potable water, display centre for local products, centre for cultural activities etc. in a cluster of home stays may be considered. There has to be linkages of projects with local MSEs. Projects of State Tourism Development Agencies or central/State Autonomous bodies for Tourism Development shall be allowed.

The following will be the mandatory requirements-

- a. Geo tagging of the Project ;
- b. The validation of DPR by Ministry of Tourism;
- c. Nos. of minimum beneficiaries- 10 MSEs (in tourism services);
- d. Beneficiaries should essentially be linked to any renowned e-commerce platform.

*Financial Assistance:* The assistance from Government of India will be limited to Rs. 4.50 crore or 90% of the project cost whichever is less, balance and any excess amount to be contributed by state government.

## **4. Procedure for Processing Proposals and Release of Funds:**

### **4.01 Mini Technology Centre**

As regards Tool Room/Mini Technology Centre, the methodology of sanction will be as follows:

- 4.01.1 The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably Department of Industries & Commerce or any State Govt. organization engaged in promotion of MSMEs to implement the project. In case, any assistance is needed at this stage, they may approach office of Development Commissioner (MSME), New Delhi or its field offices viz. MSME-DIs.
- 4.01.2 The State Government will prepare a Detailed Project Report (DPR) covering aspects like the status and potential of the enterprises of the region, proposed location, demand analysis of sector to be served, objective of the project, services to be offered, organizational structure, capital cost (Building, plant & machinery including other infrastructure facilities), operating expenses, total estimated cost of Mini Technology Centre, funding pattern, Implementing Agency, cash flow analysis indicating techno-economic viability of the project and projection on outcome of the project on increase in percentage of revenue of MSMEs receiving assistance under the project and number of employment opportunities generated. MSME-DIs may help State Government in preparation of DPR. The State government will constitute a Committee to specify plant & machinery required for a Project.
- 4.01.3 While forwarding the proposal along with DPR to Government of India, the State Government would confirm that:
  - (i) The balance cost over and above the permissible grant and the recurring cost will be borne by the State government. The project escalation cost if any shall be borne by the State Govt.
  - (ii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.



4.01.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, would be communicated to State Government within 20 days of receipt of proposal. Thereafter, Office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee'.

4.01.5 'Project Approval and Monitoring Committee' (PAMC) comprising of following would consider and approve the Proposal:

1.	Secretary (MSME)	Chairperson
2.	Additional Secretary & Development Commissioner (MSME)	Member
3.	AS&FA or his/her representative	Member
4.	Representative of M/o DoNER	Member
5.	Representative of M/o Food Industries	Member
6.	Representative of M/o Rural Development	Member
7.	Representative of M/o Tourism	Member
8.	Representative of M/o Textiles	Member
9.	Representative of DPIIT	Member
10.	Representative of concerned State Government	Member
11.	Additional Development Commissioner (Scheme)	Member
12.	Director (SFURTI), Director (Cluster Development), and Director (Tool Room/TCSP/TCEC) MoMSME	Member
13.	Director/HoO concerned MSME-DI	Member
14.	JDC/Director (Scheme)	Member-Secretary

4.01.6 PAMC, while considering and approving the proposal may:

Co-opt any eminent person / expert in the Committee with the approval of Chairman (PAMC)

4.01.7 After PAMC approves the proposal, formal approval of the Project will be conveyed to the State Governments.

- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organisation engaged in promotion of MSMEs and one from Implementing Agency.
- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of Implementing Agency.
- c.) Implementing Agencies have to submit Utilization certificates (UCs) timely in form GFR-12C for Gol grants before the release of next installment and final UC within 6 months of completion of projects.

- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may be decided by the State Govt.

4.01.8 *Time Period for completion of the project:*

The projects have to be completed within 36 months from the date of approval order.

- 4.01.9 State Government shall keep a provision for including a nominee of central Government on the Governing Body of the Mini Technology Centre.

**4.02 Development of Industrial Estate**

As regards development of Industrial Estate and Flatted Factory complex, the methodology of sanction will be as follows:

- 4.02.1 The State Government, desirous of availing financial assistance under the scheme, would formulate a proposal and identify an agency, preferably Department of Industries & Commerce or an organization engaged in promotion of enterprises to implement the project. In case, any assistance is needed at this stage, they may approach office of Development Commissioner (MSME), New Delhi.
- 4.02.2 The proposal may include financial assistance towards creation of Infrastructure facilities like roads; water supply; water harvesting; drainage; power, ETPs and Administrative Services like office building, telecommunication/cyber centre/documentation centre, conference Hall/Exhibition centre, Raw material storage facility, Marketing outlets/First Aid centre, creche, Canteen facilities etc. The DPR should also include projections on outcome of the project on increase in percentage of Revenue of MSMEs receiving assistance under the project and number of employment opportunities generated.
- 4.02.3 While forwarding the proposal along with DPR to Government of India, the State Government would confirm that:
- (i) Suitable land of requisite size is available.
  - (ii) The balance cost over and above the permissible grant and the recurring cost will be borne by the State Government. The project escalation cost if any shall be borne by the State Govt.
  - (iii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.
- 4.02.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, the same would be communicated to state Government within 20 days of receipt of proposal. Thereafter, office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee' (PAMC) as detailed in Para 4.01.5 & 6 above.
- 4.02.5 After PAMC approves the proposal, formal approval of the project will be conveyed to the State Governments. The financial assistance shall be released as per following procedure:
- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in

proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organization engaged in promotion of MSMEs and one from Implementing Agency.

- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of IA.
- c.) Implementing Agencies have to submit Utilization Certificates (UCs) timely in form GFR-12C for GoI grants before the release of next installment and final UC within 6 months of completion of projects.
- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may be decided by the State Govt.

#### 4.02.6 *Time Period for completion of the project:*

The projects have to be completed within 30 months from the date of approval order.

### **4.03 Development of Tourism Sector:**

As regards Development of Tourism Sector, the methodology of sanction will be as follows:

- 4.03.1 The State Government, desirous of availing financial assistance under the scheme would formulate a proposal and identify an agency preferably State Tourism Development Agencies or Central/State Autonomous bodies for Tourism Development/Tourism Development Corporation or any State Govt. organization engaged in promotion of Tourism sector. In case, any assistance is needed at this stage, they may approach office of Development Commissioner (MSME), New Delhi.
- 4.03.2 The State Government will prepare a Detailed Project Report (DPR) covering aspects like the status and potential of the tourism of the region, proposed location, demand analysis of sector to be served, objective of the project, services to be offered, organizational structure, capital cost (Building, plant & machinery including other infrastructure facilities), operating expenses, total estimated cost of project, funding pattern, Implementing Agency, cash flow analysis indicating techno-economic viability of the project. The DPR should also include projections on outcome of the project on increase in percentage of Revenue of MSMEs receiving assistance under the project and number of employment opportunities generated. The MSME-DIs may help State Government in preparation of DPR. The State Government will constitute a Committee to specify plant & machinery required for a Project.
- 4.03.3 While forwarding the proposal along with DPR to Government of India, the State Government would confirm that:
  - (i) The balance cost over and above the permissible grant and the recurring cost will be borne by the State Government. The project escalation cost if any shall be borne by the State Govt.
  - (ii) Proposal should be forwarded through concerned MSME-DI including the comments of stakeholders on the DPR.



