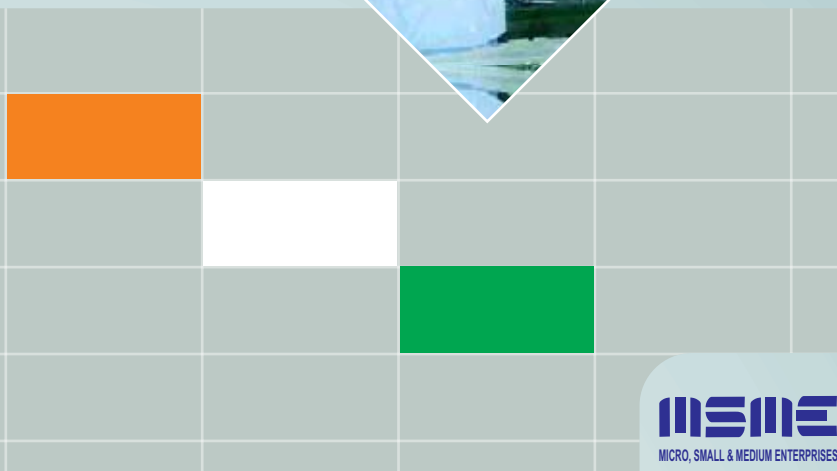


# ANNUAL REPORT 2010-11



**MSME**  
MICRO, SMALL & MEDIUM ENTERPRISES



सत्यमेव जयते

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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सत्यमेव जयते

# ANNUAL REPORT

## 2010-11

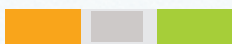
ANNUAL REPORT  
2010-11

**Government of India**  
**Ministry of Micro, Small and Medium Enterprises**

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## Abbreviations Used

Abbreviation	Full Form
ARI	Agro-Rural Industries
CCEA	Cabinet Committee on Economic Affairs
CCRI	Central Coir Research Institute
CFTI	Central Footwear Training Institute
CICT	Central Institute of Coir Technology
CGTMSE	Credit Guarantee Trust for Micro and Small Enterprises
CLCSS	Credit Linked Capital Subsidy Scheme
CPIO	Central Public Information Officer
DC (MSME)	Development Commissioner (Micro, Small and Medium Enterprises)
DIs	Development Institutes
EDP	Entrepreneurship Development Programme
ESDP	Entrepreneurship-cum-Skill Development Programme
FFDC	Fragrance and Flavour Development Centre
FTS	Field Testing Station
Goi	Government of India
ICT	Information and Communication Technology
IIE	Indian Institute of Entrepreneurship
IPFC	Intellectual Property Facilitation Centre
IPR	Intellectual Property Rights

KVI	Khadi and Village Industries
KVIC	Khadi and Village Industries Commission
MGIRI	Mahatma Gandhi Institute for Rural Industrialisation
M/o MSME	Ministry of Micro, Small and Medium Enterprises
MSE	Micro and Small Enterprises
MSE-CDP	Micro and Small Enterprises – Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
MSMED Act	Micro, Small and Medium Enterprises Development Act
MSME-DI	Micro, Small and Medium Enterprises Development Institute
MSME-TC	Micro, Small and Medium Enterprises Testing Centres
MSME-TDC	Micro, Small and Medium Enterprises Technology Development Centres
MSME-TS	Micro, Small and Medium Enterprises Testing Stations
MSME-TR	Micro, Small and Medium Enterprises Tool Room
MSME-TI	Micro, Small and Medium Enterprises Training Institute
NB MSME	National Board for Micro, Small and Medium Enterprises
NER	North-Eastern Region
NIESBUD	National Institute for Entrepreneurship and Small Business Development
NIMSME	National Institute for Micro, Small and Medium Enterprises
NMCP	National Manufacturing Competitiveness Programme
NSIC	National Small Industries Corporation Limited

NTSC	NSIC Technical Service Centre
PMEGP	Prime Minister's Employment Generation Programme
QMS	Quality Management System
QTT	Quality Technology Tools
R&D	Research & Development
REGP	Rural Employment Generation Programme
REMOT	Rejuvenation, Modernisation and Technology Upgradation of the Coir Industry
RGUMY	Rajiv Gandhi Udyami Mitra Yojana
RTI	Right to Information
SDP	Skill Development Programme
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SME	Small & Medium Enterprises
SSI	Small Scale Industries
TDC	Technology Development Centres



1

**Introduction**



*Shri Virbhadra Singh, Union Minister of MSME addressing the Conference of ASSOCHAM*





# INTRODUCTION

## 1.1 BACKGROUND

1.1.1 Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises credited with generating the highest rates of employment growth, account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. The socio-economic policies adopted by India since the Industries (Development and Regulation) Act, 1951 have laid stress on MSMEs as a means to improve the country's economic conditions.

1.1.2 MSMED Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The salient features of the Act include:

- Setting up of a National Board for MSMEs
- Classification of enterprises
- Advisory Committees to support MSMEs

- Measures for promotion, development and enhancement of MSMEs
- Schemes to control delayed payments to MSMEs
- Enactment of rules by State Governments to implement the MSMED Act, 2006 in their respective States

On 9 May 2007, subsequent to an amendment of the Government of India (Allocation of Business) Rules, 1961, the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of Micro, Small and Medium Enterprises (MSME). This Ministry now designs policies and promotes/facilitates programmes, projects and schemes and monitors their implementation with a view to assisting MSMEs and help them scale up.

1.1.3 The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of

India, supplements the efforts of the State Governments through different initiatives. The role of the Ministry of Micro, Small and Medium Enterprises (M/o MSME) and its organisations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/programmes undertaken by the Ministry and its organizations seek to facilitate/provide: i) adequate flow of credit from financial institutions/banks; ii) support for technology upgradation and modernization; iii) integrated infrastructural facilities; iv) modern testing facilities and quality certification; v) access to modern management practices; vi) entrepreneurship development and skill upgradation through appropriate training facilities; vii) support for product development, design intervention and packaging; viii) welfare of artisans and workers; ix) assistance for better access to domestic and export markets and x) cluster-wise measures to promote capacity-building and empowerment

of the units and their collectives.

1.1.4 The majority of people living in rural areas draw their livelihood from agriculture and allied sectors. However, the growth and balanced development of other sectors such as industry and services is also necessary to sustain the growth of Indian economy in an inclusive manner. The Government of India is striving to improve the economic and social conditions of rural population and non-farm sector through a host of measures including creation of productive employment opportunities based on optimal use of local raw materials and skills as well as undertaking interventions aimed at improving supply chain; enhancing skills; upgrading technology; expanding markets and capacity building of the entrepreneurs/artisans and their groups/collectives. The details regarding Schemes being implemented by the Ministry are given in the subsequent Chapters.

## 1.2 ORGANISATIONAL SET-UP

1.2.1 The Ministry of MSME is having two Divisions called Small & Medium Enterprises (SME) Division and Agro & Rural Industry (ARI) Division. The

SME Division is allocated the work, inter-alia, of administration, vigilance and administrative supervision of the National Small Industries Corporation (NSIC) Ltd., a public sector enterprise and the three autonomous national level entrepreneurship development/training organisations. The Division is also responsible for implementation of the schemes relating to marketing and export promotion. SME Division is also responsible for preparation and monitoring of Results-Framework Document (RFD) as introduced in 2009 by the Cabinet Secretariat under Performance Monitoring and Evaluation System (PMES). The ARI Division looks after the administration of two statutory bodies viz. the Khadi and Village Industries Commission (KVIC), Coir Board and a newly created organization called Mahatma Gandhi Institute for Rural Industrialisation (MGIRI). It also supervises the implementation of the Prime Minister's Employment Generation Programme (PMEGP).

1.2.2 The Ministry is duly assisted in its efforts by its attached office viz., Office of the Development Commissioner (MSME) {O/o DC

(MSME)}; the Khadi and Village Industries Commission (KVIC); the Coir Board; the Mahatma Gandhi Institute for Rural Industrialization (MGIRI); the National Small Industries Corporation (NSIC) Ltd. and the three autonomous national level entrepreneurship development/training institutes, viz., National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA; National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad and Indian Institute of Entrepreneurship (IIE), Guwahati.

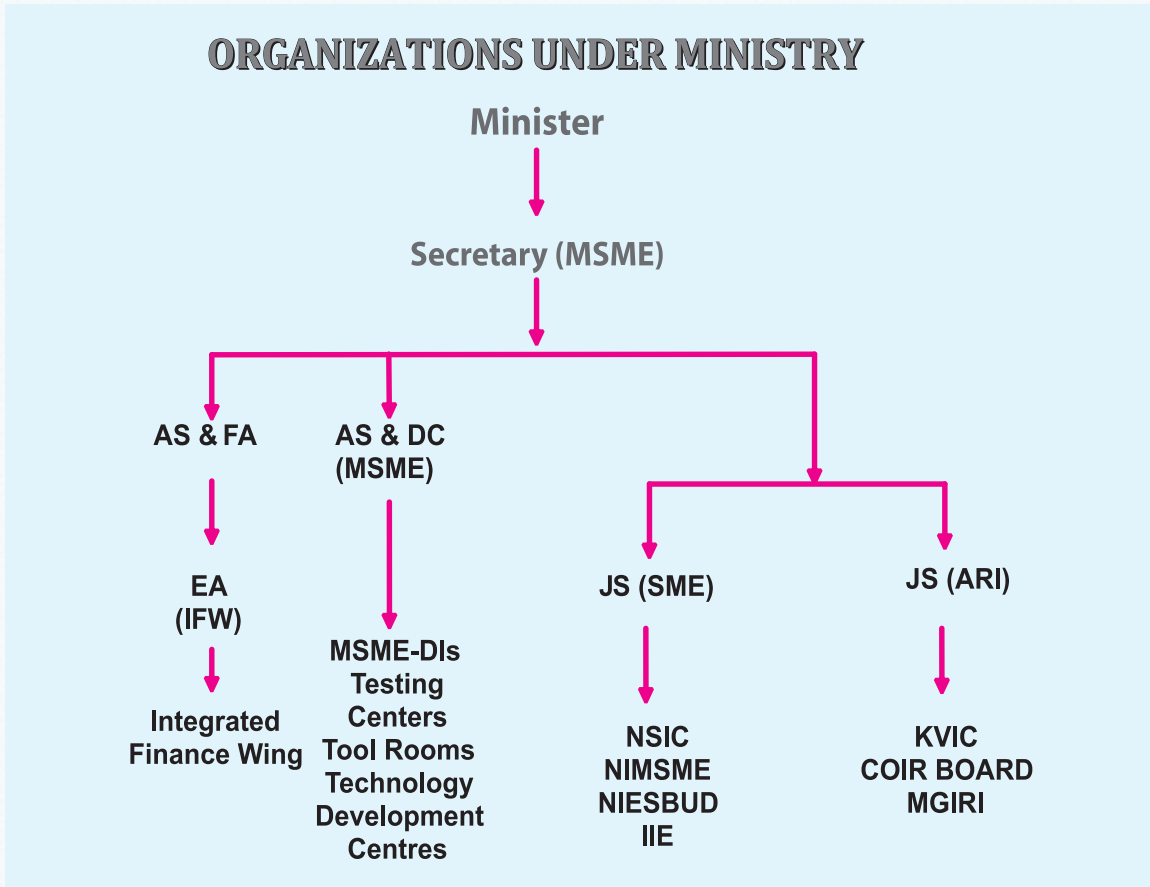
1.2.3 The Government established the National Board for Micro, Small and Medium Enterprises (NBMSME) under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made thereunder. The Board examines the factors affecting promotion and development of MSMEs and reviews policies and programmes from time to time relating to these enterprises and makes recommendations to the Government in formulating the

policies for the growth of MSMEs.

following organogram:-

1.2.4 The organizational structure of the Ministry is depicted in the

The details regarding the attached office and other organizations of the



Ministry are given in the following paragraphs.

**1.3 OFFICE OF THE DEVELOPMENT COMMISSIONER (MICRO, SMALL AND MEDIUM ENTERPRISES) {O/o DC (MSME)}**

1.3.1 The Office of the Development Commissioner (Micro, Small and Medium Enterprises) {O/o DC

(MSME)} [earlier known as O/o DC (SSI)], assists the Ministry in formulating, coordinating, implementing and monitoring different policies and programmes for the promotion and development of MSMEs in the country. In addition, it provides a comprehensive range of common facilities, technology support services, marketing assistance, etc., through its network

of 30 MSME Development Institutes (MSME - DIs); 28 Branch MSME-DIs; 4 MSME Testing Centres (MSME-TCs); 7 Field Testing Stations (MSME-TSs); 18 Autonomous Bodies - which include 10 MSME Tool Rooms (MSME-TRs); 6 MSME Technology Development Centres (MSME-TDCs) and 2 MSME Footwear Training Institutes (MSME-TDC-CFTIs). There are also 2 Departmental Training Institutes (MSME-TIs). The Office implements a number of Schemes for the MSME sector, the details of which have been duly incorporated in Chapter – IV.

#### **1.4 KHADI & VILLAGE INDUSTRIES COMMISSION (KVIC)**

1.4.1 The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956, is a statutory organization engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy. The KVIC has been identified as one of the major organizations in the decentralized sector for

generating sustainable rural non-farm employment opportunities at low per capita investment. This also helps in checking migration of rural population to urban areas in search of the employment opportunities. The details of role and functions of KVIC are mentioned in Chapter – V.

#### **1.5 MAHATMA GANDHI INSTITUTE FOR RURAL INDUSTRIALISATION (MGIRI)**

1.5.1 The national level institute namely ‘Mahatma Gandhi Institute for Rural Industrialization (MGIRI)’ (erstwhile Jamnalal Bajaj Central Research Institute) has been established as a society under Societies (Registration) Act, 1860 at Wardha, Maharashtra, to strengthen the R&D activities in khadi and village industry sectors. The main functions of the Institute are to improve the R&D activities under rural industrial sector through encouraging research, extension of R&D, quality control, training and dissemination of technology related information. The details of the institute are provided in Chapter – VI.

## 1.6 COIR BOARD

1.6.1 The Coir Board is a statutory body established under the Coir Industry Act, 1953 for promoting overall development of the coir industry and improving the living conditions of the workers engaged in this traditional industry. The activities of the Board for development of coir industries, *inter-alia*, include undertaking scientific, technological and economic research and development activities; developing new products & designs; and marketing of coir and coir products in India and abroad. It also promotes co-operative organisations among producers of husks, coir fibre, coir yarn and manufacturers of coir products; ensuring remunerative returns to producers and manufacturers, etc. The Board has promoted two research institutes namely; Central Coir Research Institute (CCRI), Kalavoor, Alleppey, and Central Institute of Coir Technology (CICT), Bengaluru for undertaking research activities on different aspects of coir industry, which is one of the major agro based rural industries in the country. The details of activities about

the Coir sector are mentioned in Chapter – VII.

## 1.7 NATIONAL SMALL INDUSTRIES CORPORATION LTD (NSIC)

1.7.1 The National Small Industries Corporation (NSIC) Ltd. was established by the Government as a Public Sector Company in 1955. The main functions of the Corporation are to promote, aid and foster the growth of MSMEs in the country, generally on a commercial basis. It provides a variety of support services to MSMEs catering to their different requirements in the areas of raw material procurement; product marketing; credit rating; acquisition of technologies; adoption of modern management practices, etc. Detailed activities of the Corporation may be found in Chapter – VIII.

## 1.8 NATIONAL ENTREPRENEURSHIP DEVELOPMENT INSTITUTES

1.8.1 Entrepreneurship development and training is one of the key elements for the promotion of MSMEs, especially for creation of new

enterprises by the first generation entrepreneurs. In order to inculcate the entrepreneurial culture amongst the first generation of entrepreneurs on a regular basis, the Ministry has set up three national Entrepreneurship Development Institutes viz; National Institute for Entrepreneurship and Small Business Development (NIESBUD) (1983) at NOIDA (Uttar Pradesh), National Institute for Micro, Small and Medium Enterprises (NIMSME)(1960)atHyderabadandIndian Institute of Entrepreneurship (IIE) (1993) at Guwahati, as autonomous societies. These institutes are engaged in developing training modules; undertaking research & training; and providing consultancy services for entrepreneurship development & promotion of MSMEs, including enhancementoftheircompetitiveness. The role, function and activities of the

NIESBUD, NIMSME and IIE have been mentioned in Chapter - IX.

## 1.9 NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES (NBMSME)

1.9.1 In pursuance of the MSME Development Act, 2006, a National Board for Micro, Small & Medium Enterprises consisting of a total of 47 members has been constituted. The 20 non-official members on the Board represent industry associations of MSMEs from all over the country while the other 27 members comprise of Members of Parliament, Ministers of six State Governments, representatives of RBI, Banks etc. Meetings of the Board are held regularly and various issues relating to development of MSMEs are discussed and remedial measures are undertaken in consultation with the concerned departments/ agencies.





# 2 | (a) Growth and Performance of Micro, Small & Medium Enterprises (MSMEs) and (b) 4<sup>th</sup> Census of MSME



*Shri Uday Kumar Varma, Union Secretary (MSME) addressing the participants during Entrepreneurship Development Programme*



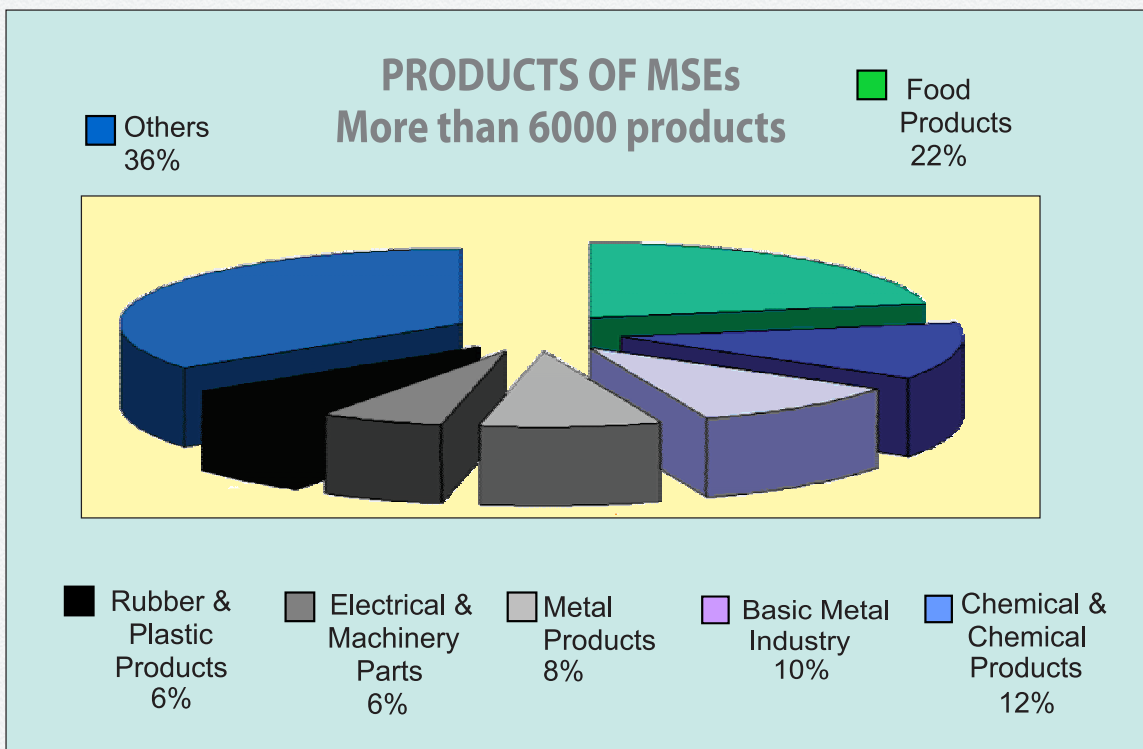


## [a]GROWTH AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) AND [b] 4<sup>th</sup> CENSUS OF MSME

### 2.1 OVERVIEW OF THE MSME SECTOR

2.1.1 The micro, small and medium enterprises (MSME) sector contributes significantly to the manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the

manufacturing output and 40 percent of the total exports of the country. The sector is estimated to employ about 59 million persons in over 26 million units throughout the country. Further, this sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6000 products ranging from traditional to high-tech items, which



are being manufactured by the MSMEs in India. It is well known that the MSME sector provide the maximum opportunities for both self-employment and jobs after agriculture sector.

2.1.2 Recognizing the contribution and potential of the sector, the definitions and coverage of the MSE sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of “enterprise” to include both manufacturing and services sector besides, defining the medium enterprises. For collecting and compiling the data for the MSME sector (including khadi, village and coir industries), the Fourth All India Census of MSMEs with reference year 2006-07, was launched during 2007-08 in the country. The collection of data from the registered part, namely the Census units has been completed and a Report

on “Quick Results of 4th All India Census” comprising the data of registered MSMEs and some data on unregistered MSMEs extracted from Economic Census (EC-2005) have been brought out. This has provided the first database on the MSME sector after the enactment of MSME Development Act, 2006. The collection of data from the unregistered sector by way of the sample survey, forming part of the 4th All India Census is under progress.

## 2.2 PERFORMANCE OF MSEs

2.2.1 The Office of the DC (MSME) provides estimates in respect of various performance parameters relating to the Sector. The time series data in respect of the Sector on various economic parameters is incorporated in the following Table 2.1. It may be mentioned that data with respect to MSMEs have been collected/compiled for the first time in 2006-07 and hence include both the industry and service sectors. Till the year 2005-06, data in the Table 2.1 refer to micro and small scale industry only.

**TABLE 2.1 : MSMEs Performance: Units, Investment, Production, Employment & Exports**

Sl. No.	Year	Total MSMEs (lakh numbers)	Fixed Investment (Rs. Crore)	Production (Rs crore)	Employment (lakh person)	Exports (Rs. crore)
				Current Prices		
1	1992-93	73.51	109623	84413	174.84	17784
		(4.07)	(9.24)	(4.71)	(5.33)	(28.10)
2	1993-94	76.49	115795	98796	182.64	25307
		(4.07)	(5.63)	(17.04)	(4.46)	(42.30)
3	1994-95	79.60	123790	122154	191.40	29068
		(4.07)	(6.9)	(23.64)	(4.79)	(14.86)
4	1995-96	82.84	125750	147712	197.93	36470
		(4.07)	(1.58)	(20.92)	(3.42)	(25.46)
5	1996-97	86.21	130560	167805	205.86	39248
		(4.07)	(3.82)	(13.60)	(4.00)	(7.62)
6	1997-98	89.71	133242	187217	213.16	44442
		(4.07)	(2.05)	(11.57)	(3.55)	(13.23)
7	1998-99	93.36	135482	210454	220.55	48979
		(4.07)	(1.68)	(12.41)	(3.46)	(10.21)
8	1999-00	97.15	139982	233760	229.10	54200
		(4.07)	(3.32)	(11.07)	(3.88)	(10.66)
9	2000-01	101.1	146845	261297	238.73	69797
		(4.07)	(4.90)	(11.78)	(4.21)	(28.78)

Sl. No.	Year	Total MSMEs (lakh numbers)	Fixed Investment (Rs. Crore)	Production (Rs crore)	Employment (lakh person)	Exports (Rs. crore)
				Current Prices		
10	2001-02	105.21	154349	282270	249.33	71244
		(4.07)	(5.11)	(8.03)	(4.44)	(2.07)
11	2002-03	109.49	162317	314850	260.21	86013
		(4.07)	(5.16)	(11.54)	(4.36)	(20.73)
12	2003-04	113.95	170219	364547	271.42	97644
		(4.07)	(4.87)	(15.78)	(4.31)	(13.52)
13	2004-05	118.59	178699	429796	282.57	124417
		(4.07)	(4.98)	(17.90)	(4.11)	(27.42)
14	2005-06	123.42	188113	497842	294.91	150242
		(4.07)	(5.27)	(15.83)	(4.37)	(20.76)
15	2006-07	261.01	500758	709398	594.61	182538
		(111.48)	(166.20)	(42.49)	(101.62)	(21.50)
16**	2007-08	272.79	558190	790759	626.34	202017
		(4.51)	(11.47)	(11.47)	(5.34)	(10.67)
17**	2008-09	285.16	621753	880805	659.35	N. A.
		(4.53)	(11.39)	(11.39)	(5.35)	
18**	2009-10	298.08	693835	982919	695.38	N. A.
		(4.53)	(11.59)	(11.59)	(5.47)	

The figures in brackets show the percentage growth over the previous year. The data for the period up to 2005-06 is of small scale industries (SSI). Subsequent to 2005-06, data with reference to micro, small and medium enterprises (MSMEs) are being compiled.

\*\*Projected {Source: S&D Division – Office of the DC (MSME)}

## 2.3 PERFORMANCE OF THE SECTOR IN NORTH EASTERN REGION

2.3.1 The estimated number of registered working MSE units

in North-Eastern region, their fixed investment, production and employment for the year 2009-10 (*Projected*) have been incorporated in the Table 2.2: -

TABLE 2.2: North East and the MSEs (2009-10) (Projected).

Name of the State	Year	Sikkim	Arunachal Pradesh	Nagaland	Manipur	Mizoram	Tripura	Meghalaya	Assam	Total
Number of working enterprises	2006-07	123	451	1331	4507	3714	1253	3063	18671	33113
	2007-08	138	514	2109	4549	3940	1409	3469	20425	36553
	2008-09	209	621	4630	4689	4418	1621	3879	22056	42123
	2009-10	252	706	6280	4778	4770	1805	4287	23749	46626
Fixed Investment (Rs. crore)	2006-07	27.34	584.04	719.12	92.34	279.88	382.50	132.08	5249.82	7467.12
	2007-08	30.68	665.63	1139.49	93.25	297.08	430.17	149.51	5743.51	8549.32
	2008-09	46.46	804.20	2501.59	96.12	333.12	494.89	167.18	6202.15	10645.71
	2009-10	55.91	914.27	3392.81	97.95	359.66	551.07	184.77	6678.08	12234.51
Production (Rs. crore)	2006-07	49.56	256.49	1384.17	160.50	303.35	575.09	437.38	6805.62	9972.16
	2007-08	49.56	292.31	2193.15	161.94	321.90	646.73	495.37	7444.91	11605.88
	2008-09	55.60	353.16	4814.74	166.93	360.95	744.04	553.92	8039.41	15088.75
	2009-10	84.21	401.50	6530.05	170.10	389.71	828.50	612.18	8656.33	17672.57
Employment (Person)	2006-07	1151	5893	16149	16738	26015	18807	12896	133561	231210
	2007-08	1292	6718	25582	16877	27580	21149	14604	146039	259841
	2008-09	1956	8116	56162	17396	30926	24331	16331	157700	312919
	2009-10	2354	9227	76170	17726	33390	27093	18048	169802	353811

## 2.4 COMPARISON OF THE MICRO AND SMALL ENTERPRISES (MSEs) SECTOR WITH THE OVERALL INDUSTRIAL SECTOR

2.4.1 The MSE sector has maintained a higher rate

of growth vis-à-vis the overall industrial sector as would be clear from the comparative growth rates of production for both the sectors during last five years as incorporated in the Table 2.3: -

**TABLE 2.3: Comparative Data on Growth Rates of MSE Sector**

Year	Growth rates of 2001-02 base IIP (%age)	Over all Industrial Growth rates of sector (%age) #
2002-2003	8.68	5.70
2003-2004	9.64	7.00
2004-2005	10.88	8.40
2005-2006	12.32	8.20
2006-2007	12.60	11.60
2007-2008	13.00*	8.50
2008-2009	Not Available	2.80
2009-2010	Not Available	10.40

\*: Projected, IIP – Index of Industrial Production

#: Source- M/o Statistics and PI website - <http://www.mospi.gov.in>

## 2.5 CONTRIBUTION OF MSMEs IN THE GROSS DOMESTIC PRODUCT (GDP)

**TABLE 2.4: Contribution of MSEs in GDP**

Year	Contribution of MSEs (%) at 1999-2000 prices in	
	Total industrial production	Gross Domestic Product (GDP)
1999-2000	39.74	5.86

2000-2001	39.71	6.04
2001-2002	39.12	5.77
2002-2003	38.89	5.91
2003-2004	38.74	5.79
2004-2005	38.62	5.84
2005-2006	38.56	5.83
2006-2007	45.62	7.20
2007-2008	45.24	8.00
2008-2009	44.86	8.72

The data for the period up to 2005-06 is for small scale industries (SSI).

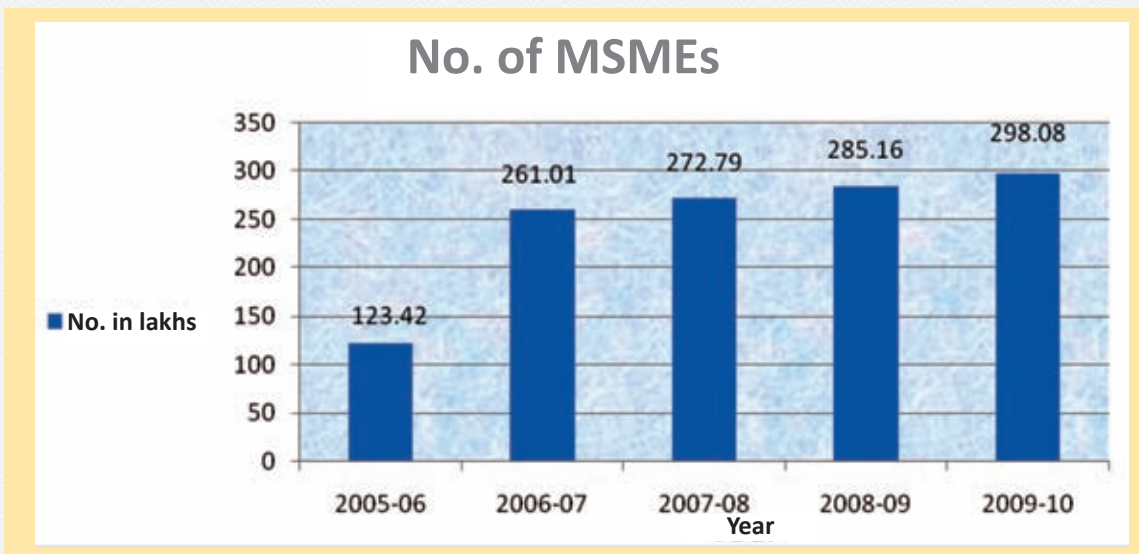
## 2.6 EMPLOYMENT IN MSME SECTOR

2.6.1 The total employment from the MSE sector (including SSSBEs) in the country as per the Fourth

Census of MSEs with Reference Year 2006-07 was 594.61 lakh numbers. As per the estimates compiled for the year 2009-10, the employment was 695.38 lakh persons in the sector.

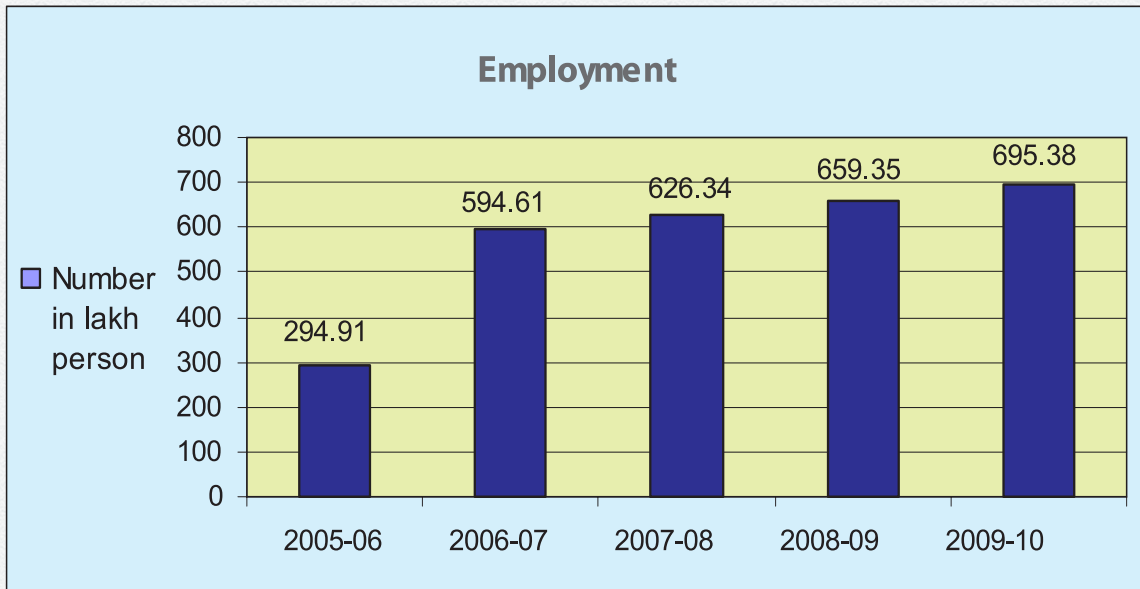
## 2.7 CHARTS SHOWING OTHER STATISTICS OF THE SECTOR

### a) Number of MSMEs



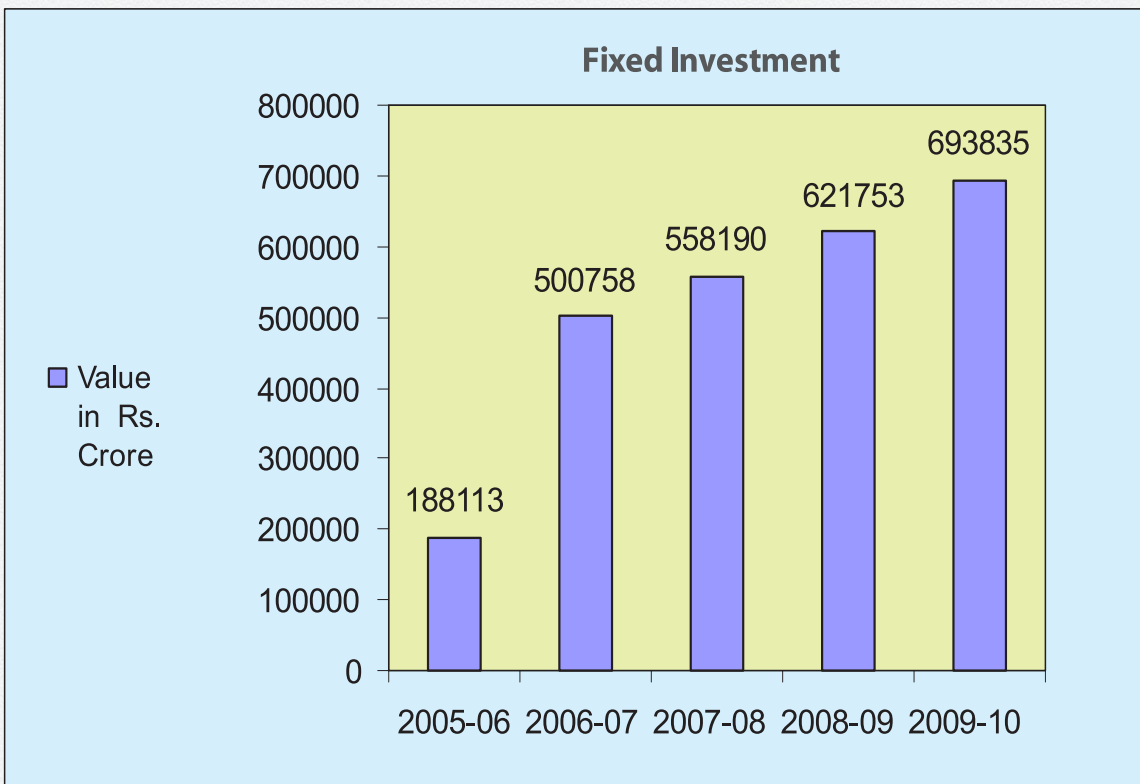
\* Projected data for the year 2007-08 to 2009-10. \*\* Data for 2005-06 pertain to small scale industries (SSI) only.

**b) Employment in MSME Sector**



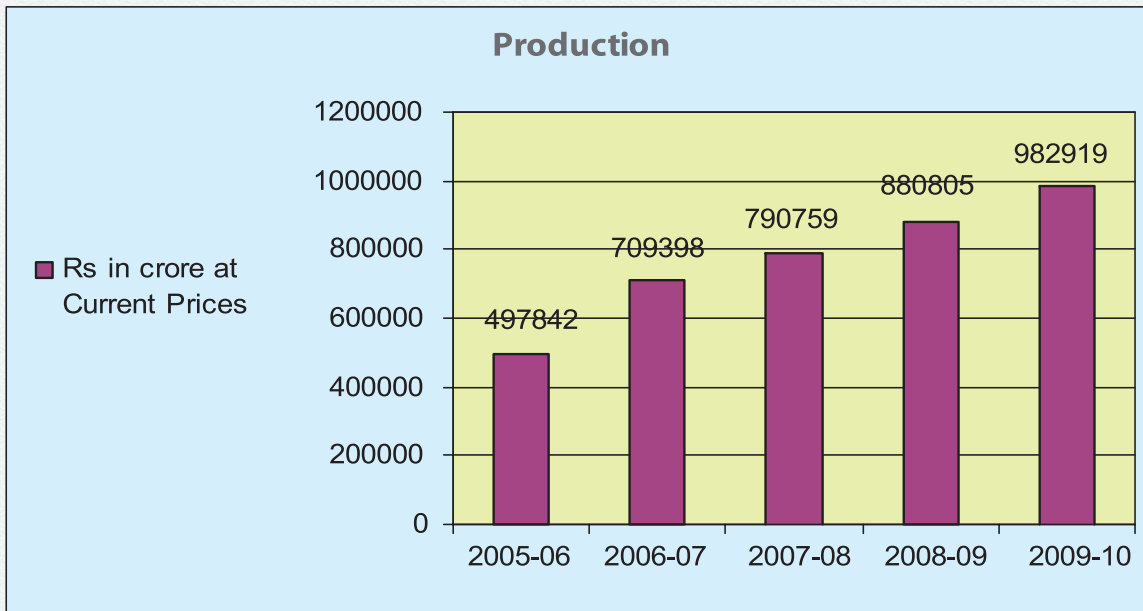
\* Projected data for the year 2007-08 to 2009-10. \*\* Data for 2005-06 pertain to small scale industries (SSI) only.

**c) Fixed Investment in MSME Sector**



\* Projected data for the year 2007-08 to 2009-10. \*\* Data for 2005-06 pertain to small scale industries (SSI) only.

#### d) Production in terms of Gross Output in MSME Sector



\* Projected data for the year 2007-08 to 2009-10. \*\* Data for 2005-06 pertain to small scale industries (SSI) only.

## 2.8 4<sup>TH</sup> ALL INDIA CENSUS OF MSMEs

2.8.1 Office of the Development Commissioner, M/o Micro, Small & Medium Enterprises, had so far conducted three censuses on micro and small enterprises. The latest being 4th Census conducted with reference period 2006-07 was completed during 2010-11.

### 2.8.2 Objectives of the 4th census

(i) To strengthen the database for the MSME i.e. collection of data in respect of number

of units, employment, production, extent of closure/sickness, clustering and other relevant economic parameters pertaining to micro, small and medium enterprises.

- (ii) To collect data on enterprises owned and/or managed by women, SC/ST and OBC.
- (iii) To collect data on Khadi and Village Industry units and Coir sector units and the units registered under Prime Minister's Rozgar Yojana (PMRY) scheme.

- (iv) To estimate the size of the unregistered MSME sector, including Khadi & Village Industries and Coir Industries through sample survey using Economic Census (EC-2005) frame of Central Statistical Organization.

### 2.8.3 Methodology of 4th Census:

- (i) As per the definition, all the enterprises with investment in plant and machinery up to Rs. 10.00 crore in the industrial sector and up to Rs. 5.00 crore in the services sector have been covered in the 4th census.
- (ii) With the available time and resources, it was decided that while the registered sector shall be enumerated completely, the method of sample surveys shall be adopted for obtaining the estimates for the unregistered sector. The estimates for the registered

and un-registered sector taken together will give a complete picture of entire MSME sector.

- (iii) Information on economic activity, type of organization, type of management, employment, fixed investment, products, gross output, exports, sickness and its causes etc., were collected from the registered units as well as from unregistered units. The data collected were for the year 2006-07.

### 2.8.4 Progress of 4th Census:

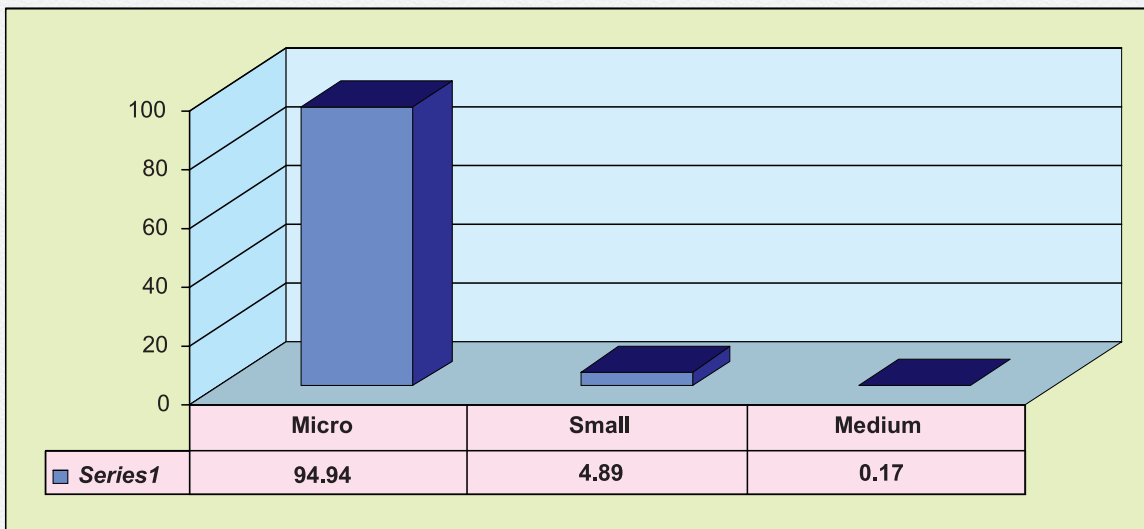
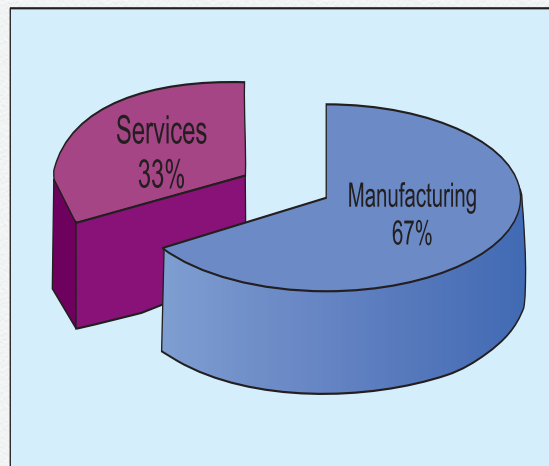
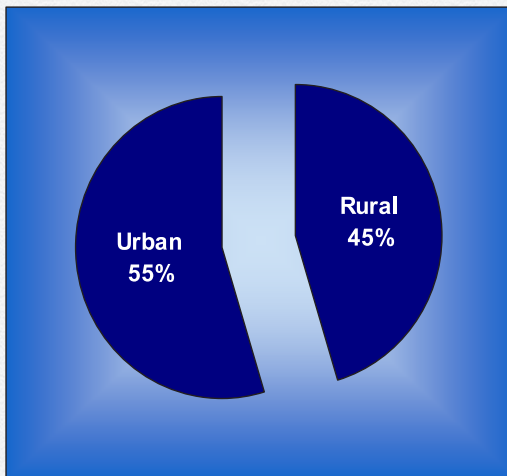
- (i) The quick results have been brought out based on the basis of data received from the States/UTs for registered part and extracted data-file of Economic Census 2005 for unregistered MSMEs.
- (ii) In order to estimate unregistered MSMEs in the country, a sample of 12,784 villages and 568 towns at all-

India level were selected for data collection of enterprises in these villages and towns. As on 31st December, 2010, 96% of the data collection work was completed.

The size of the registered MSME sector is estimated to be 15,63,974. Of the total working enterprises, the proportion of micro, small and medium enterprises were 94.94%, 4.89% and 0.17% respectively. This comprises of 67.10% manufacturing enterprises and 32.90% services enterprises. About 45.23% (7.07 lakh) of the units were located in rural areas.

**2.8.5 Estimates obtained from Registered MSMEs:**

**(i) Size of the registered MSME sector**



**(ii) Nature of activity**

67.10 % of the enterprises in the registered MSME sector were engaged in manufacturing/ assembling/processing, whereas 16.78 % of the units were engaged in services activities as may be seen from the Table given below. The remaining 16.13 % of the enterprises were engaged in the repair and maintenance.

Distribution by Nature of Activity	No. in lakh
Manufacturing/ Assembling/ Processing	10.49 (67.10%)
Services	2.62 (16.78%)
Repairing & Maintenance	2.52 (16.13%)
<b>Total</b>	<b>15.64 (100%)</b>

**(iii) Type of organization**

The table given below shows that 90.08 % of the enterprises in the registered MSME sector was proprietary concerns. About 4.01 % of the enterprises were run by partnerships and 2.78 % of the enterprises were run by private companies. The rest were owned

by public limited companies, cooperatives/trusts or others.

Distribution by type of Organization :	No. in lakh
Proprietary	14.09 (90.08%)
Partnership	0.63 (4.01%)
Pvt. Company	0.43 (2.78%)
Pub. Ltd. Company	0.08 (0.54%)
Cooperatives	0.05 (0.30%)
Others	0.36 (2.30%)

**(iv) Type of Management/ Ownership**

An enterprise (Manufacturing or Services) managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51% as partners/ share holders/ Directors of Private Limited Company/ Members of Co-operative Society is called a 'Woman Enterprise'. It was found that 13.72% (2.15 lakh) of the units in the registered MSME sector were women enterprises, whereas the share of enterprises actually

managed by females was also 13.72%.

No. of enterprises managed by :	No. in lakh
Male	13.49 (86.28%)
Female	2.15 (13.72%)
<b>Total</b>	<b>15.64 (100%)</b>
No. of women enterprises	2.15 (13.72%)

From the angle of community status, 7.60% of the enterprises were owned by Scheduled Caste (SC) entrepreneurs, 2.87% by Scheduled Tribe (ST) entrepreneurs and 38.28% by entrepreneurs of Other Backward Classes (OBCs). Thus, 48.75% of the working units in the registered MSME sector were being owned by socially backward classes.

