



SWAVALAMBAN

BECHAIN SAPNO KO PANKH....

Swavalamban Info Series

Volume-III



Stepping Up -

Schemes and initiatives for the benefit of MSMEs

Preface

Dear Swavalambi,

Swavalamban Greetings from SIDBI!

With the adoption of Vision 2.0, SIDBI has reoriented its focus on Promotion & Development with theme of Sampark (connect), Samwad (interaction), Suraksha (security) and Sampreshan (disseminate). Vision 2.0 aims at innovative and wider impact programme to benefit the MSEs both in “setting up” and “stepping up”, which will in turn generate more employment and overall economic growth in the country. Further, the Bank launched Mission Swavalamban in 2018 to spread entrepreneurship culture and turn youth from “Job seekers” to “Job creators”, restrict rural migration to urban areas and promote sustainable livelihood opportunities with thrust on bottom of pyramid, unserved/underserved pockets/segments and overall MSEs.

Swavalamban Info Series is one such attempt to connect with the present and potential Swavalambis and help them in their voyage of ‘shaping’ their dream as an entrepreneurial venture. It brings the basic as well as advanced knowledge of entrepreneurship to your doorstep as well as keeps you up to date with the latest happenings/schemes/initiatives which can be utilized for your and others benefit.

We keep evolving with readers feedback. Kindly send your feedbacks/queries/ suggestions to us, so that we can improve with each volume. We hope you will enjoy reading the series as much as we enjoy writing it.

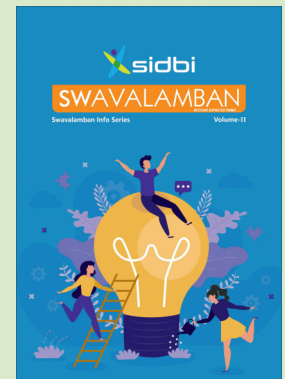
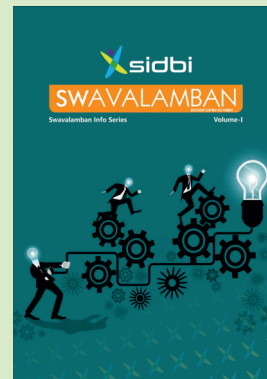
Happy Reading!

Team Swavalamban, SIDBI



In our previous volumes...

You may have gone through our previous volumes wherein we discussed about the what, why and how of a Swavalambi. In our second volume, we talked about women micro entrepreneurship. To access these volumes, kindly visit: <https://www.sidbi.in/en/publication-and-reports>



Need for institutional support

In order to thrive and succeed an entrepreneur requires support not only from his friends and family, but also from the ecosystem . For the growth of entrepreneurship and hence the country, it is imperative to have an encouraging and conducive mechanism in place. To address this, the government along with several other institutions devises such policies and schemes, which bolster the capabilities of entrepreneurs and help them in their developmental voyage. It is crucial for any established/budding entrepreneur to be in touch with these schemes and to stay updated with the latest steps being taken by the government/ developmental institutions for their benefit.

Schemes and initiatives for MSMEs

In this volume 3 of our Swavalamban Info Series, we will try to give you an idea about some of the schemes/initiatives/platforms being run by the government as well as other organizations including SIDBI for the growth and development of entrepreneurship in the country. The major topics discussed in this volume are as below:

