

Business Accelerator and Start-up Programme (BASP)

1. Background

Rajiv Gandhi Udyami Mitra Yojana (RGUMY), a central sector scheme, was launched in 2008-09 with the objective of providing handholding support and assistance to the potential first generation entrepreneurs. Subsequently an Udyami Helpline (a Call Centre for MSMEs) was also introduced to provide information and support to potential and existing entrepreneurs.

The major lacuna standing in the way of potential entrepreneurs from becoming successful is the fact that they have to learn by trial and error and this often becomes trial by fire where many potential entrepreneurs burn out. This lacuna can be mitigated by the concept of business mentors. Quite often, the absence of timely information relating to the market, trends in the economy, a proper understanding of how to approach financial institutions and potential investors, and ignorance of the plethora of acts, rules and regulations can make the difference between success and failure for the first generation entrepreneur. Business mentors are also required for existing enterprises which want to grow and internationalize. Rating of enterprises throws up gaps in performance which a mentor can help overcome. In order to address this problem mentoring assistance needs to be institutionalized through a scheme to mould and guide potential and existing entrepreneurs in starting and running a business.

The Scheme of RGUMY has been completely revamped by addressing the shortcomings and broadening the objective of the existing Scheme. The modified scheme [renamed as Business Accelerator and Start-up Programme (BASP)] will be implemented on a pilot basis through the 12th Plan.

2. Objective

The objective of the BASP Scheme is enhancing growth and employment generation in MSME sector through aiding and assisting in:-

- 2.1 Developing competitive and resilient new MSEs out of potential entrepreneurs willing to set up enterprises by providing mentoring and advisory support in areas of registration, statutory compliances, production, sales, marketing, access to finance etc.;
- 2.2 Up-scaling and nurturing the operations of the existing MSEs enterprises who have been rated (including under the Performance and Credit rating scheme of the Ministry of MSME) and have been assigned moderate or poor ratings. Such units will be provided mentoring and advisory support in the areas of their need w.r.t. technology, marketing, finance and entrepreneurship development so as to improve its operational and financial performance; and

2.3 Information support through Udyami helpline (on ertneC llaC eerF lloT. 1800-180-6763) on procedural formalities and promotional schemes available for setting up and running of an enterprise will also be provided under the Scheme.

3. Implementation Mechanism

3.1 Screening Committee

The overall implementation of the Scheme will be monitored and coordinated by a Screening Committee headed by an officer of the rank of Joint Secretary in the Ministry of MSME and the Screening Committee shall have the following members:

- a) An officer of the rank of General Manager and above representing NSIC.
- b) An Officer in the rank of Under Secretary and above representing IF Wing.
- c) One Representative of one of the Industry Associations of pan-India member base.
- d) One outside expert.
- e) An officer from BASP Cell set up in Ministry of MSME, as Member Secretary.

The names of representatives from Industry Association and outside expert will be decided with the approval of Secretary, Ministry of MSME.

3.2 Nodal Agency

The National Small Industries Corporation (NSIC), a Central Public Sector Enterprise (CPSE), under the Ministry of MSME will act as the Nodal Agency (NA) for implementing the scheme.

3.3 Implementing Agency

3.3.1 The Implementing Agency (IA) would be from amongst the following:-

- a) Micro, Small and Medium Enterprises Development Institutes (MSMEDIs) / Branches of MSMEDIs.
- b) Central/State Government Public Sector Enterprises (PSEs) involved in promotion and development of MSEs e.g. The National Small Industries Corporation Ltd. (NSIC) and State Industrial Development Corporations (SIDCs) etc.
- c) Existing National and State Level Entrepreneurship Development Institutions (EDIs).
- d) National or State level Industry Associations representing MSMEs.
- e) Reputed NGOs and Charitable Trusts.
- f) Technical Colleges/Universities, Management institutions engaged in entrepreneurship development.
- g) Professionals and other agencies involved in MSME Sector.

