



RAMP Scheme for MSMEs

For Prelims: RAMP Scheme, KV Kamath Committee, PMEAC, Ministry of Micro, Small and Medium Enterprises (MoMSME)

For Mains: Importance of MSME in the Indian Economy and related Schemes

Why in News?

Recently, the Union Cabinet approved the “**Raising and Accelerating MSME Performance**” (RAMP) scheme which would commence in FY 2022-23.

- It is in line with the **recommendations made by U K Sinha Committee, KV Kamath Committee** and **Economic Advisory Council to the Prime Minister (PMEAC)**.
 - The **Reserve Bank of India** had constituted an ‘**Expert Committee on Micro, Small and Medium Enterprises**’ under the Chairmanship of Shri U K Sinha in 2019 to **suggest long-term measures for the economic and financial sustainability** of the MSME sector.
- The scheme was announced by the finance minister in the **Union Budget 2022-23**.

What is the RAMP Scheme?

- **About:**
 - It is a **World Bank assisted Central Sector Scheme**, supporting various **CoronaVirus Disease 2019 (Covid) Resilience and Recovery Interventions** of the **Ministry of Micro, Small and Medium Enterprises (MoMSME)**.
- **Aimed at:**
 - Improving access to market and credit
 - Strengthening institutions and governance at the Centre and State
 - Improving Centre-State linkages and partnerships
 - Addressing issues of **delayed payments and greening of MSMEs**
- **Components:**
 - Important component of RAMP is **preparation of Strategic Investment Plans (SIPs)**, in which all states/UTs will be invited.
 - The SIPs would **include an outreach plan for identification and mobilisation of MSMEs under RAMP**, identify key constraints and gaps, set milestones and project the required budgets for interventions in priority sectors including **renewable energy**, rural & non-farm business, wholesale and retail trade, village and cottage industries, women enterprises etc.
 - The overall monitoring and policy overview of RAMP would be done by an **apex National MSME Council**.
 - The council will be **headed by the Minister for MSME**, including representation from various Ministries and supported by a secretariat.
- **Funding:**
 - The total outlay for the scheme is **Rs. 6,062.45 crore** out of which **Rs. 3750 crore would**

be a loan from the World Bank and the remaining Rs. 2312.45 crore would be funded by India.

▪ **Implementation Strategy:**

- **Funds would flow through RAMP** into the Ministry's budget against **Disbursement Linked Indicators (DLIs)** to support ongoing MoMSME programmes, focusing on improving market access and competitiveness.
- The disbursement of funds from World Bank towards RAMP would be made on fulfilling the following **Disbursement Linked Indicators:**
 - Implementing the National MSME Reform Agenda
 - Accelerating MSME Sector Centre-State collaboration
 - Enhancing effectiveness of Technology Upgradation Scheme (CLCS-TUS)
 - Strengthening Receivable Financing Market for MSMEs
 - Enhancing Effectiveness of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) and "Greening and Gender" delivery
 - Reducing the incidence of delayed payments

How will this Scheme be Beneficial?

▪ **Address Challenges in the MSME Sector:**

- The RAMP programme will **address the generic and Covid related challenges in the MSME sector** by way of impact enhancement of existing MSME schemes, especially, on the competitiveness front.

▪ **Address inadequately Addressed Blocks in MSME:**

- The programme will **bolster the inadequately addressed blocks of capacity building, handholding, [skill development](#)**, quality enrichment, technological upgradation, digitization, outreach and marketing promotion, amongst other things.

▪ **Generate Employment:**

- RAMP programme, through enhanced collaboration with States, will be a **job-enabler, market promoter, finance facilitator**, and will support vulnerable sections and greening initiatives.

▪ **Usher in Larger Formalization:**

- In States where the presence of MSMEs is on the lower side, the programme will **usher in larger formalization resulting from the higher impact of the schemes** covered under RAMP.
- The SIPs developed by these States would **act as a roadmap for the development of an improved MSME sector.**

▪ **Complement the Atmanirbhar Bharat Mission:**

- RAMP will **complement the [Atmanirbhar Bharat mission](#) by fostering innovation and enhancement in industry standards**, practices and providing the necessary technological inputs to the MSMEs.

What is the Significance of MSMEs in the Indian Economy?

▪ **About:**

- They are the **growth accelerators of the Indian economy**, contributing about 30% of the country's **[Gross Domestic Product \(GDP\)](#)**.
- In terms of exports, they are an integral part of the supply chain and **contribute about 48% of the overall exports.**
- MSMEs also **play an important role in employment generation**, as they employ about 110 million people across the country.
- Interestingly, **MSMEs are intertwined with the rural economy as well**, as more than half of the MSMEs operate in rural India.

▪ **Related Schemes:**

- **[MSME Innovative Scheme](#)**
- **[Prime Minister's Employment Generation programme \(PMEGP\)](#)**
- **[Scheme of Fund for Regeneration of Traditional Industries \(SFURTI\)](#)**
- **[A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship \(ASPIRE\)](#)**
- **[Interest Subvention Scheme for Incremental Credit to MSMEs](#)**
- **[Credit Guarantee Scheme for Micro and Small Enterprises](#)**

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. Which of the following can aid in furthering the Government's objective of inclusive growth? (2011)

1. Promoting Self-Help Groups
2. Promoting Micro, Small and Medium Enterprises
3. Implementing the Right to Education Act

Select the correct answer using the codes given below:

- (a) 1 only
(b) 1 and 2 only
(c) 2 and 3 only
(d) 1, 2 and 3

Ans: (d)

- Inclusive growth is a concept that advances equitable opportunities for economic participants during economic growth with benefits reaching every section of society.
- Promoting Self-Help Groups, MSMEs, and implementation of the Right to Education Act, all aid in furthering inclusive growth.

Source: PIB

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