

Citizen Guide

People Friendly Version

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Small Business Guide 2015 A handbook for MSME, SHG holders

This handbook is for informational purposes only. The information given in this book is merely for reference and must not be taken as binding in any way. This Manual is intended to provide guidance to the readers, but cannot be a substitute for the Act and the Rules made thereunder.

*If any comments or suggestions please connect us at: contact@citizensupport.in
www.citizensupport.in*

Small And Medium Scale Business

The Indian MSME sector employs 8 crore people, contributes 37.54% to the GDP (service sector contribution of 30.5% and manufacturing sector contribution of 7.04%) and accounts for 42% of the total Indian exports. India has more than four crore Micro Small and Medium Enterprises (MSMEs), the second largest in the world, compared to about five crore in China. An Industry sector, which creates more than 70 million employment, manufacturing above 6000 products, creating 1/3rd of National GDP every year, facing multiple problems like unavailability of adequate and timely finance, high cost of credit, lack of support, technology upgradation and unavailability of skilled labour etc. This has resulted in many incidences of sickness and closures in last decades.

SME/SSI Registration

The main purpose of Registration is to preserve statistics and maintain a roll of such units for the purposes of providing incentives and support services. States have normally adopted the uniform registration procedures as per the guidelines. However, there may be some modifications done by states. It must be illustrious that small industries are basically a state subject. States use the same registration scheme for implementing their own policies. It is likely that some states may have a SIDO registration scheme and a state registration scheme. Small Scale and ancillary units (i.e. undertaking with investment in plant and machinery of less than Rs. 10 million) should look for registration with the Director of Industries of the concerned State Government.

SME/SSI Registration

Procedure of Filling of Entrepreneurs Memorandum for the following new and existing units:

A Micro or Small Enterprise.

A Medium Enterprise engaged in providing or rendering of services.

A Medium Enterprise engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries Development and Regulation Act, 1951 (65 of 1991)

Documents required:-

- Authority letter to sign the application.
- Documents supporting registration (memorandum and articles of associations, partnership agreements, registration documents). (if applicable).
- Documents supporting name change and legal structure. Brief write-up on history of the firm / company.
- Documents supporting changes in capital (if any).
- Copy of income tax, sales tax, excise and wealth tax returns, if filed
- Copy of the audited accounts for the last three years (where accounts for the last year have not been audited, provisional accounts duly certified by a Chartered Accountant, along with two years audited accounts, are to be submitted).
- Copy of insurance policies of assets.
- Certified net worth statements of all directors/ partners/proprietor.
- In case of new project/expansion, copy of the project report containing a brief project profile, cost of project, source/means of finance.
- Details of subsidy and tax concession available, if any.
- Quality certificates, export awards won, membership of any associations, etc.
- Any other information that would enable us to understand your business better.

Preliminary Information required:

- | | |
|---|--|
| <p>1. Name of the applicant unit and address:
a. Address of Registered Office
b. Address of Factory
c. Address for Communication
d. Name, Designation and details (tel. no & mobile no) of contact</p> | <p>6. Details of Associate Concerns:
a. Name
b. Nature of Business
c. Sales, Networth and Debt as on March 31 of the last FY</p> |
|---|--|

person

(all the above addresses to include District, State, Pin Code, Telephone No./Fax No. and email address)

2. Constitution:
Proprietorship/ Partnership/ Private Limited Co./ Limited Co./ Co-op. Society.
3. Date of establishment/ incorporation
4. Industry Information
 - a. Industry segment
 - b. Sub-segment of industry
 - c. Products
5. Details of Promoters:
 - a. Name(s) of Proprietor/ Partners/ Directors
 - b. Age
 - c. Father Husband's Name
 - d. Share holding (percentage) in Firm/ Company
 - e. Residential Address
 - f. Networth in Rs lakh along with CA certified statement
 - g. Qualification
 - h. Nature of Experience with No of years
 - i. Responsibilities in Firm/ Company:
 - j. Responsibilities in other Businesses
7. Details of existing borrowing / banking arrangements:
 - a. Name of Financial Instt./ Bank/ Lenders
 - b. Nature of assistance/ loan/ limit availed
 - c. Amount (Rs lakh)
 - d. Self declaration regarding conduct of the account
8. Production capacity:
 - a. Name of Product
 - b. Units
 - c. Installed Capacity
 - d. Actual Production
9. Customers' Reference: (please list 5 top customers of your firm/ company)
 - a. Name of the customer
 - b. Percentage in total sales
 - c. Location
 - d. Name and details (tel. no./ mobile no.) of contact person of customers
10. Suppliers' Reference: (please list 5 top suppliers of your firm/ company)
 - a. Name of the supplier
 - b. Percentage in total purchases
 - c. Location
 - d. a. Name and details (tel. no./ mobile no.) of contact person of suppliers

