



REVISITING THE FUTURE OF MSMEs IN RAJASTHAN









FICCI – MESSAGE

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating employment opportunities. The growth and development of the MSME sector is closely interwoven with our quest for becoming a global economic power.

One of the major challenges in this regard is easy and affordable access to finance to unleash the vast growth potential of this sector. Access to affordable capital at the right time throughout the growth stage of an MSME is essential and is still a major stumbling block. The manufacturing sector requires a major boost in these turbulent times.

The emergence of new technology, digitalisation schemes, innovative banking and energy efficient production will ensure a better future for our manufacturing sector. The report provides an insight into the financial arrangements and government schemes to boost the growth and development of MSME sector, and we do hope that you would find this publication quite useful.

New business models have emerged as a result of the advent of new technology, digitalization, innovative banking and financing alternatives. FICCI's 5th MSME Summit, we believe, will shine a light on state's MSME sector, providing insights on stimulating economic activities in Rajasthan.

N K Jain
Chairman
FICCI Rajasthan Sub-Committee on MSME



Resurgent India - Message

Micro, small, and medium businesses (MSMEs) are of paramount importance to the Indian economy. It is widely acknowledged that they have made crucial contributions to the country's economic and social development by encouraging entrepreneurship and contributing towards a large number of employment opportunities.

Our goal of becoming a global economic power is inextricably linked to the expansion and development of the MSME sector. Their monumental successes notwithstanding, MSMEs need to contend with several challenges in finance, technology, marketing and compliance. The Indian government has put in place a number of policies and efforts to assist SMEs in overcoming these impediments, allowing them to grow and thrive.

MSMEs' prosperity and competitiveness hinges on the availability of trained labour, electricity, and other critical resources. Though several initiatives have been taken to make credit and finance for small businesses readily available, MSMEs continue to face challenges in securing loans and raising capital. The economy needs a strong engagement among the government, business, and the academia to respond to the changing requirements of commerce and develop our country's industrial supply chains.

We believe FICCI's 5thRajasthan MSME Summit will proffer precious insights on the theme, paving the way for strengthening the entire MSME ecosystem in the state of Rajasthan.

Jyoti Prakash Gadia
Managing Director
Resurgent India Ltd

RAJASTHAN: UNLEASHING THE SPIRIT OF ENTREPRENEURSHIP

It is a state steeped in the magnificence of ancient grandeur, and it's easy to see why it is known as the "Land of Kings". India's largest state in terms of territory sits in the northwest corner of the country and is known for its extraordinary cultural variety.

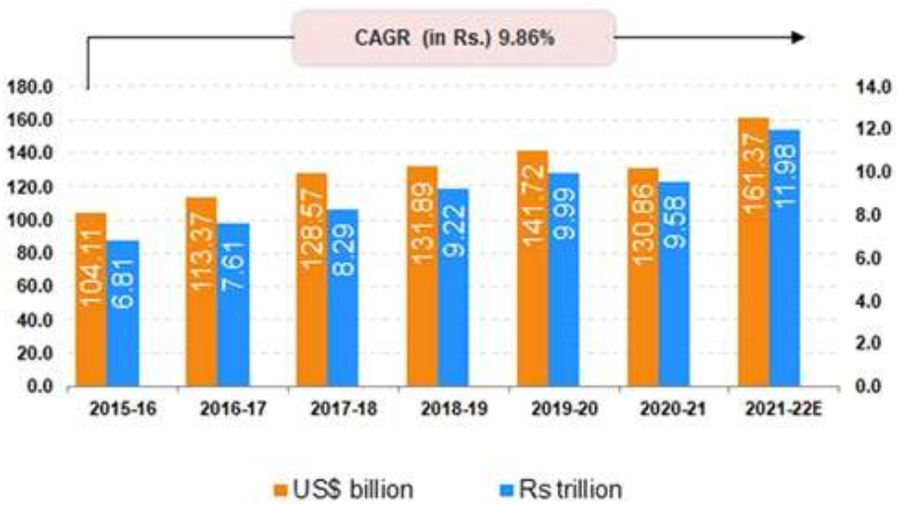
'Sensitivity, Transparency, and Accountability' have guided the State's plans, policies, and programs.Through a variety of socio-economic development strategies, policies, and programs, the state government is taking substantive steps to support rapid and inclusive growth for all sections of society.Several government-led industry-specific reforms and initiatives have considerably improved the state's industrial environment, particularly after two lockdowns due to the COVID-19 epidemic.

For the years 2021-22, the industry sector is estimated to have grown at 15.37 percent at constant prices (2011-12). At current prices, the contribution of the Industries sector to the state's total Gross State Value Added (GSVA) stands at 24.67 percent in 2021-22. Micro, Small, and Medium Enterprises (MSMEs) are an essential part of the economy because they contribute significantly to the state's industrial output, export, employment, and entrepreneurship base.