4.03.4 On receipt of proposal, Office of DC (MSME) will examine the proposal online and the discrepancy, if any, the same would be communicated to state Government within 20 days of receipt of proposal. The DPR shall be forwarded to M/o Tourism for their vetting. After vetting of DPR by M/o Tourism, office of DC (MSME) would prepare a Note for obtaining the approval of the 'Project Approval and Monitoring Committee' as detailed in Para 4.01.5 & 6 above.

4.03.5 After PAMC approves the proposal, formal approval of the Project will be conveyed to the State Governments.

- a.) Central assistance will be released to the State Project Implementing Agency. Funds will be released to implementing agency in three installments in the ratio of 50:40:10 after final approval, depending upon the implementation plan, progress made, requirements of funds etc. Funds will be released only after upfront contribution by the State Govt. in proportionate contribution and recommendation of a committee under the chairmanship of Director/HoO MSME-DI of concerned State comprising of representatives from Directorate of Industries or any other State Govt. organisation engaged in promotion of MSMEs and one from Implementing Agency.
- b.) The funds will be released to the Project specific Bank Account in Public Sector Banks & Regional Rural Banks of IA.
- c.) Implementing Agencies have to submit Utilization Certificates (UCs) timely in form GFR-12C for GoI grants before the release of next installment and final UC within 6 months of completion of projects.
- d.) The procurement of Plant and Machinery will be done through e-tendering (either through GeM or Central Public Procurement Portal) as per GFR and CVC guidelines by a committee constituted by the State Govt. Director/HoO MSME-DI and representative from implementing agency will be member of the committee. Other members may be decided by the State Govt.

4.03.6 *Time Period for completion of the project:*

The projects have to be completed within 18 months from the date of approval order.

4.03.7 State Government shall keep a provision for including a nominee of Central Government on the Governing Body of the Project.

## **5. Other Administrative Expenses**

Up to 5% of total approved budget may be utilized to meet expenditure under the Budget Head for impact studies etc. and other administrative expenses for operating of the scheme.

## **6. Time Extension for Project**

State governments shall ensure time bound completion of the project. However, in special circumstances time extension may be given by the Ministry on recommendation of the Chief Secretary of the respective State as per the following:

- I. Six months from the stipulated date of completion of the project – AS & DC (MSME)
- II. Six to twelve months from the stipulated date of completion of the project – Secretary (MSME)
- III. More than one year from the stipulated date of completion of the project – Minister of MSME/ Minister In-charge for MSME.

*–Source – DCMSME.gov.in*

# MSME Schemes for Incubation Centers in Educational and Training Institutions

## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a crucial driver of economic growth, innovation, and employment in India. Recognising the need to foster innovation and entrepreneurship, the Ministry of Micro, Small & Medium Enterprises (MSME), Government of India, has launched several schemes to support incubation centres within educational and training institutions. These schemes aim to nurture creative ideas, facilitate technology adoption, and enable the transformation of innovative concepts into viable business ventures.

## 2. BACKGROUND AND OBJECTIVES

The MSME incubation initiatives are rooted in the National Manufacturing Competitiveness Programme (NMCP) and further consolidated under the MSME Innovative Scheme (Incubation, Design, and IPR). The primary objectives are:

- To promote and support untapped creativity and adoption of advanced technologies among MSMEs.
- To nurture innovative ideas from professionals, students, and entrepreneurs in a supportive environment, bridging the gap between concept and commercialization.
- To facilitate networking and linkages with other stakeholders in the innovation ecosystem, including industry, academia, and government.

## 3. MSME INNOVATIVE SCHEME – INCUBATION COMPONENT

### 3.1 Overview

The Incubation Scheme, part of the MSME Innovative Scheme introduced by the Ministry of Micro, Small, and Medium Enterprises (MSME), aims to foster innovation and support the validation of concepts at the proof-of-concept (POC) stage. This initiative encourages educational and training institutions to serve as Host Institutes (HIs) and establish Business Incubators (BIs). The primary objective of the Innovative Scheme is to harness untapped creativity and facilitate the adoption of modern technologies among MSMEs seeking validation for their innovative ideas. Additionally, the scheme supports collaborations with experts who offer guidance to MSMEs in aspects such as design, strategy, and execution, enhancing their business expansion prospects.

### 3.2 Key Features

- **Recognition of Host Institutes (HIs):** Eligible institutions—including technical colleges, universities, professional institutes, research and development centers, non-governmental organizations (NGOs), and government bodies—can apply to become HIs and establish BIs.
- **Support for Incubates:** HIs are responsible for evaluating, nurturing, and assisting innovative ideas proposed by incubates, which can include students, entrepreneurs, and MSMEs.
- **Core Activities:**
  - Recognition of HIs: Institutions are recognised as HIs to function as BIs.
  - Approval of Incubate Ideas: Ideas submitted by incubates through HIs are evaluated and approved.
  - Assistance for Idea Development: Support is provided to HIs for nurturing innovative ideas.

- Capital Support: HIs receive financial assistance for the procurement of essential plant and machinery.
- **Eligibility:**
  - Innovators of Indian origin who possess an email address and mobile number can apply under three categories: MSME, Student, and Others.
  - MSME Category: Innovators must register for the MSME Idea Hackathon using their Udyam Registration number.
  - Student Category: Applicants must present a valid student identity card for the fiscal year 2025-26

### 3.3 Financial Assistance

Financial aid of up to ₹15 lakh per idea is available for the development and nurturing of innovative concepts. Additionally, HIs may receive financial support of up to ₹1 crore for the procurement and installation of relevant plant and machinery, including hardware and software, to facilitate research and development activities and provide common facilities for BIs.

### 3.4 Eligibility

Institutions must actively engage in incubation activities and demonstrate their capacity to nurture and commercialise innovative ideas. Eligible institutions include:

- Technical colleges
- Universities
- Other professional colleges/institutes
- Research and development institutes
- NGOs involved in incubation activities
- MSME Development Institutes (DIs) or Technology Centres
- Any organisation affiliated with the Central or State Government
- Institutions wishing to become HIs must apply for registration as such through the Management Information System (MIS) portal on the DC MSME website ([innovative.msme.gov.in](http://innovative.msme.gov.in)). All previously approved Host Institutes will continue their roles in the scheme's implementation.

### 3.5 Application Process

Institutions interested in participating must register online and submit proposals through the official MSME portal. Selected HIs will receive grants to establish or enhance incubation facilities and support incubates.

- **Registration Steps:** Visit the official website and click on the REGISTRATION button. Complete the form with the necessary details and click Submit. Once successful, a registration confirmation message will appear, followed by a login window.
- **HI/BI Application for Approval:** After logging in successfully, the HI/BI dashboard opens. Click the Apply for HI/BI Approval button. After clicking the button, the Apply prompt will display. Fill out the details in the application window and finalise by clicking Submit.

### 3.6 Required Documentation

- University Affiliation
- Approval from the All-India Council for Technical Education (AICTE)
- Accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) or other relevant accrediting bodies



- Audited annual accounts for the last two years, accompanied by the auditor's report
- Any other documents as required

## 4. KHADI GRAMODYOG VIKAS YOJANA

### 4.1. Objective

The Khadi Gramodyog Vikas Yojana aims to establish a network of Livelihood Business Incubators (LBIs), particularly in rural and underserved areas, to promote innovation and accelerate entrepreneurship. The specific objectives include:

**Creating Employment:** Generating job opportunities by facilitating the establishment of scalable micro-enterprises in the agro-rural sector.

