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NEWSLETTER



FICCI – CONFEDERATION OF THE MICRO, SMALL AND MEDIUM ENTERPRISES (FICCI-CMSME)

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FICCI - Confederation of Micro, Small and Medium Enterprises (CMSME)



Confederation of Micro, Small and Medium Enterprises (CMSME) established in December 2013 with a vision to empower Indian MSMEs and build their competitiveness is an affiliated body under the umbrella of the Federation of Indian Chambers of Commerce and Industry (FICCI), an apex Chamber of Commerce & Industry of India. FICCI has tie ups with over 300 industry associations and chambers worldwide.



What we do.....

- Provide a holistic grid to connect MSMEs with mentors, incubators & accelerators and assist them through capacity building programs & services
- Help MSMEs explore different government schemes
- Deliberate on policy issues that impact performance of the MSME sector and provide effective channels to communicate issues and concerns to government at the center and states as well as to other regulatory bodies and banks
- Provide regular interface between Industry, Government and regulators through workshops, round tables and representations and interactive sessions with to create an enabling environment for further growth of the sector

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- Policy Consultation with Government
- Legal
- & Taxation
- Marketing & Quality Standards including Packaging
- Environment
- Procurement
- Finance
- Start-up & Entrepreneurship
- Technology & Innovation

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1 Networking <ul style="list-style-type: none">Platform to interact amongst members, state & central governmentsPlatform to meet global business and political leadersParticipation in seminars, training programmes, conferences and meetingPlatform to network with industry leaders	10% discount for CMSME members on participation Fee of FICCI events (<i>applicable only on the fee component charged by FICCI</i>)
2 Business Services <ul style="list-style-type: none">Opportunity for participating in Sectoral delegations both in India and OverseasParticipation in trade fairs and exhibitionsDevelop business through buyer-seller meetsGovernment Notification UpdatesConnect with other CMSME Members and Explore Business possibilities	10% discount for CMSME members on participation Fee of FICCI events (<i>applicable only on the fee component charged by FICCI</i>)
3 Knowledge series	Free Access to Policy Papers, Studies & Surveys, MSME Newsletters

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- Associate Membership:** For enterprises involved in profit making activities in manufacturing/services
- Organisation Membership:** For Non-Profit Industry Associations involved in growth and development of MSME sector.

Both categories have two options: 1) Patron Membership: This is a lifetime membership of CMSME and as a privilege member, Patron Member gets an opportunity to be a part of Executive Committee of CMSME **(2) Annual Subscription:** Annual Membership remains valid for one year and follows Financial Year i.e. April – March. As the year closes on March 31, all annual memberships with CMSME subscribed anytime during the year, become due for annual renewal.

How to Apply for Membership

- Online Application:** Link: <http://ficci-cmsme.in/membership/member-login.asp> Membership can be applied at the above link by selecting 'New Registration'. After a brief registration, one will receive an auto generated email in inbox (sometimes in spam folder) of registered email ID containing login-ID & Password for CMSME Membership. The above link may again be visited and now log-in can be done with the details received to registered email ID to complete the profile for Membership.
- Offline Application:** One can always apply offline by submitting Membership Form along with other necessary documents to the Secretariat. For forms you may contact FICCI-CMSME secretariat.

Membership Fee

There are two components in the fee structure of CMSME Membership and applicable GST (18%) is levied on both components. **(1) One-time Admission Fee:** Admission Fee needs to be paid at the time of enrolment of Membership **(2) Subscription Fee:** Annual Subscription Fee is based on Annual Turnover of Organisation in the immediate completed last Financial Year. If the enrolment is done during October - March, the annual subscription fee is reduced to 50%. Patron Membership Subscription Fee is not dependent on Annual Turnover.

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1. Credit flow to MSMEs rose, aided by ECLGS'

Credit flow to Micro, Small and Medium-scale Enterprises (MSMEs) has seen a significant increase, assisted in part by the introduction of the Emergency Credit Linked Guarantee Scheme (ECLGS), according to the Economic Survey.

Data from the National Credit Guarantee Trustee Company (NCGTC) shows that as of November 10, 2022, 1.2 crore MSME units availed the ECLGS scheme and raised collateral-free resources for ₹3.6 lakh crore. A CIBIL report showed 83% of the borrowers were micro-enterprises, and more than half of them had an exposure of less than ₹10 lakh. The NPA rate in banks for MSME borrowers who availed of ECLGS was lower than the category that did not avail of the scheme.

The Hindu, February 01, 2023

2. FY24 credit growth likely to be brisk if inflation moderates, credit cost is low'

Credit growth is likely to be brisk for MSMEs in FY2023-24 provided inflation remains benign and cost of credit is low, said the Economic Survey 2022-23. The Micro, Small and Medium Enterprises sector witnessed a credit growth of about 31 per cent in January-November 2022. "If inflation declines in FY24 and if real cost of credit does not rise then credit growth is likely to be brisk in FY24," the Survey said.

Talking about the banking sector in India, the Survey said it has also responded in equal measure to the demand for credit as the year on year growth in credit since the January-March quarter of 2022 has moved into double digits and is rising across most sectors.

The finances of public sector banks (PSBs) have seen a significant turnaround with profit being booked at regular intervals and their non-performing assets being fast-tracked for quicker resolution/liquidation by the Insolvency and Bankruptcy Board of India (IBBI), it said. At the same time, it said, the government has been providing adequate Budgetary support for keeping the PSBs well capitalised ensuring that their capital risk-weighted adjusted ratio (CRAR) remains comfortably above the threshold level of adequacy.

Nonetheless, financial strength has helped banks make up for lower debt financing provided by corporate bonds and higher interest/ hedging costs on ECBs so far in FY'23, it said, adding, rising yields on corporate bonds and higher interest/ hedging costs on ECBs have made these instruments less attractive than the previous year.

The Millennium Post, February 01, 2023

3. Production incentives to boost employment

The Centre's ambitious production linked incentive (PLI) scheme to boost manufacturing in India will help make domestic manufacturers globally competitive, attract investment in cutting-edge technology and make India an integral part of the global value chain, said the Economic Survey.

The government had launched the PLI scheme for 14 sectors with a total incentive outlay of Rs 1.97 lakh crore. It provides an incentive of four to six per cent on incremental sales of goods manufactured in India under 14 target segments for five years.

