

# FUNDING SCHEMES

*for*

## Entrepreneurs & Start-Ups



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**Funding Schemes for Entrepreneurs & Start-Ups**

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**Disclaimer:** Schemes given here are for the purpose of developing conceptual understanding. The information and data given here must be used after due diligence and verification in practice. Authors will not be held liable for any operation executed based on given information.

## Preface

India's entrepreneurial landscape is undergoing a historic transformation, driven by innovation, inclusivity, and proactive public policy. *Funding Schemes for Entrepreneurs & Start-Ups* is conceived as a comprehensive guide to fifteen major government initiatives that collectively form the backbone of financial and institutional support for emerging and growing enterprises. Each scheme discussed in this volume plays a distinct yet complementary role in nurturing entrepreneurship across manufacturing, services, agriculture, livestock, food processing, exports, and technology-driven startups.

The journey begins with the Prime Minister's Employment Generation Programme (PMEGP), a foundational scheme that stimulates grassroots self-employment by combining bank credit with margin money subsidy. It empowers youth, artisans, and first-generation entrepreneurs, particularly in rural and semi-urban India. Complementing this is the Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME), which formalizes and strengthens micro food units under the ODOP framework, enhancing value addition, branding, and food safety compliance.

Industrial growth and modernization are further supported by SIDBI SMILE, which provides soft loans and quasi-equity to MSMEs, enabling sustainable expansion and technological advancement. In the livestock and allied sectors, both the National Livestock Mission (NLM) and the Animal Husbandry Infrastructure Development Fund (AHIDF) catalyze commercial entrepreneurship by offering capital

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subsidies, interest subvention, and infrastructure financing—transforming traditional animal husbandry into an organized enterprise model.

For micro enterprises seeking accessible credit, the Pradhan Mantri MUDRA Yojana (PMMY) ensures collateral-free loans across business stages, while the Startup India Seed Fund Scheme (SISFS) addresses early-stage funding gaps for innovative, DPIIT-recognized startups. These schemes together bridge the crucial transition from idea to commercialization.

Risk mitigation and credit facilitation are strengthened by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which enables collateral-free borrowing by guaranteeing loans, and the Agriculture Infrastructure Fund (AIF), which promotes post-harvest infrastructure and agri-value chains through interest subvention and guarantee support.

Technology upgradation and competitiveness are promoted under the Credit Linked Capital Subsidy Scheme (CLCSS), which reduces modernization costs through capital subsidies. Inclusivity in entrepreneurship is advanced by the Stand-Up India Scheme (SUI), dedicated to empowering SC/ST and women entrepreneurs with structured composite loans and handholding support.

Market expansion and visibility receive focused attention under the Procurement and Marketing Support Scheme (PMS), enabling MSMEs to participate in trade fairs and access institutional buyers. Regional development incentives

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such as the Rajasthan Investment Promotion Scheme (RIPS) provide state-level fiscal benefits to encourage industrial investment. Export-oriented enterprises benefit from the Credit Guarantee Scheme for Exporters (CGSE), which reduces export credit risk, while the New Interest Subvention Scheme further enhances global competitiveness through reduced borrowing costs.

The significance of this book lies not merely in describing these schemes, but in presenting them as an integrated ecosystem of opportunity. Entrepreneurs, academicians, students of management, financial consultants, and policy researchers will find practical utility in understanding eligibility norms, financial structures, convergence possibilities, and application processes. By demystifying procedural complexities and highlighting strategic linkages among schemes, this volume aspires to serve as both a reference manual and a catalyst for enterprise creation.

In an era where entrepreneurship is central to employment generation, rural transformation, and economic resilience, informed access to financial schemes becomes a decisive advantage. This book seeks to transform awareness into action and policy knowledge into entrepreneurial success.

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## Prime Minister's Employment Generation Programme (PMEGP)

Prime Minister's Employment Generation Programme (PMEGP) is a central sector scheme aimed at generating self-employment opportunities by helping you set up **new micro-enterprises** in the non-farm sector. It is a credit-linked subsidy scheme, meaning you get financial help from the government in the form of a subsidy (margin money) that is linked to a loan from a bank.

### Objectives of PMEGP

The main goals of the scheme are to:

- Generate Employment: Create jobs in both rural and urban areas by supporting new micro-enterprises.
- Empower Artisans and Youth: Provide self-employment opportunities to traditional artisans and unemployed youth, enabling them to work from their preferred location.
- Prevent Migration: Help stop the migration of rural youth to urban areas by creating sustainable livelihoods in their hometowns.

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### Financial Assistance Structure

The financial assistance under PMEGP is a combination of your own contribution, a government subsidy, and a term loan from a bank. The maximum project costs are INR 50 lakh for manufacturing units and INR 20 lakh for service/trading units.

The table below breaks down the beneficiary contribution and subsidy rates:

Category of Beneficiary	Beneficiary Contribution	Government Subsidy (Margin Money)	
		Urban Areas	Rural Areas
General Category	10%	15%	25%
Special Category	5%	25%	35%

Special Category includes SC, ST, OBC, minorities, women, ex-servicemen, transgender individuals, differently-abled persons, and those from NER, Aspirational, Hill, and Border districts.

Important Note: As per recent RBI guidelines, no collateral security is required for loans up to INR 10

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lakh. The Ministry of MSME has also emphasized strict compliance with this rule.

### **Who is Eligible?**

You can apply for PMEGP if you meet the following criteria:

- Age: You must be at least 18 years old.
- Education: There is no educational qualification required for projects costing up to INR 10 lakh (manufacturing) or INR 5 lakh (service). For projects above these limits, you must have passed at least the 8<sup>th</sup> standard.
- New Projects: The scheme is only for new projects. Existing units that have already availed of any other government subsidy are not eligible.
- Other Eligible Entities: Besides individuals, Self-Help Groups (SHGs), Cooperative Societies, registered societies, and charitable trusts can also apply.

### **Prohibited Activities (Negative List)**

There are also some activities that are not allowed under PMEGP, such as those connected with meat (slaughtering/processing), intoxicants (like beedi/cigarettes), liquor, and Crops/Plantations (Tea, coffee, rubber, etc.)—though food processing is allowed, Polythene bags less than 75 microns (or current environmental limits).

### **How to Apply**

The application process is completely online and paperless for the most part.

- Online Application: You must apply through the official PMEGP e-portal:

[[www.kviconline.gov.in](http://www.kviconline.gov.in)](<http://www.kviconline.gov.in>).

### **Step-by-step Process:**

1. Register on the portal using your Aadhaar number for OTP verification.
2. Fill the application form with personal, project, and financial details. You will also need to choose your sponsoring agency: KVIC, KVIB, or DIC.
3. Upload required documents, including your Aadhaar card, PAN card, educational certificates, caste

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certificate (if applicable), Rural area certificate (to claim 35% subsidy) and a detailed project report.

4. After submission, you will receive an Applicant ID and password on your mobile for tracking your application.

- Application Scrutiny: The implementing agency (KVIC/KVIB/DIC) will scrutinize your application. Only applications that score 60 marks or above on a prescribed score sheet are forwarded to banks for a credit decision. The bank appraises the project and sanctions the loan (Term Loan + Working Capital).

### **Other points to be considered**

- 2nd Loan for Upgradation: Existing successful PMEGP/MUDRA units can also apply for a second loan to upgrade or expand their business. For this, the maximum project cost is INR 1 crore for manufacturing and INR 25 lakh for service sectors.

- Interest Rates: Interest rates are not fixed by the government but are determined by individual banks based on RBI guidelines. However, RBI has directed banks to ensure transparency and fairness. Ranges between 8.5% and 12% per annum (as of 2026).

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Loan duration - Typically ranges from 3 to 7 years depending on the project size and bank policy.

- EDP Training: While mandatory Entrepreneurship Development Programme (EDP) training is required, you no longer need to complete it before claiming the margin money subsidy. The loan can be disbursed and subsidy claimed without waiting for training completion. Once the loan is sanctioned, the beneficiary must undergo Entrepreneurship Development Programme (EDP) training before the subsidy is released:

Project cost up to INR 5 Lakh: 5 working days.

Project cost above INR 5 Lakh: 10 working days.

Training is often provided for free through the RSETI/RUDSETI or online via the Udyami portal.

- Grievance Redressal: The Ministry of MSME operates the CHAMPIONS portal for speedy and effective redressal of grievances related to PMEGP and other schemes.

## Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)

**Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)** scheme is a centrally sponsored initiative launched under the *Aatmanirbhar Bharat Abhiyan*. Its primary goal is to provide financial, technical and business support to unorganized micro-food processing units.

