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Rajiv Gandhi Udyami Mitra Yojana (RGUMY)

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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.

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 along history of promoting inclusive, spatially widespread and employment-oriented economic growth. In terms of employment generation, this segment is next only to agriculture. 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 entrepreneurshipcum- skill development programmes (ESDPs).

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 realties, 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.

Objective

- 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.

- 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.

Udyami Mitras

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:

1. Existing national level Entrepreneurship Development Institutions (EDIs).
2. Micro, Small and Medium Enterprises Development Institutes (MSMEDIs)/ Branch MSMEDIs.
3. 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.
4. Selected State level EDIs and Entrepreneurship Development Centers (EDCs) in public or private sectors;
5. Khadi and Village Industries Commission (KVIC).
6. Special Purpose Vehicles (SPVs) set up for cluster development involved in entrepreneurship development;
7. Capable associations of MSEs/SSIs;
8. Other organizations/training institutions/NGOs etc. involved in entrepreneurship development/ skill development.

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:

1. 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:

- Identification of suitable project/product/enterprise and preparation of bankable project report for the same;
- Creation of the proprietorship firm/ partnership firm/ Company/ Society/ Self Help Group (SHG) etc;
- Filing of Memorandum (as prescribed under MSMED Act 2006);
- 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
- Assistance and support in establishment of work shed/office;
- Sanction of Power load/connection;
- Selection of appropriate technology and installation of plant and machinery/office equipment etc;
- obtaining various registrations/ licenses/ clearances / No Objection Certificates (NOCs) etc. from the concerned regulatory agencies/ Government departments/ local bodies/ Municipal authorities etc
- Allotment of Income Tax Permanent Account Number (PAN) and Service Tax/ Sales Tax/ VAT registration etc

- Sanction of working capital loan from the banks
- Arranging tie up with raw material suppliers
- Preparation and implementation of marketing strategy for the product/ service and market developmen and
- Establishing linkage with a mentor for providing guidance in future
- Creation of web page and email identity

2. 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.

Screening Committee

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:

1. Economic Adviser Member
2. ADC (EA), O/o DC (MSME) Member
3. Industrial Adviser/JDC O/o DC (MSME) - Member
4. Director/US, IF Wing - Member
5. Director, Ministry of MSME - Member-Secretary

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.

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.

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).

Training of the key functionaries

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.

Udyami Mitra Cell

- 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.
- 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.
- Financial Assistance to Udyami Mitras

Rates of financial assistance

- 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).

- 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.
- 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.
- 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/-

Monitoring and Evaluation

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 beplaced before the Screening Committee/Ministry for review and analysis.