

GOOD AFTERNOON

&

WELCOME

TO

ALL

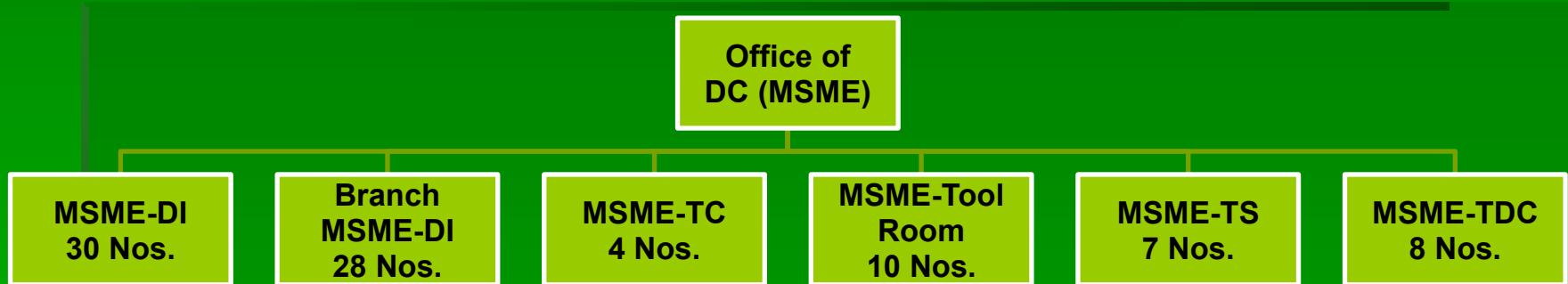
RESPECTED

DELEGATES

ROLE OF MINISTRY OF MSME

- Engage in promotion & development of MSME's in the country through framing policies and schemes.
- Implementing policies and schemes through its attached office namely O/o the Development Commissioner (MSME), Nirman Bhawan, New Delhi.

Organization Setup of DC (MSME)



MSME : Micro Small and Medium Enterprises

MSME-DI : MSME Development Institute

Branch MSME – DI : Branch Institute of MSME-DI

MSME-TC : MSME Testing Centre

MSME–Tool Room : MSME Tool Rooms

MSME-TS : MSME Testing Station

MSME-TDC : MSME Technology Development Centre

PROFILE OF MSME's (2009-10)

■ Estimated No. of MSME units	-	36.00 million
■ Number of Manufacturing Enterprise	-	16.00 million
■ Number of Service Enterprise	-	20.00 million
■ Number of Women Enterprise	-	3.10 million
■ Number of Rural Enterprise	-	15.20 million
■ Employment Provided	-	80.00 million
■ Per unit employment	-	3.24
■ Share in Industrial Production	-	40 %
■ Share in Exports	-	43 %
■ Total Number of Items Produced	-	Over 8000
■ Number of Reserved Items	-	20
■ Growth Rate		
- Industrial Growth Rate	-	7.70%
- MSME Growth Rate	-	10.80 %

ACTIVITIES OF DC (MSME)

- Office of the DC(MSME) is providing Techno- Managerial consultancy services for promotion and development of MSME's in the country for which it is running number of schemes & training including skill development programme.
- At a glance the important schemes being implemented by office of the DC (MSME) are given in next slides.

FISCAL BENEFITS

- ❑ General Excise exemption has been raised from Rs. 1 Cr. To Rs. 1.5. Cr. In the recent proposal submitted to Hon'ble Finance Minister, it is proposed to enhance this limit to Rs. 3 Cr.
- ❑ Eligibility limit to avail exemption benefit has been raised 3 Cr. To 4 Cr. it is proposed to enhance this limit to Rs. 5 Cr.
- ❑ Exemption of service tax has been increased from Rs. 8 lakh to Rs. 10 lakh in 2008-09, now it is propsoed to enhance this limit up to Rs. 25 lakh.



