



Government of Madhya Pradesh



**MSME**  
**CONVENTION 2016**  
सूक्ष्म, लघु और मध्यम उद्यम सम्मेलन

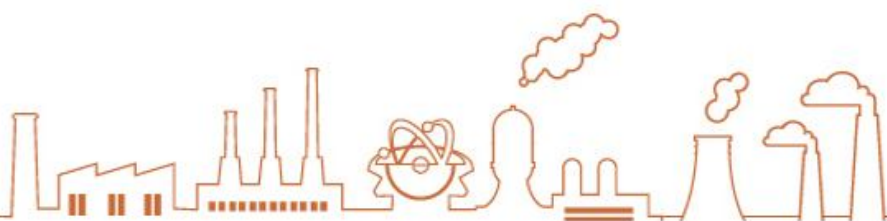
# VISION

**MICRO, SMALL & MEDIUM ENTERPRISES  
MADHYA PRADESH**



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# Foreword

Micro, Small and Medium Enterprises (MSMEs) play a noteworthy role in the economic and social development of any State, often acting as a nursery of entrepreneurship. The MSME sector contributes significantly to the State's manufacturing output, employment and exports and is credited with generating high employment.

As envisaged by the Hon'ble Chief Minister of Madhya Pradesh in his ambitious 'Make in MP' campaign, it is our endeavour to promote and encourage MSMEs in the State, by providing a sustainable platform for growth and development. The Government of Madhya Pradesh is poised to enable entrepreneurship through access to resources and support in terms of infrastructure and incentives. The MSME sector in Madhya Pradesh has witnessed significant transformation in recent times wherein new business opportunities have come up and several diverse investments are being undertaken by the public and private sector players. The State has been credited for being the first one in the country in initiating private sector investment in infrastructure. With the same vigor and ambition, the State shall extend all possible support to the MSME sector which is set to play a critical role in defining the future and sustainability of industry in Madhya Pradesh.

With this background, I am pleased to share with you the Government of Madhya Pradesh's vision for the MSME sector and its modus operandi of ensuring highest level of sustainable growth for this promising sector. This document hopes to provide a perspective of the Government of Madhya Pradesh towards its initiatives for prosperity of the MSME sector.

I would also like to extend heartfelt thanks to everyone who provided their valuable inputs for preparing this document. I also take this opportunity to invite comments and suggestions on this document and our model for development of MSMEs in Madhya Pradesh.

1st October 2016  
Bhopal

Sanjay Satyendra Pathak  
Minister of State for Micro, Small and Medium Enterprises  
(Independent Charge)  
Government of Madhya Pradesh





# 1. Introduction

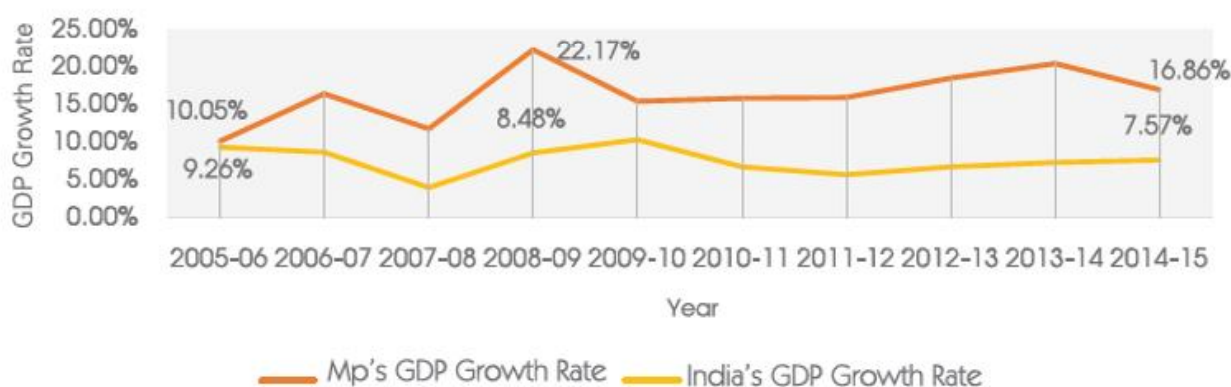
## 1.1 Madhya Pradesh: Leading Economic Growth Story in India

### *Economic Performance*

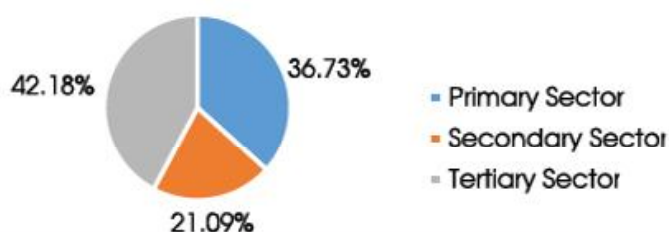
Madhya Pradesh, located in heart of India, is the second largest state in the country by area, the sixth largest state in India by population and ninth largest by Gross State Domestic Product (GSDP).

Madhya Pradesh is among the fastest growing states in the country. The nominal GSDP of Madhya Pradesh for the year 2014-15 was Rs.5.08 lakh crore. The State recorded a 16.85 percent growth in its GSDP over the period of 2013-14 and a Compounded Annual Growth Rate (CAGR) for GSDP of 14.65 percent between 2004-05 and 2014-15. In last four years alone, the State's GSDP has grown at more than ten per cent consistently which is significantly better than the national average.

