

## Aatmanirbhar Bharat Abhiyan: Special Economic Package for MSMEs

The contribution of MSMEs to our economy is noteworthy. According to the recent Government announcements, about 6.5 crore MSME units contribute nearly 29 per cent to the GDP and 48 per cent of the nation's exports, apart from providing jobs to nearly 11 crore people. In the last three months, the government has taken several steps to address the struggle and plight of MSMEs. This includes a stimulus package, new definition, funding mechanism and a special technology platform – CHAMPION.

### New definition of MSMEs

On June 3, 2020 Government of India modified the criteria of MSMEs by implementing an upward revision in the definition and criteria of MSMEs. The new definition and criterion will come into effect from July 1, 2020. Also, a new composite formula of classification for manufacturing and service units has been notified. Now, there will be no difference between manufacturing and service sectors.

**Micro Units** - The definition of Micro units is increased to Rs. 1 cr. of investment and Rs. 5 cr. of turnover.

**Small Units** - The limit of small unit is increased to Rs. 10 cr. of investment and Rs 50 cr. of turnover.

**Medium Units** - It will be Rs. 50 cr. of investment and Rs. 250 cr. of turnover.

As part of the new definition, exports will not be counted in turnover for any MSMEs. This is expected to exponentially add to exports from the country leading to more growth and economic activity and jobs creation.

### Stimulus package in lockdown period

Finance Minister Nirmala Sitharaman, on May 13, 2020 announced a tranche of six measures for the MSME sector. According to the Finance Minister, the first of the six measures deals with standard MSMEs.

- This includes Rs 3 lakh cr. collateral-free automatic loans for businesses, including SMEs. Borrowers with upto Rs 25 cr. outstanding and Rs 100 cr. turnover are eligible. This will enable 45 lakh MSME units to resume business activity and also safeguard jobs. Government will also provide stressed MSMEs with equity support. Government has also promised to facilitate the provision of Rs. 20,000 cr. as subordinate debt.
- For government procurement, tenders up to Rs. 200 cr. will no longer be on global tender route.
- Government is also developing an e-market linkage across the board for MSMEs.
- Post-COVID, trade fairs and exhibitions will be difficult so e-market linkage will be provided for MSMEs so that they will be able to find their market.

## Two funds for MSMEs

Government has also set up two funds for MSMEs — a distress fund and a fund of funds (FoF). The distress fund, with a corpus of Rs. 20,000 cr. will offer loans of up to Rs. 75 lakh each to MSME units in distress. It can help two lakh units.

The FoF, with a corpus of Rs. 10,000 cr. will be operated through a mother fund and a few daughter funds. The fund structure will help leverage Rs. 50,000 cr. at the daughter funds level. It will provide support to MSMEs to get listed on stock exchanges.

## CHAMPIONS: Technology Platform to empower MSMEs

Prime Minister Shri Narendra Modi launched a **technology platform CHAMPIONS to empower MSMEs** on June 1, 2020. **CHAMPIONS** stand for 'Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength'. It is a real one-stop-shop solution of MSME Ministry.

This portal will support, help, encourage and solve the grievances of smaller companies, and help them grow. This ICT based system is designed to help the MSMEs withstand the current COVID-19 situation, and can potentially help them in becoming national, or international players, in the future.

### Objectives

1. To help MSMEs with finance, raw materials, labour, permissions, etc.
2. To help MSMEs capture new opportunities including manufacturing of medical items & accessories.
3. To identify the sparks, i.e., the bright MSMEs who can withstand at present and become national and international champions.

CHAMPIONS is a technology driven control room-cum-management information system. In addition to ICT tools including telephone, internet and video conference, the system is enabled by AI, Data Analytics and ML. It is also fully integrated on real time basis with the Government's main grievances portal CPGRAMS and MSME Ministry's other web based mechanisms.

CHAMPIONS is based on a Hub & Spoke Model. The Hub is situated in New Delhi in the Secretary of MSME's office. The spokes are in the States in various offices and institutions of MSME Ministry. The website can be accessed at

[https://champions.gov.in/MyMsme/grievance/COM\\_Grievance\\_Welcome.aspx](https://champions.gov.in/MyMsme/grievance/COM_Grievance_Welcome.aspx)

(Source- PIB)

## Notifications

**Press Information Bureau, Government of India**

Prime Minister interacts with his counterpart in Canada

<https://pib.gov.in/PressReleasePage.aspx?PRID=1632004>

Prime Minister holds meeting with Chief Ministers

<https://pib.gov.in/PressReleasePage.aspx?PRID=1631923>

COVID 19 recovery rate improves to 52.4%

<https://pib.gov.in/PressReleasePage.aspx?PRID=1631880>

Reducing import dependence for steel

<https://pib.gov.in/PressReleasePage.aspx?PRID=1631896>

Daily Bulletin on COVID 19

<https://pib.gov.in/PressReleasePage.aspx?PRID=1631938>