• **Government e-Marketplace (GeM)**

• **National Stock Exchange (NSE)**

• **SIDBI Schemes and initiatives**

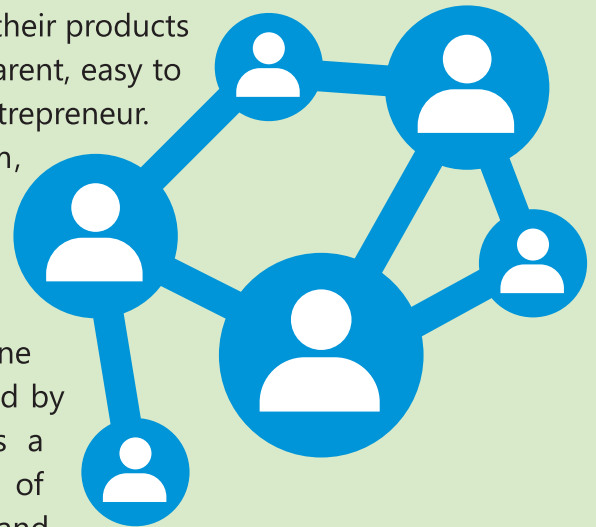
• **Psb Loans in 59 Minutes**

• **Prayaas**

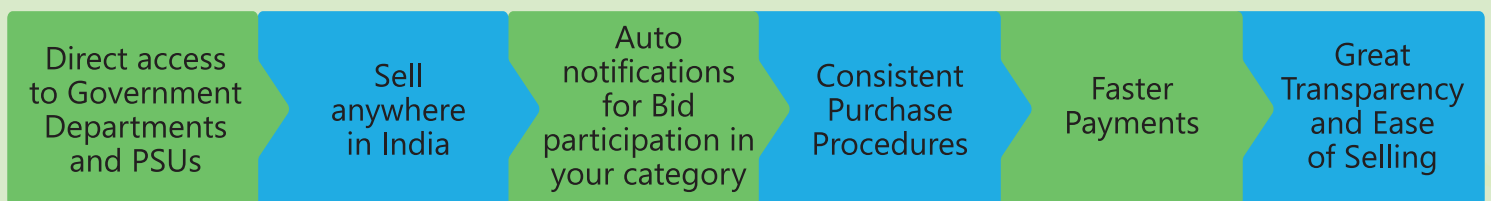
Government e-Marketplace (GeM):

Several times the entrepreneurs face difficulties in selling their products in the market. Having a dedicated market which is transparent, easy to access and efficient is the key to the profitability of an entrepreneur. However, in the absence of a proper mechanism, entrepreneurs face several challenges like delay in payment, unaccountability, loss of profit, etc.

GeM is a solution for these problems faced by an entrepreneur. It is an online, end to end solution for online procurement of common use goods and services required by government departments/organizations/PSUs. It is a transparent and speedy method which facilitates selling of articles by MSMEs, startups, artisans etc. on an open and technology driven platform.



Benefits of GeMs to entrepreneurs (sellers):



Benefits of GeMs to entrepreneurs (buyers):



SIDBI has partnered with GeM to facilitate the MSME entrepreneurs, SHGs, women entrepreneurs and other beneficiaries of government schemes sell their products on the platform. The idea is to pay the sellers within a guaranteed timeframe by auto-debiting the GeM pool account and providing working capital by giving the choice of bill discounting. This addresses the problems of delays, unaccountability while simultaneously offering working capital facility to the entrepreneurs.

National Stock Exchange (NSE):

When we think of stock exchange, we generally think of too many compliances and costs along with a general perception that exchange listing is meant only for big companies doing huge businesses. But this is far from reality. Just like the big companies, small entrepreneurs too can list themselves in the stock exchanges and utilize the benefits like:

- a) Increased value: Listing on a stock exchange generally leads to addition of esteem in the eyes of public for that company along with increased confidence.
- b) Increase in customer base: Being more noticeable than non-listed companies, listing helps a company attract more customers.
- c) Easy capital access: It provides the entrepreneurs with an opportunity to fund new projects/expansions etc. simply by issuing more shares to the stakeholders.
- d) Higher collateral value: Listed securities are acceptable as collateral for credit facilities. A listed company can also borrow from financial institutions easily as it is rated favourably by lenders of capital; the company can also raise additional funds from the public through the new issue market with a greater degree of assurance.



NSE Emerge

The SME platform of the Exchange is intended for small and medium sized companies with high growth potential. The SME platform of the Exchange shall be open for SMEs whose post issue paid up capital shall be less than or equal to Rs.25 crores. The platform is expected to offer a new and alternate asset class to informed investors having longer investment horizon. NSE Emerge is a new source for SME IPOs and provide a listing opportunity to the SMEs with minimum compliances and cost compared to the main board. The platform shall allow new, early stage ventures and small quality companies to raise much needed growth capital as they grow, mature and transit to the Exchanges' main board.

