



MICRO, SMALL AND MEDIUM ENTERPRISES DEPARTMENT

POLICY NOTE 2023 – 2024

- Micro, Small and Medium Enterprises (MSME) sector forms an important segment of the Indian economy. It is second only to agriculture in generating employment country.
- They are the drivers of economic growth. MSMEs represent about 90% of businesses and more than 50% of employment worldwide.
- MSMEs create job opportunities and employment across geographic areas and sectors, providing an avenue for disadvantaged and marginalized groups and rural masses to achieve upward mobility.
- There are about 6.3 crore MSMEs in India, contributing about 45% of manufacturing output, more than 45% of exports, over 28% of the Gross Domestic Product (GDP) and providing employment to about 11 crore people across the country.
- With effect from 1st July, 2020, the Union Government revised the definition of MSMEs by incorporating combined criteria of investments and turnover (excluding turnover from exports). The revised definition is as follows:

Type of enterprise	Investment in plant & machinery (not exceeding)	Annual Turnover (not exceeding)*
Micro	Rs. 1 Crore	Rs. 5 Core
Small	Rs. 10 Crore	Rs. 50 Crore
Medium	Rs. 50 Crore	Rs. 250 Crore

*excluding export turnover

- From 2nd July 2021 onwards, wholesale and retail traders are also included in the definition of MSMEs for the purpose of priority sector lending

MSMEs in Tamil Nadu

- Tamil Nadu has a long history of entrepreneurship and industrial activity dating back thousands of years and was famous for its textiles, metal works, pottery, ship building, etc.
- The State now has the 3rd highest number of MSMEs in India. As per the 73rd National Sample

The Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO)

- Establish and maintain Industrial Estates and provide industrial plots and sheds as required by MSMEs
- Establish and promote Industrial Clusters and Common Facility Centres
- Establish workers' hostels for the benefit of migrant workers.
- Establish Plug and Play facilities as per the modern requirements of business.

The Tamil Nadu Small Industries Corporation Limited (TANSI)

- Manufacture and supply wooden and steel furniture to State Government Departments and their organisations
- Provide good quality furniture to the private sector at affordable cost

Entrepreneurship Development and Innovation Institute - Tamil Nadu (EDII-TN)

- Promote entrepreneurship education and self-employment across the State
- Promote innovation among school and college students

Bureau for Facilitating MSMEs of Tamil Nadu (FaMeTN)

- Facilitate MSMEs in access to credit, markets - domestic and international, investment, skilling, sustainability and sector specific initiatives.

Tamil Nadu Startup and Innovation Mission (TANSIM) |

- Provide an enabling ecosystem for startups in the State
- Provide and facilitate financial support to startups and incubators
- Facilitate balanced regional growth of the startup ecosystem
- Link startups with mentors

SELF EMPLOYMENT SCHEMES

New Entrepreneur cum Enterprise Development Scheme (NEEDS)

- New Entrepreneur cum Enterprise Development Scheme (NEEDS), a state funded scheme helps to guide and support educated youth in becoming first generation entrepreneurs.

- The beneficiaries should be in the age group of 21-35 years for General Category and 21-45 years for Special Category (SC/ST/BC/MBC/Minorities/Transgenders/Differently-abled, Ex-service men and women). The minimum education qualification prescribed under the scheme is HSC pass.
- Applicants with Degree/Diploma/ITI/Vocational training from recognised institutions are also permitted to apply under the scheme. 50% of this scheme is meant to benefit women entrepreneurs.
- The individual-based Capital subsidy under NEEDS is given at the rate of 25% of the project cost (not exceeding Rs.75 lakhs) along with 3% interest subvention on term loan throughout the entire repayment period by the Government.
- Additional capital subsidy at 10% of the project cost for beneficiaries of SC/ST/Differently-abled is being given by the Government from the year 2021-22 onwards. The minimum project cost is 10 lakhs and the maximum project cost is up to Rs.5 crore.

Unemployed Youth Employment Generation Programme (UYEGP)

- The Unemployed Youth Employment Generation Programme (UYEGP) is being implemented since 2010-11 for creating new job opportunities through self-employment, specifically among the marginalized sections of society.

Prime Minister's Employment Generation Programme (PMEGP)

- Prime Minister's Employment Generation Programme (PMEGP) of Union Government, provides loan assistance up to the project cost of Rs.50 lakhs for manufacturing activities and up to Rs.20 lakhs for service activities through banks.

Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) PMFME is a Centrally Sponsored

- Scheme (with a sharing pattern of 60:40) designed to address the challenges faced by the micro food processing enterprises and to tap the potential of groups and co-operatives in supporting the upgradation and formalization of these enterprises.
- In Tamil Nadu, 12,000 micro food processing individual units are expected to be directly assisted with credit linked subsidy, and the proposed outlay is Rs.502.67 crore over a period of 5 years, ending in 2024-25.