The PLI schemes are set to unlock manufacturing capacity, boost exports, reduce import dependence and lead to job creation for both skilled and unskilled labour, said the survey.

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As on December 31, 2022, 717 applications have been approved under 14 schemes and over 100 MSMEs are among the PLI beneficiaries in sectors such as bulk drugs, medical devices, telecom, white goods and food processing. About Rs 47,500 crore of actual investment has been made and production of Rs 3.85 lakh crore of eligible products and employment generation of around three lakh has been reported, said the survey.

To promote ease of doing business, the government has reduced the compliance burden on businesses and citizens with cutting down of over 39,000 compliances.

Tribune, February 01, 2023

4. Industrial credit growth slows down 8.7% in December

Non-food credit growth of the banking system slowed down in December, mainly due to a sharp decline in loans to industry. Credit to industry, which was growing at a healthy pace of over 10% since July, moderated to 8.7% in December.

Overall credit growth in the non-food credit stood at 15.3% in December compared to 17.6% in the previous month. The credit growth came off the high of 18.3% in October. Total credit outstanding to industry was close to `33 trillion, while overall non-food credit stood at `132.5 trillion as of December 30, data from the Reserve Bank of India (RBI) shows.

Despite a moderation in loans to industry, overall credit growth was supported by the personal loan segment and credit to non-banking finance companies (NBFC). Personal loan growth was at 20.2% during the month, led by home loans and vehicle finance. Credit to the NBFC sector grew 36% in December.

Loan growth to large industries stood at 7%, while credit to medium industries grew 15.4% in December. Credit growth in the micro and small industry segment was 13.7%.

The share of MSMEs in industrial credit increased to 23.7% in the post-pandemic period from 17.7% due to policy focus on MSME lending, the RBI said in its monthly bulletin. Around 12% of the outstanding MSME credit was prevented from slipping into bad assets because of the Emergency Credit Line Guarantee Scheme (ECLGS), according to analysis by the economics wing of State Bank of India.

Sectorally, loans to the infrastructure segment, which were driving the growth in loans to industry, were sharply lower in December at 5.3%, against 10.5% a month ago.

Profit of most of the bellwether companies such as Reliance Industries, JSW Steel and Ultratech Cement declined in Q3, while margins of FMCG and discretionary product firms were under pressure owing to lower post-festive demand.

Financial Express, February 01, 2023

5. MSMEs LIKELY TO SEE 30% CREDIT JUMP

The credit growth to the MSME sector has been over 30.5 per cent, on average, during Jan-Nov 2022, supported by the extended ECLGS of the Central government, finds the Economic Survey.

In FY21, the government announced the Emergency Credit Line Guarantee Scheme. The scheme has succeeded in shielding micro, small and medium enterprises from financial distress. A recent CIBIL report showed that the scheme has supported MSMEs in facing the Covid shock, with 83 per cent of the borrowers that availed of ECLGS being micro enterprises. Among these micro units, more than half had an overall exposure of less than ₹10 lakh.

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The ECLGS, in particular has in the last two years benefited 1.14 crore MSMEs, which have availed collateral-free loans amounting to ₹2.38 lakh crore. Further measures, such as the introduction of TReDS to address the delayed payments of MSMEs, the inclusion of retail and wholesale trades as MSMEs, and the extension of non-tax benefits for three years in case of an upward change in the status of MSMEs, have created a resilient support system for the MSME sector to grow.

Asian Age, February 01, 2023

6. Cash flow for MSMEs after pandemic blow

The Union Budget has held out a big basket of financial goodies to the rejuvenate micro, small and medium enterprises (MSME) sector that contributes about a third of the GDP and directly employs 110 million people but had been severely jolted by the Covid-19 pandemic.

Topping the basket is a provision to ensure timely payment by large entities, which has been a bane for the sector. Henceforth, deduction against expenditure on MSMEs will be allowed only on actual payment. This will lead to improved cash flow for MSMEs and reduced borrowing needs.

An infusion of Rs 9,000 crore into a revamped credit guarantee scheme will lead to additional collateral-free guarantee of Rs 2 lakh, leading to easier credit flow This will bring down the cost of credit by 1% for the sector that is a major source of employment.

The icing on the cake is a scheme under which government agencies and public sector entities will refund 95% of the forfeited amount related to bid or performance security in case of failure to execute contracts during the Covid pandemic.

The allocation for the MSME ministry has been raised to Rs 22,138 crore in 2023-24. This is a record and marks a 41% increase over Rs 15,628 crore for the current fiscal year and budget estimate of Rs 21,422 crore.

Times of India, February 02, 2023

7. Cluster- based approach for ELS cotton production

Production of Extra Long Staple (ELS) cotton, which is largely imported now, is all set to get an impetus as the government proposes a cluster-based and value chain approach through public private partnerships.

The Union Budget is looking at better collaboration between farmers, state and industry for input supplies, extension services and market linkages to increase ELS cotton productivity. An official of the Ministry added that ELS cotton now had separate HS code.

Union Finance Minister Nirmala Sitharaman also said in the Budget speech on Wednesday that traditional artisans and craftspeople, who work with their hands using tools, were generally referred to as *Vishwakarma*. The new scheme would enable the artisans to improve the quality, scale up, and integrate with the MSME value chain," she said.

For the textiles and apparel sector, the Budget proposes allocation of ₹ 900 crore for Amended Technology Upgradation Fund Scheme (ATUFS) for 2023-2024 as against ₹650 crore for 2022-2023. This will be to settle subsidy claims registered under ATUFS till March 31, 2022 and liabilities of previous versions of Technology Upgradation Fund Scheme. There would be no new sanction during 2023-2024, said officials.

The Hindu, February 02, 2023

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8. **Boost for MSMEs: More units to benefit from 50% hike in turnover limit to Rs 3 crore.**

The presumptive taxation limit for micro, small and medium enterprises (MSMEs) has been raised to Rs 3 crore, provided their total cash receipts Finance Minister Nirmala Sitharaman announced in the Union Budget for 2023-2024.

Recognising that timely payment are crucial for MSMEs, she said deduction for expenditure incurred on payments made to them will only be done when payment is actually made to them. “MSMEs are the growth engine of our economy. Micro enterprises with a turnover of up to Rs 2 crore and certain professionals with a turnover of up to Rs 50 lakh can avail the benefits of presumptive taxation. I propose to provide enhanced limits of Rs 3 crore and Rs 75 lakh respectively to the taxpayers whose cash receipts are no more than 5 per cent,” Sitharaman said.

