

# Prime Minister Launches ₹ 6,000 Crore New Scheme To Encourage (MSMEs)

The government has announced a new scheme offering ₹ 6, 000 crores to encourage MSMEs to expand their businesses. What does it mean? Why should you care?

The government launched the ₹ 6,000 crores 'Raising and Accelerating MSME Performance' (RAMP) scheme and the 'Capacity Building of First-Time MSME Exporters (CBFTE)' scheme to encourage the export of products and services. He also flagged off new features of the 'Prime Minister's Employment Generation Programme (PMEGP) to ramp up the MSME sector. These are programmes at the 'Udyami Bharat' programme in New Delhi on the day.

The Indian government is committed to promoting entrepreneurship and creating jobs through enterprises at the national level. According to the National Democratic Alliance (NDA) government, India requires around 40 million more entrepreneurs to create employment opportunities. If successful, this scheme will target over 10 lakh micro, small and medium enterprises across 60 districts, which together account for about 30% of industrial output.

According to the latest report from the Department of Industrial Policy & Promotion, the country accounts for only 2.5% of global venture capital funding. These funds are essential for startups to scale up operations and compete globally. In 2016 alone, these investments amounted to merely \$3.8 billion, compared to \$30 billion invested in China, Japan, the US, the UK and Europe combined.

India has always been known for its entrepreneurial spirit and small businesses. Small and medium enterprises play a key role

in India's growth story. They create jobs, fuel innovation and provide employment opportunities for millions of Indians. In 2017 alone, Indian SMEs created 2.5 million new jobs. These businesses are responsible for 80% of our manufacturing output. And they employ nearly half of our workforce.

Startup India aims to support these companies through innovative financing schemes. The government is offering tax breaks and grants as well as loans. Entrepreneurs can also get access to low-interest credit cards. Other benefits include mentoring, technical support and free legal services.

## **'Raising and Accelerating MSME Performance' (RAMP)**

RAMP is a central government scheme in partnership with the World Bank for five years ( FY22 to FY26 ) to boost productivity and financing for MSMEs to recover from the Covid pandemic. It was announced in 2021 with a total project cost of Rs 6,062.45 crore, of which World Bank's contribution was earmarked at Rs 3,750 crore under the Credit Linked Capital Subsidy and Technology Upgradation Scheme.

It will complement the Aatmanirbhar Bharat Abhiyan by encouraging innovation, ideation, incubating new businesses and entrepreneurship by developing quality standards, improving practices and processes, enhancing market access, and deploying technological tools and Industry to make MSMEs competitive and self-reliant.

*"The RAMP programme will intensify efforts to support firms to return to pre-crisis production and employment levels while laying the foundations for longer-term productivity-driven growth and generation of much-needed jobs in the MSME sector,"*

*Junaid Ahmad, World Bank Country Director in India had said in the statement 2021.*

*"We've taken the resolution to make our unique local production in every district & part of our country global... focus being given to developing the MSME sector... More than Rs 500 crores have been digitally transferred to 18,000 MSMEs; I congratulate the MSME sector: PM Modi, in Delhi."*

Source: <https://twitter.com>

## **Benefits Of the RAMP programme**

- 1) The RAMP programme will address the challenges in the MSME sector by way of impact enhancement of existing MSME schemes, especially on competitiveness.
- 2) It will get the solution for blocks of capacity building, handholding, skill development, quality enrichment, technological upgradation, digitization, outreach and marketing promotion, amongst other things.
- 3) RAMP programme, through enhanced collaboration with States in India, will be a job-enabler, market promoter, and finance facilitator, and will support vulnerable sections and initiatives.

## **Capacity Building of First-Time MSME Exporters' (CBFTE) scheme**

'Capacity Building of First-Time MSME Exporters' (CBFTE) scheme aims for MSMEs to offer products and services of international standards for the global market chain and realize export potential.

## **Prime Minister's Employment Generation Programme (PMEGP)**

The scheme is executed by (KVIC) Khadi and Village Industries

Commission functioning as the nodal agency at the national level in the country. At the state level, the scheme is implemented through State (KVIC) Khadi and Village Industries Commission functioning Directorates, State Khadi and Village Industries Boards (KVIBs), and District Industries Centres (DICs) and banks.

In this, KVIC routes government subsidies through designated banks for eventual outlay to the beneficiaries/entrepreneurs directly into their bank accounts.

PMEGP include an increase in the maximum project cost (from Rs 25 lakh to Rs 50 lakh rupees ) for the manufacturing sector and (from Rs 10 lakh to Rs 20 lakh rupees) in the service sector and the introduction of applicants from aspirational districts and transgenders in the special category applicants for availing higher subsidies.

## **Objectives of (PMEGP) ‘Prime Minister’s Employment Generation Programme**

- To generate employment opportunities in rural & urban areas in the country through setting up of new self-employment, business, startups /projects/micro-enterprises.
- To support youth and give them self-employment opportunities to the extent possible.
- To provide continuous and sustainable employment to a huge audience of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help address the migration of rural youth to urban areas.
- To increase the wage-earning capacity of artisans and increase the growth rate in rural & urban employment.

# Highlight

The government has increased the budget by more than 650% in the last 8 years to strengthen the MSME sector, said Mr Modi.

The government was making necessary policy changes to encourage the MSME sector, said the Prime Minister and he asked MSMEs to register on the GeM portal for supplying goods to the government.

Khadi (cotton) sales have increased four times in the last eight years, said Mr Modi.