Nominal GDP Growth Rate of Madhya Pradesh vis-a-vis India



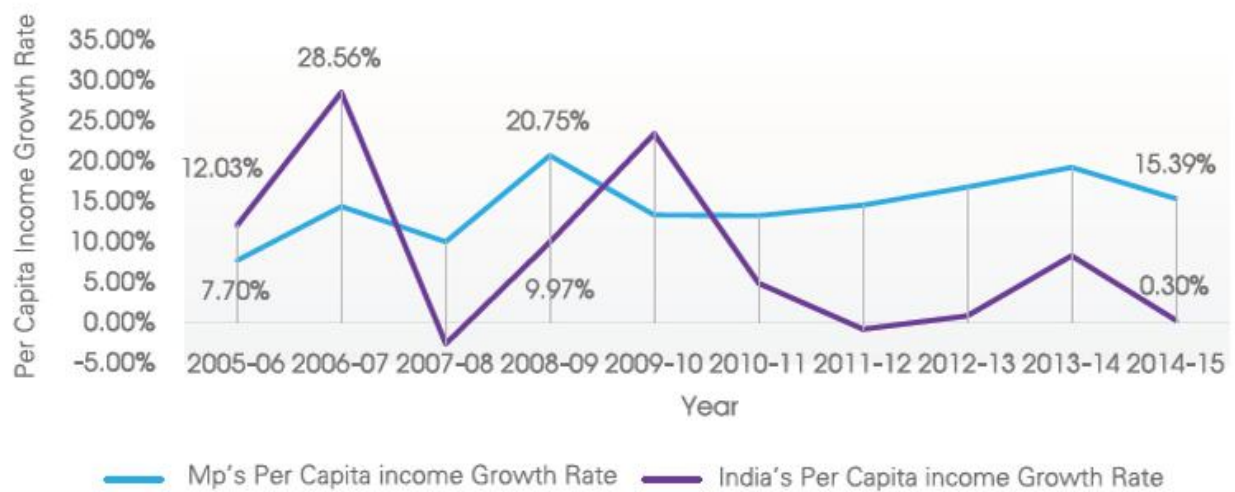
This strong economic growth of Madhya Pradesh draws strength from strong double-digit growth in all sectors, particularly the primary and tertiary sectors of the State's economy. Sectorally speaking, Madhya Pradesh has moved from being an agri-dominated State to a tertiary economy. The tertiary sector alone accounts for 42.18% of GSDP as of 2014-15. This is followed by the primary sector accounting for 36.73% of GSDP and finally, the secondary sector at 21.09%. The secondary sector in Madhya Pradesh, primarily led by the industries, have sustainably and significantly contributed to the economic growth of Madhya Pradesh.



<http://statisticstimes.com/economy/gdp-of-indian-states.php>  
[www.investmp.com](http://www.investmp.com)  
The Economic Survey of Madhya Pradesh for 2015-16  
[www.data.worldbank.org](http://www.data.worldbank.org)

The phenomenal economic expansion of Madhya Pradesh has further led to increase in the per-capita income in the State.

Growth in Nominal Per Capita Income of Madhya Pradesh vis-a-vis India



The State is rich in natural resources - fuels, minerals, agriculture and biodiversity. Madhya Pradesh represents 8.3 percent of the country's coal reserves. The state also has the largest reserves of diamond and copper in India, apart from significant reserves of limestone, manganese and dolomite.

Madhya Pradesh is home to all types of industries which range from automobile to pharmaceutical and from software to retail and from textile trading to real estate. While the textile manufacturing and trading is the oldest business to contribute to economy, the real estate has emerged very fast in past few years. There are several economic zones in the State which promote exports and economic development of Madhya Pradesh. On the automobile industry front, Pithampur is also known as the Detroit of India due to presence of Indore Special Economic Zone.

There are industries largely based in mineral substances of economic value and the ready-made garments industry also plays a significant role in the industrial growth of the State.

Madhya Pradesh is also a leading State for production for the defense sector. The State has six ordnance factories, four of which are located at Jabalpur (vehicle factory, grey iron foundry, gun carriage factory, ordnance factory khamaria) and one each at Katni and Itarsi. The factories are run by the Ordnance Factories Board, and manufacture a variety of products for the Indian Armed Forces.

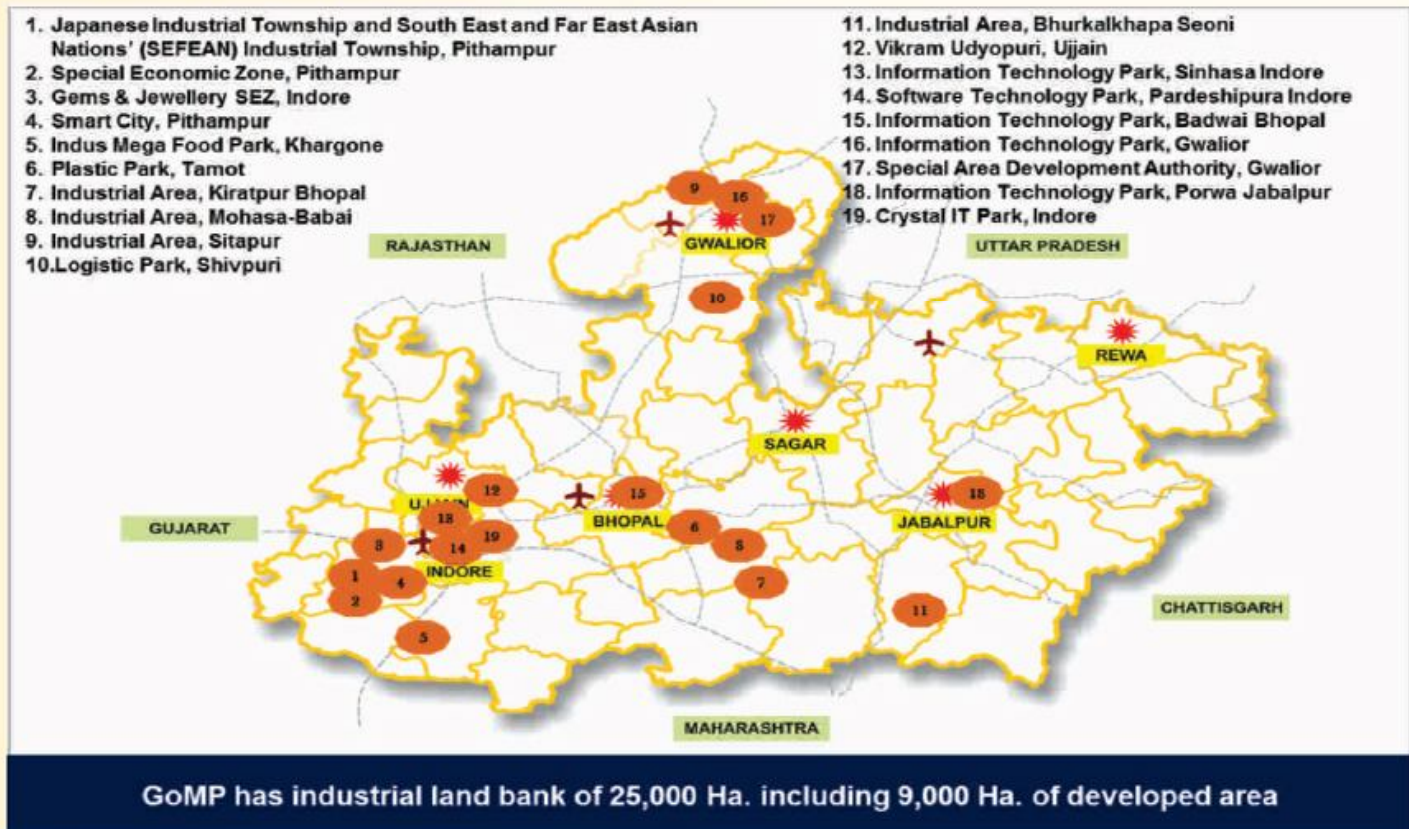
By virtue of Madhya Pradesh's centralized location, it has excellent connectivity to several parts of India and its robust road network of over 100,000 kilometers makes it an ideal destination for centralized manufacturing and distribution hub.