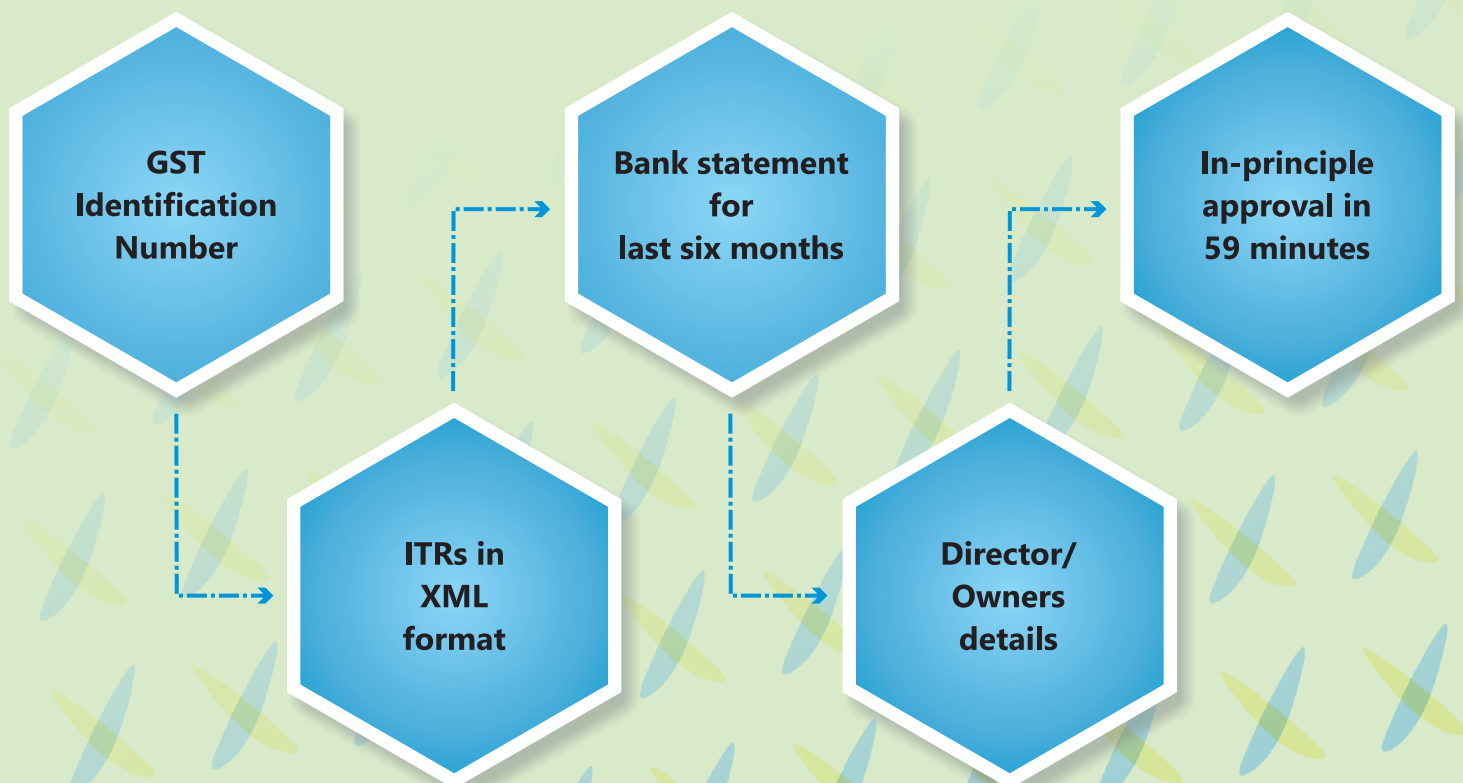
PSB Loans in 59 minutes

Gone are the days when a borrower had to wait for several months in order to get his loan approved. Developed with latest technologies, 'Online PSB loans' is an online credit marketplace where you can not only get an in-principle approval for your loan under 59 minutes, but can select the bank of your choice by comparing their offers.

The Platform provides Business Loan (Term Loan and Working Capital Loan) in-principle approvals for value from ₹ 1 Lac to ₹ 5 Crore. Personal Loan in-principle approvals are currently provided for value up to ₹ 15 Lacs, home Loan in-principle approvals are currently provided for value up to ₹ 10 Crore and auto Loan in-principle approvals are currently provided for value up to ₹ 1 Crore.

The user-friendly portal offers contactless journey where a borrower is not required to visit bank branch for in-principle approval. The Platform uses advanced algorithms to analyse data points from various sources such as IT returns, GST data, Bank Statements etc.