The scheme has an outlay of INR 10,000 crore and is operational through the 2025–26 financial year (up to March 2026).

### 1. Key Financial Benefits

The PMFME scheme offers different types of financial assistance depending on the type of beneficiary:

Category	Financial Support	Key Conditions
Individual Micro-Enterprises	35% Credit-linked Subsidy	Max cap of INR 10 Lakh per unit. 10% must be owner's contribution.

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Seed Capital for SHGs	INR 40,000 per member	For working capital and purchase of small tools.
Common Infrastructure	35% Credit-linked Grant	Max cap of INR 3 Crore for FPOs, Cooperatives, or SHG Federations.
Branding & Marketing	50% Grant	For groups (FPOs/SHGs) to develop logos, packaging and marketing.

### 2. The "One District One Product" (ODOP) Approach

The scheme follows an **ODOP approach** to leverage regional scale and expertise.

- **New Units:** Support is strictly provided only if the business aligns with the district's identified ODOP (e.g., Mangoes in Malda, Makhana in Darbhanga, Millets in certain districts of Karnataka).

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- **Existing Units:** Can receive support for upgrades even if they produce non-ODOP items, though ODOP products are given priority.

### 3. Eligibility Criteria

To qualify for the scheme, an individual or entity must meet the following:

- **Age & Education:** The applicant must be above **18 years** old and have passed at least **Class 8**.
- **Family Rule:** Only one person from a family is eligible for financial assistance.
- **Enterprise Type:** Must be a micro-enterprise (usually employing fewer than 10 workers).
- **Ownership:** Can be a proprietary firm, partnership, or a group like SHGs and FPOs.
- **Formalization:** Applicants must be willing to obtain Udyam registration, FSSAI licenses and GST registration (as applicable).

### 4. Components of Support

Beyond money, the scheme provides a "handholding" ecosystem:

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- **Capacity Building:** Technical training on food safety, hygiene and processing standards (FSSAI compliance).
- **Detailed Project Report (DPR):** District Resource Persons (DRPs) help entrepreneurs draft the business plans required for bank loan approvals.
- **Common Facilities:** Access to shared cold storage, testing labs and incubation centers to reduce capital expenditure for individual units.

### 5. How to Apply

The application process is entirely digital to ensure transparency:

1. **Portal:** Register on the [official PMFME portal](#).
2. **Liaison:** A **District Resource Person (DRP)** will be assigned to help you with the application, documentation and DPR.
3. **Bank Approval:** The loan is sanctioned by a bank. Once sanctioned, the government releases the 35% subsidy into a "mirror account" at the bank.

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4. **Subsidy Lock-in:** The subsidy is adjusted against the loan after **3 years**, provided the unit remains operational and the loan account is regular.

### 6. Funding Pattern

The cost is shared between the Center and States:

- **General States:** 60% (Center) : 40% (State)
- **North Eastern & Himalayan States:** 90% (Center) : 10% (State)
- **Union Territories (UTs):** 100% Central funding (for those without legislatures).

### Example

For a project cost of **INR 10 Lakh** under the **PMFME Scheme**, you are eligible for significant financial support. Here is the breakdown of the assistance you will receive:

#### 1. Financial Breakdown

For an individual micro-enterprise, the scheme follows a **35% Credit-linked Subsidy** model.

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Item	Percentage	Amount
Total Project Cost	100%	INR 10,00,000
Government Subsidy (Grant)	35%	INR 3,50,000
Your Contribution (Margin)	10% (Min)	INR 1,00,000
Bank Loan Amount	55%	INR 5,50,000

### 2. Additional Benefits

- **Interest Subvention:** If your project qualifies under the *Agriculture Infrastructure Fund (AIF)* convergence, you can get an **additional 3% interest subvention** on your bank loan.
- **Collateral-Free Loan:** Since the project is up to INR 10 Lakh, it can be covered under the **MUDRA scheme**, which often allows for collateral-free loans.

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- **Free Handholding:** You will be assigned a **District Resource Person (DRP)** who will help you:
  - Prepare your **Detailed Project Report (DPR)**.
  - Apply for the bank loan.
  - Obtain necessary licenses like **FSSAI, Udyam** and **GST**.

### 3. Important Terms and Conditions

- **Eligible Costs:** The subsidy applies to **Plant & Machinery** and **Technical Civil Works**.
  - *Note:* Technical civil work (like the factory floor) cannot exceed **30%** of the total project cost.
  - *Exclusion:* The cost of land is **not** covered.
- **Subsidy Lock-in:** The INR 3.5 Lakh subsidy is kept in a "Mirror Account" at the bank. It is adjusted against your loan only after **3 years**, provided your unit is still running and you haven't defaulted on your loan payments.

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- **Educational Qualification:** You must be at least **8th Class pass** and over **18 years** old.

### 4. Special Priority: ODOP

- **New Unit:** If you are starting a **new** business, it **must** be the "One District One Product" (ODOP) identified for your district to get this funding.
- **Existing Unit:** If you are **upgrading** an existing business, you can get the subsidy even for a non-ODOP product.

District	ODOP (Sujhaav)	processing ideas
Udaipur	Minor Forest Produce	Amla candy, Jamun juice, Custard Apple pulp, Honey processing.
Rajsamand	Minor Forest Produce	Amla, Jamun aur Sitaphal (Custard Apple) se jude products.

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Bhilwara	Maize (Makka)	Cornflakes, Corn flour (Makki ka aata), Popcorn, Sweet corn processing.
Dungarpur	Mango (Aam)	Mango pulp, Pickle (Achar), Amchur powder, Mango squash.
Banswara	Mango (Aam)	Mango based value-added products (Jaise juice, pulp, achar).
Chittorgarh	Jaggery (Gud)	Gud ki bhel, flavoured jaggery, jaggery powder.
Sirohi	Fennel (Saunf)	Saunf cleaning, grading, roasting aur flavoured saunf (Mukhwas).
Pali	Milk Based Products	Ghee, Paneer, Khoya, Dahi aur Mithai processing.

## **SIDBI SMILE (SIDBI Make in India Soft Loan Fund for Micro Small and Medium Enterprises)**

**SIDBI SMILE (SIDBI Make in India Soft Loan Fund for Micro Small and Medium Enterprises)** scheme is a premier financial initiative designed to support the "Make in India" campaign. It focuses on providing soft loans (quasi-equity) and term loans to MSMEs to help them meet debt-equity norms and fund capital growth.

Below are the comprehensive details of the scheme as of early 2026:

### **1. Objective and Focus**

- **Primary Goal:** To provide "soft loans" in the nature of quasi-equity and term loans on relatively soft terms to MSMEs.
- **Target Sectors:** While it covers 25 identified "Make in India" sectors (Automobiles, Aviation, Chemicals, Defence Manufacturing, Electronic systems, IT and BPM, Media and entertainment, Oil and Gas Ports, Renewable Energy, Space, Thermal Power, Wellness, Automobile

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Components, Biotechnology, Construction, Electrical machinery, Food Processing, Leather, Mining, Pharmaceuticals, Railways Roads and Highways, Textile and Garments, Tourism and Hospitality), deserving proposals from other sectors are also considered.

- **Purpose:** Setting up new units, expansion, modernization, or technology upgradation.

### 2. Loan Amount and Structure

The scheme generally splits assistance into **Soft Loans (Quasi-equity)** and **Term Loans**:

Feature	Details
Min. Loan Amount	INR 25 lakh (Existing enterprises) / INR 50 lakh (New enterprises)
Equipment Finance	Minimum INR 10 lakh for machinery/equipment purchase
Soft Loan Limit	Up to 10% of project cost (Max INR 20 lakh)

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SC/ST/Women/PwD	Up to 15% of project cost (Max INR 30 lakh) for 51%+ stake holders
Max Debt-Equity Ratio	3:1

### 3. Interest Rates and Tenure

The interest rates are structured to be lower in the initial years to help the business stabilize.

- **Interest Rates:**
  - **First 3 Years:** Competitive rates usually ranging from **9.15% to 9.95%** (fixed), based on internal ratings.
  - **From 4th Year onwards:** Rates typically transition to **11.70% – 12.70%** (floating or fixed).
- **Repayment Period:**
  - **Tenure:** Generally up to **10 years**.
  - **Moratorium:** A grace period of up to **36 months** on the principal repayment.

- **Equipment Finance (SEF):** Usually carries a shorter tenure of up to **72 months**.