Indian Express, February 02, 2023

9. **PAN to be used as common identifier for digital systems**

Finance Minister Nirmala Sitharaman said that Permanent Account Number (PAN) will be used for common identifier for all digital systems of specified government agencies.

The move would help in further promoting ease of doing business in the country.

PAN is a 10-digit alphanumeric number allotted by the Income Tax department to a person, firm or entity.

Ms. Sitharaman also said that if MSMEs (micro, small and medium enterprises) failed to execute contract, 95% of performance security would be returned to small business as part of ‘Vivad Se Vishwas’ scheme.

Vivad Se Vishwas scheme provides for settlement of disputed tax, interests, penalty or fees in relation to an assessment or reassessment order on payment of 100% of the disputed tax and 25% of the disputed penalty or interest or fee.

The Hindu, February 02, 2023

10. **Cutting red tape, KYC norms to be simplified**

In addition to the rejig in personal income tax slabs, the Union Budget imparted another feel good factor by promising to reduce red tape. These would include an end to harassment for KYC (Know Your Customer) updation, making PAN a “common identifier for all digital systems of specified government agencies through a legal mandate” and easier claim to own funds impounded and pooled by regulators.

The KYC process will be simplified by adopting a ‘risk-based’ instead of the ‘one-size-fits-all’ approach, the Finance Minister announced. However, KYC rules are already ‘risk-based’ as per the RBI which has directed an update once every two years for high-risk customers, once every eight years for medium-risk customers and once every 10 years for low-risk customers. If there is no change in status, address or identity, low-risk customers can also update KYC through simple self-certification. Sitharaman also announced that a “one- stop solution for reconciliation and updating of identity and address of individuals maintained by various government agencies regulators and regulated entities will be established using DigiLocker service and Aadhaar as foundational identity”. However, it is not clear whether the old DigiLocker will continue or a new one will be required. For businesses, a law would enable

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the use of PAN as the common identifier for all digital systems of specified government agencies.

Also, an integrated IT portal would be established for investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority (IEPFA) with ease. It is not known whether this means that the existing online system for such a purpose will be revamped or replaced by a new one. At the same time, this assurance remains to be extended to reclaiming bank deposits, PF, post office deposits, National Savings Schemes and mutual funds.

The Budget announced two “Vivad se Vishwas” schemes for MSMEs. One will return 95 per cent of the forfeited amount in case of failure to execute contracts during the Covid period and another is a voluntary settlement scheme where there is a court case.

Tribune, February 02, 2023

11. Presumptive tax limit hiked

The government on Wednesday proposed to enhance the limit for presumptive taxation for MSMEs and certain professionals provided their cash receipts are less than 5 per cent of the total turnover or gross receipts. The move is aimed at promoting non-cash transactions, as per the Budget document.

The existing provisions of Income Tax Act provide for a presumptive income scheme for small businesses and certain professionals. Micro enterprises with a turnover of up to Rs 2 crore and certain professionals with a turnover of up to Rs 50 lakh can avail of the benefit of presumptive taxation.

In her Budget Speech in the Lok Sabha, Finance Minister Nirmala Sitharaman said MSMEs are growth engines of the Indian economy. “I propose to provide enhanced limits of ₹3 crore and ₹75 lakh respectively, to the tax payers whose cash receipts are no more than 5 per cent.” she said.

Under the current provisions, in case of small businesses a sum equal to 8 per cent or 6 per cent of the turnover or gross receipts is deemed to be the profits and gains from business subject to certain conditions.

In case of professionals, a sum equal to 50 per cent of the gross receipts is deemed to be the profits and gains from business.

The increase in threshold has been proposed to ease compliance and to promote non-cash transactions, it said.

Deccan Chronicle, February 02, 2023

12. MSMEs to be Returned 95% of Fines Imposed During Covid

In a relief to micro, small and medium enterprise (MSME) suppliers, the penalties imposed on them for failure to execute contracts will be reimbursed and a mechanism to settle contractual disputes of the government will be put in place.

The budget has also paved the way for easier flow of collateral-free funds, lower cost of funds and timely payments to MSMEs besides easier norms for statutory audits. An infusion of ₹9,000 crore in the Credit Guarantee Fund will enable additional collateral-free guaranteed credit of ₹2 lakh crore while the cost of the credit would be reduced by about 1%.

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The first edition of the 'Vivad se Vishwas' scheme seeks to return the amount forfeited by the government on the failure of MSMEs to execute contracts during the Covid period while its second edition proposes to settle contractual disputes of government and government undertakings, wherein arbitral award is *under challenge in a court*.

A voluntary settlement scheme with standardised terms will be introduced. This will be done by offering graded settlement terms depending on pendency level of the dispute. Now, 95% of the forfeited amount is proposed to be reimbursed. The government has allocated ₹22,138 crore for the MSME ministry for 2023-24, which is higher than the revised allocation of ₹15,628 crore for the current fiscal.

Economics Times, February 02, 2023

13. Over 6k MSMEs shut down ops in 2021-22: Centre

Out of the 1.38 crore enterprises registered from July 1, 2020 till January 30, 2023, 6,222 shut down business during 2021-22 as per data available on Udyam Registration Portal, minister of state for micro, small and medium enterprises, Bhanu Pratap Singh Verma told Lok Sabha.

Hindustan Times, February 03, 2023

14. 'PM-VIKAS, Unity Mall to accelerate growth of agri produce GI in India'

New initiatives such as PM Vishwakarma Kaushal Samman (PM-VIKAS), the Bharat Shared Repository of Inscriptions (Bharat SHRI) and Unity Mall will accelerate the growth of Geographical Indication (GI), particularly agricultural products, in the country, experts said.

Presenting Budget, the Finance Minister Nirmala Sitharaman said for the first time a package of assistance has been conceptualised for traditional artisans and craftspeople, which will enable to them to improve the quality, scale and reach of their products, integrating them with the MSME value chain.

An allocation of ₹540 crore has been made for the PM-VIKAS scheme. The components of PM-VIKAS will include not only financial support but also access to advanced skill training, knowledge of modern digital techniques and efficient green technologies, brand promotion, linkage with local and global markets, digital payments, and social security. This will greatly benefit the Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections, Sitharaman said in the Budget speech.