Handicrafts, gems and jewellery, dimensional stones, agro and textile products have been the key drivers of exports from the state.Rajasthan's service exports, hospitality and tourism, in the main, to foreign tourists visiting India, offer a huge potential for earning foreign currency.

Between 2015-16 and 2020-21, Rajasthan's Gross State Domestic Product (GSDP) rose at a CAGR of 7.05 percent. The tertiary sector, which grew at a CAGR of 10.86 percent between 2011-12 and 2020-21, was the fastest-growing sector and a great contributor to Rajasthan's economy in 2020-21.

GSDP OF RAJASTHAN AT CURRENT PRICES



Note: Exchange rates used are averages of each year

Source: Directorate of Economics and Statistics

INFRASTRUCTURE OVERVIEW

- **Roadways**
- **Rail Networks**
- **Industrial Infrastructure**

ROADWAYS



Road Type	Length (KM)
National Highways	10618
State Highways	15621
Major District Roads	8780
Other District Roads	53791
Village Roads	180217

RAILWAYS



- The state's railway line accounts for 8.66 percent of the total route length in India.
- The total budget allocation in 2021-22 is 631 percent higher than the 2009-14 average.
- Jaipur Metro is a rapid rail transit system under development in the city of Jaipur, India. The project is owned and operated by Jaipur Metro Rail Corporation (JMRC) and is estimated to cost Rs. 97.32bn.
- The heritage railway 'Palace on Wheels' from Rajasthan is well known around the world.

INDUSTRIAL INFRASTRUCTURE

Rajasthan is rapidly emerging as an important industrial destination in India, thanks to enormous natural resources, highly skilled human resources, locational advantage, infrastructure support and its indomitable entrepreneurial spirit.

Rajasthan also has sufficient natural resources and a trained workforce, both of which are important for industrial operations, besides immense potential for solar power energy projects. State's prominent economic corridors, such as the Bharatmala Economic Corridors and the East-West Corridor, also give excellent potential for industrial growth. The upcoming Rajasthan Petroleum, Chemical, and Petrochemical Investment Region (Rajasthan - PCPIR), Barmer, Jodhpur-Pali-Marwar Industrial Area (JPMIA), and Khuskhera - Bhiwadi - Neemrana (KBN) Investment Region are some of the most promising infrastructure projects, with the potential to attract MSMEs as well as mega investments and create jobs for the local population.

RIICO has been a catalyst for Rajasthan's industrial development. Services provided by RIICO to investors and entrepreneurs include: site selection and land acquisition, financial assistance, government clearance facilitation, and extending incentives and concessions in accordance with State Government and Department of Industries policies. Various strategic projects taken up by the State Government are further fuelling the growth of the MSME sector.

STRATEGIC PROJECTS

- Delhi-Mumbai Industrial Corridor
- Petroleum, Chemicals & Petrochemicals Investment Region (PCPIR) in vicinity of Petroleum Refinery cum Petrochemical Complex at Barmer
- Industrial areas along Gas Grid
- FinTech Park at Jaipur
- Plug-and-Play Centre at Jaipur
- Greater Bhiwadi Industrial Township
- Marwar Industrial Cluster
- Mega Textile Park, Jodhpur

TOURISM

Temples, forts, and fortresses can be found in practically every city. Ajmer State, Hadoti, Dhundhar, Gorwar, Shekhawati, Mewar, Marwar, Vagad, and Mewat are the nine areas that make up the state, each with its own history and cultural accomplishments.

The state is home to two national tiger reserves, Ranthambore National Park in SawaiMadhopur and Sariska Tiger Reserve in Alwar. Keoladeo National Park near Bharatpur is a world heritage site notable for its bird life.

It is one of India's most mineral-rich states. Around 81 minerals have been discovered in the state; 57 minerals are produced on a commercial scale. Rajasthan also grinds out decorative and dimensional stones like marble, sandstone, and granite, among others.

Rajasthan is one of India's most popular tourist attractions. With an increasing number of tourists visiting various beautiful cities, animal reserves and desert regions, the historic palaces, particularly those in Jaipur, Jodhpur and Udaipur, provide opportunities to expand the luxury tourism market.

KEY INFORMATION:-

Established	30 March 1949
Capital	**Jaipur**
Chief Minister	**Ashok Gehlot**
Literacy (2011) **Sex Ratio (2011)**	**66.1%** **928/1000**
Key Industries	**Ceramics, Handicrafts,** **Chemicals, Textiles, Marbles, Tourism and Steel**

RAJASTHAN MSME POLICY

The Micro, Small, and Medium Enterprises (MSMEs) sector contributes significantly to the country's socio-economic development. The MSME sector not only serves to provide more employment possibilities at a cheaper capital cost than large businesses, but it also aids in the industrialization of rural and backward areas, reducing regional imbalances and ensuring a fair distribution of national revenue and wealth.

The Rajasthan government is developing a new Micro, Small and Medium Enterprises (MSME) policy to stimulate industrial development and employment opportunities. Industrial clusters, smart industrial areas, and easy access to finance are some of the major aspects being considered for the new policy formulation.