Industries of Madhya Pradesh can be divided in the following manner:

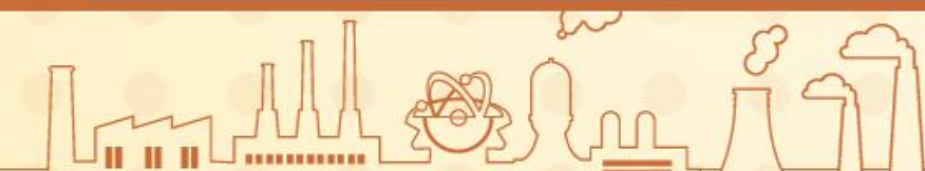
Mineral Resources Based Industry	Cement Industry, Heavy Electrical Instruments, Crockery Industry, etc.
Forest Based Industry	Paper Industry, Furniture Industry, etc.
Agricultural Based industry	Cotton Textile, Artificial Fabrics, Sugar Mills, Vegetation Oil, Soyabean Oil industry, etc.

The industrial areas are located at several cities across the State:



In a bid to build a competitive environment, industries and their ancillaries, the Government of Madhya Pradesh has adopted approach of cluster led economic development while keeping in mind the availability of raw materials, skilled labour and market potential. Some of the strategic clusters while keeping in mind the availability of raw materials, skilled labour and market potential. The clusters identified by the Government of Madhya Pradesh for this purpose are:-

Indore	Pharmaceutical, Textile, Food Processing, Information Technology, Auto-Components
Bhopal	Engineering, Fabrication, Biotechnology, Herbal Products, Information Technology, Food Processing
Jabalpur	Garment, Mineral, Forest and Herbal based industries, Food Processing



<b>Gwalior</b>	<b>Electronics, Information Technology, Fast Moving Consumer Goods and Commodities, Light Engineering, Food Processing</b>
<b>Rewa</b>	<b>Refractories, Lime Stone and Forest based industries</b>
<b>Sagar</b>	<b>Major and Minor minerals processing</b>

Madhya Pradesh has established and promoted industrial clusters and corridors throughout the State to provide world class infrastructure and facilities to interconnected companies or institutions that manufacture products or deliver services to a particular field or industry. Such cluster based development of industries in the State is undertaken through Industrial Policy facilitates cluster based development through Madhya Pradesh Audyogik Kendra Vikas Nigam Limited (MPAKVN).

Some of the noteworthy industrial clusters/parks are:

<b>Indore-Pithampur</b>	<b>Auto cluster, Pharmaceutical Cluster, Cotton Yarn Cluster, Auto Testing Treck, Apparel Park, several Information Technology Special Economic Zones (SEZs)</b>
<b>Shahpura</b>	<b>Fossil Park</b>
<b>Panna</b>	<b>Diamond Mines</b>

Furthermore, the State government would give priority for completion of initial development works at following industrial parks:

<b>Indore-Pithampur</b>	<b>Apparel Park, Gem and Jewelry Park, Software Technology Park and Herbal Park</b>
<b>Bhopal</b>	<b>Life Sciences Institute</b>
<b>Panna</b>	<b>Diamond Mines</b>
<b>Jabalpur-Katni</b>	<b>Apparel Park and Stone Park</b>
<b>Rewa-Satna</b>	<b>Herbal Park</b>
<b>Tikamgarh-Sagar-Chhatarpur</b>	<b>Granite Park</b>

With a view to attain a double digit economic growth in Madhya Pradesh and for making the state prosperous, the State Cabinet approved the new industrial policy (Industrial Promotion Policy 2014 and Action Plan).

The new policy envisages on creating an industry-friendly administration, maximizing employment opportunities, tackling industrial sickness, to rationalizing rates of commercial taxes and bolstering private sector participation. The main thrust of the policy is:



- Establishment of a Madhya Pradesh Trade and Investment Facilitation Corporation (MPTRIFAC);
- Enacting an Industrial Facilitation Act and to change rules of business with a view to make single window system decisive and result oriented;
- Developing infrastructure for enhancing identified industrial clusters;
- Improving investor facilitation and enhancing ease of doing business;
- Creation of a Department of Micro, Small and Medium Enterprises (the Department); and
- Reviving closed down/sick industrial units by granting special packages.

The State has spotted other significant investment opportunities and have extended its full support to the same, some of which has been presented below:

<b>Readymade Garments</b>	<b>Indore SEZ with ready available infrastructure for large garment units</b>
<b>Textile Industry Vision</b>	<b>Aim to achieve 7 percent of Indias spindle capacity; Opportunities for cotton ginning and yarn spinning mills, power looms and hand looms, apparel designing and retailing, technical textiles and dyeing and coloring units</b>
<b>Textile parks and Investment Corridors</b>	<b>Establishment of Textile parks and manufacturing units in DMIC region, Investment corridors and traditional textile hubs of Indore, Ratlam, Dewas, Dhar and Ujjain</b>

MP TRIFAC to function as a Single Window Facilitation Centre for Investment promotion for speedy approvals of different clearances and consents in Madhya Pradesh. Furthermore, MPAKVN, has been entrusted with the responsibility of Industrial promotion through development of industrial growth centers in selected areas of its jurisdiction in the State of Madhya Pradesh. For providing marketing assistance to small scale industries for overall supply chain management of the small scale industries, the Government of Madhya Pradesh had established MP Laghu Udyog Nigam Limited (MPLUN) as a core resourcing corporation for the entire state of MP.

