



सत्यमेव जयते

MSME

MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म, लघु एवं मध्यम उद्यम
OUR STRENGTH • हमारी शक्ति



National Vendor Development Programme Cum Industrial Exhibition



Friday 27th & Saturday 28th of March, 2015
At North Karnataka Small Scale Industries Association Hall,
Industrial Estate, Gokul Road, Hubli

Organized by

MSME

MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म, लघु एवं मध्यम उद्यम
OUR STRENGTH • हमारी शक्ति

MSME - DEVELOPMENT INSTITUTE
MINISTRY OF MSME,
GOVT. OF INDIA, HUBLI



NORTH KARNATAKA SMALL SCALE
INDUSTRIES ASSOCIATION
HUBLI



Dept. of Industries & Commerce
&
DIC Dharwad

MESSAGE

P V VELAYUDHAN
DIRECTOR

MSME Development Institute
Govt. of India. Ministry of MSME
Industrial Estate, Gokul Road,
Hubli – 580 030.

To support existing Micro & Small Enterprises in marketing their products, MSME-Development Institute, Hubli., a field office under Development Commissioner, MSME, Min. of MSME, Govt. of India, is organizing a National Vendor Development Programme cum Industrial Exhibition in association with North Karnataka Small Scale Industries Association, Hubli. This souvenir is brought out as part of exhibition to disseminate the information on recent policies like Public Procurement Policy and CPSU procurement procedures to guide the local entrepreneurs.

While MSEs in India continue to be a 'Jewel. in India's economic crown due to their enormous contribution to country's industrial and economic growth by providing 8% of country's GDP, 45% of the manufactured output and 43% of its total export, they also have to continue to be globally competitive in the years to come. Govt. of India has proactively introduced National Manufacturing Competitiveness Programme with different components under it, to improve the competitiveness of Indian MSEs and gear up their capabilities to meet the challenges by way of technological and quality upgradation, better productivity and enhanced global marketing.

To overcome the strain imposed from economic liberalization, Micro and Small Enterprises are required to expand their wings not only in marketing their products but also sustain qualitative and technological competitiveness. The National Vendor Development Programme will help the local Micro and Small enterprises to take the advantage of an interface between Large Scale industries and Central Public Sector Undertakings who have come to showcase their requirements. This event will be even more important due to the Central Public Procurement Policy which is being promulgated from April, 2012 and will mandatorily make all Central PSUs to procure at least 20% from Micro and Small Enterprises out of their total outsourced purchases.

I request all the local Micro and Small Entrepreneurs to make the best use of this Industrial exhibition for interacting with the CPSUs during this event and enhance their market avenue, which in turn will make them competitive technologically and qualitatively.

Place : Hubli
Date : 28-03-2015


P. V. VELAYUDHAN
Director

MESSAGE



It gives me great pride to write a few words as the President of NKSSIA and as one of the co-organiser of this mega Event National Vendor Development Programme cum Industrial Exhibition MSME EXPO – 2015.

NKSSIA has taken lead to organize this mega event which is created a platform for MSME's and facilitated market linkages between MSME's and Large Industries, Govt. Deprtments, CPSUs etc.,

In this context, MSME-EXPO -2015 has provided an opportunity to MSME's to show case their capabilities and strength to the various wings.

I am confident, this event will prove fruitful to many participants both as Exhibitors and as participants in seminars covering various aspects like vendor registrations, quality standards, procurement procedures, public procurement policies, credit facilities etc.,

As the President of NKSSIA and one of the organizer, I acknowledge with gratitude the role played by the other co-sponsor Dept. of Industries and Commerce.

My sincere thanks to all the Participants for their immense response and encouragement to our endeavour.

I will feel happy having achieved the goal if this Exhibition provides guidance, motivation and a new role of prosperity either by Vendor – vendee support or by way of accepting new technologies for the new generation entrepreneurs.

Nagaraj Divate
President – NKSSIA



Dignitaries on the dias Shri. Tilak Vikamshi, (M.D) M/s Microfinish Valves Pvt. Ltd., Shri. P. V. Velayudhan, Director - MSME DI Hubli, Shri. Nagraj Divate, President - NKSSI Association, Hubli, Shri. Vikram Sirur, M/s Miven Mayfran Conveyors Pvt.Ltd Hubli, Shri.Mohan Baramkanavar, Dy.Director, DIC Dharwad, with other officers of MSME DI Hubli during the inaugural function.



Audience at the Inaugural Function.



Director Shri. P. V. Velayudhan lighting the lamp during the Inaugural Ceremony.



Director Shri. P. V. Velayudhan delivers Keynote address on Public Procurement Policy.



Inauguration of the exhibition hall by the Chief Guest Shri. Tilak Vikamshi, (M.D) M/s Microfinish Valves Pvt.Ltd., Shri. P. V. Velayudhan, Director - MSME DI Hubli, Shri. Nagraj Divate, President - NKSSI Association, Hubli, Shri. Vikram Sirur, M/s Miven Mayfran Conveyors Pvt. Ltd Hubli, Shri. Mohan Baramkanavar, Dy. Director, DIC Dharwad, with other officers of MSME DI Hubli at the inaugural ceremony.