Trade policy and GI expert S Chandrasekaran said initiatives like PM-VIKAS will accelerate the growth of GI.

'NEED FOR REDEFINING'

"The formation of reputation, provided in the concept of Geographical Indication, was based on certain parameters that existed then. The collective wisdom of our forefathers prior to print media is the real historic reputation. The shorter reputation imposed by the western approach heightens bias against our traditional practices, which is based on human evolution and civilisation. Material evidence such as paper (printing) has history of a few hundred years."

"The materials written on palm leaves and stone inscriptions have longer existence, spanning several thousand years. For total integrated, balanced understanding of reputation in Geographical Indication, it is inevitable to redefine the current version of Euro-centric reputation, which is devoid of a sense of proportion and initiate a new phase of historical

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investigation that takes for its canvas the entire globe. The Bharat shared Repository of Inscriptions (Bharat SHRI) would bring out such knowledge to derive a neutral approach in Geographical Indication, instead of its present Europeanization or Western-based system," he said.

"Preserving and promoting our cultural identity is vital for an alternative thought process to Western liberalism. A corpus for promoting and assisting smaller and medium scale Geographical Indications and traditional products through PM-VIKAS and Unity Mall will revitalise and integrate the value chain. These schemes will encourage and sustain the craftsmanship and skills to pass on to the next generation," Chandrasekaran said.

Bharat SHRI will be set up in a digital epigraphy museum, with the digitisation of one lakh ancient inscriptions in the first stage. At the same time, States will be encouraged to set up a Unity Mall in their capital or most prominent tourism centre or the financial capital for the promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, Sitharaman said.

Business Line, February 03, 2023

15. FM for Timely Payments to MSMEs

'India Inc needs to ensure that payments of micro, small and medium enterprises (MSMEs) are not delayed, finance minister Nirmala Sitharaman said.

She also said the Centre is in touch with state governments to ensure faster utilisation of funds earmarked to disburse soft loans for infrastructure creation.

In her first post-budget interaction with industry, organised by the Federation of Indian Chambers of Commerce & Industry (FICCI) members, Sitharaman said, "Pay them (MSMEs) for goods and services they have delivered within 45 days. It has to be implemented by all of us, government departments, public sector banks, enterprises and businesses."

She said large Indian industries need to extend this 'rightful deserving gesture' at a point in time where there are recovery pangs.

"India has to recover. Payment dues cannot be sitting locked up by those who are working with you," Sitharaman said.

MONEY TO STATES FOR CAPEX

Responding to a query from Naina Lal Kidwai, chairperson Rothschild & Co. India, about the slow pace of utilisation of the 50-year interest-free loan given to states for capital expenditure, Sitharaman said it was not as 'disheartening as inferred' from the Economic Survey 2022.

State governments are offered money for infrastructure projects through a 50-year capital expenditure soft loan.

According to Sitharaman, fund utilisation was delayed because states had to come up with proposals and then set it rolling. She said around 80% of the current financial year's ₹1 lakh crore was unconditional so the state could use it the way they want. The remaining 20% had conditions attached such as power and ration card reforms.

It has been extended because we felt there was a good appetite for more funds and continuation of this scheme. We have also increased the outlay for FY24 to ₹1.30 lakh crore," Sitharaman said, adding that the Centre is in talks with states to speed up disbursement and expenditure.

Economic Times, February 03, 2023

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16. Pb Cabinet approves new policy for industries and businesses

With a thrust on creating an enabling environment for the industries and businesses for balance economic growth, job creation, and overall development of the state, the Punjab Cabinet led by Chief Minister Bhagwant Mann on Friday approved the New Industrial and Business Development Policy, 2022 which shall be effective from October 17, 2022.

A decision to this effect was taken in a Cabinet meeting headed by the CM at his office.

Disclosing this here on Friday a spokesperson of the Chief Minister's Office said that the new policy will be applicable for 5 years from October 17, 2022 and will spur industrial development in the state leading to more employment opportunities to the youth.

'The policy is structured ground key strategic areas namely infrastructure, power, MSMEs, large enterprises, innovation, startup and entrepreneurship, skill-development, ease of doing business, fiscal and non-Fiscal incentive, export promotion logistics, stakeholder engagement and grievance redressal. As per the policy, the state will develop 15 industrial parks covering general and sector-specific requirements of various industrial sectors and 20 rural clusters across the state.

As per the policy, the state will also allow the setting up of dedicated country-specific integrated Industrial townships to attract investment by allowing the infrastructure and other norms of the country. The policy also envisages that Punjab Small Industries and Export Corporation (PSIEC) will be strengthened and an online system for all the Estate Management services in a time-bound manner shall be developed. The issuance of notification by the Department of Power for the incentive of electricity duty exemption shall be made online and time bound through Invest Punjab Business First Portal.

Millennium Post, February 04, 2023

17. Refund MSMEs' forfeited amounts: Finmin fiat

With the Budget proposing a slew of relief measures for the micro, small and medium enterprises (MSMEs), the government on Monday issued an order to ministries asking them to expedite certain refunds to them. Performance security or bid security and liquidated damages forfeited during the Covid-19 pandemic for failure to execute contracts will be refunded.

According to the Vivad se Vishwas scheme announced in the Budget for FY24, 95% of the bid or performance security forfeited for failure to execute contracts is to be refunded without interest.

The relief is provided in all contracts for the procurement of goods and services, entered into by ministries, departments and central public sector enterprises with MSMEs.

As per the office Memorandum issued by the Department of Expenditure to secretaries of all the ministries/departments of the Government of India and Chief Secretaries of all States and Administrators of Union Territories, relief would be provided in all contracts for the procurement of goods and services to MSMEs, which meet the criteria.

Financial Express, February 07, 2023

18. Bengal to take back land where no industry developed

The West Bengal government has decided to take back the land that was allotted for developing industries but was not used for the desired purpose within the stipulated time frame.

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Chief Secretary Hari Krishna Dwivedi on Monday held a meeting with officials of the MSME Department and directed them to recover such land.

“The land allotted by government where no industry has come up will be taken back. Notices will be served by the development authority and the land department by February 15,” he said.

Officials said the allottees will be served notices to return the land and the state government is likely to distribute smaller plots to the landless people.