(Passport size photos of all the promoters to be enclosed)

Subsidy Schemes for Specific Industries

Textile Industry - Technology Upgradation Fund Scheme (TUFS)

Ministry of Textiles introduced the Technology upgradation fund scheme (TUFS) for textiles and jute industry in April 1999 to facilitate induction of state-of-the-art technology by the textile units. The benefits under the scheme include:

- 5% interest reimbursement of the normal interest charged by the lending agency on RTL, or
- 5% exchange fluctuation (interest & repayment) from the base rate on FCL, or
- 15% credit linked capital subsidy for SSI sector, or
- 20% credit linked capital subsidy for powerloom sector (An option for 'front ended' subsidy provided w.e.f. 1st October, 2005), or
- 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

IDBI, SIDBI and IFCI were the nodal agencies for Non-SSI textile sector, SSI textile sector and Jute sector respectively. However, w.e.f. 1st October, 2005, 13 additional nodal banks have been appointed under TUFS for determining eligibility & releasing the subsidy for the cases financed by them.

Food Processing Industry - *Scheme for Technology Upgradation/Establishment/ Modernization for Food Processing Industries*

This Scheme covers the following activities::

Setting up/expansion/modernization of food processing industries covering all segments viz fruits & vegetable, milk product, meat, poultry, fishery, oil seeds and such other agri-horticultural sectors leading to value addition and shelf life enhancement including food flavours and colours, oleoresins, spices, coconut, mushroom, hops. The assistance is in the form of grant subject to 25% of the plant & machinery and technical civil work subject to a maximum of Rs. 50 lakh in General Areas and 33.33% upto Rs. 75 lakh in Difficult Areas.

Leather Industry – Integrated Development of Leather Sector (IDLS)

The scheme is aimed at enabling existing tanneries, footwear, footwear components and leather products units to upgrade leading to productivity gains, right-sizing of capacity, cost cutting, design and development simultaneously encouraging entrepreneurs to diversify and set up new units

The financial assistance under the Scheme will be investment grant to the extent of 30% of cost of plant and machinery for SSI and 20% of cost of plant and machinery for other units (i.e. non small scale units) subject to ceiling of Rs.50 lakh for technology up gradation /modernization and/or expansion and setting up a new unit. The rate of assistance would be @ 20% for all units (both SSI and Non-SSI) above Rs.50 lakhs subject to ceiling of Rs.2 crore.

The nodal agency for release of assistance, monitoring and interface and coordination with FIs, Banks and the Government is SIDBI.

Coir industry

The Coir Board runs various subsidy schemes for the coir sector, as provided below:

✓Rejuvenation, Modernization and Technology Upgradation of the Coir Industry: A Central Sector Scheme on Rejuvenation, Modernization & Technology Up gradation of the Coir Industry was launched during 2007-08, on a pilot basis, to facilitate the sustainable development of the Spinning and Tiny/Household Weaving Units of the coir industry by providing proper work sheds and enabling replacement of traditional age old ratts with motorized ratts in the Spinning sector and replacement of traditional looms with the mechanized looms in the Tiny/Household sector in the first phase, during XI Plan. The main objectives of the scheme include modernization of Coir industry by adoption of modern technology in production and processing of Coir in the spinning and weaving sectors; Upgradation of the production and processing technology for improving the productivity and quality; and increasing the efficiency and productivity for enhancing the earnings of the workers and income of spinners/ tiny-household sectors, among others.

✓The norms of assistance are as below:

•Spinning unit:The financial assistance or government grant/subsidy would be 40% of the project cost subject to a maximum of Rs. 80,000 (Rupees eighty thousand only) per unit.

•Tiny/ household unit: The financial assistance or government grant/subsidy would be 40% of the project cost subject to a maximum of Rs. 2,00,000 (Rupees two lakh only) per unit.

•Extension of Financial Assistance to Coir units in the Brown Fibre sector

The Coir Board runs a scheme for financial assistance to the coir units in

the brown fibre sector. The rate of financial assistance under the scheme is 25% of the cost of equipments and infrastructural facilities subject to certain ceiling limits based on the type of unit.

•Scheme for Extension of Financial Assistance for Generator Set / Diesel Engine

The purpose of the scheme is to give one time subsidy to fibre/ curled coir production units in the brown fibre sector to carry out production at periods of power cut/ low voltage and to ensure supply of brown fibre and curled coir to meet the requirements of rubberized coir products, coir rope, yarn and mats and matting sectors. The quantum of subsidy for one unit will be 25% of the cost of generator set subject to a maximum of Rs.50,000/-. This will be a one time financial assistance and will be granted on the basis of expenditure incurred by the unit.