Stall visits by the Delegates.



For Validictory Function officers of MSME DI Hubli and NKSSI Association members welcoming the Chief Guest Shri. Jagadish Shettar MLA, Leader of Opposition & Former Chief Minister of Karnataka.



Chief Guest Shri. Jagadish Shettar, MLA, Leader of opposition & Former Chief Minister of Karnataka Felicitating Shri. Tilak Vikamshi, MD. Microfinish Valves Pvt. Ltd, Hubli for highest contribution in exporting thier product.



During Question & Answers session Shri. K. Socrates, Dy. Director, MSME DI Hubli, answering the participants.



Presentation by the officer of SWR, Hubli explaining the opportunities to the Entrepreneurs at the seminar.



Audience at the Validictory Function



Presentation by the officer of NPCIL, Kaiga, Karwar explaining the opportunities to the Entrepreneurs at the seminar.



Chief Guest Shri. Jagadish Shettar, MLA, Leader of opposition & Former Chief Minister of Karnataka Facilitating Shri. Vivek Nayak, M.D. M/s KEN Agrotech Pvt. Ltd, Hubli for highest contribution in exporting their product.



Chief Guest Shri. Jagadish Shettar, MLA, Leader of opposition & Former Chief Minister of Karnataka addressing the gathering during the Validictory function.



Chief Guest Shri. Jagadish Shettar, MLA, Leader of opposition & Former Chief Minister of Karnataka with the team Members of MSME Development Institute, Hubli.

3 To 16

MSME SCHEMES

MSME Development Institute, Hubli implements Govt. of India Schemes operated by the O/o DC (MSME), for the benefit of Micro and Small and Enterprises in North Karnataka. Broad details of the schemes are as follows:

Credit Guarantee Fund Trust for MSEs: (For individual MSEs) This scheme provides for collateral free loans to MSEs. Any collateral/third party guarantee free credit facility extended by eligible institutions to new as well as existing MSEs with a maximum credit cap of Rs.100 lakh is eligible to be covered. The guarantee cover available under the scheme is to the extent of 75%/80% of the sanctioned amount of the credit facility, with a maximum guarantee cap of Rs.62.50 lakh/Rs.65 lakh. The extent of guarantee cover is 85% for micro enterprises for credit up to Rs.5 lakh. The extent of guarantee cover is 80% (i) Micro and Small Enterprises operated and/or owned by women; the fee payable to the Trust under the scheme is one-time guarantee fee of 1.5% and annual service fee of 0.75% on the credit facilities sanctioned. For loans up to Rs.5 lakh, the one-time guarantee fee and annual service fee is 1% and 0.5% respectively. (See www.cgtsi.org.in for more details)

Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS): (For individual MSEs) this scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy on institutional finance availed by them for induction of well-established and improved technology in approved sub-sectors/products. The admissible capital subsidy is calculated with reference to purchase price of Plant and Machinery. Maximum limit of eligible loan for calculation of subsidy under the revised scheme is Rs.100 lakh w.e.f. 29.9.2005.

ISO 9000/14000/HACCP Certification: (For individual MSEs) In order to enhance the competitive strength of the small scale sector, the Government introduced an incentive scheme for their technological upgradation/quality improvement and environment management. The scheme provides incentive to those small scale/ancillary undertaking who have acquired ISO9000/ISO14001/HACCP certifications. The scheme envisages reimbursement of charges of acquiring ISO-9000/ISO 14001/HACCP certifications to the extent of 75% of the expenditure subject to a maximum of Rs.75,000/- in each case.

Cluster Development Programme: (For identified clusters of MSEs) Ministry of MSME has adopted Cluster development approach as a key strategy for enhancing the productivity, competitiveness and capacity building of MSEs and their collectives. A grant of a maximum of Rs.2.5 lakhs is provided for preparation of Diagnostic Study Report (DSR), for one cluster, and 75% - 90% towards soft interventions (Max project cost Rs.25.00 lakhs). GOI Grant for preparation of Detailed Project Report (DPR) is Rs.5 lakhs. For Hard Interventions, like setting up of Common Facility Services (CFC), the grant is restricted to 70% (general category) and 90% for MSEs and entrepreneurs belonging to SC/ST/Women categories, with a maximum project cost of Rs.15.00 crores. Grant towards Infrastructure Development is restricted to 60% of cost of project of Rs.10.00 crores, and 80% for projects in industrial areas/estates with more than 50% MSEs in Women/SC/ST category.