ANNAL AMBEDKAR BUSINESS CHAMPIONS SCHEME

- During the Budget Speech 2023-2024, it was announced that a new scheme called "Annal Ambedkar Business Champions Scheme" will be implemented in the current financial year in order to promote economic development of SC/ST entrepreneurs.

- The new scheme will provide 35 per cent capital subsidy and offer 6 per cent interest subvention for loans to procure machineries and equipment. A sum of Rs.100 crore is allocated for this scheme in the Budget Estimates 2023-2*

OTHER INITIATIVES

Udyam Registration

- Formalization of MSMEs is an important function of the Commissionerate and the DICs are facilitating the registration of MSMEs on Udyam which is a Certificate of Registration for MSMEs operating in India under the aegis of the Ministry of Micro, Small and Medium Enterprises, Union Government.
- Udyam is an entirely online, voluntary and paperless registration based on self certification.

Scheme for Promotion of Energy Audit and Conservation of Energy (PEACE)

- There is a need to promote energy efficiency in MSME manufacturing units so as to enable them to reduce costs and improve competitiveness in the global markets.
- Under this scheme, the Government reimburses 75% of the cost of conducting energy audit subject to a ceiling of Rs.1 lakh per energy audit per unit.
- As an incentive for implementing the recommendations of the energy audit, 50% of the cost of machinery and equipments replaced, retrofitting and technology acquired for the purpose of improving the energy efficiency subject to a maximum of Rs.10 lakhs is reimbursed.

Micro and Small Enterprises Facilitation Councils (MSEFC):

- The Government constituted four regional Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchirappalli, Madurai, and Coimbatore as per the provisions of the MSMED Act 2006.

MSME Awards for Entrepreneurs and Banks

- MSME Awards are given to entrepreneurs, enterprises and banks in Tamil Nadu who have taken creative and innovative strides to remain competitive in the domestic and global markets.

SAGOSERVE

- Established in 1981, the Salem Starch and Sago Manufacturers Service Industrial Co-operative Society known as "SAGOSERVE" helps Sago and Starch manufacturers in tapioca growing districts directly market their products thereby eliminating middlemen and ensuring fair and remunerative prices for them.

Tamil Nadu Industrial Co-operative Bank Ltd. (TAICO BANK)

- To provide adequate financial linkages to the Industrial Cooperative sector, the Tamil Nadu Industrial Co-operative Bank popularly known as TAICO Bank was established in 1961.
- TAICO Bank expanded its banking operations to all types of loans to individuals, MSMEs, and Government employees.

LABORATORIES - Central Electrical Testing Laboratory (CETL), Kakkalur

- The Central Electrical Testing Laboratory (CETL), Kakkalur, in Tiruvallur district was established in 1973 and offers various testing facilities for a variety of electrical products as per Indian Standard (IS) Specifications.

NEW INITIATIVES - MICRO CLUSTER DEVELOPMENT PROGRAMME

- The Government is implementing the Micro Cluster Development Programme from 2022-23 onwards to setup Common Facility Centres (CFCs) for micro clusters in various sectors across the State through The Industries Commissioner and Director of Industries and Commerce and TANSIDCO.

Tamil Nadu Coir Business Development Corporation (TANCOIR)

- The Government set up the Tamil Nadu Coir Business Development Corporation (TANCOIR) as a non-profit company in Coimbatore to develop the coir industry in the State and popularize value added coir products made in Tamil Nadu like Geo Textiles and Coir Pith in the domestic and export markets.
- A sum of Rs.5 crore has been allocated as seed capital in first phase for the Corporation. The headquarter of TANCOIR in Coimbatore was inaugurated on 25.08.22.

Tamil Nadu Food Processing and Agri Export Promotion Corporation (TNAPEX)

- The Government of Tamil Nadu has transferred the schemes and institutions relating to food processing from the Agriculture and Farmers' Welfare Department to the Micro, Small and Medium Enterprises Department, during the year 2022-23. This Corporation was transferred to the MSME Department as a result.

TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LIMITED (TANSIDCO)

- Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) was established on 23.03.1970 by the Government of Tamil Nadu with the main objective of assisting and promoting the interests of Micro and Small Enterprises by providing Industrial / Commercial plots and other infrastructure facilities.

Exclusive Women Industrial Parks

The following Five women industrial parks with 1226 industrial plots have been developed by TANSIDCO:-

1. Thirumullaivoyal (Tiruvallur District)
2. Thirumudivakkam (Kanchipuram District)
3. Karuppur (Salem District)
4. Valavanthankottai (Thiruchirapalli District) and
5. Kappalur (Madurai District)

Pharma Mega Cluster

- Government approved the project for establishing Pharma cluster at SIPCOT Industrial Complex, Tindivanam at a project cost of Rs.155.01 Crore.
- Common Facilities like Common Testing Centre, Common Effluent Treatment Plant, Sewage Treatment Plant, etc.,

Establishment of Mega Food Park at Tirunelveli District

- Tamil Nadu State Agricultural Marketing Board (TNSAMB) is establishing a Mega Food Park in Gangaikondan SIPCOT Industrial Complex, Tirunelveli District and the development works are in progress.
- Plots have also been developed in this food park for allotment to food processing units. TANSIDCO is now facilitating TNSAMB in the allotment process.

