

## II BA HISTORY - UNIT - II - NOTES

### SMALL- SALE INDUSTRIES-MEANING:

Small scale industries (SSI) are those industries in which manufacturing, providing services, productions are done on a small scale or micro scale. For example, these are the ideas of Small scale industries: Napkins, tissues, chocolates, toothpick, water bottles, small toys, papers, pens. Small scale industries play an important role in social and economic development of India. These industries do a one-time investment in machinery, plants, and industries which could be on an ownership basis, hire purchase or lease basis. But it does not exceed Rs. 1 Crore.

Essentially small scale industries comprise of small enterprises who manufacture goods or services with the help of relatively smaller machines and a few workers and employees. Basically, the enterprise must fall under the guidelines set by the Government of India. At the time being such limits are as follows,

- **For Manufacturing Units for Goods:** Investment in plant and machinery must be between 25 lakhs and five crores.
- **For Service Providers:** Investment in machinery must be between 10 lakhs and two crores.

In developing countries like India, these small scale industries are the lifeline of the economy. These are generally labour-intensive industries, so they create much employment. They also help with per capita income and resource utilization in the economy.

### Examples of Small Scale Industries

Some examples of small scale industries are:

- Paper Bags industries
- Leather belt manufacturing industries
- Small toys manufacturing industries
- Bakeries
- School stationeries

- Water bottles manufacturing industries
- Beauty parlours
- Pickle manufacturing industries
- Incense stick manufacturing industries
- Paper plate manufacturing industries

## CHARACTERISTICS OF SMALL-SCALE INDUSTRIES:

-scale industries (SSIs) are vital to the economy, especially in developing countries. They are characterized by several distinct features:

### 1. Low Investment and Capital Requirement:

- SSIs typically require less capital investment compared to large-scale industries.
- They operate with a smaller capital base, which makes them accessible to a larger number of entrepreneurs.

### 2. Labour-Intensive Operations:

- These industries generally rely more on human labour than on automated processes.
- They provide significant employment opportunities, especially in regions with surplus labour.

### 3. Flexibility and Adaptability:

- SSIs can quickly adapt to changing market conditions and consumer preferences due to their smaller size and less rigid structure.
- They are often more innovative and can rapidly implement changes in production techniques or product lines.

### 4. Localized Operations:

- They often cater to local or regional markets and may have a strong presence in specific geographic areas.
- This localization helps in the development of regional economies and reduces migration to urban centres.

## 5. Simple Management Structure:

- The management of SSIs is usually straightforward, often involving direct supervision by the owner or a small team.
- Decision-making processes are faster and more flexible due to the simpler organizational structure.

## 6. Limited Scale of Production:

- Production volumes are typically lower, and the industries may focus on niche markets or specialized products.
- They often produce goods that are unique or customized to meet specific customer demands.

## 7. Diverse Product Range:

- SSIs produce a wide range of products, from consumer goods to intermediate goods used by larger industries.
- This diversity allows them to cater to various market segments and reduce dependency on a single product line.

## 8. Lower Technology Level:

- These industries often employ relatively simple and traditional technologies, which can be advantageous in areas with limited access to advanced technology.
- However, this can also be a limitation in terms of productivity and efficiency.

## 9. Government Support and Policies:

- Many governments provide support to SSIs through subsidies, tax incentives, and favourable policies to promote their growth.
- This support is crucial for their survival and competitiveness in the market.

## 10. Contribution to GDP and Exports:

- SSIs make a significant contribution to the Gross Domestic Product (GDP) and can be important players in the export market.

- They often produce goods that are competitive in international markets due to their lower production costs.

### 11. Use of Local Resources:

- These industries often utilize local raw materials and resources, contributing to the local economy and reducing transportation costs.
- This can also foster sustainable practices and reduce environmental impact.

### 12. Entrepreneurial Development:

- SSIs serve as a breeding ground for entrepreneurship, allowing individuals to start and grow their own businesses with relatively low risk.
- They provide a platform for innovation and the development of new business ideas.

Thus, these are the characteristics of small-scale industries.