❑ Protection to Micro and Small Sector through reservation of products

❑ As on now 20 products are exclusive reserve for S.S. Sector



Credit Linked Capital Subsidy Scheme for Technology Up gradation

- Revised w.e.f. 29.09.2005.
- Revised scheme provides 15% capital subsidy (12% prior to 2005) for facilitating Technology Upgradation of Micro and Small Enterprises.
- The admissible capital subsidy under the revised scheme 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 also been raised Rs. 40 lakhs to Rs. 100 lakh w.e.f. 29-09.2005.

- Coverage : 48 Products/Sub-sectors.
- Total disbursement of subsidy under the scheme during 11th Plan amounts to Rs.826.69 crore .
- Since inception of the scheme 19835 units benefited under CLCSS and 1029 cr. subsidy disbursed till date.

MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)

- (MSME) launched MSE-CDP for holistic development of selected MSEs clusters through value chain and supply chain management on co-operative basis.
- Salient Feature of MSE-CDP: If more than 20-25 units doing same type of activity in an area, a cluster can be formed.
- Scope of the Scheme: The MSE-CDP broadly covers the activities as given in next slide

SOFT INTERVENTIONS

- ✓ **Diagnostic Study** – emphasis on all aspects for the overall development of clusters,
- ✓ **Forming Associations** – trust building and developing identity,
- ✓ **Workshops, Seminars, Awareness Campaigns, Training and Study Visits,**
- ✓ **Common Purchase at lower cost,**
- ✓ **Re-sourcing of better technology,**
- ✓ **Technology transfer through training demonstration,**
- ✓ **Apportion different aspects of production (Component approach) among units – leading to specialization.**
- ✓ **Common Complementary Sales and Branding,**
- ✓ **Easier credit – use of Micro Finance Credit Guarantee**
- ✓ **Hand holding supports in general**

HARD INTERVENTIONS

Technical intervention directed towards creation of fixed assets towards assistance for technology improvements, quality standardization, and testing facilities etc. in the form of Common Facility Centre, Common Tool Room, Common Testing ETP, etc.

FINANCIAL ASSISTANCE UNDER CDP

- Soft interventions: capacity building, exposure to enabled clusters, enhancing supply chain, up-scaling marketing channels and trust building - Max. project cost Rs.25 lakh, GOI contribution upto 75% (upto 90% for special categories).
- Hard interventions: setting up of Common Facility Centres - Max. project cost Rs.15 cr. – GOI contribution upto 70% (upto 90% for special categories).
- Creation/ up-gradation of physical infrastructure (IID Scheme) – Max. project cost Rs.10 crore, Max. GoI grant 60% (upto 80% for special categories).
- Total Interventions taken up under MSE-CDP – 733* +146=879.
- Ongoing : Hard intervention (CFCs) - 43; Soft Intervention – 74; Diagnostic Study – 83.

*DSR, SI, CFC counted separately..

ISO 9000/ISO 14001 Certification Reimbursement Scheme

- Incentive Scheme of Reimbursement of expenses for acquiring Quality Management System (QMS) ISO 9000 certification/ environment management (EMS) ISO 14001 certification to the extent of 75% or Rs.75,000/- whichever is lower.
- ***For individual SISIs/Ancillary/tiny and SSSBE units***
 - Progress since inception:
 - Total No. of Units Assisted : 22,953
 - Total Amount Disbursed : Rs.124.84 crore.

MSME Market Development Assistance Scheme

The scheme offers funding for:

1. Participation by manufacturing Small & Micro Enterprises in International Trade Fairs / Exhibitions under MSME India Stall.
 - ❖ This offers funding upto 75% in respect of to and fro air fare for participation by MSME Entrepreneurs in overseas fairs/trade delegations.
 - ❖ The scheme also provide for funding for producing publicity material (upto 25% of costs) Sector specific studies (upto Rs. 2 lakhs) and for contesting anti-dumping cases (50% upto Rs. 1 lakh) - *for individual MSMEs & Associations.*
2. Assistance for Bar Code Registration to MSME by reimbursement of 75% of one time registration fee (w.e.f. 1st January 2002) and 75% annual fees (recurring) (w.e.f. 1st June 2007) paid to GSI (Formerly EAN India) for first three years of bar code registration.