Ownership by type of Social Category:	No. in lakh
Scheduled Caste(SCs)	1.19 (7.60%)
Scheduled Tribe(STs)	0.45 (2.87%)
OBCs	5.99 (38.28%)
Others	8.02 (51.26%)

In terms of religion, 81.22% units were owned by Hindu whereas domination of Muslim, Sikh and Christian was 9.11%, 3.31% and 4.12% respectively.

Ownership by type of Religion:	No. in lakh
Hindu	12.70 (81.22 %)
Muslim	1.43 (9.11%)
Sikh	0.52 (3.31%)
Christian	0.64 (4.12%)
Jain	0.08 (0.52%)
Buddhist	0.01 (0.07%)
Others	0.26 (1.64%)

The main findings of the census are given in Annexure IV (a). Details in respect of Industry Sector at 2-digit level of NIC classifications are given at Annexure IV (b).



Shri Virbhadra Singh, Union Minister of MSME addressing the conference of FISME in New Delhi



# 3 | Policy Initiatives



*MSME unit engaged in manufacturing Injection and Blow Moulds*





## POLICY INITIATIVES

### 3.1 IMPLEMENTATION OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

3.1.1 The MSME Development Act, 2006 came into being w.e.f. 2<sup>nd</sup> October 2006. Subsequently, both the Central and State Governments have taken effective steps towards implementation of the Act. While the Central Government has framed a number of Rules and issued Notifications in respect of the Act, different State Governments have also issued notifications under the Act as detailed below:-

**(i) Notification for Authority for receiving Memoranda for Micro and Small Enterprises (MSEs):** All States & UTs except Meghalaya and Mizoram

have issued the Notifications nominating authority for receiving Entrepreneurs Memorandum for MSEs.

**(ii) Notification of Rules of MSEFC:** All States & UTs with the exception of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Uttarakhand, Chandigarh and Lakshadweep have issued the Notifications providing for Rules of Micro and Small Enterprises Facilitation Council (MSEFC).

**(iii) Notification of Constitution of Micro and Small Enterprises Facilitation Council (MSEFC):** All States & UTs except Assam, Manipur, Meghalaya,

Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand and Lakshadweep have issued the Notifications for constitution of Micro and Small Enterprises Facilitation Council (MSEFC).

### 3.2 RESERVATION / DE-RESERVATION OF PRODUCTS FOR MANUFACTURE IN THE MICRO AND SMALL ENTERPRISE SECTOR

3.2.1 The Policy of Reservation of Products for Exclusive Manufacture in SSI (now MSEs) was initiated in 1967 with the objective of achieving socio-economic development, through development and promotion of small units all over the country. This was expected to counter the challenges of regional industrial imbalances, employment generation through self-employment ventures, increased productivity,

etc. However, with the gradual opening up of the economy, de-reservation had to be resorted to for providing opportunities to MSEs for technological up-gradation; promotion of exports and achieving economies of scale. Accordingly, the MSEs are being encouraged for modernization for enhancing their competitiveness for facing the challenges of liberalization and globalisation of the economy.

3.2.2 The items are reserved/de-reserved in accordance with Section 29(B) of the Industries (Development & Regulation) Act, 1951, which, inter-alia, provides for the constitution of an Advisory Committee headed by the Secretary (MSME). The Advisory Committee makes its recommendations for reservation/de-reservation in light of the factors like economies of scale; level of employment; possibility of encouraging and diffusing entrepreneurship in industry;

prevention of concentration of economic power to the detriment of the common interest and any other factor which the Committee may think appropriate. At present only 20 items are reserved for exclusive manufacture in micro and small enterprise sector. A list of items reserved for exclusive manufacture in micro and small enterprise sector is at Annexure V.

### **3.3 NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME (NMCP)**

3.3.1 Providing competitive edge to the units in the MSME Sector in the global environment has been one of the important cornerstones of the policies being pursued by the Government for sustenance of the sector.

3.3.2 With a view to building the capacity of the Indian micro, small and medium manufacturing

enterprises for overcoming competition in the global markets and facing challenges being posed by the entry of the multi-nationals in the domestic markets, the Ministry of MSME is implementing the National Manufacturing Competitiveness Programme (NMCP).

3.3.3 The objective of NMCP is to ensure healthy growth of the MSME Manufacturing Sector. The 10 components of the Programme dealing with the firm level competitiveness are being implemented in the Public-Private-Partnership (PPP) mode. The 10 components of NMCP address the entire gamut of manufacturing in the sector. The details of the components of the Programme and the status of their implementation are shown in the Table 3.1: -

### **3.4 Prime Minister's Task Force on Micro, Small and Medium Enterprises (PM Task Force)**

3.4.1 The Prime Minister had announced setting up of the

TABLE 3.1: Components of NMCP and Current Status

Sl. No.	Component with Short Name	Current Status
1.	Marketing Support / Assistance to MSMEs (BAR CODE)	Operational
2.	Support for Entrepreneurial and Managerial Development of SMEs through incubator (INCUBATOR)	Operational
3.	Setting up Mini Tool Room & Training Centres (MTR)	Operational
4.	Building Awareness on Intellectual Property Rights (IPR)	Operational
5.	National Programme for Application of Lean Manufacturing (LEAN)	Operational
6.	Enabling Manufacturing Sector to be Competitive through Quality Management Standards and Quality Technology Tools (QMS/QTT)	Operational
7.	Technology Upgradation and Quality Certification Support to SMEs (TEQUP)	Operational
8.	Marketing Assistance for SMEs and Technology Upgradation Activities (MARKETING)	Approved
9.	Design Clinic Scheme to bring Design expertise to the Manufacturing sector (DESIGN)	Operational
10.	Promotion of ICT in Indian Manufacturing Sector (ICT)	Operational

Task Force in August, 2009 when representatives of prominent MSME associations had met him to highlight their issues and concerns. Accordingly, the Task Force under Shri T.K.A. Nair, Principal Secretary to Prime Minister was constituted on

2nd September 2009 to reflect on the issues raised by the associations and formulate an agenda for action after discussions with all stakeholders. Its members included Member, Planning Commission, Secretaries of concerned Government

Departments, Deputy Governor, RBI, Chairman and Managing Director, SIDBI and representatives of MSME associations. The Report of the Task Force on Micro, Small and Medium Enterprises was presented to the Hon'ble Prime Minister on 30th January, 2010. The report provides a roadmap for the development and promotion of the Micro, Small and Medium Enterprises (MSMEs).

3.4.2 It made several recommendations including institutional changes and detailing of programmes, to be achieved in a time-bound manner. In addition, it suggests setting up of appropriate legal and regulatory structures to create a conducive environment for entrepreneurship and growth of micro, small and medium enterprises in the country.

3.4.3 The detailed recommendations covered 6 major thematic areas including credit, marketing, labour, rehabilitation and exit policy, infrastructure, technology and skill development and taxation. A separate section covered the development of MSMEs in the North-East and Jammu &

Kashmir. The implementation of these recommendations is being monitored periodically by the Steering Group constituted under the Chairmanship of Principal Secretary to the Prime Minister. Further, a Council on Micro, Small and Medium Enterprises (MSMEs) under the chairmanship of Hon'ble Prime Minister was constituted to review the development of the MSME sector periodically.

### 3.5 RAJIV GANDHI UDYAMI MITRA YOJANA

3.5.1 The objective of Rajiv Gandhi Udyami Mitra Yojana (RGUMY) is to provide handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed Entrepreneurship Development Training Programme (EDP) / Skill Development Training Programme (SDP)/ Entrepreneurship-cum-Skill Development Training Programme (ESDP) / Vocational Training Programmes (VT), through the selected lead agencies i.e. 'Udyami Mitras', in the establishment and management of the new enterprise, in dealing with various procedural and legal hurdles and

in completion of various formalities required for setting up and running of the enterprise. A new service component has been added under the scheme of RGUMY, which is as follows:

3.5.2 A 'Udyami Helpline' (a Call Centre for MSMEs) with a toll free No. 1800-180-6763 has been set up to provide information, support,

guidance and assistance to first generation entrepreneurs as well as other existing entrepreneurs to guide them regarding various promotional schemes of the Government, procedural formalities required for setting up and running of the enterprise and help them in accessing Bank credit etc.



**The Prime Minister, Dr. Manmohan Singh launched the MSME Udyami Helpline by making an inaugural call, in New Delhi on August 21, 2010.**

### 3.6 REFORMS IN KHADI SECTOR

3.6.1 An agreement between Asian Development Bank (ADB) and

KVIC was signed for loan assistance amounting to US \$ 150 million to KVIC from ADB over a period of three years

for implementing a comprehensive Khadi Reform Programme. This Reform Programme aims at revitalising the khadi sector for enhanced sustainability of khadi; increasing

incomes for spinners and weavers; increasing employment; enhanced artisans welfare and gradually enabling khadi institutions to stand on their own feet.



***Shri Kailash Vijayvargiya, Minister for Commerce and Industries, Govt. of Madhya Pradesh addressing the participants in a State level convention on Agro Technology (MSMEs)***

3.6.2 A new scheme titled 'Market Development Assistance (MDA)' Scheme was introduced w.e.f. 01.4.2010 replacing the erstwhile system of 'Rebate on Sale' of khadi

and khadi products with the approval of Cabinet Committee on Economic Affairs (CCEA). Implications (a) direct payment to artisan (b) Non seasonal – year round.

### 3.7 STRATEGIC ACTION PLAN OF MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

#### 3.7.1 CONTEXT

The role of micro, small and medium enterprises (MSMEs) in the economic and social development of the country is well established. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of its exports. The MSMEs provide employment to about 60 million persons through over 26 million enterprises producing over six thousand products. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than in the large industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion. It would be an understatement to say that MSME sector in India is highly heterogeneous in terms of

the size of the enterprises, variety of products and services produced and the levels of technology employed. Cutting across all sections of production and services, MSME sector is truly a strategic asset for the economy of the country.

On one hand, we have the village and rural industries including Khadi industry. Locationally, they are primarily in the rural landscape and provide an important ingredient of the local economic eco-system. In a significant number, they also are inter-related and inter-dependent on the agricultural/horticultural/other forest and non-forest produce. It adds wealth to the local economy and at the same time provides major employment and in the long run acts, as a bulwark against rural to urban migration. The challenge here is to provide grass-root and affordable technologies and ensure, at least primary processing at the village/cluster level to add value and reduce the costs of logistics. With the increase of educated youth power at the village level, the second challenge is to train them to set up their own rural level enterprises and

encourage them through policy as well as fiscal instruments. Diverting unproductive labour forces from agriculture sector to productive enterprises would add to rural economy and simultaneously reduce the disguised unemployment in agricultural sector.

On the other hand, in extreme contrast and the opposite side of the spectrum are the Micro, Small and Medium Enterprises who are producing an extremely wide ranging variety of goods which are exported as well as have to reach out to the domestic consumers, withstanding the removal of protectionist measures such as reservation for small scale as well as lowering of entry barriers for imported goods due to the WTO regime in place.

Withstanding such internal (from big domestic industries) and external competitions (imports) requires and necessitates them to be innately competitive whether in terms of design, manufacturing competence, marketing or market access.

A non-level playing field for MSME Sector, facing the odds like reluctance of banks/financial institutions for providing credit to MSMEs, lack of access to technology, inadequate marketing capabilities, etc., has pushed them towards the edge. Their threshold tolerance level to vicissitudes of markets and vagaries of banking system is so small that any adverse environment can have serious consequences leading to sickness or even closure.

With the addition of "Enterprises" as a definitional context of the ambit of the Ministry from 2006, (since the MSMED Act came into being) as also given the fact of the services sector growing at a far higher pace than the manufacturing sector, it poses completely different challenges for the Ministry for pro-active promotion of the Services Sector.

Given this extremely wide gamut of the constituency of the Ministry, the challenges are huge and exciting.

### **3.7.2 Vision, Mission, Objectives and Functions**

The vision of the Ministry of Micro, Small and Medium Enterprises is

to have a vibrant Micro, Small and Medium Enterprises (MSME) sector in India.

It is envisioned that the sector will have a healthy growth with a large number of enterprises being set up and their graduation by upscaling into small and medium enterprises. This would be accompanied by enhancement of their contribution to the GDP, manufacturing output, employment and exports. For those already established, their upward graduation to next higher levels of investments and market shares would be welcomed. On an organizational level, transition of the sector from a predominantly unorganized to the organized sector, would be welcomed.

The Mission of the Ministry is to promote growth and development of Micro, Small and Medium Enterprises, including Khadi, Village and Coir industries, in cooperation with concerned Ministries / Departments, State Governments and other stakeholders by providing support to existing enterprises and encouraging creation of new

enterprises. Our avowed mission is to remove roadblocks that prevent the establishment and growth of MSME sector whether the roadblocks are internal (policy/fiscal/investment/faulty tax regimes) or external (misuse of WTO regime including dumping, lack of access to export markets, etc.).

Presently, the MSME sector is associated, in public perception, with low quality standards. It is envisioned that the MSME sector will be upgraded through modern and new technologies to achieve global quality standards. Niche markets will be identified and developed for MSME products, including khadi and coir products.

The objective of the Ministry is to support and develop existing MSMEs; creation of new enterprises; support to Khadi, Village and Coir industries. The gamut of these objectives is a wide spectra of support to entrepreneurship and skill development of MSMEs and such other ancillary objectives so as to create a complete promotional eco system.

The functions of the Ministry include inculcation of entrepreneurial culture amongst youths, facilitation of credit flow to MSMEs, improving competitiveness of MSME, promotion of MSMEs through cluster-based approach, marketing support to MSMEs, creation of new Micro Enterprises through Prime Minister's Employment Generation Programme (PMEGP), support to Khadi and Village Industries (KVI) sector, support to Coir Industry, entrepreneurship and skill development.

### 3.7.3 Assessment of the Situation

#### 3.7.3.1 External Factors

As MSMEs are an integral part of the overall manufacturing and services value chains, both at the domestic and global level, several factors have a bearing on the growth of the sector. Any adverse policy regime may have a cascading disastrous impact on the MSMEs or a specific sub-sector. This is because of the low threshold of tolerance levels, which characterize MSMEs. These include:

(i) The availability (or rather the lack of it) of adequate budget

provision for implementation of the said policy.

(ii) The State Governments who shape various Government policies and take initiatives are also a major external factor. Merely a simple political act of diverting power from industrial units to agricultural sector effectively shuts down units (A very familiar trend). It has also been observed that even though the clusters of MSME pay a very high percentage of taxes, their infrastructural conditions are in an extremely poor shape because the plough-back by the State Government does not take place. Thus, populism is in an adversary to the development of healthy clusters of MSMEs.

The economic externalities which affect the sector are the following:-

(i) Overall domestic and global growth trends;

(ii) Domestic tax regime, particularly advent of Goods and Service Tax and Direct Tax Code;

- (iii) Policies governing the credit flow to the sector;
- (iv) Trade policies, including free trade agreements with other countries;
- (v) Labour policies, particularly multiplicity of labour laws and procedures for compliance of various labour regulations;
- (vi) Availability of infrastructure facilities, including power, water, roads, etc.;
- (vii) Availability of critical raw material at competitive prices;
- (viii) Availability of skilled manpower for manufacturing, services, marketing, etc.

The demographics as have been affected by the political landscape in the past provide another interesting externality which can adversely impact. Thus, in the States where there has been a history of migration due to low economic activity, new units find it very difficult to find skilled man-power. On the other hand, if investment

is made in skilling the man-power, post empowerment, it leads to migration once again due to lack of opportunity. North- Eastern States, Bihar, Jharkhand etc. suffer from this handicap. Up scaling the skill, infusion of new skill and entrepreneurship orientation are the major challenges before the Ministry.

The role of technology, as an external factor, is very significant.

Information Technology is a thread which runs through the entire sector. Access to information technology enabled services at an affordable cost would bring the MSME sector on a level playing field with bigger players. Various enabling software from designing to customer management and sales management are still beyond the reach of the MSME due to their higher cost. The challenge before the Ministry is to effectively enable trends in cloud computing which (as per Gartner) have reached a maturity level, within the reach of MSME.

Innovation being the strength of the MSME sector, it would be important to provide financial support to promote innovation and upscale them to withstand global competitions.

Various productivity improvements through application of industrial engineering concepts as well as technological upgradation of the MSMEs, whether through purchase of new technologies as well as machines, would be another challenge. The creation of a Technology Upgradation Fund enabling the MSME, (which generally suffer from low level of technology) to access world class technology would minimize external risks to tolerable levels.

With the TRIPS regime as well as the WTO regime, the legal contexts have suddenly become very important. The complexity can defy comprehension by average MSME, remedy can be beyond affordability and both together can translate into serious threat and in-conducive functional environment.

### 3.7.3.2 Stakeholders

The sector has a wide range of stakeholders including the regulators, facilitators and the beneficiaries. These stakeholders are listed below:

- (i) MSMEs (both existing and prospective) and their Associations;
- (ii) Large enterprises including multinationals (as procurer of goods and services);
- (iii) State/UT Governments;
- (iv) Central Ministries/ Departments;
- (v) Banks/Financial Institutions;
- (vi) Entrepreneurship and Skill Development Institutions, both in the public and private sector;
- (vii) Research and Development Institutions;
- (viii) Educational Institutions;
- (ix) Organisations under administrative control of the Ministry.

The role of the most major stakeholder i.e. MSME is obvious as they are The Client Group. But

they have to be helped in gaining a momentum of their own after which they would become a juggernaut. The other stakeholders which are in the Government space, through various policies can make life difficult and may hinder in letting the MSME gain this critical mass and momentum. A small Notification permitting the import of a specific item, ostensibly under WTO regime can give a problem to the entire sub-sector. Therefore, the need is to be extra-cautious.

### 3.7.3.3 Strengths and Weaknesses

The MSME sector is often driven by individual creativity. A major strength of the sector is its potential for greater innovation both in terms of products and processes. An inherent strength of the sector is that these enterprises can be set up with very small amounts of investments and have the locational flexibility to be located anywhere in the country. Their employment potential is higher compared to large enterprises and are presently estimated to employ 6 crore persons. They are amenable to ancillaryisation

and thus have natural linkages with large enterprises.

There exists a strong institutional structure at the State and Central level for the promotion and development of the sector. There is a well-spread network at the National, State and the local level for providing a comprehensive range of support services under marketing, technology, finance, infrastructure and skill development. The existing schemes/programmes of the Central and State Governments span across major areas of operations of MSMEs. These are administered by a workforce who are qualified but can be upgraded with additional inputs. An apex consultative body has been set up at the national level, namely, National Board for MSMEs, comprising of representatives of all sections of stakeholders for providing guidance/inputs in policy formulation and programme implementation.

Having said so, the sector suffers from a number of constraints and weaknesses. Of the 2.6 crore enterprises, a predominant number

is in the unorganized sector, often located in non-conforming urban zones. The sector is heterogeneous with pockets of high technology enterprises but majority suffering from low technology base resulting in low productivity and poor quality of products. The units being small in size also have poor access to equity and credit.

Most of the time, the equity is coming from savings and loans from friends and relatives rather than through banking systems. Very often, the credit is coming from operations or domestic savings rather than established systems of cheap banking credit for working capital. This problem is particularly acute for the village industries as well as the lower end of micro industries.

While we have large pool of human resources, this sector continues to face shortage of skilled manpower due to lack of paying capacity and poor managerial capabilities. Another major weakness is absence of marketing channels and brand building capacity.

The present structure also suffers from poor delivery of services at the field level. The schemes and programmes have limited outreach with a large number of very small schemes. There is a lack of coordination among the various organisations involved in the promotion of MSMEs, including organisations of the State/UT Governments and poor linkages with the institutional stakeholders in the private sector. Absence of a suitable exit mechanism is a major constraint for the higher end entrepreneurs of the MSME sector.

The lack of reliable and updated data base is another area of concern as it inhibits monitoring of development initiatives and formulation of appropriate schemes to meet the differential needs of the heterogeneous profile of the beneficiaries.

A major systemic weakness noticed is the duplication of same/similar programmes run by various Ministries/Departments for the same target groups. Thus whereas the Coir Board is situated in the

ambit of the Ministry of MSME, other Departments also invest in programmes for promotion of coir industry. Similar issues are found for village industry sector where major investments, which are not fully coordinated, are taking place from the Handicrafts Institutions as well as Rural Development set up. Similar issues are being faced in various micro and small enterprise based sectors such as leather, handicrafts, etc. A coordinated effort can significantly reduce the risk of duplication and the confusion it causes in the client group.

A major weakness is a heritage weakness. Due to the protectionist, subsidy-driven, reservation based regime, the mindset of the sector continues to demand similar legacy treatments. It is interesting to note that this tendency is gradually dying out in the newer generation of entrepreneurs but the thought leaders from this newer generation are yet to emerge. We can term it as a major weakness but also a transient weakness, which may require extensive workshops/

success story based approach for changing this mindset and overcome this problem.

Credit availability remains one of the most major concerns. Whereas, the Government of India has taken several steps to increase the lending of this Sector, this remains even now the most difficult problem faced by the MSME.

There is a cyclical nature of availability of funds to the MSME sector. This is determined by larger issues of international and domestic monetary policies, fiscal policies and other parameters beyond the pale of the sector. In times of a liquidity crunch, lack of liquidity in the financial system, even though caused by external factors, can quite dry up the flow of credit to the sector. The most major dependence of the sector is for the working capital requirement which directly impacts their production cycle. As stated elsewhere, the tolerance threshold levels of this sector are very low. Hence, any liquidity crunch has an immediate and disastrous impact. During the

last global economic crisis, this was seen to be a major problem area, affecting the MSME for their day-to-day requirement of working capital. The MSME thus need to be insulated from such credit squeezes in times of adverse monetary conditions.

#### **3.7.3.4 Need to Learn**

The strengths and weaknesses provide learning for the future strategy.

Thus the learning agenda is at several levels. It would be in the creation of insular layers to protect the MSME from the vagaries of global/financial markets and misuse of WTO/TRIPS regimes. There is also need to learn from best of the breed international practices both in technology and marketing. On another level, creation and professionalization of efficient organizational systems even at the lowest level and promoting innovations at grass root level, knowing full well that the success of some of them is only an enigma in futuris.

### **3.7.4 Outline of the Strategy**

#### **3.7.4.1 Potential Strategies**

At a macro level there is need for a strategy for a horizontal geographical spread of the various outreach programmes for balanced growth. On the other hand, there is also a need to emphasize the inclusive nature of any strategy to target women entrepreneurs and other weaker sections of the society. It is only by such horizontal and vertical inclusiveness that we can attain the objectives of this mission with equity.

The potential strategies would mainly rest on five pillars, as it were, concurrently. They are (not in order of priority):

- i) Skill development
- ii) Markets
- iii) Technology
- iv) Infrastructure
- v) Credit availability

There are individual analyses and proposed actions which are listed below including new knowledge-

driven initiatives and actions which can leverage our strength and lower the susceptibility of the MSME to external threats.

The Ministry would focus on its efforts for giving financial assistance for Entrepreneurship Development Training Programmes (EDPs), Skill Development Training Programmes (SDPs), Entrepreneurship-cum-Skill Development Training Programmes (ESDPs) and Training of Trainers Programmes. Centre for Excellence would be set up at national level for standardization of training curriculum, training of trainers etc. Financial assistance to States/UTs for their efforts to set up Entrepreneurship Development Institutes would be enhanced with more focus on naxalite affected areas, hilly areas of Jammu & Kashmir, Himachal Pradesh and Uttarakhand, North Eastern Region and difficult areas e.g. Andaman & Nicobar group of Islands, Lakshadweep group of Islands, etc. MSME Development Institutes would be converted into autonomous organisations to

provide handholding and advisory services to the MSME. All training institutions of Ministry of MSME would be brought under single umbrella, in terms of standardized syllabi, updated course content and market sensitive training. Depending upon the individual strength, the national level institutions would endeavour to develop into separate Centres of Excellence in their chosen areas.

Study would be conducted to see the impact of "Assistance to Training Institutions Scheme" of the Ministry and the efficiency of private/Government Partner Institutions empanelled by national level Institutions.

Database of the trained persons would be created and linked to Job Exchange to give the benefit of training to the trainees and the industry. Industry would be enabled to access the database of trained manpower.

The employment generation is another area where MSMEs play a

pivotal role. Keeping this in view, Prime Minister's Employment Generation Programme (PMEGP) a national level credit linked subsidy scheme, was introduced in August 2008. The Ministry of MSME would take initiatives for further improving the performance under PMEGP through implementing IT-enabled application tracking system and related data collection. A special effort would be made by creating a web-portal as one-stop shop for multitude of products of PMEGP units to facilitate buyer-seller interaction.

Marketing is one of the critical areas where MSMEs face problems. In the global arena, they do not have the strategic tools and the means for their business development, unlike the large enterprises. Constant changes in the market dynamics due to technological changes and globalization have had a profound impact on the competitiveness of the MSMEs. The whole gamut of marketing strategy for any product is required to be addressed whether

it is product differentiation, incremental feature of the product, branding issue, customized and tailor-made services, clientele building, post sale servicing etc. The existing scheme of support requires to be harmonized and rationalized to have a focused approach. The existing marketing support institutions would also be revisited with a view to strengthening the marketing infrastructure for the MSME sector and mainstream it to the major consuming areas and patterns.

E-Commerce has emerged as a powerful tool world over for reaching out to buyers in business as well as consumers worldwide. Territories/borders have been obliterated with the advent of this new technology. For giving better access to MSME sector to the market, Ministry has already promoted a Business-to-Business (B2B) Portal in NSIC. Now the endeavour would be to have a robust and inclusive, best of the breed, Business-to-Consumer (B2C) Portal in addition to the

above. The challenge would be to create a logistics supply chain and standardization of the products to service the customers.

The National Small Industries Corporation Ltd. (NSIC) would be strengthened by providing more equity support for their efforts to create market for products of MSMEs. KVIC would be strengthened to provide market to village industries. The schemes of the Ministry to provide financial assistance to MSMEs for participation in domestic and international exhibitions/ trade fairs would continue in the XII Plan also with more outlay.

A policy has been formulated, awaiting Cabinet approval, to ensure that 20% of the procurement by the different Ministries/ PSUs is made from MSME sector mandatorily. Challenge here would be to upscale the technical capabilities of MSMEs to meet quality standards and delivery schedules.

The cluster development approach can make the industry more

competitive. This is the tool to enable them to take on the onslaught of competitive marketing strategy of large scale sector as well as multinationals. The Cluster Development Scheme of the Ministry of MSME addresses all the sectors of MSE clusters across the country. The awareness about the scheme would be increased among various stakeholders including State Governments. More clusters will be undertaken for soft and hard interventions including diagnostic study, infrastructure development and Common Facility Centre projects.

The critical factor that drives growth in MSME sector is technology. In the present economic scenario of globalised competitiveness, it is the technological edge that will determine the winners. In view of this reality, the Ministry of MSME is initiating a number of programmes and schemes for technology development of the sector. It has recently introduced 10 innovative schemes under the National

Manufacturing Competitiveness Programme (NMCP) covering entire gamut of manufacturing in the sector aiming to develop global competitiveness among Indian MSMEs. These ten schemes are:

- i. Marketing Support/Assistance to MSMEs (Bar Code)
- ii. Support for Entrepreneurial and Managerial Development of SMEs through Incubators
- iii. Enabling Manufacturing Sector to be competitive through Quality Management Standard & Quality Technology Tools (QMS/QTT)
- iv. Building Awareness on Intellectual Property Rights (IPR) for MSME
- v. Lean Manufacturing Competitiveness Scheme for MSMEs
- vi. Mini Tool Rooms (MTR)
- vii. Design Clinic Scheme for design expertise to MSMEs Manufacturing sector (DESIGN)
- viii. Marketing Assistance & Technology Upgradation Scheme in MSMEs.

- ix. Technology and Quality Upgradation Support to MSMEs
- x. Promotion of ICT in MSME Manufacturing Sector (ICT)

These schemes under NMCP would get priority of the Ministry and would provide competitive edge to the MSME units in future.

In addition, the Ministry is also implementing Credit Linked Capital Subsidy Scheme for Technology Upgradation with the aim to 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.

These schemes would not only continue in the XII Plan but outlay would be enhanced to make MSMEs more competitive.

- a) The existing administrative structures seem to be reasonably adequate to meet the challenges. However,

delivery systems sometimes suffer due to clogging of the pipelines. For a more coordinated institutional framework for the promotion and development of the MSME sector, the Ministry will undertake a comprehensive diagnostic study. Besides analyzing the existing institutional framework, the study will also look into the best international practices in this regard. A sensitized mechanism would be put in place which sends alerts for de-clogging of the delivery pipelines. Involvement of private sector, wherever feasible, as well as strengthening of District Industries Centres (DICs) of States are other possible strategies.

b) Strengthening and empowering the MSME Associations, to be appropriate delivery channel can be a supplemental strategic

tool for better targeting of schemes and data collection.

c) For expanding the outreach of the schemes/programmes, the Ministry will take a comprehensive review of all the existing schemes/programmes. The schemes/programmes with overlapping objectives will be merged and those that have outlived their utility will be weeded out. In place of implementing a number of small schemes, the Ministry will provide focused attention on few large schemes to have a discernible impact on the beneficiary group.

d) Leveraging the benefit of public-private partnership (PPP) approach in a cluster has been recognized as one of the best instruments for effective policy intervention. The existing Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) including Industrial Infrastructure Development Scheme

would be pursued more vigorously with renewed guidelines under PPP mode to cover as many as possible clusters all over the country for all round sustainable growth of the MSMEs.

e) The Ministry would take steps, including amendments, to effectively implement the MSMED Act, 2006.

f) Facilitate start-ups through appropriate schemes for handholding and credit support.

g) Provide network of testing facilities to ensure quality standards of MSME products.

h) Separate funding window for MSME sector through banking channels by bringing a new scheme;

i) Ministry undertakes a Census of MSME industries on a five year basis. For converting this into a dynamic and reliable data base, the Ministry will undertake an annual sample survey for the MSME sector, to keep relevant its Census of MSME industry. This would also be

helpful for trend-spotting and trend analysis. It would also be a powerful tool for any mid-course correction of the strategy, if required. It would be agreed that this strategy would also be shaped by global and domestic trends. Hence no MSME strategy can be a frozen fixity but has to be dynamic and evolving in nature.

### 3.7.5 Engaging with Stakeholders

The draft Strategic Plan was discussed in MSME Board meeting. It was also circulated to all members of the MSME Board, MSME Associations, Principal Secretary/ Secretary (Industries) of States and Ministries of Government of India and subordinate organisations of the Ministry. The engaging of stakeholders would be continued by ensuring regular meetings through the existing mechanism of National Board for MSMEs and the governance structures laid down under individual schemes. Institutionalizing annual meetings with State/UT Governments, MSME Associations and Banks/ Financial

Institutions and establishing coordination would be done.

Since, the stakeholders' engagement is a constant and continuous process apart from the above mentioned institutional mechanism, new innovative web-based interactivity would also be established which would give such interaction and engagement a far more dynamic meaning. It is also envisaged that greater involvement of training and R&D Institutions and large enterprises will be built into the schemes and programmes. An interactive website and an IT-enabled grievance redressal mechanism will be introduced for public feedback.

### **3.7.6 Knowledge and Capability**

The knowledge and capabilities will be built up through proper documentation, introduction of a Management Information System (MIS) in all major schemes, regular training of programme officers and capacity building of MSME Associations.

The MSME in the country need to learn the best of breed manufacturing and marketing practices from across the world. Thus, whether it is a cluster cohesiveness and competitiveness of the Italian industrial districts, availability of mentoring and technical advice as prevailing in Japan, or, institutional context of the Small Business Administration of USA, they have a significant learning contribution to give to India.

The second important learning is envisaged to be peer group learning. Best practices in, say, Vaniyambadi (of effluent treatment) (Tamil Nadu) needs to be replicated also in Tengara (West Bengal). Today, there is no such institutionalized mechanism for such sharing of experiences. Institutionalized mechanisms would be built for the same. The Ministry would organize it through field offices such as the Office of the Development Commissioner (MSME) and other instrumentalities of the Ministry.

### 3.7.7 Priority Areas

For quantifying the initiatives

and give weightage, the following is the relative weightage:-

i)	Marketing as listed above	20
ii)	Skill Development	20
iii)	Technology upgradation (external factors apply Such as availability of budget and creation of technology upgradation fund which is in pipeline)	20
iv)	Infrastructure (State Government, local authorities required to provide quality and adequate infrastructure to the MSME sector).	20
v)	Availability of Credit (External factors impacting credit are banking and financial institutions, higher interest rate on credit, adverse attitude of bankers towards MSME sector etc.)	20
	<b>TOTAL</b>	<b>100</b>

Each of these priority areas is equally important for the MSME sector and therefore, strategic initiatives for each area have been given equal weightage. All the above five areas are suitably acceptable (as they are demand driven) as well as easy to implement.

### 3.7.8 Implementation Plan

The Implementation Plan would cover the following areas:

(i) Strengthening Training

Institutions and upscaling training facilitation especially in the rural and remote areas;

(ii) Better marketing support to MSMEs and strengthening/creation of existing/new marketing support infrastructure/institutions;

(iii) Technological support to MSMEs;

(iv) Amendments in the MSMED Act, 2006 for providing an exit

- mechanism to the MSMEs, making the decision of the Facilitation Council binding and final, etc.;
- (v) Strengthening of District Industries Centres (DICs) with provision of modern IT-enabled communication facilities, across the country to improve the delivery of services at the field level;
  - (vi) Cluster Development Programme would be strengthened. MSME Associations would be involved in Cluster Development Programmes;
  - (vii) Strengthening of khadi institutions through implementation of the Khadi Reform and Development Programme;
  - (viii) Introduction of a Public Procurement Policy for MSMEs for assisting the MSMEs in increasing their market share;
  - (ix) Encouraging corporatisation of the MSME sector;
  - (x) Introducing a scheme for supporting the States to set up Rehabilitation Funds and operationalise appropriate schemes for the rehabilitation of units temporarily rendered sick due to circumstances beyond their control;
  - (xi) Up scaling existing schemes or evolving new schemes to assist MSMEs in acquisition, adaptation and innovation of modern clean technologies as well as creation of a Technology Bank/product specific technology centres to enable them to move up the value chain;
  - (xii) Encouraging innovations through setting up of large number of business incubators in educational institutions of repute;
  - (xiii) Expanding the outreach of the major schemes/programmes of the Ministry, including National Manufacturing Competitive-ness Programme (NMCP), Prime Minister's Employment Generation Programme

(PMEGP), Scheme of Market Development Assistance (MDA) for Khadi, Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), Credit Linked Capital Subsidy Scheme (CLCSS), Credit Guarantee Scheme, etc.

The resources required for the same are reflected in the Draft Annual Plan 2011-12 as well as in the next proposed Five Year Plan. Detailed mile-stoning and review points have been worked for schemes as mentioned above and are available with each implementing line agency.

The proposed strategy would be met by revising the different Plan schemes of the Ministry after conducting evaluation studies of the schemes. Detailed resource requirements will be worked out after studying the report of evaluation studies of different schemes.

### **3.7.9 Linkage between Strategic Plan and Result Framework**

### **Document (RFD)**

RFD for the future years would be prepared keeping in view the strategic plan of the Ministry.

### **3.7.10 Cross departmental and cross functional issues**

Cross departmental and cross functional issues are addressed as under:

### **Linkage with Potential Challenges likely to be addressed in the 12<sup>th</sup> Plan**

The following “Twelve Strategy Challenges” have been identified by the Planning Commission for preparation of the XII Five Year Plan:

- i. Enhancing the Capacity for Growth
- ii. Enhancing Skills and Faster Generation of Employment
- iii. Managing the Environment
- iv. Markets for Efficiency and Inclusion
- v. Decentralisation, Empowerment and Information
- vi. Technology and Innovation

- vii. Securing the Energy Future for India
- viii. Accelerated Development of Transport Infrastructure
- ix. Rural Transformation and Sustained Growth of Agriculture
- x. Managing Urbanization
- xi. Improved Access to Quality Education
- xii. Better Preventive and Curative Health Care

**Out of above twelve Strategy Challenges, the Ministry has substantive role to play in the following areas:**

- i. Enhancing the Capacity for Growth
- ii. Enhancing Skills and Faster Generation of Employment
- iii. Markets for Efficiency and Inclusion
- iv. Technology and Innovation

The linkage with the XII Plan in the above four areas would be brought out in the Plan document as per the

details mentioned in the preceding paragraphs.

Identification and management of cross departmental issues including resource allocation and capacity building issues

The draft Strategic Plan was discussed in MSME Board meeting, which is represented by various Central Ministries, State Governments, and MSME Associations etc. It was also circulated to Ministries of Government of India and Principal Secretary/ Secretary (Industries) of States. Thus, the Final Strategic Plan has been made after an extensive consultative process. However, this is not a static document but would evolve further and further consultative processes are already institutionalized in the form of MSME Board, and other consultative mechanisms.

The most major cross departmental issue is regarding resource allocation. The guidelines for making this Strategic Plan have an assumption that there is a coordinated merit-based approach

for resource availability. Whereas structural and policy initiatives are possible which are non-resource linked, resource availability becomes a serious issue in spite of the critical nature played by this sector. As has been seen in the past, a stereo-typed approach through a percentage based increase in the Budget allocation may not be the best way to help the sector grow to its full potential.

### **Carbon Credit for MSMEs**

Reaping the benefits of the new instruments like carbon credit, environment and ecological balance have gained global significance and MSME sector is required to be empowered to face the future challenges while at cluster level the concern has started permeating the minds of the policy makers. The MSMEs and the environmentalists, civil activists in the sector of chemical and petro-chemical foundry, steel and iron roiling/forging industry etc. while Ministry of MSME has started implementing many of such technological improvement programmes but the benefits of the scheme like carbon credit have not

yet been possible for the individual MSME. They would require the help of experts from Government sector to help them to get the benefit of carbon credit. The system has already been established in the Ministry but the same is required to be strengthened out.

### **Cross functional linkages within departments/offices**

There are a few activities within the Ministry, where functions overlap among various Divisions/Organisations. These functions are cluster development, training, participation in domestic/international exhibitions etc. Separate financial allocations are made activity-wise/ department-wise.

### **Organisational Review and Role of agencies and wider public service**

Separate strategic plan, result frame document and sevottam compliant citizen/client charter would be formulated for all the subordinate organisations/ responsibility centres of the Ministry and would be placed in the public domain. The Ministry would also initiate a Government Process Reengineering (GPR)/

Business Process Reengineering (BPR) exercise to review the schemes, the role of line agencies and organizational review to ensure effective public service. This would address the need for organisational review, role of agencies and wider public service.

### 3.7.11 Monitoring and Reviewing arrangements

The success will be monitored and measured through outcome parameters laid down for each scheme and their concurrent evaluation. Implementation will be monitored through a robust MIS and grievance redressal mechanism. The existing system of monitoring like periodical review of the schemes of divisional head, Secretary and Minister would be made more sharp and objective

by making above mentioned MIS online. The other existing system i.e. RFD and Outcome Budget of the Ministry and its organizations would minimize the scope for errors and lapses. There is a scheme under the Ministry i.e. 'Surveys, Studies and Policy Research' under which burning issues concerning MSMEs and any other factors impacting MSME sector are regularly studied. The schemes of the Ministry would be evaluated by independent agencies to assess their impact on MSMEs.

### 3.7.12 Subordinate organisations/ Responsibility Centres

The Ministry has following 25 subordinate organisations/ responsibility centres under it. These are as under:

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
1	National Small Industrial Company Ltd	011-26926275, 26910910	info@nsic.co.in	Okhla Industrial Estate, Phase- III, New Delhi.

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
2	Khadi and Village Industries Commission, (KVIC),	022-26714320-25	dit@kvic.gov.in	"Gramodaya""3, Irla Road, Vile Parle (West), Mumbai - 400056,
3	National Institute for Entrepreneurship and Small Business Development (NIESBUD),	0120-2403051-54	info.niesbud@nic.in	A-23-24, Sector-62, Institutional Area, Phase-II, NOIDA-201301.
4	National Institute for Micro, Small and Medium Enterprises (NI-MSME),	040-23608544-46	registrar@nimsme.org	Yousuf Gauda, Hyderabad – 500 045.
5	Indian Institute of Entrepreneurship (IIE),	0361-2302646, 2300994, 2300123	iieindia1@bsnl.in	37, NH Bypass, Lalmati, Basistha Chariali, Guwahati – 781 029, Assam.
6	Coir Board	0484-2351807, 2351788	coirboard@vsnl.com	"Coir House", M.G. Road, Ernakulam, Kochi-682016, Kerala
7	Mahatma Gandhi Institute of Rural Industrialisation	07152-253512	director.mgiri@gmail.com	Maganwadi, Warda-442001, Maharashtra

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
8	MSME-Tool Room, (Indo German Tool Room)	0240 2486832, 2482593, 2470541	gm@igtr-aur.org	P-31, MIDC, Chikalthana Indl. Area, Aurangabad 431 006
9	MSME-Tool Room, (Indo German Tool Room),	079 25840966, 25841963	gm@igtrahd.com	Plot-5003, Phase-IV, GIDC Vatva, Mehmedabad Road, Ahmedabad 382 445 (Gujarat).
10	MSME-Tool Room, (Indo German Tool Room),	0731 4210700/03/04 4210701	indigtr@sancharnet.in	Plot No.291/B -302/A, Sector-E, Sanwer Road, Industrial Area, Indore 452 003 (MP).
11	MSME-Tool Room (Central Tool Room),	0161 2670057, 2670058, 2670059, 2676166	info@ctrludhiana.com	A-5, Focal Point, Ludhiana 141 010 (Punjab).
12	MSME-Tool Room (Central Tool Room & Training Centre)	033 25771492, 25771068	cttckolkata@vsnl.com	Bonhooghly Indl. Area, Kolkata 700 108 (W.B.).
13	MSME-Tool Room, (Central Tool Room & Training Centre),	0674 2742100, 2743349, 3011700	cttc@satyam.net.in	B-36, Chandaka Indl. Area, P.O. Patia, Bhubaneswar 751 024 (Orissa).

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
14	MSME-Tool Room (Indo Danish Tool Room)	0657 2201261/62, 2200507	reach@ idtrjamshedpur. com	M-4 (Part) Phase-VI, Tata Kandra Road, Gamharia, Jamshedpur 832 108 (Jharkhand)
15	MSME-Tool Room (Tool Room & Training Centre)	0361 2655542	trtc_ghy@ rediffmail.com	Amingaon Industrial Area, North Guwahati Road, Amingaon, Guwahati 781 031
16	MSME-Tool Room, (Central Institute of Hand Tools),	0181 2290226, 2290225, 2290196	institute_jld@ dataone.com	G.T. Road, Bye Pass, Jalandhar-144008 (Punjab).
17	MSME-Technology Development Centre (Institute for Design of Electrical Measuring Instruments),	022 24050301/2/3/4	idemi@vsnl. net	S.T. Tope Marg, Chunabhatti Sion, P.O. Mumbai-400022.
18	MSME-Technology Development Centre (Electronics Service & Training Centre)	05947 251201, 251530, 255951	pd_estc@ sancharnet.in	Kaniya, Ramnagar, Dist. Nainital-244715, Uttarakhand.

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
19	MSME-Technology Development Centre, (Process cum Product Development Centre)	0121 2511779	info@ppdcmeerut.com	Sports Goods Complex, Delhi Road, Meerut-250002 (U.P.).
20	MSME-Technology Development Centre, (Process and Product Development Centre)	0562 2344006, 2344673	ppdc@sancharnet.in	Foundry Nagar, Agra-282006 (U.P.).
21	MSME-Technology Development Centre, (Central Footwear Training Institute ),	044 22501529	cfti@vsnl.net	65/1, G.S.T. Road, Guindy, Chennai-600032
22	MSME-Technology Development Centre, (Central Footwear Training Institute),	0562 2642005, 2642004	info@cftiagra.org.in	C – 41& 42, Site 'C', Sikandra, Industrial Area, Agra-282007 (U.P.).
23	MSME-Technology Development Centre. (Fragrance & Flavour Development Centre),	05694 234465, 234791	ffdcknj@sancharnet.in	Industrial Estate, GT Road, P.O. Makrand Nagar, Kannauj, -209726 (U.P.).

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
24	MSME-Technology Development Centre, (Centre for Development of Glass Industry),	05612 232293	cdgifzbd@sancharnet.in	A-1/1, Industrial Area, Jalesar Road, P.O. Muiddinpur, Firozabad-283203 (U.P.).
25	MSME-Tool Room (Central Institute of Tool Design)	040 23774536, 23772748	hyd1_citdhyd@sancharnet.in	A-1 to A-8 APIE, Balanagar, Hyderabad 500 037 (A.P.)





# 4 | **Role and Functions of Office of the Development Commissioner (MSME)**



*MSME unit engaged in manufacturing of Auto Components*





## **ROLE AND FUNCTIONS OF OFFICE OF THE DEVELOPMENT COMMISSIONER (MICRO, SMALL & MEDIUM ENTERPRISES) {O/o DC (MSME)}**

### **4.1 INTRODUCTION**

4.1.1 The O/o DC (MSME) was established as Small Industries Development Organisation (SIDO) {also referred to as Micro, Small and Medium Enterprises – Development Office (MSME-DO)} in 1954 on the basis of the recommendations of the Ford Foundation. The MSME-DO is playing a very constructive role by rendering comprehensive services including consultancy through institutional set up of its field organizations spread over different parts of the country. The Office of the Development Commissioner (Micro, Small and Medium Enterprises) has been functioning as an apex/nodal organ and provides link between the Ministry/Department and field organizations. It has been working

as an attached office to the Ministry of Small Scale Industries (now Ministry of Micro, Small and Medium Enterprises) since September, 2001. Over the years, it has witnessed its role evolve into an agency for advocacy, handholding and facilitation of the small industries sector. It has over 60 offices and 18 autonomous bodies under administrative control. These autonomous bodies include Tool Rooms; Training Institutions and Technology Development Centres. It provides a wide spectrum of services to the small industries sector, now enlarged to also include Micro, Small and Medium Enterprises. The institutions, inter-alia, include facilities for testing, tool making, training for entrepreneurship development, preparation of project and product profiles, technical and managerial

consultancy, assistance for exports, pollution and energy audits etc. The organisation provides economic information services and also advises Government in policy formulation for the promotion and development of MSME sector. Its field offices also work as effective links between the Central and the State Governments in the area of MSME development.