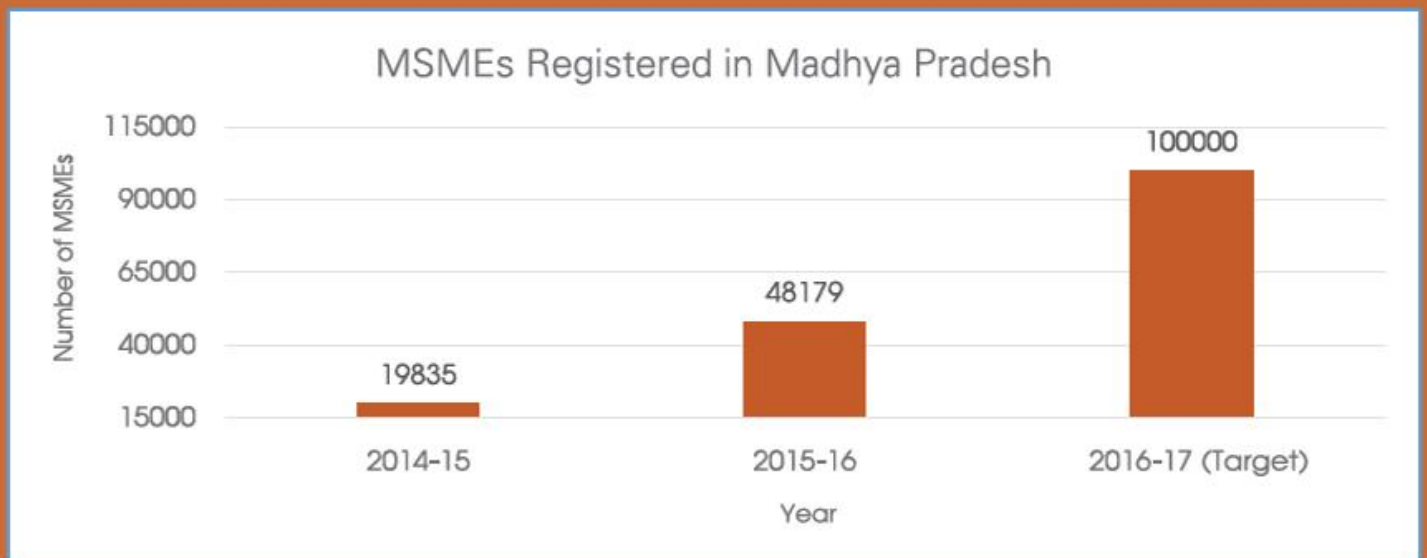
Strong human capacity and favorable conditions and good overall business incentives boost Madhya Pradesh's foothold as a preferred state for industries. Madhya Pradesh stands 5th among Indian states in rankings based on ease of doing business and reforms implementation, according to a study by World Bank and KPMG.

## 1.2 Growth Imperatives

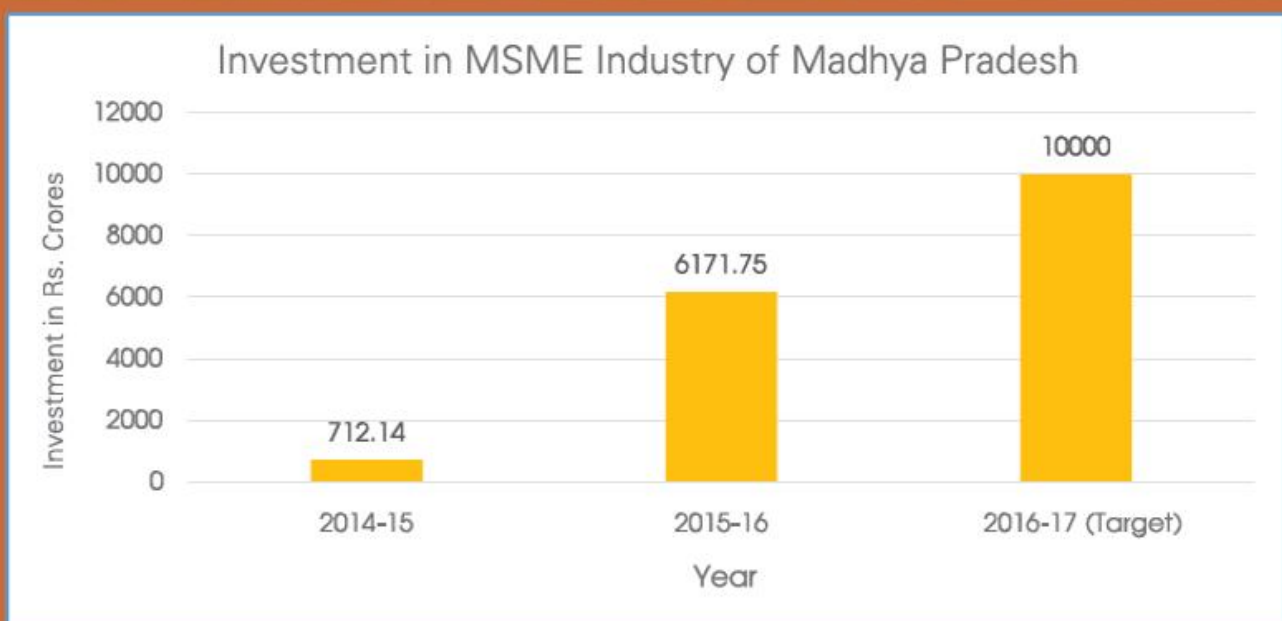
Small scale industries have played a significant role in all the developed economies primarily for the economic growth, job creation and poverty reduction in the State. The government has a huge responsibility to provide a business friendly environment and most importantly to encourage entrepreneurs.



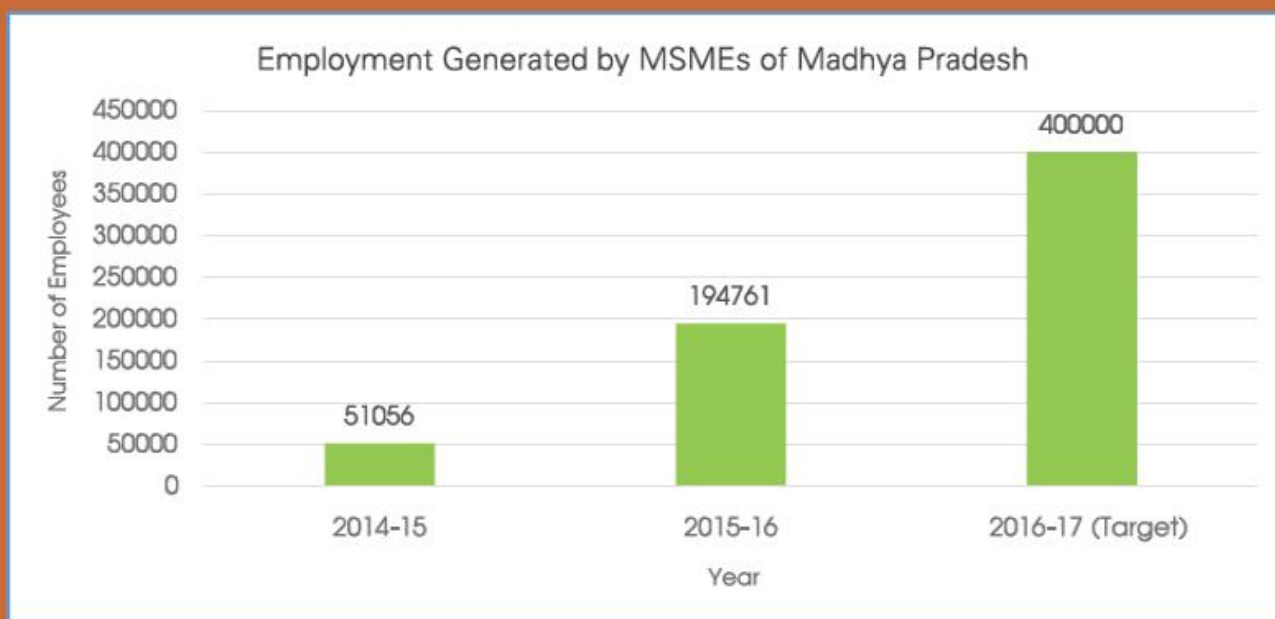
- A large part of any state's economic growth depends upon the condition of business environment and its commitment to medium and small scale industries.
- The Government of Madhya Pradesh since the last decade has been very supportive of inclusive growth through special focus on MSMEs.
- The same is evident from the growth in number of MSMEs established in the State.