## OBJECTIVES OF SMALL-SCALE INDUSTRIES:

The objectives of small-scale industries (SSIs) are multi-faceted and aim to contribute to both economic development and social welfare. Here are the main objectives:

- Employment Generation:** To Create job opportunities and reduce unemployment, particularly in rural and semi-urban areas.
- Economic Development:** Contribute to the overall economic growth of the country by increasing industrial production and GDP.
- Balanced Regional Development:** To promote industrialization in less developed and backward areas to reduce regional disparities.
- Entrepreneurial Development:** To encourage entrepreneurship by providing opportunities for new and small-scale entrepreneurs to start businesses.

5. **Utilization of Local Resources:** To utilize local raw materials and resources, thereby contributing to the local economy and reducing dependency on imported materials.
6. **Export Promotion:** To enhance the export potential of the country by producing goods that are competitive in international markets.
7. **Innovation and Flexibility:** To foster innovation and creativity in production processes and product development due to their adaptable and flexible nature.
8. **Self-Reliance:** To reduce reliance on imports by producing goods domestically, contributing to the country's self-sufficiency.
9. **Income Distribution:** To promote equitable distribution of income by providing economic opportunities to various segments of society.
10. **Skill Development:** To develop and enhance the skills of the workforce through training and hands-on experience.
11. **Diversification of Economy:** To diversify the industrial base by producing a wide range of products and reducing dependency on a few large industries.
12. **Social Integration:** To facilitate social integration by providing opportunities for various social groups to engage in productive activities.
13. **Sustainable Development:** To encourage sustainable development practices by utilizing renewable resources and promoting environmentally friendly technologies.
14. **Technological Up gradation:** To facilitate the adoption of new technologies and improve productivity and efficiency.
15. **Encouraging Savings and Investment:** To promote savings and investment among the population by generating income and wealth.
16. **Support to Large Industries:** To act as ancillary units to large industries by supplying intermediate goods and services, thus supporting the overall industrial ecosystem.

17. **Women Empowerment:** To provide opportunities for women entrepreneurs, contributing to gender equality and women's economic empowerment.

By achieving these objectives, SSIs play a crucial role in the socio-economic development of a country, promoting inclusive growth and sustainable industrialization.

### **ROLE OF SMALL-SCALE INDUSTRIES IN THE INDIAN ECONOMY:**

Small-scale industries (SSIs) play a vital role in the Indian economy, contributing significantly to various aspects of economic development. Here are the key roles they play:

1. **Employment Generation:** SSIs are labour-intensive and provide substantial employment opportunities, especially in rural and semi-urban areas. They help absorb surplus labour, reducing unemployment and underemployment.
2. **Contribution to GDP:** SSIs contribute significantly to India's Gross Domestic Product (GDP). Their diverse product range and widespread presence across sectors add to the overall economic output.
3. **Balanced Regional Development:** By promoting industrialization in rural and less developed regions, SSIs help reduce regional disparities and promote balanced regional development. This decentralization of industries helps in the equitable distribution of wealth.
4. **Export Promotion:** SSIs contribute significantly to India's export earnings. They produce a variety of goods that are competitive in international markets, thus boosting the country's foreign exchange reserves.
5. **Utilization of Local Resources:** SSIs make effective use of local raw materials and resources, contributing to the local economy and reducing transportation costs. This helps in the development of rural and backward areas.
6. **Encouraging Entrepreneurship:** SSIs foster entrepreneurial spirit by providing opportunities for individuals to start and run their own businesses. They are often the starting point for many entrepreneurs.

7. **Flexibility and Innovation:** Due to their smaller size and simpler management structures, SSIs can quickly adapt to changing market conditions and consumer preferences. They often lead in innovation and the introduction of new products and processes.
8. **Support to Large Industries:** SSIs often act as ancillary units to large-scale industries, providing them with intermediate goods, components, and services. This symbiotic relationship supports the overall industrial ecosystem.
9. **Economic Stability:** SSIs contribute to economic stability by spreading industrial activity across the country. This diversification reduces the risk of economic downturns affecting the entire industrial sector.
10. **Promotion of Inclusive Growth:** SSIs promote inclusive growth by providing economic opportunities to various sections of society, including marginalized groups and women. They help in reducing income inequalities.
11. **Skill Development:** SSIs contribute to skill development by providing on-the-job training and enhancing the skills of the workforce. This helps in creating a skilled labour pool for the economy.
12. **Technological Advancement:** While traditionally SSIs have relied on simpler technologies, many are increasingly adopting modern technologies to improve productivity and efficiency. This technological up gradation contributes to the overall advancement of the industrial sector.
13. **Self-Reliance and Import Substitution:** By producing a wide range of goods domestically, SSIs help reduce dependency on imports, contributing to the country's self-reliance and improving the trade balance.
14. **Environmental Sustainability:** Many SSIs are involved in producing environmentally friendly products and using sustainable practices. This contributes to environmental sustainability and the promotion of green industries.