Entrepreneur Clubs: (For individual MSEs) the scheme is to support 5 universities to run Entrepreneurship Clubs. Each university will have to run 240 clubs per year and each club may have a membership of 50 entrepreneurs. The E-Clubs create a base for entrepreneurs for coming together to solve their common problems – a shift from Lobbying Mode to Facilitation Mode, giving hard intervention in the form of technology and soft intervention like arranging workshops, seminars, guidelines to obtain ISO certification, ISI Marks, participation in Trade Fairs etc. Financial assistance is provided to these clubs to carry on their activities.

Market Development Assistance International Trade Fairs: (For individual MSEs) Registered MSEs are facilitated to participate in International Trade Fairs all over the world through subsidy in space rent and airfare. Selected MSEs are nominated to participate in selected International Trade Fairs at 50% subsidy on space rent and 75% subsidy on airfare. The subsidy for Women/SC/ST entrepreneurs is 100% on space rent and airfare. The total subsidy amount (on space rent + airfare, in all cases) is limited to Rs.1.25 lakhs.

Scheme for Capacity Building/Seminars for Industry Associations: To strengthen the role and increase

the efficiency of Industry Associations of Micro and Small Enterprises, financial assistance for the Secretarial and Advisory/extension services (like procurement of computer, peripherals, fax, photocopy, office furniture, and other office equipment) to selected Associations is provided up to a maximum of Rs.5 lakh, depending upon the size and reach of the Association. To be eligible, the beneficiary associations will be required to provide the regular manpower and office space at their own cost and also bear equivalent/matching contribution towards cost of modernization of their facilities and equipment and training of their personnel. Another component of this scheme provides financial assistance for organizing National/ State/District level Seminars/Workshops/Symposia, upto a limit of Rs.2 lakhs for National Seminar and Rs.1 lakh for State/District level seminar.

Awards: (For individual MSEs) MSME DI recommends outstanding MSEs for National Awards in the following categories: a) Best Entrepreneurship b) Quality Products, and c) Best R & D efforts. Special recognition awards are also given in the above categories. Best Women entrepreneur and Best SC/ST entrepreneur awards are also given.

Public Procurement Policy for Goods produced and Services rendered by Micro and Small Enterprises (MSEs) to be procured by Central Ministries/Departments/Public Sector Undertakings (PSUs)

The Cabinet has approved the Public Procurement Policy for goods produced and services rendered by Micro and Small Enterprises (MSEs) to be procured by the Central Ministries/ Departments/Public Sector Undertakings (PSUs), to be notified under Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The Policy will be applicable w.e.f. 1.4.2012.

The MSEs, including the khadi, village and coir industries, constitute an overwhelming majority of this sector, contributing significantly to the gross domestic product, manufacturing output and exports. In the overall production/value chains, however, MSEs are highly susceptible to volatile market conditions. To address this inherent problem, many countries in the advanced world have put in place public procurement policies to support MSEs and to ensure a fair share of market to such entities. Under the existing dispensation in India, the Government guidelines provide for support in marketing of MSE products through a variety of measures such as price preference, reservation of products for exclusive purchase from MSEs, issue of tender sets free of cost, exemption from payment of earnest money, etc. In practice, however, most of these facilities are not being provided to the MSEs by the Government Departments/ CPSUs, etc.

The main features of the Public Procurement Policy for MSEs are:

- i. Every Central Ministry/Department/PSU shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs from the latter in a period of three years.
- ii. Out of 20% target of annual procurement from MSEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.
- iii. At the end of 3 years, the overall procurement goal of minimum 20% will be made mandatory. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy.
- iv. The participating MSEs in a tender quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the Lt price, in a situation where L1

monitoring and review of Public Procurement Policy for MSEs. MoMSME will review and/or modify the composition of the Committee as and when required. This Committee will, inter alia, review list of 358 items reserved for exclusive purchase from MSEs on a continuous basis, consider requests from Departments / PSUs for exemption from 20% target on a case to case basis and monitor achievements under the Policy.

Q.No.13 What is the grievance redressal mechanism in case of non-compliance of the Policy by any Government Department?

Ans. A 'Grievance Cell' would be set up in MoMSME for redressing grievances of MSEs in Government procurement. This cell would take up issues related to Government procurement raised by MSEs with Departments / agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments / agencies that put MSEs at a disadvantage.

Q.No.14 Whether there is any kind of purchases that have been kept out of the purview of the Procurements under the Policy and if yes, how monitoring of the goal set will be done?

Ans. Given their unique nature, defence armament imports will not be included in computing 20% goal for MoDefence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation. Monitoring of goals set under the policy will be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

Q.No.15 From where the detail of the Policy can be obtained?

Ans. Policy details are available on the website of this office :
www.dcmsme.gov.in.

Q. No.16 Whether this Policy is mandatory under any Act?

Ans. Yes, The Policy is mandatory and notified under the MSMED Act, 2006.

Q.No.17 How many items are reserved for exclusive purchase from MSEs?

Ans. There are 358 items reserved for exclusive purchase from MSE Sector and 21 items reserved for exclusive manufacturing in MSE Sector which is not concerned to the Public Procurement Policy.