4.1.2 As a result of the globalization and liberalization of the economy, the units in the sector were increasingly called upon to face new and bigger challenges not only from Multinational Companies (MNCs) etc. but also from bigger domestic players. Recognising the dynamics of the new environment in which these units were operating, the O/o DC (MSME) now focuses on providing support in the fields of credit, marketing, technology and infrastructure. The emerging global trends and national developments have transformed the role of the Organization into that of catalyst of growth of small enterprises in the

country. The major functions of the Organization are: -

- i) Advising the Government in policy formulation for the promotion and development of MSME Sector;
- ii) Providing techno-economic and managerial consultancy, common facilities and extension services to the MSME Sector;
- iii) Making available facilities for technology upgradation, modernisation, quality improvement and infrastructure;
- iv) Developing Human Resources through training and skill upgradation;
- v) Providing economic information services;
- vi) Maintaining a close liaison with the Central Ministries, Planning Commission, State Governments, Financial Institutions and other organisations concerned with development of MSME Sector; and

vii) Evolving and coordinating Policies and Programmes for development of the Sector as ancillaries to large industries.

4.1.3 The organisation has a network of 30 MSME Development Institutes (MSME - DIs); 28 Branch MSME-DIs; 4 MSME Testing Centres (MSME-TCs); 7 Field Testing Stations (MSME-TSs); 18 Autonomous Bodies - which include 10 MSME Tool Rooms (MSME-TRs); 6 MSME Technology Development Centres (MSME-TDCs) and 2 MSME Footwear Training Institutes (MSME-TDC-CFTIs). There are also 2 Departmental Training Institutes (MSME-TIs).

#### 4.1.4 MSME Development

**Institutes:** The network of 30 MSME Development Institutes (MSME - DIs) and 28 Branch MSME Development Institutes set up in the State capitals and other industrial cities all over the country mainly performs the following functions:-

(i) Organizing Industrial Motivation Campaign/ Entrepreneurship,

Management and Skill Development Programmes;

- (ii) Assistance / Consultancy to prospective and existing entrepreneurs;
- (iii) Preparing State and District Industrial Potential Survey Reports;
- (iv) Preparation/updation of Project Profiles of Products /Industries suitable and feasible in the MSME Sector;
- (v) Conducting Energy Conservation, Pollution Control, Quality Control & Upgradation;
- (vi) Assisting Ancillary Development by way of organizing VDPs;
- (vii) Making available Common Facility Services in Workshops/ Laboratories;
- (viii) Preparation of Directory of specific industries;
- (ix) Market Surveys;
- (x) Coordination with DICs and linkages with State Govt. functionaries;

(xi) Promotion and handholding of micro and small enterprises under Rajiv Gandhi Udyami Mitra Yojana (RGUMY) and other Action Plan activities assigned by Ministry/Office of the DC (MSME).

**4.1.5 MSME Tool Rooms (MSME-TRs):** The 10 MSME-TRs set up under the Indo-German and Indo-Danish collaborations assist MSMEs in technical upgradation and provide good quality tooling through designing and producing tools, moulds, jigs & fixtures, components etc. These Tool Rooms also provide technical training and consultancy in the area of tool and die making.

**4.1.6 MSME Technology Development Centres (MSME-TDCs)** are product-specific Centres for addressing product-specific problems and rendering technical services, developing and upgrading technologies and manpower development & training in respective product groups like Foundry & Forging; Electronics; Fragrance & Flavour; Sport Shoes;

Electrical Measuring Instruments and Glass.

**4.1.7 MSME Testing Centres (MSME-TCs)** at Chennai, Delhi, Kolkata and Mumbai have facilities for quality upgradation, training/consultancy in testing, quality control, quality management, process quality control systems, etc. The 7 Field Testing Stations (MSME-TSs) provide focused testing services in the cities of Bengaluru, Bhopal, Ettumanur, Jaipur, Hyderabad, Kolhapur and Puducherry which have significant concentration of MSMEs.

**4.1.8 MSME – Technology Development Centres (Central Footwear Training Institutes) (MSME-TDC-CFTI)** at Agra and Chennai are engaged in developing designs and development of footwear and also providing training for skill development footwear industry.

**4.1.9 MSME - Training-cum-Product Development Centres (MSME-TPDCs)**

Four Training - cum - Product Development Centres (TPDCs) are

being set up for Agro and Food Processing Industries in the campus of MSME - Development Institutes at Ludhiana, Kanpur, Indore and Guwahati with a total cost of Rs. 4.57 crore.

## 4.2 MSME TOOL ROOMS (MSME-TRs)

4.2.1 The 10 MSME-TRs set up under the Indo-German and Indo-Danish collaborations, assist MSMEs in technological upgradation. These tool rooms provide good quality tooling through designing and producing tools, moulds, jigs & fixtures, components etc. These Tool Rooms also provide technical training and consultancy in the area of tool engineering.

The name and location of different Tool Rooms are as under:-

- (i) MSME-Tool Room (Central Tool Room), Ludhiana;
- (ii) MSME-Tool Room (Indo German Tool Room), Ahmedabad ;

- (iii) MSME-Tool Room (Indo German Tool Room), Indore;
- (iv) MSME-Tool Room (Indo German Tool Room), Aurangabad;
- (v) MSME-Tool Room (Central Tool Room & Training Centre), Kolkata;
- (vi) MSME-Tool Room (Central Tool Room & Training Centre), Bhubaneswar;
- (vii) MSME-Tool Room (Indo Danish Tool Room), Jamshedpur;
- (viii) MSME-Tool Room (Central Institute of Hand Tools), Jalandhar;
- (ix) MSME-Tool Room (Central Institute of Tool Design), Hyderabad and
- (x) MSME-Tool Room (Tool Room & Training Centre), Guwahati

4.2.2 These Tool Rooms & Training Centres provide production, technical training and consultancy services in the areas

of tool engineering i.e. facilities for production of tools, moulds, dies, jigs & fixtures, etc. and providing skilled manpower to industry. These services help the industry become more productive and competitive.

4.2.3 These Tool Rooms apart from conducting various short term technical courses and vocational training programmes for school

dropouts, also organize different long-term courses such as 'Post-graduate Diploma in Tool Design and CAD CAM'. They have achieved nearly 100% placement for the trainees of their long-term courses in different industries.

4.2.4 The achievements of these Tool Rooms are as under:-

**Table 4.1: Achievements of MSME Tool Rooms during 2010-11  
(up to 31<sup>st</sup> December, 2010)**

(i)	Revenue Target 2010-11 (Rs. in lakh)	7883
(ii)	Revenue Earned (Rs. in lakh)	5502
(iii)	No. of Units Serviced	10089
(iv)	No. of Trainees (Long Term)	8489
(v)	No. of Trainees (Short Term)	21285
(vi)	No. of SC/ST Trainees	9111
(vii)	No. of OBC Trainees	4123
(viii)	No. of Minority Trainees	964
(ix)	No. of Women Trainees	2362
(x)	No. of Physically Handicapped Trainees	22

### 4.3 MSME TECHNOLOGY DEVELOPMENT CENTRES (MSME TDCs)

4.3.1 MSME Technology Development Centres (MSMETDCs) are product-specific Centres to look into MSME's specific problems and render technical services, develop and upgrade technologies & manpower development and training in specific product groups like Foundry & Forging, Electronics, Fragrance & Flavour, Sport Shoes, Electrical Measuring Instruments and Glass, etc. MSME TDCs include the Electronics Service & Training Centre (ESTC), Ramnagar; Institute for Design of Electrical Measuring Instruments (IDEMI), Mumbai; Fragrance & Flavour Development Centre (FFDC), Kannauj; Centre for Development of Glass Industry (CDGI), Firozabad; Process and Product Development Centre (PPDC), Agra and Process-cum-

Product Development Centre (PPDC), Meerut.

4.3.2 The main objective of these Technology Development Centres is to develop human resources for meeting the requirements for transfer of technology in respective products fields. These Centres are also running training courses as per the requirements of the industry. The CDGI, Firozabad provide technical support to micro and small glass units through promoting installation of energy efficient glass melting furnaces, auxiliary furnaces, introduction of new types of glasses & their standardization, introduction of developed techniques for the decoration of glasswares etc.

4.3.3 The achievements of these TDCs as on December 31, 2010 are given in the following Table.

**TABLE 4.2: Achievements of MSME TDCs as on December 31, 2010.**

(i)	Revenue Target 2010-11 (Rs. in lakh)	1700
(ii)	Revenue Earned (Rs. in lakh)	1264.18
(iii)	No. of Units Serviced	6622

(iv)	No. of Trainees (Long Term)	720
(v)	No. of Trainees (Short Term)	5252
(vi)	No. of SC/ST Trainees	2092
(vii)	No. of OBC Trainees	688
(viii)	No. of Minority Trainees	79
(ix)	No. of Women Trainees	696
(x)	No. of Physically Handicapped Trainees	11

#### 4.4 MSME TESTING CENTRES (TCs) AND MSME TESTING STATIONS (TSs)

##### 4.4.1 MSME -TESTING CENTRES (TCs)

4.4.1.1 Office of DC (MSME) is operating four MSME -Testing Centres located at New Delhi, Mumbai, Chennai and Kolkata. MSME Testing Centres provide testing and calibration facilities to industries in general and MSMEs in particular for raw materials, semi-finished and finished products, manufactured by them. The centers are equipped with the state of art indigenous and imported equipment in the field of Chemical, Mechanical, Metallurgical and Electrical Engineering to

undertake Performance test, Type test and Acceptance test of semi-finished, finished products etc. The centers also undertake calibration works for Measuring Instruments and Equipment conforming to international standards. These centers are accredited by internationally recognized National Accreditation Board of Testing & Calibration laboratories (NABL) certification as per ISO (17025).

##### 4.4.2 MSME -TESTING STATIONS (TSs):

4.4.2.1 In order to provide testing facilities in the area with cluster of industries and some strategic areas, the Ministry has

set up MSME- Testing Stations at Jaipur, Bhopal, Kolhapur, Hyderabad, Bangalore, Puducherry and Ettumanur. These Testing Stations extend facilities for testing of various products viz .chemicals, dye-stuffs, lamps, rubber products, castings and forgings, paints and varnishes, domestic electrical appliances, general engineering etc.

4.4.2.2 These Testing Stations

in fact act as extension of the MSME- TCs thereby serving the needs of the industries situated in far-flung areas. For the year 2010-11, an amount of Rs 5.15 crore has been allocated for day-to-day functioning and modernization of MSME -Testing Centres / Stations.

4.4.3 The performance of MSME-TCs/TSs during the last five years and the percentage of self-sufficiency (of these centers) are as follows:

Year	Revenue earned (Rs. lakhs)		Recurring Expenditure (Rs.lakhs)		No. of jobs completed		No. of MSME Benefited	
	TCs	TSs	TCs	TSs	TCs	TSs	TCs	TSs
2004-05	259.74	82.69	267.89	87.79	10872	15150	1810	2229
2005-06	247.60	85.25	393.50	96.59	11616	16378	3026	3979
2006-07	320.33	96.26	405.69	104.54	12459	16248	2873	2734
2007-08	326.03	106.81	430.40	111.84	12214	14261	2428	4662
2008-09	348.11	122.91	568.32	175.21	14013	21916	2608	5844
2009-10	387.96	137.04	638.67	209.92	14497	22471	6805	8163
2010-11 (up to December 2010)	256.28	107.49	507.14	143.19	8602	17443	4144	5601

## 4.5 MSME-DEVELOPMENT INSTITUTES (MSME-DIs)

4.5.1 MSME-DIs are providing techno-managerial consultancy assistance and rendering necessary assistance to MSMEs by conducting various programmes like Seminars, Industrial Motivational Campaigns, Feasibility Analysis, Area Survey Analysis. They also provide Common Facility Services, In-plant Studies, EDPs to MSMEs.

4.5.2 Under the scheme, funds are allotted to meet the expenditure on salary, travel and other expenses of the staff posted in these institutes including rent/taxes for the building occupied by these institutes. Funds are also provided for infrastructure, machinery and other technical equipments, which may be required by MSMEs. The common facility centre in these DIs also provide help to MSME sector in developing hi-tech tools, dies, jigs and fixtures etc.

4.5.3 To provide the best possible common facility services to MSMEs,

there is a need to replace their old machines with new ones, preferably hi-tech machines, as the services provided by the modernized workshops to MSMEs are excellent. Further, to keep pace with the technological requirement, the MSMEs are in the need of specialized services including CAD/CAM facilities.

4.5.4 On these machines, MSME-DIs are also providing training to the workers sponsored by MSMEs and to unemployed youth. After getting the training, these trainees are absorbed by the large units/MSMEs. Many trainees take up the training to upgrade their skills and set up their own unit.

## 4.6 Vertical Shaft Brick Kiln (VSBK) Technology at MSME-DIs

4.6.1 A Plan Scheme namely "Adoption of VSBK technology in brick manufacturing units under Package for Promotion of Micro and Small Enterprises" is under implementation.

4.6.2 In the recent years, the housing sector has been witnessing rapid growth due to higher demand and availability of cheap credit. This in turn has led to high demand for bricks. Bricks are at present manufactured nearly in thirty major clusters of MSEs by employing a highly energy-intensive technology. The manufacturing process has a vast potential of technological upgradation to make it more energy efficient and eco-friendly. The adoption of the Vertical Shaft Brick Kiln technology can lead to substantial reduction in cost by energy conservation. It would also lead to reduction of green house gas emissions. The Government, therefore, encourages Micro and Small Enterprises by establishing five demonstration VSBK units by upgrading the functional kilns and promoting the use of this technology under the credit linked capital subsidy scheme with 30% capital subsidy to the MSEs, subject

to a ceiling of Rs. 2 lakh per unit.

4.6.3 The programme is being implemented in the selected clusters of brick manufacturing units in the States of MP, Chhattisgarh, Jharkhand, Orissa and Rajasthan. MSME-DIs, Cuttack, Indore, Ranchi, Jaipur and Raipur are the coordinating agencies for implementation of the programme.

4.6.4 The programme also involves organization of seminars / workshops by MSME-DIs to introduce the technology and showcasing the technology by conducting tours of entrepreneurs at the sites of technology providers and entrepreneurs where successful units of VSB Kilns are already in operation. Interested entrepreneurs will be able to undergo various training courses on VSBK technology in their respective areas for upgradation of their knowledge. The progress of this Scheme is given below:

1	No. of Demo Plant set up till date	4 numbers in Chhattisgarh, Orissa, Rajasthan and Madhya Pradesh
2	No. of Seminars/Workshops organised for awareness of Brick manufacturing owners	26 Numbers
3	No. of training programme organised	18 Numbers
4	No. of exposure visit organised	5 Numbers
5	No. of Testing Lab. set up till date	2 Nos. in Orissa and Madhya Pradesh

## 4.7 MSME – TRAINING INSTITUTES

### 4.7.1 MSME – Training Institutes (Central Footwear Training

Institutes) at Agra and Chennai are engaged in providing training for manpower in footwear industry and developing designs for accelerating exports.



**Shri Virbhadra Singh, Union Minister of MSME releasing a publication of the Council for Leather Exports**

4.7.2 The basic objective of these institutes is to develop human resources for footwear and allied industries through various training programmes on footwear technology and allied services. These institutes conduct long term, short term and part-time training courses on different subjects of footwear technology. Besides, these

institutes provide technical support services to the user industry through making their facilities available to them. The institutes also provide services for development of new products and patterns as per given sample or concept.

4.7.3 The achievements of these Institutes as on December 31, 2010 are given in the following Table.

**TABLE 4.4: Achievements of MSME-TIs as on December 31, 2010**

(i)	Revenue Target 2010-11 (Rs. Lakh)	457
(ii)	Revenue Earned (Rs. Lakh)	342.18
(iii)	No. of Units Serviced	1714
(iv)	No. of Trainees (Long Term)	530
(v)	No. of Trainees (Short Term)	10933
(vi)	No. of SC/ST Trainees	4382
(vii)	No. of OBC Trainees	989
(viii)	No. of Minority Trainees	763
(ix)	No. of Women Trainees	4665
(x)	No. of Physically Handicapped Trainees	-



***Shri Virbhadra Singh, Union Minister of MSME delivering his speech during 26<sup>th</sup> India international Leather Fair. Other dignitaries on dais are (form left to right) Shri Neeraj Kumar Gupta, Executive Director, ITPO, Shri Uday Kumar Varma, Union Secretary, MSME, Dr. Subas Pani, CMD, ITPO, Shri Salman Khurshid, Union Minister for Water Resources and Minority Affairs***

#### **4.8 CREDIT LINKED CAPITAL SUBSIDY SCHEME (CLCSS)**

4.8.1 The M/o MSME is operating a Scheme namely Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of Micro and Small Enterprises. The Scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises. The Scheme

was launched in October, 2000 and revised w.e.f. 29.9.2005. The revised scheme provides for 15% Capital Subsidy (12 % prior to 29.9.2005) on institutional finance availed by them for induction of well-established and improved technology in approved sub-sectors/products. The maximum limit of eligible loan for calculation of capital subsidy under the

scheme is Rs. 100 Lakh with a maximum subsidy of Rs. 15 lakh. The admissible capital subsidy under revised scheme is calculated with reference to purchase price of the plant and machinery, instead

of the term loan.

#### 4.8.2 Progress of the Scheme:

Year-wise details of Micro and Small Enterprises benefited under the CLCSS are as under:

Year	No. of units assisted	Amount of subsidy sanctioned (Rs. Lakh)
2001-02	9	21.36
2002-03	47	93.97
2003-04	150	363.06
2004-05	526	1312.08
2005-06	699	1767.82
2006-07	1880	6579.74
2007-08	1407	6374.30
2008-09	1790	9734.60
2009-10	2551	13971.72
2010-11*	2055	12127.00
<b>TOTAL</b>	<b>11114</b>	<b>52345.70</b>

(Provisional as on December, 2010)

#### 4.9 CREDIT GUARANTEE FUND SCHEME FOR MICRO AND SMALL ENTERPRISES

4.9.1 The Government of India launched the Credit Guarantee

Fund Scheme for Micro and Small Enterprises in August, 2000, with the objective of making available credit to micro and small enterprises (MSEs), particularly micro enterprises, for loans up to Rs. 100 lakh without

collateral/third party guarantees. The Scheme is being operated through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) set up jointly by the Government of India and Small Industries Development Bank of India (SIDBI).

4.9.2 The Scheme covers collateral free credit facility (term loan and/ or working capital) extended by eligible member lending institutions (MLIs) to new and existing micro and small enterprises up to Rs. 100 lakh per borrowing unit. The guarantee cover provided is up to 75% of the credit facility up to Rs.50 lakh with an incremental guarantee of 50% of the credit facility above Rs.50 lakh and up to Rs.100 lakh (85% for loans up to Rs. 5 lakh provided to micro enterprises, 80% for MSEs owned/ operated by women and all loans to NER). One time guarantee fee of 1.5% of the credit facility sanctioned (0.75% for NER including Sikkim) and Annual Service Fee of 0.75% is collected from the MLIs.

4.9.3 As on 31st December 2010, there were 115 eligible lending institutions registered as MLIs of the Trust comprising of 27 Public

Sector Banks, 17 Private Sector Banks, 61 Regional Rural Banks (RRBs), 2 foreign banks and 8 other Institutions viz., National Small Industries Corporation (NSIC), North Eastern Development Finance Corporation Ltd. (NEDFi), Delhi Financial Corporation, Kerala Financial Corporation, Tamilnadu Industrial Investment Corporation Ltd., Jammu & Kashmir Development Finance Corporation Ltd. (JKDFC), Export Import Bank of India (EXIM Bank) and Small Industries Development Bank of India (SIDBI). Cumulatively 4,76,452 proposals have been approved for guarantee cover for a total sanctioned loan amount of Rs. 20,109.36 crore.

#### 4.10 MICRO FINANCE PROGRAMME

4.10.1 The Ministry has been operating a Scheme of Micro Finance Programme since 2003-04, which has been tied up with the existing Micro Credit Scheme of SIDBI. Under the Scheme, the Government of

India provides funds to SIDBI under 'Portfolio Risk Fund' (PRF) which is utilized for security deposit requirements of loan from the MFIs/NGOs. At present SIDBI takes fixed deposit equal to 10% of the loan amount. Under the PRF, the share of Micro Finance Institution (MFIs)/NGOs is 2.5% of the loan amount (i.e. 25% of security deposit) and balance 7.5% (i.e. 75% of security deposit) is adjusted from the funds provided by the Government under the scheme. The funds under PRF are to be utilized for extending loans in the underserved States like North Eastern States including Sikkim, Bihar, Jharkhand, West Bengal, Orissa, Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Jammu & Kashmir, Rajasthan and Uttarakhand and underserved pockets/ districts of other States.

4.10.2 During 2010-11, the Government has released an amount of Rs.20.00 crore towards 'Portfolio Risk Fund' (PRF). As on 31st December, 2010, the

cumulative loan amount provided to MFIs/NGOs under the Scheme stood at Rs.1461.44 crore covering approximately 21.85 lakh persons. Of this, it has been estimated that the share of women beneficiaries under the Scheme is more than 80%.

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

4.11.1 The Ministry of Micro, Small and Medium Enterprises (MSME) initiated selected interventions in industrial clusters first in 1998 through its scheme 'Integrated Technology Upgradation and Management Programme' (UPTECH). In August 2003, the Scheme was renamed as Small Industry Clusters Development Programme (SICDP) and was broad-based for holistic and integrated development of micro and small enterprises through interventions such as capacity building, marketing

development, export promotion, skill development, technology upgradation, exposure visits, etc. and setting up of common facilities.

4.11.2 The Ministry simultaneously continued to implement a separate Integrated Infrastructural Development Scheme (IID) [started in 1994] for setting up of industrial estates and to develop infrastructure facilities like power distribution network, water, telecommunication, drainage, roads, storage and marketing outlets, common service facilities, etc. The IID Scheme also provided for upgradation/ strengthening of the infrastructural facilities in the existing industrial estates.

4.11.3 In accordance with the decision of the Cabinet Committee on Economic Affairs (CCEA), while approving the Package for Promotion of Micro and Small Enterprises, the Scheme was renamed as Micro and Small Enterprises – Cluster Development

Programme (MSE-CDP) and the Integrated Infrastructural Development (IID) Scheme of the Ministry was subsumed under MSE-CDP with its existing funding pattern, in October 2007.

4.11.4 Based on the recommendations emerging out of the evaluation of schemes and after consultation with the senior functionaries of the State Governments, it was felt necessary to modify the guidelines which envisage streamlining of procedures, providing a more holistic approach to the development of clusters and enhanced level of financial assistance, which are as under:

- (i) Enhancement of the maximum project cost for Common Facility Centre (CFC) from Rs.10 crore to Rs.15 crore, with GoI contribution of 70% (90% for Special Category States and for clusters with more than 50% women/micro/village/SC/ST units);
- (ii) Enhancement of the maximum

project cost for Infrastructure Development from Rs.5 crore to Rs.10 crore, with Gol contribution of 60% (80% for Special Category States and for clusters with more than 50% women/micro/SC/ST units);

- (iii) Enhancement of the maximum project cost for soft interventions from Rs.10 lakh to Rs.25 lakh, with Gol contribution of 75% (90% for Special Category States and for clusters with more than 50% women/micro/village/SC/ST units); and
- (iv) Enhancement of the cost ceiling for preparation of Detailed Project Report (DPR) for CFC and/or Infrastructure Development to Rs.5 lakh.

#### **4.11.5 Progress under the components of MSE-CDP**

(a) Cluster Development: A total of 471 clusters spread over 28 States and 7 UTs in the country have so far

been taken under the programme for Diagnostic Study, Soft Interventions and Hard Interventions. The efforts under the scheme are focused on covering of more and more clusters from all the States / UTs.

(b) Physical Progress (1<sup>st</sup> April 2010 to 31<sup>st</sup> December, 2010):-

- i. New clusters undertaken for Diagnostic Study Reports (DSRs) – 29 Nos.
- ii. Clusters undertaken for soft interventions including ongoing clusters - 36 Nos.
- iii. New Common Facility Centre (CFCs) approved - 10 Nos.
- iv. Monitor and sanction of funds in the earlier approved CFCs – 6 Nos.
- v. In-principle approval for CFC – 14 Nos.

(c) Financial Progress: Sanctions of Rs. 7.458 crore have been issued till 31<sup>st</sup> December, 2010 during the current financial year under MSE-CDP.

(d) Under IID component, till 31<sup>st</sup> December, 2010, 95 new Centres have

been sanctioned since inception of the scheme. Out of the above sanctioned centres, 67 (including 12 in the current financial year – up to December) new IID Centres have been completed. A total of 10,972 plots have been allotted to small and tiny units and 3,561 units established. The scheme has generated employment to 37,555 persons so far and infrastructure in 29 old Industrial Estates for upgradation has been sanctioned. Out of the above sanctioned centres, 25 (including 22 up to December, 2010) old Industrial Estates for upgradation have been completed. The total grant of Rs. 159.03 crore out of commitment of Rs. 216.20 crore has been released.

#### **4.12 NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME ( NMCP )**

The National Manufacturing Competitiveness Programme (NMCP) is the nodal programme of

the Government of India to develop global competitiveness among Indian MSMEs. Conceptualised by the National Manufacturing Competitiveness Council (NMCC), the Programme was initiated in 2007-08. An amount of Rs.682 crore has been allocated during the 11<sup>th</sup> Plan period for NMCP. There are ten components under the NMCP targeted at enhancing the entire value chain of the MSME sector which are stated below:-

##### **4.12.1 Marketing Support/ Assistance to MSEs (Bar Code)**

In order to provide continued financial support to MSEs for adoption of Bar Code, a component was added in the SSI-MDA Scheme for 75% reimbursement of annual recurring fee for 1<sup>st</sup> three years to MSEs w.e.f 1<sup>st</sup> June 2007. The funding for reimbursement of annual recurring fee is provided under NMCP Scheme – Marketing Support /Assistance to MSME (Bar Code). For the year 2010-11, financial assistance of Rs.5.09 lakh

to 101 cases of MSEs for annual recurring fee was provided up to December, 2010.

#### **4.12.2 Scheme for Providing Support for “Entrepreneurial and Managerial Development of SMEs through Incubators”**

The scheme aims at nurturing innovative business ideas (new/ingenious technology, processes, products, procedures, etc), which could be commercialized in a year. Under the scheme, various institutions like Engineering Colleges, Research labs etc. will be provided funds up to Rs. 6.25 lakh for handholding each new idea/entrepreneur. The incubator will provide technology guidance, workshop and lab support and linkage to other agencies for successful launching of the business and guide the entrepreneur in establishing the enterprise. Under the scheme, 76 institutions and 190 ideas have been approved as on 31-12-2010.

#### **4.12.3 Mini Tool Rooms under the Public Private Partnership (PPP) mode:**

Under this component, 15 Mini Tool Rooms are proposed to be set up during the 11th Plan period. The Government support will be capped of Rs.9 crore.

#### **4.12.4 Scheme for “Building Awareness on Intellectual Property Rights” (IPR) for the Micro, Small & Medium Enterprises (MSME)**

a. The objective of the scheme is to enhance awareness of MSME about Intellectual Property Rights (IPRs) to take measures for protecting their ideas and business strategies. Effective utilisation of IPR tools by MSMEs would also assist them in technology upgradation and enhancing competitiveness. These initiatives will provide MSME sector more information, orientation and facilities for protecting their intellectual powers.

**b. Salient Features:**

Under this programme financial assistance is being provided for taking up the identified initiatives.

The main activities and maximum Government of India grant under this scheme cover the following broad areas of interventions:

Sl. No.	Activity	Maximum grant per application/ proposal (Rs. in lakh)
a.	Awareness/ Sensitisation Programmes on IPR.	1.00
b.	Pilot Studies for Selected Clusters/ Groups of Industries.	2.50
c.	Interactive Seminars / Workshops.	2.00
d.	Specialized Training. (i) Short term (ST) (ii) Long term (LT)	(i) 6.00 (ii) 45.00
e.	Assistance for Grant on Patent/ GI Registration. (i) Domestic Patent (ii) Foreign Patent (iii) GI Registration	(i) 0.25 (ii) 2.00 (iii) 1.00
f.	Setting up of 'IP Facilitation Centre for MSME'	65.00
g.	Interaction with International Agencies. (i) Domestic Intervention (ii) International Exchange Programme	5.00 7.50

These initiatives are being implemented through Public-Private Partnership (PPP) mode to encourage economically sustainable models for overall development of MSMEs. Eligible applicants/beneficiaries will have to contribute minimum 10% of the GoI financial support for availing assistance under the scheme.

#### **4.12.5 Lean Manufacturing Competitiveness Scheme for MSMEs :**

Under the Lean Manufacturing Programme (LMP), MSMEs will be assisted in reducing their manufacturing costs, through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time and so on. LMP also brings improvement in the quality of products and lowers costs, which are essential for competing in national and international markets. The broad activities planned under the scheme include Total Productive Maintenance (TPM), 5S (Sigma), Visual Control,

Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Poka Yoke, etc. To start with, a pilot project for Lean Techniques interventions in 100 Mini Clusters has been taken up for implementation.

#### **4.12.6 Enabling Manufacturing Sector to be competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT):**

This is aimed at improving the quality of the products in the MSME sector and inculcates the quality consciousness in enterprises in this sector. The major activities are:

- (i) Introduction of Appropriate Modules for Technical Institutions;
- (ii) Organizing Awareness Campaigns for MSEs;
- (iii) Organizing Competition-Watch (C-Watch);
- (iv) Implementation of Quality Management Standards and Quality Technology Tools in selected MSMEs;
- (v) Monitoring International Study Missions;

- (vi) Impact Studies of application of QMS/ QTT.

#### **4.12.7 Technology and Quality Upgradation Support to MSMEs:**

The objective of this component of NMCP is to sensitize the MSMEs about the benefits that could accrue from usage of energy efficient technologies, reduction in emissions of Green House Gases, improve the acceptance of their products by product quality certification, thereby making them globally competitive. The major activities planned under this component include Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions, Implementation of Energy Efficient Technologies in MSME sector, Setting up of Carbon Credit Aggregation Centres and encouraging MSMEs to acquire product certification licenses from national / international bodies.

#### **4.12.8 Marketing Assistance and Technology Upgradation Scheme for MSMEs :**

The objective of this component is to identify and encourage such clusters of MSMEs, which have quality production and export potential and assist them to achieve competitiveness in the national and international markets through technological upgradation in packaging, development of modern marketing techniques, competition studies, ISO 10000/ 22000/ 27000, participation in local exhibitions/ fairs etc. The Government contribution is estimated as Rs.19 crore for this component.

#### **4.12.9 Design Clinics for MSMEs :**

The main objective of this component is to bring the MSME sector and design expertise on a common platform and 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. The Government support has been pegged at Rs. 50 crore for the activities planned under the component. The activities include creation of Design Clinics Secretariat along with regional centres for intervention on the design needs of the MSME sector.

#### **4.12.10 Promotion of Information & Communication Tools (ICT) in MSME sector :**

The main objective of the scheme is to encourage and assist the potential MSME clusters to adopt ICT tools and applications in their production and business processes, with a view to improving their productivity and competitiveness in national and international markets. The total budget outlay of the scheme is Rs. 105.00 crore including Government contribution of Rs. 47.70 crore to be implemented during the 11th Plan. The broad activities planned under this component include identifying the potential MSME manufacturing clusters for ICT intervention,

setting up of e-readiness centre, developing web portals for clusters, skill development of MSME unit staff, preparation of local software solutions for MSMEs to enhance their competitiveness, etc.

#### **4.13 ISO-9000/ISO-14001/HACCP certification Reimbursement Scheme**

4.13.1 The scheme envisages one time reimbursement of charges for acquiring ISO 9000/14001/HACCP (or its equivalent) certification to the extent of 75% of the cost subject to a maximum of Rs.75000/- in total. 20,065 numbers of units amounting to Rs. 97.81 crore have been reimbursed since inception till 31<sup>st</sup> March, 2010. During 2010-11, about 767 units amounting to Rs.3.78 crore have been reimbursed up to 31<sup>st</sup> December, 2010.

#### **4.14 Training Programmes (IMCs, ESDPs, EDPs, BSDPs and MDPs) Conducted by MSME-DIs**

4.14.1 MSME-DIs are imparting varieties of training programmes for first

generation potential entrepreneurs, existing industrial workers and managers. The ultimate aim is to promote the MSME sector of the country by inculcating entrepreneurial culture in the respective area as well as to enhance productivity of the existing industries of that State/Area. The details of MSME-DI's techno-managerial activities given in the earlier para 4.5. Different types of training programmes conducted for entrepreneurship development and promotion are:

**(i) Industrial Motivation Campaigns (IMCs):** Industrial Motivation Campaigns (one day duration) are organized to identify and motivate traditional/non-traditional entrepreneurs having potential for setting up MSEs so as to lead them towards self-employment. Emphasis is being given to organize the maximum number of programmes in rural / remote areas particularly for weaker sections of the society. 1,720 programmes were conducted to motivate 1,38,555 persons up to

December, 2010. A total of 2,970 programmes will be conducted in this year benefiting 2,97,000 persons.

**(ii) Entrepreneurship Development Programmes (EDPs):** Entrepreneurship Development Programmes are being organized as a regular training activity to cultivate the latent qualities of youth by enlightening them on various aspects that are necessary to be considered while setting up enterprises. These programmes are conducted generally for technicians /artisans for motivating them towards self-employment. The course contents of such Entrepreneurship Development Programmes are so designed as to provide useful information on product/process design, manufacturing practices involved, testing and quality control, selection and usage of appropriate machinery and equipments, project profile preparation, marketing avenues/techniques, product/service pricing, export opportunities, infrastructure facilities available,

finance and financial institutions, cash flow, etc. No fees is charged from SC, ST, women and physically handicapped participants in the stipendiary programmes, rather they are eligible for a stipend of Rs.125/- per week. Emphasis is being made to organize special programmes in rural areas particularly for weaker sections of the society. 264 programmes were conducted for providing training to 6,264 persons up to December, 2010. A total of 501 programmes will be conducted in this year to train 12,525 persons.

### **(iii) Entrepreneurship Skill Development Programme**

**(ESDPs):** Comprehensive training programmes are organized to upgrade existing skills and to create new skills in workers and technicians of existing units and educated unemployed youth by organizing various technical training courses for them. The basic objective has been to provide training to unskilled/semi-skilled workers engaged in MSE sector

and to equip them with better and improved techno-managerial skills of production. Emphasis is being made to organize the maximum programmes in rural areas particularly for weaker sections of the society. Specific tailor-made programmes are organized for the skill development of the socially disadvantage groups (OBC, SC, ST, Minorities and Women) in remote regions/pockets of the States. These programmes are also called 'Out-Reach Programmes' as these are conducted in rural/less developed areas.

Programmes so far organized, inter-alia, included Herbal Cosmetics, High Fashion Garments, Hosiery, Food & Fruit Processing Industries, Information Technology, Hardware Maintenance, Soap and Detergents, Leather products/Novelties, Servicing of House Hold Electrical Appliances and Electronic Gadgets, Gem Cutting and Polishing, EngineeringPlastics, Tour Operators, Mobile Repairing, Beautician, CAD/

CAM etc. No fee is charged from SC, ST, women and physically handicapped in the stipendiary programmes, rather they are eligible for a stipend of Rs.125/- per week. 1922 programmes were conducted for providing training to 48,198 persons up to December, 2010. A total of 2,809 programmes will be conducted in this year to train 70,225 persons.

**(iv) Management Development Programmes (MDPs):** The basic objective of imparting training in management subjects is to improve the MSMEs in the decision-making and in enhancing productivity/profitability. Potential entrepreneurs are trained so that they can set up and run their own enterprises. 310 programmes were conducted for providing training to 7,088 persons up to November, 2010. A total of 592 programmes will be conducted in this year to train 14,800 persons.

**(v) Business Skill Development Programme (Tailor made Course):** Tailor made courses namely Business Skill Development Programme (BSDP) have been introduced for new entrepreneurs through select Business schools/ Technical institutions etc. The programmes has been devised to encourage educated unemployed youth/students basically from Business Schools/Technical Institutes to start self-employment ventures. 145 programmes are likely to be conducted during the current financial year, 2010-11, to provide training to 3,625 persons.

**(vi) Entrepreneur-cum-Skill Development Programme (ESDP) on Biotechnology:** Biotechnology is playing an important role in diverse sectors such as human and animal health care, plant and agriculture sciences, food and nutrition, environment etc. The areas of tissue cultures, bio-fertilizers, bio-pesticides, mushroom cultivation, solid waste

management etc. are given priority for ESDPs. 33 programmes are likely to be conducted during the current financial year, 2010-11, to provide training to 825 persons.

#### **4.14.2 WTO Sensitization Workshop:**

A separate WTO Cell had been created in 1999 for co-ordinating the latest developments in regard to its different Agreements affecting the functioning of MSEs. The broad objectives of the Cell, *inter-alia*, include:-

- i. To keep abreast with the recent developments in WTO;
- ii. to disseminate information to MSME Associations and MSMEs units about the various provisions of the WTO;
- iii. to coordinate with other Ministries and Departments of the Go on issues pertaining to the likely impact of WTO for the MSE sector;

- iv. to fine-tune the existing policy and programmes for MSMEs in line with the WTO Agreements; and
- v. to organize WTO awareness/ workshops/ seminars for MSMEs.

4.14.3 As part of the Inter-Ministerial consultation process, inputs to Ministry of Commerce and Industry were provided in regard to negotiations also on various Trade Agreements for exchange of tariff concessions.

4.14.4 With a view to creating awareness among the MSMEs, MSME Associations and other stakeholders, on WTO Agreements and its implications for them, Ministry of MSME is organizing One day Sensitization workshops/ seminars all over the country since the year 2000. 77 such workshops/ seminars have been organized. As part of this endeavor, Nine WTO awareness workshops were organized benefiting 665 entrepreneurs and incurred an

expenditure of Rs. 4.86 lakh out of budget allocation of Rs 5.00 lakh for the financial year 2009-10. A budget of Rs. 5.00 lakh has been provided during the current year to organize eight WTO awareness programmes. Total provision of Rs. 25.00 lakh was earmarked for the 11<sup>th</sup> Five Year Plan period.

#### **4.14.5 Capacity building, strengthening of database and advocacy by Industry/ Enterprise Associations:**

It has been felt that the Associations of Micro and Small Enterprises do not have adequate capacity to collect and interpret data relating to changes in the market scenario, owing to the limited availability of funds and the absence of expertise in the matter. As a result, their articulation of views on specific issues concerning to their product groups leaves much to be desired. In spite of the fact that the Associations of the MSEs have been made members of the SSI Board and the members

of the steering committees of certain national programmes for development of some products, their existing weaknesses prevent them from playing the expected role effectively. Even in their role as facilitators for their members in Government assisted schemes like setting up of sub-contracting exchanges, testing laboratories, etc., the capacity of these Associations has been found to be deficient.

4.14.6 To strengthen their role and increase their efficiency, financial assistance is provided for the secretarial and advisory/extension services and for holding workshops/seminars/symposiums of selected Associations depending on the size and the reach of the associations. The beneficiary associations are to provide the regular manpower at their own cost and office space and also bear 50 per cent of the cost of modernization of their facilities,

equipment and training of their personnel. Progress of the scheme is at Table 4.6:

**Table 4.6: INDUSTRY ASSOCIATIONS ASSISTED UNDER THE SCHEME**

Year	Secretarial/Advisory Assistance		Seminar/Symposium/ Workshop	
	No. of cases	Amount (Rs. lakh)	No. of cases	Amount (Rs. lakh)
2006-07	31	46.625	Nil	Nil
2007-08	31	75.75	16	8.50
2008-09	17	37.30	22	16.71
2009-10	12	31.84	12	11.24
2010-11*	7	11.26	9	10.97

\* Up to December, 2010

**4.14.7 Officer's Training Programmes within the O/o DC (MSME):** MSME-DO plays a vital role in the development of Micro, Small & Medium sector in India. It is actually engaged in developing new and existing Micro, Small and Medium Entrepreneurs by providing training, extension service, common facility workshop and hi-tech technological inputs and facilities for preparing of tools, moulds, jigs,

fixtures etc. through modern tool rooms and development institutes spread across the country. It has excellent technical officers and staff for imparting Entrepreneurship skills, management training, and technical training in all trades pertaining to MSME sector.

4.14.8 It is against this background that there exists a continuous need for improving the performance of

staff and officers of MSME-DO by giving appropriate training to them. During the year 2010-11 (till 31<sup>st</sup> December 2010), 123 officers were sent for various training courses including 3 officials from NE region and 3 women officers. The total amount of sanction issued till date is Rs. 72.36 Lac.

#### **4.14.9 Scheme to Support 5 Selected Universities / Colleges to run 1200 Entrepreneurship Clubs**

The scheme is to support 5 selected universities to run Entrepreneurship Clubs (one each from Northern, Western, Southern, Eastern and North-East Region). Each university will have to run 240 Clubs per year and each club may have a membership of 50 entrepreneurs with an objective to bring the entrepreneurs, experts of universities and MSME-DIs together to solve common problems in the field of technology, innovation, marketing etc. During 2011-12, there is a budget provision of Rs 150

lakh for formation of approximately 630 Clubs benefiting 31,500 MSEs.

#### **4.14.10 Export Promotion: Training Programme on Packaging for Exports**

To educate MSMEs entrepreneurs about the scientific packing techniques, latest design of packing technology and improve their packaging standards and to highlight the importance of packaging in marketing, this office has been organizing specialized training programmes on Packaging for exports for MSME units through field offices i.e. MSME-DIs in collaboration with Indian Institute of packaging (IIP), Mumbai. In 2009-10, 25 training programmes for three days period have been conducted benefiting 798 entrepreneurs. A budget of Rs.15.00 lakh has been provided during 2010-11 to organize training programmes on packaging. Women, SC&ST and Physically Handicapped participants are exempted from

payment of participation fee for these training programmes.

#### **4.15 Vendor Development Programme (VDP) for Ancillarisation**

Vendor Development Programmes (VDPs) are being organized by MSME-DIs in every nook and corner of the country to provide common platform for MSEs as well as large public sector enterprises to interact with each other with a view to identifying emerging demands of the buyer organizations simultaneously providing an opportunity for displaying the capabilities of the MSMEs and their industrial ventures. Such programmes have proved to be of immense use in locating suitable entrepreneurs by a number of buying organizations including the Public Sector Enterprises, various wings of Defence, Railways and others in indigenising a number of products which hitherto have been imported at a colossal cost. Two

types of VDPs are being organized by MSME DIs – National Level VDPs –cum-Exhibitions and State Level VDPs.

#### **4.16 SSI-MDA Scheme: Participation in Overseas International Trade Fairs/ Exhibitions**

O/o DC (MSME) has been providing opportunity under Marketing Development Assistance Scheme to MSMEs for getting an exposure in the international market and exploring the possible export opportunity of their products by exhibiting them through participation in International Trade Fairs under MSME India stall. Office of DC (MSME) during the financial year 2010-11 has planned to participate in 15 trade fairs with a target to provide 131 MSEs to participate in the International Trade Fair under MSME India stall. Till December, this office has participated in following 8 international trade fairs and provided export and marketing

opportunity to more than 107 are owned by women entrepreneurs MSMEs and out of which 38 MSMEs and SC entrepreneurs respectively.

**Table 4.7: Participation in Overseas Trade Fairs/Exhibitions**

S.No	Date	Event
1.	15-19 April, 2010	China Import and Export Fair (Canton Fair), China
2.	19-23 April ,2010	India Pavilion at HANNOVER MESSE 2010
3	08-12 September, 2010	Budapest International Fair, Budapest, Hungary
4	9-13 September, 2010	INTERGIFT, Madrid, Spain
5	04-08 October, 2010	INDEE 2010 at Bogotá, Colombia
6	25-28 November, 2010	India Pavilion at MACTECH 2010, Cairo, Egypt
7	01-04 December., 2010	India Pavilion at Euromold 2010, Frankfurt, Germany
8	04-12 December, 2010	AFL-Artigiano, Milan, Italy



***Shri Dinsha Patel, the then Union MOS (I/C) for MSME inaugurating the MSME Expo at Pragati Maidan during India International Trade Fair 2010, New Delhi in the presence of Shri Uday Kumar Varma, Union Secretary (MSME) and other senior officers.***

#### 4.17 BAR CODING

SSI-MDA Scheme has the provision for 75% reimbursement of one-time registration fees w.e.f. January, 2002 and annual recurring fees (for first three years) w.e.f. June, 2007 paid by Micro and Small Enterprise (MSEs) to GS1 India for use of Bar Code. This scheme aims at enhancing marketing competitiveness of MSEs. For the year 2010-11, financial assistance of Rs. 13.89 lakhs have been provided to 68 MSEs for reimbursement of one-time registration fees up to December, 2010.

#### 4.18 SMALL ENTERPRISE NETWORK (SENET)

4.18.1 The objective of the project was to set up an electronic (computer) Information and Resource Center Network to meet the information resource requirements of the small enterprise sector including small industries & industry related service & business activities. This objective has been achieved by

setting up an information network on small enterprises to be called Small Enterprise Network-SENET. The following main activities are broadly covered under the SENET during XI Plan: -

- (i) Maintenance of computers, servers, printers, UPS, Networking equipments, Facility Management, lease line/broad band connection etc, upgradation/replacement of computers of the hardware available in the HQr and its 30(thirty) field MSMEDIs.
- (ii) The maintenance of the website of Office of DC (MSME), the website of 30 MSME Development Institutes (formerly called SISIs) providing connectivity through leased lines/broadband in Nirman Bhawan, AGCR building and the MSME Development Institutes etc.
- (iii) The SENET Schemes also provide for maintaining a communication link between the Associations; State

Governments and other stakeholders.

#### 4.19 NATIONAL AWARDS

With a view to recognizing the efforts and contribution of MSMEs, National Awards are given annually to selected entrepreneurs and enterprises under the scheme of National Award.

The awards are given for various categories i.e. (i) R&D efforts (ii) Entrepreneurship and (iii) Quality Products. The first, second and third award carry a cash prize

of Rs.1,00,000/-, Rs.75,000/- and Rs.50,000/- respectively. Selection for awards is made on the basis of a set criteria exclusively designed to evaluate performance of the MSMEs. Besides Awards to the Entrepreneurs, awards are also given to banks for excellence in lending to MSEs.

Under the scheme, national awardees are given opportunity to exhibit products manufactured by them at India International Trade Fair (IITF) in New Delhi.



*Her Excellency Smt. Pratibha Devisingh Patil, President of India lights up the traditional lamp to mark the inauguration of MSME National Award Function on 31st August, 2010 at Vigyan Bhavan, New Delhi*

#### 4.19.1 Research & Development Efforts in Micro, Small and Medium Enterprises (MSMEs)

National Awards are given for encouraging in-house R&D efforts and promoting this spirit in the larger interest of qualitative development in MSME Sector. Under this Scheme, two awards each for Micro, Small and for Medium Enterprises are conferred upon deserving registered MSMEs which may be in continuous production for the last 3 years. The first and second award carry a cash prize of Rs.1,00,000/- and Rs.75,000/- respectively, besides a Certificate and a Trophy. The First and Second National Award for MSEs have been awarded to Entrepreneurs from Andhra Pradesh and Karnataka. H.E. the President of India gave the awards in a public function held in Vigyan Bhavan.