- Madhya Pradesh's MSME sector has also attracted significant investment which presents the confidence of investors in the state of Madhya Pradesh.



Furthermore, the surge in growth of MSME Industry in Madhya Pradesh has generated a significant level of employment for Madhya Pradesh over the years.



The steps taken by MP government can be summarized in following points:

- Skill development programs to fill the gap of skilled manpower required for MSMEs;
- Development of Clusters;
- Creation of separate department addressing the needs of MSMEs;
- Promotion of establishment of new vendor units nearby mother units;
- Number of ineligible industries have been reduced from 52 to 19;
- Marketing assistance;
- Promotion of sub-contracting to develop local vendors; and
- Fiscal assistance to MSMEs.

Apart from special incentives provided to MSMEs, the state government is also keen on promoting entrepreneurship. The Government has launched several schemes and programs to promote entrepreneurship in MP and to support the first generation entrepreneurs.

The State Government is all set to strive and partner the investors, innovators, entrepreneurs and technocrats in bringing about the change and realizing the "Make in MP" concept, in line with "Make in India" vision to make Madhya Pradesh a manufacturing hub.



## **Establishment of Department of MSME, Government of Madhya Pradesh**

Recently, the Government of Madhya Pradesh formed a Department of MSME to facilitate and provide necessary support in establishment and running of the MSME business. The Government of Madhya Pradesh does not intend to over regulate the sector and that is the reason it has not set up any regulatory unit under the department rather it focuses on labour and other reforms. For instance, before creation of the Department, an MSME was required to be filled in 66 registers. Now all those have been merged into one.

Earlier, the MSMEs were under the purview of 17 different Acts and required to file 17 different types of returns. Now they have been mostly exempted from any such return filing. The Department is working on different fronts to contribute its maximum in improving State's ranking on the ease-of-doing business.

The Government of Madhya Pradesh recognizes and intends to capitalize on nation's competitive advantage in labour to push for manufacturing and alongside, the Department shall focus on reducing the overall cost to make goods cheaper and improve MP's competitiveness in the global markets.



## 2. Paradigm Shift in the MSME Ecosystem of Madhya Pradesh

Madhya Pradesh's economy has a large pool of dynamic and versatile set of entrepreneurs, who though are small and medium in terms of scale of operations, make huge contributions of varied kind to the economy. The MSME sector has the ability to make available cost effective, low-volume customised products and also enjoys flexibility in its working to deliver as per the specific requirements.

The importance of MSME for Madhya Pradesh's economic growth is well established. However with the changing focus from economic growth to inclusive growth, MSME sector's role in the socio economic development of the State now needs to be understood, explored and facilitated.

The MSMEs of Madhya Pradesh would be the cradle for the "Make in India" vision. This would be the nursery where small existing businesses have the potential to become world leaders tomorrow. The larger players amongst the MSME space also are in a unique position to become global players attracting partners with technology and funds.

Keeping in view the above, the Department of MSME, Government of Madhya Pradesh is proud to present its MSME Vision with key focus areas being – Human Capital Development, Enabling Infrastructure, Access to Finance and Implementation and Governance Framework.



## 2.1 Human Capital Development

### 2.1.1 Entrepreneurship Development

The foundation of creating a successful MSME is an ambitious and visionary entrepreneur. To promote entrepreneurship the Department of MSME, Government of Madhya Pradesh envisages:

- Undertaking entrepreneurship development initiatives
- Organizing science and technology research training program for different government departments
- Creating self-employment opportunities and upgrading the relevant skills of existing and potential entrepreneurs
- Organizing skill and job fairs in all major cities for all categories of unemployed youth and fresh graduates
- Strengthening and expanding the Self Help Groups network for landless and disadvantaged groups to transition them into micro enterprises, and make their activities sustainable.
- Rewarding MSMEs for initiatives towards skill development and employment generation, particularly for women and special classes, by way of direct incentives, weighted deductions and reliefs in indirect taxes combined with low cost funding and credit access for stakeholders
- Partnering with various training institutes to impart basic IT Skills, sales courses, customer service courses, desktop publishing courses, computer networking courses and web designing courses
- Organizing skill development programs with National skill Development Corporation (NSDC) and Entrepreneurship Development Program (EDP) / Entrepreneurship cum Skill Development Program (ESDP)
- Creation of database of the trained persons would be created and linked to job Exchange to give the benefit of training to the trainees and the industry. Industry would be enabled to access the database of trained manpower



## 2.1.2 Employment

The Department of MSME, Government of Madhya Pradesh intends to adopt various modes of addressing poverty and problems of unemployment through:

- Cash assistance under the self-employment schemes to the rural youth (entrepreneurs), scheduled castes/tribes and women entrepreneurs.
- Scheme relating to the micro financing by creating self-employment opportunities.
- Creation of an online employment exchange for industries and job-seekers



## 2.1.3 Vocational Training

To bridge gap between surplus labour and demand for skilled labour, which in turn would provide ready employable workforce for MSMEs and promote entrepreneurship as well, the Department of MSME, Government of Madhya Pradesh intends to:

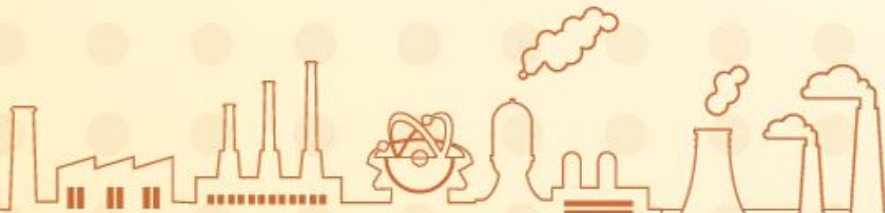
- Increase the proportion of students who enroll for vocational and higher education to ensure that sufficiently skilled persons are available.
- Skilling initiative (through vocational training) to be undertaken on a large scale to re-train the existing work-force who will be forced to migrate from agriculture into other sectors or those who are un/under-employed in urban areas
- Initiatives to establish newer and upgrading existing Industrial Training Institutes (ITIs)
- Close networking with the industry for immediate placement of the trainees
- Centre for Excellence for standardization of training curriculum, training of trainers etc.



