

## RAJIV GANDHI UDYAMI MITRA YOJANA

(A Scheme of “Promotion and Handholding of Micro and Small Enterprises”)

### 1. Background

- 1.1. World over, micro and small enterprises (MSEs) are recognized as an important/constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro and small enterprises, which constitute an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of entrepreneurial base, the Central and State Governments have been implementing several schemes and programmes for promotion and development of these enterprises.
- 1.2. The small scale industries in India, including the tiny or micro industries and service/business entities, collectively referred as micro and small enterprises (MSEs), have a long history of promoting inclusive, spatially widespread and employment-oriented economic growth. In terms of employment generation, this segment is next only to agriculture.
- 1.3. Entrepreneurship development and training is one of the key elements for development and promotion of micro and small enterprises, particularly, the first generation entrepreneurs. Entrepreneurship Development Programmes (EDPs) of various durations are being organized on regular basis by a number of organizations e.g. national and state level Entrepreneurship Development Institutes (EDIs), Micro, Small and Medium Enterprises Development Institutes (MSMEDIs) [earlier known as Small Industries Service Institutes (SISIs)], national and state level Industrial Development Corporations, Banks and other training institutions/agencies in private and public sector etc., to create new entrepreneurs by cultivating their latent qualities of entrepreneurship and enlightening them on various aspects necessary for setting up micro and small enterprises. Besides, various Industrial Training Institutes (ITIs), other private training institutions are also organizing vocational training (VT) programmes, skill development programmes (SDPs) and entrepreneurship-cum-skill development programmes (ESDPs).
- 1.4. However, there are still wide spread variations in the success rate, in terms of actual setting up and successful running of enterprises, by the EDP/SDP/ESDP trained entrepreneurs. It has been observed that entrepreneurs particularly new entrepreneurs, generally face difficulties in availing full benefits under available schemes of the Governments / financial institutions, completing and complying with various formalities and legal requirements under various laws/regulations, in selection of appropriate technology, tie-up with buyers and sellers etc. In order to bridge the gap between the aspirations of the potential entrepreneurs and the ground realities, there is a need to support and nurture the potential first generation as well as existing entrepreneurs by giving them handholding support, particularly during the initial stages of setting up and managing their enterprises.

### 2. Objective

2.1 The objectives of **Rajiv Gandhi Udyami Mitra Yojana (RGUMY)** are:

- (i) To provide handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed or undergoing

Entrepreneurship Development Training Programme (EDP) / Skill Development Training Programme (SDP)/ Entrepreneurship cum Skill Development Training Programme (ESDP) /Vocation Training Programmes (VT), through the selected lead agencies i.e. '**Udyami Mitras**' , in the establishment and management of the new enterprise, in dealing with various procedural and legal hurdles and in completion of various formalities required for setting up and running of the enterprise.

- (ii) To provide information, support, guidance and assistance to first generation entrepreneurs as well as other existing entrepreneurs through an 'Udyami Helpline' (a Call Centre for MSMEs), to guide them regarding various promotional schemes of the Government, procedural formalities required for setting up and running of the enterprise and help them in accessing Bank credit etc.

### **3. Udyami Mitras**

#### **3.1 Eligibility**

Under RGUMY, financial assistance would be provided to the selected lead agencies i.e. **Udyami Mitras** for rendering assistance and handholding support to the potential first generation entrepreneurs. Following agencies/ organizations can be appointed as the lead agency i.e. Udyami Mitra:

- i. Existing national level Entrepreneurship Development Institutions (EDIs).
- ii. Micro, Small and Medium Enterprises Development Institutes (MSMEDIs)/ Branch MSMEDIs.
- iii. Central/ State Government public sector enterprises (PSEs) involved in promotion and development of MSEs e.g. National Small Industries Corporation (NSIC) and State Industrial Development Corporations etc.
- iv. Selected State level EDIs and Entrepreneurship Development Centers (EDCs) in public or private sectors;
- v. Khadi and Village Industries Commission (KVIC).
- vi. Special Purpose Vehicles (SPVs) set up for cluster development involved in entrepreneurship development;
- vii. Capable associations of MSEs/SSIs;
- viii. Other organizations/training institutions/NGOs etc. involved in entrepreneurship development/ skill development.