3.3.2 An IA, to be eligible for selection under the scheme, should have the following:-

- a) A local reach to industry through field offices or district level agencies.
- b) In existence for at-least 5 years

- c) Bank account and funds to bear upfront expenses
- d) Infrastructural facilities to carry out the program like office space, computer, fax, telephone, internet connection and secretarial help etc.
- e) Natural linkage with industry.

The list of IAs will be available on the scheme portal.

3.4 Mentors

3.4.1 The following can be engaged as Mentor under the scheme:-

- a) The mentors will be entrepreneurs/industrialists who has at least 5 years of experience in running an enterprise, or
- b) Experienced Professionals or group of professionals like Chartered Engineers, Chartered/Cost Accountants, retired Bank officials, Management consultants and other professionals having experience of at least 5 years in the MSME sector and desirous of providing mentorship with the ability to bring in interventions in the areas of technology/marketing/finance/information support.

3.4.2 A Mentor to be eligible for selection under the scheme should have the following:

- a) Easily approachable from the location of the enterprise who would like to avail the services.
- b) Bank account and funds to bear upfront expenses,
- c) Infrastructural facilities to carry out the program like office space, computer, fax, telephone, internet connection and secretarial help etc.
- d) Natural linkage with industry.
- e) Experience of mentoring the existing/startup MSME units.

The list of Mentors empanelled with various IAs will be available on the scheme portal.

3.5 Target Beneficiaries (New and Existing Enterprises)

3.5.1 New Enterprises

- a) All proposed activity under manufacturing or service industry which entitles a new enterprise the status of Micro or Small Enterprise as per the MSMED Act, shall be enrolled by the IAs under the Scheme, subject to a minimum proposed investment of Rs.1,00,000/- in the plant & machinery by the applicant beneficiary. Units engaged in 'Trading' activities shall not be entertained.
- b) The beneficiary desirous to avail mentoring support to start a new enterprise would be selected by the IAs after assessing the financial and managerial capability of the applicant vis-à-vis the nature of manufacturing/ service activity. The decision of IA shall be final in this regard. Only the acceptable beneficiaries shall be enrolled under the Scheme and assigned to a Mentor.
- c) Trainees under EDP/ ESDP passing out under the ATI Scheme of the Ministry of MSME and having shown interest in "Self Employment" shall also be eligible.

3.5.2 Existing Enterprises

An existing enterprise to be eligible for being a 'target beneficiary' under the Scheme should be:-

- a) A Micro/Small enterprises (having filed EM-I) engaged in manufacturing or services activities;
- b) In operations for the last three or more years,
- c) Not a sick unit or a loan defaulter as on the date of application
- d) Rated (including under Performance and Credit Rating Scheme of the Ministry of MSME) and assigned with High or Moderate Ratings.

Units engaged in 'Trading' activities shall not be entertained.

3.6 The Models for Implementation

3.6.1 For existing enterprises

The rated unit(s) desirous of up-scaling their performance can either approach the:

- a) Implementing Agency requesting for a mentor who can do its hand-holding and carry it through the up-scaling process; and
- b) The mentor, directly (after ensuring that the mentor meets with eligibility conditions) requesting it for the hand-holding it for the up-scaling process. With the consent of the mentor and along with the proposal for up-scaling as prepared by the mentor, approach the Implementing Agency for assistance under the Scheme;

Alternatively, the mentors can also approach the unit(s) eligible explaining them the benefits of the processes which can lead to up-scaling of their operations and take up on a pilot basis certain units who fall within the eligibility criteria of being up-scaled and for assistance under the Scheme in this regard.

3.6.2 For Start-up Units

The process as explained for existing enterprises in para 3.5.1 above can also be implemented in case of start-up units.

4. Functions and Role of Screening Committee

- 4.1 All proposals for empanelment of IAs found suitable by the Screening Committee as per specified eligibility criteria would be recommended for empanelment as IAs to Secretary (MSME). The empanelments out of such IAs will be made with the approval of Secretary (MSME).

- 4.2 All the proposals for providing assistance to beneficiaries under the scheme will be forwarded by IA alongwith their specific recommendations to the Nodal Agency (NA). The NA after scrutinizing the proposals will put up to Screening Committee for sanction or otherwise.
- 4.3 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).
- 4.4 The Screening Committee will meet once in a month to consider proposals received under the scheme and also to review/monitor the progress of the scheme.