A senior Industry Department official said, “The West Bengal government has identified large chunks of such land across the state. According to the rule, one has to start work within three years of allotment of land in an industrial park.”

Indian Express, February 08, 2023

19. OVER 10,000 MSMEs SHUT DOWN IN 2022-23

A total of 10,655 micro, small and medium enterprises (MSMEs) shut down in 2022-23; the highest in the past four years. There were 6,222 such closures in FY22, according to data released as part of a Rajya Sabha question.

The data for FY23 is as of February 1, 2023.

There were over 11,000 new firms started for every one of the 175 that shut down in 2020-21. This was down to 349 new firms for every shutdown in 2021- 22. The current year has seen 167 firms open for every closure. There were fewer closures reported in 2020-21 amid the lockdown and the pandemic, than in 2022-23 after much of the pandemic's economic devastation had already been done.

A *Business Standard* analysis shows that Maharashtra, Tamil Nadu, Uttar Pradesh, Rajasthan and Gujarat account for over half of all the MSMEs incorporated in the five years between FY19 and FY23. Among these top five states, Maharashtra accounts for a fifth of all the new incorporations.

Business Standard, February 8, 2023

20. UK, EU seek access to India's public procurement market

Large Indian companies bidding for government tenders will soon be facing foreign competition as India prepares to open up its \$500 billion public procurement market as part of free trade agreement negotiations.

Public procurement of contracts worth over ₹200 crore were opened up in the FTA signed with the UAE last year, in a major policy shift by the ruling National Democratic Alliance. And now, every country India is negotiating with, including the European Union, UK and Australia, is gunning for access to the public procurement market.

A government official said, “The UK and EU won't negotiate with us if we keep the public procurement market out of the trade talks. Australia has asked for similar access as given to the UAE. The UAE deal is used as a yardstick by other countries. One has to understand that companies from the UK and EU will be able to come in high-tech areas, where requirements for technical standards are high.”

Experts said that domestic small businesses would face little challenge if the current minimum of ₹200 crore is maintained. But if a 'national treatment' clause in the trade agreements is agreed, small businesses could face stiff competition. Under the national treatment clause, foreign small businesses will be treated similar to the domestic ones.

“They (foreign firms) won't be able to compete with our firms in, say, road projects. They would incur higher costs compared to our companies. Underwater structure, projects involving large-scale medical equipment or Artificial Intelligence (AI) are the areas that they

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could come in. Here, cost is a major factor. Our major competition in this sector is with ASEAN (South-east Asian) countries or China," the official added.

People aware of the development said that Indian companies, especially those in the IT sector, have also sought access to the public procurement market in the EU and the UK.

"This is a real concern actually. From the time we have been opposing the inclusion of public procurement in a trade deal to now, nothing has actually changed as far as small businesses are concerned. Once you give in a particular area, it is a slippery slope because in principle, you have agreed to give access. Public procurement is a huge market; so, everyone would want access," Biswajit Dhar, professor at Jawaharlal Nehru University said.

Ajay Sahai, Director- General and CEO of the Federation of Indian Export Organizations, said that if the ₹200 crore limit is breached, there will be challenges for domestic firms as foreign MSMEs are quite strong. If the limit is maintained, only the large companies may face some pressure. But large companies are competing in global procurement markets, he added.

The public procurement policy which mandates all central ministries, departments and public sector units to buy 25% of their total annual purchases value from micro, small and medium enterprises will continue, the official added, which means domestic MSMEs will continue to be prioritized.

"For opening public procurement, there are certain terms and conditions, which vary by country. For uniformity the EU has a directive on this. Contracts below a certain value can be reserved for MSMEs," said Arpita Mukherjee, professor at ICRIER.

"Trade agreements cover transparency and clarity in procurement policy and process. Many measures have been taken by India to ensure transparency and reduce corruption in the procurement process. However, we don't have an overarching government procurement regulation. We also have a quasi-federal structure and states play a key role in procurement," she added.

Mint, February 8, 2023

21. Scope of TReDS platform to expand

The RBI said the scope of activities of the Trade Receivables Discounting System (TReDS) platform will be expanded to provide insurance facility, allow entities undertaking factoring business as financiers and enable secondary market operations.

This will provide further impetus to TReDS platforms, which facilitate the financing of trade receivables of MSMEs. These measures will help in further improving the cash flows of MSMEs, said the RBI.

The central bank observed that insurance facility will now be permitted on TReDS. This will encourage financing / discounting of payables of buyers irrespective of their credit ratings. Accordingly, insurance companies will be permitted to participate as a fourth participant on TReDS, apart from the MSME sellers, buyers and financiers. All entities / institutions eligible to undertake factoring business under the Factoring Regulation Act will be permitted to participate as financiers in TReDS.

Secondary market operations will now be enabled on TReDS platforms. This would allow financiers to offload their existing portfolio to other financiers within the same TReDS platform, if required, RBI said.

Prakash Sankaran, MD & CEO, Invoicemart, observed that TReDS volumes have doubled in the last two years and increase in liquidity on the platforms is critical for scale up. "With insurance companies being allowed to participate as fourth participant on TReDS we expect appetite for a large segment of moderately rated corporates to increase.

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“The secondary market for financiers to sell their TReDS portfolio will free up capital to finance fresh transactions on the platform,” he said.

Sundeeep Mohindru, Promoter and Director, M1xchange, said the announcement relating to insurance facility on TReDS will support lot of SMEs doing business with medium sized firms that don't have good rating.

“If there's any default by the buyer, the bank can recover through insurance cover. This is a progressive step that will help thousands of MSMEs to get their invoices discounted.

“Provision of Rediscounting on TReDS will further enhance liquidity for MSME invoice discounting on TReDS,” said Mohindru.

Business Line, February 09, 2023

22. State plans mini clusters for MSME push

Chief Minister Manohar Lal Khattar today said inspired by the Centre's ambitious MSE cluster scheme, Haryana had formulated the State Mini Cluster Development Programme. Under this programme, a 90 per cent grant-in-aid is provided for setting up common facility centres.

At present, the process of setting up 43 mini clusters is going on in Haryana, out of which 25 clusters have started. This scheme was also appreciated by the Centre, said Khattar while interacting directly with the micro small and medium entrepreneurs during a virtual programme held today.

The entrepreneurs thanked the Chief Minister for the pro-MSME schemes being run by the state government to promote industries.