Other Subsidy Schemes of the Central Government

Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS)

The Scheme was launched in October, 2000 and revised w.e.f. 29.09.2005. The revised scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy (12% prior to 2005) on institutional finance availed by them for induction of well established and improved technology in approved sub-sectors/products. The admissible capital subsidy under the revised scheme is calculated with reference to purchase price of Plant and Machinery. Maximum limit of eligible loan for calculation of subsidy under the revised scheme is also been raised Rs. 40 lakhs to Rs. 100 lakh w.e.f. 29-09.2005.

The Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) will continue to act as the Nodal Agencies for the implementation of this scheme.

Quality Upgradation/Environment management for small scale sector

through incentive for ISO 9000 /ISO 14001 /HACCP Certifications

In order to enhance the competitive strength of the small scale sector, the Government introduced an incentive scheme for their technological

upgradation/quality improvement and environment management. The scheme provides incentive to those small scale/ ancillary undertaking who have acquired ISO 9000/ISO 14001/HACCP certifications. The scheme for ISO 9000 reimbursement in operation since March, 1994 has now been enlarged so as to include reimbursement of expenses for acquiring ISO 14001 certification also.

The Scheme envisages reimbursement of charges of acquiring ISO-9000/ISO-14001/HACCP certifications to the extent of 75% of the expenditure subject to a maximum of Rs. 75,000/- in each case. The Scheme is valid upto 31st March 2012.

Market Development Assistance Scheme for Micro, Small & Medium Enterprises

The scheme offers funding for participation by manufacturing Small & Micro Enterprises in International Trade Fairs/ Exhibitions under MSME India stall; sector specific market studies by Industry Associations/ Export Promotion Councils/ Federation of Indian Export Organisation; initiating/ contesting anti-dumping cases by MSME Associations and reimbursement of 75% of one time registration fee (w.e.f. 1st January 2002); and 75% of annual fees (recurring) (w.e.f. 1st June 2007) paid to GSI (Formerly EAN India) by Small & Micro units for the first three years for bar code.

The permissible subsidy is as below:

- The Govt. of India will reimburse 75% of air fare by economy class and 50% space rental charges for Micro & Small manufacturing enterprises of General category entrepreneurs.
- For Women/SC/ST Entrepreneurs & Entrepreneurs from North Eastern Region Govt. of India will reimburse 100% of space rent and economy class air fare.
- The total subsidy on air fare & space rental charges will be restricted to Rs.1.25 lakhs per unit.

Financial Assistance on Bar Code

The basic objective of financial assistance is to enhance the marketingcompetitiveness of Micro & Small Enterprises (MSEs) by way of:

- Providing 75% of one-time registration fee and annual recurring fee (for first three years) paid by MSEs to GS1 India.
- Popularizing the adoption of bar codes on large scale amongst MSEs, and
- Motivating and encouraging MSEs for use of bar codes through

conducting seminars on Bar Code, etc.

Subsidy Schemes of NSIC

Raw Material Assistance

Raw Material Assistance Scheme aims at helping Small Scale Industries/Enterprises by way of financing the purchase of Raw Material (both indigenous & imported). This gives an opportunity to SSI to focus better on manufacturing quality products. The benefits of the scheme include:

- Financial Assistance for procurement of Raw Material upto 90 days.
- SSI helped to avail Economics of Purchases like bulk purchase; cash discount etc
- NSIC takes care of all the procedures, documentation & issue of Letter of credit in case of imports.

Marketing Assistance

Under the Scheme, marketing support is provided to Micro, Small & Medium Enterprises through National Small Industries Corporation (NSIC) to enhance competitiveness and marketability of their products, through following activities:

- Organizing International Technology Exhibitions in Foreign Countries by NSIC and participation in International Exhibitions/Trade Fairs
- Organizing Domestic Exhibitions and Participation in Exhibitions/ Trade Fairs in India
- Support for Co-sponsoring of Exhibitions organized by other organisations/ industry associations/agencies
- Buyer-Seller Meets
- Intensive Campaigns and Marketing Promotion Events
- Other Support Activities

Performance and Credit Rating

A scheme for performance and credit rating for SSIs has been formulated in consultation with Indian Banks' Association (IBA) and Rating Agencies. NSIC has been appointed the nodal agency for implementation of this scheme through empanelled agencies. Reimbursement of Performance and Rating Fee under this scheme is as below:

Turn Over of SSI Reimbursement of Fee through NSIC

Upto Rs 50 Lacs	75% of the fee or Rs 25000/- (Whichever is less)
Above Rs 50 to 200 lacs	75% of the fee or Rs 30000/- (Whichever is less)
More than Rs 200 lacs	75% of the fee or Rs 40000/- (Whichever is less)

Collateral free loans

Government launched the Credit Guarantee Fund Scheme for Small Industries on 30th August, 2000 with a view to alleviating the problem of collateral security and impediment to flow of credit to Micro and Small Scale Industries (SSI) sector.

