

## Launch of Support and Outreach Initiative for MSMEs sector

The Hon'ble Prime Minister, Shri Narendra Modi, recently launched a historic support and outreach programme for the Micro, Small and Medium Enterprises (MSMEs) sector. As part of this programme, the Prime Minister unveiled 12 key initiatives which will help the growth, expansion and facilitation of MSMEs across the country.

The Prime Minister said that the 12 decisions will mark a new chapter for the MSMEs sector. The Hon'ble Prime Minister said that there are five key aspects for facilitating the MSME sector. These include access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees.

### **Access to Credit**

As the first announcement, the Prime Minister announced the launch of the 59 minute loan portal to enable easy access to credit for MSMEs. He said that loans upto Rs. 1 crore can be granted in-principle approval through this portal, in just 59 minutes. He said a link to this portal will be made available through the GST portal. The Prime Minister asserted that in New India, no one should be compelled to visit a bank branch repeatedly.

The Prime Minister mentioned the second announcement as a 2 percent interest subvention for all GST registered MSMEs, on fresh or incremental loans. For exporters who receive loans in the pre-shipment and post-shipment period, the Prime Minister announced an increase in interest rebate from 3 percent to 5 percent.

The third announcement made by the Prime Minister was that all companies with a turnover more than Rs. 500 crore, must now compulsorily be brought on the Trade Receivables e-Discounting System (TReDS). He said that joining this portal will enable entrepreneurs to access credit from banks, based on their upcoming receivables. This will resolve their problems of cash cycle.

### **Access to Markets**

The Prime Minister announced that public sector companies have now been asked to compulsorily procure 25 percent, instead of 20 percent of their total purchases, from MSMEs.

The Prime Minister said his fifth announcement is related to women entrepreneurs. He said that out of the 25 percent procurement mandated from MSMEs, 3 percent must now be reserved for women entrepreneurs.

The Prime Minister said that more than 1.5 lakh suppliers have now registered with

GeM, out of which 40,000 are MSMEs. He said transactions worth more than Rs. 14,000 crore have been made so far through GeM. He said the sixth announcement is that all public sector undertakings of the Union Government must now compulsorily be a part of GeM. He said they should also get all their vendors registered on GeM.

### **Technology Upgradation**

Coming to technological upgradation, the Prime Minister said that tool rooms across the country are a vital part of product design. His seventh announcement was that 20 hubs will be formed across the country, and 100 spokes in the form of tool rooms will be established.

### **Ease of Doing Business**

On Ease of Doing Business, the eighth announcement is related to pharma companies. Clusters will be formed of pharma MSMEs. He said 70 percent cost of establishing these clusters will be borne by the Union Government.

The Prime Minister said that the ninth announcement is on simplification of government procedures. He said the ninth announcement is that the return under 8 labour laws and 10 Union regulations must now be filed only once a year.

The Prime Minister said that the tenth announcement is that now the establishments to be visited by an Inspector will be decided through a computerised random allotment.

The Prime Minister noted that as part of establishing a unit, an entrepreneur needs two clearances namely, environmental clearance and consent to establish. He said that the eleventh announcement is that under air pollution and water pollution laws, now both these have been merged as a single consent. He further said that the return will be accepted through self-certification.

As the twelfth announcement, the Prime Minister mentioned that an Ordinance has been brought, under which, for minor violations under the Companies Act, the entrepreneur will no longer have to approach the Courts, but can correct them through simple procedures.

### **Social Security for MSME Sector Employees**

The Prime Minister also spoke of social security for the MSME sector employees. He said that a mission will be launched to ensure that they have Jan Dhan Accounts, provident fund and insurance.

The implementation of this outreach programme will be intensively monitored over the next 100 days.

### **Our viewpoint**

The host of measures for revival of MSMEs are big milestones as they will transform the entire micro, small and medium enterprises and push them substantially upward to enhancing their contribution far more to national GDP and employment generation. The Prime Minister's meticulous and elaborate announcement of the

"12-Mantra" package will be the best Diwali gift for the MSME Sector, the entrepreneurs and the huge bank of labour employed by them. The Rs.6,000 crore package announced for MSMEs through various technological upgradation channels will ultimately encourage and inspire the micro, small and medium enterprises to make products and invent processes that will ensure their global participation and upscale their demand trajectory domestically. The launch of TReDS and compulsory on-boarding of CPSEs on GeM portal; simplification of filing of returns under prevailing labour laws; special relaxation in environment clearances for MSMEs; special provisions for the pharma sector are highly appreciable and will go a long way in facilitating MSMEs to contribute to India's growth story.

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