The Chief Minister said small-scale industries form the basis of strengthening the country's economy and in today's time, MSMEs were playing an important role in realising the Prime Minister's self-reliant India dream.

He said the state government was giving importance to big industries and was focused on promoting micro, small and medium industries. The MSMEs needed less investment capital, but provided ample employment to people, said Khattar.

Tribune, February 12, 2023

23. Govt mulls manufacture of railway wagons to revive MSMEs in Tiruchy

In a move that is expected to breathe fresh life into Micro Small and Medium Enterprises (MSMEs) in Tiruchy cluster, Tiruchirappalli Engineering and Technology Cluster (TREAT) is planning to manufacture railway wagons with the support of Tamil Nadu Industrial Development Corporation (TIDCO). The move is expected to generate an estimated turnover of ₹1,000 crore.

TIDCO, a major shareholder with 47.74% equity in TREAT, which functions as a Common Facility Center (CFC) for the Tiruchirappalli MSME cluster, is encouraging the SPV to manufacturer 30,000 metric tonnes of the rail-wagon requirement of the Indian Railways. Currently Indian Railways' Golden Rock Workshop is engaged in wagon manufacturing, but they have capacity limitations.

It is learnt there are 14 private/public manufacturers and most of them are located in eastern/northern and western parts of India. Sources said the annual requirement of wagons is nearly 32,000-36,000 and the present capacity is only about 26,000-28,000 and the shortfall of manufacturing capacity is 6,000-8000 wagons per annum.

TREAT is having most of the facilities that cater to Research Design and Standards Organisation (RDSOs) specification G-105 except a few like railway siding, air brake testing facility etc which could be easily created. It is learnt TREAT is looking for a Railway Siding facility in and around Trichy.

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“Indian Railways is being pursued to finalise the contract at the current purchasing price. Further, to undertake this work, five axis CNC machining centre with a table length of 10m width 5m x height 2.7m along with the rotary table of 5 m diameter is required. These are already available with TREAT,” the source said.

The wagon project involves fabrication, machining and integration which are ideal job for these existing fabrication industries. The prefabricated components can be assembled either at Golden Rock Workshop of the Indian Railways or at the railway sliding facility, the source said.

It is learnt the proposal would revive MSME units which were catering to Bharat Heavy Electricals Limited (BHEL). Trichy is considered as the fabrication hub of South India, and the enterprises here are heavy engineering enterprises who are engaged in the fabrication of structural components for power plants and boilers. The enterprises in Trichy which are engaged in fabrication activities are mainly dependent on BHEL. Apart from structural fabrication works from BHEL, a few units are engaged in machine shop activities like fabrication of Windmill towers, valve body machining etc. Some are catering to the needs of Ordnance Factory Trichy and Heavy Alloy Penetration Plant, Trichy as well.

However, things changed for the MSMEs in 2008-09 due to the shift in the outsourcing policy of BHEL. Slowly, the depletion in the orders of BHEL resulted in the decline of the ancillary units as many turned sick.

New Indian Express, February 12, 2023

24. Toy exports touch Rs 1,017 crore

The country's toy exports have touched Rs 1,017 crore during April-December period this fiscal, according to the government data. In 2021-22, the exports stood at Rs 2,601 crore.

"Made in India toys continue to tap global markets! India's toy exports rose to more than 6 times in April-December 2022 as compared to the same period in 2013," commerce and industry minister Piyush Goyal said in a tweet.

During April-December 2013-14, the shipments were at Rs 167 crore.

The government is taking steps to promote domestic manufacturing and exports of toys from the country and reduce imports from countries like China, which are of low quality.

In 2018-19, toys worth Rs 2,960 crore were imported into India. With the philosophy of 'vocal for local', the government took several steps to promote indigenous toys designed on Indian culture and history.

The overall import of toys in India reduced by 70 per cent to Rs 870 crore in 2021-22.

In February 2020, import duty on toys was raised from 20 per cent to 60 per cent and now this year to 70 per cent, with an aim to discourage imports.

In 2020, the government issued a Toys (Quality Control) Order. As per the order, toys have to conform to the requirements of relevant Indian standards and bear the standard mark under a licence. It is applicable to both domestic as well as for foreign manufacturers who intend to export their toys to India.

Assam Tribune, February 13, 2023

25. 'Need to make India repair & overhaul hub'

Seeking joint efforts to develop India as a Maintenance, Repair and Overhaul (MRO) hub, Defence Minister Rajnath Singh emphasised the need for MRO services to safeguard the defence equipment and systems India possesses and to protect the Indian defence forces. Earlier in the day, in a separate event, he had said it is time to ensure Indian aircraft flew with indigenously-made engines.

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Rajnath was speaking at the inaugural session of the seminar on 'Sustenance in MRO and Obsolescence Mitigation: Op capability Enhancers in Aerospace Domain' organised by the Indian Air Force at Aero India 2023.

Without referring to the Russia-Ukraine war, Rajnath said India is taking steps to strengthen its defence sector "due to geo-political developments" and said the self-confidence and morale of our defence forces will be strengthened by using indigenous equipment.

At the event, Air Chief Marshal V R Chaudhari emphasised on the contributions of MSMEs and start-ups towards upgrade and sustenance of legacy fleets. He also pointed out there is a huge potential for overhaul through part testing and outsourcing.

Indian Express, February 15, 2023

26. SBI hikes lending rates by 10-25 bps

State Bank of India has upped its benchmark lending rates by 10-25 basis points, following the 25 bps increase in the policy repo rate. This will make retail, MSME and corporate loans costlier to that extent.

The bank has hiked the external benchmark-linked lending rate and the repo-linked lending rate by 25 bps each to 9.15 per cent (from 8.90 per cent) and 8.75 per cent (from 8.50 per cent), respectively. Retail loans are linked to one of these two benchmarks.

SBI has upped the marginal cost of funds-based lending rate (MCLR) by 10 bps across all tenors. Corporate loans are linked to this benchmark. The six-month and one-year MCLR are now at 8.40 per cent (8.30 per cent earlier) and 8.50 per cent (8.40 per cent).

Business Line, February 16, 2023

27. SBI loans get costlier deposits to fetch more

Close on the heels of the Reserve Bank of India (RBI) raising its benchmark repo rate, a host of banks have raised lending rates and deposit rates. The latest entrant is the country's largest lender State Bank of India (SBI), which has hiked its marginal cost of funds-based lending rate (MCLR) by 10 basis points (bps) effective Wednesday.