Under the CGTMSE Scheme the trust extends guarantee upto Rs.100.00 lacs per borrower for credit facilities sanctioned without collateral or third party guarantee. The loans sanctioned under Govt. Sponsored schemes are also covered under the scheme.

The Credit Guarantee scheme (CGS) seeks to reassure the lender that, in the event of a MSME unit, which availed collateral free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 75 / 80/ 85 per cent of the credit facility.

List of lending banks

S No.	MLI Name	Operating Offices
1	ALLAHABAD BANK	54
2	ALLAHABAD UP GRAMIN BANK	11
3	ANDHRA BANK	26
4	ANDHRA PRADESH GRAMEENA VIKAS BANK	11
5	ANDHRA PRADESH STATE FINANCIAL CORPORATION	26

6	ANDHRA PRAGATHI GRAMEENA BANK	7
7	ARYAVART GRAMIN BANK	7
8	ASSAM GRAMIN VIKASH BANK	1
9	AXIS BANK LTD.	58
10	BAITARANI GRAMYA BANK	1
11	BALLIA ETAWAH GRAMIN BANK	1
12	BANGIYA GRAMIN VIKASH BANK	11
13	BANK OF BAHRAIN AND KUWAIT	1
14	<u>BANK OF BARODA</u>	70
15	<u>BANK OF INDIA</u>	52
16	<u>BANK OF MAHARASHTRA</u>	37
17	BARCLAYS BANK PLC	1
18	BARODA GUJARAT GRAMIN BANK	3
19	BARODA RAJASTHAN GRAMIN BANK	4
20	BARODA UTTAR PRADESH GRAMIN BANK	8
21	BHARATIYA MAHILA BANK LTD.	1
22	BIHAR KSHETRIYA GRAMIN BANK	4
23	CANARA BANK	40
24	CATHOLIC SYRIAN BANK	1
25	CAUVERY KALPATHARU GRAMEENA BANK	1
26	<u>CENTRAL BANK OF INDIA</u>	95
27	CHAITANYA GODAVARI GRAMEENA BANK	1
28	CHATTISGARH GRAMIN BANK	6
29	CHIKMAGALUR-KODAGU GRAMIN BANK	1
30	CITY UNION BANK.	1
31	CORPORATION BANK	32
32	DECCAN GRAMIN BANK	5
33	<u>DELHI FINANCIAL CORPORATION</u>	2

34	DENA BANK	23
35	DENA GUJARAT GRAMIN BANK	1
36	DEUTSCHE BANK	1
37	DEVELOPMENT CREDIT BANK LTD.	1
38	DURG RAJNANDGAON GRAMIN BANK	1
39	EXPORT IMPORT BANK OF INDIA	1
40	GURGAON GRAMIN BANK	5
41	HADOTI KSHETRIYA GRAMIN BANK	1
42	HARYANA GRAMIN BANK	5
43	HDFC BANK LTD.	1
44	HIMACHAL GRAMIN BANK	1
45	ICICI BANK LTD.	34
46	IDBI BANK LIMITED	1
47	INDIAN BANK	35
48	INDIAN OVERSEAS BANK	59
49	INDUSIND BANK LTD.	16
50	ING VYSYA BANK LTD.	8
51	JAIPUR THAR GRAMIN BANK	2
52	JAMMU & KASHMIR DEVELOPMENT FINANCE CORPORATION LTD	5
53	JAMMU & KASHMIR GRAMIN BANK	1
54	JHARKHAND GRAMIN BANK	5
55	KARNATAKA BANK LTD.	1
56	KARNATAKA VIKAS GRAMEENA BANK	10
57	KASHI GOMTI SAMYUT GRAMIN BANK	9
58	KERALA FINANCIAL CORPORATION	1
59	KOTAK MAHINDRA BANK LTD.	2
60	KRISHNA GRAMEENA BANK	1

