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

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**August 2025**



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



**MSME Portal:**  
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# Updates: MSME & Startup

## Export Promotion Mission Launched to Empower Indian MSMEs

**Date:** 24 July 2025

**Source:** PIB Delhi

The Government of India has launched the **Export Promotion Mission** as part of the Union Budget 2025–26, aimed at significantly enhancing the export capabilities of Indian businesses—especially Micro, Small, and Medium Enterprises (MSMEs).

Led by the **Department of Commerce**, and jointly driven by the **Ministries of Commerce and Industry, MSME, and Finance**, this mission focuses on three core areas:

- **Improving access to export credit**
- **Enabling cross-border factoring mechanisms**
- **Assisting MSMEs in tackling non-tariff barriers**

The objective is to create a more conducive environment for MSMEs to thrive in global markets by reducing financing bottlenecks and simplifying trade processes.

### Additional Support Initiatives for MSMEs:

Under the **International Cooperation Scheme**, financial assistance is being provided to MSMEs for participation in global trade fairs and exhibitions.

Notably, MSMEs from **Andhra Pradesh** received the following support:

Financial Year	Number of MSMEs Supported	Amount Released (₹)
2023–24	5	9,31,127
2024–25	2	6,76,026

The **Directorate General of Foreign Trade (DGFT)** is piloting **E-Commerce Export Hubs (ECEHs)** to empower MSMEs and artisans to grow via cross-border e-commerce. These hubs aim to streamline regulatory and logistics procedures, enabling faster clearances and easy returns.

This update was shared by **Smt. Shobha Karandlaje**, Minister of State for MSME, in a written reply to the Lok Sabha.

Source:- [Press Release:Press Information Bureau](#)

## Awareness Programme on National SC-ST Hub & MSME Schemes Held in Odisha

14th July 2025 | *Saheed Laxman Nayak Medical College & Hospital, Odisha*

The Ministry of MSME, Government of India, organized an awareness programme on the **National SC-ST Hub and key MSME schemes** to promote entrepreneurship and employment in Odisha.

The event was graced by **Sushri Shobha Karandlaje**, Hon'ble Union Minister of State for MSME, and senior ministers from the Odisha Government, along with Members of Parliament and officials from Central and State Governments.

Key highlights included presentations on schemes like **PM Vishwakarma, PMEGP, Udyam Registration, ZED Certification**, and the **Public Procurement Policy** mandating 4% procurement from SC/ST enterprises.

Special Technical sessions were held with **NSIC, KVIC, SIDBI, SBI, NALCO**, and others on vendor empanelment and financial support. On-spot facilitation desks and product stalls were also set up for participants.

The programme emphasized inclusive growth and urged youth to avail government schemes and become successful entrepreneurs.

Source: Press Release:Press Information Bureau

## India and UK Sign Comprehensive Economic and Trade Agreement (CETA)

In the presence of Prime Minister Shri Narendra Modi, UK Prime Minister Sir Keir Starmer, the agreement was signed by Commerce and Industry Minister, Mr. Piyush Goyal and Secretary of State for Business and Trade, Mr. Jonathan Reynolds. Dr. S. Jaishankar, Minister of External Affairs and Ms. Rachel Reeves, Chancellor of the Exchequer, were also present.

This agreement is offering significant benefits to Indian farmers, MSMEs, and exporters.

### Key highlights:

- **Duty-Free Access to UK for Indian Agricultural Products:** Indian farm and processed food products such as turmeric, pepper, cardamom, mango pulp, pickles, and pulses will now enter British markets duty-free, boosting farmer incomes and global market reach.
- **No Tariff Concessions on Sensitive Items:** To protect domestic agriculture, India has excluded items like dairy, apples, oats, and edible oils from tariff cuts.
- **Boost to Fisheries Sector:** Coastal states like Andhra Pradesh, Odisha, Kerala, and Tamil Nadu will benefit as shrimp, tuna, fishmeal, and feeds get duty-free UK market access.
- **Growth for MSMEs in Manufacturing:** Labor-intensive sectors such as leather, footwear, and garments will find it easier to export, enhancing India's manufacturing strength.
- **Reduced Import Costs:** Prices of UK-made goods like whiskey, cars, and medical devices are expected to decline in India.
- **Leaders Speak:** PM Modi said the pact reduces the "cost and enhances confidence of doing business." UK PM Starmer called it a "historic" deal that would raise wages and standards of living in both countries.





PM Modi also expressed gratitude to the UK for its support after the Pahalgam terror attack and extended condolences over the Ahmedabad plane crash. Post London, PM Modi is set to visit the Maldives, marking a potential breakthrough in India–Maldives ties.

Source :- [Press Release: Press Information Bureau](#)

### **Boosting Innovation in the Coir Sector: Hon'ble MoS MSME Reviews R&D Efforts**

**Bengaluru, 10 July 2025** – Union Minister of State for MSME, **Sushri Shobha Karandlaje**, reviewed the Research & Development initiatives at the **Central Institute of Coir Technology (CICT)** under the Coir Board in Bengaluru.

During the review meeting with senior officials including **Shri Vipul Goel**, Chairman, Coir Board, and **Dr. O.L. Shanmugasundaram**, Joint Director (Tech.), the Minister emphasized the need to enhance **value-addition in the coir sector**, noting that only 30% of coconut husk is currently utilized. She highlighted opportunities in **coco peat, coir-based carbon extraction**, and **eco-friendly applications** in horticulture and construction.

The Minister recommended **industry-aligned modular training** in areas like charcoal extraction and coir wood panel production, and called for **greater collaboration** with institutions like ICAR, CPCRI, and Coconut Development Board to scale up high-value coir products.

She stressed the importance of **technology transfer to grassroots stakeholders**—farmers, entrepreneurs, and cooperatives—through targeted outreach programs.

As part of her visit, the Minister:

- **Planted a sapling** at the Coir Board campus
- **Distributed training certificates**
- **Reviewed coir-based products and live demos** of fiber extraction
- **Inspected the new ECO Lab**, urging its immediate activation for certification and testing support to startups and MSMEs

Source :- [Press Release: Press Information Bureau](#)

Release Date : 10 July 2025

(Release ID : 2143716 )

### **Union Minister Shri Jitan Ram Manjhi Reviews KVIC's Progress in Mumbai**

On July 3, 2025, Union Minister for MSME, Shri Jitan Ram Manjhi, visited the KVIC Central Office in Mumbai to review the organization's performance and initiatives. He discussed strategies to strengthen rural ties and improve financial sustainability for rural communities.