A brief overview of the process flow :-



Easy Steps to Apply for a Business Loan:

Visit <https://www.psbloansin59minutes.com/signup>

- a) Click on www.psbloansin59minutes.com.
- b) Register using Name, Mobile Number and Email Id
- c) Post registration, the borrower can select funding requirement i.e. for business purpose or for retail.
- d) Select "Business Loan".
- e) After selection of fund requirement, provide required details to avail business loan in-principle approval within 59 minutes.

Interest Subvention Scheme

As part of improving access to credit, the scheme provides 2% interest subvention for Incremental Credit to for all GST registered MSMEs, on fresh or incremental loans. The Scheme aims at encouraging both manufacturing and service enterprises to increase productivity and provides incentives to MSMEs for onboarding on GST platform which helps in formalization of economy, while reducing the cost of credit.

Incremental term loan or fresh term loan or incremental or fresh working capital extended on or after 2nd November 2018 would be eligible for coverage under the scheme. The Brief eligibility guidelines are as under:

- a) All fresh working capital or term loan to the extent of ₹100 lakh only disbursed during the period of the Scheme
- b) The term loan or working capital should have been extended by Scheduled Commercial Banks or RBI registered Non-Deposit taking systemically important Non-banking financial companies.
- c) MSME exporters availing interest subvention for pre-shipment or post-shipment credit under Department of Commerce will not be eligible
- d) MSMEs already availing interest subvention under any of the Schemes of the State / Central Govt. will not be eligible
- e) The claim shall be only be filled through eligible institutions on half yearly basis as per RBI issued scheme guideline notification vide their circular dated February 21 & 22, 2019.
- f) The loan accounts on the date of filing claim should not have been declared as NPA as per extant guidelines in force. No interest subvention shall be admissible for any period during which the account remains NPA.

Prayaas

To help such microfinance clients who look forward to upscale / diversifying their business but are facing challenges to access affordable finance, Prayaas scheme has been launched by SIDBI. The objective of this scheme is to extend credit to micro borrowers at the bottom of the pyramid at a competitive rate under partnership arrangement with microfinance institutions, NBFCs, BCs, Fintech, etc.



- Purpose of Loan Assistance:** Need based loan to micro entrepreneurs for any livelihood activity for acquiring capital assets and/or working capital or marketing related requirements or a combination of any of the above.
- Eligible Borrower:** The borrower/client should be a member of an existing SHG/JLG and having availed 2-3 cycles of loan with satisfactory track record with the PI. Individual loans to borrowers who are not member of SHG/JLG can be considered subject to the condition that the PI has prior experience in lending to the missing middle segment and adequate risk mitigants are in place.
- Loan Amount:** ₹0.50 lakh to ₹5 lakh (missing middle segment)

SIDBI Schemes and Initiatives:

Small Industries Development Bank of India, SIDBI is an All India Financial Institution catering to the promotion, development and finance of MSME sector. Since finance is one of the key requirements for development of any entrepreneur, SIDBI endeavours to provide accessible and hassle-free finance at affordable rates to the MSMEs through its bouquet of schemes:

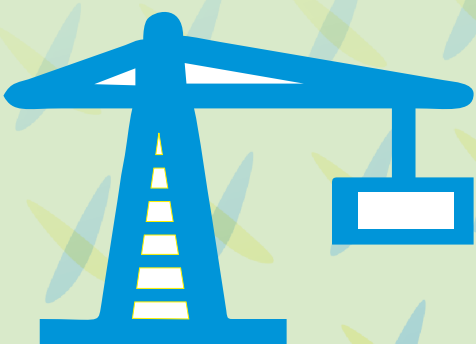
- SMILE:** SIDBI Make in India Soft Loan Fund (SMILE) is for financing of both manufacturing and services sector, with emphasis on new and smaller enterprises with MSME. Existing enterprises undertaking modernization, expansion, etc. can also be covered:

Key features:

- Competitive interest rates.
- Funding of part promoter's contribution by way of soft loan.
- Longer repayment period.
- Quick dispensation



- SMILE Equipment Finance (SEF):** SEF is a quick loan solution to the entrepreneurs seeking machinery financing. MSME entities in existence for at least 3 years and having satisfactory financial position are eligible to apply under SEF for financing of their investment in Plant & Machinery/MFAs/Need based civil construction, if any. The minimum loan amount is ₹10.00 Lakh with a cap on maximum loan amount. With simplified application form and minimum formalities, it ensures speedy and hassle-free dispensation of the loan.



SIDBI Schemes and Initiatives...