The following are some of the key features of the preceding MSME policy.

Effective steps are needed to support the manufacturers and further harness the potential of the MSME sector in Rajasthan to ensure its long-term development. The MSME categories are defined as under:-

Enterprise Category	Investment in Plant and Machinery Not Exceeding	Annual Turnover Not Exceeding
Micro	INR 1 Crore	INR 5 Crore
Small	INR 10 Crore	INR 50 Crore
Medium	INR 50 Crore	INR 250 Crore

The State Government's MSME strategy takes into account industrial infrastructure development, capacity building training, greater marketing support, aid for export promotion, rewards and prizes for best entrepreneurs. The state has focussed on MSM cluster development. MSMEs are expected to grow and compete more inclusively and sustainably as a result of the cluster development approach.

STRATEGIC OBJECTIVES

Regulatory Ease: A single online system for all approvals and permissions with specified timelines, incorporating proactive measures into the system by streamlining Acts, Rules, Guidelines, and Processes, and redesigning the inquiry management and grievance redressal system for MSMEs.

Financial Assistance: Credit aid and other state incentives are examples of financial support.

Technical Help: MSMEs receive technical assistance in the form of industry-specific skilling and technological upgrades.

Entrepreneurship Development: Capacity building for young entrepreneurs and development of facilities like Centres of Excellence (CoE) /Incubation Centres.

Social Cohesion: Special incentives for socially vulnerable groups; training programmes to increase their capacity.

SALIENT FEATURES OF THE POLICY:

(I) Ease of doing business: To strengthen the business climate for MSMEs in the state, the Department of Industries and Commerce has taken the following steps:

- ✓ The application process for incentives and subsidies has been fully digitized.
- ✓ RIICO has made land availability and the process of land assignment for MSMEs available online.
- ✓ The MSME Investment and Facilitation Centre was established by the Office of Commissioner,
- ✓ Industries and Commerce to assist and support MSMEs (MIFC).
- ✓ The State Government will provide business information to investors, regulatory clearances, fiscal incentives, and receive feedback through the "RAJNIVESH" Single Window System / One Stop Shop service.

(ii) Ease in Access to Finance:

- ✓ To assist the establishment of Micro and Small Enterprises (MSEs) in the State and to provide new employment opportunities for all sectors of society, the State Government has introduced an Interest Subsidy plan known as the 'Mukhyamantri Laghu Udhyog Protsahan Yojana (MMLUPY).' This scheme gives interest subsidies ranging from 5% to 8% for loans up to INR 10 crore.

- ✓ The capital market listing of Small and Medium Enterprises (SMEs) will assist them in generating cash, enabling expansion, and fulfilling their goals, resulting in an increase in the firm's worth.

- ✓ Covering the accidental risk and protecting MSMEs from casualties should be given high attention, and the State Government should develop a system for decreasing the risk of MSMEs through assisted support for Micro Unit Insurance.

(iii) Land & Infrastructural Development for MSME:

The Rajasthan State Industrial Development and Investment Corporation (RIICO) is largely responsible for ensuring that enterprises have access to inexpensive land and other support infrastructure.

- ✓ It will establish Micro and Small Enterprise Industrial Areas (MSE-IAs), up to 50 ha in size, with plot sizes catering to the needs of MSMEs, to ensure land availability at the local level and to provide an appropriate ecosystem as well as well-developed infrastructure to MSMEs. These will be done at the district and block levels.

- ✓ At a nominal leasing rent of INR 1/ year, RIICO will construct premises for SDCs and hand over the building to Rajasthan Skill & Livelihood Development Corporation (RSLDC), Industry Association, or respected skill development institution.

- ✓ Private Industrial Parks for Handloom, Handicraft, and Food Processing Micro-businesses

- ✓ The State Government would assist MSME Parks/Clusters with logistical support and connection.
- ✓ Infrastructure development projects will encourage the use of renewable energy sources and water harvesting.

(iv) MSME - Cluster Development:

This policy also aims to strengthen the MSME sector through a cluster-based approach that brings together MSMEs with comparable business models to collaborate in a single area.

- ✓ To put MSMEs on an equal footing with their global counterparts, the government should support cluster-level awareness, capacity-building, and skill-upgradation programs/workshops.
- ✓ The State Government will provide a hand holding framework for SPV formation and would assist them in obtaining incentives from the federal and state governments.

(v) Capacity Building - Skilling & Training:

To address the issue of skilled personnel availability for companies, this Policy would support interventions concentrating on current skill demand patterns that are expected to be needed by industries, as indicated below:

- ✓ The Rajasthan Skill and Livelihoods Development Corporation (R.S.L.D.C.), the state's nodal agency for skill development training, would encourage trainings in skill sets that meet the needs of MSME businesses.
- ✓ The MIFC's Centre for Entrepreneurial Development (CED) will also take up training programmes for specialised skills and entrepreneurship development.
- ✓ All training materials and recordings will be posted on the website for entrepreneurs' future reference.