#### **3.2 Role and Responsibilities of Udyami Mitras**

The selected lead agencies i.e. Udyami Mitras would be expected to render assistance and handholding support for following services:

- (i) Networking, coordinating and follow up with various Government departments/ agencies/ organizations and regulatory agencies on the one hand and with support agencies like Banks/financial institutions, District Industries Centers (DICs), technology providers, infrastructure providers on the other hand, to help the first generation entrepreneurs in setting up their enterprise. Udyami Mitras are expected to help the first generation entrepreneurs in:
  - a) Identification of suitable project/product/enterprise and preparation of bankable project report for the same;
  - b) Creation of the proprietorship firm/ partnership firm/ Company/ Society/ Self Help Group (SHG) etc;

- c) Filing of Memorandum (as prescribed under MSMED Act 2006);
  - d) Accessing bank loans, admissible capital subsidy/ assistance under various schemes of the Central /State Government and other agencies/organizations/financial institutions/ Banks etc. by networking with respective agencies
  - e) Assistance and support in establishment of work shed/office;
  - f) Sanction of Power load/connection;
  - g) Selection of appropriate technology and installation of plant and machinery/office equipment etc;
  - h) obtaining various registrations/ licenses/ clearances / No Objection Certificates (NOCs) etc. from the concerned regulatory agencies/ Government departments/ local bodies/ Municipal authorities etc.;
  - i) Allotment of Income Tax Permanent Account Number (PAN) and Service Tax/ Sales Tax/ VAT registration etc;
  - j) Sanction of working capital loan from the banks;
  - k) Arranging tie up with raw material suppliers;
  - l) Preparation and implementation of marketing strategy for the product/ service and market development; and
  - m) Establishing linkage with a mentor for providing guidance in future
  - n) Creation of web page and email identity;
- (ii) Once the enterprise has been successfully set up, the Udyami Mitras would also monitor and follow up on the functioning of the enterprise for a further period of minimum 6 months and provide help in overcoming various managerial, financial and operational problems.

### **3.3 Empanelment of Udyami Mitras**

3.3.1 The organizations of Ministry of MSME engaged in the task of entrepreneurship development i.e. the three national-level EDIs, (i.e. NIESBUD Noida, IIE Guwahati and NIMSME Hyderabad) MSMEDIs/ Branch MSMEDIs, KVIC, NSIC, Coir Board and such other organisations, as approved by Ministry of MSME, would be empanelled as Category-I Udyami Mitras under the scheme. Such Category-I Udyami Mitras would be referred as Apex Organisations.

3.3.2 For empanelment as Udyami Mitra, the Central/State Government public sector enterprises (PSEs) involved in promotion and development of MSEs as well as state level EDIs (hereinafter referred as Category-II Udyami Mitras), Universities/Institutes etc. are required to submit application in prescribed format (**Annexure- I**) to the Ministry of MSME through the Director/ Commissioner of Industries of the State/UT concerned.

3.3.3 Other agencies fulfilling the eligibility conditions under Para 3.1 (hereinafter referred as Category-III Udyami Mitras) are required to submit application in the prescribed format (**Annexure- I**) to the General Manager of District Industries Centre (GM, DIC) concerned. The application would contain details regarding background, objectives, past experience in conducting EDP/SDP trainings and providing handholding services to new entrepreneurs, audited accounts for the last three years, profile of team responsible for providing handholding services, etc.

3.3.4 Application submitted by Category-III Udyami Mitras would be scrutinized by the GM, DIC. He would verify the credentials and capability of the applicant agency through

inspections/other forms of enquiry and forward the application to the Director/Commissioner of Industries of the State/UT, along with his recommendations.

3.3.5 The Director/Commissioner of Industries of the State/UT concerned would shortlist the applications received directly (from Category-II Udyami Mitras) as well as applications received through GM, DICs (in respect of Category-III Udyami Mitras) and forward the short-listed applications along with his recommendations to the Ministry of MSME.

3.3.6 Training facilities set up by Partner Institutions (PIs)/Franchisees of the Apex Organisations (to be regarded as Category- I Udyami Mitra) would submit their application to the Ministry of MSME through their concerned Apex Organisation, which would also act as their Claim Processing Authority (CPA).