Q.No.18 whether this policy is applicable for works /trading activities also?

Ans. Policy is meant for procurement of only goods produced and services rendered by MSEs.

Q.No.19 Whether policy is applicable for MSEs registered with NSIC?

Ans. Policy is applicable to MSEs registered with DIC/KVIC/KVIB/Coir Board/NSIC/Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME.

Q.No.20 Whether policy provides benefits for exemption from Security Deposits to MSEs?

Ans. No. Policy provides benefits to supply tender set at free of cost and exemption from payment of earnest money etc.

Q.No.21 Whether MSE quoting price within price band L1 + 15 % could be given complete supply to tender in case tender item is non-splitable / non-dividable?

Ans. In case of tender item is non-splitable or non-dividable, etc. MSE quoting price within price band L1+15% may be awarded for full / complete supply of total tendered value to MSE, considering spirit of policy for enhancing the Govt. procurement from MSE.

Q.No.22 which are MSEs owned by SC /ST enterprises?

Ans. Definition of MSEs owned by SC /ST is as given under:

- (f) In line with requirements of international retailers &
- (g) Also gives international look and feel.

GS1 India, an autonomous body under Ministry of Commerce & Industry, Government of India is a solution provider for registration for use of Bar Coding. To become a subscriber of GS1 India, all one has to do is to fill up the subscription enquiry or registration form and make the necessary payments as registration fee. Details about registration with GS1 India for use of Bar Coding are available on the website www.gs1india.org.

Subsidy from Govt. of India: Office of the Development Commissioner (MSME), Ministry of MSME, provides the financial assistance for reimbursement of 75% of one-time registration fee (Under SSI-MDA Scheme) w.e.f. 1st January, 2002 and 75% of annual recurring fee for first three years (Under NMCP Scheme) w.e.f. 1st June, 2007 paid by MSEs to GS1 India for using Bar Coding. Any other charges like service taxes, etc. are not reimbursable.

Eligible MSEs may apply to the Director, MSME Development Institute, Hubli in prescribed application form for claiming reimbursement on Bar Code. Application Form along with formats for the supporting documents may be collected from Director, MSME Development Institute, Hubli or from the websites <http://dcmsme.gov.in>.

2. Support for Entrepreneurial and Managerial Development of SMEs through Incubators

The scheme provides early stage funding for nurturing innovative business ideas (new indigenous technology, processes, products, procedure etc.) which could be commercialized in a year. The main objective is to promote development of knowledge-based innovative ventures and to improve the competitiveness and survival instincts of Micro, Small and Medium Enterprises (MSMEs). Such entrepreneurial innovative ideas are sought to be developed in reputed Technical Management institutions before these can become commercially viable and attract venture capital. The idea is primarily for sustaining, at some basic or introductory level, the incubation of ideas that would have otherwise been lost for want of support.

A total of 100 Business Incubators (BIs) are expected to be set up between 2008-09 to 2011-12 with 25 BIs being made operational in selected technical institutions every year over the entire duration of the four years.

Each BI is expected to help incubation of 10 new ideas or units and is to be given financial assistance between Rs.4 lakh to Rs.8 lakh per idea/unit matured subject to an overall ceiling of Rs.62.5 lakh per incubator, which works out to be Rs.6.25 lakh per idea/unit on an average. The technical managerial (Host) institute is expected to make available necessary laboratory/workshop facilities and other required to the young innovators/entrepreneurs.

In addition, each BI or each Host Institution may get:

- (a) Up gradation of infrastructure Rs.2.50 lakh
- (b) Orientation/Training Rs.1.28 lakh
- (c) Administrative Expenses Rs.0.22 lakh

Thus the total assistance per BI – Rs.66.50 lakhs. The following are the indicative areas of operation for innovative projects:

Hi-tech Activities

- (i) Bio-technology
- (ii) Pharmaceuticals
- (iii) Information Technology

-
- (iv) Nano-technology
 - (v) Polymer Products

Other Possible Areas – 1

- (i) Fruit Processing
- (ii) Ceramics Industry
- (iii) Glass Industry
- (iv) Herbal Medicines
- (v) General Stores
- (vi) Auto Components
- (vii) Electrical Appliances

Other Possible Areas – 2

- (i) Ready-made Garments
- (ii) Sports Goods
- (iii) Wet Grinders
- (iv) Metal Utensils
- (v) Surgical instruments
- (vi) Agriculture implements
- (vii) Cane and Bamboo Products
- (viii) Leather Goods
- (ix) Engineering Industries.

3. Enabling Manufacturing Sector to be competitive through Quality Management Standards & Quality Technology Tools (QMS/QTT)

This component of the scheme of National Manufacturing Competitiveness Council (NMCC) envisages Micro and Small Enterprises to understand and adopt the latest Quality Management Standards (QMS) and Quality Technology Tools (QTTs) so as to become more competitive and produce better quality products, at competitive prices. The adoption of these tools will enable MSEs to achieve:

- (a) Efficient use of resources
- (b) Improvement in product quality
- (c) Reduction in rejection and re-work in the course of manufacturing
- (d) Reduction in building up inventory at the various stages in the form of raw materials, work in progress, finished components, finished products etc. This will also enable the MSEs to enter into or strengthen their position in the export market.