(vi) Support to Achieve Global Competitiveness:

To achieve global competitiveness, the strategy will help MSMEs in the state through the following interventions:

- ✓ Rajasthan Government provides one-time reimbursement of 50% of the cost incurred for acquiring advanced technology from premier national institutes – Indian Institute of Science (IISc), Indian Institute of Technology (IITs), National Institute of Technology (NITs), and National Institute of Design (NIDs) – to upgrade existing technology and encourage the use of new technologies in MSMEs (NIDs),
- ✓ In conjunction with National Premier Institutions / Research Institutions / Universities / Industry Associations / Industries, the State Government would encourage the creation of product-specific Centres of Excellence
- ✓ R&D Centers and Testing Laboratories Associated with MSME Associations – The State Government may provide funding for the capital costs of establishing such laboratories that have received accreditation from a national level Accreditation Board/ Authority.

(vi) Empowerment of Entrepreneurs from Women, Schedule Caste (SC), Schedule Tribe (ST) and Person with Disability (PwD) Categories:

In conjunction with universities and technical institutions, the State Government will foster skill development and up-gradation of women, Schedule Caste (SC), and Schedule Tribe (ST) businesses. In the State's . centers of excellence, the State Government will provide free training to women, Schedule Caste (SC), and Schedule Tribe (ST) entrepreneurs.

(vii) Support in Environmental Conservation:-

The need to manage environmental concerns has become increasingly important with the growth of industrialisation. To ensure minimal adverse environmental impact, the State Government will focus on sustainable and green industrial development.

Best-Performing-Enterprises Awards: MSMEs will be recognised under the Government of Rajasthan's "Udyam Award" Scheme in the categories of Outstanding Entrepreneurship Manufacturing, Outstanding Entrepreneurship Service, Outstanding Process/Product Innovation, Introduction of Lean Manufacturing Techniques, Best Women Entrepreneur, SC/ST Entrepreneur, and Best District Award.

CHALLENGES FACED BY MSMEs

The informal sector is a major contributor to the nation's economy. India's growth is driven by MSMEs, which contribute significantly to the GDP by creating employment across the country. Despite their effectiveness, MSMEs face obstacles and challenges that impede their growth. Following are some of the most important challenges faced by MSMEs in India.

- ✓ One of the most common issues faced by MSMEs in India is a lack of financial knowledge. Even though entrepreneurs continue to develop new plans and strategies for expanding their current business, a large proportion of them lack the financial knowledge to steer the company in the right path. Those with insufficient financial expertise may be unable to make critical business decisions related to MSME financing. In the absence of financial competence, you may end up making poor judgments that harm your organization until you seek outside assistance.

- ✓ Technology Remains a Major Barrier: Due to a lack of awareness and knowledge, most Indian businesses are unable to reap the benefits of modern technology breakthroughs in their industry. As a result, MSMEs must be aware of technological improvements that are critical to their success.
- ✓ Absence of Loan Security: Due to a strict collateral or security policy, some Indian enterprises may have difficulty obtaining MSME loans. Since small businesses may lack the necessary assets to meet the criteria for obtaining a loan, business owners can opt for unsecured business loans from lenders and avoid having to provide security or assets in order to gain MSME loan approval.
- ✓ Unavailability of Financing: Another impediment to this sector's growth is its inability to obtain timely credit at a nominal interest rate. The Covid-19 epidemic has had a significant impact on MSMEs. The outburst has had an adverse impact and has depleted their current supplies. As a result, the majority of organizations now lack adequate human resources. Additionally, timely availability of funds is currently one of the most severe challenges facing the MSME.

Lack of Trust: It has been noticed that banks are hesitant to give MSME loans because the amount is still tiny, and banks believe MSMEs lack the necessary repayment capacity. In this situation, they end up imposing strict controls on these start-ups. Some Indian firms ignore their credit ratings, which makes it difficult to obtain financing. Furthermore, typical funding choices make it difficult for business owners to meet criteria, and the lengthy MSME loan approval processes further dampen their spirits.





ALTERNATE SOURCES OF FINANCE

MSMEs, particularly in the early and growing stages, require timely and substantial capital infusion through term loans and working capital loans. MSMEs have traditionally obtained their funding from the following sources:

- ✓ Funding from retained earnings and asset sales
- ✓ Institutional finance from scheduled commercial banks
- ✓ Ancestral money, personal savings, loans from family, loans from the unregulated market
- ✓ Seed and venture capital funds

Despite the various measures designed to increase financial support for SMEs and the expansion of bank credit ceilings, SMEs continue to experience difficulties in obtaining timely and sufficient credit at a reasonable cost. Credit doesn't flow to them in proportion to the needs of their economic operations. Small businesses, according to an RBI report, rely on a variety of financing sources, ranging from internal sources such as personal funds and funds from friends to external sources, both formal and informal, such as financing from banks, NBFCs, venture capital funds, trade credit factoring, and so on.
There are almost 14,000 non-financial companies as per this report. Trade credits (bank loans) are more crucial for Indian companies.