The move would increase the equated monthly instalments (EMIs) for retail and small and medium enterprises (SME), whose loan contracts are based on MCLR. The borrowers, whose loans are linked to repo linked lending rate (RLLR), see an immediate hike every time the RBI hikes the repo rate.

SBI has also hiked its deposit rates and introduced a special term deposit of 400 days offering 7.10 per cent. This scheme is valid till March 31, 2023. The public sector lender has increased its interest rates for fixed deposits or term deposits by five basis points to 25 basis points on amounts below ₹2 crore, which are effective from February 15, 2023. Interest rates for senior citizens would be 25 basis points more than the rates offered to general investors.

SBI's benchmark one-year MCLR, which was used as base for fixing most of home, auto and personal loans, has been raised by 10 basis points from 8.40 per cent to 8.50 per cent. For a two-year tenure, the new MCLR is 8.60 per cent from 8.50 per cent. The rate for three-year tenure has been raised to 8.70 per cent from 8.60 per cent. SBI has increased the overnight MCLR rate by 10 bps to 7.95 per cent from 7.85 per cent. The rate for one month tenure has been hiked to 8.10 per cent from 8 per cent. The three-month MCLR is now 8.10 per cent while the six-month MCLR stands at 8.40 per cent. February 15, according to its website.

The RBI raised the repo rate by 25 basis points to 6.5 per cent in its recent monetary policy on February 8, 2023. So far a host of lenders including Bank of Baroda, Bank of India, Punjab National Bank, Indian Overseas Bank have hiked loan rates.

Asian Age, February 16, 2023

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28. MoD partners industry for space technology

The Indian Space Association (ISpA) today announced a partnership with the Defence Innovation Organisation (DIO) to promote manufacturing, indigenisation, technology and innovation in India's defence-space sector through collaborative-participatory relationship between academia and industry.

The DIO functions under the Ministry of Defence (MoD). The Indian Space Association and DIO will promote the Indian space industry, including start-ups and MSMEs, to develop innovative solutions to meet military requirements and enhance the Indian defence-space ecosystem. ISpA will provide the DIO a platform to connect with the Indian defence space industry and academia.

Lt Gen AK Bhatt (retd), Director General, Indian Space Association, said, "The private space industry in India is rapidly expanding and it requires support." The Innovation for Defence Excellence under the DIO has already provided start-ups with 75 projects to work on.

Tribune, February 17, 2023

29. Mitra seeks special GST Council meet on MSMEs

HIGHLIGHTING THE CHALLENGES faced by small businesses in complying with the goods and services tax (GST), Amit Mitra, principal chief adviser to West Bengal CM Mamata Banerjee, has written to Union finance minister Nirmala Sitharaman for a special meeting of the GST Council, to look into problems faced by micro, small and medium enterprises (MSMEs) under the indirect tax levy. Mitra's letter comes just a day ahead of the meeting of the GST Council on Saturday.

"I urge you to call a special and exclusive meeting of the GST Council to address the case of massive over regulation and the current state of the MSMEs," he said in the letter.

MSMEs at the grassroot level are facing challenges relating to compliance for returns, registrations, invoices, goods movement as well as IT, which requires the use of the GST portal, he further said.

"As we have moved from one GST Council to the next, with the 49th meeting to take place soon, at each meeting we have added layers and layers of rules, notifications, forms, amendments to laws, etc. These labyrinthine regulatory structures have engulfed MSMEs in particular, dragging them to an abyss," Mitra, who was earlier also the finance minister of West Bengal, noted.

The GST regime has become complex for any businesses to navigate, let alone MSMEs, Mitra further said.

Financial Express, February 18, 2023

30. Odisha amends food processing, MSME development policies

Odisha government has issued a notification amending Odisha Food Processing Policy 2013, Odisha Food Processing Policy 2016 and Odisha Micro, Small & Medium Enterprises (MSME) Development Policy.

"To avail financial incentive under these 3 policies, an industrial unit was required to submit an application within 6 month/12 month from the date of commencement of operation. Since there was no provision for condonation of delay beyond the stipulated 6 month/12month period, claims of a number of industrial units for financial incentive, submitted beyond the stipulated period of 6 month/12 month with delay of a few days, have been rejected", the notification stated. With the amendment, the stipulated period has been enhanced to two years. Secondly, a provision for condoning delay beyond 2 years has also been inserted.

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Moreover, as a one-time relaxation measure, industrial units whose claims have already been rejected due to delay in submission, will now get time up to 30 June 2023 for filing fresh claims to avail financial incentive, it added.

Statesman, February 18, 2023

31. Madhya Pradesh to set up 100 industrial clusters soon

'In a bid to make an industrial ecosystem and promote entrepreneurship, the Department of Micro, Small and Medium Enterprises (MSME) of Madhya Pradesh will soon set up 100 industrial clusters across the state.

Besides, about 2,750 startup units have been set up in the state so far after Prime Minister Narendra Modi launched the MP Startup portal on May 13, last year, and the inception of the Startup policy.

Speaking to Millennium Post, Secretary and Commissioner of the MSME Department P Narhari said that MP had exempted most of the formalities which are required to set up an industrial or entrepreneurship unit and startup.

"If anybody wants to set up an industrial or startup unit in the state, he should have an industrial plot. Now, there is no need for permissions and licenses, these requirements will be implemented after completion of running the unit for a period of three years", Narhari, who is a 2001 IAS Indian Administrative Services) officer of the MP cadre said. Narhari is known for taking innovative ideas. MP government's initiative, 'Ladli Laxmi Yojana' was planned by Narhari, which later inspired the 'Beti Bachao Beti Padoo Yojana' of Gol. He has been of the few collectors in the country who solve citizenry problems by interacting with them, using social media platforms.

"Over 100 industrial clusters for establishing the startups would be soon set up across the state, and the work of Identifying lands is underway", he added. According to sources, the lay foundation of the clusters will be organised by May of the current year. At least one cluster would be established in every district to make the regional balance. In the project, the MSME will focus on developing those products which are the identity of the districts. A network will also be developed to provide the markets for the products.

He said that the state government had released an ordinance to ease the establishment and operations of industries on January 27, in which the government can take decisions to dilute and exempt rules and regulations for promoting an industrial ecosystem.