Shri Manjhi emphasized expanding employment opportunities through better local training programs, particularly for spinning on the charkha, the backbone of the Khadi sector. He also provided valuable suggestions to enhance the implementation of the PMEGP scheme.

KVIC Chairman Shri Manoj Kumar highlighted the organization's contributions to self-reliance, aligning with Prime Minister Narendra Modi's vision of Aatmanirbhar Bharat. CEO Ms. Roop Rashi presented KVIC's achievements and future plans, expressing confidence in reaching new milestones under the Minister's guidance.

#### **Key Takeaways:**

- Focus on local employment through skill development.
- Improved implementation of flagship schemes like PMEGP.
- Commitment to empowering rural artisans and strengthening rural economies.

Source :- [Press Release: Press Information Bureau](#)

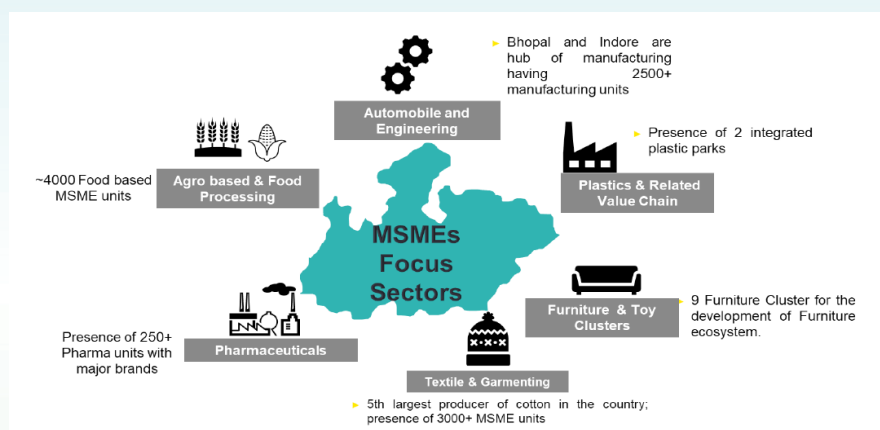
# “Amrit Kaal: Investing in the Evolving Industrial Landscape of Madhya Pradesh” --- MSME Development Policy 2025

📌 Launched on **22 February 2025**, the MSME Development Policy 2025 by the **Government of Madhya Pradesh** aims to transform the industrial landscape of the state by empowering Micro, Small, and Medium Enterprises. The policy targets over **86 lakh jobs**, strengthens local manufacturing, and promotes inclusivity and sustainability.

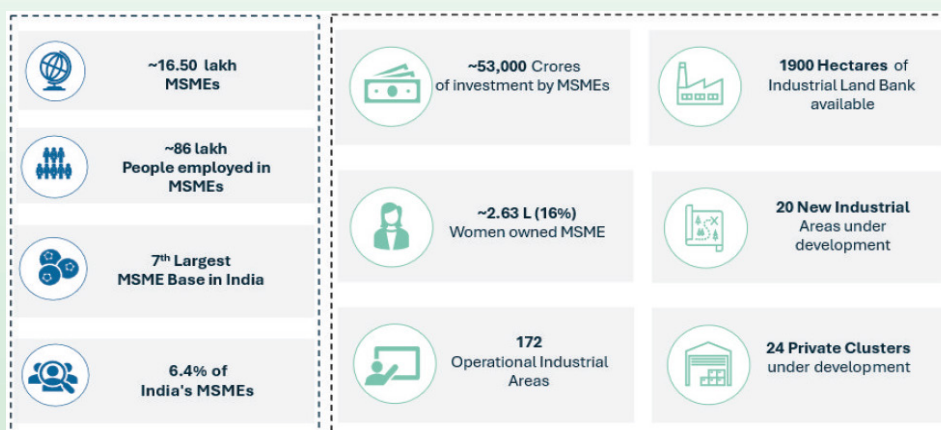
The MSME Development Policy 2025 is a visionary blueprint for Madhya Pradesh. By aligning financial incentives with sustainability, innovation, and employment, it places MP on the map as a national leader in MSME transformation. The integration of digital tools, sectoral focus, and green manufacturing makes this one of the most comprehensive state-level MSME policies in India.