3. Sector specific market studies by Industry Associations / Export Promotion Councils / Federation of Indian Export Organisation.
4. **Purchase and Price preference policy:-** It is administered through the Single Point Registration Scheme of NSIC. Under this, 358 items are reserved for exclusive purchase from MSME by Central Government.

Other facilities include:

- tender documents free of cost,
- exemption from earnest money and security deposit and
- 15% price preference in Central Government purchases.

Public Procurement Policy

Salient features & Status

- Policy came into force from 1st April 2012.
- Every central Ministry /Dept./Central PSUs shall set an annual target for 20% procurement from MSE Sector.
- Overall procurement goal of minimum 20% shall be mandatory w.e.f. 1st April, 2015.
- A sub-target of 4% out of 20% target of annual procurement from Micro and Small Enterprises(MSEs) shall be earmarked for procurement from MSEs owned by SC/STs.
- Policy circulated to all Central Govt. Depts. and CPSUs.
- Their procurement profile is being prepared.

Skill Development Programme

- In XI year plan this has taken high priority area
- For proper implementation of the programme 'National council on Skill Development' headed by Prime Minister of India has been constituted.
- National Skill Development Co-Ordination board constituted by Planning Commission which has been renamed now as NITI Ayog.
- Target of 5000 million people by 2020.
- Trained 3.45 lakhs and 4.25 lakhs (approx) trainees in 2010-11 and 2012-13 respectively.
- Target for future is to train 5 lakhs people per year
- Ministry also provide such trainee to disadvantage section of society like training for SC/ST candidates free of cost
- No. of programme are organized for women and other weaker section of society free of cost besides providing monthly stipend of Rs. 500/- p.m. during the training

Formation of National Board of MSME

- Common platform to interact with entrepreneur, bankers, policy makers, promotional bodies to short out the issues/problems being faced by MSMEs for its better growth.
- To focus on priority sector for the development and opportunities for employment generation.

Prime Minister's Employment Generation Programme (PMEGP)

- Introduced on the occasion of 61st anniversary of Independence Day by merging earlier two schemes i.e. P.M.R.Y. and R.E.G.P.
- Implemented through K.V.I.C., State Khadi and village industries board like DKVIB, DIC, Commissioner of Industries etc.
- Cost limit under manufacturing sectors is Rs. 25 lakhs while for business/service sector is Rs. 10 lakhs.

- The subsidy level under PMEGP are as under:-
- Categories of beneficiaries

Rate of subsidy			
Area	Owner's Contribution	Urban	Rural
General	10%	15%	25%
SC/ST/OBC/ PH/NER	5%	25%	35%

Rajeev Gandhi Udyami Mitra Yojna

- For promotion and hand holding support to MSMEs.
- Targeted to Assist 1st generation Entrepreneurs who have already completed Entrepreneurship skill development training atleast two week duration or have undergone vocational training from ITI's
- Implemented through various lead agencies i.e. Udyami Mitras viz:- EDIs, central/states public sector enterprises/ NGOs/ Industries Associations

Credit Guarantee Scheme

To make easy availability of the loan to MSME's ,the Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises for Collateral free loans upto a limit of Rs.50 lakhs .

Mini Tool Rooms

- Provide assistance upto 90% or Rs.9.00 crores, whichever is less for setting up new Mini Tool Rooms.
- For upgradation of existing Tool Rooms, assistance is 75% or Rs.7.5 crores - *for State Governments.*

Assistance to Entrepreneurship Development Institutes

- For strengthening training infrastructure in EDIs, assistance upto 50% or Rs. 50 lakhs whichever is less - *for State Governments.*

Scheme of National Award

- ◆ To encourage Entrepreneurship, Quality of the product and Research & Development work, Ministry has launched a scheme of '**National Awards**' in following categories:
 - ✓ **For Outstanding Entrepreneur.**
 - ✓ **For Research & Development work.**
 - ✓ **For Quality Products for selected group of products.**

SCHEME TO SUPPORT 5 SELECTED UNIVERSITY / COLLEGES TO RUN 1200 ENTREPRENEURSHIP CLUBS PER ANNUM

A package for the promotion of Micro and Small Enterprises, based on the Circular No.2(6)/2006-MSME Policy dated the 7th November,2006 has been approved by the Cabinet Committee for Economic Affairs (C.C.E.A.).