The Competition Watch sub-component of this scheme will enable Indian MSE, to understand the latest foreign products that are penetrating in the Indian market.

This activity entails the development and introduction of training course modules in technologies like 6 Sigma tools, 5s, Kaizen tools, etc. at ITI and Diploma level courses. Second component of the scheme envisages conducting awareness programme of MSMEs. While the third component – organizing Competition (C watch), proposes to strengthen the MSEs by building competitiveness through groups of selected MSEs in the “threatened products” and assisted by implementing appropriate QMS/QTT. Sector specific studies can be undertaken for benefit of MSEs, with GOI assistance and private participation. Fourth component entails implementing QMS QTT tools in selected MSEs, through GOI assistance. Study missions to other countries to study the QMS/QTT implementation in those countries, forms the fifth component.

4. Building Awareness on Intellectual Property Rights (IPR) for MSME

The objective of the scheme is to enhance awareness of MSME about Intellectual Property Rights (IPRs) to take measure for the protecting their ideas and business strategies. Effective utilization of IPR tools by MSMEs would also assist them in technology upgradation and enhancing competitiveness. Activities covered under this scheme are:

- (a) **Awareness/Sensitization Programme on IPR:** The primary objective of these programmes is to facilitate and support MSMEs, Industry Associations and other concerned stakeholders in raising awareness on IPR related issues in general and more specifically on educating them about the value and protection of IPR and its benefits to the economy.
- (b) **Pilot Studies for Selected Clusters/Groups of Industries:** The primary objective of these studies is to provide financial assistance to eligible applicants to conduct Pilot Studies to identify the IP needs of the identified MSME clusters/industries and to recommend measures for further strengthening the IP portfolio. The Govt. of India will provide a financial support up to Rs.25 lakh per Pilot Study, primarily to cover expenses of the Expert Agencies for the conduct of the Pilot Study. The private partners i.e. the MSME cluster body shall have to provide funds equal to a minimum of 10% of the GOIs financial support, as also all other facilities and data required for the study.
- (c) **Interactive Seminars/Workshops:** The primary objective of this activity is to provide a forum to MSME entrepreneurs, Industry Associations and others stakeholders, including professionals having working experience of MSME sector to share knowledge, experience and create mass awareness on various aspects of IPR.
- (d) **Specialised Training (Short term/Long term):** In a present global scenario there is an urgent need for creating skilled human resources so as to build capacity and develop the MSME sector that is compatible with IPR and commercialization requirements. To achieve this objective, training programme (both Short and Long Term duration) are proposed to be organized for enhancement of knowledge and capacity building of MSME sector in all fields of Intellectual Property.
- (e) **Assistance for Grant on Patent/GI Registration to individual units:** Under this scheme, registered Indian MSME will be provided one-time financial support limited up to Rs.25,000/- for on grant domestic patent and Rs.2.00 lakh for foreign patent. For registering under the Geographical Indications of Goods Act, one time financial support will be limited up to Rs.1.00 lakh. The support of GOI will be in form of reimbursement to the applicant. The amount of grant will be restricted to actual or the ceiling mentioned above, whichever is lower.
- (f) **Setting up of 'IP Facilitation Centre' for MSME:** The primary objective of setting up of IP Facilitation Centre is to guide MSME and other target beneficiaries regarding utilization of IP tools and technologies for better management of their intellectual property related needs.

Interaction with International Agencies: India as a developing country needs to work closely with the developed nations to promote innovation, creativity and technological advancement by providing a vivacious IPR management through cooperation in the field of capacity building activities and experience sharing. To achieve this objective, efforts will be made to develop suitable linkages and cooperation with IPR offices in developed countries and other International agencies, such as WIPO, EU, Japan Patent Office (JPO), German Patent and Trademark Office, U.S. Patent and Trademark Office (USPTO), Korea Intellectual

Property Office (KIPO), etc. Specific cooperation activities to be carried out each year will be jointly finalized in consultation with International agencies in the form of an Action Plan. The Action Plan will include detailed planning for carrying out co-operation activities, including the scope of the action, administering assignment, time schedule and any other information deemed necessary. The details of the proposed course of action, broad parameters for implementing specific activities, etc. may also be formalized in the form of mutual agreement/MoU.

These initiatives are proposed to be developed through Public-Private Partnership (PPP) mode to encourage economically sustainable models for overall development of MSMEs. Under this programme financial assistance is being provided for taking up the identified initiatives. Eligible applicants/beneficiaries will have to contribute minimum 10% of the GOI financial support for availing assistance under the scheme.