Madhya Pradesh Chief Minister Shivraj Singh Chouhan announced that the state government was committed to the beginning ease of starting business and ease of doing business while addressing the 7th edition of the Global Investors Summit held on January 11-12. The ordinance has been brought keeping the creating an industrial environment in the state soon. "So far, 2,750 startups have been set up in the state in various sectors such as Information Technology, Pharma, Health, Agriculture, Fintech, Textiles, Power loom, Apparel etc. after launching the new policy", the Commissioner of MSME said.

The MP startup policy and implementation scheme was launched in 2022. It is considered that introducing innovative ideas into the policy has brought a great outcome as beginning huge numbers of startup units. The policy has been planned by the Commissioner of the MSME, Narhari.

Under the policy, additional concessions and subsidies are being provided up to 50 per cent in upgradation, electricity and expenditure incurred to promote the pharma, power loom, textile, food processing and apparel sectors. Financial assistance and fiscal incentive for infrastructural development and MSMEs are also being provided to entrepreneurs. Industrial-friendly land allotment rules have been made. A startup centre has been set up in the state

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capital, where several facilities are provided such as hand-holding and technical support; subject guidance for legal, finance and marketing; best practices and establishing connections with incubators etc.

Millennium Post, February 22, 2023

32. Government focusing on indigenous production of high-value medical devices: Mandaviya

Working on the vision of reducing the dependence on imports, the government is focusing on indigenous production of high-value pharmaceuticals and high-end medical devices, Union Health Minister Mansukh Mandaviya said on Tuesday.

“Manufacturing of components of high-end medical devices in the country will be another big step in moving towards Aatmanirbharta,” he said while appreciating the efforts of the applicants selected under the scheme.

The Department of Pharmaceuticals (DoP) released the first tranche of incentives under the Product Linked Incentive (PLI) scheme of pharmaceuticals amounting to Rs 166 crore to four selected applicants, here today.

Under the Aatmanirbharta initiative of the government, the Department of Pharmaceuticals launched the PLI scheme for pharmaceuticals in 2021. The financial outlay under the scheme is Rs 15,000 crore over a period of six years. So far, 55 applicants have been selected under the scheme, including 20 Micro, Small & Medium Enterprises (MSMEs). The financial year 2022-2023 being the first year of production for the PLI Scheme, the DoP has earmarked Rs 690 crore as the budget outlay.

With an objective to enhance India’s manufacturing capabilities and contribute to product diversification towards high-value goods in the pharmaceutical sector, three different categories of products are being supported under the scheme, viz,

Category 1: Biopharmaceuticals; Complex generic drugs; Patented drugs or drugs nearing patent expiry; Cell-based or gene therapy drugs; Orphan drugs; Special empty capsules, Complex excipients,

Category 2: Bulk drugs (except those 41 eligible products notified under “PLI Scheme for Bulk drugs) and

Category 3: Drugs not covered under Category 1 and Category 2 such as Repurposed drugs; Autoimmune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs, including In vitro diagnostic devices (applicable to 5 applicants out of 55 applicants);

The incentives on incremental sales to selected participants under these categories are at a varying rates over the years ranging from 10 % to 3 % (tapering in the last two years of the scheme).

Against the expected investment of Rs 17,425 crore in the pharmaceutical sector over the scheme period, the scheme has garnered an investment of Rs 16,199 crore by these 55 applicants in the first year of implementation itself. Against the expected employment of 1 lakh over six years scheme period, 23,000 persons have been given employment, so far.

Statesman, February 22, 2023

33. State proposes MSMEs in place of shut central PSUs

The state government is keen on setting up industrial parks or MSME units on lands occupied by shut central PSUs.

The state industries department has asked the district magistrates to identify non- agricultural lands along the industrial corridor.

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The proposed corridor will cover seven districts, namely, East and West Burdwan, Purulia, Bankura, West Midnapore, Howrah and Hooghly.

The state government has proposed to set up an industrial park on 166 acres of land of Durgapur Projects.

Again, it has got 191.06 acres of land of Dhakeshwari Cotton Mills.

The land has been procured by the West Bengal Industrial Development Corporation (WBIDC) where an industrial park will come up.

The state government has 81.04 acres of land at Mangalpur in West Burdwan.

It has 541 acres of land of HCL and another 193 acres of land of Mining and Allied Machinery Corporation in Durgapur.

Vast lands belonging to closed central PSUs like Hindusthan cables, Cycle Corporation of India and Burn Standard are lying unutilised.

The state government has already set up a land bank and requested the industrialists to buy land from the bank.

Chief minister Mamata Banerjee has said over and over again that the state government would provide every assistance to the industrialists. She told the industrialists that the environment in West Bengal was congenial for investment.

Dr Shashi Panja, state industries minister, said the main thrust area was now the MSME units. West Bengal was doing very well in the MSME sector and startups, she said. Chief minister Mamata Banerjee had recently announced that the state government would give Rs 2 lakh as loan to the youths to start their own business.

Statesman, February 25, 2023

34. SIDBI sets up office in Hosur to serve MSMEs

Small Industries Development Bank of India (SIDBI) has strengthened its footprint in the region with the opening of a new branch office in Hosur to serve micro, small and medium enterprises, the bank said.

SIDBI with support from the Reserve Bank of India also set up a SIDBI Cluster Development Fund with a view to support creation of hard infrastructure for MSMEs in the clusters.

Under this programme, financial support is extended in the form of term loans at concessional rates to the state governments for covering the projects involved in the development of the MSME eco-system, SIDBI chairman and managing director Sivasubramanian Ramann said after the inauguration of the new office.

SIDBI has taken new initiatives to increase the flow of credit to MSMEs, he said and added the bank has recently launched a fully automated straight through process to sanction loans up to Rs 50 lakh online within a couple of hours.

Pioneer, February 26, 2023

35. Govt offers 5G test bed free to recognised start-ups, MSMEs

Department of Telecom (DoT) has offered the usage of 5G test bed free of cost to start-ups and MSMEs recognised by the government, up to January 2024, an official release said on Monday. The release further said that all 5G stakeholders including industry, academia, service providers, research and development institutions, government bodies and equipment manufacturers can utilise this facility at a very nominal rate. The move will encourage the usage of the test bed and give a fillip to the development of indigenous technologies/products.

Business Standard, February 28, 2023

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