**Skill Development:** Providing skills training, up-skilling, and reskilling for unemployed individuals, self-employed persons, and wage earners in new agro-rural technologies.

**Supporting Industrial Clusters:** Supplying skilled human capital to nearby industrial clusters and promoting innovations to enhance competitiveness in the MSME sector.

### 4.2. Key Benefits

A maximum of ₹1 crore is offered to government and private agencies as operational expenditure support to cover manpower costs and running incubation and skill development programs.

### 4.3. Detailed Information

**Livelihood Business Incubator (LBI):** An LBI is established to deliver skill development and incubation programs aimed at fostering entrepreneurship and generating employment in the agro-rural sector, particularly in rural and underserved areas.

For private organisations, a minimum of 25% of the capital expenditure must be covered by the applicant organisation. Detailed guidelines can be accessed at the MSME ASPIRE website.

### 4.4. Scheme Applicability

Eligible agencies and institutions include:

- Any agency of the Government of India or State Government,
- Existing training centres under relevant ministries or departments,
- Industry associations,
- Academic institutions,
- Not-for-profit private institutions with proven experience in executing incubation and/or skill development programmes.

### 4.5. Application Process

Applications can be submitted on the MSME ASPIRE website.

## 5. MSME-INNOVATIVE (FOR INCUBATION, IPR, DESIGN)

### 5.1. Objective

The MSME-Innovative Scheme aims to foster all forms of innovation throughout the entire value chain, transforming ideas into innovative applications through effective incubation and design interventions. The initiative seeks to provide the necessary facilities and support for developing concepts into market-ready products, enhancing design competitiveness, and ensuring the protection and commercialisation of intellectual property within the MSME sector.

Additionally, the scheme promotes a culture of innovation and creative problem-solving by facilitating knowledge sharing and collaboration among industry leaders, academic institutions,

government agencies, and research laboratories. It acts as a vital link between industry leaders and innovators, encouraging new product development and providing guidance throughout the process. The focus is on creating affordable innovations that can benefit a large population while remaining commercially viable and sustainable.

## **5.2. Key Benefits**

### **Incubation**

Registered Host Institutes (HIs) can receive up to ₹15 lakhs per idea. The approved MSME ideas are funded at 15% of the total cost, while the Ministry covers 85% (up to ₹15 lakhs). Students are eligible for full financial support. The funding is disbursed in two phases: 70% is released after approval, and the remaining 30% is provided following the utilisation of 60% of the first instalment.

The role of Host Institutes includes establishing Business Incubators (BIs) that provide essential support, laboratories, and equipment. If projects remain unfinished, they can be reassigned to prevent lost opportunities, and any unspent funds are returned to promote efficient resource utilisation.

Financial assistance for plant and machinery is available to HIs, with a maximum of ₹1 crore allocated for the procurement and installation of relevant equipment, including hardware and software, to support R&D activities and common facilities for incubates.

### **Design**

For design projects, the government provides 75% funding for micro-enterprises and 60% for small and medium enterprises (SMEs) related to project costs, with a maximum support of ₹40 lakhs. The remaining costs must be covered by the MSMEs. Funding for design projects is released in stages: 40% for strategy and concept, 30% for detailed design, and 30% upon completion and submission of the final report.

For student projects, the government covers 75% of the total project cost, up to a maximum of ₹2.5 lakhs. This funding is available to students from institutions accredited by AICTE or UGC, with funding disbursed in two phases: 50% upon application approval and 50% upon project completion.

### **Intellectual Property Rights (IPR)**

The scheme offers 100% reimbursement for patent registration costs, up to ₹1 lakh for Indian patents and ₹5 lakhs for foreign patents (excluding renewal fees). Additionally, trademark registration costs are reimbursed up to ₹10,000, and design registration costs are reimbursed up to ₹15,000. For geographical indications (GI), the reimbursement is up to ₹2 lakhs for each registered GI. To qualify for reimbursement, applicants must possess an MSME Udyam Registration Certificate, relevant registration certificates, a bank mandate form, and original bills.

A grant of up to ₹1 crore is provided to an Intellectual Property Facilitation Centre (IPFC) in milestone-based instalments.

## **5.3. Detailed Information**

The MSME Innovative Scheme represents a comprehensive approach that integrates three sub-schemes—incubation, design intervention, and IPR protection—into a unified framework aimed at raising awareness among MSMEs about innovation in India and motivating them to become champions in their respective fields. This initiative serves as a hub for innovation activities, facilitating the development of ideas into viable business propositions that can directly benefit society and be marketed successfully.

The Ministry of MSME's Innovation Scheme is a holistic effort designed to cultivate a culture of innovation within the MSME sector. By combining the strengths of the Incubation, Design, and IPR Schemes, this initiative not only encourages unexplored creativity but also provides a structured pathway for transforming groundbreaking ideas into tangible business ventures.

**Incubation Scheme** - At the heart of the MSME Innovation Scheme lies the Incubation Scheme, which is essential for converting ideas into successful businesses. This scheme focuses on advancing technologies and validating concepts up to the proof-of-concept stage, offering a robust platform for MSMEs, individuals, and students with innovative ideas to thrive.

The Incubation Scheme nurtures untapped creativity and supports MSMEs seeking proof-of-concept validation. Eligible applicants—including MSMEs, individuals, and students—can access financial support, with Host Institutes managing Business Incubators and receiving up to ₹15 lakhs per idea. The Ministry covers 85% of the costs for approved MSME ideas, while students receive full financial assistance. Funding is provided in two stages: 70% after approval and 30% after 60% utilization of the first instalment. HIs play a critical role in establishing BIs that provide essential resources, and any unspent funds are promptly returned, ensuring efficient resource allocation and promoting innovation.

**Design Scheme:** Complementing the Incubation Scheme, the Design Scheme addresses the gap between manufacturing and design, ensuring that innovative products are market-ready and competitively designed.

#### **Intellectual Property Rights (IPR) Scheme**

The Intellectual Property Rights (IPR) Scheme acts as a protector of creativity by increasing awareness of intellectual property rights and encouraging their utilisation within the Micro, Small, and Medium Enterprises (MSME) sector. This scheme provides reimbursement for the costs associated with filing intellectual property applications, enabling MSMEs to safeguard their innovations and promote their creative efforts.

#### **Eligibility Criteria**

**Incubation:** Eligible Applicants: Micro, small, and medium enterprises (MSMEs), individuals, and students with innovative ideas can apply for support through registered Host Institutes (HIs).

**Design** Beneficiaries: The beneficiary units must be officially registered micro, small, or medium enterprises in accordance with the definitions outlined in the Micro, Small and Medium Enterprises Development (MSMED) Act. Additionally, they should possess a valid Udyam Registration or Unique Identification Number (UAM).

**Intellectual Property Rights (IPR)** Qualified Entities: The scheme is applicable to manufacturing MSMEs that hold UDYAM Registration and are seeking to protect their inventions through patents, trademarks, designs, or geographical indications.

#### **5.4. Application Process**

Eligible applicants can submit their applications through the Management Information System (MIS) portal at MSME Innovative.

### **6. SCHEME FOR PROMOTION OF INNOVATION, RURAL INDUSTRIES, AND ENTREPRENEURSHIP (ASPIRE)**

#### **6.1 Objective**

The goal is to create a network of Livelihood Business Incubators (LBIs), primarily located in rural and underserved regions, to foster innovation and enhance entrepreneurial efforts. This initiative aims to:

**Generate Employment:** Facilitate the establishment of formal, scalable micro-enterprises in the agro-rural sector, thus creating job opportunities.