Priority Sector Lending:- It refers to those sectors that the Government of India and the Reserve Bank of India believe crucial for the development of the country's basic necessities and should be prioritised over others. Banks have a mandate to help these industries flourish by providing appropriate and timely financing. More funds being made available for financing to entrepreneurs by the RBI is an encouraging step. Traditional lender creditworthiness standards have made it difficult for startups to obtain debt. This is a tremendous boost because Indian entrepreneurs face two major challenges: finance and consumer adoption.
Furthermore, most startups have relied on costly venture debt. This move will assist startups in releasing stock and obtaining low-cost loans. The following categories are included in the Priority Sector:

Micro, Small, and Medium Enterprises in Agriculture (MSME)
Credit for export
Education /Housing
Social Infrastructure
Renewable Energy & others

RBI guidelines for PSL for scheduled commercial banks:

- ✓ Priority sector advances should receive 40% of total net bank credit.
- ✓ The weaker section should receive 12% of priority sector advances.
- ✓ Agricultural advances should receive 18 percent of overall net bank credit. Within the 18 percent target for agriculture, Small and Marginal Farmers are required to attain 8% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is larger, in a phased manner.
- ✓ Micro companies should get 5 of ANBC or the Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is larger.

Risk capital – equity

Early-stage MSMEs receive about 70% of equity capital, despite the fact that their business concepts have yet to form and prove profitable. This is due to investors' desire for groundbreaking technologies and development prospects with large expected returns.

Venture capitalists and private equity funds provide financial support primarily through the investment of equity or equity-linked funds.

They also strive to provide coaching and other value-added services to help financed companies achieve quick growth while maintaining a competitive edge in domestic and international markets.

SME exchanges: A small number of SMEs have recently been successful in gaining access to the platform and raising equity from the public market after attaining a particular level of revenue. Over 290 companies have raised capital on the Bombay Stock Exchange (BSE). However, MSMEs must prepare for tight compliance in the future.

Debt Capital:

Venture Debt: Venture debt assists MSMEs in accelerating expansion before long-term equity is required. The majority of venture debt is structured as a term loan, with terms and repayment schedules tailored to meet the needs of the MSME. The typical repayment period is six months to three years, however due to the unsecured nature of these debts, interest rates range from 18 to 24 percent.

Factoring: It is a type of receivables financing in which a firm sells or assigns its accounts receivables (i.e. sales invoices) to a finance company (a factor) at a discount in exchange for immediate cash to fund ongoing operations. This aids in the management of working capital requirements. The difficulty, however, is securing factoring firms' authentication of customers. As a result, it is critical to finance only reliable and trustworthy customers.

Crowd-funding: Without the involvement of formal institutions, peer-to-peer lending through internet platforms for short-term loans is gaining popularity. Individual borrowers and lenders are brought together on a platform for loan transactions. In India, there are about 30 P2P platforms, with several of them focused on micro-lending.

Supply Chain Finance:

Supply chain finance may be another option for SMEs seeking more working capital from both bank and non-bank sources. SME suppliers to large OEMs can get short-term credit against the volume supplied within the payment receivable period with this type of financing. For example, some banks provides a distributor finance programme (DFP) that aids in the development of a support structure for financing and collection for any SME client's supply chain. Regular MIS allows SMEs to keep their sales ledgers up to date and avoid reconciliation problems.

FINTECHS: EMPOWERING THE DIGITAL ECONOMY

The banking industry has progressed from traditional to digital to hybrid banking. Thanks to rising technologies and fintechstartups that are transforming the way we bank with digital tools.

The Aadhaar Card and video know-your-customer (KYC), as well as cardless cash withdrawals, paperless customer onboarding, and mobile 'tap and pay,' are some of the technology-first tools that highlight India's rapid digitalization of banking.

The term "fintech" refers to new technology that aims to improve and automate the delivery and usage of financial services. Fintech, at its heart, is used to help corporations, company owners, and individuals better manage their financial operations, procedures, and lives through the use of specialised software and algorithms that run on computers and, increasingly, smartphones. The term "fintech" is a mix of "financial technology" and "financial services".

Fintech was coined in the twenty-first century to describe the technology used in the back-end systems of established financial organisations. However, there has been a shift to more consumer-oriented services and, as a result, a more consumer-oriented definition since then. Fintech today spans a variety of sectors and industries, including education, retail banking, non-profit fundraising, and investment management, to mention a few.

While fintechs receives the most attention, the real money is still in the traditional global banking business, which has a multi-trillion-dollar market value. The Indian fintech ecosystem has grown dramatically as a result of extensive efforts by financial institutions, start-ups, the government, venture investors, and regulators to foster collaboration and consolidation. There are three developing themes: open banking, artificial intelligence, and blockchain, which have the potential to alter the financial services sector in India.