A Special Recognition Award in the form of a cash prize of Rs. 20,000/- each, a certificate and a trophy are given to the deserving MSMEs.

#### 4.19.2 Outstanding Entrepreneurship Efforts in Micro, Small and Medium Enterprises (MSMEs)

Under the Scheme, three National Awards are given to MSMEs engaged in manufacturing Sector and two awards for MSMEs rendering Services. Besides a Trophy and a Certificate, the First Award carries a cash prize of Rs.1,00,000/-, the Second and the Third Awards carry cash prizes of Rs.75,000/- and Rs.50,000/- respectively. Special Award to Outstanding Women, SC/ST and Entrepreneur from NER at par with 1st National Award in each category is also given. The First, Second and Third National Award for Micro and Small Enterprises for 2009 have been awarded to entrepreneurs from Andhra Pradesh, Punjab and Andhra Pradesh respectively. A women entrepreneur from Kerala has won the Special Award under the category of women entrepreneurs and special award for SC/ST entrepreneur has gone to Gujarat.

An entrepreneur from Assam has won the Special Award for NER. The First and Second National Awards for Medium Enterprises have been awarded to entrepreneurs from Punjab and Maharashtra respectively. The First and Second National Award for rendering services have been awarded to entrepreneurs from Rajasthan and Karnataka respectively.

Special Recognition Awards have been given to 61 Entrepreneurs/enterprises in this category.

#### **4.19.3 Quality Products in Micro & Small Enterprises (MSEs)**

Under the "National Awards for Quality Products in Micro and Small Enterprises", certain products are selected for conferring the Awards every year. One National Award is given for each category of the selected products. The award carries a trophy, a certificate and a cash prize of Rs.1,00,000/-. A Special Recognition Award in the form of cash prize of Rs.20, 000/- each, a certificate and a trophy are given to the deserving MSMEs.

The National Award for Quality Product 2009 were given to eligible entrepreneurs for 10 products. i.e.

- i. Knit wear
- ii. Electric Power and Distribution Transformers
- iii. Lighting Fixtures
- iv. Plastic Processing Machinery
- v. Hospital Furniture
- vi. Fruit and Vegetable Processed products
- vii. Ceramic Sanitary ware
- viii. Plastic Auto Components
- ix. Adhesives
- x. Ladies and Men's Leather footwear

Special Recognition awards have been given to 9 entrepreneurs/enterprises.

#### **4.19.4 National Awards to Banks for Excellence in MSE Lending and Excellence in Lending to Micro Enterprises**

With a view to encourage the Banks for taking effective steps

for enhancing flow of credit to the MSE sector, a National Award is being conferred upon the Banks in recognition of their outstanding performance in financing the micro and small enterprises.

**4.19.5** These awards are also given to entrepreneurs belonging to khadi and coir sector.

**4.19.6** List of awardees for the year 2009 given in the month of August, 2010 is available on the website of the Ministry [www.msme.gov.in](http://www.msme.gov.in) and O/o the DC (MSME) [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

## **4.20 ADVERTISING AND PUBLICITY DIVISION**

4.20.1 During the year (till December, 2010), more than 1375 advertisements were released.

## **4.21 LAGHU UDYOG SAMACHAR AND OTHER PUBLICATIONS**

Laghu Udyog Samachar is published bilingually on monthly basis to disseminate useful and updated

information for the larger benefit of the prospective and existing entrepreneurs. Laghu Udyog Samachar is an important window in print for the MSMEs, providing access to the latest information on a variety of topics affecting the operations of MSMEs. It helps creating awareness on policies and programmes of the Central and the State Governments including about different orders, circulars, gazette notifications etc. It also provides useful information about field activities and carries statistical and economic information as well as articles on various issues pertaining to the MSMEs.

## **4.22 INFORMATION & FACILITATION COUNTER (IFC)**

The Information and Facilitation Counter (IFC) located in Nirman Bhavan is nodal office for the M/o MSME and its organizations. It provides speedy and easy access to information to the public on the services and activities of Ministry of MSME and its organizations. Copies

of important brochures, pamphlets, books, etc. are also made available to the entrepreneurs by the IFC. The other important activities of IFC include:

- (i) Providing counseling, guidance & information on how to set up an enterprise;
- (ii) Disseminating information on technical schemes, project report and details of various programmes implemented by the M/o MSME and its organisations;
- (iii) Making available information relating to policies concerning MSMEs and schemes of various State Governments for promotion of MSMEs;
- (iv) Providing information about filing of Memorandum and other different provisions of the Micro, Small and Medium Enterprises Development Act, 2006 and supplying information about credit policies of the Government, statistics related to MSMEs, technical and marketing aspects concerning

MSMEs and Reservation/De-reservation in MSMEs, etc.

IFC is nodal office for accepting the applications under RTI Act and forwarding the same to the concerned Division/Section of the Ministry for further necessary action.

#### **4.23 MODERNISATION OF MSME LIBRARIES**

The Office of the DC (MSME) is maintaining Libraries at its Headquarters at Nirman Bhawan and its entire field Institutes. These Libraries are the source of information and are maintained with the objective of making available the technical information required for the development of MSMEs. The officers of the institutes use the libraries and also the entrepreneurs of the areas to know about the new developments taking place in the different segments of industrial and business environment. The libraries are maintaining technical books, journals, reports, project

profiles and statistical surveys and copies of other related Government publication etc. Libraries are maintained regularly with these publications to keep abreast with developments taking place in the field of MSME. The MSME libraries are being equipped with computers, photostat machines, internet connectivity etc.

#### 4.24 COLLECTION OF STATISTICS OF MSMEs

4.24.1 The Statistics and Data Bank Division of the O/o DC(MSME) collects, compiles and disseminates statistical information on various economic parameters like number of MSMEs, employment, fixed investment and production in the MSME sector under the centrally sponsored scheme of "Collection

of Statistics". Based on the primary data collected through census and sample surveys, the time-series estimates on above economic parameters are maintained for use in the policy formulation and planning.

4.24.2 The scheme was started during the Fifth Five Year Plan period in 1975 with the prime objective of providing for infrastructure in terms of man-power and computers & peripherals to the Directorate of Industries and District Industries Centres (DICs) of the States/UTs for facilitating activities like collection, compilation and dissemination of statistical data/information on MSMEs. Conduct of census, sample survey, collection of Index of Industrial Production (IIP) data, wholesale price index data.





# 5 | Khadi and Village Industries Commission (KVIC)



*Shri Dinsha Patel, the then Hon'ble Minister of State (I/C) for MSME distributed charkhas at Khadi Gramodyog Sahakari Sangh, Nadiyad, Gujarat*





## KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)

### 5.1 BACKGROUND

Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization under the aegis of the Ministry of MSME, engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. KVIC has been identified as one of the major organisations in the decentralised sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. It undertakes activities like skill improvement; transfer of technology; research & development; marketing etc. and helps in generating employment/self-employment opportunities in rural areas.

### 5.2 MAIN OBJECTIVES

The main objectives of KVIC include:-

- (i) The social objective of providing employment in rural areas;
- (ii) The economic objective of producing saleable articles; and
- (iii) The wider objective of creating self-reliance amongst people and building up a strong rural community spirit.

### 5.3 FUNCTIONS

The functions of KVIC as prescribed under the KVIC Act, 1956 (61 of 1956) and Rules made thereunder, are as follows:

- (i) to plan and organise training of persons employed or desirous of seeking employment in khadi and village industries;

- (ii) to supply raw materials to concerned agencies at an appropriate rate;
- (iii) to set up common facilities for quality produce;
- (iv) to promote the sale and marketing of khadi, products of village industries and handicrafts;
- (v) to encourage and promote research in the technology used in khadi and village industries;
- (vi) to undertake directly or through other agencies, studies of the problems of khadi or village industries;
- (vii) to provide financial assistance to institutions/ persons of khadi or village industries and guide them through supply of designs, prototypes and other technical information;
- (viii) to undertake directly or through specified agencies, experiments or pilot projects;
- (ix) to promote and encourage cooperative efforts among the manufacturers of khadi or persons engaged in village industries; and
- (x) to ensure genuineness and to set up standards of quality.

#### 5.4 ORGANISATIONAL SET-UP

5.4.1 KVIC is functioning under the administrative control of the Ministry of Micro, Small and Medium Enterprises, Government of India. The Commission functions with its Head Office in Mumbai and six Zonal Offices located in New Delhi; Bhopal; Bangalore; Kolkata; Mumbai and Guwahati and 36 State/Divisional Offices spread all over the country to facilitate speedy implementation of KVI programmes.

5.4.2 KVIC undertakes training activities through its 38 departmental and non-departmental training centres. Marketing is taken up through its 12 departmentally-run Khadi Gramodyog Bhawans located in urban areas and 7,050 institutional/ retail sales outlets located at different parts of the country. KVIC also makes available quality raw material to khadi institutions through its six Central Sliver Plants (CSPs).

## 5.5 IMPLEMENTING AGENCIES

5.5.1 Khadi and Village Industries (KVI) programmes are implemented through 33 State/Union Territories (UTs) Khadi and Village Industries Boards (KVIBs); 5,000 registered institutions; 30,129 cooperative societies and banks /financial institutions. The Khadi programme is implemented through institutions registered either with KVIC or State/ UT KVIBs. In the case of village industries, KVIC is implementing Prime Minister's Employment Generation Programme (PMEGP) with effect from 2008-09 which is more attractive for prospective entrepreneurs with higher subsidy levels than the erstwhile Rural Employment Generation Programme (REGP). KVIC also implements cluster development activities in traditional industries of khadi; and village industries under Scheme of Fund for Regeneration of Traditional Industries (SFURTI) as a Nodal Agency.

## 5.6 GROUPING OF INDUSTRIES

5.6.1 While the Khadi Programmes comprises hand spun and hand

woven cotton, woollen, muslin and silk varieties, the Village Industry (VI) Programmes have been classified into seven broad groups. These are:

- (i) Mineral Based Industry;
- (ii) Forest Based Industry;
- (iii) Agro Based and Food Processing Industry;
- (iv) Polymer and Chemical Based Industry;
- (v) Rural Engineering and Bio-Technology Industry;
- (vi) Hand Made Paper & Fibre Industry; and
- (vii) Service Industry.

5.6.2 Industries connected with meat (slaughter) i.e. processing, canning and/ or serving items made therefrom; production/ manufacturing or sale of intoxicant items like beedi/pan/cigar/cigarette, etc., any hotel or dhaba or sales outlet serving liquor; preparation/ producing tobacco as raw materials; tapping of toddy for sale; manufacturing of polythene carry bags of less than 20 microns thickness and manufacturing of carry bags or containers made of recycled plastics

for storing, carrying, dispensing or packaging of food-stuff, etc., are not assisted under KVI programme as these are either not eco-friendly or against the ideology and ethos of Mahatma Gandhi.

## 5.7 BUDGETARY SUPPORT TO KVIC

5.7.1 The Union Government through the Ministry of Micro, Small and Medium Enterprises (MSME) provides funds to KVIC for undertaking its various activities under Plan and Non-Plan heads. These funds are provided primarily by way of grants and loans and KVIC in turn re-allocates them to its implementing agencies, namely the

State KVIBs; institutions registered under the Societies Registration Act, 1860 and cooperative societies registered under the Cooperative Acts of the State Governments; implementing banks, District Industries Centres, etc. The Commission's administrative expenditure including pension payments is also met out of Non-plan Government budgetary support.

5.7.2 The details of funds provided from budgetary sources (both under Plan and Non-Plan head) during the last three years and those earmarked in the Budget Estimate 2010-11 are given in the following Table:

**TABLE 5.1: Budgetary Support to KVIC**

(Rs. crore)

Year	Allocation (RE)		Funds Released	
	Plan	Non-Plan	Plan*	Non-Plan
2007-08	650.40	84.82	622.99	82.80
2008-09	1104.95	107.63	1104.94	107.62
2009-10	919.20	192.41	836.00	192.38
2010-11*	1524.41	155.60	1013.21@	132.58@

\* including SFURTI

@ as on 31st December 2010

## 5.8 PHYSICAL PERFORMANCE

5.8.1 Despite the overall slowdown of the economy, KVI sector has registered a growth of around 5% in 2009-10 over the performance of previous year. The total KVI production during 2010-11 (up to December 2010) is estimated at Rs. 12,828.04 crore (Khadi Rs. 510.91 crore and V.I. Rs. 12317.13 crore) as against Rs. 12,215.05 crore (Khadi Rs. 484.45 crore and V.I. Rs. 11,730.60 crore) in 2009-10. Similarly, estimated sales of KVI products up to December 2010 also increased to Rs. 16,653.33 crore (Khadi Rs. 784.63 crore and V.I. Rs. 15,868.70 crore) in 2010-11 as against Rs. 15,733.03 crore

(Khadi Rs. 762.55 crore and V.I. Rs. 14,970.48 crore) of the previous year (up to December 2009).

5.8.2 The total cumulative employment in the KVI sector is estimated to have also increased to 111.19 lakh persons (10.01 lakh in Khadi and 101.18 lakh in V.I.) by the end of December, 2010 as against 104.96 lakh persons (9.77 lakh in Khadi and 95.19 lakh in V.I.) of corresponding period of the previous year.

5.8.3 The performance of KVI sector in respect of production, sales and employment during the last three years and in 2010-11 is shown in the following Table:

**TABLE 5.2: Performance of KVI Sector**

YEAR	PRODUCTION (Value Rs. crore)		SALES (Value Rs. crore)		CUMULATIVE EMPLOYMENT (Lakh persons)	
	KHADI	V. I.	KHADI	V. I.	KHADI	V. I.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2007-08	543.39	16134.32	724.39	20819.09	9.16	90.11
2008-09	585.25	16753.62	799.60	21948.59	9.50	94.41
2009-10	628.98	17508.00	867.01	23254.53	9.81	98.72
2010-11*	510.91	12317.13	784.63	15868.70	10.01	101.18

\*up to December 2010

## 5.9 MAJOR SCHEMES BEING IMPLEMENTED BY KVIC

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

The Ministry was implementing two employment generation credit linked schemes namely, Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) since October, 1993 and April, 1995 respectively. By the end of March 2008, the Ministry was able to generate an estimated 46.62 lakh and 49.44 lakh additional employment

opportunities under PMRY and REGP respectively.

Keeping in view the varying parameters and entitlements, targeting almost the same set of beneficiaries in rural areas, better recovery rates under REGP as compared to PMRY and the existence of employment generation schemes being implemented by a number of States with more attractive benefits/ assistance/ interventions like Bangla Swanirbhar Karma Sansthan Prakalpa (West Bengal);



*Shri Dinsha Patel, the then Union MOS (I/C) for MSME addressing the Workshop on PMEGP*

Shri Vajpayee Bankable Yojana (Gujarat); Chief Minister's Rozgar Yojana (Uttar Pradesh), etc., it was decided to discontinue PMRY and REGP from 2008-09 and introduce a new credit linked subsidy scheme titled **Prime Minister's Employment Generation Programme (PMEGP)** through merger of the erstwhile schemes of PMRY and REGP. PMEGP has been a significant initiative with a higher level of subsidy than that available under PMRY and REGP. This Scheme is being implemented through KVIC as the national level nodal agency. The details of PMEGP are given in Chapter X.

### 5.9.2 Workshed Scheme for Khadi Artisans:

In order to facilitate and empower khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment and to enable them to carry out their spinning and weaving work effectively 'Workshed Scheme for Khadi Artisans' was introduced in 2008-09. Under this Scheme, financial assistance for construction of worksheds is provided to khadi artisans belonging to BPL category through the khadi institutions with which the khadi artisans are associated. The quantum of assistance is as under:

Component	Area per unit	Amount of Assistance
Individual Workshed	20 Square meters (approximately)	Rs. 25,000/- or 75% of the cost of the workshed, whichever is less.
Group Worksheds (for a group of minimum 5 and maximum 15 khadi artisans)	15 Square meters per beneficiary (approximately)	Rs. 15,000/- per beneficiary of the group or 75% of the total cost of the project, whichever is less.

Under this Scheme, more than 38,000 Worksheds are targeted to be constructed at a total cost of Rs.127

crore (approx.), involving financial assistance of Rs. 95 crore as grant to KVIC from the Government's

budgetary sources. Assistance to 5,951 artisans have been provided during 2009-10. Against the target of providing assistance to 10,000 worksheds during 2010-11, assistance to 6,792 artisans could be provided up to December, 2010.

### **5.9.3 Scheme for Enhancing Productivity & Competitiveness of Khadi Industries and Artisans:**

The Scheme aims at making khadi industry more competitive with more market-driven, profitable production and sustained employment for khadi artisans and related service providers through replacement of obsolete and old machinery and equipment and repairs /renovation of existing/ operational machinery/ equipment. The Ministry has introduced the 'Scheme for Enhancing Productivity and Competitiveness of Khadi Industries and Artisans' through KVIC with effect from July 2008. The Scheme would provide financial assistance to 200 of the 'A+' and 'A' category khadi institutions of which 50 institutions would be those which are managed by beneficiaries belonging to SCs/ STs, at a total cost of Rs. 84.00 crore involving financial

assistance of Rs. 71.14 crore as grant to KVIC from the Government's budgetary sources between 2008-09 to 2011-12. A total of 20 khadi institutions were selected for assistance during 2009-10. Against the target for assisting 59 khadi institutions in 2010-11, assistance to 09 institutions have been provided up to December 2010.

### **5.9.4 Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure**

In order to meet the need-based support of the Khadi sector to nurse the sick institutions particularly in "D" category whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets, the scheme of Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure has been formulated. Under this scheme, financial assistance is provided to around 100 existing weak selected institutions for strengthening of their infrastructure

and for renovation of selected 30 khadi sales outlets (KVIC outlets -4, KVIB outlets – 6 and KI outlets – 20). The maximum ceiling of assistance for strengthening of weak khadi institutions under this scheme is Rs.10 lakh (capital expenditure –Rs.3 lakh and working capital –Rs.7 lakh). For renovation of sales outlets, the ceiling of financial assistance is Rs. 25 lakh for Departmental Sales outlets of KVIC, Rs. 21.25 lakh for Departmental Sales outlets of State KVIBs, Rs. 18.75 lakh for institutional outlets located in metro cities and Rs. 15 lakh for institutional outlets located in non-metro cities. It is expected that after implementation of this scheme, there will be a higher level of production, sales and employment along with the increased level of earnings in khadi sector.

#### **5.9.5 Khadi Reform and Development Programme (KRDP)**

Department of Economic Affairs, Ministry of Finance has tied up financial aid from Asian Development Bank amounting to US\$150 million over a period of three years for implementing a comprehensive Khadi Reform Programme worked

out in consultation with ADB and KVIC. Under this Reform Package, it is proposed to revitalize the Khadi sector with enhanced sustainability of Khadi, increased incomes and employment to artisans, increased artisans welfare and to enable KVIC to become financially self-sufficient with gradually decreasing dependence on Government Grants. Initially, the programme will be initiated in 300 khadi institutions keeping the needs of regional balance, geographical spread and inclusion of backward areas. The first tranche of fund of Rs. 96 crore has already been released to KVIC for its implementation.

#### **5.9.6 Interest Subsidy Eligibility Certification (ISEC) Scheme:**

The Interest Subsidy Eligibility Certificate (ISEC) Scheme is an important mechanism of funding khadi programme by khadi institutions. It was introduced in May 1977 to mobilise funds from banking institutions for filling the gap between the actual fund requirements and availability of funds from budgetary sources.

Under the ISEC Scheme, credit at the concessional rate of interest of 4 % per annum for capital expenditure as well as working capital, is made available as per the requirement of the institutions. The difference between the actual lending rate and 4 % is paid by the Central Government through KVIC to the lending banks and funds for this purpose are provided under the khadi grant head to KVIC.

The Institutions registered with the KVIC/State Khadi and Village Industries Boards (KVIBs) can avail of financing under the ISEC Scheme. Initially, the entire KVI sector was covered under the Scheme. However,

with the introduction of REGP for village industries (VI) in 1995 and PMEGP in 2008, the Scheme now supports only the khadi and the polyvastra sector. All V.I. units existing as on March 31, 1995, have been allowed to avail of this facility for the amount of bank finance availed as on that date or actual, whichever is less provided they are fully functional and funds for this purpose are provided under the V.I. grant head.

The extent of credit flow to the institutions under the Scheme during the past three years and in 2010-11 is depicted in the following Table:

**TABLE 5.3: Credit Flow under ISEC Scheme**

(Rs. crore)

Year	Credit Flow to Khadi and Polyvastra Institutions	Subsidy Provided by KVIC
2007-08	226.12	17.61
2008-09	244.85	27.54
2009-10	279.02	25.00
2010-11*	262.00	24.56

\*up to December 2010

### **5.9.7 Market Development Assistance (MDA)**

For promoting sale of khadi and polyvastra, Government of India through the Khadi and Village Industries Commission (KVIC) used to provide subsidy in the form of rebate on seasonal sale which used to be passed to the consumers. But it was observed that artisans, who are the backbone of Khadi activities, were not extended any benefit from this and khadi outlets also were not able to attract buyers due to inadequate quality design and unattractive look of the outlets and inadequate marketing support, etc. To rectify these deficiencies, KVIC has introduced a flexible, growth stimulating and artisan-centric 'Market Development Assistance (MDA) Scheme for Khadi and Polyvastra' in place of the Rebate Scheme with effect from 01.04.2010 for implementation during two terminal years of XI Plan, i.e., 2010-11 and 2011-12 with estimated cost of Rs. 345.05 crore (Rs. 159.65 crore for 2010-11 & Rs. 185.40 crore for 2011-12). The main feature of this

Scheme is that financial assistance (i.e., MDA) will be provided @ 20% of value of production of Khadi and polyvastra (cotton khadi, silk khadi, wollen khadi and Polyvastra) achieved by the producing institution, and will be apportioned among the artisans, producing institutions and selling institutions in the ration of 25 : 30 : 45. The MDA would be claimed by the institutions quarterly on the basis of their production in the preceding quarter.

### **5.9.8 Product Development, Design Intervention and Packaging (PRODIP)**

The Product Development, Design Intervention and Packaging (PRODIP) Scheme was launched in November 2002 as a small intervention with a view to selectively improving the quality of khadi products and also to diversify into new products. It also seeks to improve the marketability of khadi by enlisting the support of professional designers approved by the National Institute of Design (NID).



Under this Scheme, financial assistance is provided to the institutions or entrepreneurs up to Rs. 2 lakh per project per year or 75% of the project cost whichever is less. In the case of individual entrepreneurs, the quantum of assistance is up to Rs. 1 lakh or 75% of the project cost, whichever is less. The internal studies

conducted by KVIC have indicated that production and sales have increased approximately by 13 per cent and 21 per cent, respectively, in the case of the projects taken up under PRODIP. The progress made under this scheme during the last three years and in 2010-11 is given in the following Table:

TABLE 5.5: Progress under PRODIP

Year	Total No. of KVI Projects Assisted
2007-08	218
2008-09	256
2009-10	169
2010-11*	128

\*up to December 2010

### 5.9.9 Rural Industries Service Centres (RISCs):

KVIC has also taken up another small scale intervention called "Rural Industries Service Centers (RISC)" Scheme from 2004-05 onwards for providing infrastructural support and services to selected units with a view to upgrading their production capacity; skill upgradation and market promotion. RISC, inter alia, provides testing facilities by establishing laboratories for ensuring quality of products; improved machinery/equipment to be utilised as common facilities by nearby units/artisans for enhancing production capacity or value addition of the product; attractive and appropriate packaging facilities and machinery to the local

units/artisans for better marketing of their products; training facilities for upgrading artisans' skills in order to increase their earnings and new designs and diversified products in consultation with experts /agencies for value addition of rural manufacturing units. Under this scheme, financial assistance for establishing smaller projects costing up to Rs. 5 lakh each is provided to KVI units while in bigger projects, such assistance is up to Rs. 25 lakh. Each project costing up to Rs. 5 lakh is expected to provide benefit to at least 25 individuals.

The number of projects assisted under this programme during the last three years and in 2010-11 is given in the Table below:

TABLE 5.6: Number of Projects Assisted - RISC

Year	Total No. of KVI Projects Assisted
2007-08	76
2008-09	54
2009-10	18
2010-11	12

\*up to December 2010

### 5.9.10 Khadi Karigar Janashree Bima Yojana:

In order to provide insurance cover to khadi artisans, a group insurance scheme namely Khadi Karigar Janashree Bima Yojana (JBY) was launched on August 15, 2003. The Scheme was formulated by KVIC in association with the Life Insurance Corporation of India (LIC) with annual premium of Rs. 200/-

per beneficiary. The Commission has prevailed upon LIC to reduce the premium to Rs. 100/- from 2005-06 which is shared as "Rs. 50/- by the Central Government from Social Security Fund, Rs. 25/- by Khadi Institution and Rs. 12.50/- each by Khadi Artisan and KVIC."

The compensation under the Scheme has also been increased by 50 per cent which stands as follows:

In case of Natural death	Rs. 30,000/-
In case of Accidental death	Rs. 75,000/-
In case of full permanent disability due to accident	Rs. 75,000/-
In case of part permanent disability due to accident	Rs. 37,500/-

As an 'add-on' benefit without any additional premium, up to two school-going children of insured

artisans studying in Class IX to XII are eligible for a scholarship of Rs. 100/- each per month.

More than 2.70 lakh khadi artisans have already been covered under this Scheme so far.

#### **5.9.11 Exhibitions:**

Besides promoting sale of products of khadi and village industries through its network of Khadi Gramodyog Bhavans (KGB) and Retail Sales Outlets, KVIC also organises a number of exhibitions, in different parts of the country. 38 exhibitions/events were organised in various parts of the country in 2009-10. During 2010-11, 30 exhibitions/events have already been organized till 31 December 2010.

#### **1.1.12 KVIC as deemed Export Promotion Council:**

KVIC has been granted the status of 'deemed' Export Promotion Council (EPC) by the Department of Commerce for availing assistance on the pattern of an umbrella EPC like Federation of Indian Export Organisations (FIEO), participation in international exhibitions/fairs, organization of buyer-seller meets, etc. The assistance is as per admissibility under Market

Development Assistance (MDA)/ Market Access Initiative (MAI) guidelines of the Department of Commerce. 880 units have since been registered with KVIC.

#### **5.9.13 Quality Control and Brand Promotion:**

KVIC has made arrangements with the National Institute of Design (NID), Ahmedabad; 'Dastakar', Andhra Pradesh; IIT, Delhi and Textiles Committee, Mumbai for promotion of 'Khadi' as a brand. The Memorandum of Understanding (MoU) signed between KVIC and the Textiles Committee, a statutory body under the Ministry of Textiles continued during 2010-11. Under the MoU, facilities of 13 laboratories situated across the country are being used by KVIC for testing the quality of khadi and polyvastra so as to provide a fillip and thus further increase the marketability of their products. Khadi institutions avail the benefit of this arrangement and cloth samples were tested on cost sharing basis (75 per cent of the testing charges being borne by the

KVIC and 25 per cent by the khadi institutions).

#### 5.9.14 Research and Development:

KVIC undertakes R&D activities through in-house research and also by sponsoring projects to other R&D organisations. The main objectives of the R&D programme are: increase in productivity and wages of the workers; improvement in quality; efficient use of local skills and local raw materials and reduction of human drudgery. In addition, Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha, Central Bee Research and Training Institute (CBRTI), Pune; Dr. Ambedkar Institute of Rural Technology and Management (AIRTM), Nashik; Kumarappa National Handmade

Paper Institute (KNHPI), Sanganer, Jaipur; Central Village Pottery Institute (CVPI), Khanapur, Karnataka and Khadi Gramodyog Prayog Samiti (KGPS), Ahmedabad also undertake R&D activities.

### 5.10 OTHER INITIATIVES TO DEVELOP KHADI AND VILLAGE INDUSTRIES SECTORS

#### 5.10.1 Categorization of Institutions:

In order to streamline the payment of rebate, release of interest subsidy, supply of raw materials, etc., khadi institutions are categorized as A+, A, B, C and D on the basis of their performance in production, sales, marketing, etc. As on March 31, 2010, the details of 2065 categorised khadi institutions are given in the Table below:

**TABLE 5.4: Categorization of Khadi Institutions**

S. No.	Type	A+	A	B	C	D	Total
1.	Affiliated to KVIC	98	282	320	352	239	1291
2.	Affiliated to State Boards	28	168	212	307	59	774
<b>Grand Total</b>		<b>126</b>	<b>450</b>	<b>532</b>	<b>659</b>	<b>298</b>	<b>2065</b>

### 5.10.2 Government Supply:

KVIC has been supplying its products under the 'Rate Contract' of Director General of Supplies and Disposal (DGS&D) to various Government Departments/Agencies. Based upon DGS&D Rate Contract, the items like dasuti khadi, dungari cloth, dusters, long cloth, bunting cloth

and sheeting cloth, etc., are being supplied to Government Agencies and bed rolls, curtains, pillow covers, "kulhars" (earthen cup), etc., are being made available to the Indian Railways. The position of the supplies made by KVIC to Government Offices during the last three years and in 2010-11 is given in the Table below:

**TABLE 5.9: KVIC Supplies to Governmental Agencies**

(Rs. crore)

Year	Amount of Government Supplies
2007-08	33.99
2008-09	31.82
2009-10	21.36
2010-11*	18.15

\*up to December 2010

### 5.10.3 Registration of New Khadi Institutions

There was an internal ban on registration and establishment of new khadi institutions imposed by KVIC. This ban has been relaxed and KVIC has started direct enlistment registration of institutions with a view to enhancing production. 72 such new khadi institutions were

registered with KVIC and KVIBs in 2010-11 (up to December 2010).

### 5.10.4 Khadi Artisans Welfare Trust Fund (KAWTF):

KAWTF is conceptually meant to be run on the lines of a Provident Fund. Membership of KAWTF is mandatory for all khadi and polyvastra producing institutions affiliated to KVIC and State KVIBs. All

the Institutions categorized as A+, A, B and C are eligible to join the Trust Fund. This Fund has been functioning in 20 States and the concerned State Government manages it. A total of 1,666 khadi institutions have become its members as on March 31, 2010, accounting for remittance to the tune of Rs. 163.98 crore and refund of Rs 8.56 crore.

### 5.10.5 National Flag Production Centre

Khadi is the pride and joy of our nation and this can be easily understood from the fact that the Bureau of Indian Standards (BIS) gave it the first place by way of national flag specifications. As per BIS, khadi is the only fabric that is to be used for production of India's National Flag. Accordingly, one National Flag Production Unit has been started in consultation with the South Indian Textile Research Association (SITRA) at Karnataka Khadi Gramodyog Samyukta Sangh, an NGO of KVIC at Bengeri, Hubli (Karnataka) at an estimated cost of Rs. 51.10 lakh. The National Flag Production Unit was awarded BIS certification on February 17, 2006. The Unit has the capacity to

produce around 5,000 National Flags of different sizes per day.

### 5.10.6 Khadi 'Ready-to-Use Mission':

KVIC has initiated a "Ready-to-Use" Mission during 2005-06 for khadi products. Under this project, a major khadi institution works as a lead institution where facilities for production of garments including covering, designing, finishing, packaging, etc., are installed. Other institutions working in nearby areas are associated in a concentric manner with the activities of the lead institution. As a result, all of them are able to upgrade their product quality by sharing their experiences and common facilities installed by the lead institution. The National Institute of Fashion Technology (NIFT), Kolkata and Chennai have been engaged as Service Providers for conceptualization and development of the project. Two projects, one each at Murshidabad (West Bengal) and Padiyur (Tamil Nadu), have been established under this Mission. The NIFT, Kolkata and Chennai have been enlisted by KVIC to also provide

hand-holding support in the areas of design inputs and training.

### 5.10.7 Central Sliver Plants:

Khadi institutions and State KVI Boards are implementing khadi programmes of KVIC. 25% of the working capital given to them is meant for raw material. In order to ensure that khadi institutions maintain regular spinning work for

artisans and to improve the quality of raw material in khadi sector, KVIC continued to operate its six Central Sliver Plants (CSPs) at Kuttur, Chitradurga, Sehore, Raibareilly, Etah and Hajipur during the year. The performance of these sliver plants in terms of production and supply to the khadi institutions during the last three years and in 2010-11 is given in the Table below:

**TABLE 5.10: Performance of the CSPs**

(Quantity: lakh kg, Value: Rs. Crore)

Year	Production		Supply	
	Quantity	Value	Quantity	Value
2007-08	29.86	26.91	32.73	27.18
2008-09	33.96	33.26	30.13	29.53
2009-10	35.27	35.70	35.46	35.82
2010-11*	22.83	26.32	24.00	27.63

\* up to December 2010

### 5.10.8 Setting up of Raw Material Godowns

In order to facilitate continuous offtake of slivers/rovings by the khadi institutions facing resource crunch, KVIC continued operation of local godowns during 2010-11. The following 9 local raw material godowns provided the above

services during the year:

- (i) Dausa – Rajasthan
- (ii) Nanded – Maharashtra
- (iii) Surendranagar – Gujarat
- (iv) Bijnour - Uttar Pradesh
- (v) Wavilala - Andhra Pradesh
- (vi) Metapalli, Karimnagar - Andhra Pradesh

- (vii) Sangaralingapuram - Tamil Nadu
- (viii) Murshidabad - West Bengal
- (ix) Oruttukala - Kerala

### 5.10.9 People Education Programme (PEP)

As a part of its publicity programme aimed at informing the people through direct interaction between KVIC on the one hand and people on the other, KVIC organised 41 PEP events in 2009-10 at the field level and 14 PEP events during 2010-11 (up to December 2010). Besides dissemination of the policies and schemes of KVIC on rural industrialization, essay competition; debates and seminars drew a good deal of participation from academic

institutions, students, Panchayati Raj Institutions, NGOs, etc. on issues of topical interest concerning Khadi and Village Industries. KVIC provides financial assistance for the purpose through budgetary allocation.

### 5.10.10 Assistance under Credit Guarantee Trust Fund for MSME to KVI units

The Credit Guarantee Trust Fund for Micro, Small and Medium Enterprises (CGT-MSME) approved extension of the credit guarantee to loans advanced by the banks under the KVIC/PMEGP Schemes under its Credit Guarantee Fund Scheme. KVIC has taken steps to publicise this Scheme in association with the Trust and the participating Banks.



**Shri Sesh Kumar Pulipaka Joint Secretary, Ministry of MSME  
addressing the officers in Motivational Workshop.**



# 6 | Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)



*The new machine by MGIRI simplifying weaving process*





## MAHATMA GANDHI INSTITUTE FOR RURAL INDUSTRIALISATION (MGIRI)

### 6.1 INTRODUCTION

6.1.1 There has been a long felt need to create a mechanism that would provide high quality science, technology and management inputs and support in a comprehensive manner to the khadi and village industries (KVI) sector. Such a facility would strengthen rural industrialization, enhance employment in rural areas and also help identify new areas with greater opportunities for the sector.

6.1.2 The establishment of the Jamnalal Bajaj Central Research Institute (JBCRI) in 1955 in Wardha, Maharashtra, managed as a departmental unit by the Khadi and Village Industries Commission (KVIC) since 1956, was the first step towards achieving the above-mentioned objectives. JBCRI had its roots in the All India Village Industries Association

set up by Mahatma Gandhi in 1934 in the same campus. The activities of JBCRI centred around research, extension and training programmes for village industries like oil, pottery and handmade paper.

6.1.3 The erstwhile Jamnalal Bajaj Central Research Institute (JBCRI), Wardha was revamped with the help of IIT, Delhi as a national level institute under the Ministry of MSME in October 2008 and rechristened as Mahatma Gandhi Institute for Rural Industrialization (MGIRI) with a view to creating a mechanism to provide the best possible science, technology and management inputs in a comprehensive manner to the khadi and village industries sector.

### 6.2 BUDGETARY SUPPORT

6.2.1 The Union Government, through Ministry of MSME, provides

funds to MGIRI for undertaking its various activities. The details of funds provided during the last two years and in 2010-11 to MGIRI are as under:

**Table: 6.1 Funds released to MGIRI**

(Rs. in crore)

Year	Budget allocation (RE)	Funds released
2008-09	3.00	3.00
2009-10	3.00	3.00
2010-11*	6.00	2.25

\*up to December 2010

### 6.3 FUNCTIONS

6.3.1 The activities of MGIRI are being carried out by its five Divisions each headed by a Senior Scientific Officer and these are **(i) Chemical-based Industries Division:** The main focus of this division is to promote quality consciousness and consistency in the area of food processing, organic foods and other products of rural chemical industries. It also provides a comprehensive quality testing support and is working towards developing field worthy kits, techniques and technologies to

facilitate the cottage and small scale units in this area, **(ii) Khadi and Textiles Division:** The activities mainly carried out by this division are to improve the productivity, value addition and quality of products manufactured in khadi institutions by introducing new technologies and by providing quality assurance support. It also works towards facilitating eco-friendly products and methods, **(iii) Bio-processing Industries Division:** This division of MGIRI prepares technology package and simple quality assurance methods to facilitate production and utilization

of organic manures, bio-fertilizers and bio-pesticides to promote rural entrepreneurs. This section is also making efforts to develop new formulations using 'Panchagavya' and their quality assurance procedures and facilities, (iv) **Rural Energy and Infrastructure Division:** This division has been established to develop user-friendly and cost-effective technologies utilizing commonly

available renewable resources of energy to facilitate rural industries and also to carry out audit of traditional rural industries so as to make them energy efficient, and (v) **R u r a l Crafts and Engineering Division:** This Division is to help upgrade the skills, creativity and productivity of rural artisans and encourage value-addition and improve the quality of their products.





7

**Coir Board**



*World's largest Coir Mat made at Alappuzha, Kerla*





## COIR BOARD

### 7.1 COIR INDUSTRY

7.1.1 India is the largest coir producer in the world accounting for more than 80 per cent of the total world production of coir fibre. The coir sector in India is very diverse and involves households, co-operatives, NGOs, manufacturers and exporters. This is the best example of producing beautiful artifacts, handicrafts and utility products from coconut husks which otherwise is a waste.

7.1.2 The coir industry employs more than 6.50 lakh persons of whom a majority is from rural areas belonging to the economically weaker sections of society. Nearly 80% of the coir workers in the fibre extraction and spinning sectors are women.

7.1.3 Historically, the coir industry started and flourished in Kerala

which has a long coast line, lakes, lagoons and backwaters providing natural conditions required for retting. Coconut husk is left to soak in salty backwater for months together and thereafter yarn is possible to be woven from husk. However, with the expansion of coconut cultivation, coir industry has also picked up in Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal, Assam, Tripura, Pondicherry and the Union Territories of Lakshadweep and Andaman & Nicobar Islands through the efforts of Coir Board. The production and processing methods in coir industry still continue to be mainly traditional. For instance, spinning is mainly carried out on traditional ratts which require repeated walking, forward and backward. The total production of coir fibre in the country during the year 2009-10 was 5,15,500 M.T. The fibre production during 2010-11 (up to December, 2010) was 3,91,255 M.T.

## 7.2 COIR BOARD

7.2.1 The Coir Board is a statutory body established under the Coir Industry Act, 1953 for promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

7.2.2 The Coir Board consists of a full-time Chairman and 39 Members, as provided in Section 4 of the Act who represent all sections interested in the welfare of coir industry.

7.2.3 The functions of the Coir Board for the development of coir industry, *inter-alia*, include undertaking scientific, technological and economic research and development activities; collection of statistics relating to exports and internal consumption of coir and coir products; development of new products and designs; publicity for promotion of exports and internal sales; marketing of coir and coir products in India and abroad; preventing unfair competition among producers and exporters; assisting in the establishment of units for the

manufacture of products; promoting co-operative organisations among producers of husk, coir fibre, coir yarn and manufacturers of coir products; ensuring remunerative returns to producers and manufacturers, etc.

## 7.3 THRUST AREAS FOR DEVELOPMENT OF COIR INDUSTRY

7.3.1 The thrust areas for development of Coir Sector in the country are as follows:

- (i) Modernisation of production infrastructure by means of appropriate technology without displacement of labour.
- (ii) Promotion of export of coir and new products through undertaking market promotion measures abroad.
- (iii) Promotion of research and development activities like process improvement, product development and diversification and elimination of drudgery and pollution abatement.

(iv) Development of skilled manpower through training.

## 7.4 BUDGETARY SUPPORT TO THE COIR BOARD

7.4.1 The Government of India through M/o MSME provides funds

to Coir Board for undertaking its various activities under Plan and Non-plan heads. The details of budgetary support provided to Coir Board during the last three years and in 2010-11 are given in the Table below:-

**TABLE 7.1: Details of budgetary support to the Coir Board**

(Rs. crore)

YEAR	ALLOCATION (RE)	FUNDS RELEASED
	Plan	Plan
2007-08	36.70	35.70
2008-09	47.60	47.60
2009-10	42.00	38.73
2010-11	50.65**	37.16*

\*up to December 2010

\*\* including SFURTI

## 7.5 ACTIVITIES OF THE COIR BOARD

**7.5.1 Research and Development in Coir Technology:** Central Coir Research Institute (CCRI), Kalavoor, Alleppey and Central Institute of Coir Technology (CICT), Bangalore, undertake research activities for the different aspects of coir industry beginning with the method of extraction of fibre to the processing

and manufacture of end products. The Central Coir Research Institute, Alleppey was established in 1959 and the Central Institute of Coir Technology, Bangalore in 1980. Whereas CCRI, Kalavoor concentrates on research concerning both the white and brown fibre sectors, CICT, Bangalore confines to the brown fibre sector. Identification of new user areas for utilization of coir and

coir waste (coir pith), modernization of production infrastructure for elimination of drudgery in manual operation thereby attaining higher productivity and improvement in quality are integral parts of the research efforts. Research investigations in Central Coir Research Institute have led to development of several new technologies for the coir industry and it has been awarded the prestigious National Research and Development Corporation (NRDC) Technology Awards thrice for innovations in 1999, 2002 and 2004. The recent achievements of the Board include development of a versatile loom, named as "Anupam", and a Mobile Fibre Extraction Machine "Swarna" for extraction and manufacturing various coir products with ease and higher productivity and development of a technology for pollution free retting.

The R&D activities of the Board concentrate in the following five areas.

- i Modernization of Production Process
- ii Development of Machinery and Equipments
- iii (a) Product Development & Diversification  
(b) Product Development on Brown Coir
- iv Development of Environment Friendly Technologies
- v Technology Transfer, Incubation, Testing & Service Facilities

## 7.6 DOMESTIC MARKET PROMOTION

7.6.1 Promotion of the sale of coir products in India and elsewhere is one of the important functions of the Coir Board. The Domestic Market Promotion includes efforts for enhanced sale of coir products through Board's Showrooms and Sales Outlets and also popularizing coir and coir products by way of publicity, organizing exhibitions in different parts of the country, through audio and visual media, sales campaign, press advertisement and through pamphlets, hoardings etc. The Coir Board has participated in / organized 80 exhibitions during 2010-11 (up to December, 2010)

for popularization of coir and coir products in the domestic markets.

7.6.2 The Coir Board has 30 Showrooms and Sales Depots which also serve as marketing

outlets. The total sales of coir and coir products through Coir Board's Showrooms and Sales Depots during the last three years and in 2010-11 (up to November, 2010) are as under:

*Rs. Lakh)*

2007-08	2008-09	2009-10	2010-11 *
1031.15	1119.30	1406.75	767.98

\* up to November, 2010

## 7.7 EXPORT MARKET PROMOTION

7.7.1 Export promotion is one of the important programmes being implemented by the Coir Board for sustainable development of the industry. Under this Programme, the Board in association with trade and industry is participating in major international fairs/exhibitions.

7.7.2 With the efforts of the Coir Board, the export of coir and coir products reached the level of Rs. 804.05 crore during 2009-10 recording a growth around 25% in value terms as compared to the previous year. The details of exports of coir and coir products made during the last three years and in 2010-11 are given in the Table below:-

**TABLE 7.2: Exports of Coir & Coir Products**

Year	Quantity (Metric Tonnes)	Value (Rs. crore)
2007-08	187567	592.88
2008-09	199925	639.97
2009-10	294508	804.05
2010-11*	185006	466.76

\*up to November 2010 (provisional)

7.7.3 The details of participation by the Coir Board in International Fairs and Exhibitions for promotion of exports of coir and coir products during 2010-11 (up to December 2010) are given in Table below:

**TABLE 7.3: Details of exhibition/fair participated by Coir Board**

Sl. No.	Name of the Fair	Country	Period
1	National Hardware Show, Las Vegas	USA	4-6 May, 2010
2.	Made in India Show, Johannesburg	South Africa	30 Aug-1 Sep, 2010
3.	International Horti Fair, Amsterdam	Netherlands	12-15 Oct., 2010
4.	Mega Show, Part I, Hong Kong	Hong Kong	20-23 Oct., 2010
5.	Australian International Sourcing Fair, Melbourne	Australia	17-19 Nov., 2010

7.7.4 In these exhibitions, visitors and buyers evinced keen interest in the range of products exhibited. The exporters who participated in these events were able to get confirmed orders. Besides, for popularization of coir and coir products and promoting their exports in international markets, the Coir Board has taken steps like catalogue shows during the year.

## 7.8 DEVELOPMENT OF PRODUCTION INFRASTRUCTURE

Under this scheme, financial assistance is provided for setting up new coir units and modernization of existing units for the sustainable growth of coir sector. The financial assistance under this scheme is 25% of the project cost subject to a maximum of Rs. 6 lakh for setting

up of defibering unit, Rs. 4 lakh for automatic spinning unit and Rs. 5 lakh for others, including coir pith unit. Financial assistance limited to Rs. 2 lakh is also provided for modernization of existing units. Initial investment is made by the

entrepreneur and subsidy is released as reimbursement after coming into operation of the units. The details of financial assistance given to the units under this Scheme during the last three years and 2010-11 are given in the Table below:-

**TABLE 7.4: Details of assistance towards Development of Production Infrastructure**

Year	Amount (Rs. lakh)	Number of Units
2007-2008	144.37	152
2008-2009	66.49	82
2009-2010	20.74	26
2010-2011*	20.03	17

\* up to December, 2010

## **7.9 SKILL UPGRADATION: QUALITYIMPROVEMENT;MAHILA COIR YOJANA AND WELFARE MEASURES**

### **7.9.1 Skill Upgradation:**

The Coir Board continued to impart training in processing of coir to artisans and workers engaged in the coir industry through its training centres, i.e., National Coir Training and Design Centre (NCT&DC), Kalavoor, Alleppey and Research-Cum-Extension Centre, Tenkasi, Tamil

Nadu. The regular training courses being conducted at these Institutes are as follows:

- (i) Advanced training course (one year)
- (ii) Artisans' training course (six months)
- (iii) Training in motorized ratt spinning under Mahila Coir Yojana (two months)
- (iv) Training in Coir Handicraft and Coir Ornaments.