61	LAKSHMI VILAS BANK	4
62	LANGPI DEHANGI RURAL BANK	2
63	MADHYA BHARAT GRAMIN BANK	5
64	MADHYA BIHAR GRAMIN BANK	1
65	MAHARASHTRA GODAVARI GRAMIN BANK	1
66	MAHARASHTRA GRAMIN BANK	1
67	MALWA GRAMIN BANK	1
68	MEGHALAYA RURAL BANK	1
69	MGB GRAMIN BANK	1
70	MIZORAM RURAL BANK	1
71	NAINITAL - ALMORA KSHETRIYA GRAMIN BANK	1
72	NARMADA MALWA GRAMIN BANK	5
73	NATIONAL SMALL INDUSTRIES CORPORATION LTD.	9
74	NEELACHAL GRAMYA BANK	1
75	NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LTD.	1
76	NORTH MALABAR GRAMIN BANK	1
77	ORIENTAL BANK OF COMMERCE	33
78	PALLAVAN GRAMIN BANK	1
79	PANDYAN GRAMA BANK	7
80	PARVATIYA GRAMIN BANK	1
81	PRAGATHI GRAMIN BANK	1
82	PRATHAMA BANK	1
83	PUDUVAI BHARATHIAR GRAMA BANK	1
84	PUNJAB & SIND BANK	24
85	PUNJAB GRAMIN BANK	1
86	PUNJAB NATIONAL BANK	75
87	PURVANCHAL GRAMIN BANK	1
88	RAJASTHAN GRAMIN BANK	1

89	REWA SIDDDHI GRAMIN BANK	1
90	RUSHIKULYA GRAMYA BANK	1
91	SAMASTIPUR KSHETRIYA GRAMIN BANK	1
92	SAPTAGIRI GRAMEENA BANK	1
93	SARVA UP GRAMIN BANK	6
94	SATPURA NARMADA KSHETRIYA GRAMIN BANK	1
95	SAURASHTRA GRAMIN BANK	4
96	SHARDA GRAMIN BANK	1
97	SHREYAS GRAMIN BANK	5
98	<u>SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA</u>	67
99	SOUTH MALABAR GRAMIN BANK	1
100	STANDARD CHARTERED BANK	7
101	STATE BANK OF BIKANER & JAIPUR	8
102	<u>STATE BANK OF HYDERABAD</u>	21
103	<u>STATE BANK OF INDIA</u>	622
104	<u>STATE BANK OF MYSORE</u>	36
105	<u>STATE BANK OF PATIALA</u>	9
106	STATE BANK OF TRAVANCORE	46
107	SURGUJA KSHETRIYA GRAMIN BANK	1
108	SUTLEJ GRAMIN BANK (SGB)	1
109	SYNDICATE BANK	40
110	TAMILNAD MERCANTILE BANK LTD.	1
111	THE DHANALAKSHMI BANK LTD.	1
112	THE FEDERAL BANK LTD.	14
113	THE JAMMU & KASHMIR BANK LTD.	18
114	THE KARUR VYSYA BANK LTD	12
115	THE NAINITAL BANK LTD.	2
116	THE RATNAKAR BANK LTD.	1

117	THE SOUTH INDIAN BANK LTD.	1
118	THE TAMIL NADU INDUSTRIAL INVESTMENT CORPORATION LTD.	1
119	TRIPURA GRAMIN BANK	1
120	TRIVENI KSHETRIYA GRAMIN BANK	1
121	<u>UCO BANK</u>	42
122	<u>UNION BANK OF INDIA</u>	61
123	<u>UNITED BANK OF INDIA</u>	34
124	UTTAR BIHAR GRAMIN BANK	1
125	UTTARANCHAL GRAMIN BANK	4
126	UTTARBANGA KSHETRIYA GRAMIN BANK	1
127	VANANCHAL GRAMIN BANK	5
128	VIDHARBHA KSHETRIYA GRAMIN BANK	3
129	VIDISHA BHOPAL KSHETRIYA GRAMIN BANK	1
130	VIJAYA BANK	25
131	VISVESHVARAYA GRAMEENA BANK	1
132	WAINGANGA KRISHNA GRAMIN BANK	5
133	Yes Bank	

collateral free loans: **visit** <http://sidbi.in/?q=service-sector-assistance> ,

<http://www.bankofbaroda.com/bbs/collateral.asp>,

<http://andhrabank.in/english/cgtsi.aspx>

Usefull Links

<http://smallb.sidbi.in/how-get-collateral-free-loan-bank>

<http://msme.gov.in/mob/home.aspx>

<http://www.kviconline.gov.in/pmegp/pmegpweb/>

<http://dcmsme.gov.in/>

<http://www.nsic.co.in/>

<http://msmevirtualclusters.in/home.aspx>

<http://em.msme.gov.in/>