5. Lean Manufacturing Competitiveness Scheme (LMCS) for Micro, Small and Medium Enterprises (MSMEs)

The main objective of the Lean Manufacturing Competitiveness Scheme (LMCS) is to bring the manufacturing competitiveness in the MSME Sector. Lean Manufacturing involves applying Lean Techniques (e.g. Total Productive Maintenance (TPM), 5S, Visual control, Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Poka Yoke, TPM, etc.) to identify and eliminate waste and streamline a system. The focus is on making the entire process flow, not improving only a few operations. Worker empowerment is also emphasized throughout the effort.

Under the scheme, MSMEs will be assisted in reducing their manufacturing costs, through proper personnel management, better space utilization, scientific inventory management, improved processed flows, reduced engineering time and so on. LMCS also brings improvement in the quality of products and lowers costs, which are essential for competing in national and international markets.

Scheme has been approved as a pilot project in 100 Mini Clusters for implementations of Lean Techniques. The approach involves engagement of Lean Manufacturing Consultants (LMCs) to assess the existing manufacturing system of member units of the Mini Cluster(s) and stipulate detailed step by step procedures and schedules for implementing and achieving of lean techniques.

A Special Purpose Vehicle (SPV) will be formed in each cluster. It is expected that once MSMEs are introduced to the benefits and savings that accrue from LM techniques, they would themselves continue the Scheme from the second year onwards at their own expense. A three tier implementing structure is in place with a group of 10 or so MSMEs (SPV) at the lowest local-tier and a Lean Manufacturing Screening and Steering Committee (SSC) under DC (MSME) at the highest tier.

The intermediate timer, National Monitoring and Implementing Unit (NMIU) is responsible for facilitating implementation and monitoring of the Scheme. For the Pilot phase of 100 Mini Clusters, it is envisaged that NPC (National Productivity Council) function as NMIU.

A financial support by the Government of India upto a maximum of 80% of the Consultant fees for each Mini Cluster will be provided. Remaining 20% is to be borne by beneficiaries MSME units.

6. Design Clinics Scheme for design expertise to Micro, Small and Medium Enterprises (MSMEs) manufacturing sector

The main objective of the Design Clinic is to bring the MSME sector and design expertise into a common platform, to provide expert advice and solutions on real time design problems, resulting in continuous improvement and value addition for existing products. It also aims at value added cost effective solutions. These Design Clinics in clusters of the country are to usher in a continuous competitive advantage to the MSMEs.

Design Clinic is a tested strategic model of design intervention, where a solution to an existing design problem is diagnosed and remedial steps suggested by a multi-disciplinary team of design experts. In this scheme, the value additions to an idea or a concept are imparted through interaction at a lesser cost to a specific industry/sector. It applies to a sector that requires intervention, like manufacturing etc, as the existing

conventional models of design consultancy and training are not viable. These models bring design exposure to the door-step of industry clusters for design improvement, evaluation, analysis and adopting even long-term consultancy/design related intervention.

The scheme description is divided in two major parts, viz., Design Awareness and Design Projects.

Design Awareness: This will be done through seminars, workshops and Design Needed Assessment Survey for the participant members of the selected clusters. These activities will help create general awareness and sensitization about the value and power of design for businesses.

Design Projects: The Design Need Assessment Survey will form the basis for further dialogue between professional consultants and individual units (or group of units) in the cluster for the preparation of project proposals for funding. The funding assistance will be provided to the MSMEs for engagement of design consultants and professionals and other admissible items under the project as per the guidelines.

The broad activities planned under the scheme include creation of Design Clinics Centre along with four regional centres for intervention on the design needs of the MSME Sector. Further these centres will have linkages with engineering, management, design institutes of the country. The scheme will be implemented in a Public Private Partnership (PPP) Mode.

GOI assistance is given for the following components:

- Rs.60,000/- for organizing Design clinics
- The GOI contribution for the conduct of a workshop (including preparation of Design Need)
- Assessment Survey Report will be to the extent of 75 % of the cost incurred, the admissible costs being restricted to Rs.4 lakhs only i.e. maximum assistance being restricted to Rs.3 lakhs only. The remaining amount will be contributed by the participating MSME.
- 60% or Rs.9 lakhs whichever is less of the total approved cost of the project for a group of 3
- MSMEs or 60% or Rs.15 lakhs whichever is less for a group of 4 or more MSMEs for implementation of Design projects.
- The Design Clinic Scheme shall support design work by reimbursing 75% of expenses incurred subject to maximum of Rs.1.5 lakh for final year student projects done for MSMEs under the supervision of parent Design Institutions. MSME units contribution shall be 25% of the admissible cost. The admissible cost (estimated to be Rs.2 lakh) would include student designer's stipend (wherever applicable), conveyance related to the project, documentation and model making costs. Students in the final year undergoing full-time under graduate or post graduate program from institutions recognized by design clinic centre are eligible to apply for this funding. The funding shall only be available for final year dissertation projects, for under-graduate/post graduate or diploma course.