7.9.2 The Board is also conducting training activities in different field training centres to suit the convenience of the coir workers at far off places who cannot attend the above regular training centres. The Field Training Centres are run with the help of NGOs/Co-operative Societies engaged in coir activities.

Through these training activities, training is imparted in spinning motorised ratt and motorised traditional ratt. The stipend being paid to the trainees is Rs.750/- per month. The number of persons trained during the last three years and in 2010-11 is given in the Table below:

**TABLE 7.5: Number of persons trained**

Year	Number of Persons Trained
2007-08	8987
2008-09	9916
2009-10	9007
2010-11*	4947

*\*up to December, 2010*

**7.9.3 Mahila Coir Yojana:** The Mahila Coir Yojana is the first women-oriented Scheme, which provides self-employment opportunities to the rural women artisans in regions producing coir fibre. The conversion of coir fibre into yarn on motorised ratt in rural households provides scope for large scale employment; improvement in productivity and quality; better working conditions and higher income to the workers. The Scheme envisages distribution

of motorised ratts to women artisans after giving training for spinning coir yarn. One artisan per household is eligible to receive assistance under the Scheme. The women spinners are trained for two months in spinning coir yarn on motorised ratt at the Board's Training Centres. A stipend of Rs.750/- paid to the trainees. A trainee, who passes the test conducted at the end of the training, is also eligible for subsidy for purchasing a motorised ratt. The

beneficiary under the scheme gets a subsidy of 75 % per cent of the cost of the motorized ratt subject to a maximum of Rs.7,500/- and 75 % of the cost or Rs.3,200/- whichever is

less, for motorised traditional ratts. The details of distribution of ratts and the assistance sanctioned during the last three years and in 2009-10 are given in the Table below:

**TABLE 7.6: Details of assistance under Mahila Coir Yojana**

Year	No. of ratts distributed	Assistance Sanctioned (Rs. lakh)
2007-08	2509	64.29
2008-09	3009	85.81
2009-10	264	9.62
2010-11*	216	10.3

\*up to December 2010

**7.9.4 Quality Improvement Programme (QIP):** The Coir Board organizes Quality Improvement Programmes (QIPs) every year to motivate entrepreneurs to take up coir production and to create quality consciousness among the coir workers in various processing activities viz., spinning, dyeing and on improving the quality of yarn and coir products.

**7.9.5 Entrepreneurship Development Programme (EDP):** According to the estimates of the Coir Board, only about 40% of the total production of coconut husk

is being utilized in the coir industry. For generating employment avenues in the coir sector, the utilisation of husk has to be increased considerably for which more new units are required to be set up. In order to motivate and identify prospective entrepreneurs for setting up and managing new coir units, the Coir Board organises EDPs engaging professionally competent and reputed organisations.

**7.9.6 Coir Workers' Group Personal Accident Insurance Scheme:** The Insurance Scheme for coir workers was introduced by

the Coir Board w.e.f. 01.12.1998 and is being renewed every year. The compensation payable under this Scheme is given in the Table below:

**TABLE 7.7: Compensation payable under 'Coir Worker's Group Personal Accident Insurance Scheme'**

Sl. No.	Incident	Amount Payable
1	Accidental Death	Rs.50,000
2	Permanent Total Disability	
	(a) Loss of two limbs/ two eyes	Rs.50,000
	(b) Loss of one limb and one eye	Rs.50,000
3	Permanent Partial Disability	
	(a) Loss of one limb/one eye	Rs.25,000
	(b) Provision for finger cut	Depending upon the finger and limited to applicable percentages of capital sum insured of Rs.50,000/- as per the Personal Accident Policy Conditions.

During 2010-11 (up to December, 2010), 5 insurance claims were settled and an amount of Rs.2,50,000/- paid towards compensation to the affected workers.

## 7.10 HINDUSTAN COIR

7.10.1 As per the Government's decision to mechanise one third of coir matting sector, the Hindustan Coir, a power loom coir matting

manufacturing factory under the Coir Board was established in 1968 as a Pilot Project. Presently, 5 looms are installed in this factory. The

total production of Hindustan Coir matting during the last three years and in the current year is given in the Table below:

**TABLE 7.8: Details of Production of Hindustan Coir Matting**

{Quantity = Sq. Mtrs: (Value = Rupees in lakh)}

	2007-08	2008-09	2009-2010	2010-11*
<b>Quantity</b>	1,75,369	1,82,515	1,47,557	79,594
<b>Value</b>	280.59	306.62	247.90	187.84

\*up to December 2010

### 7.11 Rejuvenation, Modernisation and Technology Upgradation (REMOT):

7.11.1 A central sector scheme on “**Rejuvenation, Modernisation and Technology Upgradation of the Coir industry**” was launched during March, 2008 with a total outlay of Rs. 243 crore consisting of Government

grant of Rs. 99 crore; beneficiary contribution of Rs. 12 crore and the remaining Rs. 132 crore as a term loan from Banks. The two categories of beneficiaries’ viz; Spinner and the Tiny Household Producers which are the most vulnerable lot in the Coir Sector are to be covered under the Scheme as per details given in the Table below:

**TABLE 7.9: Details of Rejuvenation, Modernisation and Technology Upgradation Scheme**

(Amount: Rs crore)

Sl. No	Category	Coverage (Units)	No. of Persons to be employed	Investment	Term Loan	Grant	Total
1.	Spinning	4000	32000	4	44	32	80

Sl. No	Category	Coverage (Units)	No. of Persons to be employed	Investment	Term Loan	Grant	Total
2.	Tiny/ Household	3200	28800	8	88	64	160
3.	Survey, Evaluation & Monitoring, MIS	--	--	--	--	3	3
<b>4.</b>	<b>Total</b>	<b>7200</b>	<b>60800</b>	<b>12</b>	<b>132</b>	<b>99</b>	<b>243</b>

Under this Scheme, a provision of Rs.15 crore had been made in RE 2010-11 and an amount of Rs.10.52 crore was released to Coir Board up to December, 2010.



*Coir Board receiving Medal "First for Excellence in Display" in the IITF' 2010 from Chief Minister of Delhi*



**8**

**National Small  
Industries Corporation (NSIC) Limited**



*Shri Dinsha Patel, the then Union Minister of State (I/C) for MSME inaugurating the Marketing-cum-Business Park at Hyderabad in the presences of Shri Uday Kumar Varma, Union Secretary (MSME), Shri Amarendra Sinha, Joint Secretary and Dr. H.P. Kumar, CMD, NSIC*





## NATIONAL SMALL INDUSTRIES CORPORATION LIMITED (NSIC)

### 8.1 INTRODUCTION

National Small Industries Corporation (NSIC) Ltd., an ISO 9001 certified Company, was established by the Government of India in 1955. The strategic objectives, for which the Corporation was established, included *“to aid, counsel, assist, finance, protect and promote the interest of small industries in India.”* With the enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, medium enterprises also came into its ambit.

### 8.2 ORGANISATIONAL SET-UP

The policy guidelines to the Corporation are provided by the Board of Directors consisting of a full time Chairman-cum-Managing Director; two Functional Directors; two Government Nominee

Directors, one SIDBI Nominee Director and six Non-official Part-time Directors. The Corporation is manned by a dedicated team of professionals at different levels and operates through 123 offices located all over India and one office located at Johannesburg (South Africa).

### 8.3 PERFORMANCE HIGHLIGHTS

8.3.1 NSIC continued its journey of growth and further firmed up the same during 2010-11 and recorded the operative profit of Rs. 21.81 crore up to 31<sup>st</sup> December, 2010 as against Rs. 28.07 crore in 2009-10.

1.1.2 The major highlights of achievements made by the Corporation during the financial year 2009-10 and in the current financial year upto 31<sup>st</sup> December, 2010 are as under:

- (i) Raw Materials Facilitation of materials like Steel, Aluminium, Zinc, Copper, PTA, Paraffin, Wax etc. to MSMEs was to the tune of Rs 4,974 crore as on 31<sup>st</sup> December, 2010 as against Rs 4,301 crore for the financial year 2009-10.
- (ii) Portfolio under Raw Material Assistance against Bank Guarantee increased to Rs 812 crore up to 31<sup>st</sup> December, 2010 from Rs 578 crore for the financial year 2009-10.
- (iii) Revenue from Government

Purchase Scheme and B2B portal was Rs.5.55 crore, during the last financial year and during the current financial year up to 31<sup>st</sup> December, 2010 revenue of Rs 4.11 crore was generated.

#### 8.4 DIVIDEND

In view of the improved performance, NSIC for the fourth year in a row paid dividend. For the year 2009-10 dividend of Rs. 4.85 crore (i.e. @ 20% of the Net Profit) for the financial year 2009-10 to the Government.



**The then Union Minister of State (I/C) for MSME Shri Dinsha Patel receiving dividend cheque from Dr. H.P. Kumar, CMD NSIC in the presence of Shri Dinesh Rai, the then Union Secretary, Shri Amarendra Sinha, Joint Secretary, Shri R.K. Manchanda, EA and Shri Ravindra Nath, Director (NSIC)**

## 8.5 SCHEMES OF THE CORPORATION

To enhance the competitiveness of micro, small & medium enterprises, NSIC provides integrated support services in the areas of Marketing, Technology, Finance, etc. NSIC is implementing the schemes of Marketing Assistance and Performance & Credit Rating on behalf of the M/o MSME.

### 8.5.1 Marketing Support to MSMEs

'Marketing' has been identified as one of the most important tools for business development. It is critical for the growth and survival of MSMEs in today's intensely competitive market. NSIC acts as a facilitator and has devised a number of schemes to support enterprises in their marketing efforts, both in domestic and foreign markets. These schemes are briefly described as under:-

a) **Raw Material Distribution:** NSIC has made arrangements with bulk manufacturers like Steel Authority of India Ltd. (SAIL);

Rashtriya Ispat Nigam Ltd. (RINL); National Aluminium Company Ltd. (NALCO), Sterlite Group; Indian Oil Corporation Ltd.; Hindustan Zinc Ltd. and Chennai Petrochemical Corporation Ltd. etc., for procuring raw materials like steel, aluminium, zinc; petrochemical products and coal etc. These arrangements are aimed at making available raw materials to MSMEs at reasonable prices and in small quantities. The financial assistance is also extended for procurement of raw material by MSMEs. During the year 2009-10, Raw Material Facilitation to the tune of Rs. 4,301 crore was provided to MSMEs and up to 31<sup>st</sup> December, 2010 facilitation to the tune of Rs. 4,974 crore was extended.

b) **Consortia and Tender Marketing:** Micro & Small Enterprises (MSEs) in their individual capacity face problems in procuring and executing large orders, which deny them a level-playing field *vis a vis* large enterprises. NSIC, accordingly forms consortia of small units manufacturing the same products, thereby pooling in their capacity which provides comfort level to

MSEs (suppliers) and also to buyers. The Corporation applies for Tenders on behalf of consortia of MSEs and secures orders for bulk quantities. These orders are then distributed amongst MSEs in tune with their production capacity. Testing facilities are also provided to enable MSEs to improve and maintain the quality of their products conforming to the standard specifications of the buyers. During 2009-10, marketing assistance of Rs. 28.13 crore was provided to the MSEs and during the current financial year, up to 31<sup>st</sup> December, 2010, assistance of Rs. 12.77 crore was provided.

c) **Single Point Registration for Government Purchase:** NSIC operates a Single Point Registration Scheme under the Government Purchase Programme, wherein the registered small enterprises get purchase preference in Government Purchase Programme. The small enterprises registered under this Scheme get the following facilities:-

- i) Issue of Tenders free of cost.
- ii) Advance intimation of Tenders issued by DGS&D.

- iii) Exemption from payment of earnest money deposit.
- iv) Waiver of security deposit up to the monetary limit for which the enterprise is registered; and
- v) Issue of competency certificate after due verification, in case the value of an order exceeds the monetary limit.

Up to the financial year 2009-10, cumulatively 47,736 units were registered under the Scheme and the same increased to 49,703 by 31<sup>st</sup> December, 2010.

d) **Exhibitions:** To showcase the competencies of Indian MSMEs, NSIC facilitates their participations in International Exhibitions, Fairs, etc. on concessional terms under the Marketing Assistance Scheme of the M/o MSME by partially meeting the cost towards rent of stall as well as air fare. Participation in these events exposes MSMEs to international practices and enhances their business prowess. Through participation in these events, MSMEs are also facilitated to capture new markets making them globally competitive.



***Techmart India 2010 was inaugurated by Shri Dinsha Patel, the then Union Minister of State (I/C) for MSME in the presence of Shri Uday Kumar Varma, Union Secretary, Ministry of MSME, Dr H.P. Kumar, CMD, NSIC, Shri Madhav Lal, the then AS&DC (MSME)***



e) **Buyer – Seller Meets:** Large and institutional buyers such as Railways, Defence, Communication Departments and large companies are invited to participate in buyer-seller meets to enrich MSEs knowledge regarding terms and conditions, quality standards, etc. required by the buyers. These Meets are aimed at vendor development from MSEs for the bulk manufacturers.

### 8.5.2 Technology Support

a) Technology is the key to enhancing a company's competitive advantage in today's dynamic information age. MSMEs need to develop and implement a technology strategy in addition to financial, marketing and operational strategies and adopt the one that helps integrate their operations with their environment, customers and suppliers.

b) NSIC offers MSMEs the following support services through its Technical Services Centres and Extension Centres:

(i) Material testing facilities through accredited laboratories;

(ii) Product design including CAD;

(iii) Common facility support in machining, EDM, CNC, etc.;

(iv) Energy and environment services at selected Centres; and

(v) Practical training for skill upgradation

c) A total of 8,255 units were served under Common Facility Services during the year 2009-10 and up to 30<sup>th</sup> November, 2010, 5,247 units were served.

### 8.5.3 Credit Support to MSMEs

#### a) Meeting credit needs of MSMEs through tie-up arrangements with Banks

One of the major challenges faced by MSMEs is inadequate access to finance due to lack of financial information and non-formal business practices. To overcome these problems, NSIC has entered into tie-up arrangements with 12 banks (i.e. United Bank of India, UCO

Bank, Oriental Bank of Commerce, Central Bank of India, Bank of Maharashtra, YES Bank, AXIS Bank, Karur Vysya Bank, HSBC, Chinatrust Commercial Bank, Union Bank of India and State Bank of Hyderabad) for helping MSMEs in accessing term and working capital loans. During the current financial year up to 31<sup>st</sup> December, 2010, credit support to the tune of Rs. 64.16 crore was provided.

#### **b) Financing Procurement of Raw Materials & Marketing Activities (Short term)**

NSIC facilitates raw material requirement of the MSMEs by making arrangements with bulk manufacturers for procuring the materials and supplying the same to MSMEs. In case they need any credit support, NSIC provides financial assistance for raw material procurement by making the payment to suppliers. NSIC facilitates financing for marketing activities such as Internal Marketing, Exports and Bill Discounting to

MSMEs.

Under above mentioned schemes, NSIC provided credit facilitation to the tune of Rs. 1022.41 crore during 2009-10 and in the current financial year up to December, 2010 credit facilitation to the tune of Rs 935.22 crore was provided.

#### **c) Performance & Credit Rating Scheme for Small Enterprises**

On behalf of the M/o MSME, NSIC is implementing "Performance & Credit Rating Scheme" for micro and small enterprises (MSEs). The scheme is being operated through 07 accredited rating agencies i.e. CARE, CRISIL, FITCH, ICRA, ONICRA, Dun & Bradstreet and SMERA. The fee to be paid by the MSEs for the rating, is subsidized by the Government to the extent of 75% of the rating fee up to a maximum of Rs.40,000/- for the first year of rating. The scheme has become quite popular and getting good response. During 2009-10, a total of 7,531 units were rated under the

Scheme, and up to 31<sup>st</sup> December, 2010, 7,827 units were rated. The rating serves as a trusted third party opinion on the unit's capabilities and credit worthiness. A good rating enhances the acceptability of the rated unit in the market and also makes it access cheaper credit quickly and thus helps in economizing the cost of credit. The scheme is becoming popular and more units are coming forward for getting rated.

#### **8.5.4 Support Services to MSMEs**

NSIC has been doing a yeoman service in the development of MSME for more than five decades and it is observed that one of the problems faced by the entrepreneurs is the scarcity in availability of suitable space where they can set up their offices or can exhibit their products for their wider publicity and easy marketability under one roof. In order to give a boost to MSMEs, NSIC has taken step forward by taking judicious decision to set up the following projects:

#### **a) Construction of 'Marketing Development-cum-Business Park' (MDBP) at NSIC Complex, Okhla Industrial Estate, New Delhi.**

NSIC is establishing "Marketing Development-cum-Business Park" (MDBP) at Okhla, New Delhi. MDBP will be a state-of-the-art building having a total covered area of approx. 37,000 sqm.

#### **b) 'Exhibition-cum-Marketing Development Business Park' (EMDBP) at Hyderabad**

NSIC has set up an Exhibition-cum-Marketing Development Business Park (EMDBP) at NTSC Campus, Hyderabad a prominent and well developed place in the city. This is a five storied building with a covered area of approx. 15,000 sqm. The ground floor of the building has an exhibition hall and the upper floors have been given on lease and license basis to MSMEs/service providers, IT and ITES/BPOs and financial institutions/banks etc.



*The then Union Minister of MSME (I/C) Shri Dinsha Patel lighting the lamp on the occasion of inauguration of Marketing-cum-Business Park at Hyderabad*

### **c) Infomediary Services under B2B portal for MSMEs**

Information plays a vital role in the success of any business. However, MSMEs have limitations in accessing such information. NSIC provides Infomediary Services to MSMEs. Besides hosting a website ([www.nsicindia.com](http://www.nsicindia.com)), NSIC has hosted sector-specific portals for focused information dissemination. NSIC has hosted a B2B Web Portal ([www.nsicindia.com](http://www.nsicindia.com)) which provides comprehensive and integrated

facilities to MSMEs for business to business (B2B) relationship.

NSIC has also hosted a dedicated B2B web portal to promote International Trade, wherein it has posted data of 28 foreign partners. Potential beneficiaries would be MSMEs seeking business collaborations and co-production opportunities, joint ventures, exporters and importers and those looking for technology transfers.

Some of the salient features of this portal are: Product specific

database searches; Sector specific domestic tender notices with alert factors; Country specific global tender notices from World Bank, United Nations Organization, ILO etc., Business Trade Leads from more than 200 countries; Automatic Match Making for Product, Services & Technology; Virtual Exhibition; Self-web development tool; Expert chat, Buyer/Seller chat & Video Conferencing; Global Trade Shows Information; WAP services for GPRS activated Mobiles; SMS Alerts; Trusted Seal for NSIC Members (Gold, Trust

Members); Centralized Mail System for each member; Customer Support through Call Centre; Mirroring facility and Payment Gateway for membership subscription. Further enhancement of this Portal is also being undertaken.

### 8.6. INTERNATIONAL CO-OPERATION ACTIVITIES

NSIC is providing consultancy services in diverse areas namely:

- (i) Policy and Institutional Framework,
- (ii) Business Development Services,



**Shri Virbhadra Singh, Union Minister of MSME, Shri Mohan Suresh of FISME and Dr. H. P. Kumar, CMD, NSIC during the conference of FISME, Bengaluru**

- (iii) Capacity Building of Institutions engaged in MSME development.

## 8.7 NSIC's NEW INITIATIVES

### 8.7.1 Global Partnerships for sharing of Best Practices

NSIC, further, strengthened its Web Portal on International SME Development, which can be accessed on [www.nsicpartners.com](http://www.nsicpartners.com). The website provides a unique platform where the recognized partners of NSIC in 28 countries keep exchanging information to facilitate sustainable collaborations amongst MSMEs of respective countries.

### 8.7.2 NSIC - Training - cum - Incubation Centres (NSIC-TICs) for Small Enterprise Establishment under Public-Private Partnership (PPP) Mode

NSIC continued its initiative to set up new Training-cum-Incubation Centres (NSIC-TICs) under PPP mode for the purpose of inculcating entrepreneurial skills among unemployed persons by imparting training through which they become

employable or can set up their own small enterprises. During 2009-10, 24 new Training cum Incubation Centres were set up making the total number of NSIC-TICs 45. In the current financial year up to 31<sup>st</sup> December, 2010, 5 more centres were set up making the total number of NSIC-TICs 50.

### 8.7.3 Establishment of an E-Learning Centre at Okhla, New Delhi

In order to have uniform code of lectures and training in all Training-cum-Incubation Centres, NSIC established an E-Learning Centre at Okhla, New Delhi, which can be connected to all NSIC-TICs to receive high quality and standardized training electronically. Lectures on various training modules are broadcasted through internet to all the TICs from NSIC Studio. The studio can also be utilized for video conferencing among Offices of the Corporation.

### 8.7.4 Marketing Intelligence Cell

NSIC has established a Marketing Intelligence Cell for collecting and

disseminating both domestic and international marketing intelligence in coordination with other relevant departments / agencies as has been recommended by PM's Task Force on MSMEs in

January, 2010. The cell helps MSMEs in getting appropriate information at one place which would enable MSMEs in enhancing their ability to gauge and be at par with the global demands.



***Shri T.K.A. Nair, Principal Secretary to the Hon'ble Prime Minister of India inaugurating the "MSME-Marketing Intelligence Cell" at New Delhi***

## 8.8 MAJOR EVENTS IN 2010-11

S. No.	Date	Event
1.	13th – 17th April, 2010	Participation in Fourth Tri-nations Conference at Brazil: NSIC participated in the 4th Tri-Nations Conference coinciding with 4th IBSA Summit held at Brasilia, Brazil. Tri-nations Conference is the tri-national cooperative initiative of three organizations i.e. NSIC from India, SEBRAE from Brazil and SEDA from South Africa to discuss the issues related to MSMEs of the three countries and share their experiences for the development of MSMEs and also to enhance enterprise to enterprise cooperation among the enterprises of these three countries.
		The final report of the 4th Tri-nations Summit was presented in the IBSA Forum to the Heads of States of the three countries i.e. Mr. L.I. Lula da Silva, Hon'ble President of the Republic of Brazil, Mr. J.G. Zuma, Hon'ble President of the Republic of South Africa and Dr. Manmohan Singh, Hon'ble Prime Minister of Republic of India. The report highlighted the initiatives taken by the three organizations in terms of access to technologies and innovations, commercial proximity among the three countries and the exchange of knowledge and practices in promoting our enterprises.

S. No.	Date	Event
2.	19th April, 2010	<p>An Agreement of Mutual Cooperation was signed between NSIC and the Tobago House of Assembly, Division of Finance and Enterprise Development (Government of Trinidad and Tobago) for the development of MSMEs in Trinidad &amp; Tobago on 19th April, 2010 in the presence of Shri Dinsha Patel, Union Minister of State (I/C) (MSME).</p> <p>A five member business delegation led by Director of Indo-Trinidad Chamber of Commerce &amp; Industry (ITCCI) visited NSIC on 27th April, 2010 and showed keen interest in NSIC's Incubator Centre.</p>
3.	20th – 24th April, 2010	Mr. Thami Mazwai, Director, Centre for Small Business Development (CSBD), Soweto Campus of Johannesburg University visited NSIC to understand India's business development model and explore India's success in developing small industries through Government and private initiatives.
4.	28th April, 2010	A delegation led by Dr. Lindeki Chweya, Permanent Secretary, Office of the Vice President of Kenya visited NSIC's Okhla Incubator Centre on 28th April, 2010.
5.	9th - 17th May, 2010	A delegation led by Dy. Chief Executive Officer of Local Enterprise Authority (LEA), Botswana visited NSIC. The visiting delegation has shown interest in NSIC Model of Incubation.

S. No.	Date	Event
6.	11th May, 2010	A five member delegation consisting of Board of Directors of Local Enterprise Authority (LEA), Botswana visited NSIC on 11th May, 2010. The delegation was received at NSIC Okhla Incubator.
7.	18th May, 2010	Mohd. Matiul Islam, Chairman of IIDFC, Bangladesh visited NSIC. A MoU between NSIC and IIDFC was signed for sharing experiences for the development of SMEs in both the countries.
8.	8th June, 2010	A six member delegation from Federal Micro & Small Enterprises Development Agency, Addis Ababa visited NSIC's Incubator Centre.
9.	16th June, 2010	Lieutenant General Mompoti Sebogodi Merafhe, Vice President of Botswana visited NSIC. An Agreement of Mutual Cooperation was signed between NSIC and Local Enterprise Authority (LEA) of Botswana MSMEs in the august presence of Lieutenant General Mompoti Sebogodi Merafhe, Vice President of Botswana. The MoU envisages setting up of Technology-cum-Business Incubator Centres, developing policies and Institutional framework for SME development in Botswana.
10.	9th July, 2010	An MoU between NSIC and Iran Small Industries and Industrial Parks Organization (ISIPO) was signed at New Delhi in the presence of Hon'ble Minister of External Affairs, India for the development of MSME sector in Iran.

S. No.	Date	Event
11.	10th – 13th Nov., 2010	NSIC organised a business delegation of 26 MSMEs to Birmingham, U.K. on the invitation of High Commission of India (HCI) in U.K. HCI, London had organised SME Conference-cum-Buyers-Sellers meet for Indian delegates. Also visits to Aston University, University of Loughborough were organised to show emerging environment friendly technologies to Indian MSMEs.



***An Agreement of mutual cooperation was signed between NSIC and Local Enterprise Authority (LEA) of Botswana. Dr. H.P. Kumar, CMD, NSIC signed the MoU in presence of Lieutenant General Mompoti Sebogodi Marafhe, Hon'ble Vice President of Botswana***

## 8.9. NSIC IN NORTH EASTERN REGION

8.9.1 NSIC is having a dedicated Zonal Office at Guwahati and 5 sub-offices all over NER to look after the requirement of MSMEs in the NER.

## 8.10 CORE BUSINESS FOR THE FUTURE

During the year, the future growth strategy for the Corporation was deliberated upon, keeping in view, the transformation that has taken place in the economic environment. It was decided that the focus areas of the Corporation for the future would be:

- (i) Building synergies and Partnerships – establishing itself central to the network of the service providers in India,
- (ii) Increasing the geographic footprints of NSIC,
- (iii) Taking up the cause of marketing of products of MSMEs,

(iv) Aggressively entrench its market position and market its services,

(v) Optimal utilization of its infrastructure.

## 8.11 AWARDS AND RECOGNITIONS

NSIC has been honoured by a series of awards and recognitions for excellence in business and operations. NSIC-Rourkela was awarded “Excellence in Service” for providing yeoman service in the promotion and development of MSMEs in the State of Orissa by State Government of Orissa. NTSC-Chennai received an Award and Letter of Appreciation from VEL TECH Technical University, Chennai for partnering with the University in imparting skills to students by way of in-plant training and projects entitled “India – a Superpower in 2020” under Corporate Social Responsibility on 16th May, 2010 by Secretary to Government of India, Department of Science and Technology.





# 9

## **Training, Entrepreneurship Development and Other Schemes of the Ministry**



*Skill Development Programme in progress*





## TRAINING, ENTREPRENEURSHIP DEVELOPMENT AND OTHER SCHEMES

### 9.1 BACKGROUND

9.1.1 Entrepreneurship has been considered the backbone of economic development. It has been well established that the level of economic growth of a region to a large extent, depends on the level of entrepreneurial activities in the region. The myth that entrepreneurs are born, no more holds good, rather it is well recognised now that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship development programmes.

9.1.2 In the era of liberalisation, privatisation and globalisation along with ongoing IT revolution, capable entrepreneurs are making use of the opportunities emerging from the evolving scenario.

However, a large segment of the population, particularly in the industrially backward regions/rural areas generally lags behind in taking advantage of these opportunities. Therefore, there is a need to provide skill development and entrepreneurship development training to such people in order to bring them to mainstream of economic growth.

9.1.3 Entrepreneurship development and training is, thus, one of the key elements for development of micro and small enterprises (MSEs), particularly, the first generation entrepreneurs. To undertake this task on regular basis, the Ministry has set up three national-level Entrepreneurship Development Institutes (EDIs). These are the National Institute

for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, (UP), the National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad and the Indian Institute of Entrepreneurship (IIE), Guwahati. Further, the Ministry has been implementing {in addition to the schemes operating by the Office of the Development Commissioner (MSME)}, an

important scheme, namely, Scheme for Assistance to Training Institutions. The main objectives of the scheme are development of indigenous entrepreneurship from all walks of life for developing new micro and small enterprises, enlarging the entrepreneurial base and encouraging self-employment in rural as well as urban areas, by providing training to first generation entrepreneurs and assisting them in setting up of enterprises.



**Shri Dinsha Patel, the then Union Minister of State (I/C) for MSME inaugurating the newly constructed additional floor at NIMSME complex in the presence of Shri Uday Kumar Varma, Union Secretary (MSME), Shri Saurabh Chandra, AS&FA, Shri Madhav Lal, the then AS & DC (MSME) and Shri Amarendra Sinha, Joint Secretary**

9.1.4 Further, in order to improve the success rate of the EDP trainees in the establishment of new enterprises, the Ministry had launched a scheme, namely, “Rajiv Gandhi Udyami Mitra Yojana” (a scheme for Promotion and Handholding of Micro and Small Enterprises). The main objective of this scheme is to provide handholding support to first generation entrepreneurs, through designated lead agencies i.e. ‘Udyami Mitras’. Under this scheme, the ‘Udyami Mitras’ are providing guidance and assistance to the potential entrepreneurs registered with them, in preparation of project report, arranging finance, selection of technology, marketing tie-ups with buyers, installation of plant and machinery as well as obtaining various approvals, clearances and NOCs etc. For providing this handholding assistance to the new entrepreneurs, the ‘Udyami Mitras’ are paid handholding charges under the scheme.

## **9.2 SCHEME FOR ASSISTANCE FOR STRENGTHENING OF TRAINING INFRASTRUCTURE OF EXISTING AND NEW ENTREPRENEURSHIP DEVELOPMENT INSTITUTES (EDIs)**

9.2.1 Under the scheme, assistance is provided to existing and new training Institutions for establishment of Entrepreneurship Development Institute (EDI) and strengthening of their training infrastructure on a matching basis. Ministry provides assistance on a matching basis, not exceeding 50% of the project cost or Rs. 150 lakh whichever is less (90% or Rs. 270 lakh of the project cost whichever is less, for North Eastern States and Union Territories of Andaman & Nicobar and Lakshadweep Islands) excluding cost of land and working capital. The balance

50% of the matching contribution (10% for State level EDIs in North Eastern States including Sikkim or Union Territories of Andaman & Nicobar and Lakshadweep Islands) should come from the concerned Institute, State/UT Government, public funded institution(s), NGOs/Trusts/Banks/Companies/Societies/Voluntary organizations etc.

9.2.2 The assistance is for creation of infrastructure. The land is to be provided by the State Government or any other institution or by the applicant. Financial assistance is for construction of building, purchase of training aids/equipments, office equipments, computers and for providing other support services e.g. libraries/data bases etc. The costs of land, construction of staff quarters etc. do not qualify for calculation of matching grant from the Central Government. All the proposals under this scheme are required to be recommended by and routed through the concerned State/UT Government.

9.2.3 Assistance is also provided under the scheme to following Training Institutions, for conducting Entrepreneurship Development Programmes (EDPs) and Entrepreneurship cum Skill Development Programmes (ESDPs) and Training of Trainers (ToTs) programmes in the areas of Entrepreneurship and/or Skill Development.

- (a) National level EDIs (including branches),
- (b) Training Institutions established by Partner Institutions (PIs) of national level EDIs,
- (c) Training/Incubation Centers of NSIC,
- (d) Training cum Incubation Centers (TICs) set up by NSIC
- (e) Other training institutions with proven professional competency, capacity and experience, approved under the scheme.

9.2.4 Entrepreneurship and Skill Development (ESDP) training would normally be of 100 to 300 hours (1 to 3 months). Entrepreneurship Development (EDP) training would be of 72 hours (2 weeks) and

Trainer's Training (TOT) for 300 hours.

Maximum training assistance (per trainee per hour) would be limited to following rates:-

Particulars	Maximum assistance per trainee per hour (Rs)
SC/ST/Physically Handicapped (PH) /North Eastern Region (including Sikkim), Union Territories of Andaman & Nicobar and Lakshdweep Islands (NER+)	
District Head Quarter (HQ)	60/-
Urban areas other than District HQ	50/-
Rural areas	40/-
Others	
District HQ	50/-
Urban areas other than District HQ	40/-
Rural areas	30/-

*Assistance for Training of Trainers (ToTs) programmes would be provided @ Rs 60 per trainee per hour.*

9.2.5 It would be possible to dovetail benefits available under schemes of other Ministries/ Departments/ State/ UT Governments for stipend, TA/DA etc. with assistance under schemes of other Ministries /Departments/ State/ UT Governments (without duplication).

### **9.3 NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT (NIESBUD), NOIDA, UP.**

9.3.1 National Institute for Entrepreneurship & Small Business Development (NIESBUD) is a

premier Institute established in 1983, for coordinating and overseeing the activities of various institutions, agencies engaged in developing entrepreneurship, primarily in small industry, small business and human resources development. The Institute has been actively engaged in organizing national/international training programs, which have benefited MSMEs throughout India and in more than 115 countries internationally.

9.3.2 The major activities of the Institute include identifying requirements and conducting training programmes aimed at entrepreneurship development for different target groups including members of various Government and NGOs engaged in supporting and promoting entrepreneurship; evolving and standardizing field tested strategies and methodologies of developing entrepreneurship to suit the respective locations and target groups and clusters; gathering, analyzing and processing information needed for formulation of policies and

implementing programmes related to self-employment, entrepreneurship and industrial development; offering consultancy services needed for improving management efficiency, productivity and technology adopted by existing entrepreneurs; undertaking documentation and disseminating information related to entrepreneurship/enterprise development; preparing and publishing literature and information materials related to entrepreneurship/enterprise development; providing forum for interaction and exchange of views/experiences for different groups mainly through seminars, workshops, conferences etc; studying problems and conducting researches/review studies etc. for generating knowledge for accelerating the process of entrepreneurship development culminating into establishment of new economic ventures; evolving, designing and helping use of various media for promoting the culture of entrepreneurship among different strata of society.

9.3.3 During the year 2010-11, as on December 31, 2010. The the Institute has organized 340 category-wise details of the training training activities for different target programmes thus organized during groups with 10,939 participants the year, are given in Table 9.1

**Table 9.1: Performance of NIESBUD during 2009-10 and during 2010-11**

Sl. No.	Category of the Programme	2009-10 (up to Dec. 31, 09)		2010-11 (up to Dec. 31, 10)	
		No. of Progs.	No. of Parti.	No. of Progs.	No. of Parti.
1.	Trainers/ Promoters Training; Small Business Opportunities & Development and Entrepreneurship Continuing Education Programme	21	380	17	298
2.	Entrepreneurship-cum-Skill Development Programmes, EDPs and SDPs	131	3426	219	5,543
3.	International Training Programmes	03	48	05	104
	<b>Total</b>	<b>155</b>	<b>3,854</b>	<b>241</b>	<b>5,945</b>
4.	Seminars, Workshops & Conferences/Awareness-cum-Motivational Campaigns	110	5,378	89	4,994
	<b>Grand Total</b>	<b>265</b>	<b>9,232</b>	<b>330</b>	<b>10,939</b>

The training programmes conducted are in comparison to 265 programmes with 8,232 participants organized by the Institute during the corresponding period of the year 2009-10. This represents growth of 25% in terms of training programmes and 19%

in terms of the participants, during the year 2010-11 over 2009-10.

9.3.4 The 3 regular announced International Training Programmes conducted by the Institute with 54 participants drawn from different Afro-Asian countries were: Small Business Planning & Promotion; Business Advisors' Training and Human Resource Development and Entrepreneurship Education & Training.

9.3.5 The broad salient features of the training activities during the period, are enumerated below:-

- i) The majority of the training activities organized consisted of EDPs, SDPs and ESDPs under the Ministry's Scheme of Assistance to Training Institutions.
- ii) Five Training Programmes for 155 beneficiaries were organized under the Rajiv Gandhi Udyami Mitra Yojana (RGUMY) of the Ministry of MSME and for Executives of the

Call Centre for MSME made operational recently by the Ministry.

- iii) Five Orientation Programmes with 68 Principals and Senior Faculty of ITIs were organized under the auspices of the O/o Director General of Employment and Training (DGET), Ministry of Labour and Employment, Government of India.
- iv) A 5-days' Organization Programme on "RTI, IT & Behavioural Competency and Other Job Oriented Functions" was organized for 20 Central Labour Service (CLS) Officers on behalf of the O/o the Chief Labour Commissioner (C), Ministry of Labour & Employment, Government of India.
- v) The period also saw 109 participants of the training activities of the Institute being assisted in obtaining gainful employment in different industries after completion of their respective training.

vi) Besides, 284 beneficiaries were assisted/guided for enabling them to set up their own ventures during the period.

9.3.6 The Institute organized a total of 89 Seminars/Workshops

etc. during the period, which were attended by 4,994 persons. The majority of the activities under this category consisted of Awareness-cum-Motivational Campaigns and Workshops in Industrial Clusters on different topics.



**Shri Arun Kumar Jha, DG, NIESBUD awarding certificate**

9.3.7 In consonance with the efforts of the Government, aimed at increasing the supply of skilled manpower for meeting

the growing demands in different sectors, the Institute conducted a total of 219 Entrepreneurship-cum-Skill Development Programmes,

Entrepreneurship Development Programmes and Skill Development Programmes for 5,543 participants, which largely represented Women, SCs/STs/OBCs and other Weaker Sections of the Society. These Programmes were in the trades of Computer Hardware & Networking, Mobile Repairing, Retail Management, Desk Top Publishing (DTP), Hospitality, Bio-technology, Computerized Design, Security Services, Machine Embroidery & Tracing, Garment Drafting & Construction, Artificial Gems & Jewellery, Beauty & Health Care, Export Procedure & Documentation, Repair & Maintenance of Electrical Appliances, Food Processing, Machine Embroidery & Tracing, Ware-housing & Presentation of Agri Products, Inverter Assembling etc.

9.3.8 The Institute is looking after different works in a total of 26 Clusters. The broad outlines of the work executed by the Institute during the current year in these

Clusters, are given below: -

- i) Organizing training programmes on Computerized Design Development in the Clusters of Bone Ware, Loni and in Brass Cluster, Moradabad and training programmes on Export Documentation and Procedure in Brass Cluster, Moradabad.
- ii) Carrying out 5 S (Sigma) implementation in 25 units of Textile Printing Cluster, Pilakhua.
- iii) Holding meetings with different stakeholders about implementation of Soft Intervention and discussing the salient details of Hard Intervention in Auto Cluster, Gurgaon and Bone Ware Cluster, Loni.
- iv) Reviewing the overall progress in the Khadi Clusters of Kurukshetra, Amritsar, Hoshiarpur (Wooden Inlay Cluster) and Una (Plant Fiber

- Cluster).
- v) Preparation of the Diagonstic Study Report etc. for the Embroidery Cluster, Meerut.
  - vi) Reviewing the progress of the work in respect of Incense Stick (Agarbatti) Cluster, Kannauj.
  - vii) To establish of the Common Facility Centre in Scissors Cluster, Meerut.
  - viii) Promoting the marketing linkages for the products of different Clusters through providing opportunities of participation in the forthcoming India International Trade Fair, 2010.
  - ix) Prepare the Diagonstic Study Reports in respect of Artificial Jewellery Cluster, Meerut; Embroidery Cluster, Meerut and Mechanical Engineering Cluster, Sahibabad.

9.3.9 The Institute in accordance under the Scheme of Entrepreneurship Development

Centre (EDC) through Partner Institutions, for extending the outreach of the training activities, has empanelled a total of 22 eligible and competent organizations/agencies as its Partner Institutions during the period. A total of 70 training programmes for 1750 participants is to be conducted during the year 2010-11 through these agencies under the Ministry's Scheme of Assistance to Training Institutions.

#### **9.4 NATIONAL INSTITUTE FOR MICRO, SMALL AND MEDIUM ENTERPRISES (NI-MSME), HYDERABAD**

9.4.1 National Institute for Micro, Small and Medium Enterprises (NI-MSME) was established in 1960 and was known as National Institute of Small Industry Extension Training (NISJET). The academic activities are organized through Schools of Excellence, each School consisting of

theme focused centres and cells. The Academic Council is the nucleus coordinating body, which formulates academic activities and programmes

with quantitative and qualitative benchmarks by providing a framework for assessment and evaluation addressing contextual variations.



**Shri Uday Kumar Varma, Union Secretary (MSME) along with Shri Saurabh Chandra, AS & FA, Shri Madhav Lal, the then AS&DC, Shri Sesh Kumar Pulipaka, JS during the Executive Committee meeting of NIMSME**

9.4.2 During the period from April 2010 to December 2010, the Institute has conducted 126 training programmes under National announced sponsored programme, which were attended by 4,054 persons. During the remaining period of the year, 17 programmes, in which 520

participants, are anticipated to be conducted. 15 International announced sponsored programmes for 244 senior executives from different developing countries were conducted up to end of December, 2010 and 6 more programmes to cover as many as 70 executives are anticipated during the remaining period of the year. As many as 56



Shri Dinsha Patel, the then Union Minister of State (I/C) for MSME addressing the participants of 'National Training Programmes and Message to the National and International Participants' at NIMSME, Hyderabad

Seminars and Workshops were conducted during the same period and they were attended by 4,469 delegates. 3 more are anticipated to be conducted and the delegates expected are 120. 91 research and consultancy projects were taken up during the period from April

2010 – December 2010 and they were in progress. The performance of the Institute during 2009-10 (actual) and during 2010-11 (up to 31st December 2010) and projections for the remaining period of 2010-11 are given in the Table – 9.2.

**Table 9.2: Performance of NI-MSME during 2009-10 & 2010-11**

Type of Programmes	2009-10		2010-11					
	Programmes	Participants	From 1.4.2010 to 31.12.2010 (actuals)		From 1.1.2011 to 31.3.2011 (Projected)		Total	
			Programmes	Participants	Programmes	Participants		Programmes
Entrepreneurship Development Programmes								

Programmes under Assistance to Training Institutions sponsored by M/o MSME:								
ni-msme as Apex Institution	07	175	25	715	87	2610	112	3325
Programmes by Partner Institutions	00	00	160	4600	150	3566	310	8166
Counselling, Re-training and Re-deployment of rationalized employees of CPSUs	29	1254	11	567	04	200	15	767
Skill Development in IT for Socially Challenged Youth	00	00	01	32	00	00	01	32
Skill Development EDPs								
Other EDPs	17	520	36	1440	12	360	48	1800
Other Programmes:								
National:								
Announced	21	915	12	241	03	30	15	271
Sponsored	46	1669	38	2252	02	65	40	2317
International:								
Announced	12	222	14	233	04	50	18	283
Sponsored	02	31	01	11	02	20	03	31
Seminars and Workshops	95	6779	57	4336	03	120	60	4456
Consultancy & Research	76		91				91	
<b>Total</b>	<b>305</b>	<b>11565</b>	<b>446</b>	<b>14427</b>	<b>267</b>	<b>7021</b>	<b>713</b>	<b>21448</b>



Shri Uday Kumar Varma, Union Secretary (MSME) addressing the participants in NIMSME, Hyderabad

9.4.3 NI-MSME has already enrolled as many as 22 Partner Institutions. The Ministry of MSME has earmarked 105 programmes for 3150 participants to **ni-msme** and 235 programmes for 6290 participants through Partner Institutions of **ni-msme** for the year 2010-11. As on 31<sup>st</sup> December, 2010, 25 programmes by **ni-msme** and 160 programmes through Partner Institutions covering 5,315 participants were conducted. The remaining programmes are expected to be completed before 31<sup>st</sup> March, 2011.



Shri Dinsha Patel, the then Union Minister of State (I/C) for MSME at the inaugural session of the Training programme along with Shri Uday Kumar Varma, Union Secretary (MSME) and Dr. Chukka Kondiah, Principal Director, NIMSME

## 9.5 INDIAN INSTITUTE OF ENTREPRENEURSHIP (IIE), GUWAHATI

9.5.1 Indian Institute of Entrepreneurship (IIE), is completing 17<sup>th</sup> year of its operation on 31<sup>st</sup> March 2011. During this period, the Institute has expanded its activities to a great extent covering all facets of SME activities. Since

its establishment and up to March 2010, the Institute has organized 1933 training programmes/workshops/seminars/meets where 71,275 participants participated.

9.5.2 The performance of the Institute during 2009-10 (actual) and during 2010-11 (up to 31<sup>st</sup> December 2010) is given in **Table 9.3.**

Table 9.3: Performance of IIE during 2009-10 and during 2010-11

Sl. No	Type of programme	2009-10		2010-11 (Up to Dec.2010)	
		No of programme	No of participants	No of programme	No of participants
1	EDP	114	3045	64	1810
2	ESDP/SDP	11	284	193	5131
3	MDP	45	1292	15	450
4	OTHERS	127	7403	41	1882
	<b>Total:</b>	<b>297</b>	<b>12024</b>	<b>313</b>	<b>9273</b>

9.5.3 Considering the importance of creating environment for entrepreneurship development, the Institute has been organizing a number of programmes to create

awareness about entrepreneurship. During the year, the Institute has organized 33 such programmes with 1,337 participants. Details are given below in Table 9.4.

Table: 9.4

Sl No	Categories	Programme	Participants
1	Motivating youth for self employment	1	40
2	Orientation for officers of Industries Dept.	4	103
3	Trainers Programme on Entrepreneurship	7	213
4	Short duration programmes on EAP/EAC/FAP	21	981
	<b>Total</b>	<b>33</b>	<b>1337</b>

9.5.4 Creating Awareness on areas of the Institute. The Institute organizes Faculty Development Programmes for University and students has been one of the core Programmes for University and



College Teachers and Awareness Camps for Students of Colleges. The Institute organized one Faculty Development Programme for College Teachers where 31 college teachers participated.

9.5.5 The Institute has been organizing Seminars, Workshops,

Meets and Conferences for providing forum for interaction and exchange of views by various agencies and entrepreneurs. During the year 2010-11, the Institute organized 2 such Workshops/Meets on various activities relating to Micro and Small Enterprise growth



and development. Altogether, 136 participants attended these Workshops/Seminars/Meets.