5. Functions and Role of Implementing Agencies (IAs)

- a) Screen the applications of Mentors for empanelling them as per eligibility criteria under the scheme.
- b) Prepare and maintain a panel of Mentors on the existing scheme portal.
- c) Screen the application(s) of prospective entrepreneurs willing to set up their enterprise and / or existing entrepreneur for improving their performance, as per the eligibility criteria under the scheme along with the proposal(s) of the mentors for hand-holding of target beneficiaries together with milestones for doing the same.
- d) Prepare Data on all applications received from new and existing entrepreneurs under the mentoring support on the existing scheme portal.
- e) Forward completed applications received from the target beneficiaries along with their recommendations to BASP Cell in the Ministry of MSME.
- f) Provide dedicated officer to work as a nodal contact under the scheme.
- g) Maintain important information and data, copies of different acts, rules and regulations, forms, website containing market related information, information about schemes/subsidies/grants and data relating to different industrial sectors.
- h) Review and monitor progress of the beneficiaries approved by the Screening Committee and being assisted under the Scheme. The progress in all such cases to be reported to Ministry of MSME/NA on quarterly basis.
- i) Make recommendations about the release of assistance to the mentors linking it with the milestones achieved.

6. Functions and Role of Mentors

6.1 For Start-up Units

Mentors will play an advisory role and guide the potential entrepreneurs on the procedural and legal formalities required to be completed for setting up new business enterprise. The responsibilities of a mentor will include the following:

6.2 Give advice on:-

- a) Identification of suitable project/product.
- b) Incorporation of the enterprise in a suitable form.
- c) Availability of assistance under various schemes of the Central/State Government and other agencies
- d) Establishment of work shed/office
- e) Obtaining power load/connection.
- f) Selection of appropriate technology and installation of plant and machinery/office equipment etc.
- g) Obtaining various registrations/licenses/clearances/No Objection Certificates (NOCs) etc. from concerned regulatory agencies/Government departments etc.
- h) Allotment of Income Tax Permanent Account Number (PAN) and Service Tax/Sales Tax/VAT registration etc.
- i) Arranging tie up with raw material suppliers.

6.2.1 Review and give guidance on:-

- a) Bankable Project Reports prepared by the entrepreneurs.
- b) Marketing strategy for product/service and market development.
- c) Web page/portal development.

6.2.2 Monitoring:-

Once the enterprise has been successfully set up, the mentor would also monitor and follow up on the functioning of the enterprise for a further period of minimum 6 months and provide guidance in overcoming various managerial, financial and operational problems.

6.2.3 Reporting:-

The mentor will upload on the National Portal all beneficiary details with monthly status updates on issues/solutions/pending problems in respect of each entrepreneur supported.

6.3 For existing enterprises

Mentors will play an advisory role and guide the existing entrepreneurs on the procedures and processes of running an enterprise. The responsibilities of a mentor will include the following:

6.3.1 Evaluate the gaps in the performance of the unit as pointed out in its Rating Report.

6.3.2 Give advice with respect to the up-scaling and nurturing operations in the areas of their need with respect to technology, marketing, finance so as to improve the operational and financial performance of the unit(s).

6.3.3 Prepare a road-map with time frame for implementing the advice at 6.3.2 above.

7. Functions and Role of Nodal Agency (NA)

NSIC while acting as NA under the Scheme shall perform the following functions / roles:-

- (a) Process the applications received from the various agencies to be enrolled as IAs under the Scheme and place them before the Screening Committee after confirming their conformity to the eligibility criteria.
- (b) Process the applications forwarded / uploaded (on existing scheme portal) by the IAs with their recommendations, with respect to target beneficiaries (prospective entrepreneurs and/or existing entrepreneurs) together with the proposal(s) of the mentors (containing milestones for achievement) and place them before the Screening Committee.
- (c) Process the proposals for release of funds to IAs/mentors from the grants placed with it and transfer the funds to the IAs/mentors in terms of the approvals of the Screening Committee and achievement of milestones by the mentors as informed by the IAs.
- (d) Obtain Utilization Certificates in respect of funds disbursed to IAs, confirming utilization of funds in terms of the sanction.
- (e) Publicity of the Scheme alongside other schemes and programmes during the business promotion campaigns organized by NA's field offices under the Marketing Assistance Scheme (MAS) of the Ministry of MSME.