Thus, these roles played by small-scale industries in the economic development.

## EXPLAIN THE TYPES OF SMALL-SCALE INDUSTRIES:

Small-scale industries (SSIs) can be categorized based on various criteria such as the nature of the activity, the type of product manufactured, and the scale of operations. Here are the main types of SSIs:

### 1. Manufacturing Industries:

- **Traditional Manufacturing:** Produce goods using traditional techniques and skills. Examples include handicrafts, textiles, pottery, and leather goods.
- **Modern Manufacturing:** Utilize modern machinery and technology for production. Examples include small-scale electronics, auto parts, and engineering products.

### 2. Service Industries:

Provide services rather than physical products. Examples include repair shops, beauty parlours, restaurants, and consultancy services.

### 3. Ancillary Industries:

Produce parts, components, and sub-assemblies for large-scale industries. They support the larger manufacturing units by providing essential inputs. Examples include suppliers of automotive components and machine parts.

### 4. Export-Oriented Units:

Focus on producing goods for export markets. These industries contribute significantly to the country's foreign exchange earnings. Examples include garment manufacturing units, handicrafts, and jewellery-making units.

### 5. Cottage Industries:

Typically operate from homes or small workshops and involve family members in the production process. They often produce traditional goods such as handicrafts, handlooms, and small-scale food processing.

### 6. Village Industries:

Located in rural areas and utilize local resources and labour. They are often associated with agriculture and agro-based products. Examples include rural pottery, village blacksmiths, and agro-processing units.

7. **Agro-Based Industries:** Depend on agricultural raw materials for production. Examples include food processing, dairy products, and cotton textiles.
8. **Mineral-Based Industries:** Utilize minerals as their primary raw materials. Examples include stone crushing, brick-making, and small-scale mining.
9. **Forest-Based Industries:** Depend on forest resources for raw materials. Examples include bamboo products, furniture making, and herbal medicine manufacturing.
10. **Textile Industries:** Focus on the production of textiles and related products. Examples include small-scale spinning, weaving, knitting, and garment manufacturing units.
11. **Chemical-Based Industries:** Engage in the production of chemicals and related products. Examples include small-scale soap making, detergents, and pharmaceuticals.
12. **Engineering Industries:** Involve the production of machinery, equipment, and tools. Examples include small-scale tool manufacturing, machine parts, and hardware products.
13. **Leather Industries:** Focus on the production of leather goods and accessories. Examples include shoe manufacturing, leather bags, and belts.
14. **Electronics and Electrical Industries:** Engage in the production of electronic and electrical goods. Examples include small-scale manufacturing of electronic components, home appliances, and electrical fittings.
15. **Handicrafts and Artisans:** Produce handmade goods with artistic and cultural value. Examples include traditional crafts, jewellery, and decorative items.

These diverse types of small-scale industries collectively contribute to the economic development, employment generation, and balanced regional growth of a country. They cater to various market needs and play a crucial role in both domestic and international markets.

## STEPS / PRE-REQUISITES FOR STARTING A SMALL-SCALE INDUSRTY:

Starting a small-scale industry involves a series of steps to ensure the business is well-planned and legally compliant. Here is a detailed guide to the steps involved:

### 1. Idea Generation and Market Research:

- Identify a viable business idea based on market demand, personal interest, and expertise.
- Conduct thorough market research to understand the demand, competition, target audience, and market trends.

### 2. Business Plan Preparation:

- Develop a detailed business plan outlining the business model, objectives, target market, product/service details, marketing strategy, financial projections, and operational plan.
- Include a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to evaluate the business environment.