3.3.7 The applications received from Director/Commissioner of Industries of the State/UT concerned or Apex organizations, as the case may be, would be considered by a Screening Committee. The recommendations of the Screening Committee would be placed before the Secretary (MSME) and after the recommendations are accepted by the Secretary (MSME), the decision about empanelment of Udyami Mitras would be communicated through Director/Commissioner of Industries of the State/UT concerned or Apex organisation, as the case may be.

### **3.4 Screening Committee**

3.4.1 All proposals under the Scheme would be considered by a Screening Committee headed by the Joint Secretary (MSME). The other members of the Screening Committee would include:

(i)	Economic Adviser	Member
(ii)	ADC (EA), O/o DC (MSME)	Member
(iii)	Industrial Adviser/JDC O/o DC (MSME) -	Member
(iv)	Director/US, IF Wing -	Member
(v)	Director, Ministry of MSME -	Member-Secretary

3.4.2 The Screening Committee would scrutinize the applications and recommend the eligible applicants for empanelment as Udyami Mitras. The recommendations of the Screening Committee would be placed before the Secretary (MSME) and after the recommendations are accepted by the Secretary (MSME), the decision about empanelment of Udyami Mitras would be communicated through Director/ Commissioner of Industries of the State/UT concerned or the concerned Apex Organisation.

3.4.3 The Screening Committee would also examine and process all proposals for training of key functionaries of Udyami Mitras as well as Call Centre Agents for the Udyami Helpline, in respect of their content, duration, training provider, location and costing etc. and submit its recommendations to Secretary (MSME) for approval.

3.4.4 The Screening Committee would regularly review the progress of the scheme and whenever necessary for the smooth functioning of the scheme, issue suitable executive instructions, with the approval of Secretary (MSME).

### **3.5 Training of the key functionaries**

3.5.1 At least two key functionaries from the lead agency i.e. Udyami Mitra, responsible for implementation of this scheme, will have to undergo training on the modalities of the implementation of this scheme at one of the Training Institution approved by the Ministry for this purpose. The training expenses, including expenses on boarding & lodging of the trainees shall be borne by the Ministry of MSME. The key functionaries / Call Center Agents would also be required to undergo Refresher Training from time to time, as necessary.

### **4. Udyami Mitra Cell**

4.1 An Udyami Mitra Cell would be set up by the Ministry of MSME, with services support from NSIC. The administrative expenses/service charges for these services would be reimbursed to NSIC on actual basis.

4.2 This Udyami Mitra cell would act as Secretariat of the scheme and would process the proposals, claims etc., maintain records and accounts and also monitor the progress of the scheme.

### **5. Udyami Helpline**

5.1 In order to provide information about the various promotional and developmental schemes of the Government/other agencies and helping the MSMEs in accessing bank credit and resolving their credit related problems, an Udyami Helpline would be set up. Udyami Helpline would provide the potential as well as existing Entrepreneurs the much needed information and guidance & about various aspects of entrepreneurship/ information on MSME schemes /procedures/Credit related issues

5.2 The Udyami Helpline would function as a Call Centre for MSME entrepreneurs and have a Toll-free number (1800-xxx-xxxx) accessible from all landline and mobile phones etc. The Udyami Helpline would function, to begin with, from 6.00 am in the morning till 10.00 pm in the evening. During non-working hours, the callers would get an IVRS message.

5.3 Call Centre agents at Udyami Helpline would be trained about the various schemes of the Government and other developmental organisations and Banks etc. They would answer basic queries from the public, related to schemes of the Government and banks etc., over the phone and wherever necessary escalate the call to the relevant authority by establishing a conference call or forwarding the call to the Call centre of the concerned Bank/organisation or by email.

5.4 Every Call/Query received by the Udyami Helpline would be captured by the Call centre agent by recording its basic contents, assigned a unique Reference No. and tracked till its closure. The caller can also subsequently call back and track his grievance by mentioning this Reference No. Alternately the Call Centre may contact the calling party, if required, to close a query.

5.5 In case the caller/entrepreneur wants to contact someone directly or meet in person, for obtaining guidance, assistance and Handholding support, the Call centre agent would put

the caller in contact with one of the empanelled Udyami Mitras, who may then provide the caller the required Handholding support and assistance.

5.6 Development Commissioner (MSME) would act as the implementing, managing and monitoring agency for the Udyami Helpline.

## **6. Targets**

6.1 Annual targets will be allocated to the lead agencies i.e. Udyami Mitras, for taking up of post-EDP/SDP/ESDP/VT activities in the form of handholding of potential first generation entrepreneurs trained under various EDPs / SDPs /ESDPs/VTs.