**Skill Development:** Provide skills training, upskilling, and reskilling for unemployed individuals, as well as for those who are self-employed or employed in wage jobs, focusing on new technologies in the agro-rural sector.

**Enhance Industry Competitiveness:** Supply skilled human resources to local industrial clusters and promote innovative practices to strengthen competitiveness in the Micro, Small, and Medium Enterprises (MSME) sector.

## 6.2 Key Benefits

**Financial Support for Equipment:** A maximum of ₹1 crore is available for government agencies and ₹75 lakhs for private organisations to procure necessary plant and machinery.

**Operational Expenditure Assistance:** Both government and private entities can receive up to ₹1 crore to cover operational costs, including manpower and the execution of incubation and skills training programmes.

## 6.3 Detailed Information

**Livelihood Business Incubator (LBI):** An LBI is an entity designed to deliver skill development and incubation programmes that promote entrepreneurship and job creation, with a particular emphasis on rural and underserved communities.

For private organisations, it is required that they fund 25% of the capital expenditures from their own resources. Comprehensive guidelines for this initiative can be found at the MSME ASPIRE website.

## 6.4 Scheme Eligibility

This initiative applies to:

Government agencies or institutions at both the national and state levels, along with existing training centres under various ministries or departments.

Industry associations and academic institutions.

Not-for-profit private organisations with a proven track record in successfully implementing incubation or skills development programmes may also qualify to establish an LBI.

## 6.5 Application Process

Applications should be submitted through the MSME ASPIRE portal.

# 7. EXAMPLE OF AN MSME TECHNOLOGY BUSINESS INCUBATOR (TBI)

## 7.1 Case Study: Jawaharlal Nehru Technological University Hyderabad (JNTUH)

Jawaharlal Nehru Technological University Hyderabad (JNTUH) serves as a prime example of an educational institution recognised as a Host Institute under the MSME-TBI scheme.

- **Funding:** Eligible for up to ₹6.25 lakhs per innovative business idea.
- **Focus Areas:** Engineering, biotechnology, pharmaceuticals, information technology, nanotechnology, and other innovative sectors.
- **Process:** Innovators are required to submit abstracts of their concepts, which undergo screening. Shortlisted proposals are then forwarded to the MSME selection committee for final evaluation and funding.

## 7.2 Implementation and Monitoring

**Host Institute Selection:** Host Institutes are chosen based on their capabilities, infrastructure, and proven track record in fostering innovation and supporting entrepreneurship.

**Idea Approval Process:** Proposed ideas are assessed by local screening committees; those that are shortlisted are recommended for funding by a central selection committee.

**Monitoring:** The Ministry of MSME conducts regular oversight of the progress of funded ideas and monitors the utilization of resources by HIs and BIs.

### 7.3 Impact and Significance

- **Fostering Innovation:** These schemes have led to the establishment of incubation centres across a variety of educational and training institutions, equipping students and entrepreneurs with the resources, mentorship, and funding necessary to transform their ideas into viable businesses.
- **Bridging Academia and Industry:** By promoting partnerships between academic institutions and the industry, these initiatives aid in the commercialisation of research and innovative solutions.
- **Promoting Inclusive Growth:** The programmes place special emphasis on supporting women, SC/ST candidates, and institutions located in the North-Eastern Region, ensuring inclusive participation across diverse communities.

## 8. CONCLUSION

The MSME schemes for incubation centres in educational and training institutions exemplify a strategic initiative by the Government of India to foster innovation, support entrepreneurship, and stimulate economic growth. By offering financial, technical, and infrastructural assistance, these schemes empower educational institutions to emerge as hubs of innovation, facilitating the transition from ideation to the successful establishment of enterprises.

These schemes underscore the Indian government's dedication to promoting entrepreneurial spirit and innovation. Through financial support, mentorship, and essential infrastructure, they play a crucial role in transforming innovative ideas into thriving business ventures. Although challenges persist, the ongoing development of these initiatives—alongside active engagement from educational institutions and industry partners—can help cultivate a dynamic startup ecosystem in India. Such endeavours will not only enhance the growth of the MSME sector but also drive economic development, technological advancement, and job creation, ultimately positioning India as a global leader in innovation and entrepreneurship.

With sustained focus and collaborative efforts, incubation centres can act as catalysts for aspiring entrepreneurs, paving the way for a prosperous future for India's economy.

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- By Mr. Rajendra Jha

# Industry-Specific Schemes Available for MSMEs in India

The Micro, Small, and Medium Enterprises (MSME) sector forms a critical component of the Indian economy, acting as a significant driver for employment generation, fostering innovation, and contributing substantially to the nation's overall economic growth. These enterprises serve as the backbone of the industrial landscape, providing livelihoods to a vast segment of the population and playing a pivotal role in regional development. The sheer scale and widespread impact of MSMEs underscore the necessity for targeted governmental support to ensure their continued growth, enhance their resilience, and enable them to effectively navigate the dynamic economic environment. The implementation of industry-specific schemes acknowledges the unique challenges and opportunities present within different sectors, allowing for the provision of more tailored and effective assistance.

Recognizing the vital role of MSMEs, the Government of India has introduced a multitude of schemes designed to bolster their growth and enhance their competitiveness. These initiatives extend beyond mere financial assistance, encompassing a holistic approach to empower MSMEs across various critical aspects of their operations, including facilitating access to essential finance, promoting skill development among their workforce, encouraging the adoption of technological advancements, and expanding their reach to new markets. Landmark initiatives such as the 'Make in India' campaign and the 'Atmanirbhar Bharat Abhiyaan' (Self-Reliant India Campaign) have further amplified the focus on promoting local manufacturing and fostering a robust ecosystem for MSMEs to thrive and contribute to the nation's journey towards self-reliance and global competitiveness. While several schemes offer broad support applicable across multiple industries, this article will specifically delve into the key industry-specific schemes available for MSMEs in India, providing a targeted guide to help these enterprises identify and leverage the support most relevant to their unique needs and operational context.

## General Schemes Applicable Across Multiple Industries

Several foundational schemes provide broad support to MSMEs across various sectors, laying a crucial groundwork for industry-specific interventions.

**The Prime Minister's Employment Generation Programme (PMEGP)** stands as a significant initiative aimed at generating sustainable and continuous employment opportunities for the youth, particularly in rural areas, as well as for prospective traditional artisans. This program seeks to curb the trend of occupational migration by providing financial assistance in the form of credit-linked subsidies for the establishment of new micro-enterprises within the non-farm sector. Beneficiaries can avail margin money subsidies ranging from 15% to 35% of the project cost, with the maximum project cost capped at ₹50 Lakh for the manufacturing sector and ₹20 Lakh for the service sector. Notably, the scheme offers enhanced benefits for individuals belonging to special categories such as SC/ST/Women/Minorities/Ex-Servicemen/Transgenders/Aspirational districts/NER, with higher margin money subsidies. The beneficiary's contribution to the project cost is also kept minimal, at 10% for the general category and only 5% for special category beneficiaries. Beyond financial aid, PMEGP emphasizes the sustainability of these ventures by providing support services through workshops, Entrepreneurship Development Programme (EDP) training, and exhibitions. The application process has been streamlined with an online platform (<https://www.kviconline.gov.in/pmegpeportal/pmegphome>), making it mandatory for individuals to apply through this e-portal, which also offers mobile-friendly access and sends SMS/e-mail alerts at each stage. Recognizing the need for growth, PMEGP also facilitates a second loan for successful units for expansion and upgradation, with a maximum subsidy of 15% (20% for NER and Hill States) on a project cost of up to ₹1.00 crore for manufacturing and ₹25.00 lakhs for the service/trading sector. Eligibility extends to any



Indian citizen above 18 years of age, with a minimum educational qualification (VIII standard pass) required for projects exceeding certain cost thresholds in both manufacturing and service sectors. Existing well-performing units financed under PMEGP/REGP/MUDRA are also eligible for this second loan.