8. Udyami Helpline

A Call Centre set up under the scheme will continue to provide information and guidance about various aspects of entrepreneurship and also provide information about the various promotional and developmental schemes of the Government/other agencies to potential as well as existing Entrepreneurs. Information and guidance to potential and existing entrepreneurs will also be provided through Social Media activities. The services of the call centre can be availed in Hindi or English on a Toll-free number (1800-180-6763) which is accessible from all landline and mobile phones in the country from 7.00 am to 9.00 pm. It will have 10 seats each in Hindi and English Language. To increase the outreach of the call centre, five seats will be added in the inbound calling portfolio – one each for Tamil, Telugu, Kannada, Marathi and Bengali. Every Call/Query received by the Udyami Helpline will be captured by the Call Centre agent by recording its basic content and will be assigned a unique reference number for its tracking. The data of all calls shall be captured at the Call Center for analysis and review.

9. Consultant Organization for Udyami Helpline - Functions and Roles

The Consultant Organization for Udyami Helpline should preferably be located in New Delhi, be responsible for all functional and technical aspects of running the Call Centre

including the selection and identification of Call Centre Operator, ensuring uptime and availability of requisite infrastructure with the Call Center. The Consultant Organization should be disseminating information about the programmes and schemes of the government with special reference to economic and industrial development, handling complaints/grievances of callers/general public about the operations of the Call Centre.

10. BASP Cell in the Ministry of MSME - Functions and Roles

A Cell (renamed as BASPCell) will continue to operate with services support from NSIC. It will perform the following functions:-

- (a) Uploading the data with respect to approved IAs on the existing scheme portal.
- (b) Convey the approvals of the Screening Committee in case of (c) above to IA, unit, mentor and the Nodal Agency.
- (c) Process for release of budgetary allocations and claims for reimbursement of administrative expenses/service charges to Nodal Agency.
- (d) Coordinate operations of the Call Centre and Social Media activities.
- (e) Publicity through various modes,
- (f) Monitor progress of the Scheme.
- (g) Coordinate with Consultant Organization for hosting and creation of National portal required for the scheme (including development of software, training, hardware and maintenance etc.).

11. Payment of Expenses, Administrative Charges, Consultancy Charges and Mentorship Charges to various Entities.

Sl. No.	Entity	Services Rendered	Charges
1.	IA	Mentoring Support through the Mentorship Network to new and existing enterprises	Rs. 2,000/- per enterprise (new and existing)
2.	Mentor	Mentoring support to new enterprises	90% of the Mentoring Fee subject to maximum of Rs. 20,000/- per enterprise.
3.	Mentor	Mentoring Support to existing enterprises	90% of the Mentoring Fee subject to maximum of Rs. 50,000/- per enterprise.
4.	NA	Field Level Implementation of Mentoring Support	10% of the cost of funds disbursed to IAs and Mentors
5.	NA	Maintaining a Cell in the Ministry by way of providing manpower and other support services.	As per actual
6.	Consultant (Udyami Helpline)	Hiring of Call Centre Capacity from a Call Centre Operator (All inclusive charges per seat)	Market based charges through open bidding.
7.	Consultant (Udyami)	Consultancy Charges for maintaining the operations of Udyami Helpline	10% of the hiring charges for Call Centre Capacity

	Helpline)		
8.	Telecom Operators viz. BSNL and MTNL	Telephone connectivity for inbound and outbound calling for operations of Udyami Helpline	As per actual and based on call volumes
9.	Consultant (National Portal)	Expenses on creation, maintenance and regular up gradation of IT infrastructure for the Scheme.	Market based charges through open bidding.

