

State governments support MSMEs through industrial policies

Micro, small and medium enterprises (MSMEs) are the focus of policy support from central and state governments. Various state governments have provided renewed thrust on MSMEs in their industrial policies released in recent months. Similarly, financial institutions and hi-tech companies have also launched several programs to support MSMEs in India. Following are some of the initiatives taken by various entities to support MSMEs.

Industrial Policies and MSMEs

Under its Industrial Policy 2020, Government of Gujarat encourages MSMEs to source technology from abroad by providing upto 65% subsidy on the technology acquisition cost. The policy also provides capital subsidy upto 25% for MSMEs against eligible loan amount upto a ceiling of Rs. 35 lakhs. For MSMEs in the service sectors such as financial services, healthcare and audio-visual services, the policy offers interest subsidy of upto 7% against eligible loan amount.

Government of Karnataka, which introduced its Industrial Policy 2020-25, has offered 10% subsidy on the turnover of MSMEs for five years. The policy supports MSMEs through other ways such as venture capital, angel funding, technology adoption, infrastructure and office space.

Government of Haryana announced its Haryana Enterprises and Employment Policy, 2020 last year. The policy contains several measures to improve ease of doing business for MSMEs. The policy assures all requisite administrative clearances for MSMEs within 15 days. If the state government fails to provide clearances within 15 days, there is a provision for automated deemed clearance on the portal of the government. The state government also relaxed compliance burden under the Factories Act for MSMEs.

In November 2020, Government of Chhattisgarh amended its Industrial Policy 2019-24 to provide capital subsidy for small and medium enterprises. The policy also provides MSMEs access to land in the industrial areas of the state on concessional terms.

Under its Industrial Policy 2020-23, Government of Andhra Pradesh offered capital subsidy, interest subsidy, reimbursement of stamp duty, reimbursement of net State GST and other benefits to MSMEs.

Government of Uttar Pradesh is taking steps to increase annual exports from MSMEs in the state to Rs. 3 lakh crore in three years from Rs. 1.2 lakh crore in 2019-20. As part of this strategy, the state government plans to set up export hubs in prominent MSME clusters in Varanasi, Moradabad, Agra, Firozabad, Gorakhpur and Aligarh.

Other large and small states have also offered similar fiscal benefits to attract investment from MSMEs in the service and manufacturing sectors.

SIDBI Initiative

India's development finance institution SIDBI has entered into partnership with various state governments to support MSMEs in accessing credit, setting up common facility centres in clusters,

accessing technology, acquiring intellectual property and other areas. In November 2020, SIDBI has entered into an agreement with Government of Tamil Nadu to set up a Project Monitoring Unit to provide financial and non-financial support to MSMEs in the state. Government of Rajasthan has also signed MoU with SIDBI in September 2020 to create a vibrant MSME ecosystem in the state.

Private sector initiatives

Similarly, new age digital and e-commerce companies such as Flipkart and Google are supplementing the efforts of state governments by providing business support services to MSMEs. For instance, India's leading e-commerce platform Flipkart launched Samarth program in 2019 to support artisans, craftsmen and weavers in marketing their products on its platform. Under this initiative, the e-commerce marketplace has partnered with several NGOs and agencies of some state governments such as Tamil Nadu, Maharashtra, Rajasthan, Uttar Pradesh, Punjab, Gujarat, etc. to onboard MSMEs.

In December 2019, the global retail giant Walmart, which is also an investor in Flipkart, launched its business training and mentorship program Walmart Vriddhi to integrate 50,000 MSMEs in its local and global supply chain. Under this program, Walmart launched digital e-institutes for online training and mentoring of MSMEs and women entrepreneurs in Panipat, Sonipat, Kundli, Agra and other towns.

Notifications

Press Information Bureau

Tariff Notification for edible oil, brass scrap and other items

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1703533>

More than 1.1 lakh loans extended under Stand-up India scheme since inception

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1703444>

Government aims to create 5000 clusters under SFURTI scheme

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1703445>