**The Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)** serves as another cornerstone of MSME support, aiming to encourage first-generation entrepreneurs to venture into self-employment by providing credit guarantee support for loans up to ₹5 crore without the need for collateral or third-party guarantees. This scheme facilitates access to much-needed credit for Micro and Small Enterprises (MSEs) across a wide spectrum of activities eligible under the MSMED Act, including service enterprises, trading (retail/wholesale), and educational/training institutions. The guarantee coverage offered by CGTMSE ranges from 75% to 90% of the loan amount, varying based on the category of the borrower and the loan amount, with enhanced coverage for MSEs in the North East Region, Union Territories of Jammu & Kashmir and Ladakh, SC/ST entrepreneurs, MSEs in Aspirational Districts, ZED certified MSEs, Persons with Disability (PwD), micro-enterprises, and women entrepreneurs. Both new and existing MSEs registered on the Udyam Portal are eligible to benefit from this scheme. To avail the guarantee, MSEs need to approach eligible Member Lending Institutions (MLIs) such as Banks and Non-Banking Financial Companies (NBFCs), which then assess the loan application and, if found suitable, extend the collateral-free credit facility and subsequently apply to CGTMSE for the guarantee cover. This scheme significantly reduces the risk for lending institutions, thereby encouraging them to lend more readily to small businesses and promoting financial inclusion.

**The MSME Sustainable (ZED) Certification Scheme** represents a strategic initiative to promote Zero Defect Zero Effect (ZED) practices among MSMEs, encouraging them to adopt the latest technology and tools to manufacture quality products while minimizing their environmental impact. The scheme aims to develop a robust ecosystem for ZED manufacturing, thereby enhancing the competitiveness of MSMEs and enabling them to increase their exports. It also seeks to promote the adoption of best practices in work culture and standardization of products and processes. MSMEs registered on the UDYAM portal are eligible to participate and can apply online through [www.zed.msme.gov.in](http://www.zed.msme.gov.in). The scheme offers a joining reward and provides subsidies on the cost of certification, with varying percentages for micro, small, and medium enterprises, and a 100% subsidy for women-owned MSMEs. Additional subsidies are also available for SC/ST owned MSMEs or those located in specific regions. Furthermore, ZED certified MSMEs can receive financial assistance for testing, quality, and product certification, as well as handholding support and graded incentives for technology upgrades towards zero-effect solutions. The certification process involves taking a ZED pledge, uploading required documents, and undergoing assessments based on the level of certification sought (Bronze, Silver, Gold).

**The Production-Linked Incentive (PLI) Scheme** for MSMEs provides direct financial incentives to MSMEs operating in the manufacturing sectors, with the primary objectives of encouraging manufacturing growth, fostering innovation, and boosting exports. By offering direct financial support, the scheme motivates MSMEs to increase their production levels, invest in research and development, adopt new technologies, and ultimately enhance their global competitiveness. This initiative strongly supports the “Make in India” vision by promoting domestic production and reducing reliance on imports. While the specific details and eligibility criteria may vary across different sectors covered under the PLI scheme, its overarching goal is to incentivize performance and build a strong and competitive manufacturing base within the MSME sector.

### **Industry-Specific Schemes for Manufacturing MSMEs**

Recognizing the diverse nature of the manufacturing sector, the government has implemented several schemes tailored to the specific needs and challenges of different industries within this domain.

#### **Textile Industry**

The textile industry, a significant contributor to the Indian economy, benefits from a range of specialized schemes aimed at modernization, infrastructure development, and export promotion. The Scheme for

Integrated Textile Parks (SITP) aims to establish modern infrastructure for textile units through a cluster-based approach. By creating state-of-the-art parks equipped with common facilities like effluent treatment plants and warehouses, SITP helps MSMEs overcome infrastructure bottlenecks and reduce operational costs. The scheme provides grant assistance of up to 40% of the project cost, with a cap of ₹40 crores, and encourages public-private partnerships to bring in additional expertise and investment. Textile entrepreneurs and industrial cooperatives are eligible to apply for establishing units within these parks.

The Amended Technology Upgradation Fund Scheme (ATUFS) focuses on modernizing the textile industry by incentivizing the adoption of advanced machinery. ATUFS provides a capital subsidy, ranging from 10% to 15%, on the purchase of new machinery, specifically targeting segments like garments, technical textiles, and weaving. This scheme aligns with the “Make in India” initiative by encouraging the use of domestically manufactured machinery and helps MSMEs improve their productivity, product quality, and overall global competitiveness. MSMEs involved in textile manufacturing or processing with plans to upgrade their technology are eligible to benefit from this scheme.

The PowerTex India Scheme specifically aims to strengthen the power loom sector, a crucial segment of the textile industry, by improving efficiency and sustainability. The scheme offers financial assistance for upgrading plain looms to semi-automatic or shuttleless looms and provides a 50% subsidy for the installation of solar energy, thereby reducing energy costs and promoting environmental sustainability. PowerTex India also supports textile MSMEs through cluster development initiatives and encourages public-private partnerships to foster growth and innovation within the sector. Power loom units, MSMEs, and textile businesses in rural and semi-urban areas are eligible to apply.

The National Technical Textiles Mission (NTTM) seeks to promote the development and use of technical textiles in India, a high-growth area within the textile industry. NTTM provides grants for research and development projects, supports the establishment of testing facilities, and offers grants for pilot projects to encourage the adoption and commercialization of technical textiles. The mission also supports startup incubation in the technical textiles sector and encourages public-private partnerships to accelerate growth. It focuses on high-growth segments such as medical textiles, geo-textiles, and agro-textiles, creating new market opportunities for MSMEs and enhancing their global competitiveness. Entrepreneurs, MSMEs, and research institutions working in technical textiles are eligible to participate.

The Export Promotion Capital Goods (EPCG) Scheme aims to boost textile exports by allowing MSMEs to import necessary machinery at zero customs duty. To avail this benefit, businesses must fulfill an export obligation equivalent to six times the duty saved on the imported capital goods. This scheme is specifically designed for export-oriented textile units or businesses planning to enter global markets, supporting their competitiveness by providing access to advanced and cost-effective machinery.

The Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME), while applicable across the manufacturing sector, also benefits textile MSMEs by facilitating the availability of credit for the purchase of plant and machinery and equipment. The scheme provides a 60% guarantee coverage to Member Lending Institutions (MLIs) for credit facilities up to ₹100 crore, encouraging them to provide loans to MSMEs, including those in the textile sector, for expansion and modernization. This scheme supports the “Make in India, make for the World” initiative by making credit more accessible for manufacturing units.