C) **SPEED:** Loan for Purchase of Equipment for Enterprise Development, SPEED offers upto 100% of the machinery cost subject to maximum of ₹ 1 crore for New to Bank (NTB) customers and upto ₹2 crores for existing customers of SIDBI. With a one-page application form and timed delivery and disbursement, SPEED is a true justification to its name. MSME units with at least 3 years operations with stable sales and cash profits in immediate past 2 years are eligible to apply for the loan product at attractive interest rates.



Key Features:

- Quicker dispensation of machinery loan through Contactless Platform.
- Simplified application format.
- Competitive Rate of Interest.
- Lower Promoters' Contribution

D) **SIDBI-LOAN FOR PURCHASE OF EQUIPMENT FOR ENTERPRISE'S DEVELOPMENT PLUS (SPEED PLUS):** To take the faster delivery of SPEED to even higher notches, SPEED Plus came into existence. MSME units with at least 5 years operations with stable sales and cash profits in immediate past 3 years having minimum net sales of ₹5 crore and no operating loss in immediate past two years are eligible to apply for the loan product. Machinery eligible to be financed under SPEED Plus are the ones purchased from identified OEMs manufacturing high end machines or authorised dealers / Indian subsidiaries of such foreign OEMs, which have strong brand reputation and with whom SIDBI has entered into an MoU.



Key features:

- Upto 100% financing of high-end machineries
- Quick sanction and disbursement
- No immovable property needed as collateral

E) **SIDBI TERM-LOAN ASSISTANCE FOR ROOFTOP SOLAR PV PLANTS (STAR):** STAR scheme has been brought out for:

- Helping MSMEs to reduce their Power bill
- Across the segment coverage with 25 KW to 500 KW plants (indicative)
- Loan Amount: ₹10 lakh to ₹ 250 lakh.

Mission Swavalamban

The Bank has launched Mission Swavalamban in 2018 to spread entrepreneurship culture and turn youth from "Job seekers" to "Job creators", restrict rural migration to urban areas and promote sustainable livelihood opportunities with thrust on bottom of the pyramid, unserved/underserved pockets/segments and overall MSEs.

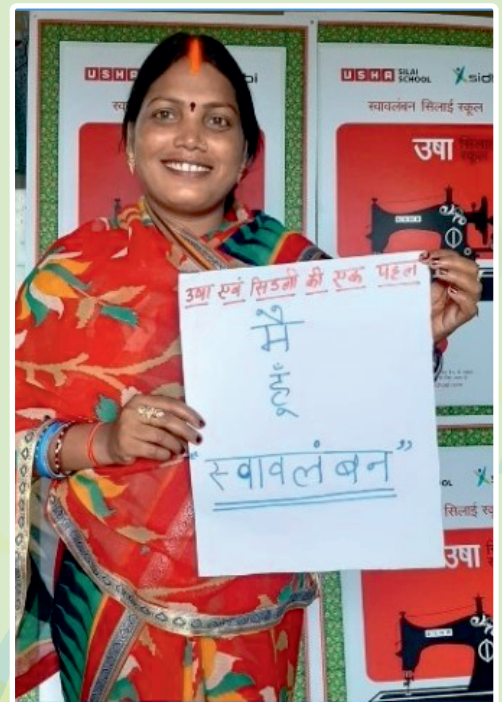
Under the umbrella of Swavalamban, several initiatives have been taken by the bank to facilitate mindset shift and kindle the spirit of Swavalamban in the hearts and minds of people. Some of these initiatives are mentioned below:

USHA Swavalamban Silai School (Promoting women homepreneur in villages):

Under Swavalamban, focus of SIDBI is to reach hitherto untouched regions of the country. It has also been acknowledged by the world that for the growth of a society, the growth of its women is non-negotiable. To achieve this goal, SIDBI came together with Usha International Limited (UIL) to promote entrepreneurship through setting up of 1000 USHA Swavalamban Silai Schools in 1000 villages for 1000 women in 10 districts of five states viz. Uttar Pradesh, Bihar, Jharkhand, Rajasthan & Telangana.

The primary objective of the Silai School program is to create a cadre of Homepreneurs by imparting sewing and stitching skills and enabling village women to setup their livelihood venture. The secondary objective is to create a social standing and recognition within the families of these women through economic enablement. Overall it endeavours to induce entrepreneurship culture in family.