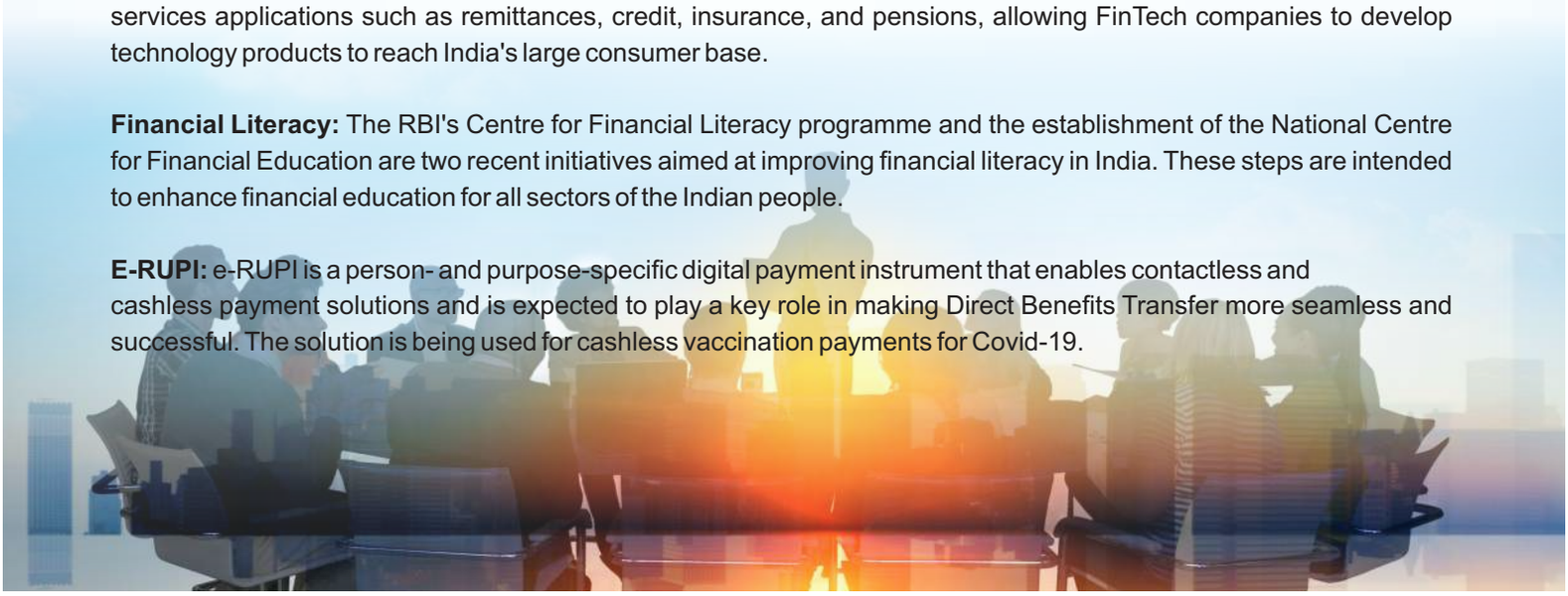
Open banking is a blockchain-based idea that proposes that third-parties should have access to bank data in order to build applications that connect financial institutions and third-party suppliers. Mint, an all-in-one money management solution, is one example.
In September of this year, India had a monthly volume of nearly 5.7 billion transactions totalling $2 trillion (Total Digital Payments). With 25.5 billion real-time online payments transactions in 2020, India will surpass the United States, the United Kingdom, and China combined.

The digital investing market is expected to be worth $14.3 billion by 2025, up from $6.4 billion in 2021, with a 5-year compound annual growth rate of 22.4 percent.

Jan Dhan Yojana: The world's largest financial inclusion initiative, "Jan Dhan Yojana," has aided in the enrolment of over 435 million beneficiaries in new bank accounts for direct benefits transfer and access to a variety of financial services applications such as remittances, credit, insurance, and pensions, allowing FinTech companies to develop technology products to reach India's large consumer base.

Financial Literacy: The RBI's Centre for Financial Literacy programme and the establishment of the National Centre for Financial Education are two recent initiatives aimed at improving financial literacy in India. These steps are intended to enhance financial education for all sectors of the Indian people.

E-RUPI: e-RUPI is a person- and purpose-specific digital payment instrument that enables contactless and cashless payment solutions and is expected to play a key role in making Direct Benefits Transfer more seamless and successful. The solution is being used for cashless vaccination payments for Covid-19.



India Stack is a set of APIs that enables governments, corporations, startups, and developers to use a unique digital infrastructure to tackle India's hard challenges in the direction of presence-less, paperless, and cashless service delivery. The India Stack has been the driving reason behind Fintech's rapid expansion. It is one of the most important digital efforts in the world, with the goal of establishing a public digital infrastructure built on open APIs to encourage public and private digital initiatives, and it has played a key role in India's digital foundation and evolution.

STARTUPS: REIMAGINING THE FUTURE OF MSMES

Startup India is a flagship initiative of the Indian government aimed at fostering entrepreneurship and innovation. The government intends to empower startup businesses through this effort in order to encourage entrepreneurship, economic growth, and employment across India.