## 2.1.4 Rural Empowerment

Rural empowerment is crucial for driving the growth of MSMEs as it is the most important factor of providing abundant manpower to the MSMEs. The Department of MSME, Government of Madhya Pradesh intends to bridge the gap between availability of manpower and required of semi-skilled labour force capitalize upon its diverse rural and tribal population by way of:

- Introduction of Rural Industrial Program to provide a cohesive and integrated package of basic inputs like information, motivation, training and credit, backed by appropriate technology and market linkages
- Partnering with implementing agencies such as Non-government Organizations (NGOs), development professionals, and technical consultancy organizations to skill the rural and tribal population
- Bridging the urban-rural digital divide by providing high speed broadband connectivity to every village
- Providing grass-root and affordable technologies and ensure, at least primary processing at the village/cluster level to add value and reduce the costs of logistics
- Diverting unproductive labour forces from agriculture sector to productive enterprises would add to rural economy and simultaneously reduce the disguised unemployment in agricultural sector.



## 2.2 Enabling Infrastructure

### 2.2.1 Industrial Infrastructure Growth

The Department of MSME, Government of Madhya Pradesh envisages enhancing and developing advanced infrastructure in the State for MSMEs by way of:

- Providing quality infrastructure development through public-private partnership (PPP) approach
- Development of Information and Communications Technology (ICT) Infrastructure to incorporate the rise of Information Technology in the country into the MSME ecosystem of Madhya Pradesh by way of creation of online portals for incorporation formalities, regulatory filings, portal for collaboration amongst various governmental departments, knowledge dissemination, market promotion for MSMEs, enabling interaction with global investors and network of experts assisting the Department in implementing its policies
- Improvement of soft skills in quality control/Total Quality Management (TQM) technologies and handholding of firms to achieve certificate, benchmarking vis-à-vis international standards
- Improvement in Research and Development (R&D) infrastructure
- Providing affordable access to Enterprise Resource Planning (ERP), Supply Chain Management and Customer Relation Management tools to MSMEs
- Financial incentives to industries making significant capital investment
- Thrusting the Micro and Small Enterprises Cluster Development Programme (MSE-CDP)
- Reimbursement of fees for using of barcodes by MSMEs
- Generating awareness about the Intellectual Property Rights (IPRs)
- Under Madhya Pradesh Land Management Rules, 90% concession will be given in prescribed rates for allotment of up to 5,000 square feet plots to MSMEs.
- In all industrial areas in the state, 20% land to be reserved for MSMEs
- One click approach for land bank availability by way of digital mapping of the land in the State
- Creation of an online portal to help the prospective investors know about land-related information
- Time bound allotment / diversion of land for MSMEs
- Encouragement of private industrial parks
- Enabling electricity connections at reduced rates



## 2.2.2 MSME Cluster / Hub Development

The Department of MSME, Government of Madhya Pradesh strongly supports formation of clusters/hubs which spur three important activities for an economy viz., increased productivity (through specialized inputs, access to information, synergies, and access to public goods), more rapid innovation (through cooperative research and competitive striving), and new business formation (filling in niches and expanding the boundaries of the cluster map). In view of the same, the Department of MSME, Government of Madhya Pradesh envisages to:

- Create 10 integrated sector specific micro-clusters of MSMEs basis similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control, level of technology and standards, challenges and opportunities etc.
- Support the sustainability and growth of MSMEs by addressing common issues such as improvement of technology, skills and quality, common facility centres, effluent treatment plants, market access, access to capital, etc.
- 15 industrial areas specifically for MSMEs to be developed
- Enabling 24x7 electricity to all the clusters
- Building capacity of MSMEs for common supportive action through formation of self-help groups, consortia, upgradation of associations, etc.
- Set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc.)
- Facilitate economies of scale in terms of deployment of resources



## 2.3 Innovation and Promotion

### 2.3.1 Innovation Capital & Knowledge Hub

Innovation is important at all stages of development; specifically, the creation and diffusion of technologies are important for economic growth and welfare across all economies. Madhya Pradesh visions to be the heart of innovation in India and it intends to:

- Setting up of a framework to promote start-up culture in the State by launching and enacting MP Incubation & Start-up Policy 2016
- Promoting incubation centers in the State
- Organizing workshops and discussions with successful leading entrepreneurs, business leaders and anchor units operation across state and India
- Annual monetary awards with State wide recognition to best small scale ideas in various sectors/fields of business
- Creation of co-working spaces across the State enabling meetings between thinkers and investors
- Facilitate linkages between large industrial units and 500 MSME units for vendor development.
- Sponsoring and promoting various collaborative events such as innovation jams, hackathons, pitches, innovation challenges, idea competitions and brainstorm



### 2.3.2 Adoption of 'Plug and Play' Model

- The 'Plug and Play' model allows the MSMEs and entrepreneurs to immerse into the practical world of innovation and industrialization before they are actually into the practical world. Through this, the Department of MSME, Government of Madhya Pradesh shall promote:
- Combination of structured workshops, speaker series, mentorship sessions as well as active coaching to support founders of MSMEs to crystallize their ideas and business plans, build out their MSME's business model and prototypes as well as present their refined pitches to the venture capital community
- Qualified MSME's would be eligible to receive financial incentives to further strengthen themselves
- Develop two integrated plug and play facilities in selected industrial areas



### 2.3.3 Technical Up-gradation

The competitiveness of any economy depends on how efficiently all the resources in the process of production are utilized and how efficiently these are marketed, hence the entire chain of production has to be efficient. This can be achieved through the use of latest technology. The Department of MSME, Government of Madhya Pradesh may provide the following assistance to MSMEs for technology up-gradation:

- Setting up of tool rooms and training centers to provide facilities for design and manufacture of tools, and also for training to improve the skill of tool makers, for the benefit of industries in MSME sector
- Creation of a Center of Excellence for providing consultancy, information service, documentation etc., for solving the problems related to tools of industries in the State
- Technology and quality upgradation support to MSMEs such as assistance in obtaining/reimbursement towards international certifications (such as ISO 9000/ ISO 14001) in pursuit of excellence towards quality
- Attracting investments and outputs by large players and their MSME vendors to indigenize and/or enable import substitution particularly adapting to research and development, innovation and global technologies