Performance & Credit Rating Scheme

Performance & Credit Rating Scheme for manufacturing SME's is being implemented with the objective of assisting the MSE's in obtaining performance –cum-credit rating which would help them in improving performance and also accessing bank credit on better terms if the rating is high.

National Manufacturing Competitiveness Programme (NMCP) Schemes Under XIth Five Year Plan

- ◆ Formulated in 2005
- ◆ To support the Small and Medium Enterprises (SMEs) in their endeavor to become competitive and adjust the competitive pressure caused by liberalization and moderation of tariff rates.

National Manufacturing Competitiveness Programme (NMCP) for MSME Sector

Challenges faced by Indian MSMEs

- Access to Technology
- I.P.R. related issues,
- Design as market driver
- Wasteful usage of manpower
- Energy in-efficiency and associated high cost
- Low IT usage
- Low Market penetration
- Quality assurance / certification.

National Manufacturing Competitiveness Programme (NMCP) for MSME Sector

Objectives

- Focus on increasing competitiveness of MSME sector
- Key initiative for survival of MSMEs in domestic / international markets
- Implementation in PPP

Challenges for implementation

- Supply side initiative
- Fear of MSMEs in disclosing data .
- MSMEs are hesitant in investing their contribution.

1. Lean Manufacturing Scheme

Objective:

- Lean Manufacturing (LM) is Better Production of Goods by
 - ❖ Eliminating Non-value Added Activities / Wastes
 - ❖ Helping to Produce More with Same Resources
- LM is very important of Quality and Cost Management tools
- Initially cluster units to be made aware regarding lean techniques
- 'Mini Clusters' of 10 units (appx.) to be created
- SPV to be formed by 'Mini Cluster'.
- GOI : Private Share – 80:20
- Scheme is under operation on pilot basis for 100 mini clusters
- NPC is working as Monitoring & Implementing Agency

2. Design Clinics Scheme

Objective:

- To Bring the industrial design fraternity closure to the MSME sector
- Increase the competitiveness of local products / services through design
- Develop an institutional base for the industry's design requirement

Major activities :

- Design projects for individual MSME or a group of MSMEs
- Students Projects
- Orientation Programme for Designers
- NID to work as a nodal agency
- IISC has recently been included to act as nodal agency. Effort is being made to rope in CSIR for nodal agency.

3. Technology and Quality Upgradation Support (TEQUP)

Objective:

- Focuses on Energy Conservation, CDM & Product Certification

Activities Proposed:

- Credit Linked subsidy for EET Projects (25 %)
- Cluster level CDM initiatives
- Encourage MSMEs through subsidy to acquire National as well as International Certification of Products

4. Promotion of ICT in MSME sector

Objectives:

- Demonstrative Programme for 100 clusters

Implementation in following areas:

- ICT Awareness, through IT Cos.
- Encourage to use CLOUD computing so as to convert capex as opex
- Introduction of SaaS, PaS and IaS
- Setting up national portal for integration of websites
- SFC to be done, survey under progress (171 + 200)

ISSUES:

Privacy laws non existent in India
Issues of last mile access
Standard SLAs acceptable to service provider not in place

5. Marketing Assistance and Technology Upgradation Scheme for MSMEs

Objectives:

- To assist MSMEs in expanding their market base in national / global markets

Major activities:

- Technology upgradation in packaging
- Skill upgradation /development for Modern marketing techniques
- Special component for NER clusters
- State/District level local exhibitions
- Corporate governance practices
- Marketing hubs for B2B meets
- Reimbursement to ISO 18000/22000/27000 certification