### 4. Eligibility Criteria

- **Type of Entity:** Micro, Small and Medium Enterprises (as per MSME Act 2006).
- **New Units:** Focus on smaller enterprises within the MSME segment.
- **Existing Units:** Must have an operational history (usually 3 years) and show a need for expansion or technology upgrade.
- **Registration:** Must possess **Udyam Registration** and be GST-compliant.

### 5. Security and Collateral

- **Primary Security:** First charge over all assets created under the project.
- **Personal Guarantee:** Mandatory personal guarantee from the promoters.
- **CGTMSE Coverage:** Loans up to INR 2 crore (sometimes up to INR 5 crore depending on updated limits) may be covered under the Credit

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Guarantee Scheme, potentially reducing the need for third-party collateral.

- **Asset Coverage:** Usually requires a Fixed Asset Coverage Ratio (FACR) of at least 1.40x.

### 6. How to Apply

1. **Online Portal:** Apply via the [SIDBI Online Application](#) or through the **Udyamimitra** portal.
2. **Documentation:** Keep your Project Report, last 3 years' financial statements (for existing units), KYC of promoters and GST/Udyam certificates ready.
3. **Appraisal:** SIDBI conducts a project appraisal and internal credit rating before sanctioning the amount.

### Term loan financing

SIDBI SMILE also provides **term loan financing** in addition to the soft loan. This can cover a significant part of your project cost if approved. Under this component:

- SIDBI may give **up to 75 % of your project cost or more**, subject to promoter contribution and debt-equity norms.

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So if your INR 10 lakh project gets 75 % (INR 7.5 lakh) as a term loan, combined with your **INR 1.5 lakh soft loan**, you'd have INR 9 lakh financed by the bank and need to contribute only INR 1 lakh. (The exact share depends on SIDBI's credit appraisal and viability of your project.)

### National Livestock Mission (NLM)

**National Livestock Mission (NLM)**, revamped for the period 2021–2026, is a major initiative by the Ministry of Fisheries, Animal Husbandry and Dairying. Its primary goal is to transform the livestock sector from traditional subsistence farming into a commercial, entrepreneur-led industry.

In **2024–2026**, the scheme was significantly expanded to include new animals like horses, donkeys and camels and increased the maximum subsidy limits.

#### 1. Key Sub-Missions

The NLM is structured into three main pillars:

- **Sub-Mission on Breed Development:** Focuses on entrepreneurship in poultry, sheep, goats, pigs and now equines (horses/donkeys) and camels. It aims to improve genetic quality and increase the production of meat, eggs and wool.
- **Sub-Mission on Feed and Fodder Development:** Addresses the chronic shortage of animal feed. It incentivizes the setting up of

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fodder processing units (silage, hay, fodder blocks) and seed production.

- **Sub-Mission on Innovation and Extension:** Supports research, livestock insurance and training programs to modernize farming practices.

### 2. Subsidy Structure (Entrepreneurship Program)

The most attractive part of NLM is the **50% capital subsidy** (one-time) provided for setting up breeding and fodder units.

Category	Unit Size (Examples)	Max. Subsidy Ceiling
Poultry	1000 Parent Layers (Hatchery/Brooder)	INR 25 Lakh
Sheep & Goat	100 to 500 Females + 5 to 25 Males	INR 10 Lakh to INR 50 Lakh

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Piggery	50 to 100 Sows + 5 to 10 Boars	INR 15 Lakh to INR 30 Lakh
Feed & Fodder	Silage/Hay/Fodder Block Units	Up to INR 50 Lakh
Equine/Camel	Varies (e.g., 10 mares + 2 stallions)	Up to INR 50 Lakh

**Note:** The subsidy does **not** cover land purchase, rent, lease costs, or personal vehicles. It covers infrastructure (sheds), animals, equipment and insurance.

### 3. Eligibility

The scheme is open to a wide range of participants:

- **Individuals:** Entrepreneurs and farmers.
- **Groups:** Self-Help Groups (SHGs), Farmer Producer Organizations (FPOs) and Joint Liability Groups (JLGs).
- **Entities:** Section 8 Companies and Cooperatives.
- **Requirement:** The applicant must either have their own land or a lease agreement for at least 10–15 years.

### 4. Application Process

The process is entirely digital and credit-linked (requiring a bank loan for the remaining 50% of the project cost).

1. **Registration:** Apply on the [NLM Udyamimitra Portal](#).
2. **Screening:** The State Implementing Agency (SIA) scrutinizes the application and business plan.
3. **Bank Loan:** If approved by the SIA, you apply for a bank loan. The bank must sanction the remaining project cost.
4. **State Recommendation:** Once the loan is sanctioned, the State Level Executive Committee (SLEC) recommends your project to the Central Government.
5. **Subsidy Release:** The Central Government (DAHD) approves and releases the subsidy in two installments via SIDBI.

### 5. Required Documents

- **Business Plan:** A detailed Project Report (DPR).
- **Land Documents:** Ownership papers or a registered lease deed.
- **Identity:** PAN Card and Aadhaar Card.
- **Financials:** Last 6 months' bank statements.
- **Training Certificate:** While not always mandatory, having a certificate in animal husbandry increases your chances of approval.

## Animal Husbandry Infrastructure Development Fund (AHIDF)

**Animal Husbandry Infrastructure Development Fund (AHIDF)** is a major Central Sector Scheme with a total outlay of **INR 29,610.25 crore**, extended to run until **2025-26**.

Unlike direct grant schemes, AHIDF provides **low-interest loans** and **credit guarantees** to encourage private investment in dairy processing, meat processing and animal feed plants.

### 1. Key Loan Features

- **Loan Amount:** Up to **90%** of the total project cost can be financed through scheduled banks.
- **Interest Subvention:** The government provides a **3% interest subvention** (subsidy on the interest rate) for a maximum period of **8 years**.
- **Repayment Tenure:** Up to **10 years**, which includes a moratorium (grace period) of up to **2 years** on the principal amount.

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- **Credit Guarantee:** For MSMEs, the government provides a credit guarantee of up to **25%** of the loan amount through a INR 750 crore fund managed by NABARD. This reduces the need for heavy collateral.

### 2. Who Can Apply?

The scheme is quite inclusive and targets entrepreneurs rather than just traditional farmers:

- **Individual Entrepreneurs** and Startups.
- **Private Companies** and MSMEs.
- **Farmer Producer Organizations (FPOs)**.
- **Section 8 Companies** (Non-profits).
- **Dairy Cooperatives** (Newly included in the realigned 2024-2026 phase).

### 3. Eligible Projects (What you can build)

The loan is meant for **infrastructure and value addition**, not for buying animals alone.

- **Dairy Sector:** Milk chilling units, ice cream plants, cheese/paneer manufacturing and milk powder units.

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- **Meat Sector:** Modernization of abattoirs, meat processing facilities and value-added product units (sausages, nuggets, etc.).
- **Animal Feed:** Setting up mini, medium, or large animal feed plants, mineral mixture plants and silage making units.
- **Breed Improvement:** Breed multiplication farms and IVF centres for cattle/sheep/goats.
- **Waste to Wealth:** Agri-waste management and veterinary vaccine/drug production units.

### 4. Beneficiary Contribution (Your Share)

The amount of money you need to put in yourself depends on the size of your enterprise:

- **Micro & Small Units:** 10% of project cost.
- **Medium Enterprises:** 15% of project cost.
- **Other Categories:** 25% of project cost.

### 5. Application Process

The entire process is digital to ensure transparency and speed:

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1. **Register:** Visit the official portal at [ahidf.udyamimitra.in](http://ahidf.udyamimitra.in).
2. **Submit DPR:** You must upload a **Detailed Project Report (DPR)** along with a site plan, revenue model and necessary identity/business documents.
3. **Bank Appraisal:** Once submitted, your application is reviewed by the Department of Animal Husbandry and Dairying (DAHD) and then forwarded to the bank you selected.
4. **Sanction:** If the bank finds the project viable, they sanction the loan and the interest subvention is applied automatically to your account.

### Pradhan Mantri MUDRA Yojana (PMMY)

**Pradhan Mantri MUDRA Yojana (PMMY)** is a flagship government scheme launched in 2015 to provide "funding to the unfunded." It offers collateral-free loans to micro and small enterprises in the non-corporate, non-farm sector.

As of **2026**, the scheme has been expanded to support larger credit needs, with the maximum loan limit increased to **INR 20 Lakh**.

#### 1. Loan Categories

The scheme is divided into four categories based on the stage of the business and the amount required:

Category	Loan Amount	Target Group
Shishu	Up to INR 50,000	For startups and very small business units.
Kishore	INR 50,001 to INR 5 Lakh	For established units seeking expansion.