Under this initiative, training is being provided to aspiring women on various aspects of stitching along with maintenance and repairing of sewing machine by the experienced trainers of UIL. The women entrepreneur successfully completing the training program is provided with Usha Sewing machine (leg paddle driven), a certificate, a training-kit and a USHA Swavalamban Silai School signage board. These trained women in turn would teach other community women to establish their own Silai schools in the same or neighbouring village which shall be known as 'Satellite Silai School'. A 'multiplier effect' is created with at least two women from every USHA Swavalamban Silai School opening their own Silai Schools.



Swavalamban Role Models:

In a bid to promote the spirit of entrepreneurship at the grassroot level to touch the lives of those at the bottom of the pyramid, a pilot intervention had been undertaken in FY 2019 to set up SIDBI Swavalamban Role Model by giving wings to the aspirations of our everyday heroes. In last FY, SIDBI had touched the lives of Jyoti (18 yrs) and Neha (16 yrs) from Village-Banwari Tola, Kushinagar, Uttar Pradesh who appeared as role models for the society after they turned to become barbers when their father suffered a paralysis attack. Now, these girls have become so iconic that cricketer Sachin Tendulkar got shaved from them. Gillette approached these girls for their advertisement film and offered professional training to them. Bank endeavours to **support 1000 more Swavalamban**



role models across country for existing Swavalambis from unserved/ challenged segments (but yet carrying on with their zeal) who need a push to join the mainstream and emerge credit enabled in due course.

Management Capacity Development Programme (MDP) for Young Existing MSE Entrepreneurs at IIM- Lucknow:

To address the long pending demand of MSE stakeholders for a professional course which should have more orientation on problem solving techniques rather than only academic knowledge with special focus on MSE sector, our bank has partnered with IIM Lucknow and launched a 11 days class room short term management development programme for existing MSE entrepreneurs. Since inception, the course has been designed as "by MSE for MSE".



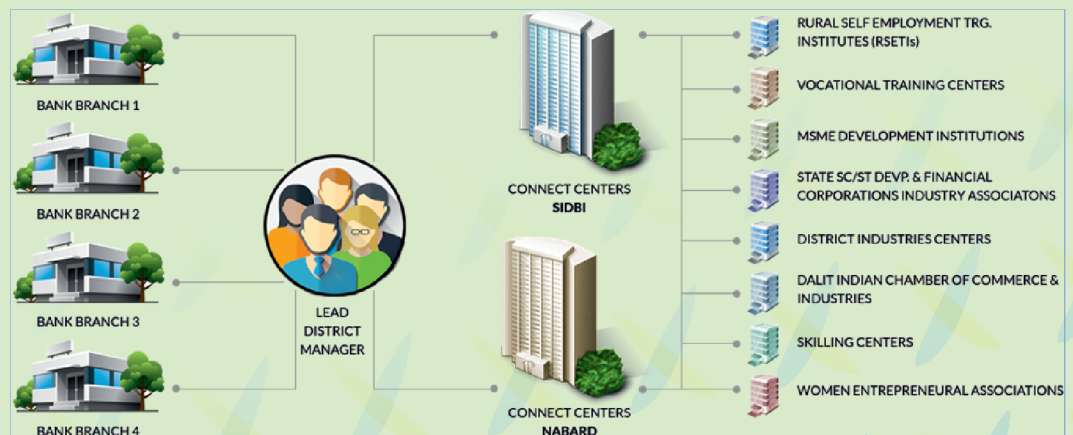
Udyam Sangyan - Exposure Visits for MSEs:

To help Micro and Small Enterprises (MSEs) understand the working environment of medium and large-scale units in their sector which shall motivate them to start up and scale up their enterprises, Udyam Sangyan has been launched. Under Udyam Sangyan, exposure visits to large industries are organized for micro and small entrepreneurs. This exposure is also intended to help them broaden their horizon and think big and expand through cross learning and develop linkages.



Stand Up India

The objective of the SUI scheme is to facilitate bank loans between `10 lakh and `1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise.



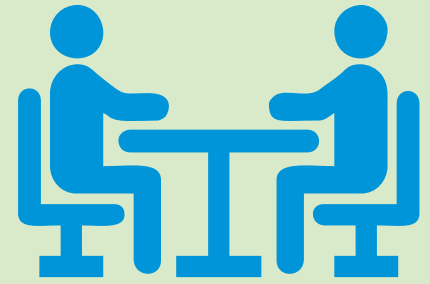
This enterprise may be in manufacturing, services or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or woman entrepreneur. The scheme is based on recognition of the challenges faced by SC, ST and women entrepreneurs in setting up enterprises, obtaining loans and other support needed from time to time for succeeding in business. The scheme therefore endeavours to create an ecosystem which facilitates and continues to provide a supportive environment for doing business.