### 3. Location Selection:

- Choose a suitable location for your industry, considering factors such as proximity to raw materials, target market, transportation facilities, and availability of utilities.

### 4. Financing the Business:

- Determine the initial capital requirements and working capital needs.
- Explore funding options such as personal savings, bank loans, government grants, and venture capital.
- Prepare a detailed financial plan including start-up costs, operating expenses, and revenue projections.

### 5. Registration and Legal Formalities:

- Register the business as per the legal requirements of the country/state (e.g., Sole Proprietorship, Partnership, Private Limited Company).

- Obtain necessary licenses and permits, such as trade licenses, factory licenses, pollution control certificates, and other industry-specific permits.
- Register for GST (Goods and Services Tax) or any other applicable taxes.

## 6. Infrastructure Setup:

- Acquire or lease premises for the business operations.
- Set up the necessary infrastructure, including machinery, equipment, and office space.
- Ensure compliance with health, safety, and environmental regulations.

## 7. Procurement of Raw Materials and Machinery:

- Identify and establish relationships with reliable suppliers for raw materials and machinery.
- Negotiate favourable terms and ensure timely supply of inputs.

## 8. Hiring and Training Staff:

- Recruit skilled and semi-skilled workers as per the requirements of the business.
- Provide necessary training to employees to ensure efficient operations and quality production.

## 9. Production Planning and Quality Control:

- Develop a detailed production plan outlining the production process, timelines, and quality standards.
- Implement quality control measures to ensure the products meet the required standards and specifications.

## 10. Marketing and Sales Strategy:

- Develop a marketing strategy to promote the products/services. This may include digital marketing, traditional advertising, trade shows, and word-of-mouth promotion.
- Establish a sales network, including distributors, retailers, and online platforms.

- >Create a brand identity and maintain customer relationships through effective customer service.

### **11. Launch the Business:**

- Organize a launch event or promotional campaign to introduce your business to the market.
- Use the initial phase to gather customer feedback and make necessary adjustments to improve products/services.

### **12. Monitor and Evaluate Performance:**

- Continuously monitor business performance using key performance indicators (KPIs) such as sales volume, profitability, customer satisfaction, and market share.
- Regularly review and update business strategies based on market feedback and performance analysis.

### **13. Compliance and Maintenance:**

- Ensure ongoing compliance with legal, tax, and industry regulations.
- Maintain proper records of financial transactions, inventory, and other business activities.
- Regularly maintain and service machinery and equipment to ensure smooth operations.

By following these steps, one can effectively establish and run a small-scale industry, contributing to economic growth and creating employment opportunities.

### **REGISTRATION OF SSI:**

SSI registration is a registration provided by the Ministry of MSME. A business should obtain SSI registration in order to be eligible for a number of schemes, subsidies and other incentives provided by the Government to such SSI's. SSI registration can be obtained online too.

## DOCUMENTS REQUIRED TO APPLY FOR SSI REGISTRATION:

The Ministry of MSME issues the SSI/MSME registration for small and micro industries. An individual must apply on the Udyam Registration portal to obtain SSI/MSME registration. Only the PAN card of the proprietor and the Aadhaar card is required for SSI registration.

## OVERVIEW OF SSI REGISTRATION

SSI registration is provided by the Ministry of Micro, Small and Medium Enterprises (MSME) through the Directorate of Industries of the State Government. The main logic behind the SSI registration is to set up new SSI businesses in India. SSI registration helps the business to be eligible for a number of subsidies given by the Government. We can get **SSI/MSME registration online through Udyam Registration**. Let's look at the process of SSI/MSME registration online:

- Visit the **Udayam Registration portal** and click on the “For New Entrepreneurs who are not registered yet as MSME or those with EM-II”.



C.P.  
COLLEGE,  
BOIVAYAKKUR

Fill in your “Aadhaar Number” and “Name of the Entrepreneur” and click on the “Validate and Generate OTP” button.

UDYAM REGISTRATION FORM - For New Enterprise who are not Registered yet as MSME

Aadhaar Verification With OTP

1. Aadhaar Number/ आधार संख्या

Your Aadhaar No.