7. Marketing Assistance and Technology Up-gradation Scheme for Micro Small and Medium Enterprises (MSMEs)

The objective of this programme envisages that some of those clusters of MSMEs, which have quality production and export potential, shall be identified and encouraged and assisted through this scheme to achieve competitiveness in the national and international markets. The programme aims at improving the marketing competitiveness of MSME sector by improving their techniques and technologies promotion of exports and to provide a check on imports also.

Major Activities under the scheme:

- (a) **Technology Upgradation in Packaging:** The primary objective of this activity is to facilitate and support MSMEs, industry associations and other stakeholders, in raising awareness on technology upgradation in packaging and to build capacities about the modern packaging techniques. The GOI financial assistance these activities will be in the ratio of Govt:unit:: 80:20.

- (b) **Skill Upgradation/Development for modern marketing techniques:** The focus of this component will be on imparting training for upgrading the skills of cluster/product group members on modern marketing techniques such as use of internet, e-mail, on-line marketing techniques, use of website for marketing, need for branding etc. This includes designing and conducting specific need based skill development programmes for the employees of potential MSME clusters/product groups in adoption of modern marketing techniques. The GOI financial assistance these activities will be in the ratio of Govt.: unit:: 80:20.
- (c) **Competition Studies:** To identify sectors in which the products are threatened by International competition due to marketing/branding strategies. The studies of product groups will aim at analysing the reasons for threat from outside products affecting local production and ways and methods to counter these challenges. The GOI financial assistance these activities will be in the ratio of Govt.: unit::80:20.
- (d) **Special component for North-Eastern Region:** Exposure to National exhibitions, participation, displaying products & sponsoring entrepreneurs from MSMEs of NER to selected exhibitions. It is proposed that MSME manufacturing units of NE Region will be motivated and assisted to participate in the exhibitions (outside NE region) being organized by ITPO, NSIC, State Government and other competent organizations in different parts of the country, to enable them to display their products and extend their customer base.
- (e) **New markets through State/District level local Exhibitions/Trade fairs:** To provide marketing platform to manufacturing MSMEs through their participation in State/District level exhibitions being organized by State/District Authorities/ Associations.

The following items will be admissible for reimbursement under this activity:

Pavilion/Stall/Space charges upto 6.0 sq.mtr. – 50% cost will be reimbursed by GOI. To and fro actual fare by shortest distance/direct train (limited to AC II tier class) from the nearest railway station/bus fare by shortest distance/direct train (limited to AC II tier class) from the nearest railway station/bus fare to the place of exhibition for one person – 50% of fare will be reimbursed by GOI. For SC/ST/Women/Physically Handicapped entrepreneurs the assistance will be up to 80% for the items mentioned above. The total reimbursement will be max. Rs.30,000/- per unit for the SC/ST/Women/Physically Handicapped entrepreneurs, while for the other units the max. limit will be Rs.20,000/- per unit.

- (f) **Corporate Governance Practices:** To encourage MSMEs by creating awareness among MSMEs for adoption of good corporate governance practices, strengthening of accounts and audit procedures, transformation of company's structure, resource management, training, statutory corporate governance rating etc. and to introduce a system of corporate governance to ensure the transparency, integrity and accountability of the management. This admissible cost may cover, as applicable, the expenses towards the associated consultancy charges, expenditure on legal or statutory fees. The GOI assistance will be in the form of reimbursement up to 50% of the total expenditure subject to max. Rs.45,000/- per MSME unit, who would acquire company's structure by adopting corporate governance or Limited Liability Partnership (LLP) framework.
- (g) **Marketing Hubs:** To provide facilities for manufacturing MSMEs for B2B meeting among MSMEs, wholesale and retail marketing of MSME products, exploring the export opportunities for the MSME products and to attract new customers and enhance the marketing reach of the MSMEs. In the initial phase of the project, it is proposed to set up 8 nos. marketing hubs in the premises of MSME-DIs, in the designated cities of the county which have substantial presence of prospective MSME clusters.
- (h) **Reimbursement to ISO 18000/ISO 22000/ISO 27000 Certification:** To enhance the export and marketing potential, it is proposed for one time reimbursement of the expenditure to those units which acquire ISO certification on Food & Safety, Health and IT parameter. The GOI assistance will be by way of one-time reimbursement of expenditure to such MSME manufacturing units which acquire ISO 18000/ISO 22000/ISO 27000 Certification to the extent of 75% of the expenditure subject to a maximum of Rs.1.00 lakh in each case. The reimbursement of charges will be towards; consultant fee, certification fee, training of MSME employees is ISO adoption if required, etc. The amount of subsidy/financial

support if already received from the State Govt./Financial institution shall be adjusted against the admissible reimbursement under this scheme.

