

INDUSTRY

Modi announces incentives for MSMEs, including 59-minute sanction for loans up to ₹1 crore



Special Correspondent

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In all, 12 decisions, which he termed “historic”, were announced to boost MSMEs.

Prime Minister Narendra Modi on Friday announced 12 measures to boost the Micro, Small and Medium Enterprises (MSME) sector, including a portal that would enable them to get a loan in just 59 minutes and interest subvention of 2%.

“In the time taken for you to reach your office, you can now get a loan,” he said. “We had run a pilot and I had set a target of 72,000 MSMEs. As of today, 72,680 have been on-boarded.”

‘Honesty a strength’

The Prime Minister said firms registered on the Goods and Services Tax portal would be able to avail themselves of this facility on the portal itself. “When you file GST returns, you will be asked if you want a loan,” Mr. Modi said. “GST-registered firms will also get a 2% rebate on interest rates. Being a part of the GST and being an honest taxpayer will become your strength.”

Mr. Modi said public sector companies had now been asked to compulsorily procure 25%, instead of 20%, of their total purchases from the MSMEs. He said that of the 25% procurement mandated from the MSMEs, 3% must now be reserved for women entrepreneurs.

Also, Mr. Modi announced a 2% interest subvention for all GST-registered MSMEs on fresh or incremental loans.

“These 12 decisions will mark a new chapter for the MSME sector,” Mr. Modi said.

The Prime Minister recalled India’s strong traditions of small scale industries, including Ludhiana’s hosiery, and Varanasi’s sarees.

Access to credit, market

“There are five key aspects for facilitating the MSME sector,” he said. “These include access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees. As a Diwali gift for the sector, the 12 announcements will address each of these five categories.”

According to Mr. Modi, all companies with a turnover of more than ₹500 crore must now compulsorily be brought on the Trade Receivables e-Discounting System (TReDS).

“Joining this portal will enable entrepreneurs to access credit from banks, based on their upcoming receivables,” he said. “This will resolve their problems of cash cycle.”

More than 1.5 lakh suppliers, he said, had now registered on the government e-marketplace (GeM), out of which 40,000 are MSMEs, and that transactions worth more than ₹14,000 crore had been made so far through the GeM. He further announced that all central public sector undertakings must now compulsorily be a part of GeM.

On technological upgradation, the Prime Minister said 20 tool hubs would be formed across the country, and 100 spokes in the form of tool rooms would be established.

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