Note:

- l) All new and existing enterprises will have to pay:-
- a) Token contribution of Rs. 1,000/- to the IA
 - b) 10% of the fee of the mentor or any amount in excess of Rs. 20,000 in case of new enterprise and Rs.50,000 in case of an existing enterprise, whichever is higher.

12. Stages of Payment

12.1 To Implementing Agency

- a) The new/existing enterprise seeking to avail assistance under the Scheme will be required to pay upfront their share of fee to the Implementing Agency i.e. along with the Application. The IA would assign the beneficiary to a Mentor only upon realization of the initial contribution.
- b) The grant out of the Scheme to be paid to IA i.e. @ Rs. 2000/- per enterprise would be released on approval of the proposal by the Screening Committee.

12.2 To Mentors

The payment to the mentors will be made both by the unit availing assistance under the Scheme as well as out of the scheme itself (refer sr. no. 2 of the table at para 11 above). The total payment to the Mentors will be released as per the schedule given below:-

12.2.1 For Start-up Units

Stage	Activity / Milestone	Release of handholding charges (as % of total)
1	i) Selection of entrepreneur. ii) Identification of skills / interests of the entrepreneur iii) Assessment of financial and managerial capabilities of the entrepreneur iv) Selection of suitable project keeping in view the availability of necessary skills/expertise, financial and managerial capabilities, market survey and viability of the project.	15
2	i) Identification and selection of appropriate technology, plant and machinery / office equipment etc.	60

	<ul style="list-style-type: none"> ii) Filing of memorandum (part-I) with DIC. iii) Hiring / allotment of land and construction / hiring of work sheds/office space etc. iv) Allotment of PAN. v) Registration under Sales Tax/ VAT/ Service Tax etc. vi) Completion of ESI and EPF related requirements. vii) NOC from pollution control. viii) Other clearances / NOCs from local bodies/ Municipal authorities. ix) FDA license/ other licenses as required under law x) Creation of the Proprietorship firm/ Partnership firm/ Limited Liability Partnership (LLP)/ Company/ Society/ Self Help Group (SHG) etc. xi) Preparation of project report including linkage with available schemes for financial assistance (e.g. PMEGP, assistance schemes of Central/State Government, Banks etc.) xii) Submission of loan proposal(s) to banks / government agency under the concerned financial assistance scheme(s). xiii) Tie up with raw material supplier(s). xiv) Power connection. xv) Installation/ commissioning of the plant and machinery, xvi) Successful commencement of production/ operations. xvii) Marketing tie up with buyers. 	
3	<ul style="list-style-type: none"> i) Monitoring and follow up for a period of six months after successful commencement of production/ operations. ii) Submission of follow up/ feedback report on the performance of the assisted enterprise to IA. 	25

12.2.2 For Existing Enterprises

The payment to the mentors will be made both by the unit availing assistance under the Scheme as well as out of the scheme itself (refer sr. no. 3 of the table at para 11 above). The total payment to the Mentors will be released as per the schedule given below:-

Installment	Milestones to be achieved before release of payment
I	After the Screening Committee approves the proposal, and the mentor evaluates the gaps in the performance of the unit as pointed out in its Rating Report and suggests a road map for the applicant unit, the mentor shall be paid 25% of the total fee.
II	After providing required mentoring services to the unit as laid down in the approved / agreed road map, the mentor shall be paid 50% of the total fee.

III	After Mentor audits the project and sends status of completion Report, mentor will be paid 15% of total fee.
IV	After Implementing Agency confirms that the hand-holding services provided by the Mentor have yielded the defined milestones as laid down in the road map, the balance 10% shall be released.

13. Fixation of Targets under the scheme

The targets under the scheme shall be consolidated in the following manner:-

- (a) Implementing agencies shall submit the yearly targets to Nodal Agency indicating the number of beneficiaries (specifying separately the new/existing manufacturing/service enterprises) to be covered under the scheme.
- (b) The Nodal Agency shall consolidate the targets and submit to Screening Committee for its approval.
- (c) Screening Committee shall approve the targets in sync with the budgetary allocation.