The government's Action Plan aims to boost the growth of startups across India, in all critical sectors – in Tier 1, 2, and 3 cities, as well as semi-urban and rural areas – and promotes entrepreneurship among SCs/STs and women.

The Department for Promotion of Industry and Internal Trade (DPIIT) has developed a 19-point Action Plan that focuses on removing roadblocks and promoting faster growth through: Unbanked /under-banked services that seek to serve disadvantaged or low-income individuals who are ignored or underserved by traditional banks or mainstream financial services companies.

- ✓ Simplification and Handholding
- ✓ Funding Support and Incentives
- ✓ Industry-Academia Partnership and Incubation

The goal of startup India is to make India prosperous. Many ambitious persons who want to start their own business lack the financial means to do so. As a result, their ideas, creativity, and potential go unexplored, resulting in a loss of wealth, economic progress, and jobs for the country.

With proactive assistance and incentives at several levels, Startup India will help stimulate entrepreneurship and economic development by ensuring that those with the potential to innovate and start their own firm are encouraged.

STARTUP INDIA'S 19-POINT ACTION PLAN:

- ✓ Self-certification Compliance
- ✓ Single Point of Contact via Startup India Hub
- ✓ Simplifying Processes with Mobile App and Portal (for registration, filing compliances & obtaining information)
- ✓ Legal Support, Fast Tracking & 80% reduction in patent registration fee
- ✓ Relaxed Norms of Public Procurement
- ✓ Easier & Faster Exit
- ✓ Funding Support via a Fund of Funds corpus of INR 10,000 crore



- ✓ Credit Guarantee Funding
- ✓ Tax Exemption on Capital gains
- ✓ 3-Year Income Tax Exemption
- ✓ Tax Exemption on Investments above Fair Market Value (FMV)
- ✓ Annual Startup Fests (national & international)
- ✓ Launch of World-class Innovation Hubs under Atal Innovation Mission (AIM)
- ✓ Set up of country-wide Incubator Network
- ✓ Innovation Centres to augment Incubation and R&D
- ✓ Research Parks to propel innovation
- ✓ Promote Entrepreneurship in Biotechnology
- ✓ Innovation Focused Programs for Students
- ✓ Annual Incubator Grand Challenge

KEY HIGHLIGHTS

The Government of Rajasthan has taken several exemplary initiatives in establishing:

- ✓ Techno Fund – a 500 crore fund to augment investment infrastructure in the state
- ✓ I-Start Rajasthan – a single window resource for startups, investors, incubators, accelerators and mentors
- ✓ Q-Rate – a detailed assessment mechanism to ascertain startups' potential and investment readiness
- ✓ A Communication/ Outreach and Awareness Champion

MSMES IN RAJASTHAN: THE ROAD AHEAD

The Ministry of MSME operates a number of programmes for MSMEs around the country, including credit and financial aid, skill development training, infrastructure development, marketing help, technology and quality improvement, and other services.

Government e-Marketplace (GeM), which is owned and administered by the government and from which Ministries and PSUs (public sector undertakings) get their purchases, is encouraging SMEs to promote their items on the e-commerce site. As of March 24, 2022, the GeM portal had processed 9.63 million orders worth Rs. 219,071 crore (US$ 28.70 billion) for 59,259 buyer organisations from 4 million registered sellers and service providers.

MSMEs (Micro, Small and Medium Enterprises) in India are quickly choosing digital payments over cash, with 72 percent of payments made via digital against 28 percent via cash. The rise in digital adoption bodes well for the sector's future growth.

In five years, the Indian government hopes to double the country's economy to $5 trillion. Career options for the young population have been created in order to attain this goal, and MSMEs have the potential to serve as a vital job generator. As a result, the government has prioritised MSMEs for promotion in order to create new jobs in the industry. In addition, the government wants to increase MSME exports and GDP contribution.

The government should invest in providing additional back-end services to increase the performance of the MSME sector, which supplies goods and services to large industrial businesses, in order to meet these goals. Bottlenecks in the sector's ability to become competent include a lack of technology-based production activities and minimal investment in R&D. The government could subsidise globally available technologies so that MSME players' product quality can be improved utilising existing resources. This also necessitates the assistance of academic institutions in the form of product innovation research and development (R&D) services.

MSMEs have been hailed as India's economic "backbone." Despite this, they are always the ones who suffer the most during a crisis. To make the country's spine substantially stronger than it is presently, a set of tangible initiatives are required.

Rajasthan – Intro/Business/MSME

The government of Rajasthan has established MSME Business Facilitation Centres (MBFCs) to provide specialised and coordinated assistance to MSMEs. One of the primary goals of MBFCs is to help MSMEs benefit from government-sponsored programmes.

The Department of MSME has identified the following schemes for a targeted implementation in the state in order to improve access to MSMEs and boost coverage of the programmes in a targeted way. The state will collaborate with the Government of India to ensure that the following initiatives are implemented in the state through MBFCs.

