

## MSE-GIFT & MSE-SPICE

The significance of the MSME Schemes - MSE-GIFT (Green Investment and Financing for Transformation) & MSE-SPICE (Scheme for Promotion and Investment in Circular Economy), is framed within India's broader commitment to sustainable development, highlighted by Prime Minister Narendra Modi's "Panchamrit" vision at the COP26 summit. In his address at the 26<sup>th</sup> Conference of the Parties (COP26) in Glasgow in 2021, PM Modi presented five ambitious climate targets for India, collectively known as Panchamrit (five nectars). These commitments, aimed at a greener, low-carbon future, are:

• To reach 500 GW non-fossil energy capacity by 2030.

• To meet 50% of energy requirements from renewable energy by 2030.

• To reduce the total projected carbon emissions by one billion tonnes from now until 2030.

• To reduce the carbon intensity of the economy by less than 45% by 2030 (over 2005 levels).

• To achieve the target of Net Zero emissions by 2070.

(<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1795071>)

These national commitments necessitate a massive green transition across all sectors, making the role of Micro, Small and Medium Enterprises (MSMEs) in adopting sustainable practices crucial since not only they form the backbone of Indian economy and but shoulder the responsibilities of enhancing economic growth, generating jobs, fostering innovation, and contributing to GDP and exports. Their presence has been seen as a key driver of inclusive development by providing livelihood opportunities, reducing regional imbalances, and promoting entrepreneurship, especially in rural and backward areas.

MSMEs also serve as crucial ancillary units for larger industries, forming integral parts of domestic and global supply chains. As on 28<sup>th</sup> November, 2025 MSME (Udyam) Registrations Including Udyam Assist Platform (UAP) stand at about 7,21,95,840. Encouraging these enterprises in adopting sustainable practices not only enhances the efficiency of the enterprises but it reduces the cost of production in the long run promoting exports by making products more competitive.

At the current geopolitical moment, this focus is essential for building economic resilience, ensuring long-term business viability, and aligning with climate goals, making government support, accessible green finance, and awareness programs key to achieving these objectives. As part of these initiatives - MSE-GIFT Scheme (Green Investment and Financing for Transformation) and MSE-SPICE Scheme (Scheme for Promotion and Investment in Circular Economy) were launched on 20<sup>th</sup> December, 2023.

(<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2035103>)

### MSE-GIFT SCHEME (GREEN INVESTMENT AND FINANCING FOR TRANSFORMATION)

A sub-scheme under Raising and Accelerating MSE Performance (RAMP), the overall aim and goal of the MSE GIFT Scheme is to provide support to the MSEs in accessing institutional finance at a concessional rate for adopting clean / green technologies and help them to transform into green and sustainable business operations.

#### Key objectives:

- To promote adoption of sustainable and eco-friendly practices and technologies and renewable energy sources.
- To provide concessional financial assistance to MSEs for investments in the adoption of green technologies and practices.
- To create awareness about best practices, promote knowledge sharing and benefits of the adoption of green technologies and practices.

#### Components:

- The Scheme comprises Interest Subvention, Risk sharing and generating awareness.
- Interest subvention of 2% per annum, for period of 5 years, up to a term loan limit of INR 2 crores for Micro and Small enterprises.
- Risk sharing: Loans to MSEs up to INR 2 crore would be covered under this component. Rs 125 crores will be used to provide credit guarantee to the participating MLIs (75% of guaranteed coverage for eligible loans).

#### Eligibility and coverage:

- MSE registered under the Udyam Registration portal are eligible.
- Member Lending Institution (MLIs): Scheduled commercial bank/ All India Financial Institution including SIDBI, Small Finance Banks/ Micro Finance Institutions/ Non-Banking Finance Companies can become a Member Lending Institution (MLI).

#### Duration:

- 3 years (FY 2023-24 to 2025-26)

#### Implementing partners:

- Implementing Agency – Small Industries Development Bank of India (SIDBI).
- All Scheduled Commercial Banks, All India Financial Institutions, Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro

Finance Institutions (MFIs) are eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

<https://green.msme.gov.in/msmeGiftScheme>

## MSE SPICE SCHEME (SCHEME FOR PROMOTION AND INVESTMENT IN CIRCULAR ECONOMY)

Another sub-scheme under Raising and Accelerating MSE Performance RAMP; MSE SPICE is a pioneering initiative by the Ministry of Micro, Small and Medium Enterprises dedicated to empowering Micro, Small Enterprises (MSEs) in embracing sustainable practices through the circular solutions.

The global landscape is witnessing a paradigm shift towards sustainability, with increasing recognition of the imperative to adopt circular economy principles. Circular economy practices enable MSEs to optimize resource usage by promoting recycling, reuse, and responsible consumption. This will not only reduce environmental footprint but also enhance operational efficiency and cost-effectiveness. In the overall global sustainability effort, encouraging circular practices in micro and small enterprises (MSEs) has become a strategic necessity. The introduction of the MSE - Scheme for Promotion and Investment in Circular Economy (MSE - SPICE) is a proactive step to harness the potential of MSEs in driving sustainable development.

### Key objectives:

- Promote Circular Economy and incentivize MSEs to adopt CE and thereby contribute to achieving G20 goals made by the Government of India regarding CE.
- Enable MSEs to comply with Extended Producers Responsibility (EPR) and Waste Recycling targets set for industries.
- Spread awareness among MSEs for adoption of Circular Economy and resource efficiency.

### Components:

- Credit Linked Capital Subsidy
- Information, Education, and Communication Component (IEC).

#### *Credit Linked Capital Subsidy*

Credit Linked Capital Subsidy component addresses the need for availability of affordable finance to MSEs to adopt Circular Solutions (both domestic and global inclusive of taxes and duties). In Brown Field Projects, this component upgrades/ expands existing CE projects to promote/implement CE principles across MSEs. A maximum of INR 50 lakhs is admissible under the scheme with 25% subsidy only for plant and machinery. Under the Scheme, projects costing more than ₹ 50 Lakh will also be eligible, but subsidy shall be limited to ₹ 12.5 Lakh.



#### *Awareness Generation & IEC*

Awareness generation/Demand Creation component would be organized across MSE clusters by engaging specialized organizations/ agencies at the National/ International level who have expertise and experience in the implementation of CE solutions. The IEC component will address the supply and demand side constraints by addressing the capacity gaps in financial institutions in adopting CE principles. This component will support the scheme implementation and operationalize the monitoring and evaluation framework of the scheme.

### Eligibility and coverage of the scheme:

- MSE registered under the Udyam Registration portal are eligible. However, they can utilize the scheme only for brownfield projects.
- Primary Lending Institution (PLIs): All Scheduled Commercial Banks, All India Financial Institutions (including SIDBI), Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), are eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

### Scheme duration:

- 4 years (FY 2023-24 to 2026-27)

### Implementing partners:

- Implementing Agency – Small Industries Development Bank of India (SIDBI).
- All Scheduled Commercial Banks, All India Financial Institutions (including SIDBI), Small Finance Banks, and Non-Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs), would be eligible to participate in the Scheme, after signing a Memorandum of Understanding (MoU) with SIDBI.

<https://green.msme.gov.in/mseSpiceScheme>