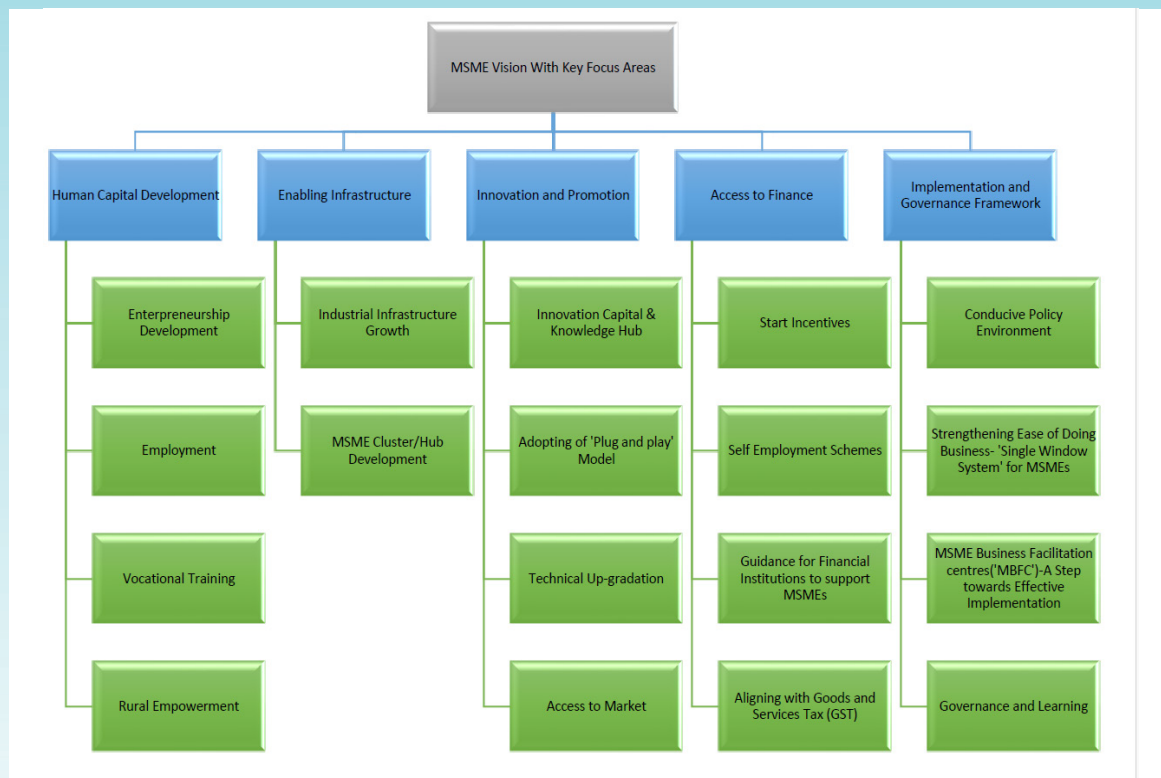
## 🎯 Policy Objectives

- Enhance MSME competitiveness via **innovation, technology, and skills**.
- Generate employment in **rural, tribal, and backward areas**.
- Improve ease of doing business through simplified **BRAP** (Business Reform Action Plan).
- Encourage **export growth, green manufacturing, and IPR adoption**.



The diverse and strategically located industrial growth centers of Madhya Pradesh offer an excellent investment opportunity in line with India’s “Amrit Kaal” initiatives. The State of Madhya Pradesh has an integrated approach towards industrial development and entrepreneurship, which is evident through its proactive policies like the MSME Development Policy 2025, MP Start-up Policy 2022, and Mukhya Mantri Udyam Kranti Yojana. By investing in Madhya Pradesh, investors get the advantage of convergence benefits across various sectors and the support of a strong innovation challenge system that can tackle socio-economic issues effectively.





## Investment Support

Beneficiary Group	Incentive Type	Maximum Support
General MSMEs	Investment grant	Up to 40%
SC/ST/Women-led MSMEs	Enhanced investment grant	Up to 48%
Units in Backward Regions	Capital subsidy + interest + freight aid	₹1.3 crore
Export-Oriented Units	Freight subsidy + certification assistance	₹50 lakh

## Employment Assistance

- ₹5,000 per employee/month for 5 years (100+ jobs created)
- ₹13,000 per candidate for skill development and onboarding

## Sector-Specific Packages

- Exportoriented Units:
  - **52% investment assistance** on export units.
  - **Freight subsidy** up to ₹2 crore per unit.
  - **Certification support** up to ₹50 lakh per unit

## Infrastructure & Land Reforms

- Introduction of **E-bidding system** for transparent land allotment.
- Launch of **Plug-and-Play facilities** and **Flatted Industrial Areas**.

## Sustainability & Innovation

- Incentives for **green industrialization**, **energy-efficient processes**, and **organic certification**.
- Grants for **IPR filing**, **technology transfer**, and **Lean Manufacturing**.
- Funding support for **MSME Exchange**, **testing infrastructure**, and **labs**.

## Development Zones in Madhya Pradesh



## Industrial Growth Centers: A Strategic Advantage

Madhya Pradesh is home to five major industrial growth centers, each focusing on specific sectors and offering unique opportunities:

1. **Gwalior and Sagar Region:** Known for its vibrant textile, engineering, and chemical sectors, this region hosts growth centers like Malanpur, Ghirongi, Banmore, Chainpura, Siddhgawan, Pratapura, and Purena. Industries to watch out for include Textile, Food Processing, FMCG, and Mining.
2. **Bhopal Region:** The capital city of Madhya Pradesh hosts growth centers such as Mandideep, Pillukheda, Bbal, Piparia that are flourishing hubs for industries like Engineering, Textile, Food Processing, IT/ITeS, and ESDM.
3. **Indore and Ujjain Region:** This bustling industrial hub, including growth centers such as Pithampur, Kheda, Meghnagar, Ujjain, Dewas, Maksi, and Jaggakheda, offers robust opportunities in Auto, Pharmaceuticals, Textile, Food Processing, IT/ITeS, and ESDM industries

4. Rewa Region: Housing growth centers like Rewa, Waidhan, Maiher, and Nandan Tola, this region is known for its Mining, Food Processing, Power, and Cement industries.
5. Jabalpur Region: Emphasizing on Defense, Textile, Mining, Food Processing, and Cement industries, this region features growth centers like Borgaon, Maneri, Lamtara, and Katni.

### MP SCHEMES:

SCHEMES	KEY BENEFITS
<b>Industrial Development Subsidy/ Investment Promotion Assistance</b>	Subsidy of 40% of the eligible investment made in plant & machinery, building and the eligible items
Support for Quality Certification	The State Government will reimburse 100% of the expenditure incurred on quality certification
Patents/IPR Reimbursement	Reimbursement of 100% of expense incurred for patent/IPR registration to MSME
Financial Assistance for Energy Audit	GoMP will reimburse 50% of the cost of conducting energy audit
Financial Assistance for Green Industrialization	Units having an investment up to 10 crores in Plant and Machinery will be provided 50%, subject to maximum limit of 50 lakh on expenditure incurred in waste management, pollution control devices, health and safety equipment, and water conservation measures during the policy period,
Financial Assistance for Infrastructure Development	Financial assistance of 50% of the expenditure incurred on infrastructure development for roads, electricity, and water up to their premises,
Freight Assistance for Export	Exporter units will be provided 50% of the total inland freight cost, subject to maximum limit of 340 lakh per year,
<b>Pharmaceutical and Medical Device Manufacturing Units</b>	Export Certification assistance - 50% of the expenses incurred on creating facilities for obtaining WHO-GMP, US-FDA, or other export enabling certifications would be reimbursed;  Pharmaceutical Lab setup - 50% of the expenses incurred for the installation of machinery and equipment for pharmaceutical labs will be reimbursed, subject to maximum limit of 100 lakh.  Interest Subsidy: interest subsidy @5% on term loans taken from financial institutions/banks, for a period of 5 years
<b>Food Processing Units</b>	Reimbursement of Power Tariff: New/expansion/diversification units will be eligible for the reimbursement @ %1 per unit on the prevailing electricity tariff purchased from DISCOMS/grids.  Mandi Fee Reimbursement: All eligible food processing units will receive a 100% reimbursement of mandi fee up to the limit of 50% of the investment in plant and machinery,  Production Linked Incentives: Assistance of 1% on annual net sales turnover will be provided for a period of five years, subject to maximum limit of %5 crore.
<b>Apparel Sector</b>	Employment Generation Assistance:  Apparel and made ups manufacturing units having at least 1 crore and up to 5 crores investment in plant & machinery & minimum 25 regular employee, will be provided 25% of salary of each regular employee, which is a permanent resident of the state, maximum 2500 per month, up to an annual limit of 5 lakhs, for 5 years as an assistance.



