

MSEs need increased support for technology upgradation

The Covid 19 pandemic has severely impacted the fortunes of micro and small enterprises (MSEs). This is because many of these businesses are bereft of the benefits provided through government schemes and programmes. Further, in the absence of adequate funds to upgrade their technologies, at a time when lockdowns and movement restrictions have increased reliance on digital advancements, these MSEs are facing existential issues.

The Ministry of MSMEs undertakes several schemes for technology upgradation and quality certification by MSMEs. The Credit Linked Capital Subsidy for Technology Upgradation (CLCSS) scheme provides 15 per cent subsidy for additional investment up to Rs. 1 crore for technology upgradation by MSEs. Units looking to replace existing equipment/technology with the same equipment/technology do not qualify for subsidy under this scheme. Similarly, units upgrading with used machinery are also not eligible under this scheme.

However, considering that technological competitiveness will be at the forefront in the post-Covid era in order to remain in business, the government should consider targeting MSEs by creating awareness about its programmes, and enhance the proportion of subsidy under CLCSS to 30 per cent and additional investment limit to Rs. 5 crore for MSEs.

Moreover, the government has reduced the budgetary allocation to the CLCSS scheme to Rs. 315 crore for FY 2021-22, despite an upward revision in allocation to Rs. 1,081 crore in FY 2020-21 from the budgeted estimate of Rs. 654 crore. The actual allocation in FY 2019-20 stood at Rs. 758 crore. There is, therefore, a need for significant enhancement in the allocation for FY 2021-22.

The programme covers Credit Linked Capital Subsidy and Technology and Quality Upgradation Support to MSMEs (TEQUP); schemes of National Manufacturing Competitiveness Programme (six Schemes) viz. Lean Manufacturing Competitiveness Scheme, Design expenses for Manufacturing MSME Sector, Digital MSME, Support for Entrepreneurial & Managerial Development of MSMEs through Incubators, Building Awareness on Intellectual Property Rights for MSME, Financial support to MSMEs in ZED certification scheme (ZED Scheme).

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