8. Technology and Quality Up gradation Support to MSMEs (TEQUP):

The objective of the scheme is to sensitize the manufacturing (MSME) sector in India to upgrade their technologies, usage of energy efficient technologies to reduce emissions of Green House Gases, adoption of other technologies mandated as per the global standards, improve their quality and reduce cost of production etc. towards becoming globally competitive. The above objectives of the scheme will be achieved through the following major activities:

Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards. The primary objective of this activity is to handhold the MSME clusters in adopting energy efficient processes. This activity covers awareness programmes in MSME clusters on energy efficient technologies; availability of energy efficient equipments; and the need for energy efficiency and cash benefits from Energy Efficient Technologies (EET), Clean Development Mechanism (CDM) and Supporting energy audits in sample units in energy intensive clusters. The Government of India will provide financial support to the extent of 75% of the actual expenditure, subject to a ceiling as per the guidelines and the balance amount is to be contributed by the participants, Cluster associations, etc. for the awareness programmes and energy audits and model DPR. The government grant will be 50% of the actual expenditure subject to maximum Rs.1.5 lakh per DPR. (Average cost of preparation of one EET DPR is expected to be Rs.2.0 lakh). The balance amount is to be contributed by the MSME concerned.

Implementation of Energy Efficient Technologies (EET) in MSME sector/units: MSMEs in the identified clusters will be supported in preparation of bankable DPRs under the major activity No.1. The Government of India will provide financial support to the extent of 25% of the project cost for implementation of Energy Efficient Technologies (EET), as per the approved DPR. The maximum amount of GOI assistance from the scheme will be Rs.10 lakhs (average subsidy for one EET project is estimated to be Rs.5.0 lakhs). While 25% of the project cost will be provided as subsidy by the Government of India, the balance amount is to be funded through loan from SIDBI/banks/financial institutions. The minimum contribution as required by the funding agency will have to be made by the MSME unit.

Setting up of Carbon Credit Aggregation Centres (CCA) for introducing and popularizing clean development mechanism (CDM) in MSME clusters: Under the present activity, the potential clusters having adequate number of EET/Renewable Energy (RE) based projects will be identified for setting up of the CCA centres as special purpose vehicles (SPVs) with participation from cluster based association, technical institutions, NGOs etc. The Govt. of India will provide financial support to the extent of 75% of the actual expenditure, subject to a maximum Rs.15 lakh for establishing each of these centres. (Average cost of setting up of one CCA is expected to be Rs.15.0 lakh). Balance amount to be met by the implementing agency/SPV through collection of user charges. While setting up of these centres, no liability will be created for the GOI.

Encouraging MSMEs to acquire product certification/licences from National/ International bodies and adopt other technologies mandated as per the global standards: The primary objective of this activity is to provide subsidy to MSME units towards the expenditure incurred by them for obtaining product certification licences from National Standardization Bodies (like BIS, BEE, etc.) or International Product Certifications (CE, UL,ANSI, etc.). Under this activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure, towards licensing of product to National/International Standard. The maximum GOI assistance allowed per MSME is Rs.1.5 lakh (Average Rs.0.75 lakh) for obtaining product licensing/Marking to National Standards and Rs.2.0 lakh (Average Rs.1.50 lakh) for obtaining product licensing/Marking to International standard. One MSME unit can apply only once under the scheme.

Impact Study of the Scheme, Evaluation, Administrative and Other Activities: The main objective of these activities will be to ensure regular monitoring of the implementation of the scheme vis-à-vis the action plan prepared. Impact studies, evaluation of the present scheme as well as mid-term reviews, etc., which is necessary as per the existing Government instructions, will also be covered under this activity.

The scheme is targeted to achieve at least 15% reduction in consumption of conventional fuels in the

identified Energy Intensive Clusters leading to reduction of carbon Footprints and enhancing environmental sustenance.

9. Promotion of Information & Communication Technology (ICT) in Indian MSME Sector (under approval)

The scheme for "Promotion of information and Communication Technology in MSME Sector" [ICT Scheme for short] envisages for a planned model of IT adoption in potential MSME clusters based on need analysis of stake holders. Under this scheme, 100 clusters will be benefited in respect of standardization of their business process, improvement in delivery time, reduction in inventory carrying cost, improvement in productivity and quality of production, controlling of cost and time, improved customer satisfaction etc., through need based ICT interventions.

Activities: The broad activities planned under the scheme include, identifying target cluster for ICT intervention, setting up of E-readiness infrastructure, developing web portals for clusters, skill development of MSME staff in ICT application, preparation of local software solution for MSMEs to enhance their competitiveness, construction of e-catalogue, e-commerce, etc. and networking MSME cluster portal on to National level Portal in order to outreach MSMEs into global markets. The components of assistance by GOI are in the areas of setting up e-Readiness Centres, subsidy for procurement of hardware and software, establishment of portal for MSMEs etc.

For more details, please contact:

MSME DEVELOPMENT INSTITUTE

Government of India, Ministry of MSME
Industrial Estate, Gokul Road, Hubli – 580 030
Phone: 0836 – 2330389; Telefax: 0836- 2335634
Email: dcdi-hubli@dcmsme.gov.in