9.5.6 The Institute under the sponsorship of Ministry of MSME, Government of India has initiated a unique programme of Comprehensive Entrepreneurship Development (CEDP) on Gemstones Processing and Hosiery & Woolen Garment manufacturing. The Institute imparts skill development training to prospective

entrepreneurs and artisans in Gemstone processing and Hosiery processing respectively through its training centers at its premises and also at Aizwal, Sikkim and Arunachal Pradesh. It provides incubation facilities and technical support and guidance and market linkages to prospective entrepreneurs in these sectors.

9.5.7 As an alternative solution to meet the rural unemployment problem, the Small Industries

Development Bank of India (SIDBI) has launched a pilot project called 'Rural Industries Programme' (RIP) in November 1993. Indian Institute of Entrepreneurship started its first RIP Programme in Nagaon district of Assam in the year 1996. Now the

Institute has spread its RIP activities in Meghalaya, Manipur, Nagaland and Mizoram States also. Till date, the Institute grounded 295 units in Assam, 176 units in Meghalaya, 71 units in Manipur, 64 units in Nagaland and 35 units in Mizoram under RIP.



9.5.8 In keeping with the trend of the recent worldwide phenomenon of entrepreneurship development through area approach, IIE initiated cluster development efforts to develop the languishing small and traditional industrial sector in the

North Eastern Region with financial linkage. The Institute has also started intervention in Handloom Clusters in Arunachal Pradesh and in Uttarkhand.

9.5.9 IIE has been mandated the role of Technical Agency for 14 clusters

in khadi, village industry and coir sector. IIE has conducted a series of training/seminars/workshops covering various aspects of the implementation of the programme. In addition, IIE has also facilitated linkage with various professional and support institutions for planned capacity building activities for different clusters. IIE has assisted the Implementing Agencies in product development both through design development and technology infusion by providing linkages with designers, technologists and institutions like Weavers Service Centre etc. For market promotion, IIE has assisted the different clusters through initiatives like development of E-portal, conducting and facilitating buyer seller meet, facilitating exhibition participation, providing linkages with marketing experts and retail houses etc. The Institute completed/organized 9 soft interventions, 7 pre-diagnostic studies, 2 diagnostic studies under the Regional Resource Centre. Presently 7 pre-diagnostic studies

and 4 soft interventions are going on.

## **9.6 RAJIV GANDHI UDYAMI MITRA YOJANA (RGUMY)**

9.6.1 The objective of Rajiv Gandhi Udyami Mitra Yojana (RGUMY) is to provide handholding support and assistance to the potential first generation entrepreneurs, through the selected lead agencies i.e. 'Udyami Mitras', in the establishment and management of the new enterprise, completion of various formalities required for setting up and running of the enterprise and in dealing with various procedural and legal hurdles. Under this Scheme, the selected lead agencies i.e. 'Udyami Mitras' provide guidance and consultation to the potential entrepreneurs registered with them, in preparation of project report; arranging finance; selection of technology; marketing tie-ups with buyers; installation of plant and machinery as well as obtaining various approvals, clearances and NOCs etc.

9.6.2 In order to further enhance the scope and effectiveness of the scheme by also extending information support, guidance and assistance to all entrepreneurs, a Udyami Helpline - a Call Centre for MSMEs has been set up. Information on various schemes of the Government targeted for the benefit of MSMEs is provided on a toll free number 1800-180-6763 in Hindi and English languages. The Udyami Helpline operates on all 365 days of the year including Sundays and Holidays from 6 am to 10 pm.

9.6.3 Apex organizations under the Ministry namely Office of DC (MSME), KVIC, NSIC and three national level EDIs i.e NIESBUD, Noida, NIMSME, Hyderabad and IIE, Guwahati through their field offices are working as deemed Udyami Mitras. The eligible organizations at State level and district level duly recommended by the concerned State Commissioner/ Director (Industries) are also empanelled as

Udyami Mitras. The Udyami Mitras are paid handholding charges under the Scheme, including nominal contribution of the concerned entrepreneur. However, the beneficiaries belonging to SC/ST/ Physically handicapped/ Women and beneficiaries from NER are subsidized under the scheme for availing the handholding support from Udyami Mitra. 3,375 numbers of Udyami Mitras have been empanelled up to December, 2010, who are providing handholding assistance to about 9,500 first generation entrepreneurs.

## 9.7 MARKETING ASSISTANCE SCHEME

9.7.1 This is an ongoing scheme for providing support to MSMEs. NSIC is the implementing agency on behalf of the M/o MSME. The main objectives of the scheme is to enhance the marketing competitiveness of MSMEs; to provide them a platform for interaction with the

individual/institutional buyers; to update them with prevalent market scenario and to provide them a forum for redressing their problems. Marketing, a strategic tool for business development, is critical for the growth and survival of MSMEs in today's intensely competitive market. One of the major challenges before the MSME sector is to market their products/services. MSMEs are supported under the Scheme for capturing the new market opportunities through organizing/ participating in various domestic & international exhibitions/trade fairs, Buyer-Seller meets, intensive-campaigns and other marketing events.

9.7.2 Bulk and departmental buyers such as the Railways, Defence, Communication Departments and large companies are invited to participate in Buyer-Seller Meets to bring them closer to the small enterprises for enhancing their marketing competitiveness. These

programmes are aimed at vendor development from small enterprises for the bulk manufacturers. Intensive campaigns and other marketing events are organized all over the country to disseminate/ propagate about the various schemes for the benefit of the MSMEs and to enrich their knowledge with respect to the latest developments, quality standards etc.

## **9.8 PERFORMANCE AND CREDIT RATING SCHEME**

9.8.1 This Scheme was launched in the year 2005. NSIC has been appointed as implementing agency for the Scheme by the M/o MSME.

9.8.2 Under the Scheme, seven renowned, accredited rating agencies viz., CARE, CRISIL, Dun & Bradstreet (D&B), FITCH, ICRA, ONICRA and SMERA have been empanelled to carry out the rating. MSMEs are free to choose any one of them as per their convenience.

9.8.3 The Scheme is aimed at creating awareness among micro and small enterprises (MSEs) {medium enterprises are not included under the Scheme} about the strengths and weaknesses of their existing operations and to provide them an opportunity to enhance their organizational strengths and credit worthiness. The rating under the scheme serves as a trusted third party opinion on the capabilities and creditworthiness of the micro and small enterprises. An independent rating by an accredited rating agency has a good acceptance from the Banks/ Financial Institutions, Customers/ Buyers and Vendors. Under this scheme, rating fee payable by the micro and small enterprises is subsidized for the first year only subject to a maximum of 75% of the Fee or Rs. 40000/-, whichever is lower.

9.8.4 The scheme is getting good response from the micro and small

enterprises (MSEs) and large number of units are coming forward for the rating. An independent agency has conducted the study to assess the impact of the Scheme in the context of its objectives and benefits. The agency has found that the rating scheme is an excellent effort and the idea behind the rating scheme has been well received by the small enterprises. As per the Agency, the scheme has been given recognition and acceptance by the Banks, Financial Institutions, Customers/ Buyers and Suppliers / Vendors. The rating has helped these units to understand their areas of strengths and weaknesses. The units which have not been rated 'good or' have been rated 'below poor' have also been helped in initiating measures for improvement.

## 9.9 SURVEY, STUDIES AND POLICY RESEARCH

This is an on-going scheme. The main objectives of the Scheme

are (i) to regularly/periodically collect relevant and reliable data on various aspects and features of MSMEs, (ii) to study and analyze, on the basis of empirical data or otherwise, the constraints and challenges faced by MSMEs as well as the opportunities available to them in the context of liberalization and globalization of the economy, and (iii) to use the results of these surveys and analytical studies for policy research and designing appropriate strategies and measures of intervention by the Government. Several studies on the MSME sector have been completed under this scheme.





# 10 | Prime Minister's Employment Generation Programme (PMEGP) and Scheme of Fund for Regeneration of Traditional Industries (SFURTI)



*Herbal Drug Cluster under SFURTI*





## PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP) AND SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)

10.1 A scheme titled 'Prime Minister's Employment Generation Programme (PMEGP)' was launched in 2008 with the merging of the then existing Prime Minister Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) schemes of this Ministry with a total Plan outlay of Rs. 4735 crore including Rs. 250 crore for backward and forward linkages. The Scheme is estimated to generate 37.37 lakh additional employment opportunities during the remaining four years of the XI Plan. The Guidelines of the Scheme are available on the website of the Ministry of MSME ([www.pmegp.in](http://www.pmegp.in); [www.msme.gov.in](http://www.msme.gov.in)).

### 10.2 MAIN OBJECTIVES

The main objectives of the PMEGP are:

- To generate employment opportunities in rural as well as urban areas;
- To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place;
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural & urban unemployed youth; and
- To increase the wage earning capacity of artisans.

### 10.3 SALIENT FEATURES

The salient features of the scheme are as follows:

- Any individual, above 18 years of age, is eligible.
- No income ceiling has been prescribed for assistance.
- For setting up of project costing above Rs. 10 lakh in the manufacturing sector and above Rs. 5 lakh in the business /service sector, the beneficiaries should possess educational qualification of having passed at least VIII standard.
- Assistance under the Scheme is available only for new projects sanctioned.
- Self Help Groups (SHG) including those belonging to BPL are also eligible for assistance provided that they have not availed benefits under any other Scheme.
- The borrower is required to bring in own contribution of 10 per cent of the project cost. In the case of beneficiaries belonging to SC/ST and borrowers from other weaker sections, etc., the beneficiary's contribution is 5 per cent of the project cost.
- Banks will sanction loan for the balance of the project cost (90% or 95% as the case may be). After the sanction of the credit by the Bank and the beneficiary has undergone EDP training, eligible amount of margin money will be kept in term deposit for three years in the account of the borrower at the leading bank branch, which will be credited to the borrower's loan account after a period of two years from the date of first disbursement of loan.
- The permissible margin money assistance is kept at a higher level as compared to PMRY and REGP and is as detailed in the Table below:

TABLE 10.1: Assistance under PMEGP

Categories of beneficiaries under PMEGP	Beneficiary's Contribution (of project cost)	Rate of Margin Money Subsidy (of project cost)	
		Urban	Rural
Area (location of project/unit)		Urban	Rural
General Category	10%	15%	25%
Special Category (including SC / ST / OBC / Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.)	05%	25%	35%

Note: (1) The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh.  
 (2) The maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh.  
 (3) The balance amount of the total project cost will be provided by Banks as term loan

### Definition of "RURAL AREA" AND "VILLAGE INDUSTRIES"

(a) "**Rural Area** means the area comprised in any village, and includes the area comprised in any town, the population of which does not exceed twenty thousand or such other figure as the Central Government may specify from time to time."

(b) Similarly, the term "*village industries*" has been redefined in amended KVIC, Act, 1956 as "any industry located in a rural area which produces any goods or renders any

service with or without the use of power and in which the fixed capital investment per head of artisan or worker does not exceed Rs. one lakh (Rs. one lakh and fifty thousand in case of village industry located in a hilly area) or such other sum as may, by notification in the Official Gazette, be specified from time to time by the Central Government".

### 10.4 IMPLEMENTING AGENCY

The following agencies are involved in implementation of PMEGP:

- At national level, KVIC is the single Nodal Agency for implementation of PMEGP.
- At the State level, the Scheme is implemented through State Directorates of KVIC; State Khadi and Village Industries Boards (KVIBs) and District Industries Centres of State Governments.

Besides the above, finance is arranged through the following institutions:

- 27 Public Sector Banks.
- All Regional Rural Banks.
- Co-operative Banks approved by State Level Task Force Committee headed by the Principal Secretary (Industries)/ Commissioner (Industries).
- Private Sector Scheduled Commercial Banks approved by State Level Task Force Committee headed by the Principal Secretary (Industries)/ Commissioner (Industries).
- Small Industries Development Bank of India (SIDBI).

## 10.5 BACKWARD AND FORWARD LINKAGES

Besides margin money assistance, the Government also provides financial assistance for backward and forward linkages through KVIC which includes revamped EDP training; awareness camps; publicity; workshops; bankers, review meetings; district, State and national level exhibitions; physical verification of the units set up; concurrent evaluations; and electronic tracking of applications. As reported by KVIC, 15 workshops, 564 awareness camps and 143 exhibitions were organized during 2010-11 (up to December 2010) and 18233 persons underwent EDP training during 2010-11 (up to December 2010). As per PMEGP guidelines, once a project is sanctioned by Bank, before releasing the second installment of loan, the beneficiary is required to undergo a two weeks EDP training to be arranged by KVIC through its accredited institutions. State-wise details of units assisted, margin money utilised and estimated

employment generated during 2010-11 is given at Annexure III.

**10.6** For improved implementation of the scheme, the progress made under PMEGP is reviewed in the Ministry at regular intervals. Besides, all Chief Ministers have been requested to instruct the State implementing agencies, namely, DICs and KVIBs as well as Banks to put in more concerted efforts in improving the performance of PMEGP. Regular review meetings by National Level Monitoring Committee, KVIC and others are also held. More than 300 model projects have been made available in the websites namely [www.kvic.org.in](http://www.kvic.org.in) and [www.pmegp.in](http://www.pmegp.in) for the benefit of prospective entrepreneurs and around 535 training centres have been accredited by KVIC for conducting EDP training before disbursement of loan as provided in the guidelines.

**10.7** 2,70,673 applications had been received under the Scheme till December 2010 of which 1,16,034 projects were recommended to banks. Banks have, however, sanctioned 42,833 cases and made disbursement

only in 26,871 cases involving margin money assistance of Rs. 515.48 crore. It is expected that achievements would pick up faster towards the end of the current financial year.

### **10.8 SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)**

10.8.1 The Ministry of MSME is implementing a cluster-based scheme titled "Scheme of Fund for Regeneration of Traditional Industries (SFURTI)" for the development of around 100 clusters in khadi, village and coir sectors with a total cost of Rs. 97.25 crore over a period of 5 years (beginning with 2005-06) to make industries in KVI and coir sectors more productive and competitive and to increase the employment opportunities in rural areas of the country. The Scheme is targeted to cover an estimated 50,000 beneficiary families.

10.8.2 The objective of SFURTI is to establish a regenerated, holistic, sustainable and replicable model of integrated cluster-based development of traditional industries

in KVI and coir sectors. This primarily means:

- (i) more competitive traditional industries with more market-driven, productive, profitable and sustained employment for the participants;
- (ii) strengthened local socio-economic governance system of the industry clusters, with the active participation by the local stakeholders that can help to continue undertake development initiatives by themselves; and
- (iii) building up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.

10.8.3 The following support measures are taken up in the selected clusters:

- (i) Replacement of charkhas and looms in khadi sector.

- (ii) Setting up of Common Facility Centres (CFCs).
- (iii) Development of new products, designs for various khadi and village industry (VI) products, new/improved packaging, etc.
- (iv) Market promotion activities.
- (v) Capacity building activities, such as exposure visits to other clusters and institutions, need-based training, support for establishment of cluster level networks (industry associations) and other need based support.
- (vi) Other activities identified by the Implementing Agency (IA) as necessary for the development of the cluster as part of the diagnostic study and included in the Annual Action Plan for the cluster.

10.8.4 KVIC and Coir Board are the Nodal Agencies (NAs) for implementation of the scheme and are also responsible for holding and disbursement of funds to the identified Implementing Agencies

(IAs) and monitoring of the Scheme under the overall supervision of the Scheme Steering Committee (SSC). The Secretary (MSME) is the Chairman of SSC and representatives of the Planning Commission; State Bank of India; Indian Banks' Association; National Bank for Agriculture and Rural Development (NABARD) are, *inter-alia*, members of SSC.

**10.8.5 Implementing Agencies (IAs)** under SFURTI are non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions with suitable expertise to undertake cluster development. Each IA has been assigned only one cluster. The selection of IAs, based on their regional reputation and experience of working at the grass-root level, has been done by the Nodal Agencies, with the approval of SSC.

**10.8.6 Technical Agencies (TAs):** Under this Scheme, 17 reputed national level institutions with expertise in cluster development methodology have been appointed as **Technical Agencies (TAs)** to provide technical support to the NAs and the IAs. The responsibilities of

the TAs also include assisting the NAs in identification of clusters, conducting training of the Cluster Development Executives (CDEs) and other officials of the IAs and NAs, validation of cluster action plans, monitoring and evaluation, etc.

**10.8.7 Cluster Development Executives (CDEs)** have been appointed exclusively for each cluster and are located in the cluster on full time basis and are responsible for implementation of the Scheme in the assigned cluster. CDEs undergo prescribed training in cluster development methodology organized by the NA through the TA. The responsibilities of CDE include conducting the diagnostic study; preparation and implementation of the annual action plans of the cluster; promoting linkages with institutions; building the local governance framework, etc.

**10.8.8 Progress of SFURTI:** Up to December 2010, 105 clusters (29 – khadi, 50 - village industries and 26 – coir) well distributed throughout the country have

been selected for their development under SFURTI. The other activities for development of clusters like consent of State Government; training to NAs, IAs, CDEs, etc., preparation of diagnostic study report and annual action plan, etc. in most of the cases, have been completed.

10.8.9 The release of funds under this scheme is cluster specific. The funds are released directly to the Nodal

Agencies, who are also responsible for holding and disbursing the funds, on receipt of utilization certificate and depending upon actual physical progress. Funds for development of clusters are kept in a separate account by the Nodal Agencies which are subject to audit. The details of the funds released to Nodal Agencies since inception under this Scheme are given in the Table below:

**TABLE 10.2: Release of Funds to Nodal Agencies under SFURTI**

(Rs. crore)

Year	KVIC	Coir Board	Total
2005-06	1.12	0.38	1.50
2006-07	19.03	6.50	25.53
2007-08	9.04	6.27	15.31
2008-09	13.45	3.50	16.95
2009-10	12.00	-	12.00
2010-11*	-	2.50	2.50

\*up to December, 2010.

10 Up to December 2010, Rs. 73.79 crore (Rs. 54.64 crore to KVIC and Rs. 19.15 crore to Coir Board) was released for implementing this scheme. After

implementation of the SFURTI, average increases of 40% to 60% in wages of the artisans have been achieved in the functional KVI cluster.



# 11

## International Co-operation



*Shri Virbhadra Singh, Union Minister of MSME addressing the India MSME Summit 2011, Bangalore*





## INTERNATIONAL COOPERATION

11.1 Worldwide, the micro, small and medium enterprises (MSMEs) have been accepted as the engine of economic growth for promoting equitable development. As per the available statistics (4<sup>th</sup> Census of MSME sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises in the country. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total exports of the country. MSMEs play an important role in export promotion of the country. To maintain its niche in the international and global market, MSMEs are required to remain globally competitive. They have to

continuously update themselves to meet the challenges emerging out of changes in technology, changes in demands, emergence of new markets, etc.

11.2 In recent years, the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. However, MSMEs have been facing great challenge in the era of globalization, privatization and liberalization. With its consistent growth performance and abundant

high skilled manpower, India provides enormous opportunities for investment, both domestic and foreign. To exploit this potential, M/o MSME and its organisations, through its various Schemes and Programmes, are providing support to the Indian MSME sector, by giving them exposure of the international market; foreign technology; sharing of experiences and best management practices in the international arena. In continuation of this endeavour, M/o MSME has entered into long term agreements (Memorandum of Understanding/ Joint Action Plan) with 15 countries viz., Tunisia, Romania, Rwanda, Mexico, Uzbekistan, Lesotho, Sri Lanka, Algeria, Sudan, Cote d'Ivoire, Egypt, Republic of South Korea, Mozambique, Botswana and Indonesia. In addition to this, the various organizations under

this Ministry have also been maintaining close interaction with their counterparts in the foreign countries for the development of Indian MSMEs. The National Small Industries Corporation (NSIC) Ltd., a public sector enterprise under this Ministry has entered into long term agreement with partner institutions/ organizations in 24 different countries. In view of M/o MSME's long experience of over half a decade in the policy, programme and implementation of the schemes in the MSME sector, many of the developing economies of Asia and Africa seek guidance from it and /or its organisations. The organisations of the M/o MSME have provided consultancy services and also assisted in setting up of different projects, in the Afro-Asian countries.



**The then Union Minister of State (I/C) for MSME Shri Dinsha Patel and the Minister of Foreign Affairs & Cooperation of Mozambique, Mr. Oldemiro Baloi signing an MoU on Cooperation in the field of MSME in the presence of Hon'ble President of Mozambique, Mr. Armando Emilio Guebuza and the Hon'ble Prime Minister Dr. Manmohan Singh in New Delhi**

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### 11.3 INTERNATIONAL COOPERATION SCHEME

11.3.1 International Cooperation (IC) Scheme, being implemented by M/o MSME, is an ongoing Scheme of the Ninth Plan (under implementation since 1996), which is continuing in the Eleventh Plan (2007-2012) with an outlay of Rs.1000.00 lakh. The important objectives of the Schemes are Technology infusion and/or

upgradation of Indian micro, small and medium enterprises (MSMEs), their modernization and promotion of their exports. The IC scheme including the application form is available on the website of this Ministry viz. <http://msme.gov.in>.

11.3.2 The Scheme encompasses the following activities:

- (i) Deputation of MSME business delegations to other countries for exploring new areas

of technology infusion/ upgradation, facilitating joint ventures, improving the market of MSMEs products, foreign collaborations, etc.

(ii) Participation by Indian MSMEs in international exhibitions, trade fairs and buyer-seller meets in foreign countries as well as in India, in which there is international participation.

(iii) Holding international conferences and seminars on topics and themes of interest to the MSMEs.

11.3.3 Under the IC Scheme, during the year 2010-11, a number of MSMEs have been facilitated to participate in international exhibitions, conferences and seminars on topics and themes of interest to the MSME, trade fairs and buyer-seller meets abroad.



**India MSME Summit 2011 jointly inaugurated by H.E. Mr. Leonel Antonio Fernandez, President of the Dominican Republic and the Shri Virbhadra Singh, Union Minister (MSME)**

## 11.4 SIGNIFICANT MEETINGS WITH FOREIGN DIGNITARIES AND DELEGATIONS

11.4.1 M/o MSME and its organistaions like O/o DC (MSME) and NSIC hold discussion with foreign

delegations for enhancement of bilateral cooperation for the mutual benefits of MSMEs of the two countries. The details of such meeting/discussion with respect to M/o MSME, O/o DC (MSME) and NSIC are given below:

S. No.	Date	Event
1	April 19, 2010	A delegation from Tobago House of Assembly (THA), Govt. of Trinidad and Tobago led by Dr. Anselm London, Finance Secretary met Hon'ble Minister of State (I/c) for MSME in New Delhi and discussed the issues concerning the MSMEs between the two countries.
2	May 4, 2010	Secretary, M/o MSME met Mr. Zenene Sinombe, Acting High Commissioner of Botswana to discuss cooperation in the MSME sector between two countries.
3	May 5, 2010	Joint Secretary, Ministry of MSME met Mr. Claudio Lilienfeld, Deputy Assistant U.S. Trade Representative for South and Central Asia to discuss various issues regarding India US bilateral relations in the MSME sector.
4	May 6-7, 2010	Joint Secretary, M/o MSME participated as this Ministry's representative in the ASEM Forum 2010 on Green Growth and SMEs at Seoul, South Korea.
5	May 20, 2010	Secretary, Ministry of MSME met Mr. M. Matiul Islam, Chairman, Industrial and Infrastructure Development Finance Company (IIDFCL), Bangladesh to discuss issues relating to bilateral cooperation in the MSME sector.

S. No.	Date	Event
6	June 8, 2010	Joint Secretary, Ministry of MSME met Mr. Yaregal Meskir, Director General, Federal Micro and Small Enterprises Development Agency (FeMSEDA), Ethiopia to discuss bilateral issues for promotion of MSMEs in both the countries.
7	June 17, 2010	A Memorandum of Understanding (MoU) between Government of Republic of Botswana and M/o MSME, on cooperation in MSME sector was signed on 17.6.2010 during the visit of the Vice President of Botswana to India.
8	June 18, 2010	A Memorandum of Understanding (MoU) between Small & Medium Business Administration (SMBA), Government of the Republic of Korea and Ministry of MSME on Cooperation in the MSME Sector was signed on 18.6.2010 by the two sides during the visit of Hon'ble External Affairs Minister to Republic of Korea.
9	June 21-22, 2010	Secretary, Ministry of MSME visited Lima, Peru to attend and address the Session on the 'Productive Chains and Exporting SMEs', organised by Association of American Chambers of Commerce in Latin America (AACCLA).
10	June 24, 2010	Secretary, Ministry of MSME visited US Market Access Centre (MAC) / Incubator and held discussions with Senior Business Development Specialists and entrepreneurs at San Jose, USA.
11	July 16, 2010	Joint Secretary, Ministry of MSME met Mr. David Hsu, Director and Mr. Paul Ching-Hya Tsai, Commercial Secretary, Taipei Economic and Cultural Centre to discuss the issues of bilateral relationship between India and Taiwan.

S. No.	Date	Event
12	September 8, 2010	Joint Secretary, Ministry of MSME met Mozambique delegation led by H.E. Mr. Jose Maria Morais, High Commissioner to discuss the issues of bilateral relationship between India and Mozambique.
13	September 8, 2010	Joint Secretary, Ministry of MSME met Mr. Savenaca Kaunisela, High Commissioner of Fiji to discuss the issues of bilateral relationship between India and Fiji.
14	September 16-19, 2010	Secretary, Ministry of MSME visited China to attend the 5th China-India Trade and Investment Conference and visited MSMEs at Nantong.
15	September 30, 2010	A Memorandum of Understanding (MoU) on cooperation in the field of MSME between Ministry of MSME and the Ministry of Industry and Commerce, Republic of Mozambique was signed on 30.9.2010 in New Delhi.
16	October 22,2010	A Malawian delegation led by Principal Secretary of Republic of Malawi met Secretary, Ministry of MSME to discuss the issues of bilateral relationship between India and Malawi.
17	November 16, 2010	A delegation of Ministry of Cooperative and Small and Medium Enterprises led by Mr. Choirul Djahhari, PhD., Deputy Minister of the Republic of Indonesia met Secretary, Ministry of MSME to discuss and exchange views to explore cooperation in the field of small and medium enterprises between India and Indonesia.



**Meeting of Shri Uday Kumar Varma, Union Secretary (MSME) with the delegation consisting of Principal Secretaries of the Republic of Malawi in New Delhi. Shri Amarendra Sinha, Joint Secretary (SME) was also present**



**Meeting of Shri Uday Kumar Varma, Union Secretary (MSME) with Indonesian delegation led by Dr. Choirul Djamhari, Deputy Minister, Ministry of Cooperatives, Small and Medium Enterprises, Republic of Indonesia in New Delhi. Shri Amarendra Sinha, Joint Secretary (SME) and Director (Finance), NSIC were also present**

### 11.4.2 Office of the DC (MSME)

S.No.	Event
1	Meeting with the international representative in the Fourth Tri-Nations Summit being organised by SABRAE, Brazil together with National Small Industries Corporation-India and Small Enterprise Development Agency (SEDA)-South Africa under the Tri-Nations Cooperation between these organizations to enhance cooperation among the MSMEs of three countries.
2	Meeting with the representative of UNIDO in connection with the various Consolidated Projects.
3	Meeting with the representative of GTZ, Germany to discuss the report on 'Institutional Mechanism for SME Promotion – a Comparison of India with International Practices'.
4	Meeting with South African delegation for development of SMEs.
5	Meeting with the representative of UNIDO for technology upgradation of Brass & Bell Metal Industry under National Programme.
6	Meeting with the representative of UNIDO for technology upgradation and productivity enhancement of machine tool industry for the project under Micro & Small Enterprises – Cluster Development Programme (MSE – CDP).
7	Meeting with Senior Executive in the 11th World Export Development Forum (WEDF) on "Women as Vendors in Global Value Chains" organised by International Trade Centre (ITC), Geneva at Chongqing, China from 9 – 12 September, 2010.
8	Led the delegation of CII for International Study Mission under the Scheme QMS/QTT to Japan for discussing various aspects on development of SMEs with the representative of different countries.

### 11.4.3 National Small Industries Corporation (NSIC)

S.No.	Date	Event
1.	13th – 17th April, 2010	Participation in Fourth Tri-nations Conference at Brazil: NSIC participated in the 4th Tri-Nations Conference coinciding with 4th IBSA Summit held at Brasilia, Brazil. Tri-nations Conference is the tri-national cooperative initiative of three organizations i.e. NSIC from India, SEBRAE from Brazil and SEDA from South Africa to discuss the issues related to MSMEs of the three countries and share their experiences for the development of MSMEs and also to enhance enterprise to enterprise cooperation among the enterprises of these three countries. The final report of the 4th Tri-nations Summit was presented in the IBSA Forum to the Heads of States of the three countries i.e. Mr. L.I. Lula da Silva, Hon'ble President of the Republic of Brazil, Mr. J.G. Zuma, Hon'ble President of the Republic of South Africa and Dr. Manmohan Singh, Hon'ble Prime Minister of Republic of India. The report highlighted the initiatives taken by three organizations in terms of access to technologies and innovations, commercial proximity among three countries and the exchange of knowledge and practices in promoting our enterprises.
2.	19th April, 2010	An Agreement of Mutual Cooperation was signed between NSIC and the Tobago House of Assembly, Division of Finance and Enterprise Development (Government of Trinidad and Tobago) for the development of MSMEs in Trinidad & Tobago on 19th April, 2010 in the presence of Shri Dinsha Patel, Union Minister of State (I/C) (MSME).  A five member business delegation led by Director of Indo-Trinidad Chamber of Commerce & Industry (ITCCI) visited NSIC on 27th April, 2010 and showed keen interest in NSIC's Incubator Centre.

S.No.	Date	Event
		Director of Indo-Trinidad Chamber of Commerce & Industry (ITCCI) visited NSIC on 27th April, 2010 and showed keen interest in NSIC's incubator Centre.
3.	20th – 24th April, 2010	Mr. Thami Mazwai, Director, Centre for Small Business Development (CSBD), Soweto Campus of Johannesburg University visited NSIC to understand India's business development model and explore India's success in developing small industries through Government and private initiatives.
4.	28th April, 2010	A delegation led by Dr. Lindeki Chweya, Permanent Secretary, Office of the Vice President of Kenya visited NSIC's Okhla Incubator Centre on 28th April, 2010.
5.	9th - 17th May, 2010	A delegation led by Dy. Chief Executive Officer of Local Enterprise Authority (LEA), Botswana visited NSIC. The visiting delegation has shown interest in NSIC Model of Incubation.
6.	11th May, 2010	A five member delegation consisting of Board of Directors of Local Enterprise Authority (LEA), Botswana visited NSIC on 11th May, 2010. The delegation was received at NSIC Okhla Incubator.
7.	18th May, 2010	Mohd. Matiul Islam, Chairman of IIDFC, Bangladesh visited NSIC. A MoU between NSIC and IIDFC was signed for sharing experiences for the development of SMEs in both the countries.
8.	8th June, 2010	A six member delegation from Federal Micro & Small Enterprises Development Agency, Addis Ababa visited NSIC's Incubator Centre.
9.	16th June, 2010	Lieutenant General Mompoti Sebogodi Merafhe, Vice President of Botswana visited NSIC. An Agreement of Mutual Cooperation was signed between NSIC and Local Enterprise Authority (LEA) of Botswana MSMEs in the august presence of Lieutenant General Mompoti Sebogodi Merafhe, Vice President of Botswana. The MoU envisages setting up of Technology-cum-Business Incubator Centres, developing policies and Institutional framework for SME development in Botswana.

S.No.	Date	Event
10.	9th July,2010	A MoU between NSIC and Iran Small Industries and Industrial Parks Organization (ISIPO) was signed at New Delhi in the presence of Hon'ble Minister of External Affairs, India for the development of MSME sector in Iran.
11.	10th – 13th Nov., 2010	NSIC organised a business delegation of 26 MSMEs to Birmingham, U.K. On the invitation of High Commission of India (HCI) in U.K. HCI, London had organised SME Conference-cum-Buyers-Sellers meet for Indian delegates. Also visits to Aston University, University of Loughborough were organised to show emerging environment friendly technologies to Indian MSMEs.



**Meeting of Shri Uday Kumar Varma, Union Secretary (MSME) with the delegation of H.E. Mr. Giacomo Sanfelice di Monteforte, Ambassador of Italy, New Delhi and Mr. Daniel Kraus, Head of the 'Confindustria' of Italy in New Delhi. Shri Amarendra Sinha, Joint Secretary (SME) and CMD, NSIC were also present**

## 11.5 PARTICIPATION IN INTERNATIONAL EVENTS

11.5.1 Under International Cooperation Scheme of the M/o MSME (details are provided in 11.3 para above), the details of participation are as under:

S. No.	Date	Event
1	April 11-12, 2010	M.P. Audyogik Kendra Vikas Nigam (MPAKVN), Jabalpur participated in 'Natural & Organic Products Europe 2010' at Olympia Exhibition Centre, London, United Kingdom.
2	April 12-16, 2010	Indo American Chamber of Commerce (IACC), New Delhi organised a business delegation of IACC Automotive SME Trade Mission to visit Detroit and Ohio, USA.
3	April 14-16, 2010	Ankleshwar Industries Association (AIA), Ankleshwar organised a business delegation of MSMEs to visit International Exhibition China Interdye 2010 at Shanghai, China.
4	April 15-19, 2010	Salem Productivity Council (SPC), Salem organised a business delegation of MSMEs to visit Canton Fair 2010 – 107th China Export Commodities Fair at Guangzhou, China.
5	April 15-19, 2010	Industries Association of Chandigarh (IAC), Chandigarh organised a business delegation of MSMEs to visit Canton Fair 2010 – 107th China Export Commodities Fair at Guangzhou, China.
6	April 15-19, 2010	Chamber of Chandigarh Industries (CCI), Chandigarh organised a business delegation of MSMEs to visit Canton Fair 2010 – 107th China Export Commodities Fair at Guangzhou, China.
7	May 1-5, 2010	Indian Industries Association (IIA), Lucknow organised a business delegation of MSMEs to visit the 107th China Import and Export Fair 2010 at Guangzhou, China.

S. No.	Date	Event
8	May 10 – 11, 2010	Federation of Indian Micro and Small & Medium Enterprises (FISME), New Delhi organised a business delegation of MSMEs to visit USA India Business Summit 2010 at Atlanta, USA.
9	May 12 – 15, 2010	All India Bread Manufacturers' Association (AIBMA), New Delhi organised a business delegation of MSMEs to visit Bakery China - International Trade Fair for the Bakery and Confectionery Industry in China.
10	May 18 – 25, 2010	Offset Printers Association (OPA), Ludhiana organised a business delegation of MSMEs to visit IPEX 2010 Fair at Birmingham, U.K.
11	May 18 – 25, 2010	Delhi Printers Association (DPA), New Delhi organised a business delegation of MSMEs to visit IPEX 2010 Fair at Birmingham, U.K.
12	May 18 – 25, 2010	Madras Printers & Lithographers Association (MPLA), Chennai organised a business delegation of MSMEs to visit IPEX 2010 Fair at Birmingham, U.K.
13	June 4 – 7, 2010	Gem & Jewellery Trade Council of India (GJTCl), Ahmedabad organised a business delegation of MSMEs to visit Exhibition held at JCK Las Vegas, USA.
14	June 14 – 18, 2010	Ludhiana Machine Tool Manufacturers Association (LMTMA), Ludhiana organised a business delegation of MSMEs to visit in the Trade Fair CIMES 2010 China International Machine Tool & Tools Exhibition at Beijing, China.
15	June 16 – 18, 2010	Fastener Manufacturers Association of India (FMAI), Ludhiana 2010 organised a business delegation of MSMEs to visit Fastener Expo at Shanghai, China.

S. No.	Date	Event
16	June 22 – 24, 2010	Engineering Manufacturer Entrepreneurs Resource Group (EMERG), Bangalore organised a business delegation of MSMEs to visit WBENC 2010 at Baltimore, Maryland, USA.
17	June 22 – 26, 2010	Bahadur-ke-Textile & Knitwear Association, Ludhiana organised a business delegation of MSMEs to visit in the International Exhibition ITMA ASIA + CITME 2010 at Shanghai, China.
18	July 2 – 5, 2010	North Calcutta Dishari Mahila Samity (NCDMS), Kolkata participated in International Bangla Festival & Book Fair 2010 at Jackson, New York, USA.
19	August, 24 -29, 2010	Consortium of Women Entrepreneurs of India, (CWEI), New Delhi participated in 7th DOSTI-Women Entrepreneur Trade Expo 2010 at Dhaka, Bangladesh.
20	September 16 – 19, 2010	Federation of Indian Micro and Small & Medium Enterprises (FISME), New Delhi organised deputation of business delegation of MSMEs to visit in 5th China India Trade and Investment Conference at Nantong and Shanghai, China.
21	September 23 -29, 2010	North Eastern Small Scale Industries Association (NESSIA), Guwahati organised business delegation of MSMEs to attend B2B meetings with Chamber of Commerce in Vienna and Budapest.
22	September 26 to October 04, 2010	MIDC Industries Association (MIA), Nagpur organised a business delegation of MSMEs to visit the International trade Fair EXPO-2010 at Shanghai, China.
23	September 27 – 29, 2010	MetalFinishers' Association (MFA), Nashik organised a business delegation of MSMEs to visit the Surface Treatment & Coating Industries – SFCHINA + CHINACOAT at Guangzhou, China.

S. No.	Date	Event
24	September 28 to October 02, 2010	Coimbatore District Small Industries Association (CODISIA), Coimbatore organised a business delegation of MSMEs to attend AMB 2010 Fairs, Stuttgart, Germany.
25	September 29 to October 02, 2010	Centre for Development of Stones (CDOS), Jaipur organised a business delegation of MSMEs to attend Marmomacc 2010 Show - International Exhibition of Stone Designing and Technology at Verona, Italy.
26	October 15 -19, 2010	Marathwada Association of Small Scale Industries & Agriculture (MASSIA), Aurangabad organised a business delegation of MSMEs to attend 108th Canton 2010 Fair in Guangzhou, China.
27	October 26, 2010	Confederation of Indian Industry (CII), New Delhi organised India SME Summit 2010 at New Delhi.
28	October 26 to November 04, 2010	Federation of Industry & Commerce of North Eastern Region (FINER), Guwahati organised a business delegation of MSMEs to visit in the K-Plastics & Rubber Exhibition at Dusseldorf, Germany & B2B meeting at Copenhagen & Amsterdam.
29	November 09 – 12, 2010	Consortium of Electronic Industries of Karnataka (CLIK), Bangalore organised a business delegation of MSMEs to visit in the Electronica 2010 at Munich, Germany.
30	November 10 – 14, 2010	National Small Industries Corporation Limited (NSIC), New Delhi organised a business delegation of MSMEs to attend conference and BSM at Birmingham, U.K.
31	November 14 – 25, 2010	Federation of Karnataka Chambers of Commerce & Industry (FKCCI), Bangalore organised a business delegation of MSMEs to visit Eastern Africa.

11.5.2 The O/o DC (MSME) had provided opportunity under Marketing Development Assistance Scheme to MSMEs for getting an exposure in the international market and exploring the possible export opportunity of their products by exhibiting it through participation in following Trade Fairs under MSME India stall. Office of DC (MSME) during the financial year 2010-11 has planned to participate in 15 trade fairs with a target to provide 131 MSEs to participate in the International Trade Fair under MSME India stall. Till December, this office has participated in following 08 international fairs and provided export and marketing opportunity to more than 110 MSEs including 51 and 06 women and SC/ST owned MSEs respectively.

S.No	Date	Event
1	15-19 April, 2010	China Import and Export Fair (Canton Fair), China
2	19-23 April, 2010	India Pavilion at HANNOVER MESSE 2010
3	08-12 Sept, 2010	Budapest International Fair, Budapest, Hungary
4	09-13 Sept, 2010	INTERGIFT, Madrid, Spain
5	04-08 October, 2010	INDEE 2010 at Bogotá, Colombia
6	25-28 Nov, 2010	India Pavilion at MACTECH 2010, Cairo, Egypt
7	01-04 Dec., 2010	India Pavilion at Euromold 2010, Frankfurt, Germany
8	04-12 Dec, 2010	AFL-Artigiano, Milan, Italy

### 11.5.3 NSIC

S.No.	Date	Event
1.	October 11 – 14 , 2010	Taitronics, 2010: NSIC participated in Taitronics, 2010 at Taipei, Taiwan to display the products manufactured by MSME units.
2.	November 9 – 11, 2010	Interade Malaysia, 2010, Kuala Lumpur, Malaysia: NSIC participated in Interade Malaysia, 2010 at Malaysia to display the automotive products & components, building material, electrical & electronics, food & agriculture, health care, oil, gas & energy and apparels etc.
3.	November 17 – 19 , 2010	The Global Expo, 2010, Botswana: NSIC participated in Global Expo, 2010 at Botswana wherein 11 units displayed their products of leather, engineering, chemicals & cosmetics, machinery, automobiles, electrical goods & appliances, power and renewal energy etc.

### 11.5.4 Coir Board

Similarly, Coir Board also provides financial assistance to Coir exporters

in MSME sector to showcase their products for capturing foreign markets and the details of such participation are as under:

S.No.	Date	Event
1.	May 4-6, 2010	Participated in National Hardware Show, Las Vegas, USA
2	August 30 – Septemebr 1, 2010	Participated in Made in India Show, Johannesburg, South Africa.
3	October 12-15, 2010	Participated in the International Horti Fair, Amsterdam, Netherlands.
4	October 20-23, 2010	Participated in the Mega Show, Part I, Hong Kong.
5	November 17-19, 2010	Participated in the Australian International Sourcing Fair, Melbourne, Australia.



# 12 | **Activities in the North Eastern Region**



*Manufacturing of Bamboo products at a unit sponsored under  
Micro Finance Scheme in NE Region*





## ACTIVITIES IN THE NORTH EASTERN REGION

### 12.1 ACTIVITIES OF THE MINISTRY IN NORTH EASTERN REGION (NER)

The NER, consisting of Assam, Arunachal Pradesh, Manipur, Mizoram, Meghalaya, Nagaland, Tripura and Sikkim has abundant natural resources. These resources can be utilized for all round economic development and employment generation in the region. The M/o MSME is actively promoting the

development of MSMEs in the NER through the programmes and schemes implemented by the Ministry and its organizations.

### 12.2 PERFORMANCE OF THE MSME SECTOR IN NER

The estimated number of MSME units in North-East, fixed their investment, production and employment for the year 2009-10 (Projected) have been incorporated in the Table 12.1 below: -



**Table 12.1: North East and the MSMEs (2009-10) (Projected).**

Name of the State	Year	Sikkim	Arunachal Pradesh	Nagaland	Manipur	Mizoram	Tripura	Meghalaya	Assam	Total
Number of working enterprises	2006-07	123	451	1331	4507	3714	1253	3063	18671	33113
	2007-08	138	514	2109	4549	3940	1409	3469	20425	36553
	2008-09	209	621	4630	4689	4418	1621	3879	22056	42123
	2009-10	252	706	6280	4778	4770	1805	4287	23749	46626
Fixed Investment (Rs. crore)	2006-07	27.34	584.04	719.12	92.34	279.88	382.50	132.08	5249.82	7467.12
	2007-08	30.68	665.63	1139.49	93.25	297.08	430.17	149.51	5743.51	8549.32
	2008-09	46.46	804.20	2501.59	96.12	333.12	494.89	167.18	6202.15	10645.71
	2009-10	55.91	914.27	3392.81	97.95	359.66	551.07	184.77	6678.08	12234.51
Production (Rs. crore)	2006-07	49.56	256.49	1384.17	160.50	303.35	575.09	437.38	6805.62	9972.16
	2007-08	49.56	292.31	2193.15	161.94	321.90	646.73	495.37	7444.91	11605.88
	2008-09	55.60	353.16	4814.74	166.93	360.95	744.04	553.92	8039.41	15088.75
	2009-10	84.21	401.50	6530.05	170.10	389.71	828.50	612.18	8656.33	17672.57
Employment (Person)	2006-07	1151	5893	16149	16738	26015	18807	12896	133561	231210
	2007-08	1292	6718	25582	16877	27580	21149	14604	146039	259841
	2008-09	1956	8116	56162	17396	30926	24331	16331	157700	312919
	2009-10	2354	9227	76170	17726	33390	27093	18048	169802	353811

### 12.3 BUDGETARY SUPPORT

Pursuant to the Government's Policy of earmarking 10% of the total funds for NER, under the Schemes/

Programme of M/o MSME, an outlay of Rs. 240.00 crore in BE 2010-11 has been earmarked exclusively for the Region.



### 12.4 ACTIVITIES OF OFFICE OF THE DEVELOPMENT COMMISSIONER (MSME) IN THE NORTH EASTERN REGION

12.4.1 The O/o DC (MSME) has MSME-DIs at Gangtok (Sikkim); Guwahati (Assam); Imphal (Manipur); Agartala (Tripura) and also branch MSME-DIs at Aizwal (Mizoram); Dimapur (Nagaland); Itanagar (Arunachal

Pradesh); Diphu (Assam); Silchar (Assam); Tezpur (Assam); Shillong (Meghalaya) and Tura (Meghalaya). A Tool Room and Training Centre has been set up at Guwahati to cater to the need of industries in the area of tooling and training. State Govt. of Nagaland has also been assisted to set up a Mini Tool Room & Training Centre at Dimapur, Nagaland. Tool Rooms are equipped with Hi-Tech

machinery for providing common facility services to the industry; conducting various long-term and short-term training programmes such as 4 year diploma in Tool & Die Making, Computer Aided Design, Basic Workshop Technology, Turning and Milling, Engineering Drawing etc.

## 12.5 ACTIVITIES OF NSIC IN NORTH EASTERN REGION

12.5.1 NSIC is having a network of offices in NER. This includes Zonal Office at Guwahati (Assam), which looks after all the activities of the NER and 5 sub-offices at Shillong (Meghalaya); Agartala (Tripura); Imphal (Manipur); Naharlagurn (Arunachal Pradesh) and Dimapur (Nagaland). NSIC also has a Training-cum-Incubation Centre at Guwahati, which provides technical training and organises skill upgradation programmes and entrepreneurship development programmes.

12.5.2 NSIC, Guwahati conducted 20 Entrepreneurs Awareness Programmes (EAPs); 24 Entrepreneurs

Development Programmes (EDPs); 7 Small Enterprises Establishment Programmes (SEEPs) and 5 Skill Development Programmes wherein more than 3000 beneficiaries participated.

12.5.3 During the financial year 2010-11, NSIC continued providing support to MSME through its various schemes. Apart from this, NSIC organised 19 Intensive Campaigns in all the 8 States of North Eastern Region, organised / participated in 4 domestic exhibitions and 1 international exhibition held at Milan (Italy).

12.5.4 The Corporation provided assistance to units in NER under its various schemes and provided the Raw Material Assistance and support under Internal Marketing Scheme. Besides, the enterprises of the NER availed benefit under Infomediary Scheme and Government Purchase Programme.

