

Brief idea about MSME

- In India, the enterprises have been classified broadly into two categories
 1. Manufacturing
 2. services.
- Both categories have been further classified into micro, small and medium enterprises based on their investment in plant and machinery or on equipment.

ENTERPRISES

Manufacturing Enterprises

(Ceiling on investment in Plant & Machinery)

Rs 25 lakh

Rs 5 Crore

Rs 10 Crore

Service Enterprises

(Ceiling on investment in Equipment)

Rs 10 lakh

Rs 2 Crore

Rs 5 Crore

Micro

Small

Medium

MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

- The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, on June 16, 2006 .



AIM OF MSME

MSME development as a tool of state policy aims at :

- Generation of Employment
- Dispersal of Economy
- Utilization of local skills and resources
- Meet demands locally



STEPS IN SETTING UP MSME



- ❖ **Selecting the activity or service**
- ❖ **Selection of the product**
- ❖ **Conducting Market survey**
- ❖ **Selection of the form of ownership**
- ❖ **Selection of Location**
- ❖ **Selection of technology**
- ❖ **Ascertainment of inputs required**
- ❖ **Preparation of Project report**
- ❖ **Arrangement of finance**
- ❖ **Registration**

IDEAL LOCATION

Ideal location is one that permits the lowest unit cost in the production and distribution of a product or service

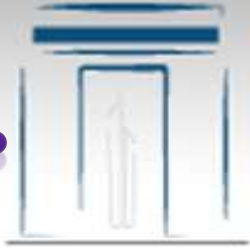
SHUBIN

1.



- ❑ “Green channel scheme” avoid the necessary delay in obtaining licences & clearances from government departments.
- ❑ District collector with district level officers is the committee
- ❑ Green channel counter provides solution for problems
- ❑ They provide “ex-post facto” clearance known as Green Channel clearance

2.



BRIDGE CAPITAL

- Commercial Banks bridges the gap between Sanctioning and disbursement of the loan
- This assistance is known as bridge finance
- It covers the time lag between the sanctioning & disbursement of the term loan
- It is paid back directly from the proceeds of term loan to be disbursed.
- Period of repayment is restricted to 6 months which is provided by the commercial banks.

3.

Seed Funding Assistance



- ❖ **Promoter's contribution or investment towards the capital of a project**
- ❖ **Seed capital assistance scheme has been introduced by the government**
- ❖ **It is provided by the industries department**
- ❖ **Seed capital loans are being given on the basis of the Percentage of loans sanctioned by the financial institutions**



4.

MMS

means

Margin Money Scheme

- The government of India through Khadi & Village Industries Commission (KVIC) introduced Margin Money Scheme(MMS)
- To create large employment opportunities in rural areas of the country.

FEATURES OF MMS

- **Rural areas only for establishing new village industry projects**
- **Project should be viable economically & technically**
- **Rs 10 Lakhs – 25 lakhs**
- **Own contribution @10% for general category
@ 5% for special category**
- **Initially sanction 90% for general category
95% for special category**
- **Eligibility criteria 2.5 Lakhs for general category
3 Lakhs for special category
Co-operatives societies/trusts 4 Lakhs**

- ❑ After 2 years loan amount will be credited to the borrowers account**
- ❑ It is a 1 time assistance from KVIC**
- ❑ Training is being made compulsory under this scheme**
- ❑ Entrepreneur Awareness Programme (EAP)**
- ❑ Entrepreneur Development Programme (EDP)**
- ❑ Skill Development Programme (SDP)**

Industrial Sickness

5.



MEANING

- *TO LAYMAN – SICK UNIT IS ONE WHICH IS NOT HEALTHY*
- *TO AN INVESTOR- ONE WHICH SKIPS DIVIDEND*
- *TO AN INDUSTRIALIST- A UNIT WHICH IS MAKING LOSSES*
- *TO A BANKER- WHICH INCURRED CASH LOSSES IN PREVIOUS YEAR & LIKELY TO REPEAT PERFORMANCE IN CURRENT & FOLLOWING YEARS*

INDUSTRIAL SICKNESS

- In simple term a sick unit may mean a unit which is not healthy in terms of yielding profits and fetching returns on investments.
- According to SICA Act, 1985, industrial company defined as sick if:-
 - It was registered for at least seven years;
 - It incurred cash losses for the current and the preceding year and
 - It had eroded 50% more of its peak net worth during any of preceding five financial years.

CAUSES OF INDUSTRIAL SICKNESS



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graph TD; A[CAUSES OF INDUSTRIAL SICKNESS] --> B[INTERNAL CAUSES]; A --> C[EXTERNAL CAUSES]; B --- B1[❖ Lack of finance]; B --- B2[❖ Bad production policies]; B --- B3[❖ Failure of Marketing Policies]; B --- B4[❖ Inappropriate Personnel management]; C --- C1[❖ Personal Constraints]; C --- C2[❖ Production Constraints]; C --- C3[❖ Marketing Constraints]; C --- C4[❖ Finance Constraints];
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INTERNAL CAUSES

- ❖ Lack of finance
- ❖ Bad production policies
- ❖ Failure of Marketing Policies
- ❖ Inappropriate Personnel management

EXTERNAL CAUSES

- ❖ Personal Constraints
- ❖ Production Constraints
- ❖ Marketing Constraints
- ❖ Finance Constraints