	<p>Interest Subsidy: @5% interest subsidy will be provided on term loans taken from financial institutions/banks for plant and certain machineries, for a period of 7 years.</p> <p>Reimbursement of Training Expense: In view of the requirement of the technical and skilled employees to textile projects, skill development and training expenses reimbursement assistance of 13,000 per new employee shall be provided for 5 years.</p> <p>Employment Generation Subsidy: assistance of 5,000 per employee per month.</p> <p>Reimbursement of Stamp Duty and Registration Fee;</p> <p>Exemption on Electricity duty;</p> <p>Reimbursement of Power Tariff</p> <p>Concession on development charges: Apparels and made ups units getting land in the industrial area will be given concession @50%</p>
Textile Units	Interest subsidy for new units and units planning for expansion/diversification;
Power loom Sector	Financial assistance for Upgradation; Power Tariff Concessions;
Footwear, Furniture, Toys, and Related Value Chain Products	<p>Interest Subsidy: Interest subsidy at a rate of 5% per annum on term loans taken from banks/financial institutions for the project. Subject of maximum limit of 100 lakh per year for a duration of 5 years.</p> <p>Exemption on Electricity duty;</p> <p>Reimbursement of Power Tariff; New/expansion/diversification units will be eligible for the reimbursement @ 1 per unit on the prevailing electricity tariff purchased from DISCOMS/grids.</p> <p>Stamp Duty and Registration Fee Reimbursement: 50% reimbursement of stamp duty and registration fees paid on land/bank loan documentation for project implementation.</p> <p>Reimbursement of Skill Development and Training Expenses: MSME Units providing skill gap training to permanent residents of Madhya Pradesh during the first three years of commercial production will be reimbursed up to 10,000 per employee, maximum of 500 employees.</p> <p>Employment Generation Subsidy;</p> <p>Reimbursement for Product Design: Units will be eligible for reimbursement of 50% of the expenditure or up to 5 lakh per product design, for a maximum of 4 designs. The design must be certified by institutions recognized by the Central/State Government.</p>

#### References:

- INVEST-IN-MADHYA-PRADESH-Advantage-MP-2025.pdf
- मध्य प्रदेश MSME Development Policy 2025 (Government Gazette)
- Strategic Investment Plan (SIP) for Madhya Pradesh under Raising & Accelerating MSMEs Performance (RAMP) Scheme, Gol
- MSME Promotion Scheme 2025
- MSME SCHEME BOOKLET

- By CA Ayush Jain

# Unlocking Capital: The Rise of SME IPOs in India

**SME** stands for **Small and Medium Enterprises** — businesses that form the backbone of India's economy. Small and Medium Enterprises (SMEs) are businesses whose size, in terms of employees, revenue, or assets, falls below a specific threshold set by each country or industry. These businesses are typically privately owned, and the distinction between “small” and “medium” can vary depending on the country's economy and standards.

As per the **Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**, updated by the **Government of India in June 2020**, SMEs are classified based on **investment in plant & machinery/equipment** and **annual turnover**:

Enterprise Type	Investment (Plant & Machinery/Equipment)	Annual Turnover
Micro	Up to ₹1 crore	Up to ₹5 crore
Small	Up to ₹10 crore	Up to ₹50 crore
Medium	Up to ₹50 crore	Up to ₹250 crore

But in recent Budget 2025, this definition was revised, and the new limits are

- Small Enterprise: Usually has fewer than 50 employees and limited annual revenue or assets. Investment limit raised from ₹10 crore to ₹25 crore; turnover limit increased from ₹50 crore to ₹100 crore.
- Medium Enterprise: Typically has 50 to 250 employees and moderate annual revenue or assets. Investment limit increased from ₹50 crore to ₹125 crore; turnover limit raised from ₹250 crore to ₹500 crore. These adjustments aim to support scalability and better capital access for MSMEs.

## Importance of SME in Economic Development :-

- SMEs play a very important role in the Economic Development of the country. These firms contribute over 30% to India's GDP and provide employment to millions.
- **Small and Medium Enterprises (SMEs)** are not just “small businesses” — they are **big players** in driving innovation, job creation, exports, and inclusive growth - Globally and in India, They enable **self-reliance** and drive the spirit of **Atmanirbhar Bharat**.
- Many SMEs are **tech-driven, and risk-tolerant**, experimenting with new products, processes, and services. They support **local supply chains, reduce carbon footprints**.
- SMEs are a **breeding ground for first-gen entrepreneurs**, often without major capital.
- SMEs empower **women entrepreneurs, rural artisans, and youth**, especially through government schemes and digital platforms.
- As per Ministry of MSME, India has over **6.67 crore SMEs**, providing jobs to **110+ million people**. They generate employment across urban, semi-urban, and rural areas, reducing migration and regional inequalities.
- Over **45% of India's exports** come from SMEs, especially in sectors like Textiles, Handicrafts, Engineering goods, Gems & jewellery, IT services. *They take “Make in India” to the global stage.*

**If startups are the unicorns of tomorrow, SMEs are the real workforce of today.**

Despite their pivotal role in economic development, **SMEs (Small and Medium Enterprises)** face multiple structural, financial, and operational hurdles that limit their potential.