## 12.6 TRAINING ACTIVITIES:

12.6.1 **IIE, Guwahati:** The Indian Institute of Entrepreneurship (IIE) at

Guwahati was set up with the aim of inculcating entrepreneurship cluster in the NER. The promotion of new entrepreneurs has been the major focus of training activities organised by the Institute. In addition to entrepreneurship trainings, the Institute is organizing Seminars, Workshops, Meets and Conferences for providing forum for interaction and exchange of views by various agencies and entrepreneurs. During the year 2010-11 (till 30<sup>th</sup> November, 2010), the Institute has organized 247 such programmes on various activities relating to Micro and Small Enterprises growth and development. Altogether, 7551 participants attended these Workshops/Seminars/Meets. In order to promote new entrepreneurs, the Institute organizes rural, general and women EDPs, crash course on self employment and sector-specific EDPs. The Institute has been providing technical advice to 14 clusters covered under Scheme of Fund for Regeneration of Traditional Industries (SFURTI) in NER. The Institute is also acting as Regional

Resource Centre (RRC) in NER for MSE-Cluster Development Scheme of the Ministry.

### **12.6.2 NI-MSME, Hyderabad:-**

During the year, four programmes exclusively for the entrepreneurs from North Eastern Region sponsored by the Union Ministry of Food Processing Industries were conducted by the Institute. These programmes were attended by 100 entrepreneurs.

### **12.6.3 NIESBUD, NOIDA:**

The two training programmes each of 6 months duration for unemployed youth of North East on Retail Management and Apparel Manufacturing and Merchandising were concluded during April, 2010. The two residential programmes with 30 participants each were organized under the auspices of the Ministry of DONER; Government of India. During the course of the training programmes, the participants were afforded opportunities of interaction with different entrepreneurs, had hands-on experience of working in Shopping Malls, Export Houses etc. Upon culmination of the two

training programmes, many of the participants have already been absorbed in respective fields with some of them expressing desire to set up their own units in the relevant fields. Thus, the Institute has organized all the four training programmes as earlier awarded to it by the Ministry of DONER, Government of India, training thereby a total of 120 North-East youths in the two trades.

## 12.7 ACTIVITIES OF ARI IN NORTH EASTERN REGION

Various schemes relating to ARI sector are under implementation in the North Eastern Region (NER) include Prime Minister's Employment Generation Programme (PMEGP);

Scheme of Fund of Regeneration of Traditional Industries (SFURTI); schemes relating to khadi and village industry activities and schemes relating to promotion of coir and coir products.

## 12.8 BUDGETARY SUPPORT

12.8.1 As per the policy of the Government, 10 per cent of total Plan budget has been earmarked for NER for implementation of various Plan schemes in khadi, village industries and coir sectors. The details of the funds released by the Ministry to KVIC, Coir Board and under erstwhile PMRY for the NER during the last three years and 2010-11 are given in the Table below:

**TABLE 12.2 Release of Funds for NER**

(Rs. crore)

Year	Funds released				
	KVIC	Coir Board	PMRY**	SFURTI	Total
2007-08	58.39	1.30	30.78	1.63	92.10
2008-09	111.14	3.83	--	3.85	118.82
2009-10	34.84	1.70	--	2.00	38.54
2010-11*	34.38	0.85	--	0.25	35.48

\* up to December 2010, \*\* discontinued and merged into PMEGP in 2008-09

## 12.9 KVI PROGRAMMES IN NER

12.9.1 In order to ensure effective implementation and monitoring of Khadi and Village Industries (KVI) programmes in the NER, Khadi and Village Industries Commission (KVIC) has a Zonal Office at Guwahati and other field offices in NE States. KVI programmes are being implemented in the region through State KVI Boards, registered institutions, cooperative societies and entrepreneurs.

12.9.2 Village industries which are being set up in these hilly and backward areas include forest based industries, pottery, beekeeping, processing of cereals and pulses, fibre, fruit & vegetable processing industries, soap, activities like carpentry and blacksmithy and also khadi and polyvastra.

12.9.3 The programmes of KVIC for rural industrialisation are expected to increase the earnings of artisans, weavers, spinners and individual entrepreneurs along with output of high quality KVI goods from this region. This is also expected to reduce drudgery in the labour intensive activities, ensure sustainable utilisation of locally available raw material and upgradation of skills of artisans.

12.9.4 Over the years, there has been considerable increase in production and employment in the VI sector in the NER though performance in khadi sector has not picked up substantially. Achievements made in terms of estimated production, sales and employment in KVI sector during the last three years and in 2010-11 are given in the following Table:

**TABLE 12.3 KVI Productions in NER**

(Value: Rs. lakh)

State	2007-08	2008-09	2009-10	2010-11*
Arunachal Pradesh	2936.92	3050.76	3902.68	4339.42
Assam	40626.88	42393.97	48505.20	50010.37
Manipur	7708.53	8003.22	8401.77	8389.18
Meghalaya	9108.17	9457.77	9928.76	10775.16
Mizoram	17390.48	18057.98	18957.27	20108.79

Nagaland	9556.44	9933.46	10428.15	12290.23
Sikkim	3130.99	3251.17	3413.07	4226.45
Tripura	7972.48	8278.47	8961.42	9385.67
<b>Total</b>	<b>98430.89</b>	<b>102426.80</b>	<b>112498.32</b>	<b>119525.26</b>

\*up to December 2010

**TABLE 12.4: KVI Sales in NER**

(Value: Rs. lakh)

State	2007-08	2008-09	2009-10	2010-11*
Arunachal Pradesh	5052.74	5328.53	5927.51	6472.78
Assam	66333.81	70192.33	70422.53	72435.69
Manipur	8106.48	8550.33	12785.55	12778.29
Meghalaya	12367.76	13038.80	14013.29	15071.01
Mizoram	27609.38	29107.31	29965.62	31404.88
Nagaland	13173.66	13889.13	14446.41	16781.75
Sikkim	6614.76	6973.70	4856.62	5872.32
Tripura	11296.48	11908.62	12578.12	13102.88
<b>Total</b>	<b>150555.07</b>	<b>158988.75</b>	<b>164995.65</b>	<b>173919.60</b>

\*up to December 2010

**TABLE 12.5: KVI Employment in NER**

(In lakh persons)

State	2007-08	2008-09	2009-10	2010-11*
Arunachal Pradesh	0.09	0.10	0.11	0.12
Assam	2.98	3.67	3.76	3.80
Manipur	0.65	0.65	0.70	0.70
Meghalaya	0.39	0.39	0.44	0.45

Mizoram	0.81	0.83	0.87	0.88
Nagaland	0.52	0.53	0.56	0.58
Sikkim	0.22	0.22	0.24	0.25
Tripura	0.59	0.59	0.65	0.65
<b>Total</b>	<b>6.25</b>	<b>6.98</b>	<b>7.33</b>	<b>7.43</b>

12.9.5 To cater to the needs of skill development in NER, Multi-Disciplinary Training Centres at Kumarikata (Assam) and Doimukh, (Arunachal Pradesh) are being run by KVIC. In addition, training centers are being run by State KVIBs at Roha, Marigaon (Assam); Zamabank, Aizwal (Mizoram) and Kohima (Nagaland). Besides, 7 EDP

training centres are in operation in NE States. The beneficiaries from NE Region are provided rail fare for attending training programmes and also daily allowance during the training period. A total of 10,622 persons were trained in 2009-10 while 2,633 persons were trained in 2010-11 up to December 2010 in this Region including Sikkim.



## **12.10 SCHEMES OF KVIC BEING IMPLEMENTED IN NER**

### **12.10.1 Prime Minister's Employment Generation Programme:**

Special attention to NER has been given while formulating this programme. Under this programme, financial assistance is provided in the form of subsidy up to 35% (25% for beneficiaries belonging to General category) of the project cost (rural areas) to the beneficiary belonging to North Eastern States while it is 25% (15% for beneficiaries belonging to General category) for urban areas. It is a significant initiative with attractive subsidy levels for promoting self employment through setting up micro enterprises with special focus on North Eastern Region. Further, for setting up a project under PMEGP, the own contribution of beneficiaries belonging to NER is only 5% (10% for general category) of the project cost.

Special efforts have been made by KVIC to provide employment in NER under PMEGP. In 2009-10, a total number of 3,720 projects were assisted by utilizing margin money subsidy of Rs. 36.53 crore. In the current year (up to December 2010), 9,902 number of applications have been recommended by the District Level Task Force (DLTF) for assistance under PMEGP of which 3,051 projects have been sanctioned by banks involving Rs. 35.31 crore margin money subsidy.

KVIC is taking special efforts to popularize this scheme through wide publicity and organizing workshops in NER. Intensive monitoring is also done from the Ministry level to improve the performance in NER.

### **12.10.2 Product Development Design Intervention and Packaging (PRODIP) Scheme:**

Under this scheme, grants up to Rs. 2 lakh for institution/up to Rs. 1 lakh for individual or 75% of the project

cost whichever is less is, provided by KVIC to improve the product quality, introducing new designs and better packaging of products. During 2010-11 (up to December 2010), 04 VI projects were sanctioned for assistance under PRODIP in North Eastern Region.

### **12.10.3 Janashree Bima Yojana:**

A total of 3,390 artisans have been covered under the Janashree Bima Yojana of KVIC so far to provide insurance to the khadi artisans/weavers.

### **12.10.4 State Level Artisan Welfare Fund Trust:**

An artisan Welfare Fund Trust was registered at Assam in NER. 32 Institutions aided by KVIC and 01 institution aided by KVIB were registered as members till December 2010. As on 31.03.2010, Rs. 16.46 lakh has been deposited in this trust.

### **12.10.5 Rural Industries Service Centre (RISC):**

To provide infrastructure support for individual units to upgrade their production,

quality, skills, marketing, etc, financial assistance up to 90% of the project cost is provided to beneficiaries from NER for projects up to Rs. 5 lakh and 75% for the projects costing up to Rs. 25 lakh. During 2010-11 (up to December 2010), 2 VI projects have been sanctioned for assistance under RISC in North Eastern Region.

**12.10.6 Exhibitions:** In order to promote the sale of khadi and village industry products, KVIC organized 3 exhibitions during 2010-11 (up to December 2010). Transport subsidy is provided by KVIC to the participant institutions in these exhibitions. KVIC also continued reservations of 10% of space in Khadi Gramodyog Bhawan, New Delhi for the products produced by the units located in NER.

### **12.10.7 New initiatives by KVIC in**

**NER:** The following new initiatives have been taken by KVIC for development of khadi and village industries sector in NER:

- To improve the technology used in the KVI sector as also the quality of products, KVIC has entered into a tie-up arrangement with IIT, Guwahati as part of its nation-wide programme for having S&T interfaces with reputed national- level technical institutes.
- The Indian Institute of Entrepreneurship (IIE), Guwahati has been recognized as the Nodal Agency for North Eastern Region with the objective to implement and monitor PMEGP projects being set up in North East Zone and imparting training to beneficiaries.
- To and fro transportation charges are provided to beneficiaries sponsored by institutions of NER for participating in exhibitions, fairs, etc, conducted in places other than NER.
- 10% space is reserved in all Departmental Khadi Gramodyog Bhawans for the products of the institutions in North Eastern Region for marketing the KVI products.

## 12.11 COIR BOARD IN NER

12.11.1 The Board is adopting a multifarious approach for the development of coir industry in North Eastern States for enhancing awareness of coir and coir products. As a result, demand of coir and coir product is slowly growing. All the infrastructural facilities are offered by the Board to new entrepreneurs to set up coir industrial units. Traditional as well as innovative products such as coir geo-textiles and coir-ply, which have special importance/relevance to the topography of the North-East, are also being introduced/popularised.

12.11.2 During the year 2010-11 (up to December, 2010) various activities were undertaken by Coir Board for the promotion of coir industries in NER which include publicity of coir programmes through electronic and print media, training for spinning and for manufacturing of value added products and participation in fairs and exhibitions in NE States. An amount of Rs. 1.10 crore (including SFURTI) has been released to Coir Board against an allocation of Rs. 2.97 crore (including SFRUTI) to carry out the various coir activities in NER.

## 12.12 SCHEME OF FUND FOR REGENERATION OF

## TRADITIONAL INDUSTRIES (SFURTI) IN NER

12.12.1 The Guidelines of SFURTI provide that the selection of clusters should be based on geographical concentration of viable number of artisans with at least 10 per cent of the clusters being located in the NER.

12.12.2 Keeping the above in view, Scheme Steering Committee on SFURTI has approved 15 clusters (out of 105 clusters) for North Eastern States for their development under this programme. The details of clusters in these States are given in the Table below:-

**TABLE 12.6: Clusters under SFURTI in NER**

Sl. No.	State	Place	Name of Cluster
<b>KHADI CLUSTERS</b>			
1	Assam	Nalbari	Mukalmua Silk Khadi Cluster
2	Nagaland	Dimapur	Dimapur Khadi Cluster

**COIR CLUSTERS**

3	Assam	Guwahati	Manas Coir Cluster
4	Tripura	Agartala	Agartala Coir Cluster

**VILLAGE INDUSTRIES CLUSTERS**

5	Assam	Barpeta	Barpeta Cane & Bamboo Crafts Cluster
6		Dhubri	Lakhimani Cane & Bamboo Cluster
7	Tripura	Tripura West	Gandhigram Crafts Processing Cluster
8		Agartala	Agartala Bee Keeping Cluster
9	Arunachal Pradesh	Lower Subansiri	Ziro Traditional Dress Making Cluster
10	Mizoram	Aizwal	Aizwal Cane & Bamboo Clusters
11	Meghalaya	Jaintia Hills	Development of Traditional Bamboo & Handicrafts
12	Manipur	Thoubal	Carpentry Cluster
13		Chandel	Pallel Cane and Bamboo Cluster
14	Nagaland	Montown	Mon Beads making cluster
15	Sikkim	South Sikkim	Bee Keeping Cluster

12.12.3 Cluster development activities like execution of MoU among Nodal Agencies, Implementing Agencies, and Technical Agencies; obtaining consent of the State Government; appointment of Cluster Development Executives (CDEs); various trainings and awareness programmes, exposure visits, preparation of Diagnostic Study Reports (DSR) and Annual Action Plans (AAPs) have been completed.





# 13 | Activities and Programmes for Women



*Women Entrepreneur assisted in setting up micro unit under Micro Finance Scheme*





## ACTIVITIES AND PROGRAMMES FOR WOMEN

### 13.1 ROLE OF THE MINISTRY

13.1.1 The role of the M/o MSME is primarily to assist the States/Union Territories in their efforts to promote growth and development of MSMEs. The main focus of the schemes/programmes undertaken by the Organisations of the Ministry is thus to provide/facilitate a wide range of services and programmes required for accelerating the development of MSMEs. Nevertheless, there are a few schemes/programmes which are individual/beneficiary oriented. While, there are several schemes, wherein women are provided extra benefits/concessions/ assistance, M/o MSME is implementing two specific schemes for women i.e. the scheme of TREAD and Mahila Coir Yojana. The details of concessions

for women may be seen in the respective scheme guidelines as available on the Ministry's website [www.msme.gov.in](http://www.msme.gov.in). The details of TREAD and Mahila Coir Yojana are explained in the following paragraphs.

### 13.2 TRAINING OF WOMEN ENTREPRENEURS

13.2.1 The policies of the Government announced from time to time have laid considerable emphasis on promotion of women entrepreneurship particularly among first generation women through various training and support services. Special attention is given by organising exclusive Entrepreneurship Development Programmes (EDPs) for women.

**13.2.2 NI-MSME, Hyderabad:**

During the year 2010-11 (up to December 2010), the Institute has provided training to 1,177 women under various training programmes.

**13.2.3 NIESBUD, Noida:**

In accordance with the policy directions/guidelines of the Government of India for accelerating the spread of entrepreneurial culture among women, the Institute continued with its activities having focus on this target group and encouraged women candidates for participation in its different activities like Workshops, Entrepreneurship-cum-Skill Development Programmes, Management Development Programme etc. In this manner, the Institute provided training to 4,909 women participants through its different training activities during the period.

**13.2.4 IIE, Guwahati:** During the year 2010-11 (up to December,

2010), the Institute has provided training to 3,947 women. These included women from rural areas and the training programmes covered all kinds of entrepreneurial development programmes.

**13.2.5 NSIC:** During the year 2010-11 (up to December, 2010), NSIC has provided training to 5,996 women under various training programmes.

### **13.3 TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT (TREAD) SCHEME FOR WOMEN**

The scheme envisages economic empowerment of women through the development of their entrepreneurial skills in non-farm activities. There are three major components of the scheme. The Government's grant up to 30% of the total project cost is provided to the Non-Government Organisations (NGOs) for promoting entrepreneurship among women.

The remaining 70% of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project. Further, the Government's grant up to Rs.1 lakh per programme is provided to training institutions / NGOs for imparting training to the women entrepreneurs. Besides, need-based grants up to Rs. 5 lakh may also be provided to national level EDIs and other reputed institutions, for undertaking field surveys, research studies, evaluation studies, designing of training modules etc. Budget estimate for the year 2010-11 under the scheme is Rs.270.00 lakh and sanction of Rs.92.00 lakh has already been released up to December 2010 to benefit 5,165 women.

### **13.4 ACTIVITIES AND PROGRAMMES FOR WOMEN IN ARI SECTOR**

13.4.1 While implementing various schemes of this Ministry, efforts are made to ensure adequate

participation of women in them. In addition, the Coir Board is implementing the Mahila Coir Yojana which is a women oriented self-employment programme. Under this programme, women are provided training and ratts for carrying out spinning activity and increasing their earnings. The details of the benefits available to women entrepreneurs under these programmes and also their participation in terms of numbers and subsidy provided are mentioned in the following paragraphs.

### **13.5 PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME AND WOMEN**

13.5.1 Relaxation is provided to women beneficiaries under Prime Minister's Employment Generation Programme (PMEGP) launched in 2008-09, such as:

- (i) For urban women beneficiaries, margin money subsidy is provided at the rate of 25% (for general category,

it is 15%) of the project cost while it is 35% for women in rural areas (25% for general category).

- (ii) In case of women entrepreneurs, beneficiary's contribution is 5% of the project cost while in the case of beneficiaries belonging to general category; it is 10% of the project cost.
- (iii) Bank finance in the form of loan is 95% of the project cost in case of women and other weaker section borrowers and 90% of the project cost in case of those belonging to general category.

### 13.6 MAHILA COIR YOJANA

13.6.1 It is the first women-oriented self-employment scheme launched in the coir industry in November 1994 which provides

self-employment opportunities to the rural women artisans in regions producing coir fibre. The Scheme envisages distribution of motorized ratts for spinning coir yarn to women artisans after giving training. One artisan per household is eligible to receive assistance under the scheme. Women spinners are trained for two months in spinning coir yarn on motorized ratt at the Coir Board's Training Centres. A stipend of Rs.500/- was earlier paid to the trainees which has been raised to Rs. 750/- per month from 2009-10. Coir Board provides motorized ratts/motorized traditional ratts at 75% cost subsidy subject to a maximum ceiling of Rs. 7,500/- for motorized ratts and Rs. 3200/- for motorized traditional ratts. The remaining 25% has to be raised by the beneficiary.



# 14

## Use of Official Language



*On the occasion of Hindi Diwas the Hon'ble Vice-President of India awarded the 1<sup>st</sup> Prize of Indira Gandhi Rajbhasha Award to Shri Uday Kumar Varma, Union Secretary (MSME) in the presence of Shri P. Chidambaram, Union Home Minister*





## USE OF OFFICIAL LANGUAGE

**14.1** Hindi is the Official Language of the Union of India and the Government policy aims at progressively increasing the use of Hindi in official work. Effective steps were taken during the year in the Ministry of MSME to ensure implementation of the annual programme and compliance with the various orders of the Government of India on the recommendations of the Committee of Parliament on Official Language.

### **14.2 COMPLIANCE OF SECTION 3(3) OF THE OFFICIAL LANGUAGE ACT, 1963**

All documents, such as resolutions, general orders, rules, licences, etc., under section 3(3) of the Official Language Act and all papers laid on the Table of both the Houses of

Parliament were issued bilingually, i.e., in Hindi and English. General orders meant for departmental use were issued in Hindi only.

### **14.3 REPLIES TO LETTERS IN HINDI**

All letters received in Hindi were replied in Hindi.

### **14.4 CORRESPONDENCE IN HINDI**

14.4.1 Letters to State Governments, Union Territory Administrations and Central Government offices located in regions 'A' and 'B' were issued in Hindi, to the extent possible. Similarly, letters were sent in Hindi to Central Government offices located in region 'C' as per the targets laid down in the Annual Programme. About 87% correspondence was made in Hindi in region 'A', 82% in

region 'B' and 77% in region 'C' up to the quarter ending September, 2010.

14.4.2 The Ministry of MSME was selected by the Department of Official Language for the 1<sup>st</sup> Prize of Indira Gandhi Rajbhasha Award for Excellent Work done in Hindi during 2008-09. The Award was presented by the Hon'ble Vice-President of India to the Secretary (MSME) on 14.09.2010 on the occasion of Hindi Diwas.

#### **14.5 SECTIONS SPECIFIED FOR WORKING IN HINDI**

The sections of the Ministry, specified for doing 100% work in Hindi, are working satisfactorily.

#### **14.6 MONITORING AND INSPECTIONS**

In order to ensure compliance with the Official Language Policy, monitoring is done through reviewing the quarterly progress reports. During the year, Sections of the Ministry and attached

organizations were inspected, to ensure use of Hindi and compliance with the Official Language policy.

#### **14.7 TRAINING OF OFFICIALS**

Many officials of the Ministry have already been trained in Hindi typing and Hindi stenography.

#### **14.8 USE OF MECHANICAL AIDS**

As per the provisions of the Official Language Act, bilingual mechanical facilities have been provided in the Ministry. Computers and terminals have also been installed with facility to work in Hindi.

#### **14.9 COMMITTEES**

14.9.1 To review the use of Hindi in the Ministry and to accelerate the use of Hindi, the Hindi Advisory Committee has been reconstituted in the Ministry. The first meeting of the Hindi Advisory Committee was held on 15.09.2010 and the action on the decisions of the Committee is being taken at appropriate levels.

14.9.2 The Departmental Official Language Implementation Committee under the Chairmanship of the Joint Secretary (In-Charge of Hindi) in the Ministry of MSME has been constituted.

14.9.3 Quarterly meetings of the Committee were organized and important decisions for use of Hindi in official work have been taken. Effective steps for ensuring compliance of the decisions have also been taken.



**The then Union Minister of State (I/C) for MSME Shri Dinsha Patel addressing the Hindi Advisory Committee**

#### **14.10 HINDI MONTH**

Hindi month was celebrated from 14<sup>th</sup> September 2010 to 13<sup>th</sup> October 2010 in the Ministry. To encourage

and motivate the employees for doing official work in Hindi, various competitions like Hindi-Typing, Hindi-Essay Writing, Noting and Drafting in Hindi, General-Hindi,

Speech in Hindi, Antakshari and Hindi work in section etc. were organised. Hindi Workshops were also organized during this period. A large number of officers and employees participated in these events with enthusiasm. Certificates and cash awards were given to the winners of the competitions. The messages of the Hon'ble Home Minister, the Cabinet Secretary and Hon'ble Minister (MSME) on the occasion of Hindi Diwas, 2010 were circulated in the Ministry of MSME as well as in its attached and subordinate offices for information and compliance.

#### **14.11 USE OF HINDI IN ATTACHED AND SUBORDINATE OFFICES**

##### **14.11.1 Office of the Development Commissioner (MSME)**

There is a full fledged Hindi Section in the Office of the DC (MSME) to ensure compliance with the Official Language Policy of the

Government and to implement the directives of the Government of India in this regard. During the year, 26 sections of O/o DC (MSME) were inspected to ensure maximum use of Hindi and compliance with the Official Language Policy. Hindi Pakhwara was celebrated from 14<sup>th</sup> to 30<sup>th</sup> September, 2010 and various Hindi competitions were conducted during the Hindi Pakhwara. The Parliamentary Committee on Official Language also inspected subordinate offices of the DC (MSME) during the year. The meetings of Official Language Implementation Committee are regularly held in the O/o DC (MSME). The requisite documents were issued bilingually under section 3(3) of Official Language Act. All the letters received in Hindi were replied to in Hindi.

##### **14.11.2 National Small Industries Corporation (NSIC) Ltd.**

NSIC continuously strives to promote the use of Hindi in official

work. A full fledged Hindi Section with adequate staff is functioning at the corporate office of Delhi. The meetings of Official Language Implementation Committee and Hindi Workshops are regularly organized in NSIC. During the year, Hindi Month was celebrated from 14<sup>th</sup> September, 2010 to 13<sup>th</sup> October, 2010 in which various Hindi competitions were held. Literature and application forms of various schemes of NSIC have been prepared bilingually. NSIC has already started publishing Monthly Newsletter namely "NSIC Chronicle" in Hindi and English. To achieve the targets set by the Government, the use of Hindi is being progressively increased in NSIC.

#### **14.11.3 Khadi & Village Industries Commission (KVIC)**

Hindi Fortnight was celebrated from 14<sup>th</sup> – 29<sup>th</sup> September, 2010 in which various Hindi competitions were held. Hindi Workshops were organized by KVIC and officials

were trained to work in Hindi and regular quarterly meetings of Official Language Implementation Committee were also organized during the year. The KVIC also regularly publishes in-house magazine 'Jagriti' bilingually to give wide publicity to Khadi and Khadi products.

#### **14.11.4 Coir Board**

The Coir Board continued its efforts to implement the Official Language Policy. During the year 2010-11, the office orders, circulars, etc. were issued bilingually. Letters received in Hindi were replied to in Hindi. A Hindi Workshop was organized in the Board in which many officers/officials participated. The Board organized Official Language inspection of its sub-offices. The maximum official work is done in Hindi on 14<sup>th</sup> of each month at the Board Office. Hindi Pakhwara was celebrated in the Board and various Hindi competitions were organized. The advertisements of the Board

were issued in Hindi and Website of the Board has been prepared bilingually. The OLIC meetings were held regularly.

#### **14.11.5 National Institute for Entrepreneurship and Small Business Development (NIESBUD)**

The Annual Report of the Institute and Agenda Papers and other details for the Meeting of Sanchalan Parishad had been prepared bilingually. All the reports related to Official Language had been sent regularly. A Hindi Week was organized during 14<sup>th</sup> September, 2010 to 20<sup>th</sup> September, 2010. During the Hindi Week celebration, a Hindi Workshop was organized wherein employees were appraised about writing of notes and drafts in Hindi as also about Hindi translation. The maximum official work is done in Hindi on 14<sup>th</sup> of each month at the Institute. Entrepreneurship-cum-Skill Development Programme was organized in Hindi in the Institute.

#### **14.11.6 National Institute for Micro Small & Medium Enterprises (NI-MSME)**

As far as possible, efforts for implementation of Official Language Policy of the Government are being made by the Institute. Course material for the programmes conducted in the Hindi speaking areas was provided in Hindi. Replies to the letters received in Hindi were invariably given in Hindi. Employees of the Institute were encouraged to use Hindi to the maximum extent.

#### **14.11.7 Indian Institute of Entrepreneurship (IIE)**

All the forms used in the office were made bilingual. Newsletters pertaining to activities of the Institute have been translated in Hindi and published in local newspapers. Headings of the files have been made bilingual and noting on files is being done in Hindi. The Website of the Institute is being prepared bilingually. The

Official Language Inspection of the Regional Offices had been done by the Institute. Most of the employees have been trained under the Hindi Sikshan Yojana. Hindi Week was celebrated during 14<sup>th</sup> to 21<sup>st</sup> September, 2010 and a Hindi Quiz was organised during the Hindi Week. Employees had also been imparted Computer training by

NIC. The OLIC meetings were held regularly. Advertisement etc., were published in Hindi also.

#### **14.11.8 Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)**

Maximum efforts are being put in to implement Official Language policy in the Institute.





**15**

## **Vigilance Activities**

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BEGINS  
WITH YOU**

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## VIGILANCE ACTIVITIES

**15.1** The Vigilance Division of the Ministry is headed by a Chief Vigilance Officer (CVO) of the rank of Joint Secretary who functions as a nodal point for all vigilance matters in consultation with the Central Vigilance Commission and Investigating Agencies.

**15.2** The Ministry is implementing the guidelines/instructions issued by the Department of Personnel & Training and the Central Vigilance Commission on creating greater awareness of vigilance among the users of its services. In order to bring about awareness about vigilance and transparency in functioning of offices that have public inter-face, the Vigilance Awareness Period was celebrated from October 25 to November 1, 2010 starting with a Pledge Taking on October 25, 2010.

**15.3** The Vigilance Division also deals with the appeals preferred by employees of the organizations functioning under the Ministry on the penalties imposed on them as also complaints, etc. received against the functionaries of these organizations. The following functions are also performed by the Division:-

- (i) Maintenance of Confidential Reports of Officers and Staff.
- (ii) All cases falling under CCS (Conduct) Rules, 1964.
- (iii) Safe custody of mortgage bonds/deeds.
- (iv) Vigilance clearance for administrative purposes.

**15.4 Vigilance set up of Organisations under Ministry of MSME**

### 15.4.1 Office of the Development Commissioner (MSME)

**15.4.1.a** The Vigilance Unit of this office is headed by a Chief Vigilance Officer (CVO) of the rank of Director appointed on the advice of the Central Vigilance Commission. The Vigilance Section deals with vigilance matters like complaints and vigilance cases coming within the purview of CCS (CCA) Rules, 1965 concerning MSME.

#### 15.4.1.b Complaints & Vigilance Cases

Apart from complaints and vigilance cases against officers and staff relating to corruption etc., a number of anonymous complaints other than those of corruption pertaining to the officers of MSME, were also handled during the year. The following reports were submitted:

i) Monthly report and complaints, action on CVC advice, Departmental

Inquiries, Investigations, Inspection, Scrutiny of Annual Property Return, etc., were sent to CVC.

ii) Quarterly return regarding examination of work by Chief Technical Examiner i.e., an organization of CVC, was also sent to Ministry of MSME.

iii) Fortnightly report regarding complaints concerning corruption/ irregularities received from Prime Minister's Office and expeditious disposal in a time bound manner of cases for according sanction for prosecution under Section 197 Cr. PC and Section 19 of Prevention of Corruption Act were also sent to Ministry of MSME.

iv) Quarterly reports regarding Action Plan on Anti-Corruption Measures and complaints/disciplinary cases against CSS Officers (Gr. 'B' & above) and CSSS Officers (PPS

and Sr. PPS) were also sent to DoPT and Ministry of MSME.

#### **15.5.1.c Vigilance and Anti-corruption work done by the Vigilance organization:**

Wherever any procedural lacuna or working defects in the organizations come to light, instructions are issued for adopting ways and means to avoid recurrence of such cases relating to that of theft, fraud etc.

#### **15.5.1.d Improvement in Methods and steps taken to check Delays and Corrupt Practices:**

The present arrangements are working satisfactorily and no change in methodology or procedure is considered necessary. The vigilance cases in respect of Group 'C' staff of field offices are attended to by the Director of the Institute/Centre who is assisted by Assistant Director (Admn). The services of senior officers both at Headquarters and in the field offices are utilized for investigating the complaints.

#### **15.4.2 National Small Industries Corporation (NSIC) Ltd.**

The National Small Industries Corporation Ltd. (NSIC), is a public sector enterprises under the Ministry of MSME. The vigilance work in NSIC is looked after by a part-time Chief Vigilance Officer, appointed on the advice of CVC.

#### **15.4.3 Khadi & Village Industries Commission (KVIC)**

The Khadi & Village Industries Commission (KVIC) is a statutory organization under the Ministry of MSME. The vigilance work in Khadi & Village Industries Commission is looked after by a full-time Chief Vigilance Officer appointed on the advice of CVC.

#### **15.4.4 Coir Board**

The Coir Board, Kochi, is a statutory body under the Ministry of MSME. The Vigilance work in Coir Board is looked after by a part-time Chief Vigilance Officer appointed on the advice of CVC.





**16**

**Citizen Charter,  
Right to Information (RTI) Act,  
Performance Monitoring and  
Evaluation System (PMES)  
and Activities undertaken for the benefit  
of the persons with disabilities**





## **CITIZENS' CHARTER / RIGHT TO INFORMATION ACT (RTI) AND PERFORMANCE MONITORING, EVALUATION SYSTEM (PMES) AND ACTIVITIES UNDERTAKEN FOR THE BENEFIT OF THE PERSONS WITH DISABILITIES**

### **16.1 Citizens' Charter of the Ministry (Salient features)**

This Charter is a Declaration of the Ministry, incorporating its mission and commitment to the Micro, Small and Medium Enterprises and for the people of India, in general.

#### **16.1.1 Ministry of Micro, Small and Medium Enterprises**

16.1.1(a) The role of the Ministry of Micro, Small and Medium Enterprises is mainly to assist the States in their efforts to promote growth and development of MSMEs and to address common concerns of enterprises.

(b) The formulation and implementation of policies and programmes/ projects/schemes are undertaken by the Ministry with the assistance of its attached office, public sector enterprise, statutory bodies and autonomous organisations.

(c) The aim of this Ministry is to provide prompt service to citizens through its attached office, public sector enterprise, statutory bodies and autonomous organisations, for accelerating the growth of MSMEs and also to enhance their competitiveness.

(d) The Ministry seeks to fulfill its mission by formulating

appropriate policies and designing/ implementing support measures in the fields of credit, technological upgradation, marketing, entrepreneurship development, etc., and undertaking effective advocacy for these purposes.

(e) All the organisations of the Ministry have their own Citizen's Charter.

#### **16.1.2 MISSION**

*Promote growth and development of Micro, Small and Medium Enterprises, including, Khadi, Village and Coir industries, in cooperation with concerned Ministries/Departments, State Governments and other stakeholders by providing support to existing enterprises and encouraging creation of new enterprises.*

#### **16.1.3 VISION**

*To have a vibrant Micro, Small and Medium Enterprises (MSME) sector.*

#### **16.1.4 COMMITMENT**

The Ministry and its organisations are committed to providing efficient and prompt services with transparency and courtesy to the citizens as well as to MSMEs.

#### **16.1.5 STANDARD FOR GENERAL PROCEDURE**

The letters received by the Ministry are generally acknowledged within 15 days and replied to as soon as possible.

#### **16.1.6 RESPONSIBILITIES OF OUR CITIZENS**

The Ministry expects continuous feedback from the citizens on the quality of the services provided to them and on areas in which improvements are expected.

#### **16.1.7 ASSESSING PERFORMANCE**

The Ministry, from time to time, shares its performance with the citizens and stakeholders through the media and its website. The Ministry also

undertakes independent surveys on perceptions of the citizens and assessment of its performance.

### 16.1.8 GUIDANCE AND HELP

The Information and Facilitation Counter of the Ministry, located on the ground floor (between Gate No. 4 and 5), Nirman Bhavan, New Delhi, provides information on the services and activities of the Ministry and its organizations. It also receives RTI applications as well as fees, if any, by RTI applicant.

The Ministry has set up a Call Centre namely, 'Udyami Helpline' to give free access of information and guidance to potential entrepreneurs throughout the country by making a provision of toll free Telephone Number **1800-180-6763**. Under this, any potential entrepreneur desirous of getting any information regarding schemes of Ministry of MSME or anything related to small businesses may get information by dialing up this toll free number. Adequate trained manpower has

been put in place to give information as well as guidance to potential entrepreneurs.

**16.1.9** Annual Reports and Handbook on Self Employment have been published and are available for the information of potential entrepreneurs, policy makers and others. The website of the Ministry, i.e., [www.msme.gov.in](http://www.msme.gov.in) provides all the relevant information and link to its organisations.

### 16.1.10 COMPLAINTS

In case of any complaint, one may telephone or send a letter or fax or visit the Ministry at Udyog Bhavan, New Delhi. However, before lodging a complaint, one may, first of all, use the Information and Facilitation Counter of the Ministry. In case one is not satisfied, the matter may be taken up with the Grievance Officer in this Ministry. The address, phone and fax numbers of the Information and Facilitation Counter and the Grievance Cell are as follows:-

Particulars	Website Address	Organisation
1. Grievance Cell Economic Advisor, Office of the Development Commissioner (MSME), Room No.716, Nirman Bhawan, New Delhi – 110108. Tel: 23061277, Fax: 23061804  2. Information and Facilitation Counter, Gate No. 4, Ground Floor, Nirman Bhavan, New Delhi – 110108. Tel. No. 23062219	www.msme.gov.in	M/o MSME
	www.dcmsme.gov.in	O/o DC (MSME)
	www.nsic.co.in	NSIC, New Delhi
	www.niesbud.nic.in	NIESBUD, Noida
	www.nimsme.org	NI-MSME, Hyderabad
	www.iie.nic.in	IIE, Guwahati
	www.kvic.org.in	KVIC, Mumbai
	www.coir-india.com	Coir Board, Kochi
www.mgiri.org	MGIRI, Wardha	

## 16.2 RIGHT TO INFORMATION (RTI) ACT

For information under the RTI Act, 2005, citizens may approach the Public Information Officer (RTI) located between Gate No. 4 & 5, Nirman Bhavan, (Office of the Development Commissioner, MSME), New Delhi on any working day. During the year 2009-10, 141 applications were received

by the Ministry, out of which 59 applications were transferred, 81 requests were accepted/ replied to and 1 was rejected. The complete information in respect of the Ministry and the other Public Authorities of the Organisations under this Ministry was duly uploaded on the website of the Central Information Commission. The details of the CPIO's/Appellate

Authority are available at Ministry/ respective Office website. The list of Nodal CPIO of the Ministry and its organizations is at Annexure-VIII.

### **16.3 PERFORMANCE MONITORING AND EVALUATION SYSTEM (PMES)**

Government has recently approved a Performance Monitoring and Evaluation System (PMES) for Ministries/Departments. As per this, Ministries/Departments are required to prepare a Results-Framework Document (RFD). The Ministry has prepared a Results – Framework Document (RFD) after due deliberations with Ad-hoc Task Force constituted by the Cabinet Secretariat, summarizing the main objective and corresponding action for the year. The RFD for 2010-11 is available on the website of the Ministry ([www.msme.gov.in](http://www.msme.gov.in)).

### **16.4 ACTIVITIES UNDERTAKEN FOR THE BENEFIT OF THE PERSONS WITH DISABILITIES**

On separation of the cadre

controlling authority from Department of Industrial Policy & Promotion, this Ministry is maintaining 'reservation roster' as per the instructions on the subject. The vacancies arising out of 100 point roster for the disabled persons for the Ministry and its attached office of the Development Commissioner (MSME) are regularly intimated to the Department of Personnel and Training for filling up of such posts. Besides this, other facilities (like conveyance allowance), as per the Government of India's instructions, are provided to the disabled persons working in this Ministry.

The National Small Industries Corporation Limited, a PSU of this Ministry and 3 EDIs namely National Institute for Entrepreneurship and Small Business Development, Noida, National Institute for Micro, Small and Medium Enterprises, Hyderabad and Indian Institute of Entrepreneurship, Guwahati are

providing necessary reservation/ preference for the training in different fields of entrepreneurship development. During the year 2010-

11 (up to December, 2010), NSIC has provided training to 378 Physically Handicapped persons under various training programmes.



**ANNEXURE -I****Statement showing the Budget Estimates, Revised Estimates, Expenditure as well as progress during the year 2009-10 & the Budget Estimates and Quantifiable / Deliverable/ Physical Output for the year 2010-11***(Rs. in Crore)*

Sl. No.	Name of the Scheme	2009-10				2010-11			Quantifiable / Deliverable/ Physical Output 2010-11
		BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement 2009-10	BE 2010-11	RE 2010-11		
1	Surveys, Studies and Policy Research	1.00	0.09	0.06	Assistance provided for completion of 01 study.	1.00	0.50	13 surveys/ studies are to be conducted during 2010-11.	
2	Assistance to Training Institutions	10.00	6.30	6.58	35586 persons trained Provided financial assistance of 49.81 lakh to IED, Orissa for strengthening infrastructure.	54.25	51.80	40000 persons to be trained. To Provide financial assistance to set up one new EDI in Arunachal Pradesh and assistance to one existing EDI for strengthening infrastructure.	



Sl. No.	Name of the Scheme	2009-10				2010-11		
		BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement 2009-10	BE 2010-11	RE 2010-11	Quantifiable / Deliverable/ Physical Output 2010-11
3	Rajiv Gandhi Udyami Mitra Yojana	5.00	0.50	0.24	228 Udyami Mitras have been empanelled who are providing handholding support to first generation entrepreneurs. MSME Info Call Centre/ Helpline to provide support to new entrepreneurs has been established.	7.75	2.66	4000 new udyamis are expected to be assisted
4	International Cooperation Scheme	2.00	2.00	2.00	MSME Units have been assisted in participating 44 international events.	2.00	4.00	MSME Units to be assisted in participating 30 international events.

Sl. No.	Name of the Scheme	2009-10				2010-11		
		BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement 2009-10	BE 2010-11	RE 2010-11	Quantifiable / Deliverable/Physical Output 2010-11
5	Performance & Credit Rating Scheme	20.90	40.00	36.80	7531 units have been rated	35.00	35.00	9400 units will be rated.
6	Marketing Assistance Scheme	10.00	10.00	10.00	1. Organised / participated in 105 Exhibitions. 2.. Organized 24 Buyer Seller Meets 3. Conducted 831 Intensive Campaigns.	10.00	10.00	To be organised / participated in 43 Exh.  To be co- sponsored in 40 Exhibitions  To be organized 15 Buyer Seller Meets  To be conducted 450 Intensive campaigns.

Sl. No.	Name of the Scheme	2009-10				2010-11		
		BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement 2009-10	BE 2010-11	RE 2010-11	Quantifiable / Deliverable/ Physical Output 2010-11
7	National Commission for Enterprises in the Unorganised Sector (NCEUS)	1.10	1.11	1.11	NCEUS has been wound up.	-	-	-
	Sub-Total for SSI Division	50	60.00	57.37		110.00	103.96	

**ARI DIVISION**  
**Khadi & Village Industries Commission (KVIC)**

(Rs. in crore)

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
1.	Khadi Grant (including MDA)	125.00	125.00	117.48	(i) Khadi Prod.: Rs. 628.98 crore Sales: Rs.867.01 crore Employment (cumulative): 9.81 lakh persons	290.00	448.60	(i) Khadi Prod.: Rs. 700.00 crore Sales: Rs. 1010.00 crore Employment (cumulative): 10.50 lakh persons
					(ii) Rebate Scheme - Rs. 88.33 crore provided towards rebate on sale of khadi			(ii) MDA Rs. 144.00 crore to be provided towards MDA.
					(iii) ISEC: Rs 25.00 crore provided towards subsidy			(iii) ISEC: Rs 30.00 crore to be provided towards subsidy
					(iv) PRODIP: 118 khadi projects sanctioned			(iv) PRODIP: 130 khadi projects to be assisted

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
2	S&T(Khadi)	2.00	2.00	-	106 units assisted for establishment of in-house test laboratories	2.00	2.00	32 units to be assisted for establishment of in-house test laboratories
3	Khadi loan	2.00	2.00	0.15	Loan is provided to the institutions located in NER for gainful employment to the spinners and weavers	2.00	2.00	Loan will be provided to the institutions located in NER for gainful employment to the spinners and weavers
4	Interest Subsidy (khadi)	5.00	5.00	5.00	This is book adjustment only towards subsidy on interest on loans provided in the past.	5.00	5.00	This is book adjustment only towards subsidy on interest on loans provided in the past.

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
5	VI Grant	40.00	40.00	34.20	(i) Village Industry Prod.: Rs. 17508.00 crore Sales: Rs. 23254.53 crore Employment (cumulative): 98.72 lakh persons  (ii) RISC - 18 projects sanctioned  (iii) PRODIP: 51 V.I projects sanctioned  (iv) Training: 63071 persons  (v) Exhibitions – 38 exhibitions/ events organized	55.00	78.42	(i) Village Industry Prod.: Rs. 20670.00 crore Sales: Rs. 24580.00 crore Employment (cumulative): 109.87 lakh persons  (ii) RISC - 14 projects to be assisted  (iii) PRODIP: 88 VI projects to be assisted  (iv) Training: 66,121 persons  (v) Exhibitions/ events to be organised
6	S&T (VI)	2.00	2.00	0.40	65 projects assisted	2.00	2.00	65 projects to be assisted

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
7	VI Loan	1.00	1.00	-		1.00	1.00	Loan will be provided to the institutions located in NER for gainful employment to the spinners and weavers
8	Interest Subsidy (VI)	5.00	5.00	5.00	This is only book adjustment towards subsidy on interest on loans provided in the past.	5.00	5.00	This is only book adjustment towards subsidy on interest on loans provided in the past.
9	PMEGP	823.00	601.20	545.71	No. of projects assisted: - 39502 Margin money utilised: Rs. 742.76 crore Estimated employment opportunities generated: 4.20 lakh.	906.00	920.64	No. of projects: - 59,714 Margin money subsidy: Rs. 920.64 crore Creation of employment opportunities: 5.97 lakh persons
10	Workshed Scheme for Khadi Artisans:	15.00	15.00	13.95	Assistance has been provided to 5951 artisans during the year.	20.00	20.00	Assistance to be provided to 8000 artisans.

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
11	Scheme for enhancing productivity & competitiveness of Khadi Industries and artisans	8.00	8.00	3.44	20 Khadi Institutions have been selected for assistance under this scheme.	21.00	21.00	Financial assistance to 59 khadi institutions
12	Scheme for Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure	5.00	5.00	2.73	A token provision has been made. The implementation guidelines are issued in July 2009.	5.00	5.00	25 khadi institutions to be assisted and 10 sales outlets to be renovated.
13.	Khadi Reform Programme	96.00	96.00	96.00		192.00	1.00	Preliminary activities such as selection of khadi institutions, action plan, etc. to be undertaken

Sl. No	Head	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical Progress/Achievement	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
	Sub-Total	1129.00	907.20	824.06		1506.00	1511.66	
II	Mahatma Gandhi Institute for Rural Industrialisation	3.00	3.00	3.00	The project has been operationalised with the filling up of the post of Director and scientific and technical posts have been filled and it is fully functional.	6.00	6.00	Technical Support to 38 model enterprises and in 15 cases improved machines and Process/services in rural industries have been developed.