2. Name of Entrepreneur / उद्यमी का नाम

Name as per Aadhaar

I, the holder of the above Aadhaar, hereby give my consent to Ministry of MSME, Government of India, for using my Aadhaar number as allotted by UIDAI for Udyam Registration. NIC / Ministry of MSME, Government of India, have informed me that my aadhaar data will not be stored/shared. / मैं, आधार धारक, इस प्रकार उद्यम पंजीकरण के लिए यूनाइटेड एडार के साथ अपने आधार संख्या का उपयोग करने के लिए कुलमध्य मंत्रालय, भारत सरकार का आमने सहायि देता हूँ। पैनआईसी / सूलगमध्य मंत्रालय, भारत सरकार ने भूले सूचित किया है कि मेरा आधार डेटा संग्रहीत / साझा नहीं किया जाएगा।

Validate & Generate OTP

Activate Windows  
Go to Settings to activate Windows.

You will receive OTP to your mobile number. Enter OPT on the PAN verification page will open. Enter PAN details and click on the “PAN Validate” button.

PAN Verification

3. Type of Organisation / संगठन के प्रकार

Type of Organisation / संगठन के प्रकार

4.1 PAN/ पैन

ENTER PAN NUMBER

I, the holder of the above PAN, hereby give my consent to Ministry of MSME, Government of India, for using my data/ information available in the Income Tax Returns filed by me, and also the same available in the GST Returns and also from other Government organizations, for MSME classification and other official purposes, in pursuance of the MSMED Act, 2006.

PAN Validate

C.P  
Q&A

4 The **Udyam** Registration page will open. Fill in all the personal details and industry details such as industry name, address, bank account details and some common information and click on the “Submit and Get Final OTP” button.

**युद्ध, लघु और नस्तम उद्यम निवालय** उद्यम का GSTIN नाम वैरिफी करने के लिए उपलब्ध है।

Home Important Officer's Login Reports Print Contact

**Udyam Registration**

5. Name of Entrepreneur as per PAN/Aadhaar If enterprise does not have PAN  
SHRI MANOJ KUMAR YADAV

6. Mobile Number / मोबाइल नंबर +91-  
\*\*\*\*\*

7. Email / ईमेल  
\*\*\*\*\*

Categorization of ownership of the MSMEs on the basis of Share/Member/Contribution of amount:

Sl. No.	Hindu Undivided Family (HUF)	Partnership (By Share)	Co-Operative (By Member)	Private Limited Company (By Share)	Public Limited Company (By Share)	Self Help Group (By Contribution)	Society (By Member)	Trust (By Contribution)
OBC	As per the category	51%	51%	51%	51%	51%	51%	51%
SC	As per the category	51%	51%	51%	51%	51%	51%	51%
ST	As per the category	51%	51%	51%	51%	51%	51%	51%
Women	If she is Karta	51%	51%	51%	51%	51%	51%	51%

In Case of proprietorship enterprise, the category of the unit would be the social category of the owner.

8. Social Category / सामाजिक वर्ग  
 General / सामान्य  SC / अनुसूचित जाति  ST / अनुसूचित जनजाति  OBC / अन्य पिछड़ा वर्ग

9. Gender / लिंग  
 Male / पुरुष  Female / स्त्री  Others / अन्य

10. Specially Abled(DIVYANG) / दिव्यांग  
 Yes / हाँ  No / नहीं

Point No. 11: The name of the Enterprise/Entrepreneur would be same as that mentioned in the PAN.

19. Number of persons employed / नियोजित व्यक्तियों की संख्या

Male / पुरुष	Female / स्त्री	Others / अन्य	Total / संगुण
2	3	0	5

Point No. 20 & 21 textboxes will be enabled after verification of Udyam Registration from Income Tax.