The PM MITRA (Mega Integrated Textile Region and Apparel) Parks scheme aims to enhance the competitiveness of India’s textile industry by establishing seven integrated textile parks. These parks offer a comprehensive value chain from “Farm to Fibre to Fashion to Foreign,” providing world-class infrastructure, skilled workforce development, and an integrated ecosystem for textile manufacturing. This initiative is expected to create significant job opportunities and attract substantial investment, benefiting MSMEs by providing them with a state-of-the-art environment to operate and compete globally.

The Samarth (Scheme for Capacity Building in Textile Sector) focuses on providing skill training to workers within the textile industry, in partnership with the Ministry of Skill Development & Entrepreneurship. While



the direct financial benefits to MSMEs are not explicitly outlined, the scheme indirectly supports them by ensuring the availability of a skilled workforce, which is crucial for improving productivity and quality within the textile sector.

### **Food Processing Industry**

The food processing industry, with its significant potential for growth and employment, also benefits from several targeted schemes. The Pradhan Mantri Kisan Sampada Yojana (PMKSY) aims to provide a comprehensive package for modern infrastructure and efficient supply chain management from the farm gate to the retail outlet. This scheme seeks to boost the food processing sector, help farmers get better returns, and create employment opportunities, especially in rural areas. PMKSY provides financial, technical, and marketing support to Small and Medium Enterprises (SMEs) in the food processing sector, facilitating capacity expansion, innovation, and formalization. It supports the setting up and modernization of food processing units, contributing to reduced wastage and increased processing levels.

The Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) aims to create global food manufacturing champions and support Indian brands of food products in international markets. This scheme provides incentives for manufacturing in key food product segments and also supports branding and marketing activities abroad. Notably, PLISFPI offers specific benefits for Small and Medium Enterprises (SMEs) focusing on innovative and organic products, including relaxation on minimum sales and investment criteria. It also supports their efforts to establish a global presence through branding and marketing initiatives.

The Pradhan Mantri Formalization of Micro food processing Enterprises (PMFME) Scheme targets the unorganized micro food processing sector, aiming to formalize these enterprises and enhance their access to finance, improve their compliance with food quality and safety standards, and strengthen the overall support system. The scheme provides credit-linked subsidies to individual micro-units and supports Farmer Producer Organizations (FPOs), Self-Help Groups (SHGs), and Cooperatives through seed capital, credit-linked capital subsidies for common infrastructure, and grants for branding and marketing. It also emphasizes skill training and handholding support to facilitate the transition of these enterprises into the formal sector.

### **Pharmaceutical Industry**

The pharmaceutical industry, a critical sector for public health and economic growth, also benefits from targeted government support. The Scheme for Promotion of Research and Innovation in Pharma MedTech sector (PRIP) aims to transform India into a global powerhouse for research and development in the Pharma MedTech sector. PRIP includes a specific funding category for “Emerging Innovators,” which supports MSMEs and startups in the Pharma MedTech sector with funding of up to ₹1 Cr per project for early-stage research and development activities, from ideation to proof of concept.

The Scheme for Strengthening of Pharmaceuticals Industry (SPI) aims to bolster the pharmaceuticals industry in India, with a particular focus on Micro, Small, and Medium Enterprises (MSMEs) through its sub-scheme, the Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS). PTUAS provides financial assistance to MSMEs with a proven track record to upgrade their technology and meet national and international regulatory standards like WHO-GMP or Schedule M. This includes interest subvention on loans up to ₹10 crore or a credit-linked capital subsidy. The revamped PTUAS offers enhanced financial incentives up to ₹2 crore, with a tiered structure based on the company’s revenue, to support expenditure on utilities, clean room facilities, testing labs, and production equipment.

The Production Linked Incentive (PLI) scheme for Pharmaceuticals aims to boost the domestic manufacturing of pharmaceuticals, enhance manufacturing capabilities, and promote product diversification towards high-value goods. While the specific benefits for MSMEs are not detailed in the provided snippets, the scheme’s overall objective of strengthening the domestic pharmaceutical manufacturing ecosystem is likely to create opportunities for MSMEs to grow and integrate into the supply chain.



## **Automobile and Auto Components Industry**

The automobile and auto components industry, a major contributor to India's manufacturing output, is supported by the Production Linked Incentive (PLI) Scheme for Automobile and Auto Component Industry, which aims to enhance India's manufacturing capabilities for Advanced Automotive Technology (AAT) products. This scheme focuses on promoting the deep localization of AAT products, including Zero Emission Vehicles (ZEVs) like Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles, and aims to create a robust domestic and global supply chain. While the eligibility criteria for the scheme primarily target larger players with specific global turnover and investment thresholds, the increased manufacturing activity and the establishment of a strong supply chain are expected to generate significant opportunities for Small and Medium Enterprises (SMEs) to participate as component suppliers and benefit from the overall growth of the sector. The scheme offers financial incentives based on the determined sales value of AAT products manufactured in India, encouraging both existing automotive companies and new non-automotive investors to contribute to this advanced manufacturing ecosystem.

## **Renewable Energy Sector**

The renewable energy sector, crucial for India's sustainable future, has dedicated schemes to support MSMEs in adopting green technologies. The MSME Green Investment and Financing for Transformation Scheme (MSE-GIFT) aims to develop an ecosystem where Micro and Small Enterprises (MSEs) can access institutional finance at concessional costs to adopt clean and green technologies, including renewable energy sources. MSE-GIFT provides a 2% interest subvention per annum for a maximum of 5 years on term loans up to INR 2 crores for eligible green projects, such as installing solar panels or wind turbines. The scheme also offers a Risk Sharing Facility to cover loans up to INR 2 crores for MSEs, reducing the risk for financial institutions and encouraging them to lend to MSEs for green initiatives. This facilitates easier access to affordable credit for MSEs to implement energy-efficient and renewable energy projects, contributing to both their sustainability and cost savings.

The MSE Scheme for Promotion and Investment in Circular Economy (MSE-SPICE) aims to promote the adoption of circular economy principles among MSEs, focusing on sectors like plastic, rubber, and electronic waste management. This scheme provides a Credit Linked Capital Subsidy of 25% on the cost of plant and machinery for brownfield projects, with a maximum subsidy of INR 12.5 Lakhs on a project cost of up to INR 50 Lakhs. MSE-SPICE encourages the recirculation of resources through reducing, reusing, and recycling strategies, enabling MSEs to comply with Extended Producers Responsibility (EPR) and waste recycling targets while improving their operational efficiency and environmental sustainability. The scheme also includes components for awareness generation and Information, Education, and Communication (IEC) activities to promote the adoption of circular economy practices.

## **Industry-Specific Schemes for Service Sector MSMEs**

The service sector, a major contributor to India's GDP, also has industry-specific schemes to support the growth of its MSMEs.

### **IT/ITES Sector**

The Infrastructure Development Subsidy (For IT/ITES) in Puducherry offers a compelling example of a state-specific scheme aimed at boosting the IT/ITES sector. This scheme provides a 30% subsidy, up to a maximum of ₹1,00,00,000/-, on investments in buildings with a minimum constructed area of 50,000 sq.ft., provided that these buildings are used for leasing out to IT industries or for the unit's own industrial use in the IT/ITES sector, such as manufacturing computer systems, software/ITES, BPO, or KPO. A key eligibility criterion is that the unit must provide at least 60% of its total employment to people from the Union Territory of Puducherry. The subsidy is disbursed in annual installments and can be availed by both new units that commenced commercial production after April 1, 2017, and existing units that have undertaken expansion, diversification, or modernization after this date. This initiative aims to attract investment in infrastructure

development for the IT/ITES sector in Puducherry, thereby creating employment opportunities and fostering economic growth in the region.