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Tarun	INR 5 Lakh to INR 10 Lakh	For mature units needing significant growth.
Tarun Plus	INR 10 Lakh to INR 20 Lakh	For entrepreneurs who have successfully repaid a previous 'Tarun' loan.

### 2. Key Features

- **No Collateral:** Borrowers do not need to provide any security or third-party guarantee.  
**Purpose:** Loans can be used for working capital, buying machinery, transport vehicles, or scaling business operations.
- **Interest Rates:** Floating rates based on the lender's policy (usually linked to the Repo rate or MCLR). Typically range from **8.5% to 12%**, though NBFCs may charge more.
- **Repayment Tenure:** Flexible repayment periods ranging from **3 to 7 years**.
- **MUDRA Card:** A RuPay debit card provided for the working capital portion, allowing you to withdraw funds as needed to save on interest costs.

### 3. Eligibility & Sectors

#### Who can apply?

- Any Indian citizen with a viable business plan.
- Age: **18 to 65 years**.
- Entities: Individuals, Proprietary concerns, Partnership firms, Private Ltd. companies.

#### Eligible Sectors

- **Manufacturing:** Small workshops, food processing units (papad, pickles, etc.).
- **Service Sector:** Salons, boutiques, repair shops, dry cleaners, gymnasiums.
- **Trading:** Shopkeepers, street vendors and wholesalers.
- **Allied Agriculture:** Poultry, dairy, beekeeping and fishery (but not direct crop loans).

### 4. How to Apply

#### Online Method (Fastest)

1. Visit the **Udyamimitra** or **JanSamarth** portal.
2. Register and select "Business Activity Loan."
3. Check eligibility and choose a preferred bank/lender.

4. Upload digital copies of required documents.

### Offline Method

- Visit any Public Sector Bank, Private Bank, Regional Rural Bank (RRB), or Micro Finance Institution (MFI).
- Submit the PMMY application form along with your business plan.

### 5. Required Documents

- **Identity & Address Proof:** Aadhaar Card, PAN Card, Voter ID, or Passport.
- **Business Proof:** Business registration (Udyam Registration), license, or rent agreement.
- **Financials:** Last 6 months' bank statements; Income Tax Returns (ITR) are often required for Tarun and Tarun Plus categories.
- **Quotations:** For machinery or items to be purchased with the loan.

### Startup India Seed Fund Scheme (SISFS)

**Startup India Seed Fund Scheme (SISFS)** is a flagship initiative launched by the Department for Promotion of Industry and Internal Trade (DPIIT) to provide financial assistance to early-stage startups. With a total outlay of **INR 945 crore**, it aims to bridge the "funding gap" that many entrepreneurs face before they are ready for traditional Venture Capital (VC) or bank loans.

#### 1. Core Objectives

The scheme provides funding for critical early-stage activities:

- Proof of Concept (PoC) validation.
- Prototype development.
- Product trials.
- Market entry and Commercialization.

#### 2. Funding Structure

The financial support is divided into two main categories based on the startup's stage:

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Purpose</b>	<b>Maximum Amount</b>	<b>Instrument Type</b>
Early Validation (PoC, Prototype, Trials)	Up to INR 20 Lakh	Equity-free Grant
Scaling & Market Entry (Commercialization)	Up to INR 50 Lakh	Convertible Debentures / Debt

**Note:** Funds are disbursed in **milestone-based installments** rather than a lump sum.

### 3. Eligibility Criteria for Startups

To apply for SISFS, a startup must meet the following conditions:

- **DPIIT Recognition:** Must be a recognized startup under the DPIIT.
- **Age:** Incorporated **not more than 2 years** ago at the time of application.
- **Innovative Core:** Must have a business idea to develop a product/service with a market fit, viable commercialization and scope for scaling.

## Funding Schemes for Entrepreneurs & Start-Ups

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- **Tech-Driven:** Must use technology in its core product, service, business model, or distribution.
- **Indian Ownership:** At least **51% shareholding** must be held by Indian promoters at the time of application.
- **Prior Funding:** Must **not** have received more than **INR 10 Lakh** in monetary support from any other Central or State Government scheme (excluding prize money or subsidized workspace).

### 4. How the Scheme Operates

Unlike some government grants, the money is not sent directly to your bank account by the Ministry. It is routed through **Incubators**.

1. **Incubators apply to the Government:** Only selected, high-quality incubators receive the funds (up to INR 5 crore each).
2. **Startups apply to Incubators:** You apply via the [Startup India Seed Fund Portal](#).

3. **Selection:** An **Incubator Seed Management Committee (ISMC)** evaluates your pitch and selects the winners.
4. **Application Limit:** A startup can apply to up to **3 different incubators** simultaneously.

### 5. Application Process

- **Step 1:** Get your **DPIIT Recognition** (if you haven't already).
- **Step 2:** Log in to the SISFS portal and browse the list of "Approved Incubators."
- **Step 3:** Choose incubators that align with your sector or geography.
- **Step 4:** Submit your application with a business plan and a video pitch describing your product.

#### Key Documents Needed:

- Certificate of Incorporation.
- DPIIT Recognition Certificate.
- Pitch Deck / Business Plan.
- Milestone roadmap for fund utilization.

### 6. Preferential Sectors

While the scheme is **sector-agnostic** (open to all), preference is often given to startups working in:

- Social Impact & Healthcare
- Agriculture & Food Processing
- Waste & Water Management
- Financial Inclusion & Education
- DeepTech, Defence and Space

## Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

**Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)** is a landmark initiative launched by the Ministry of MSME and SIDBI. Its primary goal is to provide **collateral-free credit** to first-generation entrepreneurs and existing small businesses by acting as a guarantor for their loans.

### 1. Key Scheme Highlights (2026 Update)

- **Maximum Loan Limit:** The credit ceiling is **INR 10 crore** per borrower.
- **Guarantee Coverage:** Ranges from **75% to 90%** of the loan amount, depending on the category of the borrower.
- **Collateral-Free:** No third-party guarantee or tangible collateral is required for loans up to the specified limit.
- **Hybrid Security Model:** Allows lenders to take partial collateral for a portion of the loan, while

the remaining unsecured part (up to INR 10 crore) is covered by CGTMSE.

### 2. Eligibility Criteria

The scheme applies to both **new and existing** Micro and Small Enterprises (MSEs).

- **Eligible Entities:** Manufacturing units, service-oriented enterprises, and **Retail/Wholesale traders** (now treated at par with other sectors).
- **Lending Institutions:** Scheduled Commercial Banks (Public, Private, and Foreign), Regional Rural Banks (RRBs), NBFCs, and Small Finance Banks.
- **Exclusions:** Agriculture-related activities.
  - Educational Institutions and Training Centres.
  - Self-Help Groups (SHGs).
- **Mandatory Requirement:** A valid **Udyam Registration** is essential. For loans above INR 5 lakh, an IT-PAN is mandatory.

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### 3. Extent of Guarantee Cover

The trust compensates the lender for a major portion of the loss in case of default.

Category of Borrower	Loan Slab	Max Guarantee Cover (%)
Micro Enterprises	Up to INR 5 lakh	85%
Women / SC-ST / PwD / Agniveers	Up to INR 10 crore	90%
MSEs in NER / J&K / Ladakh	Up to INR 50 lakh	80%
ZED Certified Units	Up to INR 10 crore	90%
General Category	Above INR 50 lakh	75%

**Note:** For MSEs in **Identified Credit Deficient Districts (ICDD)**, an additional **5%** coverage is often provided over the standard rates.

### 4. Annual Guarantee Fee (AGF) Structure

Effective from **April 1, 2025**, the fee is charged on the **outstanding amount** (not the sanctioned amount), making it cheaper as the loan is repaid.

- **Standard Rates:**
  - Up to INR 10 lakh: **0.37% p.a.**
  - Above INR 1 crore – INR 5 crore: **1.00% p.a.**
  - Above INR 5 crore – INR 10 crore: **1.10% – 1.20% p.a.**
- **Concessions:** A **10% discount** on these rates is provided to Women, SC/ST, PwD, Transgender entrepreneurs, and units in Aspirational Districts.

### 5. How to Apply

1. **Preparation:** Ensure your business is registered under **Udyam** and prepare a viable project report/business plan.

2. **Approach a Lender:** Visit a branch of any **Member Lending Institution (MLI)**—most major banks and NBFCs are registered.
3. **Appraisal:** The bank evaluates the business's viability. If satisfied, they sanction the loan.
4. **CGTMSE Cover:** Once the loan is sanctioned, the bank applies to the CGTMSE portal for guarantee cover and pays the guarantee fee.