## **Key Challenges Faced by SMEs in India:-**

- Banks and NBFCs often view SMEs as **high-risk borrowers**, lacking collateral or formal credit histories. So limited access to Funding requirements.
- Many SMEs still operate offline, using outdated tools for accounting, inventory, or customer service.
- Hiring and retaining **skilled employees** is tough due to limited budgets, lack of branding, or remote locations.
- Many SMEs supply to corporates or govt. entities who delay payments, causing working capital crunches. Despite the MSMED Act mandating payment within 45 days, **implementation is weak**.
- Branding, marketing, and distribution challenges prevent them from competing with larger players.
- Especially in Tier 2, 3, and rural areas, issues like power cuts, transport delays, and internet downtime can hamper productivity.
- Many SMEs lack R&D or innovation capacity.
- Many SMEs are **family-run**, with limited delegation or strategic planning.
- Absence of formal processes in HR, finance, marketing, and operations affects long-term scalability.
- Several schemes exist: **MUDRA loans, CGTMSE, Udyam portal, PLI schemes**, etc. But awareness, accessibility, and documentation hurdles often lead to underutilization.

This is where **SME IPOs (Initial Public Offerings)** come into play — offering small businesses a route to raise equity from public markets and scale up sustainably.

An **SME IPO** is the process through which a small or medium enterprise lists its shares on a stock exchange's dedicated **SME platform**, allowing it to raise funds from the public.

Unlike mainboard IPOs, SME IPOs are tailor-made for smaller businesses with relaxed norms and lower compliance burdens.

In India, two stock exchanges run dedicated platforms for SMEs:

- **BSE SME** – Launched in **March 2012**
- **NSE Emerge** – Launched in **September 2012**

These platforms provide SMEs access to capital markets while ensuring that listing requirements are aligned with their scale and capabilities.

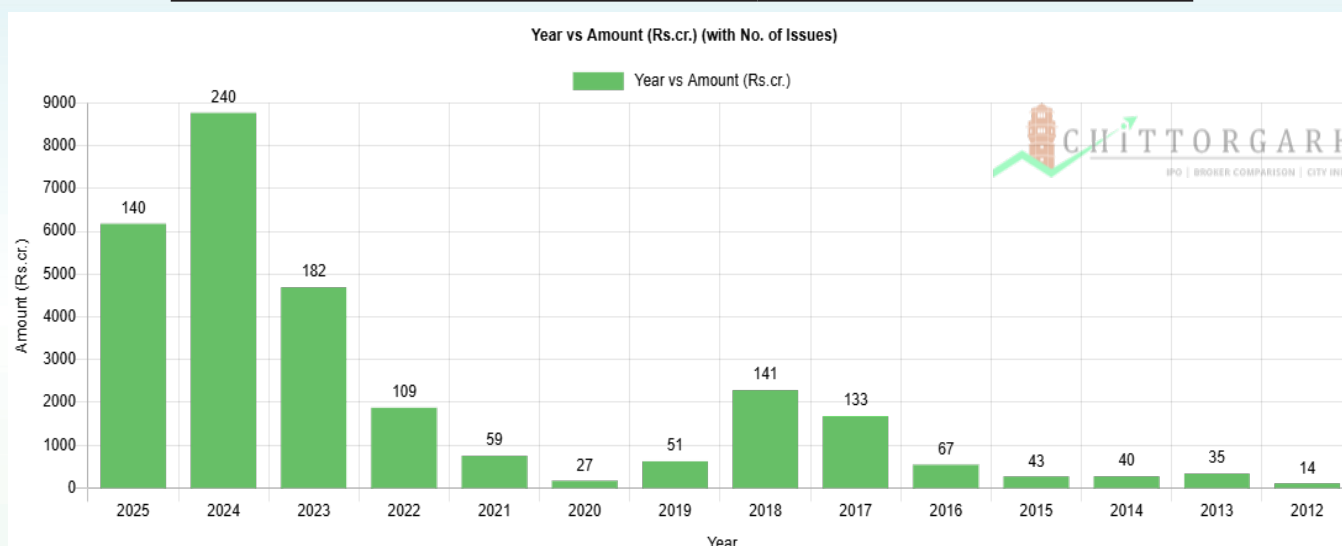
## **A Brief History of SME IPOs in India**

- The concept was introduced by **SEBI in 2010**, with a vision to create easier capital access for smaller enterprises.
- The first SME IPO on BSE was by **BCB Finance Ltd** in 2012.
- Since then, SME IPOs have gained traction, particularly among manufacturing, IT, fintech, pharma, and consumer-focused businesses.

## **SME IPO Performance: Numbers and Statistics**

- SME Platform of BSE (BSESME): 603, (191 Migrated to Main Board)
- SME Platform of NSE (EMERGE): 587, (138 Migrated to Main Board)

Year	No. of companies Listed	Amount Raised (in Crs)
<u>2025 *</u>	140	6,169.35
<u>2024</u>	240	8,760.89
<u>2023</u>	182	4,686.11
<u>2022</u>	109	1,874.85
<u>2021</u>	59	746.14
<u>2020</u>	27	159.10
<u>2019</u>	51	623.80
<u>2018</u>	141	2,286.94
<u>2017</u>	133	1,679.50
<u>2016</u>	67	537.27
<u>2015</u>	43	260.21
<u>2014</u>	40	266.84
<u>2013</u>	35	332.19
<u>2012</u>	14	102.66



## Advantages of SME Listing in India

- Raise equity capital from the public to fund expansion, new projects, or reduce debt. No dependency on banks or NBFCs.
- Listing boosts brand recognition and trust. Investors, clients, and vendors see the company as more transparent and compliant.
- Relaxed eligibility norms compared to the main exchange. Lower regulatory burden and simplified post-listing compliance.
- Public market pricing creates a benchmark valuation. Shares become liquid – promoters, early investors can partially exit.
- Drives better corporate governance and financial discipline. Attracts experienced management and advisory talent.
- Access to a larger pool of institutional and retail investors. Enhances future fundraising potential via preferential allotments or FPOs.



- PE/VC investors and promoters can exit or partially offload stake post-lock-in.
- After meeting eligibility, SME companies can **migrate to the Main Board** of NSE/BSE, giving even wider exposure and fundraising capability.
- SME platforms often offer handholding, mentoring, and investor connect programs.
- SEBI and exchanges run awareness sessions to help first-time issuers.

