



## MSME Innovative Scheme

**For Prelims:** MSME Innovative Scheme, Definition of MSMEs.

**For Mains:** Government Policies and Interventions, Industrial Policy, MSME sector

### Why in News?

Recently, the **Ministry of [MSME \(Medium, Small and Micro Enterprises\)](#)** has launched the MSME Innovative Scheme (Incubation, Design and IPR) along with the MSME IDEA HACKATHON 2022.

### What are the Key Points?

#### ▪ About:

- It is the **combination of existing sub-schemes around incubation, design, and [Intellectual Property Rights \(IPR\)](#)** for MSMEs.
  - The **government also announced equity support of up to Rs 1 crore for commercialisation of ideas, designs and patents** across all three sub-schemes and also to help MSMEs further scale up to raise subsequent funding.
  - For this, a separate corpus will be **created and managed by SIDBI (Small Industries Development Bank of India) as the fund manager.**
  - SIDBI set up on 2<sup>nd</sup> April 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the MSME sector as well as for co-ordination of functions of institutions engaged in similar activities.
- The new scheme will ensure support through guidance, financial support, technical support, and more to MSMEs to scale up.
- The new scheme would act as a hub for innovation activities facilitating and guiding the development of ideas into viable business propositions that can benefit society directly and can be marketed successfully.

#### ▪ Components:

- **Incubation:** The primary objective of the scheme is **to promote and support untapped creativity and to promote adoption of latest technologies in MSMEs** that seek the validation of their ideas at the proof-of-concept level.
  - As part of the incubation scheme, the government announced the launch of an **MSME Idea Hackathon** to invite ideas from MSMEs, innovators and students through host institutes.
  - **Financial assistance up to Rs. 15 lakh per idea and up to Rs. 1.00 crore for relevant plants and machines** will be provided.
- **Design:** The objective of this component is to bring the Indian manufacturing sector and Design expertise/ Design fraternity on to a common platform.
  - It aims to provide expert advice and cost-effective solutions on real time design problems for new product development, its continuous improvement and value addition in existing/new products.
- **IPR (Intellectual Property Rights):** The objective of the scheme is to improve the IP

**culture in India with a view to enhance the awareness of Intellectual Property Rights (IPRs)** amongst the MSMEs and to encourage creative intellectual endeavor in the Indian economy.

- It also aims to take suitable measures for the protection of ideas, technological innovation and knowledge-driven business strategies developed by the MSMEs for their commercialization and effective utilization of IPR tools through IP Facilitation Centre.
- Financial assistance upto Rs. 5 lakh for Foreign Patent, Rs. 1.00 lakh Domestic Patent, Rs. 2.00 lakh for GI (Geographical Indication) Registration, Rs. 15,000/- for Design Registration, Rs.10,000/- for Trademark in the form of reimbursement.

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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

## What are the other Schemes Related to MSME?

- 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.

**Sourcer: PIB**

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