### 6. Important Terminology

- **Primary Security:** Assets created using the loan (e.g., machinery, stock) are hypothecated to the bank. This is **mandatory**.
- **Amount in Default:** The principal and up to one quarter's interest that remains unpaid when the account becomes an NPA (Non-Performing Asset).

### Agriculture Infrastructure Fund (AIF)

**Agriculture Infrastructure Fund (AIF)** is a Central Sector Scheme designed to provide medium-to-long-term debt financing for the creation of post-harvest management infrastructure and community farming assets.

As of **February 2026**, the scheme has recently been expanded, with the loan target doubled from the original INR 1 lakh crore to **INR 2 lakh crore** to further strengthen the agricultural value chain.

#### 1. Core Financial Benefits

The AIF makes loans significantly cheaper and easier to obtain for agricultural projects.

- **Interest Subvention:** A **3% per annum** interest subsidy is provided on loans up to **INR 2 crore**.
  - *Note:* You can take a larger loan, but the 3% subsidy will only apply to the first INR 2 crore.

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- **Credit Guarantee:** For loans up to **INR 2 crore**, the government provides a credit guarantee (via **CGTMSE** or **NABSanrakshan**).
  - **Fee Waiver:** The government pays the credit guarantee fee, so the borrower doesn't have to.
- **Repayment & Moratorium:** The loan tenure is typically **7 years** (including the subvention period). Borrowers can get a **moratorium** (holiday on principal repayment) ranging from **6 months to 2 years**.

### 2. Eligible Projects

The fund is strictly for creating assets that add value or reduce wastage after harvest.

#### Post-Harvest Management Projects

- **Storage:** Warehouses, Silos, Cold Storages, and Cold Chains.
- **Processing:** Primary processing centers (cleaning, sorting, grading) and now **Secondary**

**Processing** (e.g., converting wheat to flour/biscuits or refining oil).

- **Logistics:** Reefer vans, insulated vehicles, and supply chain services.
- **Marketing:** e-marketing platforms and ripening chambers.

### Community Farming Assets

- **Smart Agri:** Drones, sensors, and AI-based precision farming tools.
- **Modern Farming:** Hydroponics, Vertical farming, Mushroom farming, and Polyhouses.
- **Sustainability:** Compressed Bio-gas (CBG) plants and Solarization of pumps (under PM-KUSUM convergence).

### 3. Who Can Apply?

A wide range of stakeholders in the agri-ecosystem are eligible:

- Individual Farmers and Agri-entrepreneurs.

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- Farmer Producer Organizations (FPOs).
- Primary Agricultural Credit Societies (PACS).
- Self-Help Groups (SHGs) and Joint Liability Groups (JLGs).
- Agri-Startups.
- State Agencies and APMCs (Agricultural Produce Market Committees).

### 4. Key Scheme Timeline (2026 Status)

- **Sanction Period:** You can apply for and secure a loan under this scheme until **March 31, 2026**.
- **Benefit Period:** Even if the loan is taken in early 2026, the 3% interest subvention and guarantee benefits will continue for **7 years** (up to 2033).
- **Convergence:** One of the biggest advantages is that you can combine AIF with other subsidies (like PMEGP, NHB, or State-specific schemes like RIPS) to maximize your funding.

### 5. Application Process

The entire process is digitized to ensure transparency and speed:

1. **Register:** Sign up on the official [AIF Portal](#).
2. **Submit Project:** Upload your project report and Udyam/Aadhar details.
3. **Bank Evaluation:** Once the AIF team gives initial approval, the application moves to your chosen bank. Banks are mandated to decide on the loan within **60 days**.
4. **Disbursement:** After bank sanction, the interest subvention is automatically credited to your loan account quarterly.

## Credit Linked Capital Subsidy Scheme (CLCSS)

**Credit Linked Capital Subsidy Scheme (CLCSS)** is a flagship program by the Ministry of MSME designed to help small businesses upgrade their outdated technology and machinery. By providing an upfront capital subsidy, the government aims to reduce the financial burden of modernization.

As of **2026**, the scheme remains operational, particularly through its integration into the **MSME Champions Scheme** and the **National SC-ST Hub**.

### 1. Primary Financial Benefits

The scheme offers an upfront subsidy for purchasing "well-established and improved" technology.

- **Subsidy Rate: 15%** of the cost of eligible plant and machinery.

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- **Loan Ceiling:** The subsidy is applicable on institutional finance (term loans) up to **INR 1 crore**.
- **Maximum Subsidy:** Capped at **INR 15 lakh**.
- **Special Category (SCLCSS):** For SC/ST-owned enterprises, the subsidy is increased to **25%**, capped at **INR 25 lakh**.

### 2. Eligibility Criteria

To avail of the subsidy, an enterprise must meet the following conditions:

- **Entity Type:** Micro and Small Enterprises (MSEs) including sole proprietorships, partnerships, private/public limited companies, and co-operatives.
- **Registration:** Must have a valid **Udyam Registration**.
- **Nature of Project:** Both **new units** (using approved technology) and **existing units** (upgrading current machinery) are eligible.

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- **Institutional Finance:** The subsidy is "Credit Linked," meaning you **must** take a term loan from a primary lending institution (Scheduled Banks, SIDBI, NABARD, etc.). Self-financed projects are not eligible.

### 3. Approved Sectors & Technology

The scheme does not cover all machinery. It specifically targets **51 sub-sectors** where technology upgradation is critical. Common sectors include:

- Food Processing (including Ice Cream & Agro-implements).
- Pharmaceuticals and Biotech.
- Auto Components and Machine Tools.
- Leather and Footwear.
- Textiles and Readymade Garments.
- Plastic Moulded/Extruded products.

### 4. Key Rules to Remember (2026 Guidelines)

1. **Direct Benefit Transfer:** The subsidy is "back-ended." This means it is released by the government to the nodal bank, which keeps it in a **fixed deposit (TDR)** for 3 years. After 3 years of successful operation, the amount is adjusted against your loan principal.
2. **No Second-Hand Machinery:** The scheme is strictly for the purchase of **brand-new** machinery. Fabricated or second-hand equipment will lead to rejection.
3. **Mandatory Term Loan:** The term loan should ideally be at least **15% more** than the subsidy amount to ensure the project is genuinely credit-linked.
4. **Time Limit:** The application for the subsidy must be uploaded by the bank on the official MSME portal within the **same quarter** (or at most the subsequent quarter) in which the machinery was purchased.

### 5. Application Process

The process is handled entirely through your lending bank:

1. **Loan Sanction:** Approach a bank for a term loan to buy specific machinery from the approved list.
2. **Buy & Install:** Purchase and install the machinery.
3. **Bank Uploads Claim:** Your bank will upload your claim on the [Online Storage and Tracking of Applications \(OSTA\) portal](#).
4. **Verification:** The Nodal Agency (like SIDBI or NABARD) verifies the claim and seeks funds from the Ministry of MSME.
5. **Subsidy Release:** Once approved, the funds are sent to your bank account and kept as a lien-marked FD for 3 years.

### Stand-Up India (SUI) Scheme

**Stand-Up India (SUI) Scheme** is a central government initiative launched to promote entrepreneurship at the grassroots level. It specifically targets **Women** and individuals from **Scheduled Castes (SC)** and **Scheduled Tribes (ST)**.

As of **2026**, the scheme has been extended (currently active until **2030**) and continues to be a cornerstone for first-time business owners.

#### 1. Key Objectives & Scope

The objective is for every bank branch of all Scheduled Commercial Banks to facilitate at least two loans:

- At least **one SC or ST borrower** per branch.
- At least **one Woman borrower** per branch.

**Greenfield Projects Only:** The loan is strictly for setting up a **new enterprise** for the first time in manufacturing, services, trading, or agri-allied sectors. It cannot be used for expanding an existing business.

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### 2. Financial Details

Feature	Details
<b>Loan Amount</b>	<b>INR 10 Lakh to INR 1 Crore</b>
<b>Loan Type</b>	Composite Loan (Term Loan + Working Capital)
<b>Project Coverage</b>	Up to <b>85% of the project cost</b>
<b>Interest Rate</b>	Lowest applicable rate of the bank (not to exceed <b>MCLR + 3% + Tenor Premium</b> )
<b>Repayment Period</b>	Up to <b>7 years</b>
<b>Moratorium</b>	Maximum <b>18 months</b> (repayment holiday)

In the **Stand-Up India Scheme**, the government ensures that interest rates remain affordable for new entrepreneurs. The formula (**MCLR + 3% + Tenor Premium**) represents the **upper limit** (ceiling) that a bank is allowed to charge you.