20. Investment in Plant and Machinery OR Equipment (In Rs.)

Depreciated Cost as on 31st March of the Previous Year (2018-19) (A)	Exclusion of cost of Pollution Control, Research & Development and Industrial Safety Devices during (2018-19) <small>(To be filled on self-declaration basis) (B)</small>	Net Investment in Plant and Machinery OR Equipment [(A) - (B)]
200000.00 Example:- 200000.00	25640 Twenty Five Thousand Six Hundred Forty	0

21. Turnover (in Rs.)

Total Turnover (A)	Export Turnover (B)	Net Turnover [(A) - (B)]
200000.00 Example:- 200000.00	200000.00 Example:- 200000.00	0 Example:- 200000.00

Since you have PAN, your total turnover would be auto-filled from your ITR; if the same has been filed for the relevant Previous Year; if it has not been filed in that particular previous year, then these boxes may be filled on self-declaration basis. If you have GSTIN, you may avail of exports benefits if you have exports declared on the GSTIN and it would be auto-filled. For example, it is mandatory to fill in the (2018-19) Previous Year(PY) data for new registration, now since 2019-20 PY ITRs are yet to be filed but, for continuation, change for classification as per Udyam Registration beyond 31.03.2021 data from ITR of 2019-20 PY ITR.

22. Are you interested to get registered on Government e-Market (GeM) Portal  Yes  No

23. Are you interested to get registered on TReDS Portals(one or more)  Yes  No

24. District Industries Centre / जिला उद्योग कार्यालय  
1. DELHI / दिल्ली

I hereby declare that information given above are true to the best of my knowledge. For any information, that may be required to be verified, proof/evidence shall be produced immediately before the concerned authority. / मैं एकत्रित विवरों के अधीन जाना अमीरित हूँ, उसे संबंधित प्राविकारी के समन्वय लकालत उपलब्ध कराया जाएगा।

**Submit & Get Final OTP**

With this the MSME registration is complete and a message of successful registration with a reference number will appear. After verification of registration, the MSME Registration Certificate is issued.

- If a person wants to get registration for more than one industry then also he/she can opt for an individual SSI registration. The documents required for the SSI registration are the Aadhaar number and PAN number. No registration fees are required for the registration.

## **ELIGIBILITY CRITERIA FOR SSI REGISTRATION**

SSI registration can be obtained for enterprises that are considered as micro and small enterprises under the MSME Act, 2006.

A micro enterprise is an enterprise whose investment in plant, machinery and equipment does not exceed Rs.1 crore, and turnover does not exceed Rs.5 crore.

A small enterprise is an enterprise whose investment in plant, machinery and equipment does not exceed Rs.10 crore, and turnover does not exceed Rs.50 crore.

## **BENEFITS OF OBTAINING SSI REGISTRATION**

- There are various tax rebates offered to SSI's.
- A credit for Minimum Alternate Tax (MAT) is allowed to be carried forward for up to 15 years instead of 10 years.
- There are many government tenders that are only open to the SSI.
- Easy access to credit as banks and financial institutions offer many loan schemes for small businesses.
- Once registered the cost of acquiring a patent, or the cost of setting up the industry reduces as many rebates and concessions are available.
- Businesses registered as SSI are given a higher preference for government licenses and certification.
- SSIs can obtain collateral-free automatic loans for the purchase of raw materials, fulfilling operational liabilities or restarting the business.

- There are several government schemes that provide support to SSIs. These schemes are listed below:
- Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provides institutional credit to small scale industries.
- Credit Linked Capital Subsidy Scheme (CLCSS) is an extension of credit for the up gradation of technology in SSIs.
- Market Promotion and Development Scheme (MPDA) helps SSIs to set up marketing complexes or khadi plazas to expand the marketing network of Khadi and Gram Udyog products.
- Coir Vikas Yojana (CVY) scheme envisages a wide range of activities like skill development of artisans, mahila coir yojana, upgrading and establishing a new unit under Coir Industry Technology Up gradation Scheme (CITUS), promoting the domestic as well as an export market, providing of trade and industry-related functional support services, and welfare of coir workers.
- International Cooperation Scheme arranges for delegations to other countries for exploring technology up gradation, facilitating buyer-seller meets in foreign states.
- Marketing Assistance Scheme allows for arranging overseas exhibitions, campaigns and other promotional activities.
- Procurement and Marketing Support Scheme aims at improving the domestic markets and promoting new market access.
- Entrepreneurship Skill Development Programme scheme aims to develop entrepreneurial skills in youth who are keen on setting up SSIs.