## Eligibility Criteria for SME IPOs

As per SEBI and exchange norms, here are the key eligibility conditions:



Criteria	Requirements
<b>Net Worth</b>	Minimum ₹1 crore (can vary slightly by exchange)
<b>Track Record</b>	Minimum 3 years of operations
<b>Net Tangible Assets</b>	At least ₹3 crore
<b>Post-issue paid-up capital</b>	Between ₹1 crore and ₹25 crore
<b>Profitability</b>	Track record of profitability in at least 2 of last 3 years (optional for some sectors)
<b>Number of Shareholders</b>	Minimum 50 after issue

Many SME IPOs in recent years have delivered **strong listing gains**, often 20% to 100% above issue price. However, this is **not universal** — some IPOs list at par or even below.

- High oversubscription = stronger listing gain
- Sector performance, brand perception, and promoter reputation matter
- Some IPOs are overhyped; due diligence is a must

Particulars	Mainboard	NSE SME	BSE SME	Total
Positive listing	73%	83%	77%	78%
Overall positive returns (current price - issue price)	74%	76%	65%	72%
Gains > 50% of issue price	20%	30%	21%	25%

## IPO Performance Tracker

Company Name	Listed On	Issue Price	Listing Day Close	Listing Day Gain	Current Price	Profit/Loss
 <b>B.D.Industries (Pune) Ltd.</b>	Wed, Aug 6, 2025	₹108	₹108.15	0.14%	108.15	0.14%
 <b>Mehul Colours Ltd.</b>	Wed, Aug 6, 2025	₹72	₹86.03	19.49%	86.03	19.49%

Company Name	Listed On	Issue Price	Listing Day Close	Listing Day Gain	Current Price	Profit/Loss
+ Kaytex Fabrics Ltd.	Tue, Aug 5, 2025	₹180	₹150.6	-16.33%	151.85	-15.64%
+ Repono Ltd.	Mon, Aug 4, 2025	₹96	₹87.09	-9.28%	95.49	-0.53%
+ Umiya Mobile Ltd.	Mon, Aug 4, 2025	₹66	₹68.78	4.21%	64.76	-1.88%
+ Sellowrap Industries Ltd.	Fri, Aug 1, 2025	₹83	₹94.5	13.86%	86.95	4.76%
+ Patel Chem Specialities Ltd.	Fri, Aug 1, 2025	₹84	₹104.5	24.4%	104.91	24.89%
+ Shree Refrigerations Ltd.	Thu, Jul 31, 2025	₹125	₹175.4	40.32%	157.45	25.96%
+ TSC India Ltd.	Wed, Jul 30, 2025	₹70	₹71.4	2%	63	-10%
+ Swastika Castal Ltd.	Mon, Jul 28, 2025	₹65	₹66.82	2.8%	93.57	43.95%
+ Spunweb Nonwoven Ltd.	Mon, Jul 21, 2025	₹96	₹158.55	65.16%	145.8	51.88%
+ Cryogenic OGS Ltd.	Thu, Jul 10, 2025	₹47	₹93.76	99.49%	107.05	127.77%
+ Vandan Foods Ltd.	Mon, Jul 7, 2025	₹115	₹118.75	3.26%	35.5	-69.13%

SME IPOs are unlocking a **new capital era** for India's small businesses. With the right blend of vision, governance, and market timing, SME promoters can now think big. And for investors — this segment is no longer just a side-bet; it's a serious opportunity.

- By CA Nirmala Soni

# Incentives available to New Units under PMEGP Scheme

**Scheme Name: Pradhan Mantri Employment Generation Program**

**Operative period: FY 2021-22 to FY 2025-26**

## Basic details of the PMEGP Scheme:

Eligibility under PMEGP Scheme	<p><b>Legal Status</b> – Only individuals or Proprietorship concerns are eligible for benefit under this scheme.</p> <p><b>Project Size – New Project</b> – For Manufacturing units – Rs. 50.00/- Lakhs &amp; for Service sector units – Rs. 20.00/- Lakhs</p> <p><b>Project Size – For Upgradation of existing unit</b> – For Manufacturing units – Rs. 100.00/- Lakhs &amp; for Service sector units – Rs. 25.00/- Lakhs</p> <p><b>Note: In case project size is above limits then the support level (subsidy) from Govt. will be limited to respective project size cap.</b></p>
Where to apply	Online portal to apply for PMEGP supported / recommended project: <a href="https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp">https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp</a>
Period of Scheme	FY 2021-22 to FY 2025-26
Implementing Agency – National Level	Khadi & Village Industries Commission (KVIC)
Implementing Agency – State Level	State offices of KVIC, KVIB, DIC, Coir board and banks.
Objective	<ul style="list-style-type: none"><li>• Generate employment in rural and urban areas by setting up new self-employment ventures / micro enterprises.</li><li>• Bring together widely dispersed artisans / rural and urban unemployed youth and give self-employment opportunities.</li><li>• Help arrest migration of rural youth to urban areas.</li></ul>
Margin money / subsidy available to	New units & Upgradation of existing units



### Details of Margin Money / subsidy available to new units:

Category of beneficiary	Beneficiary's (Promoter's) contribution (of project cost)	Rate of subsidy (of project cost)	
		Urban	Rural
General Category	10%	15%	25%
Special category – SC ST OBC Minorities Women Ex-Servicemen Transgenders Differently abled NER Aspirational district Hill & border areas, etc.	5%	25%	35%
<b>Note: Max. project cost – Rs. 50.00/- Lakhs Mfg. sector &amp; Rs. 20.00/- lakhs for Service sector</b>			

### Details of Margin Money / subsidy available for upgradation of existing units:

Category of beneficiary	Beneficiary's (Promoters) contribution (of project cost)	Rate of subsidy (of project cost)
All categories	10%	15% (20% for NER & Hill states)
<b>Note: Max. project cost – Rs. 100.00/- Lakhs Mfg. sector &amp; Rs. 25.00/- lakhs for Service sector</b>		

### Other key points for consideration:

Educational qualification	Min. VIII standard pass for project cost above: <ul style="list-style-type: none"> <li>Rs. 10.00/- Lakhs - Mfg. sector</li> <li>Rs. 5.00/- Lakh - service sector</li> </ul>	
Type of expenditure	Capital expenditure mandatory	
Capping on working capital component as % of project cost	<b>Mfg. Units</b>	<b>Service sector units</b>
	40%	60%
Any specific exclusion	Land cost to be excluded	
Financial Agencies	All Public sector banks, Regional rural banks, Cooperative banks, SIDBI & private scheduled commercial banks.	