### **Healthcare Sector**

While the research material does not highlight specific government schemes exclusively for MSMEs in the healthcare sector, these enterprises can certainly benefit from the general MSME schemes such as PMEGP, CGTMSE, and ZED. MSME loans can be utilized by doctors and healthcare providers for various purposes, including establishing new clinics, investing in essential medical equipment, and expanding their existing facilities. The significant development of including healthcare services under the definition of MSMEs allows clinics, nursing homes, hospitals, and diagnostic centers to access the wide range of benefits offered by these general schemes. This recognition is a crucial step in supporting the healthcare infrastructure at the grassroots level and strengthening the healthcare delivery system across the country.

### **Tourism and Hospitality Sector**

The tourism and hospitality sector, characterized by a significant presence of MSMEs, can leverage several existing MSME schemes for their growth and development. General schemes like PMEGP can assist entrepreneurs in setting up new ventures such as hotels and restaurants, while the MUDRA scheme can provide crucial working capital and facilitate the purchase of necessary equipment for these businesses. The recent expansion in the definition of MSMEs has broadened the applicability and relevance of these schemes to the diverse range of enterprises operating within the tourism and hospitality sector. Additionally, the proposed Fund of Funds Scheme for MSMEs holds considerable promise for the tourism and hospitality sector. This initiative aims to channel venture capital funding into government-supported schemes for MSMEs, potentially providing the much-needed equity and growth capital for businesses in this sector to scale up their operations, enhance their services, and tap into new market opportunities. The government has allocated a substantial corpus for this fund, with expectations of attracting further investment from the market, which could significantly boost the growth trajectory of MSMEs in the tourism and hospitality industry.

### **Industry-Specific Schemes for Agriculture Sector MSMEs**

The agriculture sector, the backbone of the Indian economy, has various schemes that support the growth of MSMEs engaged in agriculture and allied activities.

NABARD (National Bank for Agriculture and Rural Development) plays a crucial role in providing financial support to this sector, including MSMEs, through its refinance schemes and by partnering with the government on several initiatives. NABARD offers refinance to banks for extending credit to eligible activities in agriculture and rural development, which includes supporting the off-farm sector activities of MSMEs in rural areas. These schemes aim to promote capital formation in agriculture and allied activities, direct credit flow towards key priority areas, and meet the credit requirements of various groups, including MSMEs involved in manufacturing and services that create employment in rural regions. NABARD also acts as a channel partner for government-sponsored schemes focused on areas such as developing agricultural marketing infrastructure, establishing agri-clinics and agri-business centers, enhancing ethanol production capacity in sugar mills, and providing interest subvention on agricultural loans. Furthermore, NABARD actively supports Farmer Producer Organizations (FPOs) through schemes like the Producers Organisation Development Fund (PODF), which provides financial assistance in the form of loans and grants to help FPOs develop their operational capabilities, improve their marketing methods, and establish crucial market linkages.

The MSME Innovative scheme, with its components for Incubation, Design, and Intellectual Property Rights (IPR), also offers significant potential benefits for agriculture sector MSMEs. Through the incubation component, the scheme can support startups and entrepreneurs in the agriculture sector who are developing innovative solutions in areas like precision farming techniques, post-harvest management



technologies, value addition to agricultural produce, and sustainable organic farming practices. The design component can assist agriculture-related MSMEs in improving the packaging of their products, enhancing the functionality and aesthetics of agricultural tools and equipment, and creating innovative designs for food processing units. The IPR component provides crucial support for protecting unique farming methods, newly developed crop varieties, innovative food processing techniques, and the branding of 지역 특산품 (regional specialties), thereby providing a competitive edge in the market.

The MSME-Sustainable (ZED) Certification scheme, while not exclusively targeted at the agriculture sector, is highly relevant to agriculture-related MSMEs, particularly those involved in food processing and other allied activities. The scheme's objective of improving quality, enhancing productivity, and promoting environmental sustainability aligns well with the needs of modern agricultural enterprises that are increasingly focused on efficient and responsible practices. The inclusion of parameters like Energy Management and Measurement & Analysis within the ZED framework can help agriculture-related MSMEs optimize their resource utilization and reduce their environmental footprint, leading to better market recognition and potential access to premium markets that value sustainability.

The MSME Competitive (LEAN) Scheme, aimed at modernizing processes, reducing waste, and enhancing business competitiveness, can also be effectively utilized by agriculture sector MSMEs that are engaged in processing or manufacturing activities related to agriculture. By implementing lean manufacturing tools and techniques, these MSMEs can significantly improve their operational efficiency, reduce production costs, enhance the quality of their products, and ultimately become more competitive in both domestic and international markets. The scheme is applicable to manufacturing sector MSMEs that are registered on the UDYAM portal, making it accessible to a wide range of agriculture-related enterprises involved in value addition and processing.

## Conclusion

The landscape of industry-specific schemes available for MSMEs in India is diverse and comprehensive, reflecting the government's commitment to fostering growth and competitiveness across various sectors. From the textile industry's focus on modernization and infrastructure through schemes like ATUFS and SITP, to the food processing sector's emphasis on formalization and global branding via PMFME and PLISFPI, and the pharmaceutical industry's drive for research and technology upgrades under PRIP and SPI, each sector benefits from tailored support mechanisms. The automobile and renewable energy sectors are also witnessing targeted interventions through the PLI scheme and MSE-GIFT, respectively, aimed at promoting advanced technology adoption and sustainable practices. Even service sector MSMEs in IT/ITES, healthcare, and tourism & hospitality can leverage specific schemes or general MSME support for their unique needs. The agriculture sector, a cornerstone of the Indian economy, benefits from the dedicated support of NABARD and schemes promoting innovation, sustainability, and lean practices.

It is paramount for MSMEs to recognize the significance of understanding and effectively utilizing these available schemes. These initiatives can provide crucial financial backing, facilitate access to cutting-edge technologies, support infrastructural development, and enhance the overall competitiveness of MSMEs in an increasingly dynamic global market. By leveraging these governmental resources, MSMEs can unlock their growth potential, modernize their operations, and contribute more effectively to the economic progress of the nation.

To identify and apply for relevant schemes, MSMEs are strongly encouraged to explore the official website of the Ministry of MSME (<https://msme.gov.in/>) and the websites of the specific ministries associated with their respective industries. Platforms like the Udyam registration portal and the MSME Champions portal also serve as valuable resources for information on various schemes and initiatives. Furthermore, connecting with local MSME Development Institutes (MSME-DIs) can provide personalized guidance and support in navigating the application processes for suitable schemes. Engaging with industry associations and seeking advice from sector-specific experts can also offer tailored insights into leveraging government



support effectively. By proactively seeking out and utilizing these industry-specific schemes, MSMEs in India can significantly enhance their growth prospects and contribute to the nation's economic advancement.