Boosting Exports

The majority of MSMEs' exportable products are also suited for e-commerce exports. The government should issue an e-commerce export policy that is accountable for implementation.

Furthermore, the importance of forging free trade agreements (FTAs) with other trading blocs in promoting MSMEs' exports cannot be overstated. FTAs would make it easier for businesses to compete in global marketplaces. The export of 358 products designated for exclusive procurement from MSMEs under the Public Procurement Policy has remained relatively flat. Exports were $27,163.75 million in 2018-19, $27,931.41 million in 2019-20, and $27,601.78 million in Fy21.

DOCUMENTATION & COMPLIANCE

Sl. No	Name of Scheme	Department
1	International Cooperation	SME division
2	Marketing Assistance	SME division
3	ISO 9000/ ISO 14001 Certificate reimbursement	DC- MSME
4	Micro & Small Enterprise Cluster Development Programme	DC- MSME
5	Micro Finance Programme	DC- MSME
6	MSME Market Promotion and Development Scheme	DC- MSME
7	National Manufacturing Competitiveness Program (NMCP) Entrepreneurial & Managerial Development of SMEs through Incubators	DC- MSME
8	National Manufacturing Competitiveness Program (NMCP) Building Awareness on Intellectual Property Rights 20 (IPR)	DC- MSME
9	National Manufacturing Competitiveness Program (NMCP) Lean Manufacturing Competitiveness for MSMEs	DC- MSME
10	National Manufacturing Competitiveness Program (NMCP) Design Clinic for Design Expertise to MSME- Manufacturing Sector (DESIGN)	DC- MSME
11	National Manufacturing Competitiveness Program (NMCP) Technology Upgradation Scheme for MSME	DC- MSME
12	National Manufacturing Competitiveness Program (NMCP) Digital MSMEs	DC- MSME
13	NSIC Schemes: Marketing Assistance	NSIC
14	NSIC Schemes: Single Point Registration	NSIC
15	NSIC Schemes: National SC/ ST Hub	NSIC
16	NSIC Schemes: Marketing Intelligence	NSIC
17	NSIC Schemes: PMEGP	NSIC
18	Marketing Research and Information Network	Agriculture Marketing Division
19	Mega Leather Footwear and Accessories Cluster Scheme	Min of Commerce & Industries
20	Integrated Development of Leather Sector Sub Scheme	Min of Commerce & Industries

21	Human Resource Development Sub Scheme	Min of Commerce & Industries
22	Mega Leather Footwear and Accessories Cluster Sub Scheme	Min of Commerce & Industries
23	Leather Technology Innovation and Environmental Issues Sub Scheme	Min of Commerce & Industries
24	Establishment of Institutional Facilities Sub Scheme	Min of Commerce & Industries
25	Promotion of Indian Brand in Leather Footwear and Accessories Sector Sub Scheme	Min of Commerce & Industries
26	Additional Employment Incentive for Leather Footwear and Accessories Sector Sub Scheme	Min of Commerce & Industries
27	Export development & promotion scheme	Spice development board
28	Promotion of Indian Spice Brand Abroad	Spice development board
29	International Trade Fair/ Meetings	Spice development board
30	Scheme for Integrated Cold Chain and Value Addition Infrastructure under PRADHAN MANTRI KISAN SAMPADA YOJANA	MOFPI
31	Creation/ Expansion of Food Processing/ Preservation Capacities (CEFPPC Scheme)	MOFPI
32	Agro Processing Cluster	MOFPI
33	Creation of Backward and Forward Linkages	MOFPI
34	Setting Up/Up-gradation of Quality Control/ Food Testing Laboratories	MOFPI
35	HACCP/ ISO Standards/Food Safety/ Quality Management Systems	MOFPI
36	Research & Development	MOFPI
37	Integrated Skill Development Scheme	Ministry of Textiles
38	Integrated Scheme for Power-loom Sector Development	Ministry of Textiles
39	Amended Technology Upgradation Fund Scheme	Ministry of Textiles

Rajasthan has a "Single Window Clearance System", an online single point of contact to help reduce the time and effort involved in seeking various clearances and approvals for their proposed enterprises by investors. Rajasthan MSME (Facilitation of Establishment and Operation) Act, 2019, another state government initiative, exempts MSMEs from approvals and inspections (under any law passed by the Rajasthan government) for the establishment and operation of a business for three years from the date of recognition certificate. The "Bureau of Investment Promotion" in Rajasthan has announced a one-stop-shop facility for investors.

The Rajasthan model ushered in through the Rajasthan MSME (Facilitation of Establishment and Operation) Act, 2019 is a pioneering effort of the state government and should be widely emulated. The new Rajasthan law has done away with the requirement of prior approvals under any state law to start businesses in the MSME category for a period of five years. The next step is to reduce the number of approvals required under any central or state law for setting up any type of business (except in the orange and red category requiring environmental clearances).



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