## **ADMINISTRATIVE BODIES FOR SSIS**

Several administrative bodies were established under the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries to help sustain and encourage SSIs. However, after these two Ministries merged into the Ministry of MSME, all of the SSIs are administered by the Ministry of MSME. The following are the government administrative bodies that are operating under the Ministry of MSMEs to provide help to the SSIs:

- Office of Development Commissioner (MSME)
- Khadi Village Industries Commission (KVIC)
- Coir Board
- National Small Industries Corporation Limited (NSIC)
- National Institute for Micro, Small and Medium Enterprises (NIMSME)

## **GOVERNMENT SUBSIDIES AND INCENTIVES FOR SSI:**

The Indian government provides various subsidies and incentives to support and promote small-scale industries (SSIs). These measures are aimed at fostering growth, enhancing competitiveness, and encouraging entrepreneurship. Here are some key subsidies and incentives available for SSIs:

### **Financial Incentives**

1. **Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE):** Provides collateral-free credit to the micro and small enterprise sector. The government offers a credit guarantee to financial institutions, reducing the risk of lending to SSIs.
2. **Prime Minister's Employment Generation Programme (PMEGP):** A credit-linked subsidy scheme that aims to generate employment opportunities by providing financial assistance to set up new micro-enterprises in rural and urban areas.
3. **Interest Subsidy Eligibility Certificate (ISEC):** Offers an interest subsidy on loans for certain sectors and activities. This reduces the cost of borrowing for SSIs.
4. **Stand-Up India Scheme:** Provides loans to SC/ST and women entrepreneurs for setting up Greenfield enterprises. The loan covers 75% of the project cost.

## **Tax Incentives**

5. **Tax Holiday:** Certain SSIs, especially those in backward areas, may be eligible for tax holidays for a specified number of years, reducing their tax burden during the initial years of operation.
6. **Reduced Excise Duty:** SSIs producing specified goods may benefit from reduced rates of excise duty, making their products more competitive.

## **Infrastructure and Technology Support**

7. **Micro and Small Enterprises Cluster Development Programme (MSE-CDP):** Supports the development of clusters by providing financial assistance for setting up common facility centres, technology up gradation, and infrastructure development.
8. **Credit Linked Capital Subsidy Scheme (CLCSS):** Provides a subsidy for technology up gradation in SSIs, encouraging the adoption of modern technologies to improve productivity and competitiveness.

## **Marketing Support**

9. **Marketing Assistance Scheme:** Offers financial assistance for participation in domestic and international trade fairs, exhibitions, and buyer-seller meets. It helps SSIs in promoting their products and exploring new markets.
10. **National Small Industries Corporation (NSIC) Schemes:** NSIC provides various schemes like marketing support, raw material assistance, and consortia and tender marketing to help SSIs compete in the market.

## **Skill Development and Training**

11. **Entrepreneurship Development Programmes (EDPs):** Offers training and skill development programmes to entrepreneurs to enhance their managerial and technical skills.

**12. Skill Up gradation and Quality Improvement Programmes:** Provides training to workers in SSIs to improve their skills and ensure the production of high-quality products.

### Special Initiatives for Specific Sectors

**13. Khadi and Village Industries Commission (KVIC) Schemes:** KVIC offers various schemes to promote khadi and village industries, including financial assistance, marketing support, and skill development.

**14. Coir Board Schemes:** Supports the coir industry through schemes for modernizing production processes, providing financial assistance, and promoting coir products.

### Women and SC/ST Entrepreneurs

**15. Trade Related Entrepreneurship Assistance and Development (TREAD):** Provides financial assistance and grants for training, entrepreneurship development, and skill up gradation specifically for women entrepreneurs.

**16. Special Credit Linked Capital Subsidy Scheme (SCLCSS):** Offers a capital subsidy for technology up gradation specifically for enterprises owned by SC/ST entrepreneurs.

### State-Specific Incentives

**17. State Government Incentives:** Many state governments offer additional incentives and subsidies for SSIs, including land at concessional rates, power tariff subsidies, and additional financial assistance.

By leveraging these subsidies and incentives, SSIs can reduce their costs, improve their competitive edge, and contribute to the overall economic development of the country.