## Restricted Activities (Negative List):

The Following list of activities will not be permitted under PMEGP for setting up of micro enterprises/ projects/ units.

- i. Any industry/Business connected with Meat (Slaughtered), i.e. processing, canning and/or serving items made of it as food, Production/Manufacturing or sale of intoxicant items like Beedi/Paan/ Cigar/Cigarette etc. Hotels or Dhaba or Sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale will not be allowed.  
(a) However, serving/selling non-vegetarian food at Hotels / Dhabas will be allowed.
- ii. Activities prohibited by Local Government/Authorities keeping in view environment or Socio-economic factors will not be allowed.
- iii. Manufacturing of polythene carry bags of less than 75 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems. Thickness of polythene carry bags shall be governed by the Ministry of Environment, Forest and Climate changes notification for plastic waste management rules and amendments from time to time.
- iv. Any Industry/Business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry will not be allowed.  
(a) However, value addition under these will be allowed under PMEGP. Off Farm/Farm Linked activities in connection with sericulture, horticulture, floriculture etc. will be allowed.

Following industry/Business connected with Animal Husbandry will also allowed:

- (a) Dairy-Milk and other dairy products through primarily Cows but also sheep, goats, camels, buffaloes, horses, and donkeys.
- (b) Poultry-Poultry, kept form their eggs and for their meat, include chickens, turkeys, geese and ducks.
- (c) Aquaculture-It is the farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants
- (d) Insects -Including Bees, Sericulture, etc.

(As a special case piggery, which is a major source of livelihood in NER may also be allowed in NER states only).

## Process for availing benefit under PMEGP scheme:

- Discuss and deliberate the project details with financing agency who is going to fund the project by way of term loan.
- Apply for recommendation of project under PMEGP scheme to implementing agency i.e. KVIB / KVIC / DIC / Coir Board.
- Project recommended under PMEGP scheme are guaranteed by CGTMSE.

- Upon recommendation undergo EDP training – Online / Offline mode and get project sanctioned by financing agency.
- Post sanction avail disbursement of loan and implement the project by acquisition and installation of plant and machinery.
- Once installation of plant and machinery is completed i.e. after commencement of commercial production, apply for margin money under PMEGP scheme through financing agency.
- Simultaneously, apply for respective state Govt. incentives available to MSMEs/ sector specific incentives within the time lines stipulated.

### **Few FAQs:**

#### **Q: Which are financing agencies?**

A: All Public Sector Banks, Regional Rural Banks (RRB), Co-operative Banks, SIDBI and Private Scheduled Commercial Banks regulated by RBI and approved by SLMC of concern State.

#### **Q: What is the employment criteria?**

A: Any Village Industry (except those mentioned in the negative list) located in the Rural/Urban Area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full-time artisans or worker does not exceed Rs.3.00 lakh in plain area and Rs.4.50 lakhs in hilly areas, A & N Island and Lakshadweep.

#### **Q: What is Rural Area?**

A: Any area classified as Village as per the revenue record of the State/UT, irrespective of the population. All the areas, irrespective of Population, following under Panchayat Raj Institutions.

#### **Q: Whether an entrepreneur can submit more than one project under this scheme?**

A: No. Only one project per family is allowed.

#### **Q: What is definition of family?**

A: Self and Spouse.

#### **Q: What is lock-in period of Govt. Subsidy?**

A: 3 years

#### **Q: Is a project be jointly financed from two different sources (Financing agencies) eligible for recommendation under this scheme?**

A: No, it is not eligible.

**- By CA Ketan Samdani**

# MSMEs and Startups: The Twin Pillars of India's Grassroots Economic Growth

## Introduction: The Silent Revolution Powering India

India's economic transformation is no longer defined solely by large conglomerates. A quiet yet powerful revolution is underway—led by millions of **micro-enterprises, small manufacturers, and startups** emerging from Tier-II and Tier-III cities. Together, **Micro, Small and Medium Enterprises (MSMEs)** and **startups** are not only igniting local economies but are also shaping a more **inclusive, sustainable, and self-reliant India**.

In a nation as diverse as India, MSMEs and startups aren't merely business entities—they are **engines of employment, champions of innovation, and pillars of social stability**.

## MSMEs: The Unsung Backbone of Bharat

India is home to over **6.3 crore MSMEs**, contributing significantly to the national economy: (Source-PIB release)

- 🏢 **28–30% of GDP** of India's GDP
- 🌐 **45%–48%** of the country's exports (Source-PIB release)
- 👥 **11 crore+** jobs across sectors

From **textile hubs in Tirupur** to **foundries in Kolhapur**, **coir production in Kerala** to **bamboo artisans in the Northeast**—MSMEs are deeply embedded in regional strengths and traditional knowledge.

## Challenges Faced by MSMEs

Despite their critical role, MSMEs face structural issues:





- **Working Capital Woes:** Delayed payments, poor receivables, and high cost of credit
- **Digital Divide:** Low adoption of digital tools despite expanding infrastructure
- **Compliance Burden:** Complex GST, tax filing, and audit requirements
- **Lack of Unified Support:** Disconnected advisory across finance, tech, HR, and law



The **COVID-19 pandemic** amplified these weaknesses but also brought MSMEs into the spotlight for economic revival.

## Startups: The Vanguard of New India

India now ranks **3rd globally in startup ecosystems**, with over **1.25 lakh DPIIT-registered startups (as per 2023 data)**, disrupting sectors such as:





-  Fintech and Healthtech
-  Agritech and Food Processing
-  SaaS, EdTech, and DeepTech
-  Renewable Energy and Electric Vehicles

Startups are **venturing into rural and semi-urban areas**, offering **vernacular solutions**, collaborating with local artisans, and using **AI/IoT to solve real-world problems**.





The government's programs—**Startup India, Stand-up India, Digital India, Atal Innovation Mission, and Fund of Funds for Startups**—have created a promising policy environment. The challenge now lies in **execution and outreach**.