- **MCLR (Marginal Cost of Funds Based Lending Rate):** This is the internal "base rate" of a bank. It is the minimum interest rate a bank must charge to cover its own costs (like the interest it pays to people who keep deposits in the bank). It is updated every month.
- **3% (Maximum Spread):** This is the fixed maximum "markup" or profit margin the bank can add specifically under this scheme.
- **Tenor Premium:** This is a small additional charge (usually **0.10% to 0.30%**) that banks add because longer-duration loans (like 7 years) carry more risk than short-term loans.

### 3. Eligibility Criteria

- **Target Group:** SC/ST and/or Women entrepreneurs above **18 years** of age.
- **Non-Individual Entities:** For companies or partnerships, at least **51%** of the shareholding and controlling stake must be held by an SC/ST or Woman entrepreneur.

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- **Credit History:** The borrower must not have defaulted with any bank or financial institution.
- **Agri-Allied Activities:** Includes sectors like poultry, dairy, fishery, beekeeping, grading, sorting, and agro-industries.

### 4. Margin Money & Security

- **Margin Money:** The borrower is expected to contribute a minimum of **10%** of the project cost. The remaining 5% (to reach the 15% margin requirement) can be sourced from other state or central subsidy schemes.
- **Collateral:** While the loan is primarily secured by the assets created (primary security), banks may ask for collateral or a guarantee under the **Credit Guarantee Fund Scheme for Stand-Up India Loans (CGFSIL)**.

### 5. How to Apply

The scheme is designed to be accessible via three main routes:

1. **Directly at the Bank:** Visit any Scheduled Commercial Bank branch.
2. **Stand-Up Mitra Portal:** Register and apply online through [www.standupmitra.in](http://www.standupmitra.in).
3. **Lead District Manager (LDM):** Contact your district's LDM for handholding support.

**The "Handholding" Advantage:** Unlike many other loans, SUI provides specialized support for "trainee borrowers" who need help with project reports, financial training, or finding a workplace.

### Procurement and Marketing Support (PMS)

**Procurement and Marketing Support (PMS)** scheme is a vital central government initiative designed to improve the market reach of Micro and Small Enterprises (MSEs). In **2026**, the scheme remains a primary tool for small businesses to transition from local to national and global markets.

#### 1. Key Components & Financial Assistance

The scheme provides financial help across several "market-entry" activities.

##### A. Participation in Trade Fairs/Exhibitions

The government reimburses the cost of renting stalls and travelling to domestic and international fairs.

- **Space Rent Subsidy:**
  - **General Category: 80% subsidy** on stall rent (capped at INR 1.5 Lakh for

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Metro/A-class cities and INR 80,000 for others).

- **Special Category (Women, SC/ST, PwD, NER, Aspirational Districts):**  
**100% subsidy** on stall rent.

- **Contingency Expenses:** 100% reimbursement (up to **INR 25,000**) for travel (AC II tier or economy airfare), freight, and publicity material.
- **Annual Limit:** An MSE can claim this benefit for up to **two events per financial year**.

### B. Adoption of Barcodes

Barcoding is essential for selling in large retail chains and for exports.

- **Subsidy:** **80% reimbursement** of the one-time registration fee and annual recurring fees (for the first 3 years).
- **Maximum Limit:** Capped at **INR 50,650** for a maximum of 100 barcodes.

### C. E-Commerce Platform Support

To help small businesses sell online via portals like **MSME Global Mart** (NSIC) or other recognized platforms.

- **Subsidy: 75% financial assistance** for annual membership/subscription fees, including photography and cataloging costs.
- **Maximum Limit:** Capped at **INR 25,000 per year** for listing up to 10 products.

### D. Modern Packaging & Branding

- **Technical Support:** Financial aid of up to **INR 50,000** for consultancy on modern packaging techniques to meet international standards.
- **Cluster Support:** Up to **INR 15 Lakh per cluster** for branding and specialized packaging development.

### 2. Eligibility Criteria

To apply for the PMS scheme, an enterprise must meet the following:

- **Entity Type:** Must be a **Micro or Small Enterprise** (Medium enterprises are generally not eligible for the marketing subsidies).
- **Sector:** Must be in **Manufacturing or Service** sectors.
- **Mandatory Registration:** A valid and active **Udyam Registration** is required.
- **Excluded:** Traders (Retail/Wholesale) are usually excluded from this specific scheme unless they are selling "GI" (Geographical Indication) products.

### 3. Important Rules for 2026

1. **Advance Approval:** For trade fairs, you must apply **online before the event** (usually 30-45 days in advance) via the [MyMSME Portal](#).

2. **Claim Window:** All claims for reimbursement must be filed online within **30 days** after the completion of the event or activity.
3. **Back-Ended Payment:** You pay the organizers/vendors first, and the government reimburses the subsidy amount directly into your bank account via **DBT** (Direct Benefit Transfer).
4. **Public Procurement Policy:** This scheme works alongside the policy that mandates **25% of all central government purchases** must come from MSEs (including 4% from SC/ST and 3% from Women-owned MSEs).

### 4. Application Process

1. **Register:** Log in to the [MSME PMS Portal](#) using your Udyam Number.
2. **Select Event:** Browse the list of "Approved Events" (like India Stonemart 2026 or various MSME Expos).
3. **Apply:** Submit your application and upload the proforma invoice for the stall rent.

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4. **Execute & Claim:** Attend the event, keep all original bills and boarding passes, and file your claim within 30 days of the event's end.

## Rajasthan Investment Promotion Scheme (RIPS)

Rajasthan Investment Promotion Scheme (RIPS) 2024 is the flagship policy of the Government of Rajasthan, launched to transform the state into a **\$350 billion economy** by 2029. It replaces the previous RIPS 2022 with significantly higher incentives and a broader sector focus.

As of **2026**, the scheme is in full swing, especially following the "Rising Rajasthan" Global Investment Summit.

### 1. Key Priorities & Thrust Areas

RIPS 2024 is built on three strategic pillars:

- **Green Growth:** Incentivizing renewable energy, electric vehicles (EVs), and waste recycling.
- **Export Promotion:** Benefits for units that manufacture for the global market.

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- **Capability Development:** Subsidies for upskilling the local workforce and acquiring Intellectual Property (IP).

### New "Sunrise Sectors"

Enterprises in these sectors get an additional **25% Sunrise Booster** on top of standard incentives:

- Aero & Space, Defense and Drones.
- Semiconductors and Agri-Tech.
- Green Hydrogen and Electrolyser Manufacturing.
- Knowledge-based industries and Vocational Training.

### 2. Standard Incentive Packages (Tier-1)

Businesses can choose between two main financial models based on their cash flow needs:

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Benefit Type	Details
Asset Creation (Option A)	75% SGST Reimbursement for 10 years OR a Capital Subsidy (up to INR 1.5 Crore for Agro-processing).
Turnover Linked (Option B)	A subsidy of 1.0% to 2.0% of annual sales turnover for 10 years (ideal for low-margin, high-volume businesses).
Interest Subvention	5% to 6% per annum on term loans for 5-7 years.
Employment Subsidy	Reimbursement of 75% of employer's contribution toward EPF/ESI for 7 years.

### 3. Exemptions & Waivers

To reduce "Entry Cost" for new businesses, the state provides:

- 100% Electricity Duty Exemption for 7 years.
- 100% Land Conversion Charges Waiver.
- 100% Mandi Fee Exemption for agro-based industries.

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- 75% to 100% Stamp Duty Exemption on land purchase or lease.

### 94. Special Provisions for MSMEs

RIPS 2024 works in tandem with the **Rajasthan MSME Policy 2024** to offer:

- **Credit Guarantee Cover:** 100% reimbursement of the CGTMSE fee for loans up to **INR 5 Crore** for 7 years.
- **Additional Interest Subvention:** MSMEs get an extra **2% subsidy** over the standard RIPS rates.
- **Women & SC/ST Entrepreneurs:** An additional **5% Capital Subsidy** and extended fee waivers.

### 5. Eligibility & Application Process

- **Who can apply:** New enterprises or existing units undertaking **expansion** (minimum 25% increase in fixed capital).

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- **Minimum Investment:** Usually **INR 50 Crore** for large manufacturing, but reduced to **INR 25 Crore** for service sectors and even lower for specific MSME categories.
- **Portal:** Applications are processed through the **RajNivesh (Single Window System)** portal.