TAMIL NADU SMALL INDUSTRIES CORPORATION LTD (TANSI)

- The Tamil Nadu Small Industries Corporation Limited (TANSI) is manufacturing and supplying of steel and wooden furniture to Government Departments, Public Sector Undertakings and Private Sector. TANSI was established in 1965.

GeM Portal

- TANSI has registered its activities such as purchase and sales with GeM Portal since December, 2022.

ENTREPRENEURSHIP DEVELOPMENT AND INNOVATION INSTITUTE - TAMIL NADU (EDII-TN)

- The Entrepreneurship Development and Innovation Institute - Tamil Nadu is an apex organization in the field of entrepreneurship education and innovation promotion in the State of Tamil Nadu.
- EDII-TN was constituted by the Government of Tamil Nadu as a not-for-profit society in 2001 and is administered by the Department of Micro, Small and Medium Enterprises (MSME), Government of Tamil Nadu.

STRATEGIES

- EDII-TN promotes aspirational entrepreneurship and innovation culture in Tamil Nadu through the following strategies:- Building entrepreneurial competencies of aspiring youth and entrepreneurs.
- Support ecosystem for entrepreneurs, including technology startups. Embedding entrepreneurship education in the formal education system. Research and publications on entrepreneurship and innovation.

Vaazhndhu Kaattuvom Project (VKP)

- Vaazhndhu Kaattuvom Project is World Bank funded project. EDII-TN is working with VKP project to train and strengthen the enterprise community professionals (ECPs) and nano entrepreneurs in the project areas.

Bureau for Facilitating MSMEs of Tamil Nadu (FaMeTN)

- MSME Trade and Investment Promotion Bureau (M-TIPB) was established as an autonomous body in 2019 under the Micro, Small and Medium Enterprises Department.
- It was launched in its rebranded avatar - FaMeTN (Bureau for Facilitating MSMEs of Tamil Nadu) with the tagline “Tholkoduppom Thozhilgaluku” on 25.08.2022.
- In 2022-23, FaMeTN extended extensive facilitation support to MSMEs and complemented the subsidies and schemes offered through the Industries Commissionerate.

Activities of FaMeTN during 2022-23

The Tamil Nadu Credit Guarantee (Scheme (TNCGS)

- The Government of Tamil Nadu signed an MoU with Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) of the Government of India on 16.03.2022 for collaborating on launching a State specific Credit Guarantee Scheme by name Tamil Nadu Credit Guarantee Scheme (TNCGS).

Tamil Nadu Trade Receivables Discounting System (TN TReDS)

Financial Workshops and Loan Facilitation Drives Marketing

- ❖ Market Linkages through e-Commerce
- ❖ Market Linkages -Domestic Sales
- ❖ Market Linkages - International Sales
- ❖ Investor Facilitation and Single Window Portal (SWP)

Tamil Nadu Startup and Innovation Mission (TANSIM)

- Tamil Nadu Startup and Innovation Mission is the Government of Tamil Nadu's nodal agency for Startups and Innovation in the State. It is a Section 8 Company functioning under the Micro, Small and Medium Enterprises Department. It is branded and promoted as Startup TN.

Key objectives of the organisation:

- Creating an enabling environment that will facilitate the emergence of at least 10,000 new Startups in the State by 2026.
- Creating and implementing policies favourable for inclusive entrepreneurship development in terms of geography, gender, caste and class.
- Sector focused approach for enabling distributed growth among multiple industry verticals.
- Establish more Regional Hubs and Startup Circles to inculcate the Startup and innovation culture across Tamil Nadu.
- Create the "job giver" mindset among students and youth in the place of "job seeker" mindset by organising intensive inspirational programmes.

Tamil Nadu Startup Seed Fund (TANSEED)

- TANSEED is the flagship grant scheme under StartupTN, designed and implemented to support early-stage Startup companies from various sectors and geographies with a grant of Rs. 10 Lakh. During the year 2022-23, Rs. 5.6 Crore was disbursed as grant to 56 Startups in the 3rd and 4th editions of TANSEED.

FabLabs

- StartupTN has initiated the setting up of FabLabs in three engineering colleges under the Directorate of Technical Education (DoTE).

Global Tamil Angels Network

- StartupTN launched the 'Global Tamil Angels' portal with the objective of onboarding Tamil Angel Investors from across the globe and helping them channelise their investments in appropriate prospective opportunities in Tamil Nadu. The portal has been structured to connect on boarded Startups and Investors.

Tamil Nadu SC/ST Startup Fund

- The Tamil Nadu SC/ST Startup Fund was announced in the financial year 2022-23 to achieve inclusive development of new age enterprises across all communities.