## Bridging the Ecosystem: MSMEs & Startups Need Convergence

MSMEs and startups often operate in **isolation**, with limited access to:

-  **Financial literacy and credit linkage**
-  **Compliance and regulatory support**
-  **Strategic advice and market access**
-  **Digital adoption and branding guidance**

This is where **Chartered Accountants, industry bodies, incubators, and government agencies** must **collaborate** to offer:

-  **Training on costing, financial planning, and credit ratings**
-  **Support for loan proposals via**
  - **Collateral Free Loans through schemes like CGTMSE**
  - **Increase in Funding To New Entrepreneurs via MUDRA scheme**
  - **Special schemes of SIDBI such as Green Finance Loans, Machinery Loans, Project Loans etc**
  - **For Startup Ecosystem important scheme of SIDBI like Funds of Funds**
-  **Implementation of accounting, ERP, and inventory systems**
-  **Assistance with GST, I-T filing, Udyam registration, and exports**

We must move towards **cluster-based models, sector-specific mentorship, and digital upskilling** for long-term impact.

## Four Key Enablers for Sustainable Growth

### 1 Financial Access

- Schemes like **CGTMSE, MUDRA, and Stand-Up India** are some of the Initiative by the government, which have been significantly benefiting the MSME and Startups also providing a strong funding support system.
- Professionals can assist in **project reports, bank proposals, and restructuring loans**.



## 2 Technology & Digital Enablement

- MSMEs need to adopt **e-invoicing, cloud accounting, ERP tools, and e-commerce platforms**.
- Affordable **AI-based bookkeeping** and **POS systems** are game-changers.

## 3 Mentorship & Incubation

- India has **700+ incubators**, but their reach in **rural and industrial areas** remains limited.
- **CA-CS-lawyer-consultant teams** can set up **MSME HelpDesks or Clinics**.

## 4 Formalization & Compliance

- Portals like **Udyam, GeM, GSTN, EPFO, TRACES** need grassroots promotion.
- Simplified **SOPs, vernacular toolkits**, and **local workshops** will increase compliance.

## Role of ICAI and Regional Branches: Driving Change from Ground Up

### ❖ What's Already Happening

- Regular **CPE programs** on MSME finance, Udyam, and startup tax planning
- Launch of **MSME & Startup HelpDesks** offering 360° advisory
- Partnerships with **SIDBI, DICs, and state startup missions**
- **Investor awareness campaigns** in colleges and business clusters

### ❖ Recommendations to Deepen Impact

- Appoint **"MSME Champions"** in every branch to adopt 50 units/year
- Roll out **digital toolkits** on accounting, payroll, compliance
- Organize **district-level startup challenges** with mentorship
- Develop **cluster-wise compliance scorecards and sectoral studies**
- Collaborate with **co-operative banks, agri universities**, and local chambers
- **Best MSME & Startup Awards and Recognition** at District Levels

## Beyond Survival: Time to Scale with Vision

India's aspirations of **Atmanirbharta (self-reliance)** and **global competitiveness** hinge on empowering its **smallest units with the biggest potential**.

MSMEs must shift from:

- **Subsidy-dependence → Self-sufficiency**
- **Survival thinking → Growth mindset**
- **Compliance panic → Compliance empowerment**

As **finance professionals, mentors, and ecosystem enablers**, our mission is to **educate, empower, and elevate entrepreneurs**—especially those from rural and under-served regions.

Let's make Bharat not just **vocal for local**, but **globally competitive through local strength**.

## Conclusion: A Trillion-Dollar Opportunity in the Making

MSMEs and startups aren't just economic sectors—they are the **soul of India's socio-economic engine**. They drive innovation, empower youth, revive traditional skills, and bring balance to wealth distribution.

Whether you're a **CA, policymaker, educator, or mentor**—your role is crucial. Let's nurture every entrepreneur, however small, to **dream big and build boldly**.

With the right support, India's MSMEs and startups will not just create jobs—they will build the future of India.

## Quiz

1. In case of SME public Issue, promoters holding in excess of minimum promoters holding is locked in for a period of
  - a) 30 days
  - b) 90 days
  - c) 6 Months
  - d) 1 Year
2. The dedicated trading platform for Micro and Small enterprises is called
  - a) BSE
  - b) MSE
  - c) SME
  - d) NSE
3. MSEFC is to file case against
  - a) Central Ministries/ Departments /CPSEs only
  - b) Central Ministries/ CPSEs/ State Governments and other buyers only
  - c) Central Ministries/ Departments /CPSEs/ State Governments and other buyers only
  - d) None of the above.
4. Registration on -----portal with basic minimal information and need to update profile post registration, which will help them to have better reach to job seekers and job provider
  - a) MSME SAMPARK
  - b) MSME Databank
  - c) MSME Global Mart
  - d) None of the above.
5. Digital Payments in Micro, Small and Medium Enterprises use also improves the ----- of an individual/enterprise
  - a) credit score
  - b) debit score
  - c) Both Credit and Debit Score
  - d) None of the above.
6. Submitting Idea related to IT and ITES is
  - a) Hackathon
  - b) Pitching
  - c) Business Idea Contest
  - d) None of the above.
7. Validate the statement :: "MUDRA Loans are for non farm income generating activity"
  - a) Yes
  - b) No
  - c) Can't say
  - d) None of the above.
8. CGTMSE Scheme extends .....guarantee
  - a) 100%
  - b) Partial
  - c) Can't say
  - d) None of the above.
9. Validate the statement:: "To avail the benefit of subsidy schemes, Udyam Registration is compulsory"
  - a) True
  - b) Partially True
  - c) False
  - d) None of the above.
10. Validate the statement:: "A unit registered as Micro will remain Micro even if crosses turnover criteria for Micro units"
  - a) True
  - b) Partially True
  - c) False
  - d) None of the above.

Answers: (1) d (2) c (3) c (4) a (5) a (6) a (7) a (8) b (9) a (10) c



### **Committee on MSME & Startup, ICAI**

ICAI Bhawan, P.B. No.7100, Indraprastha Marg, New Delhi- 110 002, India

**Phone** 011-30110569 • **Email:** [msme@icai.in](mailto:msme@icai.in)/ [startup@icai.in](mailto:startup@icai.in)

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