6.2 Allocation of targets for handholding support to Category-I Udyami Mitras would be done by the Ministry of Micro, Small and Medium Enterprises (MSME) directly after assessing their capacity and past performance.

6.3 Targets to the other lead agencies i.e. Categories II & III Udyami Mitras would be allotted by the Ministry of MSME through State Directorates of Industries, on the basis of capacity and past performance of the lead agencies/Udyami Mitras and the recommendation of the concerned State Government, keeping in mind the availability of Budget as well as the number of EDP/SDP/ESDP/VT trainees available in the State.

6.4 Reservation for SC/ST would be provided as per the policy of the Government.

## **7. Registration of Beneficiaries with Udyami Mitras**

7.1 The Udyami Mitras would enroll the potential entrepreneurs for providing them handholding support. Only those beneficiaries would be enrolled who have already successfully completed or undergoing Entrepreneurship Development Training Programme (EDP) / Skill Development Training Programme (SDP)/ Entrepreneurship cum Skill Development Training Programme (ESDP) /Vocation Training Programmes (VT) of at least two weeks.

7.2 The applicants would be required to submit their application for enrolment under the scheme, along with their own contribution, as applicable (explained in Para 8.1), with the concerned Udyami Mitra.

7.3 On receipt of application along with beneficiary contribution, as applicable, from the beneficiaries, the Udyami Mitra would upload the required details in respect of each beneficiary - like name, age, category, particulars of the EDP/SDP/ESDP undergone by the applicant, along with certificate number, duration and name of the institution; particulars regarding payment of beneficiary's contribution etc. on the server maintained by Ministry of MSME with National Informatics Centre (NIC). The expenses on web hosting and creation of IT infrastructure required for the scheme (including development of software, training, hardware and maintenance etc.) shall be reimbursed to NIC from the plan funds allocated for the scheme.

7.4 Once the application is successfully uploaded, an acknowledgement certificate with unique Registration number would be generated for the applicant. Udyami Mitra would issue the acknowledgement, so generated, and the receipt of the money received to the concerned applicant.

7.5 The applicant entrepreneur will also enter into an agreement with the Udyami Mitra (**Annexure - II**) regarding assistance to be provided by the Udyami Mitra and the roles and responsibilities/obligations of both the parties.

## **8. Financial Assistance to Udyami Mitras**

### **8.1 Rates of financial assistance**

8.1.1 For setting up of service enterprises, the Udyami Mitras would be provided handholding charges at the rate of Rs. 4000/- (Rupees four thousand only) per trainee that would include a Central grant of Rs. 3000/- (Rupees three thousand only) under RGUMY and contribution of Rs. 1,000/- (Rupees one thousand only) by the beneficiary (to be deposited in advance).

8.1.2 For setting up of micro manufacturing enterprises, having investment (in plant and machinery) up to Rs. 25,00,000/-, the handholding charges would be Rs. 6,000/- (Rupees six thousand only), including Rs. 1000/- (Rupees one thousand only) to be contributed by the beneficiary.

8.1.3 For the beneficiaries from special category i.e. SC/ ST/ physically handicapped/ women / beneficiaries from North-Eastern Region, the beneficiary's contribution of Rs. 1,000/- shall also be provided as a grant under RGUMY.

8.1.4 For small manufacturing enterprises having investment (in plant and machinery) of more than Rs.25,00,000/-, in addition to Government grant (Rs.5000/- or Rs. 6,000/-, as applicable), and entrepreneur's contribution (Rs.1000/- or nil, as applicable), the entrepreneur will also have to make additional contribution towards handholding charges at the rate of 0.1 per cent of the project cost in excess of Rs.25,00,000/-, subject to a ceiling of Rs.10,000/-.

