

MICRO ENTREPRENEURS IN RURAL AREAS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Under Startup India Initiative, entities including Micro enterprises are recognized by Department for Promotion of Industry and Internal Trade (DPIIT) as Startups as per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February, 2019. All initiatives under the Startup India are inclusive and are implemented across States, cities, towns and rural areas. The recognised startups can avail benefits under the Startup India Initiative is given below:

Prime Minister's Employment Generation Programme (PMEGP), a credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth, is operational. The Scheme was launched during FY 2008-09. Under the Scheme, general category beneficiaries can avail of margin money subsidy of 25 % of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled caste/scheduled tribe/OBC /minorities/women, ex-serviceman, physically handicapped, North-east region, Hill and Border areas etc. the margin money subsidy is 35% in rural areas and 25% in urban areas.

Further, the Fund of Funds for Startups Scheme and the Startup India Seed Fund Scheme are operational to provide capital at various stages of business cycle of a startup.

Under the Fund of Funds for Startups Scheme (FFS), a corpus of Rs. 10,000 crore has been sanctioned, spread over 14th and 15th Finance Commission cycles. The Scheme is operated and managed by Small Industries Development Bank of India (SIDBI). The Scheme does not directly provide financial assistance to startups, instead supports SEBI- registered Alternative Investment Funds (AIFs), who in turn invest money in growing Indian startups through equity and equity-linked instruments.

Under the Startup India Seed Fund Scheme (SISFS), Rs. 945 crore has been sanctioned for period of 4 years starting from 2021-22. The funds are released to Startups through approved Incubators.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

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