## COIR BOARD

		(Rs. in crore)						
Sl. No.	Heads	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical performance under main schemes	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2 Plan – S&T	7.00	4.00	7.00	5 Development of machinery and equipment: ---07 Nos., Consultancy provided to -2264 entrepreneurs on new S&T developments	7.00	8.00	9. Development of machinery and equipment: 04 Nos., Consultancy to be provided to 1200 entrepreneurs on new S&T developments
2	Plan (General), Training Extension, Quality Improvement, Mahila Coir Yojana & Welfare Measures	27.00	22.00	22.00	28.00 Coir Prod.: 5,15,500 M.T. Export: Rs. 804.05 crore Empl.: 6.84 lakh	24.40	24.40	28.00 Coir Prod.: 5,70,000 M.T. Export: Rs. 800.00 crore Empl.: 7.15 lakh

Sl. No.	Heads	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical performance under main schemes	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
					<p>Skill Upgradation &amp; Quality Improvement: -4062 persons trained for manufacturing value added products, -07 EDP conducted and 12 QIP organized.</p> <p>Mahila Coir Yojana: 4945 beneficiaries trained and 264 ratts distributed.</p> <p>Development of Production Infrastructure: 26 coir units assisted.</p> <p>Domestic Market Promotion: participated in 60 domestic exhibitions</p>			<p>Skill Upgradation &amp; Quality Improvement: Training of 8000 persons for manufacturing value added products.</p> <p>EDP: 30 QIP: 25</p> <p>Mahila Coir Yojana: 4500 beneficiaries to be trained and 3000 ratts distributed.</p> <p>Development of Production Infrastructure: 90 coir units to be assisted.</p> <p>Domestic Market Promotion: Participation in domestic exhibition: 125</p>

Sl. No.	Heads	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical performance under main schemes	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
3	Rejuvenation, Modernization and Technology Upgradation of the Coir Sector	21.00	13.00	9.73	Export Market Promotion (EMP) : Participated in 09 international exhibitions. Assistance to exporters/ entrepreneurs for participation in international exhibitions 76 Nos	21.00	15.00	Export Market Promotion (EMP): Participation in 10 international exhibitions. Assistance to exporters/ entrepreneurs for participation in international exhibitions – 60 Nos
	Sub-Total	55.00	42.00	38.73	706 units assisted. (spinning units 296 and tiny household - 410)	56.00	46.40	1200 units to be assisted. (spinning units – 500 and tiny household - 700)

Sl. No.	Heads	BE 2009-10	RE 2009-10	Exp. 2009-10	Physical performance under main schemes	BE 2010-11	RE 2010-11	Quantifiable/Deliverable/Physical Output
1	2	3.	4.	5	6	7.	8.	9.
III	SFURTI	21.00	16.95	16.95	72 KVI clusters have become functional. There is an improvement in the earnings of artisans/workers.	17.00	17.00	24 clusters operationalised during the year.
	Sub-Total for ARI Division	1204.00	964.20	877.79		1585.00	1581.06	

STATEMENT SHOWING BE, RE and Physical Progress of 2009-10 and 2010-11 (up to Dec.2010) - O/O DC(MSME), M/O MSME Demand No.64 (Rs. Crore)									
Sr. No.	2009-10					2010-11			
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010		
A									
I									
1									

Sr. No.		2009-10				2010-11		
		BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010
a	Tool Rooms	48.95	56.15	57.85	a. Training of 57335 persons b. Benefiting 17214 units including: NER - a. Training of 1062 persons b. Benefiting 48 units.	57.00	58.37	a. Training of 47185 persons b. Benefiting 17866 units (including NER-a. training of 817 trainees b. Benefitted 273 units, SC:13669, ST:2080 trainees
b	Research Institutes							
c	Training Institutes	2.40						
2	NMCP							

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
a.	28.65	9.80	6.29	a) 95 awareness Prog- rammes organised b) 20 Special Purpose Vehicles (SPVs) in Mini Clusters formed/ registered c) 13 Lean Manufacture Consultants short listed for attachment to Mini Cluster.	20.00	11.10	05 Awareness Programme organized, 70 SPV formed.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
b	2.00	1.82	0.06		12.00	5.10	I. EFC approved on 29.4.10 by Secy.(Exp.) II. The scheme has been approved on 6.8.10	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
c	32.00	0.25	0.23	(i) Draft request for Qualification, Request for proposal and Agenda documents for Chennai Project prepared and circulated to all concerned Ministries/ Departments before Finalization.	10.00	2.50	I. Model RFQ document approved by SFC II. Pre-qualification application for Cheenai project received and evaluated III. Bids (RFP) from qualified bidders for cheenai project would be invited shortly.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
d	5.00	0.50	0.00	The first meeting held on 12.02.2010 to select clusters for implementing the scheme.	9.50	3.55		
e	8.00	2.50	1.91	22 Business Incubators benefiting 80 incubators units.	10.00	10.00	29 nos. of Incubators have been setup and grand-in-aids has been released to professional stock companies for nurturing 80 ideas.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
f	2.00	2.00	1.76	2 Seminars organized	8.00	4.00	i) 44 Seminars and 2 workshops organised. ii) 14 Student projects selected. iii) 19 individual MSME projects.	
g	7.40	5.50	1.37	(i) 70 awareness programmes organized (ii) 499 ITI teachers trained	5.00	4.50	210 ITI teachers trained, 14 awareness programmes organized. One International Mission to Japan completed.	

Sr. No.		2009-10					2010-11		
		BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
h	Marketing Assistance and Technology Upgradation Scheme for MSMEs	1.00	1.00	0.00	-	2.00	2.00	139 MSME Units participated in local exhibitions/ fairs.	
3	Credit Linked Capital Subsidy Scheme	120.00	163.25	163.25	Benefitted 2551 units	195.00	250.68	Benefitted 2055 units	
4	ISO 9000/14001 Reimbursement	10.25	6.66	5.77	Benefitted 1285 units NER- 2 units	7.15	7.65	Benefitted 764 units, NER: 03	
5	VSBK	0.35	0.35	0.16	I) Organised Seminars/ workshops - 4 nos. II) Setting up of demonstration Centres - 4 nos. III) Training - 9 nos	0.35	0.35	(i) Organising Seminar/ Workshops.4 (ii) Setting up demo center 4 nos., one no. under progress (iii) Training. 09 No.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
	268.00	253.00	238.65		336.00	359.80		
	Sub Total							
II	Promotional Services Institutions & Programmes							
1	1.00	0.60	0.60	Trained 202 officers NER: 12 Nos officers	1.00	1.00	Trained for 123 officers including NER 03 Officers.	
2	1.20	1.10	0.89	18 workshops modernised.	1.50	0.87	09 Workshops	
3	4.60	4.60	4.06	(a) 40536 no. jobs tested. (b) 72 nos new/ balancing test equipment/machine installed.	5.15	5.15	29177 Nos. jobs Tested and 05 Nos. of new machine/ testing equipment installed	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
4	21.33	21.33	19.79	In total 569 EDPs & 300 of MDP, Benefitting 3.75 lakh persons, NER-400 EDP and 50 Nos. MDP benefited 21250 persons(including benefit of SCSP, 45000 persons, TSP 15000 persons and 100000 women	23.75	23.75	138555 persons to be motivated and 61550 trained.	
5	0.05	0.05	0.05	9 WTO Sensitization workshops.	0.05	0.05	04 programmes conducted benefiting 249 participants.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
6	0.20	0.20	0.17	29 programmes conducted.	0.20	0.20		
7	2.75	2.75	2.15	154 Awards NER : 1 Award	2.75	2.75	Awards given to 22 MSMEs & 06 Banks	
8	1.25	1.25	0.95	24 VDPs Conducted NER : 1 VDP	1.40	1.40	09 VDPs	
9	1.40	1.40	1.20	Maintenece of website and sharing of information with associations, field offices and automation of office.	1.60	1.60		

Sr. No.		2009-10					2010-11		
		BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
10	DC(MSME) Library	0.30	0.30	0.26	The libraries of DC(MSME) modernised.	0.30	0.30		
11	Publicity & Exhibition	0.50	0.35	0.29	Participation in 12 Trade Fairs.	0.50	0.30	12 Trade Fairs participated	
12	Scheme for Conduct of Tailor made courses for new entrepreneurs through select business Schools, Technical Institutes, etc.	1.30	1.20	1.03	107 programmes conducted to train 3029 persons.	1.45	1.45	250 persons trained.	
13	Scheme to support 5 select universities/colleges to run 1200 entrepreneurs clubs.	1.12	1.12	0.27	142 Clubs formed benefitting, 10912 entrepreneurs.	1.50	1.05		

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
14	1.00	1.00	0.36	One building completed and one building under construction	2.00	2.00	Building under construction at MSME Dis Indore and Guwahati, construction of Building at MSME DI Ludhiana will start.	
15	1.50	1.00	0.43	39 Associations benefited.	1.00	0.70	16 proposals sanctioned	

Sr. No.		2009-10					2010-11		
		BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
16	Testing Centres by Industry Associations	2.00	3.05		Grant-in-aid to 5 Testing Centres / QMCs was released during the year 2009-10.	0.00	0.00		
17	Vendor Development Programme for Ancillarisation (For setting up of SCX)	0.30	0.50	0.00	One SCX reimbursed	0.00	0.00		
18	Advertising & Publicity	2.50	2.50	2.50		2.75	2.75	Advertisement cannot be quantified	
19	MSME DI			7.72					
		5.20	6.20		Salary, Medical, RRT, OE & TE for MSME Dis .	5.95	6.15	Not quantifiable	
		0.30	0.30			0.30	0.30		
		0.45	0.45			0.40	0.40		
		0.50	0.50			0.50	0.50		
		0.25	0.25			0.25	0.25		
	Sub Total	51.00	52.00	42.72		54.30	52.92		

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
III	MSME Cluster Development Programmes and MSME Growth Poles							
1	MSME Cluster Development Programme (including IID subsumed)							
a	26.00	15.93	13.77	a) New clusters undertaken for diagnostic study reports – 43 b) Clusters undertaken for soft interventions including ongoing clusters –87. c) New Common Facility Centre (CFCs) -09 approved.	35.00	20.46	- 29 Diagnostic Studies Reports, - 11+25 Nos. fund release in on-going clusters for soft intervention - 10 new CFCs approved and fund released in 06 ongoing CFCs. -In principle approvals-14 Nos. -03 achieved.	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
b	12.00	12.00	12.13	Fund released to 22 ongoing IID centres including 8 from NER for development of infrastructure facilities.	20.00	13.00	-Funds released to ongoing IID Centers 12 - 15 IID Centres, approved, - In-principle approval 17	
2	1.00	0.50	0.29	DPR for 6 Growth Poles have been prepared.	1.00	0.00		
	39.00	28.43	26.19		56.00	33.46		
IV	Credit Support Programme							
1	122.00	122.00	122.00	a) Guarantee cover for 151387 MSEs b) Credit Amount - Rs.6875.11 Crore	200.00	200.00	a) Guarantee cover for 178082 MSEs b) Credit amount of Rs. 8756.95 crore	

Sr. No.	2009-10					2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
2	20.20	6.00	6.00	718700 micro units	20.00	20.00	163163 micro units (incl. NER 20160, SC 52154 & ST 15187)	
3	1.80	1.80	1.32	Benifted 4768 women entrepreneurs.	2.70	2.70	5165 womens benefitted	
	144.00	129.80	129.32		222.70	222.70		
V	MDA Programme							
	Export Promotion & MDA Scheme							
1	1.40	1.40	0.94		1.40	2.00		
2	1.00	1.00	0.37	Benifted 64 women MSEs by way of participation in 12 international trade fairs.	1.00	0.20		
3	0.25	0.25	0.13	Benifted 132 SMEs	0.30	0.30	Benifted 101 MSEs.	

Sr. No.	2009-10				2010-11		
	BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010
4	0.15	0.15	0.14	25 training programmes conducted.	0.15	0.15	08 Programmes conducted & 377 persons benefited.
5	8.20	4.00	2.84	(a) Interactive Seminars/ workshops-7 (b) Awareness/ Sensitisation programmes-36 (c) Specialised Training courses -3 (d) IP Facilitation Centre-13	7.15	3.60	(a) Interactive with International Agency-1 (b) Seminars/ workshops 21 (c) Awareness/ Sensitisation programmes-51 (d) IP Advisory Office / Facilitation Cells- 04 (e) 03 short specialised training courses.
	11.00	6.80	4.42		10.00	6.25	
	Sub Total						

Sr. No.		2009-10					2010-11		
		BE 2009-10	RE 2009-10	Actual Exp. 2009-10	Physical Progress 2009-10	BE 2010-11	RE 2010-11	Physical Progress up to Dec.2010	
VI	Upgradation of Data Base								
	(a) Collection of Statistics	9.63	9.58	9.32	-	8.06	8.16		
	(b) Quinquennial Census	7.87	6.35	5.04		2.34	2.80		
	(c) Computerisation of DICs	2.50	1.60	0.00		6.60	9.91		
	Sub Total	20.00	17.53	14.36		17.00	20.87		
VII	NAFUS (National Fund for Unorganised Sector)	1.00	0.00	0.00		1.00	0.00		
	Special Scheme for MSME (New Initiative)	0.00	0.00	0.00		1.00	1.00		
VIII	CAPITAL OUTLAY								
	Construction of Office Accommodation	6.00	6.00	1.44	-	8.00	8.00		
	Grand Total	540.00	493.56	457.10		705.00	705.00		
	Grand Total for M/o MSME	1794.00	1517.76	1392.26		2400.00	2390.02		



## ANNEXURE-II

**PLAN ALLOCATION AND EXPENDITURE DURING 2008-09, 2009-10  
AND 2010-11**

(Rs. in crore)

Items	2008-09	2009-10	2010-11*
<b>A. SSI DIVISION (NSIC, EDCs)</b>			
BE	50.00	50.00	110.00
RE	48.76	60.00	103.96
EXPENDITURE	45.89	57.37	80.60*
<b>B. ARI DIVISION (KVIC, COIR BOARD, MGIRI &amp; SFURTI)</b>			
BE	1204.00	1204.00	1585.00
RE	1172.50	964.20	1581.06
EXPENDITURE	1172.49	877.79	1052.62*
<b>C. O/o. DC (MSME)</b>			
BE	540.00	540.00	705.00
RE	503.74	493.56	705.00
EXPENDITURE	439.67	457.10	505.14*
TOTAL BE	1794.00	1794.00	2400.00
TOTAL RE	1725.00	1517.76	2390.02
<b>TOTAL EXPENDITURE</b>	<b>1658.05</b>	<b>1392.26</b>	<b>1638.36*</b>

\*up to December, 2010



## Annexure-III

**STATE-WISE DETAILS: UNITS ASSISTED, MARGIN MONEY UTILISED  
AND ESTIMATED EMPLOYMENT GENERATION DURING 2010-11  
(UP TO DECEMBER 2010) UNDER PMEGP**

Sr. No.	State/UT	Number of units assisted	Margin Money subsidy utilised (Rs. lakh)	Estimated Empl. opportunities (No. of persons)
1	Chandigarh	8	3.23	34
2	Delhi	85	62.05	210
3	Haryana	615	1205.42	4727
4	Himachal Pradesh	424	578.77	2064
5	J & K	956	1730.00	7903
6	Punjab	602	1016.27	5015
7	Rajasthan .	1121	2498.54	13200
8	A & N Islands	71	44.86	249
9	Bihar	873	1942.23	5977
10	Jharkhand	772	1011.24	7720
11	Orissa	618	1188.56	7840
12	West Bengal	3768	4762.51	30144
13	Andhra Pradesh.	1303	4016.19	27083
14	Karnataka	976	2686.72	9760
15	Kerala	1051	1907.20	10510
16	Lakshadweep	10	8.20	200
17	Puducherry	76	18.04	213



## Annexure-III Contd.

18	Tamil Nadu	1701	3255.95	15240
19	Goa	47	85.33	620
20	Gujarat	1326	2977.69	12595
21	Maharashtra	3513	4411.11	23713
22	Chattisgarh	877	1913.63	5429
23	Madhya Pradesh	974	2266.51	9753
24	Uttarakhand	634	738.71	4508
25	Uttar Pradesh	3482	9844.40	34597
26	Arunachal Pradesh	100	83.46	1000
27	Assam	382	318.31	2410
28	Manipur	-	-	-
29	Meghalaya	68	161.29	415
30	Mizoram	145	219.41	1450
31	Nagaland	150	357.26	1479
32	Tripura	108	154.93	301
33	Sikkim	35	80.83	134
	Total	26871	51548.85	246133

*Note: Figures of Dadra & Nagar Haveli and Daman & Diu have been included in the figures of Gujarat and Maharashtra, respectively.*





## ANNEXURE IV (a)

**SUMMARY RESULTS OF FOURTH ALL-INDIA CENSUS OF MICRO, SMALL & MEDIUM ENTERPRISES WITH REFERENCE YEAR OF 2006-07**

Parameters		ALL-INDIA									
		Distribution			Percentage distribution						
		Regd.	Unregd.	Total	Regd.	Unregd.	Total				
1.	Total number of working enterprises										
	Manufacturing	1035102	6418294	7453396	66.67%	26.15%	28.56%				
	Services	517390	18130011	18647401	33.33%	73.85%	71.44%				
	Total	1552492	24548305	26100797	100.00%	100.00%	100.00%				
2.	Number of rural enterprises	704551	12808326	13512877	45.38%	52.18%	51.77%				
3.	Number of woman enterprises	215036	1704938	1919974	13.85%	6.95%	7.36%				
4.	Number of enterprises managed by woman	156753	N. A.	156753	10.10%	N. A.	N. A.				
5.	Number of enterprises running perennially	1482847	23521525	25004372	95.51%	95.82%	95.80%				
6.	Employment (Person)										

Parameters	Distribution			Percentage distribution		
	Regd.	Unregd.	Total	Regd.	Unregd.	Total
Manufacturing	7984321	22422264	30406585	86.75%	44.62%	51.14%
Services	1219343	27834775	29054118	13.25%	55.38%	48.86%
Total	9203664	50257039	59460703	100.00%	100.00%	100.00%
7. Employment by male and female						
Male	7339372	41275333	48614705	79.74%	82.13%	81.76%
Female	1864292	8981706	10845998	20.26%	17.87%	18.24%
Total	9203664	50257039	59460703	100.00%	100.00%	100.00%
8. Enterprises by type of social category						
SC	119949	1937993	2057942	7.73%	7.89%	7.88%
ST	46983	781844	828827	3.03%	3.18%	3.18%
OBC	600810	9895898	10496708	38.70%	40.31%	40.22%
Others	784750	10672725	11457475	50.55%	43.48%	43.90%
Societies	0	938628	938628	0.00%	3.82%	3.60%
Not Responded	0	321217	321217	0.00%	1.31%	1.23%
Total	1552492	24548305	26100797	100.00%	100.00%	100.00%
9. Enterprises by type of organization						

Parameters	Distribution			Percentage distribution		
	Regd.	Unregd.	Total	Regd.	Unregd.	Total
Proprietary	1421548	23240914	24662462	91.57%	94.67%	94.49%
Partnership	63283	115207	178490	4.08%	0.47%	0.68%
Private Company	30102	106743	136845	1.94%	0.43%	0.52%
Public Ltd. Company	7346	66074	73420	0.47%	0.27%	0.28%
Co-operatives	4583	128945	133528	0.30%	0.53%	0.51%
Others	25630	890422	916052	1.65%	3.63%	3.51%
<b>Total</b>	<b>1552492</b>	<b>24548305</b>	<b>26100797</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
10 Enterprises by main source of power						
No power needed	383846	18195815	18579661	24.72%	74.12%	71.18%
Coal	24571	603535	628106	1.58%	2.46%	2.41%
Oil	54012	589403	643415	3.48%	2.40%	2.47%
LPG/CNG	6550	377851	384401	0.42%	1.54%	1.47%
Electricity	1031407	2814113	3845520	66.44%	11.46%	14.73%
Others	52106	1967588	2019694	3.36%	8.02%	7.74%
Total	1552492	24548305	26100797	100.00%	100.00%	100.00%
11. Enterprises by source of finance						

Parameters	Distribution			Percentage distribution		
	Regd.	Unregd.	Total	Regd.	Unregd.	Total
No Finance/Self Finance	1362568	22850626	24213194	87.77%	93.08%	92.77%
Finance through Institutional Sources	174060	1177212	1351272	11.21%	4.80%	5.18%
Finance through Non-Institutional Sources	15864	520467	536331	1.02%	2.12%	2.05%
<b>Total</b>	<b>1552492</b>	<b>24548305</b>	<b>26100797</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

	Characteristics	Registered	% Share
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**Annexure IV(a) – Contd...**

**REGISTERED MSME SECTOR****ALL-INDIA**

	Characteristics	Registered	% Share
1	Number of working enterprises	1552492	70.19%
	Number of enterprises found permanently closed	480946	21.74%
	Number of enterprises found non-traceable	178522	8.07%
	Total Number of enterprises surveyed	2211960	100%
2	Number of Working Enterprises		
	Manufacturing	1035102	66.67%
	Services	517390	33.33%
	Total	1552492	100%
3	Employment (Person)		
	Manufacturing	7984321	86.75%
	Services	1219343	13.25%
	Total	9203664	100%
4	Per unit employment (Person)		
	Manufacturing	7.71	
	Services	2.36	
	Total	5.93	
5	Original value of Plant & Machinery/ Equipment (Rs. Crore)		
	Manufacturing	110310.31	90.94%
	Services	10987.97	9.06%

	<b>Characteristics</b>	<b>Registered</b>	<b>% Share</b>
	Total	121298.28	100%
6	Per unit original value of Plant & Machinery/Equipment (Rs. Lakh)		
	Manufacturing	10.66	
	Services	2.12	
	Total	7.81	
7	Market value of Fixed Investment (Rs. Crore)		
	Manufacturing	440493.68	87.97%
	Services	60264.68	12.03%
	Total	500758.36	100%
8	Per unit market value of Fixed Investment (Rs. Lakh)		
	Manufacturing	42.56	
	Services	11.65	
	Total	32.26	
9	Value of Net Worth (Rs. Crore)		
	Manufacturing	415554.75	93.06%
	Services	30996.47	6.94%
	Total	446551.22	100%
	Characteristics	Registered	% Share
10	Per unit value of Net Worth (Rs. Lakh)		
	Manufacturing	40.15	
	Services	5.99	
	Total	28.76	
11	Total Gross Output (Rs. Crore)		
	Manufacturing	668866.63	94.29%
	Services	40531.00	5.71%
	Total	709397.63	100%

12	Per unit Gross Output (Rs. Lakh)	
	Manufacturing	64.62
	Services	7.83
	Total	45.69
13	Number of units taken loan from Institutional Sources or Others	
		185378
14	Amount of loan taken (Rs. Crore)	66125.47
15	Number of units having loan Outstanding	108238
16	Amount of loan Outstanding (Rs. Crore)	43606.11

Annexure IV(b)

<b>INDUSTRY SECTOR-WISE (AT 2-DIGIT LEVEL OF NIC-2004) DISTRIBUTION OF MICRO, SMALL AND MEDIUM ENTERPRISES AS PER FOURTH ALL INDIA CENSUS 2006-07</b>											
SL. NO.	NIC CODE	DESCRIPTION OF ACTIVITIES	NO. OF ENTERPRISES			EMPLOYMENT					
			REGD	UNREGD	TOTAL	REGD	UNREGD	TOTAL			
1	01	SERVICE ACTIVITIES RELATED TO AGRICULTURE AND HUNTING	11871	34933	46804	214962	0	214962			
2	02	SERVICE ACTIVITIES RELATED TO FORESTRY, LOGGING	1025	15751	16776	8554	0	8554			
3	05	SERVICE ACTIVITIES INCIDENTAL TO FISHING	124	3826	3950	1319	0	1319			
4	10	SERVICE ACTIVITIES INCIDENTAL TO MINING	71	23	94	962	0	962			
5	11	SERVICE ACTIVITIES INCIDENTAL TO EXTRACTION OF OIL AND GAS	42	3847	3889	605	11189	11794			
6	13	MINING OF METAL ORES	464	2861	3325	6893	9154	16047			
7	14	OTHER MINING AND QUARRYING	12943	8866	21809	124598	63252	187850			
8	15	FOOD PRODUCTS & BEVERAGES	212559	1317070	1529629	1255412	2588948	3844360			

SL. NO.	NIC CODE	DESCRIPTION OF ACTIVITIES	NO. OF ENTERPRISES			EMPLOYMENT		
			REGD	UNREGD	TOTAL	REGD	UNREGD	TOTAL
9	16	TOBACCO PRODUCTS	4461	923693	928154	168221	1852146	2020367
10	17	TEXTILES	106616	939018	1045634	1064230	2862348	3926578
11	18	WEARING APPAREL	214861	1092501	1307362	911539	1830196	2741735
12	19	LEATHER PRODUCTS(FOOTWEAR,LUG GAGE,HANDBAGS, ETC.)	26741	62549	89290	165153	174311	339464
13	20	WOOD AND WOOD PRODUCTS	53939	494471	548410	217677	1027039	1244716
14	21	PAPER AND PAPER PRODUCTS	12888	20111	32999	144622	44120	188742
15	22	PUBLISHING, PRINTING AND REPRODUCTION OF RECORDED MEDIA	40464	102649	143113	208265	305752	514017
16	23	COKE AND REFINED PETROLEUM PRODUCTS	2166	3016	5182	30048	26079	56127
17	24	CHEMICALS AND CHEMICAL PRODUCTS	50065	89687	139752	489738	225042	714780
18	25	RUBBER AND PLASTIC PRODUCTS	35894	25212	61106	293879	129517	423396
19	26	NON-METTALIC MINERAL PRODUCTS	56692	220060	276752	577778	822380	1400158
20	27	BASIC METALS	19274	55610	74884	315125	178757	493882

SL. NO.	NIC CODE	DESCRIPTION OF ACTIVITIES	NO. OF ENTERPRISES			EMPLOYMENT		
			REGD	UNREGD	TOTAL	REGD	UNREGD	TOTAL
21	28	FABRICATED METAL PRODUCTS	137957	181766	319723	738821	356519	1095340
22	29	MACHINERY AND EQUIPMENTS	72400	49845	122245	507253	108752	616005
23	30	OFFICE, ACCOUNTING AND COMPUTING MACHINERY	4750	1909	6659	26538	16795	43333
24	31	ELECTRICAL MACHINERY AND APPARATUS N.E.C.	34326	43030	77356	172738	144701	317439
25	32	RADIO, TV AND COMMUNICATION EQUIPMENT AND APPARATUS	8784	25987	34771	59637	61134	120771
26	33	MEDICAL, PRECISION, OPTICAL INSTRUMENTS, WATCHES & CLOCKS	10488	10004	20492	89468	29466	118934
27	34	MOTOR VEHICLES, TRAILERS & SEMI-TRAILERS	5773	9391	15164	69913	114190	184103
28	35	OTHER TRANSPORT EQUIPMENT	15579	5877	21456	179377	20159	199536
29	36	FURNITURE	99920	565569	665489	361710	1478822	1840532
30	37	RECYCLING	183	15502	15685	1534	42246	43780
31	40	ELECTRICITY, GAS, STEAM AND HOT WATER SUPPLY	645	15362	16007	4579	92219	96798

SL. NO.	NIC CODE	DESCRIPTION OF ACTIVITIES	NO. OF ENTERPRISES			EMPLOYMENT		
			REGD	UNREGD	TOTAL	REGD	UNREGD	TOTAL
32	41	COLLECTION, PURIFICATION AND DISTRIBUTION OF WATER	101	11358	11459	361	31856	32217
33	45	CONSTRUCTION	184	53904	54088	1005	121203	122208
34	50	REPAIR & MAINTENANCE OF MOTOR VEHICLES & MOTORCYCLES, SALE OF AUTOMOTIVE FUELS	58021	609843	667864	169705	1563655	1733360
35	51	WHOLESALE TRADE AND COMMISSION TRADE	1255	655973	657228	5369	1772013	1777382
36	52	REPAIR & MAINTENANCE OF PERSONAL AND HOUSEHOLD GOODS AND RETAIL TRADE	141050	11968341	12109391	259934	20625218	20885152
37	55	HOTELS AND RESTAURANTS	1256	1322994	1324250	7116	3378098	3385214
38	63	SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES, TRAVEL AGENCIES	2709	149174	151883	29117	459283	477049
39	64	POST AND TELECOMMUNICATIONS	17127	610214	627341	40746	1022714	1063460
40	70	REAL ESTATE ACTIVITIES	312	54284	54596	1324	119530	120854

Annexure IV(b) – Contd...

SL. NO.	NIC CODE	DESCRIPTION OF ACTIVITIES	NO. OF ENTERPRISES			EMPLOYMENT		
			REGD	UNREGD	TOTAL	REGD	UNREGD	TOTAL
41	71	RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR AND HOUSEHOLD GOODS	458	265671	266129	1273	526531	527804
42	72	COMPUTER AND RELATED ACTIVITIES	21357	41752	63109	78349	268817	347166
43	73	RESEARCH AND DEVELOPMENT	4	1450	1454	105	9109	9214
44	74	OTHER BUSINESS ACTIVITIES	25855	421327	447182	82371	1138399	1220770
45	80	EDUCATION	801	213418	214219	2545	580745	583290
46	85	HEALTH AND SOCIAL WELFARE ACTIVITIES	1371	569017	570388	4425	1597303	1601728
47	90	SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES	34	0	34	286	0	286
48	92	RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES	2560	161523	164083	6844	491002	497846
49	93	OTHER SERVICE ACTIVITIES	8622	1092632	1101254	22048	1936330	1958378
50	99	NOT REPORTED	15449	5440	20889	79593	0	79593
		<b>TOTAL</b>	1552491	24548311	26100802	9203664	50257039	59449352



## ANNEXURE V

<b>LIST OF ITEMS RESERVED FOR EXCLUSIVE MANUFACTURE BY MICRO AND SMALL ENTERPRISE SECTOR</b> (Last revised on 30 July, 2010)			
<b>S. No.</b>	<b>S.No. (As per Gazette Notification)</b>	<b>20-21 Product Code</b>	<b>FOOD AND ALLIED INDUSTRIES Name of the Product</b>
		20-21	FOOD AND ALLIED INDUSTRIES
1	3	202501	Pickles & chutneys
2	7	205101	Bread
3	11	21100102	Mustard Oil (except solvent extracted)
4	13	21100104	Ground nut oil (except solvent extracted)
		27	WOOD AND WOOD PRODUCTS
5	47	276001	Wooden furniture and fixtures
		28	PAPER PRODUCTS
6	79	285002	Exercise books and registers
			OTHER CHEMICALS AND CHEMICAL PRODUCTS
7	253	305301	Wax candles
8	308	314201	Laundry soap
9	313	317001	Safety matches
10	314	318401	Fire works
11	319	319902	Agarbatties
			GLASS AND CERAMICS
12	335	321701	Glass bangles
		33-35	MECHANICAL ENGG. EXCLUDING TRANSPORT EQUIPMENT
13	364	340101	Steel almirah



Annexure-V Contd.

14	394	341004	Rolling shutters
15	402	34200602	Steel chairs-All types
16	404	34200702	Steel tables-All other types
17	409	342099	Steel furniture-All other types
18	428	343302	Padlocks
19	447A	345207	Stainless steel utensils
20	474	345202	Domestic utensils-Aluminium



## ANNEXURE VI

## OUTSTANDING BANK CREDIT TO MICRO AND SMALL ENTERPRISES

(Rs. crore)

As on last reporting Friday of March	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks	Percentage of MSE Credit to Net Bank Credit
1	2	3	4	5	6
2005	67,800	8,592	6,907	83,498	8.8
2006	82,434 (21.6)	10,421 (21.3)	8,430 (22.1)	1,01,285 (21.3)	7.5
2007	1,02,550 (24.4)	13,136 (26.1)	11,637 (38.0)	1,27,323 (25.7)	7.2
2008	1,51,137 (47.4)	46,912 (257.1)	15,489 (33.1)	2,13,538 (67.7)	11.6
2009	1,91,408 (26.6)	46,656 (0.0)	18,063 (16.6)	2,56,127 (19.9)	11.3
2010 (Provisional)	2,78,398 (45.4)	64,534 (38.3)	21,080 (16.7)	3,64,012 (42.1)	13.4

Source: Reserve Bank of India.

Note:

1. Figure in parentheses indicates year-on-year growth.
2. The high growth witnessed during 2008 is on account of re-classification of MSEs as per MSMED Act, 2006. Firstly, the investment limit of small (manufacturing) was raised from Rs.1 crore to Rs.5 crore and small (services) was added to include enterprises with investment limit between Rs.10 lakh to Rs.2 crore. Secondly, the coverage of service enterprises was broadened to include small road and water transport operators, small business, professional and self-employed and all other service enterprises as per definition provided under MSMED Act, 2006.
3. Vide circular RPC.CO.Plan.BC.24/04.09.01/2009-10 dated September 18, 2009, retail trade (credit limit not exceeding Rs.20 lakh) has also been included under the ambit of MSE Sector.



## ANNEXURE-VII

## MOST RECENT AND IMPORTANT AUDIT OBSERVATIONS (C&amp;AG)

Report No.	Observations	Action Taken
Report No. 9 of 2010-11 regarding Poor implementation of the Scheme of Integrated Infrastructure Development for Small Scale Industries	<p>The Ministry of Micro, Small and Medium Enterprises launched the Scheme of Integrated Infrastructural Development (IID Scheme) for small scale industries in rural/backward areas in 1993-94 for setting up of IID centres with suitable infrastructural facilities to promote clusters of small scale and tiny units. The scheme was subsumed in the Micro Small Enterprises Cluster Development Programme (MSE-CDP) from 2007-08. The Ministry released an amount of Rs. 124.59 crore up to 2007-08 to various implementing agencies for 84 IID project with an estimated cost of Rs.400 crore.</p> <p>Audit reviewed the status of the implementation of the scheme and found that 42 out of 79 IID projects, which were due for completion by January, 2008 remained incomplete. Delays in completion of projects ranged between one month and twelve years. Further, detailed field level audit of 10 centres in Assam, Haryana, Madhya Pradesh, Orissa and Uttar Pradesh revealed that many infrastructural facilities at the centres were incomplete. Also, by creating large plots and allocating plots to large units, the small scale and tiny units, which formed the target group for the scheme, were deprived of its benefits. There were also instances of deficient financial management and inadequate monitoring.</p>	<p>After receiving the action taken note on Para No. 10.1-C&amp;AG Report No. 9 of 2010-11, the reply has been sent to the Office of Principal Director of Audit, Economic and Service Ministry, AGCR Building, New Delhi for vetting before it is sent to Department of Expenditure, Ministry of Finance. Office of Principal Director of Audit has made some queries on the action taken notes, which have been sent to them. Accordingly, Office of the DC (MSME) has asked the information from the concerned agencies. As soon as the same is received, it will be informed to Principal Director of Audit. Further, it may be mentioned that as on date 68 IID projects have been completed out of 79 IID projects which were due for completion by January, 2008. Action is being taken for completion of these projects.</p>



Report No.	Observations	Action Taken
Para No. 7.1 of Report No. 23 of 2009-10 regarding Khadi and Village Industries Commission	The Commission did not assess its fund requirement and improperly retained unutilized loan amount which resulted in avoidable interest payment of Rs. 30.03 lakh indicating deficient internal control system in fund management.	<p>Budget demand for House Building Loan was submitted by KVIC based on the trends of the earlier year. No additional or increase in demand was requested by KVIC and same was restricted to the extent of availability of funds made during the earlier year. The demand for funds for House Building Advances (HBA) has declined from employees of KVIC due to various reasons. KVIC has now refunded the unspent balance amount for Rs. 1,68,77,400.72 under HBA Advance to the Government vide their letter dated 17.09.2009.</p> <p>KVIC has been advised separately to ensure that unnecessary retention of loans is avoided in future through more accurate budgeting exercise and review the position at regular intervals.</p>



## ANNEXURE VIII

## 1. LIST OF CPIOs OF THE MINISTRY

Sl. No.	Name, Designation and Telephone of CPIO (S/Shri)	Name, Designation and Telephone of Appellate Authority (S/Shri)	Subject Matter
1.	P.S. Verma, Under Secretary 23061636	S.K. Goyal, Director 23063142	Plan Schemes relating to Surveys, Studies and Policy Research and Policy relating to Entrepreneurship Development Institutes (EDIs) and Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Protocol and General Administration
2.	M.L. Sharma, Under Secretary 23063293	A.K. Jha, Director 23063198	Matters relating to the Public Sector Undertaking the National Small Industries Corporation Limited (NSIC), Coordination of Plan of Budget of SME Division, International Cooperation Scheme.
3.	M.K. Mishra, Under Secretary 23062573	Angshuman Dey Deputy Secretary 23062745	All the matters relating to Agro and Rural Industries like Khadi & Village Industries and Prime Minister's Employment Generation Programme (PMEGP) & Scheme of Fund for Regeneration of Traditional Industries (SFURTI).
4.	Baldev Raj, Research Officer 23063288	P.P. Muralidharan Deputy Secretary 23061431	Overall Coordination and matters which are not specifically pertaining to any other PIO. Filing of various reports with Central Information Commission etc.



Sl. No.	Name, Designation and Telephone of CPIO (S/Shri)	Name, Designation and Telephone of Appellate Authority (S/Shri)	Subject Matter
5.	K.P. Singh Assistant Director 23062672	P.P. Muralidharan Deputy Secretary 23061431	Matters relating to Official Language Act.
6.	Anil Tehlan , Section Officer	V.K. Wadhwa, Deputy Secretary 23062736	Matters relating to Coir Industry.
7.	Smt. Rita Sharma, Section Officer	P.P. Muralidharan Deputy Secretary 23061431	Matters relating to Vigilance
8.	D.K. Thakur Section Officer 23062210	P.P. Muralidharan Deputy Secretary 23061431	Matters relating to administration and establishment of the Ministry of MSME
9.	Bhola Ram Section Officer	P.P. Muralidharan Deputy Secretary 23061431	Matters relating to Cash Section



## 2. LIST OF NODAL CPIOs OF THE MINISTRY'S ORGANISATIONS

Sl. No.	Name, Designation and Telephone of CPIO (S/Shri)	Name, Designation and Telephone of Appellate Authority (S/Shri)	Subject Matter
1.	Harish Anand Director, Office of the DC (MSME), Nirman Bhavan, New Delhi. 011-23062219	M.P. Singh, Economic Adviser, Office of the DC(MSME), Nirman Bhavan, New Delhi. 011-23061277	Distribution of all the RTI applications related to Office of the Development Commissioner (MSME) among the concerned CPIOs. The subject-wise list of CPIOs are available on website <a href="http://www.dcmsme.gov.in">www.dcmsme.gov.in</a>
2.	A.K. Aggarwal General Manager, NSIC Limited, NSIC Bhavan, Okhla Industrial Estate, New Delhi-110020 011-26910910	Ravindra Nath Director (Finance) NSIC Limited, NSIC Bhavan, Okhla Industrial Estate, New Delhi-110020 011-26319452	Distribution of all the RTI applications related to the National Small Industries Corporation Limited among the concerned CPIOs. The subject-wise list of CPIOs are available on website <a href="http://www.nsic.co.in">www.nsic.co.in</a>
3.	Mukesh Kumar Gupta, Admn. Officer, National Institute for Entrepreneurship and Small Business Development (NIESBUD), A-23- 24, Sector-62, Institutional Area, Phase-II, NOIDA- 201301, Uttar Pradesh 0120-2403054	Vinod Gupta, Director, National Institute for Entrepreneurship and Small Business Development (NIESBUD), A-23- 24, Sector-62, Institutional Area, Phase-II, NOIDA- 201301, Uttar Pradesh 0120-2403054	All the matters related to NIESBUD. The details of CPIOs are available on website <a href="http://www.niesbud.nic.in">www.niesbud.nic.in</a> , <a href="http://www.niesbud.org">www.niesbud.org</a>

Sl. No.	Name, Designation and Telephone of CPIO (S/Shri)	Name, Designation and Telephone of Appellate Authority (S/Shri)	Subject Matter
4.	N. Muralia Kishore, Librarian and Asstt. Registrar, National Institute for Micro, Small and Medium Enterprises (NI-MSME), Yousuf Gauda, Hyderabad – 500 045		All the matters related to NIMSME. The details of CPIOs are available on website <a href="http://www.nimsme.org">www.nimsme.org</a>
5.	Bakul Sarma, Admn. Officer, Indian Institute of Entrepreneurship (IIE), 37, NH Bypass, Lalmati, Basistha Chariali, Guwahati-781 029, Assam	K. Ahmed, Director Indian Institute of Entrepreneurship (IIE), 37, NH Bypass, Lalmati, Basistha Chariali, Guwahati – 781 029, Assam	All the matters related to IIE. The details of CPIOs available on website <a href="http://www.iie.nic.in">www.iie.nic.in</a>
6.	G. Hussain, Director, KVIC, 3 Irla Road, Ville Parle (West), Mumbai 022-26703470 Ext. 317	L.G. Israni Director (Admn.), KVIC, 3 Irla Road, Ville Parle (West), Mumbai 022-26714267	Distribution of all the RTI applications related to Khadi and Village Industries Commission among the concerned CPIOs. The subject-wise list of CPIOs is available on website <a href="http://www.kvic.org.in">www.kvic.org.in</a>

Sl. No.	Name, Designation and Telephone of CPIO (S/Shri)	Name, Designation and Telephone of Appellate Authority (S/Shri)	Subject Matter
7.	P.C. Antonel Vaz, Joint Director, Coir Board, Coir House, M.G. Road, Kochi-682016 0484-2373327	M. Kumara Raja, Secretary, Coir Board, Coir House, M.G. Road, Kochi-682016 0484-2372676	All the matters related to Coir Board. The details of CPIOs are available on website <a href="http://www.coirboard.gov.in">www.coirboard.gov.in</a>
8.	R.R. Gajabhiya, Mahatama Gandhi Institute for Rural Industrialisation, Maganwadi, Wardha-442001 07152-253512	Dr.T. Karunakarn, Director, Mahatama Gandhi Institute for Rural Industrialisation, Maganwadi, Wardha-442001 07152-253512	All the matters related to MGIRI. The details of CPIOs are available on website <a href="http://www.mgiri.org">www.mgiri.org</a>



## ANNEXURE-IX

**CONTACT ADDRESSES**  
**MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES**

S. No.	Name and Address of the organisation	Website	E-mail	Telephone	Fax
1	Ministry of Micro, Small and Medium Enterprises, Udyog Bhavan, New Delhi – 110 107	<a href="http://www.msme.gov.in">www.msme.gov.in</a>	<a href="mailto:min-msme@nic.in">min-msme@nic.in</a>	011-23063800 23063802-06	011-23062315 23061726 23061068
2	Office of Development Commissioner (MSME), 7th Floor, A-Wing, Nirman Bhavan, New Delhi – 110 108	<a href="http://www.dcmsme.gov.in">www.dcmsme.gov.in</a> ; <a href="http://www.laghu-udyog.com">www.laghu-udyog.com</a> ; <a href="http://www.smallindustry.com">www.smallindustry.com</a>	<a href="mailto:dc-msme@nic.in">dc-msme@nic.in</a>	011-23063800 23063802-06	011-23062315 23061726 23061068
3	Khadi and Village Industries Commission, (KVIC), "Gramodaya" 3, Irla Road, Vile Parle (West), Mumbai - 400056, Maharashtra	<a href="http://www.kvic.org.in">www.kvic.org.in</a>	<a href="mailto:kvichq@bom3.vsnl.net.in">kvichq@bom3.vsnl.net.in</a> , <a href="mailto:ditkvic@bom3.vsnl.net.in">ditkvic@bom3.vsnl.net.in</a> , <a href="mailto:dit@kvic.gov.in">dit@kvic.gov.in</a>	022-26714320-25/ 26716323/ 26712324/ 26713527-9/ 26711073/ 26713675	022-26711003



S. No.	Name and Address of the organisation	Website	E-mail	Telephone	Fax
4	Coir Board, "Coir House", M.G. Road, Ernakulam, Kochi-682016, Kerala	<a href="http://www.coirboard.nic.in">www.coirboard.nic.in</a> , <a href="http://www.coirboard.gov.in">www.coirboard.gov.in</a>	<a href="mailto:coir@md2.vsnl.net.in">coir@md2.vsnl.net.in</a> , <a href="mailto:coirboard@vsnl.com">coirboard@vsnl.com</a>	0484- 2351807, 2351788, 2351954, 2354397	0484- 2370034
5	National Small Industries Corporation Limited (NSIC), NSIC Bhawan, Okhla Industrial Estate, New Delhi – 110 020	<a href="http://www.nsic.co.in">www.nsic.co.in</a>	<a href="mailto:info@nsic.co.in">info@nsic.co.in</a> , <a href="mailto:pro@nsic.co.in">pro@nsic.co.in</a>	011- 26926275 26910910 26926370  Toll Free 1-800-111955	011- 26932075 26311109
6	National Institute for Entrepreneurship and Small Business Development (NIESBUD), A-23-24, Sector-62, Institutional Area, Phase-II, NOIDA-201301, Uttar Pradesh	<a href="http://www.niesbud.nic.in">www.niesbud.nic.in</a> <a href="http://www.niesbud.org">www.niesbud.org</a>	<a href="mailto:info.niesbud@nic.in">info.niesbud@nic.in</a> , <a href="mailto:rrsingh04@yahoo.com">rrsingh04@yahoo.com</a> ,	0120- 2403051-54	0120- 2403057 2403062
7	National Institute for Micro, Small and Medium Enterprises (NI-MSME), Yousuf Gauda, Hyderabad – 500 045	<a href="http://www.nimsme.org">www.nimsme.org</a>	<a href="mailto:registrar@nimsme.org">registrar@nimsme.org</a>	040- 23608544-46 23608316-19	040- 23608547 23608956 23541260

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## ANNEXURE-X

**Definition of Micro, Small and Medium Enterprises in India**

Micro, small and medium enterprises as per MSMED Act, 2006 are defined based on their investment in plant and machinery (for manufacturing enterprise) and on equipment for enterprises providing or rendering services.

**The defined limit on investment for enterprises to be classified as micro, small and medium enterprises is as follows:**

Classification	Manufacturing Enterprises*	Service Enterprises**
Micro	Rs. 2.5 million / Rs. 25 lakh	Rs. 1 million / Rs. 10 lakh
Small	Rs.50 million / Rs. 5 crore	Rs. 20 million / Rs 2 crore
Medium	Rs 100 million / Rs 10 crore	Rs. 50 million / Rs 5 crore

\* Investment limit in Plant & Machinery

\*\* Investment limit in equipment

The term “*village industries*” has been redefined in amended KVIC, Act, 1956 as “any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of artisan or worker does not exceed Rs. one lakh (Rs. one lakh and fifty thousand in case of village industry located in a hilly area) or such other sum as may, by notification in the Official Gazette, be specified from time to time by the Central Government”.







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