### **8.2 Release of handholding charges to Udyami Mitras**

8.2.1 Ministry would place funds in advance with Apex organizations and Commissioner/ Director Industries for release to Udyami Mitra in their jurisdiction. They would, in turn, release handholding charges to the Udyami Mitras in three installments on successful achievement of various milestones (as applicable) by the enrolled beneficiary, as under:

Stage	Activity/ Milestone	Release of handholding charges (as % of total)
1.	<ul style="list-style-type: none"> <li>a. Selection of entrepreneur.</li> <li>b. Identification of skills/interests of the entrepreneur</li> <li>c. Assessment of financial and managerial capabilities of the entrepreneur</li> <li>d. Selection of suitable project keeping in view the availability of necessary skills/expertise, financial and managerial capabilities, market survey and viability of the project.</li> <li>e. Preparation of project report including linkage with available schemes for financial assistance (e.g. PMEGP, assistance schemes of Central/State Government, Banks etc.)</li> <li>f. Creation of the Proprietorship firm/ Partnership firm/ Limited Liability Partnership (LLP)/ Company/ Society/ Self Help Group (SHG) etc.</li> <li>g. Sanction of term loan and application(s) under the concerned financial assistance scheme(s).</li> <li>h. Filing of memorandum (part-I) with DIC.</li> </ul>	25
2.	<ul style="list-style-type: none"> <li>a. Identification and selection of appropriate technology, plant and machinery / office equipment etc.</li> <li>b. Release of term loan.</li> <li>c. Hiring / allotment of land and construction / hiring of work sheds/ office space etc.</li> <li>d. Power connection.</li> <li>e. Allotment of PAN.</li> <li>f. Registration under Sales Tax/ VAT/ Service Tax etc.</li> <li>g. Completion of ESI and EPF related requirements.</li> <li>h. NOC from pollution control.</li> <li>i. Other clearances / NOCs from local bodies/ Municipal authorities.</li> <li>j. FDA license/ other licenses as required under law</li> <li>k. Tie up with raw material supplier(s).</li> <li>l. Installation/ commissioning of the plant and machinery,</li> <li>m. Trial run of plant and machinery.</li> <li>n. Successful commencement of production/ operations.</li> <li>o. Preparation of Marketing plan / strategy.</li> <li>p. Market tie up with buyers.</li> <li>q. Creation of web page/e-mail identity.</li> <li>r. Linkage with mentor</li> <li>s. Filing of memorandum (part-II) with DIC.</li> </ul>	60
3.	<ul style="list-style-type: none"> <li>a. Monitoring and follow up for a period of six months since successful commencement of production/ operations.</li> <li>b. Submission of follows up/ feedback report on the performance of the assisted enterprise to State Directorate of Industries/ Ministry of MSME.</li> </ul>	15



8.2.2 The Udyami Mitras would submit claim for release of handholding charges in the prescribed Performa.

8.2.3 Category-I Udyami Mitras would submit the claim to the concerned Apex Organization for release of handholding charges. The Categories II & III Udyami Mitras would submit their claims to the Director/Commissioner of Industries of the State/UT concerned.

8.2.4 The claims for handholding charges received from the Category-I Udyami Mitras would be scrutinized and processed by the concerned Parent Apex Organization (out of the advanced grant money placed at their disposal by M/o MSME). The handholding charges for Category-I Udyami Mitras will be released to them after adjusting the amount of beneficiary contribution available with the concerned Udyami Mitras.

8.2.5 The claims for handholding charges received from the Categories-II & III Udyami Mitras would be scrutinized by the Office of Director/Commissioner of Industries of the State/UT concerned. Handholding charges against the eligible claims would be released to the Udyami Mitras by the Director/Commissioner of Industries of the State/UT concerned (out of the advanced grant money placed at their disposal by M/o MSME), after adjusting the amount of beneficiary contribution available with the concerned Udyami Mitras.

8.2.6 For projects costing more than Rs 25,00,000/-, after completion of Stage-1 i.e. after sanction of term loan and filing of memorandum(Part-I) with the DIC, the Udyami (entrepreneur) shall pay to the Udyami Mitra additional handholding charges, as stated in Para 8.1.4 above.

## **9. Monitoring and Evaluation**

9.1 The progress of the scheme will be reviewed and monitored on a regular basis by the Ministry of Micro, Small and Medium Enterprises as well as by the Commissioner/Director of Industries of the concerned States/ UTs. The Category -I Udyami Mitras and the concerned Commissioner/ Director of Industries would submit periodic (monthly/quarterly/half yearly) returns to Ministry of MSME. Further, the consolidated information and progress report compiled on the basis of above returns, if any, will be placed before the Screening Committee/Ministry for review and analysis.

9.2 The scheme would also be evaluated by an independent agency to assess its success/impact and to ascertain constraints/shortcomings, if any, after XI Plan.

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