The distribution of targets across Implementing Agencies will be based on demand, past performance, Government priorities and fund availability. The approved targets would be conveyed to the respective IA by the Nodal Agency.

Reservations for units belonging to SCs/STs, Women, Physically Handicapped and from NER would be provided as per policy of the Government.

14. Up-scaling operations through technology, entrepreneurship development and marketing support.

The up-scaling and nurturing of operations of existing enterprises who are the target beneficiaries will be carried out by providing them with mentoring and advisory support in areas of their needs with respect to Technology, Marketing, Finance etc. so as to bring about improvement in their operational and financial performance. The hand-holding activities to be provided through the mentors under the Scheme are expected to expose and enrich the beneficiary units in the following areas which would contribute to up-scaling of their operations:-

- a) Encourage entrepreneurs with ideas by providing them with Technology Commercialization Platform(s).
- b) Promote MSEs to undertake R&D, Technology adoption and acquisition, convert pilot technologies to commercially viable and affordable quality products for mass production and help them in marketing of their products etc.
- c) Promote MSEs in rural areas by showcasing the scientific and technological projects in several typical rural areas.

- d) Provide support platforms offering services such as testing and inspection, R&D, industrial design and centralized pollution treatment on sectoral basis.
- e) Propagate about the existing schemes of Ministry of MSME for technology up-gradation of MSEs such as Textile Up-gradation Fund Scheme (TUFS) Credit Linked Capital Subsidy Scheme (CLCSS), National Manufacturing Competitiveness Programme (NMCP) so as to enable MSEs to develop global competitiveness.
- f) Enhance activities with industry associations to act as a Special Purpose Vehicle (SPV) in cluster development and making them team up to undertake research activities and provide technical and management solutions to manufacturing related problems cutting across regions and sectors.
- g) Enable MSEs to get access to:-
 - i) Advisory Portals for obtaining advice from national and international experts for all their expansion needs ranging from market setup to legal, tax and financial advice;
 - ii) Platform for providing strategic business technology linkages between research institutions, academia, financial community and industry;
 - iii) Programs at university level to provide structured learning opportunity for MSEs to help them develop human capital among new and existing entrepreneurs;
 - iv) The regulations that are taken globally, so that Indian MSEs are enabled to export their products in compliance with global standards;
 - v) Advisory and information services w.r.t. programmes and schemes offered by both the National and State Governments.

15. Evaluation Criteria for Scaling-up Enterprises

15.1 Evaluation Criteria for improvement in operational performance

Performance on the following parameters would evaluate / reflect improvements, if any, with respect to operational performance:-

- a) Business Performance
- b) Management Capability
- c) Production capacity
- d) Technology Adoption
- e) Quality System
- f) Innovation
- g) Focus on new products / services

15.2 Evaluation Criteria for assessing improvement in financial strengths

Performance on the following parameters would evaluate / reflect improvements, if any, with respect to operational performance:-

- a) Increased revenues and profits
- b) Improvement in profitability due to effective cost control
- c) Improvement in capital structure as represented by lower debt equity ratio.

The above parameters will be measured on a Scale of 1 to 5 (1-Poor, 2-fair, 3-Good, 4-Very Good and 5- Excellent).

The performance under these parameters will be measured at the start of interventions and thereafter will be assessed after implementation of the approved/agreed road map submitted by the mentor.

16. Portal for the Scheme

The National Portal for the scheme will be used for registration of beneficiaries, status of beneficiary progress and fund release, databank of mentors/MSME experts. The portal will have an interactive platform for all stakeholders to share their experiences.

17. Publicity

Wide publicity will be given to the scheme through multiple media channels, to spread awareness across the country.

18. Monitoring and Evaluation

- a) The progress of the scheme will be reviewed and monitored on a regular basis by the Ministry & NA and placed before the Screening Committee on a quarterly basis.
- b) The scheme would also be evaluated by an independent agency to assess its success / impact and to ascertain constraints/shortcomings, if any, at the end of XIIth Plan.
