



# Special Credit Linked Capital Subsidy Scheme: MSME

## Why in News

Recently, the Ministry of [Micro, Small and Medium-sized Enterprises \(MSMEs\)](#) launched the [Special Credit Linked Capital Subsidy Scheme \(SCLCSS\)](#) for the services sector.

## Key Points

### ▪ About:

- The scheme will **help in meeting the technology-related requirements of enterprises in the services sector.**
- It has a **provision of 25% capital subsidy for procurement of plant and machinery and service equipment** through institutional **credit to the [Scheduled Caste](#) - [Scheduled Tribe](#) MSMEs** without any sector-specific restrictions on technology up-gradation.

### ▪ Significance:

- It will **facilitate technology up-gradation to MSEs, improvement in Quality of services by MSMEs**, enhancement in productivity, reduction in waste and shall promote a culture of continuous improvement.
- It will also **promote the innovation, digital empowerment and design interventions of MSMEs.**

### ▪ Credit Linked Capital Subsidy Scheme for Technology Upgradation:

- It was **launched in 2000.**
- The objective of the Scheme is to **facilitate technology up-gradation in MSEs by providing an upfront capital subsidy of 15%** (on institutional finance of upto Rs 1 crore availed by them) for induction of well-established and improved technology in the specified 51 sub-sectors/products approved.
- In other words the major objective is to **upgrade their plant & machinery with state-of-the-art technology**, with or without expansion and also for new MSEs which have set up their facilities with appropriate eligible and proven technology duly approved under scheme guidelines.

## // What's MSME

Revised Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
<b>Manufacturing Enterprises and Enterprises rendering Services</b>	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

## Other Initiatives to Promote MSME Sector

- The **Ministry of Micro, Small & Medium Enterprises (M/o MSME)** envisions a vibrant MSME sector by promoting growth and development of the MSME Sector, including Khadi, Village and Coir Industries.
- The **Micro Small and Medium Enterprises Development (MSMED) Act** was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector.
- **Prime Minister's Employment Generation programme (PMEGP)**: It is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country.
- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**: It aims to properly organize the artisans and the traditional industries into clusters and thus provide financial assistance to make them competitive in today's market scenario.
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)**: The scheme promotes innovation & rural entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry.
- **Interest Subvention Scheme for Incremental Credit to MSMEs**: It was introduced by the **Reserve Bank of India** wherein relief is provided upto 2% of interest to all the legal MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity.
- **Credit Guarantee Scheme for Micro and Small Enterprises**: Launched to facilitate easy flow of credit, guarantee cover is provided for collateral free credit extended to MSMEs.
- **Micro and Small Enterprises Cluster Development Programme (MSE-CDP)**: It aims to enhance the productivity and competitiveness as well as capacity building of MSEs.
- **CHAMPIONS portal**: It aims to assist Indian MSMEs march into the big league as National and Global CHAMPIONS by solving their grievances and encouraging, supporting, helping and hand holding them.
- **MSME Samadhan**: It enables them to directly register their cases about delayed payments by Central Ministries/Departments/CPSEs/State Governments.
- **Udyam Registrations Portal**: This new portal assists the government in aggregating the data on the number of MSMEs in the country.
- **MSME SAMBANDH**: It is a Public Procurement Portal. It was launched to monitor the implementation of the Public Procurement from MSEs by Central Public Sector Enterprises.

**Source: PIB**

PDF Refernece URL: <https://www.drishtiiias.com/printpdf/special-credit-linked-capital-subsidy-scheme-msme>