### 2.3.4 Access to Market

To with stand the onslaught of competition from large enterprises within and outside, MSMEs need to respond promptly to the evolving marketing needs. To provide better market access facilities to the MSMEs in order to assist them sustain and further enhance its contribution towards output, employment generation and exports, the Department of MSME, Government of Madhya Pradesh shall undertake measures such as:

- Organizing virtual and physical exhibition centers at state and district levels creating platforms for Business to Business and Business to Consumer interaction
- Assisting MSMEs in selling products to ministries / public sector undertakings
- Branding and promotion support through MSME associations
- Coordination with National Small Industries Corporation (NSIC) for undertaking marketing support programmes for MSMEs of MP.
- Participating in international trade fairs to provide a global market access to the MSMEs of MP



## 2.4 Access to Finance

### 2.4.1 State Incentives

To improve the flow of credit and to ensure enough of liquidity for the MSMEs to concentrate on output, the Department of MSME, Government of Madhya Pradesh shall assist the MSME sector by way of providing:

- Commercial tax concessions combined with low cost funding and credit access for stakeholders in MSMEs
- Providing 15% capital subsidy and 5% interest subsidy to eligible MSMEs
- Financial assistance to sick industrial units in the State for their revival
- Attractive schemes for promotion of ancillary units by large and medium scale units
- Development of financial centers to small entrepreneurs for activities related to marketing, bills discounting, raw materials, purchases and exports
- Facilitating technology upgradation by providing capital subsidy on institutional finance availed by them for induction of well-established and improved technology in approved sub-sectors/products
- Promotion of information technology to eliminate intermediate transactions
- Creation of Madhya Pradesh Venture Capital Fund (MPVCF) to nurture and promote start-ups



### 2.4.2 Self-Employment Schemes

Understanding the limitations of budding MSMEs to raise funds through debt or equity, the Department of MSME, Government of Madhya Pradesh shall actively promote financial assistance schemes working in consonance with Government of India's schemes such as Stand-up India scheme, MUDRA scheme and Prime Minister's Employment Generation Programme to enable easier access to finance and promote self-employment in the State.

- Promotion of scheme to provide loan without bank guarantee to setup and grow micro and small enterprises
- Margin money assistance, interest subsidy, loan guarantee and training to the beneficiaries to promote entrepreneurship in the Madhya Pradesh
- Minimal or no requirement of collateral security



### 2.4.3 Guidance for Financial Institutions to Support MSMEs

Furthermore, the Department of MSME, Government of Madhya Pradesh shall also work with the public and private institutions to assist the MSMEs in accessing credit which shall include:

- Capitalizing and partnering with various financial institutions on to provide a cohesive and integrated package of basic inputs like information, motivation, training and credit, backed by appropriate technology and market linkages to the MSMEs
- Measures to arrange equity type assistance, venture capital scheme etc. to accelerate the pace of investment in MSME sector
- Boosting bank credit facilities to tackle structural inadequacies in the MSME sector
- Attracting Private Equity funding and promoting cluster financing
- Capacity building for lending institutions, particularly, state level financial institutions and co-operative banks that are the major source of funds for funding window for MSME sector through banking channels by bringing a new scheme



### 2.4.4 Aligning with Goods and Services Tax (GST)

The Goods and Services Tax, touted to be India's biggest tax reform, will simplify the current system of taxation. The Department of MSME, Government of Madhya Pradesh shall ensure that the implementation of GST will not have any impact on the growth of MSMEs in the State. Instead, the State shall ensure a seamless transition towards GST regime, assisting the MSMEs by way of:

- Creation of a roadmap to assist the MSMEs to move to GST regime of indirect taxation
- Special trainings and workshops to explain more about GST
- Management Development Sessions with senior experts (from the large scale industry and professional bodies) to help MSMEs understand the intricacies of implementing GST
- Engaging private and public institutions for helping MSMEs have an impact analysis of GST
- Promoting Madhya Pradesh as the State which supports GST and is ready for its implementation



## 2.5 Implementation and Governance Framework

### 2.5.1 Conducive Policy Environment

To carefully map laws and regulations and to provide a hindrance free and encouraging regulatory environment to the MSMEs, the Department of MSME, Government of Madhya Pradesh envisions to:

- Strengthening of District Trade Industries Centers (DTIC) by institutionalizing the model of MSME Business Facilitation Centres within DICs /MPAKVN
- Empowering the MSME associations
- Ending 'license raj' and clamping of unannounced visits to MSMEs by license issuing authorized personnel
- Assistance in engaging agencies to rate the MSMEs
- Minimal bureaucratic intervention for formation of a MSME
- Performance based incentives to MSMEs to promote successful MSMEs and to encourage other MSMEs to perform better



### 2.5.2 Strengthening Ease of Doing Business - 'Single Window System' for MSMEs

In line with long-term industry demand and to investments into MSME sector, the Department of MSME, Government of Madhya Pradesh intends significantly cut down project implementation time and cost and time overruns by implementing 'Plug and Play' Model which compliments Government of India's ease of doing business strategy.

- Ensuring that all regulatory clearances are put in one place and MSMEs just concentrate on kick starting the business and delivering outputs
- Streamlining procedures, rules and regulations for ease of doing business
- Access to multiple official formalities through one point of contact for the MSMEs
- Reducing the cost of documentation
- Reducing delays in turnaround time for documentation
- Increasing authorities' processing efficiencies with streamlined process flow
- Attract foreign direct investment as a result of operational efficiency and transparency



### 2.5.3 MSME Business Facilitation Centres ('MBFC') – A Step towards Effective Implementation

In order to give a meaningful and impactful effect to the policy initiatives and schemes of the State, the Department of MSME, Government of Madhya Pradesh shall be establishing a facilitation agency which shall ensure that the initiatives of the government are being implemented and to act as a direct channel between the government and MSMEs to invite feedback from MSMEs and spread awareness about government's initiatives. MBFC shall:

- Provide investor hand-holding, knowledge and assistance related to investment and expansions, etc. to MSMEs in the State
- Formation of MBFC initially on pilot basis based on hub and spoke model
- Holistic development of the MSME sector including skill development, technical incubation, access to credit, awareness about schemes and incentives of the government
- MBFC would aim to serve as the growth engine for investors across the MSME segment through providing investment promotion, ease of doing business, sector development, policy support and enhancing the business prospects for small enterprises
- Training and sessions for General Managers of District Industry Centers to implement the MSME Policy of the State



### 2.5.4 Governance and Learning

The Department of MSME, Government of Madhya Pradesh values that it is acting on behalf of the MSME community of Madhya Pradesh and it is motivated to have open and ethical processes which adhere to the law and stand up to scrutiny at all times. Therefore, the Department of MSME, Government of Madhya Pradesh shall be:

- Utilizing e-Governance as the mode for delivering government services, exchange of information communication transactions, integration of various stand-alone systems and services between the Government of Madhya Pradesh and MSMEs
- Publication of annual governance report and survey on the performance of MSME sector in Madhya Pradesh
- Promoting peer group learning amongst the MSMEs and inviting successful domestic and international MSMEs for understanding their best practices
- Single annual return compliance requirement for MSMEs for labour laws
- Promoting and sponsoring institutional initiatives organizing competitive events for the MSMEs and awarding best performing MSMEs



## 3. Way Forward

The Department of MSME, Government of Madhya Pradesh recognizes the fact that MSME industry is not isolated from other industry sectors and the recent reform measures towards improvement of the overall business ecosystem are likely to push up the MSME industry as well, and given the opportunities lying ahead of this promising industry, it is imperative that exclusive attention is paid to it so that MSME's share can be increased significantly in top industry growth sectors.

MSMEs also contribute significantly to State's total exports. Globalization has opened up ample opportunities to shore up the growth of the manufacturing sector. The Department will thrive to seize the opportunities provided by the dynamics of globalization which has resulted in a dramatic shift of manufacturing to developing countries over the last decade.

Having provided glimpses of vision of the Government of Madhya Pradesh for MSME industry in the state, one where opportunities abound, where disparities are minimal, the Government of Madhya Pradesh intends to provide the most enabling ecosystem to support MSME industry in the state.



# 4. Glossary

## 4.1 Micro, Small & Medium Enterprises (MSMEs):

The MSMED Act, 2006 defines the MSMEs based (i) on the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of goods and (ii) on the investment in equipment for enterprises engaged in providing or rendering of Services.

The investment in plant and machinery is the original cost excluding land and building and other items specified by the Ministry of Small Scale Industries vide its notification no. S.O. 1722 (E) dated 05 October 2006.

The guidelines with regard to investment in plant and machinery or equipment as defined in the MSMED Act, 2006 are:

<b>Nature of activity of the Enterprise</b>	<b>Investment in plant and machinery excluding land and building for enterprises engaged in manufacturing or production, processing or preservation of goods</b>
<b>Micro</b>	Not exceeding Rs. 25 Lakhs
<b>Small</b>	More than Rs. 25 Lakhs but does not exceed Rs. 5 Crores
<b>Medium</b>	More than Rs. 5 Crores but does not exceed Rs.10 Crores

<b>Nature of activity of the Enterprise</b>	<b>Investment in equipment excluding land and building for enterprises engaged in providing or rendering of services (loans up to Rs. 1 Crore)</b>
<b>Micro</b>	Not exceeding Rs.10 Lakhs
<b>Small</b>	More than Rs.10 Lakhs but does not exceed Rs. 2 Crores
<b>Medium</b>	More than Rs. 2 Crores but does not exceed Rs. 5 Crores

## 4.2 Self-Help Groups :

Self-help groups, also known as mutual help, mutual aid, or support groups, are groups of people who provide mutual support for each other. In a self-help group, the members share a common problem, often a common disease or addiction.



### 4.3 Industrial Training Institutes (ITIs):

Industrial Training Institutes are post-secondary schools in India constituted under Directorate General of Employment & Training (DGET), Ministry of Skill Development and Entrepreneurship, Union Government to provide training in various trades.

### 4.4 Centre of Excellence (CoE):

A CoE is a team, a shared facility or an entity that provides leadership, best practices, research, support and/or training for a focus area.

### 4.5 Total Quality Management (TQM):

TQM is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback.

### 4.6 Micro and Small Enterprises Cluster Development Programme:

It is a Ministry of Micro, Small and Medium Enterprises, Government of India's initiative for enhancing the productivity and competitiveness as well as capacity building of MSMEs and their collectives in the country and enable providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

### 4.7 Intellectual Property Rights (IPRs):

IPRs are the protections granted to the creators of IP, and include trademarks, copyright, patents, industrial design rights, and in some jurisdictions trade secrets.

### 4.8 Industrial Park:

An industrial park is an area zoned and planned for the purpose of industrial development.

### 4.9 Start-up:

An entity shall be considered as 'Startup' -

- Up to 5 years from the date of its incorporation/registration
- If its turnover for any financial years has not exceeded Rs. 25 Cr.
- Entity works towards innovation and development of new products & services driven by technology or Intellectual property.

Further, the definition of Startup shall be considered as decided by Government of India from time to



#### **4.10 Toolroom :**

A toolroom is a facility where tools are stored or, a space where tools are made and repaired for use throughout the industries.

#### **4.11 Sick Industrial Unit:**

The Sick Industrial Companies Act (SICA) defines a sick industrial unit as a unit or a company (having been in existence for not less than five years) which is found at the end of any financial year to have incurred accumulated losses equal to or exceeding its entire net worth.

#### **4.12 Stand-up India Scheme :**

Stand-up India Scheme facilitates bank loans between Rs. 10 lakhs and Rs. 1 crore to at least one Scheduled Caste or Scheduled Tribe borrower and at least one woman borrower per bank branch for setting up a green field enterprise.

#### **4.13 MUDRA Scheme:**

Pradhan Mantri Mudra Yojana (PMMY) under the Micro Units Development and Refinance Agency (MUDRA) Bank is a new institution set up by Government of India for development and refinancing activities relating to micro units. The purpose of MUDRA is to provide funding to the non corporate small business sector.

#### **4.14 Prime Minister's Employment Generation Programme (PMEGP):**

PMEGP is a credit-linked subsidy programme launched by Ministry of MSME in 2008-09 for creation of employment in both rural and urban area of the country.

#### **4.15 MP Trade and Investment Facilitation Corporation (MPTRIFAC):**

MPTRIFAC is acting as the Single Window Secretariat for Investment promotion and facilitation in the state since 2004. MPTRIFAC has developed an ICT enabled single window system, which allows the investor to apply online for various approvals required to setup a business in the state.

#### **4.16 Madhya Pradesh Laghu Udyog Nigam (MPLUN):**

MPLUN is a Government of Madhya Pradesh undertaking established in the year 1961, with a view to promote the Small Scale Industries of the State and to perform the Store Purchase functions of the Government of Madhya Pradesh.

#### **4.17 Madhya Pradesh Adyogik Kendra Vikas Nigam (MPAKVN):**

AKVN has been entrusted the responsibility of industrial promotion through development of industrial growth centers in selected areas of its jurisdiction in the state of Madhya Pradesh.





**DEPARTMENT OF MICRO, SMALL & MEDIUM ENTERPRISES  
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