## Credit Guarantee Scheme for Exporters (CGSE)

Credit Guarantee Scheme for Exporters (CGSE) is a high-impact financial intervention launched by the Government of India in late 2025. Operated under the **National Credit Guarantee Trustee Company (NCGTC)**, its primary goal is to provide immediate liquidity to exporters—especially MSMEs—to help them overcome global trade headwinds and expand into new markets.

### 1. Core Financial Benefits

The CGSE is designed to be highly "borrower-friendly" by eliminating the usual barriers to credit.

- **100% Guarantee Cover:** The government provides a full 100% guarantee to banks for the additional loan amount. If the borrower defaults, the government covers the loss, making banks much more willing to lend.

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- **Collateral-Free:** No fresh or additional collateral is required for the credit extended under this scheme.
- **Concessional Interest:** The interest rate is capped at **1% below** the rate on your existing working capital facility.
  - **Bank/FI Cap:** Maximum 10% p.a.
  - **NBFC Cap:** Maximum 14% p.a.
- **Zero Fees:** There are **no processing fees** and **no guarantee fees** charged to the exporter.

### 2. Eligibility Criteria

The scheme distinguishes between direct exporters and those who supply to them (indirect exporters).

<b>Exporter Category</b>	<b>Eligibility Requirement</b>
Direct (MSME)	At least 5% of total turnover must be from exports.
Direct (Non-MSME)	At least 20% of total turnover must be from exports.

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Indirect (MSME)	Must supply at least 30% of their turnover to eligible direct exporters.
Account Health	Account must be "Standard" (not NPA or SMA-2) as of Sept 30, 2025.

### 3. Loan Structure & Limits

- **Quantum of Support:** You can get additional credit up to **20%** of your existing sanctioned export working capital limit (as of Sept 30, 2025).
- **Maximum Limit:** Capped at **INR 50 crore** per borrower.
- **Tenure:** The loan has a fixed term of **4 years**, which includes a **1-year moratorium** (interest-only period) followed by 3 years of repayment.

### 4. How to Apply

The process is fully digital to ensure transparency and speed:

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1. **Portal:** Applications must be filed through the **Jan Samarth Portal** (under the "Exporter Credit Guarantee Scheme" section).
2. **Verification:** The system uses your **Importer-Exporter Code (IEC)** and **Udyam Registration** to verify eligibility automatically.
3. **Timeline:** The scheme is available until **March 31, 2026**, or until the total guarantee pool of **INR 20,000 crore** is exhausted—whichever comes first.

### New Interest Subvention Scheme

**New Interest Subvention Scheme**, launched in early January **2026**, is a cornerstone of the government's flagship **Export Promotion Mission (EPM)**.

Replacing the older "Interest Equalisation Scheme" (which concluded at the end of 2024), this new version is strictly targeted and more digitally integrated. It is designed to lower the borrowing cost of working capital for Indian exporters to make them price-competitive against global rivals.

#### 1. Core Financial Benefits

The scheme provides a direct subsidy on the interest rates charged by banks for export-related loans.

- **Subvention Rate:** A base rate of **2.75% per annum**.
- **Loan Types:** Applicable to both **Pre-shipment** (Packing Credit) and **Post-shipment** rupee export credit.

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- **Individual Cap:** The total benefit is capped at **INR 50 lakh per exporter (IEC)** per financial year.
- **Market Incentive:** There is a provision for **additional incentives** for exporters targeting "notified emerging or under-represented markets" (like parts of Africa or Central Asia), subject to specific RBI notifications.

### 2. Eligibility Criteria

The 2026 scheme is significantly narrower in scope to ensure "fiscal prudence" and focus on small-scale manufacturing.

- **Exporters:** Restricted to **MSME Manufacturer Exporters** and **Merchant Exporters** with a valid Udyam Registration.
- **Product List (Positive List):** Unlike previous years, the benefit is only available for a "**Positive List**" of approximately **728 tariff lines** (at the HSN 6-digit level).

- This covers roughly **75% of India's export lines**, specifically those with high MSME concentration (e.g., Textiles, Leather, Handicrafts, and Agri-products).
- **Exclusions:** Prohibited/restricted items, waste/scrap, and products already covered under **PLI (Production Linked Incentive)** schemes are generally excluded. Some high-volume steel and chemical lines are also currently excluded to prevent budget overruns.

### 3. How the "Upfront" Process Works

In 2026, the application process is fully automated through the **DGFT (Directorate General of Foreign Trade)** portal.

1. **Intent Filing:** Before availing the credit from a bank, you must file an **"Intent-to-Claim" (IC)** on the DGFT website.
2. **UIN Generation:** The portal generates a **Unique Identification Number (UIN)**.

3. **Bank Linkage:** You provide this UIN to your bank. The bank then applies the **subsidized rate upfront** (e.g., if the bank rate is 10%, you pay only 7.25%).
4. **Reimbursement:** The bank later claims the 2.75% difference back from the **Reserve Bank of India (RBI)**.

### 4. Why This Matters Now

With global interest rates remaining volatile in 2026, this 2.75% reduction is a vital "cushion." For a small exporter taking a INR 1 crore loan, this translates to a direct saving of **INR 2.75 lakh in interest costs**, which can be the difference between winning or losing an international tender.

**Important Note:** The rates are reviewed **bi-annually** (in March and September). If you are planning shipments, keep an eye on the DGFT portal for any rate adjustments.

## Funding Schemes for Entrepreneurs & Start-Ups

### Beneficiary of Schemes

Scheme Name	Target Group/Beneficiary
Prime Minister's Employment Generation Programme (PMEGP)	Micro-enterprises, Artisans, Unemployed Youth, SC, ST, OBC, Women, Minorities, SHGs
Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)	Individual Micro Food Processing Units, SHGs, FPOs, Cooperatives
Stand-Up India (SUI) Scheme	Women and SC/ST Entrepreneurs
Startup India Seed Fund Scheme (SISFS)	Early-stage DPIIT-recognized Startups
Pradhan Mantri MUDRA Yojana (PMMY)	Micro and Small enterprises in non-corporate, non-farm sector
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	New and Existing Micro and Small Enterprises (MSEs)

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Target Group/Beneficiary</b>
SIDBI SMILE (Make in India Soft Loan Fund for MSMEs)	MSMEs in 25 'Make in India' sectors and others
Credit Linked Capital Subsidy Scheme (CLCSS)	Micro and Small Enterprises (MSEs)
Agriculture Infrastructure Fund (AIF)	Farmers, Agri-entrepreneurs, FPOs, Agri-startups, PACS
National Livestock Mission (NLM)	Entrepreneurs, Farmers, SHGs, FPOs, JLGs, Section 8 Companies
Animal Husbandry Infrastructure Development Fund (AHIDF)	Startups, MSMEs, Private Companies, FPOs, Dairy Cooperatives
Procurement and Marketing Support (PMS)	Micro and Small Enterprises (MSEs)

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Target Group/Beneficiary</b>
Rajasthan Investment Promotion Scheme (RIPS) 2024	New and Expanding Enterprises in Rajasthan
Credit Guarantee Scheme for Exporters (CGSE)	Direct and Indirect MSME/Non-MSME Exporters
New Interest Subvention Scheme (Export Promotion)	MSME Manufacturer Exporters and Merchant Exporters

## Funding Schemes for Entrepreneurs & Start-Ups

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### Financial Assistance Under Schemes

<b>Scheme Name</b>	<b>Financial Assistance/Subsidy Type</b>
Prime Minister's Employment Generation Programme (PMEGP)	Credit-linked subsidy (Margin Money)
Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)	Credit-linked Subsidy / Seed Capital / Grants
Stand-Up India (SUI) Scheme	Composite Loan (Term Loan + Working Capital)
Startup India Seed Fund Scheme (SISFS)	Grants and Debt/Convertible Debentures
Pradhan Mantri MUDRA Yojana (PMMY)	Collateral-free Loans
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Credit Guarantee (acting as guarantor)

## Funding Schemes for Entrepreneurs & Start-Ups

<b>Scheme Name</b>	<b>Financial Assistance/Subsidy Type</b>
SIDBI SMILE (Make in India Soft Loan Fund for MSMEs)	Soft Loans (Quasi-equity) and Term Loans
Credit Linked Capital Subsidy Scheme (CLCSS)	Upfront Capital Subsidy
Agriculture Infrastructure Fund (AIF)	Interest Subvention and Credit Guarantee Fee Waiver
National Livestock Mission (NLM)	One-time Capital Subsidy
Animal Husbandry Infrastructure Development Fund (AHIDF)	Interest Subvention and Credit Guarantee
Procurement and Marketing Support (PMS)	Reimbursement / Marketing Subsidy
Rajasthan Investment Promotion Scheme (RIPS) 2024	Asset-linked or Turnover-linked Subsidies / Exemptions