Eligibility

- SC / ST and /or Women entrepreneurs, above 18 years of age
- Loans under the scheme is available only for Green Field Projects. Green Field signifies, in this context, the first time venture of the beneficiary in the manufacturing or services or trading sector.
- In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.
- Borrower should not be in default to any Bank / Financial Institution

Encouraging Entrepreneurship by mentoring of MSE:

In order to strengthen the access of MSEs to mentors, Bank has signed MoU with Wadhvani Foundations-(WFs)-National Entrepreneurship Network-NEN for mentoring of MSEs. The initiative shall on-board 500 MSEs for mentorship from across India. After on boarding the MSEs on NEN/WF platform, a diagnostic study of the MSE would be taken up to develop a transformative roadmap. The mentors shall be selected/matched with MSEs based on assessment and free mentorship support (free hours of around 8-10 hours / quarter) shall be given to MSEs. The focus of mentorship for MSEs is aimed at establishing a hyper-growth path by providing advisory, strategic and execution support services through in-house and on-demand AI-enabled network of coaches, consultants, customers and capital providers with deep engagement of upto 12 months and hand holding support of upto 3 years through AI-enabled Advantage Technology Platform.



Co-working space:



SIDBI has launched @Workspaze, a co-working space at 1, Tolstoy Marg, Connaught Place, New Delhi in partnership with Incuspaze Solutions Private Limited. The idea of the initiative is to provide ready infrastructure and other facilities to cater to the needs of MSMEs and Start-ups. The fully furnished office space is equipped with training and conference room, fast-speed internet, reception, refreshment, recreational area, house-keeping facilities etc. This initiative is an effort to release the entrepreneurs from the stress of finding and setting up infrastructure and

bearing high cost of maintenance. It also offers an opportunity to network with co-workers and expand their business, meet new clients, arrange meetings and seminars while simultaneously catering to their other working needs. Similar space is slated to be launched in Mumbai.

SIDBI-ET India MSE Awards:

To recognize the contribution of the MSEs which have established themselves as role models for other MSEs, SIDBI organizes SIDBI-ET India MSE Awards. Two editions of the awards have been launched in 2018 and 2019. This award aims to strengthen the visibility of the MSEs and showcase tomorrow's leaders who have been contributing in the country's socio-economic transformation.



We hope that this volume has been able to provide some insights to you about the schemes and initiatives being run for the benefit of existing and budding entrepreneurs. To know more about SIDBI schemes, you can visit www.sidbi.in. We will be back with more knowledge and information in our upcoming volumes, so stay tuned to the Swavalamban Info Series.

Useful Links

1. More information about SIDBI is available at <https://www.udyamimitra.in/>
2. More information on bankability kit <https://udyamitra.in/Content/MSEbankabilitykit2.pdf>
3. Visit <https://www.udyamimitra.in/FAQs> to get answers to your inquisitive queries
4. Prospective entrepreneurs may register themselves on <https://site.udyamimitra.in/Login/Register>
5. Stand Up India aspirants may onboard on www.standupmitra.in
6. You can register as both buyer or seller on Government e Marketplace (GeM) website at <https://gem.gov.in/>
7. SC/ST and women entrepreneurs can borrow loans between Rs. 10 lakh and Rs. 1 Crore to start a manufacturing, trading or service unit under Stand Up India. Details are available at <https://www.standupmitra.in/>
8. Women Entrepreneurs visit <https://niti.gov.in/women-entrepreneurship-platform-web>
9. For mentorship support please write to us at pnd_ndo@sidbi.in
10. For more information about Government e-Marketplace Visit : <https://gem.gov.in/> for more details.
11. For more information about National Stock Exchange (NSE) visit: <https://www.nseindia.com/>
12. For more information about Psb loans, or to apply for loan, please visit: psbloansin59minutes.com

Disclaimer

This series has been brought out for aspirant Swavalambis. These are not necessarily the views of Small Industries Development Bank of India (SIDBI) or a complete treatment of the subject.

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