**Table 1: Summary of Key Industry-Specific Schemes for Manufacturing MSMEs**

Industry	Scheme Name	Implementing Agency (if known)	Primary Objective	Key Benefit for MSMEs
Textile	Scheme for Integrated Textile Parks (SITP)	Ministry of Textiles	Establish modern infrastructure for textile units	Access to modern infrastructure and common facilities
Textile	Amended Technology Upgradation Fund Scheme (ATUFS)	Ministry of Textiles	Encourage adoption of advanced machinery in the textile industry	Capital subsidy on machinery purchases
Textile	PowerTex India Scheme	Ministry of Textiles	Strengthen the power loom sector	Financial assistance for upgrading looms and solar energy installation
Textile	National Technical Textiles Mission (NTTM)	Ministry of Textiles	Promote development and use of technical textiles in India	Grants for R&D, testing, pilot projects, and startup incubation
Textile	Export Promotion Capital Goods (EPCG) Scheme	Ministry of Textiles	Boost textile exports	Duty-free import of capital goods
Textile	Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME)	NCGTC	Facilitate credit for purchasing plant and machinery	60% guarantee coverage on loans up to ₹100 crore
Textile	PM MITRA (Mega Integrated Textile Region & Apparel) Parks	Ministry of Textiles	Enhance competitiveness of India's textile industry	World-class infrastructure, skilled workforce, integrated value chain
Food Processing	Pradhan Mantri Kisan Sampada Yojana (PMKSY)	Ministry of Food Processing Industries	Modernize infrastructure and supply chain in food processing	Financial, technical, and marketing support
Food Processing	PLI Scheme for Food Processing Industry (PLISFPI)	Project Management Agency	Create global food manufacturing champions and support Indian brands	Incentives for manufacturing and branding, especially for innovative/organic products

Industry	Scheme Name	Implementing Agency (if known)	Primary Objective	Key Benefit for MSMEs
Food Processing	PM Formalisation of Micro food processing Enterprises (PMFME) Scheme	Ministry of Food Processing Industries	Formalize the unorganized micro food processing sector	Credit-linked subsidies, support to FPOs/SHGs, branding and marketing grants
Pharmaceutical	PRIP Scheme	Department of Pharmaceuticals	Transform India into a global R&D hub in Pharma MedTech	Funding up to ₹1 Cr for early-stage innovation by MSMEs/Startups
Pharmaceutical	SPI Scheme (including PTUAS)	Department of Pharmaceuticals	Strengthen the pharmaceuticals industry	Financial assistance for technology upgradation, interest subvention, capital subsidy
Automobile	PLI Scheme for Automobile & Auto Component Industry	Ministry of Heavy Industries	Enhance manufacturing of Advanced Automotive Technology (AAT) products	Incentives for manufacturing AAT products and components
Renewable Energy	MSE Green Investment & Financing for Transformation (MSE-GIFT)	SIDBI	Promote adoption of green technologies by MSEs	Interest subvention and risk sharing facility for green projects
Renewable Energy	MSE Scheme for Promotion & Investment in Circular Economy (MSE-SPICE)	SIDBI	Promote Circular Economy and incentivize MSEs to adopt CE	Credit Linked Capital Subsidy for brownfield CE projects

**Table 2: Summary of Key Industry-Specific Schemes for Service Sector MSMEs**

Industry	Scheme Name	Implementing Agency (if known)	Primary Objective	Key Benefit for MSMEs
IT/ITES	Infrastructure Development Subsidy (For IT/ITES) Puducherry	Industries & Commerce Dept., Puducherry	Promote infrastructure development in the IT/ITES sector in Puducherry	Subsidy on building investment, up to ₹1,00,00,000/-

Industry	Scheme Name	Implementing Agency (if known)	Primary Objective	Key Benefit for MSMEs
Healthcare	General MSME Schemes (PMEGP, CGTMSE, ZED)	Various	Broad support for MSMEs	Financial assistance, credit guarantee, quality and sustainability improvements
Tourism & Hospitality	General MSME Schemes (PMEGP, MUDRA)	Various	Broad support for MSMEs	Financial assistance for setting up and running businesses
Tourism & Hospitality	Fund of Funds Scheme for MSMEs (Proposed)	Government of India	Provide venture capital funding to MSMEs	Potential for equity and growth capital

**Table 3: Summary of Key Schemes for Agriculture Sector MSMEs**

Scheme Name	Implementing Agency (if known)	Primary Objective	Key Benefit for MSMEs
NABARD Refinance Schemes and Govt. Sponsored Schemes	NABARD	Support agriculture and rural development, including MSMEs	Facilitates credit for various agriculture-related activities
Producers Organisation Development Fund (PODF)	NABARD	Support Farmer Producer Organizations (FPOs)	Loans and grants for FPOs to develop operations and market linkages
MSME Innovative scheme	Ministry of MSME	Promote innovation in MSMEs	Support for idea incubation, design improvements, and protection of intellectual property in agriculture-related ventures
MSME-Sustainable (ZED) Certification scheme	Ministry of MSME	Promote Zero Defect Zero Effect (ZED) practices among MSMEs	Improve quality, productivity, and environmental sustainability for agriculture-related processing units
MSME Competitive (LEAN) Scheme	Ministry of MSME	Modernize processes, reduce waste, and sharpen business competitiveness in MSMEs	Improve operational efficiency and reduce costs for agriculture-related processing and manufacturing MSMEs

**- By CA Sandeep Dash**





1. **The apex body at the state level responsible for MSME development in most of the states is**
  - a) Khadi Village Industries Boards
  - b) MSME-Dis
  - c) Directorate of Industries
  - d) State Industrial & Infrastructure Development Corporation
2. **Credit Guarantee Trust Fund is a Scheme developed by the Government of India and another institution to provide collateral free loan on payment of guarantee fee to bank by the MSE**
  - a) Reserve Bank of India
  - b) Mudra Bank
  - c) Small Industries development Bank of India
  - d) State Bank of India
3. **Please identify the Public Sector Undertaking (PSU) under the Ministry of MSME that provides support to the MSMEs for technology and marketing support**
  - a) MSME Development Institutes (MSME-DIs)
  - b) Khadi Villages Industries Commission (KVIC)
  - c) National Small Industries Corporation (NSIC)
  - d) Small Industries Development Bank of India (SIDBI)
4. **As of now, CGTMSE scheme is available for**
  - a) Existing units only
  - b) New Units Only
  - c) Existing as well as New Units
  - d) Scheme is on hold
5. **The National Institute for Entrepreneurship and Small Business Development (NIESBUD) currently under the Ministry of Skill Development and Entrepreneurship does not have one of the following functions:**
  - a) Export Promotion
  - b) Training
  - c) Consultancy
  - d) Research to promote entrepreneurship and Skill Development
6. **ZED Trainings are imparted by**
  - a) NIESBUD
  - b) MSME-DI
  - c) DC-MSME
  - d) QCI
7. **Which of the following is not included in the services by the office of DCMSME**
  - a) Entrepreneurship Development Programmes & Motivational Campaigns
  - b) Management Development Programmes & Skill Development Programmes
  - c) Energy Conservation, Pollution Control and Quality Control & Upgradation
  - d) Provision of raw material through hire purchase schemes
8. **P2P in P2P lending means \_\_\_\_\_**
  - a) Peer to peer
  - b) Product to Product
  - c) Partner to Partner
  - d) Peer to product
9. **MSEFC is for :**
  - a) Medium and Small Enterprises only
  - b) Micro and Medium Enterprises only
  - c) Micro and Small Enterprises only
  - d) None of the above.
10. **MSEFC portal name is**
  - a) Sampark
  - b) Samadhan
  - c) Sambandh
  - d) None of the above.



**MSME Website** <https://msme.icai.org/> • **Startup Website:** <https://startup.icai.org/>