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Financial Assistance/Subsidy Type</b>
Credit Guarantee Scheme for Exporters (CGSE)	100% Credit Guarantee Cover
New Interest Subvention Scheme (Export Promotion)	Interest Subsidy (Subvention) on Export Credit

## Maximum Loan/Subsidy Limit Under Schemes

Scheme Name	Maximum Loan/Subsidy Limit
Prime Minister's Employment Generation Programme (PMEGP)	Project cost up to INR 50 Lakh (Manufacturing) and INR 20 Lakh (Service); Subsidy 15% to 35%
Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)	35% subsidy (Max INR 10 Lakh per unit); INR 40,000 per SHG member for seed capital
Stand-Up India (SUI) Scheme	INR 10 Lakh to INR 1 Crore (covering up to 85% of project cost)
Startup India Seed Fund Scheme (SISFS)	Up to INR 20 Lakh (Grants for PoC/Prototype); Up to INR 50 Lakh (Debt for Market Entry)

## Funding Schemes for Entrepreneurs & Start-Ups

Scheme Name	Maximum Loan/Subsidy Limit
Pradhan Mantri MUDRA Yojana (PMMY)	Up to INR 20 Lakh (Categories: Shishu, Kishore, Tarun, Tarun Plus)
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Credit ceiling up to INR 10 Crore; Guarantee coverage 75% to 90%
SIDBI SMILE (Make in India Soft Loan Fund for MSMEs)	Min loan INR 10 Lakh (Equipment) / INR 25 Lakh (Existing) / INR 50 Lakh (New); Soft loan up to 10-15% of project cost
Credit Linked Capital Subsidy Scheme (CLCSS)	15% subsidy on plant/machinery (Max INR 15 Lakh); SC/ST units 25% (Max INR 25 Lakh)

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Maximum Loan/Subsidy Limit</b>
Agriculture Infrastructure Fund (AIF)	3% interest subvention on loans up to INR 2 Crore; Credit guarantee for loans up to INR 2 Crore
National Livestock Mission (NLM)	50% capital subsidy; Absolute limits range from INR 10 Lakh to INR 50 Lakh depending on animal/unit type
Animal Husbandry Infrastructure Development Fund (AHIDF)	90% project cost loan; 3% interest subvention for 8 years; 25% credit guarantee for MSMEs
Procurement and Marketing Support (PMS)	80-100% space rent subsidy (up to INR 1.5 Lakh); 80% Barcode subsidy; 75% E-commerce subsidy

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Maximum Loan/Subsidy Limit</b>
Rajasthan Investment Promotion Scheme (RIPS) 2024	75% SGST reimbursement or Capital Subsidy; 5-6% interest subvention; 100% duty/fee waivers
Credit Guarantee Scheme for Exporters (CGSE)	Additional credit up to 20% of existing limit (Max INR 50 Crore); Interest capped at 10-14% p.a.
New Interest Subvention Scheme (Export Promotion)	2.75% per annum subvention rate; Capped at INR 50 Lakh per exporter per year

## Funding Schemes for Entrepreneurs & Start-Ups

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### Key Eligibility Criteria Under Schemes

<b>Scheme Name</b>	<b>Key Eligibility Criteria</b>
Prime Minister's Employment Generation Programme (PMEGP)	Age: 18+; Education: 8th pass for projects >INR 10 Lakh (Mfg) / >INR 5 Lakh (Service); New projects only
Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)	Age: 18+; Education: 8th pass; One person per family; New units must follow ODOF approach
Stand-Up India (SUI) Scheme	Age: 18+; Greenfield (new) projects only; At least 51% ownership by target group for non-individuals
Startup India Seed Fund Scheme (SISFS)	DPIIT recognized; Incorporated <2 years; Innovative/Tech- driven; 51% Indian ownership

## Funding Schemes for Entrepreneurs & Start-Ups

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Scheme Name	Key Eligibility Criteria
Pradhan Mantri MUDRA Yojana (PMMY)	Age: 18-65; Indian citizen with viable business plan; No collateral required
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Valid Udyam Registration; Excludes direct agriculture; Mandatory primary security (hypothecation of assets)
SIDBI SMILE (Make in India Soft Loan Fund for MSMEs)	MSME registration; New units or existing units with 3-year history; GST compliant; Udyam registration
Credit Linked Capital Subsidy Scheme (CLCSS)	Must take institutional term loan; Valid Udyam registration; Strictly for brand-new approved technology/machinery
Agriculture Infrastructure Fund (AIF)	Post-harvest management or community farming projects; Duration 7 years; Valid until March 2026

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Key Eligibility Criteria</b>
National Livestock Mission (NLM)	Own land or 10-15 year lease; Business plan required; Includes Poultry, Sheep, Goat, Pig, Equine, and Feed units
Animal Husbandry Infrastructure Development Fund (AHIDF)	Infrastructure projects in Dairy, Meat processing, or Animal Feed; Beneficiary contribution 10% to 25%
Procurement and Marketing Support (PMS)	Valid Udyam Registration; Manufacturing/Service sectors only; Advance approval required for events
Rajasthan Investment Promotion Scheme (RIPS) 2024	New unit or >25% expansion; Min investment INR 25-50 Crore (lower for MSMEs); Single window application
Credit Guarantee Scheme for Exporters (CGSE)	Minimum export turnover 5-30% depending on category; Account must be 'Standard'; Active until March 2026

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Key Eligibility Criteria</b>
New Interest Subvention Scheme (Export Promotion)	Valid Udyam registration; Restricted to 728 specific 'Positive List' tariff lines (textiles, handicrafts, etc.)

## Primary Utility of Schemes for Business Aspirants

<b>Scheme Name</b>	<b>Primary Utility for Business Aspirants</b>
Prime Minister's Employment Generation Programme (PMEGP)	Self-employment generation in non-farm sector through setting up new micro-enterprises with high subsidy support.
Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME)	Formalization and value addition in the food processing sector with technical and financial handholding.
Stand-Up India (SUI) Scheme	Targeted support for first-time business owners from marginalized groups to set up manufacturing, service, or trading units.

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Primary Utility for Business Aspirants</b>
Startup India Seed Fund Scheme (SISFS)	Bridging the early-stage funding gap for proof of concept, prototype development, and initial market entry.
Pradhan Mantri MUDRA Yojana (PMMY)	Funding small business needs like working capital and machinery without the requirement of third-party guarantees.
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	Enabling first-generation entrepreneurs to access large bank loans without providing tangible collateral or third-party guarantees.
SIDBI SMILE (Make in India Soft Loan Fund for MSMEs)	Meeting debt-equity norms and funding capital growth for setting up or modernizing manufacturing units.

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Primary Utility for Business Aspirants</b>
Credit Linked Capital Subsidy Scheme (CLCSS)	Modernization and technology upgradation by reducing the capital burden of purchasing new machinery.
Agriculture Infrastructure Fund (AIF)	Creation of cold chains, storage, and processing units with significantly reduced interest costs.
National Livestock Mission (NLM)	Transforming livestock farming into a commercial entrepreneur-led industry with 50% government funding.
Animal Husbandry Infrastructure Development Fund (AHIDF)	Infrastructure development and value addition in animal husbandry with low-interest debt financing.

## Funding Schemes for Entrepreneurs & Start-Ups

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<b>Scheme Name</b>	<b>Primary Utility for Business Aspirants</b>
Procurement and Marketing Support (PMS)	Enhancing market reach and brand visibility through domestic/international trade fairs and e-commerce adoption.
Rajasthan Investment Promotion Scheme (RIPS) 2024	Reducing entry and operational costs for businesses in Rajasthan through massive tax and interest incentives.
Credit Guarantee Scheme for Exporters (CGSE)	Providing immediate liquidity and collateral-free additional working capital to meet export orders.
New Interest Subvention Scheme (Export Promotion)	Lowering the borrowing cost of pre-shipment and post-shipment rupee credit to remain globally competitive.

# About Authors



**Dr. Anurag Mehta** is an academician, administrator and author. He is serving as Professor and Principal at the Pacific Institute of Business Studies, Pacific Academy of Higher Education and Research University. He has 6 years of experience in business and industry and 16 years of experience in teaching and academic administration at the

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