6. Awareness on I P R

Objectives:

- IPR Tools :
 - Ω Patents Ω Trademark Ω Indl. Design
 - Ω Copyrights Ω G.I. Ω Trade Secret
- Most MSMEs are unaware of IPR Benefits / Norms
- Focused Activities
 - ❖ Awareness & Sensitization Programmes
 - ❖ Pilot Study
 - ❖ Interactive Seminars / Workshops
 - ❖ Short / Long Term Training
 - ❖ IP Facilitation Centre
 - ❖ Assistance for Grant on Patent / GI Registration
- 25 IPFC Sanctioned, 17 Functional, 142 awareness programmes, 43 workshop, 7 Short Term Trg., 2 Pilot studies.

7.Incubators

Objectives:

- Assist Incubation of Innovative Ideas
- Promote Emerging Technological & Knowledge-based Innovative Ventures
- Encourage Ideas to Become MSMEs
- 100 BIs to be Located in engineering colleges, management institutions and R&D Institutes @ 25 p.a in 4 yrs.
- Govt. Grant (Max. 85%) = Rs.4 - 8 lakh per Idea
- Each BI to Assist 10 Ideas / Units – Max. Rs.62.5 lakh + Rs.3.78 for Infrastructure & Training.
- BIs to support and Nurture ideas for commercialization in a year

8. Quality Mgt. Systems/Tools (QMS/QTT)

Objectives:

- Scheme to support awareness generation as well as implementation of Quality System Tools in MSME sector
 - ❖ Conforming to International Standards, 5S, S-sigma, TQM, TPM
 - ❖ GOI: SME contribution:: 75 : 25 (M) and 50 : 50 (S) (total 2.5 L per unit).

Major activities to propagate Quality Management in MSMEs are:

- ❖ Compulsory Courses in Govt . ITIs / Polytechnics
- ❖ Awareness Programmes in Clusters on QMS / QTT topics
- ❖ Implement Quality Mgt Techniques among MSMEs

Issues:

Lack of Support from M/o HRD

SME units not ready to contribute their share

9. Bar Code (NMCP component)

Objectives:

- Bar Coding assist in popularizing MSME Products, especially for Exports & Retail
- Bar Coding an effective Tool to improve marketability
- Reimbursement allowed :
 - 75% of one time registration fee and recurring fee (for first 3 years) for Bar Code License

Progress:

- About 900 SMEs benefited during 11th FY Plan with Exp. Of about Rs. 1.78 Cr.
- 2012-13- Expenditure 7.6 Lakh, 32 Units Benefited Released 1.13 Cr.

Issues:

Lengthy procedure for disbursement, lack of awareness,
Market controlled by retailers and exporters

10. Mini Tool Rooms on PPP Mode

Objectives:

- Scheme to Develop 15 new Mini Tool Rooms
 - For Technological Support to MSMEs
 - By Creating Capacities in the Private Sector
 - 'Mini Tool Rooms' can be set up, :
 - As Per Needs of Local Industry, at a cost upto Rs. 25 cr.

PPP is the Preferred Option (Model – I)

- - Private partner as promoter
 - VGF of 40% restricted to Rs. 9.00 cr.
 - Remaining resources by promoters
 - O & M by promoter

OR

10. Mini Tool Rooms on PPP Mode Contd..

Model- II (State PPP Model):

- SPV (State Govt. with private partner)
- 90% of cost of machinery, restricted to Rs. 9.00 cr.
- Remaining cost of M/c, L & B, recurring exp. by SPV.
- State Govt. share > 26%.
- O & M by SPV

OR

Model- III (Centre / State Model):

- State Govt. / State Govt. agency to identify Implementing Agency (IA)
- 90% of cost of machinery, restricted to Rs. 9.00 cr.
- Remaining cost of M/c, L & B, recurring exp. by IA
- O & M by IA

THANK YOU