

NEW MODIFIED SCHEMES OF MSME FOR APPLICATIONS

Introduction : Micro, Small & Medium Enterprises (MSMEs) plays an important role in the economic growth of our country. It provides employment to nearly 60 million people and contributes over 45% of the total manufactured output and 40% of total exports. The MSMEs have also to play an important role in developing the skills of our youth and thereby empower them to become self-reliant. The primary responsibility of promotion & development of the MSEs lies with the State Govt. However, the Central Govt. realizing the potential of these sectors in both creation of wealth and employment has always played a proactive role in supplementing the State Govt.'s efforts for the promotion & development of these sectors in several ways. For the promotion of micro, small and medium enterprises (MSMEs) in the state the Central Govt. has formulated policy packages and implemented a large number of schemes and programmes to provide infrastructural, technological, credit and marketing support to these sectors. Most of the programmes & schemes for the development of the MSE sector are implemented through the two organizations of the Ministry of MSME. These are- MSME Development Organisation (MSME-DO) and National Small Industries Corporation Limited (NSIC). Under MSME-DO, thirty(30) MSME-DIs and 28 Branch offices are functioning and networking throughout the country for the promotion and development of the MSME sector in India.

MSME-DI, Gangtok is a field Office of MSME-DO and is functioning under Development Commissioner, MSME, New Delhi. The broad schemes & programmes being implemented and organized by MSME-DI, Gangtok are :- i) infrastructure development, ii) technology upgradation, iii) credit support, iv) marketing & export promotion, v) entrepreneurship development & training vi) database & information services. Important inclusions are as under:-

A. Infrastructure :

Cluster Development Programme through MSE-CDP scheme.

Special emphasis has been laid by the Govt. of India on development of clusters and launched a special scheme called Micro & Small Enterprises Cluster Development Programme (MSE-CDP). This scheme is for promoting technology upgradation in clusters for a group of MSME units of one industry. Besides MSME-DI, this programme is also conducted by KVIC, Ministry of Textile and Indian Institute of Entrepreneur.

Components of the scheme:

- ✓ diagnostic study,
- ✓ formation of Association;
- ✓ conducting awareness campaign, workshop, seminars, etc.,
- ✓ common purchase at lower cost,
- ✓ resourcing of better technology,
- ✓ creating marketing Hub, Common Facility Centres, Common tool room, etc

B. Technology Upgradation :

a) NMCP Scheme:-

The Government has formulated a National Manufacturing Competitiveness Programme with an objective to support the manufacturing sector, particularly the Small & Medium Enterprises (SMEs) in their endeavour to become competitive in this age of globalization and freer trade.

The components of the scheme and their objectives are:

- National programme on Application of Lean Manufacturing:- To provide direct assistance to enterprises for improving their manufacturing systems & competitiveness ; eliminating waste throughout the business cycle
- Design Clinic scheme to bring expertise to the manufacturing sector : To provide expert advice and solutions on real time design problems ; to develop alternative design strategy, etc.
- Promotion of Information & Communication Technology in Indian Manufacturing sector : To promote usage of ICT using tools custom made for SMEs for the purpose of ICT driven business application through adoption of best practices; standardization of business processes ; improved manufacturing planning processes, etc. It is in the advanced stage of finalization for application in MSME sector.
- Mini Tool Rooms proposed to be set up by Ministry of MSME : To provide technological support to MSMEs by creating facilities for designing & manufacturing of quality tools ; to provide training facilities in the related areas.
- Technology and Quality Upgradation Support for SMEs : Enhancing awareness of latest technological & quality standards; training of staff of MSME-DI/ MMSME-Testing Centres & entrepreneurs ; sensitize and introduce renewable energy & energy efficiency technologies ; sensitization in the field of Nano technologies.
- Support for Entrepreneurial and Managerial Development of SMEs through **Incubators**: to provide assistance to first generation entrepreneurs; establish **incubators** in MSME-DIs, IITs, NITs, etc. The objective the Incubator Scheme is to assist incubation of innovative ideas and to encourage the incubated ideas to become SMEs.
- Enabling manufacturing sector to be competitive through **quality management standards & quality technology tools**: To enhance awareness of latest manufacturing techniques & tools; effective utilization of modern manufacturing tool for quality improvement.
- National campaign for investment in Intellectual Property : To create awareness of IPR to enable MSMEs to protect their ideas/ strategies; to utilize IPR tools for technology upgradation to enhance their competitiveness, etc.
- Market assistance/ technology upgradation activities: To strengthen SMEs to be competitive by way of building export worthiness of their products; combat imports ; technology upgradation.
- Market support / assistance to SMEs: The objectives are to strengthen the existing “Bar Coding Scheme” to facilitate compliance with product traceability; streamline work process of exporters; finished goods inventory management, etc.

b)CLCSS:-

The Credit Linked Capital Subsidy Scheme provides for 15% upfront capital subsidy for technology upgradation for Manufacturing Enterprises. Technology upgradation under the scheme would mean significant improvement in the present technology level to a higher one involving improved productivity and improvement of the product. This will also include packaging techniques, anti-pollution measures, energy conservation machinery, on-line quality control equipments & in-house testing facilities. The financial subsidy by way of 15% subsidy is given subject to ceiling on eligible term loan of Rs one Crore. Special incentives for NE Regions: Units in the North Eastern Region which are availing financial incentives /subsidy under any other scheme from the Govt. in the region would however, be eligible for subsidy under CLCSS. The latest supplement to the revised guidelines of CLCSS has been forwarded on 10/06/2010, the details of which can be seen on the website www.dcmsme.gov.in.

c) ISO 9000/14001/22000/27000/HACCP Reimbursement Scheme:- Under the scheme, the competitive strength of the MSE sectors is being sought to be enhanced leading to technological upgradation & quality improvement. This scheme envisages reimbursement of acquiring ISO-9000/14001/22000/27000/HACCP, etc.

C. Credit Support :

a)CGTMSE:-

To ensure better flow of credit to MSEs by minimizing the risk perception of financial institution & banks in lending without collateral security, a Credit Guarantee Fund Scheme for Micro and Small Enterprises was introduced by the Govt. of India. The Scheme covers collateral free facility upto Rs One crore extended by eligible lending institution to new & existing MSEs. In the State limited application of propagation of this scheme is contoured at present. However, ample scope exists for development and networking of micro and small sectors for industrial rejuvenation. For detail enquiry visit www.cgtmse.in/scheme.aspx.

b)TREAD Scheme:-

Trade Related Entrepreneurship Assistance and Development Scheme has been launched by the Govt. for the empowerment of women through the development of their entrepreneurial skill in non far activities. The components of this scheme are:

- *Assistance in the form of the Govt. of India grant of upto 30% of the total cost, as appraised by the lending agency is given to the NGOs for promoting entrepreneurship among women, and 70% of the cost is financed by the lending agencies.*
- *Selected training institutions and NGOs conducting training programme for empowerment of women beneficiaries identified under this scheme can also avail of GoI grant of Rs 1 lakh per training programme, provided such institutions also bring their share of 25% of the grant.*
- *Need-based GoI grant upto Rs 5 lakh per project is provided to National Entrepreneurship Development Institutions and any other institutions of repute for conducting field surveys, research studies, evaluation studies, etc.*

The NGO should be a legal entity with a minimum registration of three years, having experience in thrift & saving programme with Self Help Groups, have basic infrastructure, qualified support staff, etc.

c)Micro Finance:-

The scheme is operated through Micro Finance Institutions/NGOs, who monitors the projects on regular basis. The main object of the Scheme is to provide credit at the door step to the poor & low income category people to enable them to carry on business or manufacturing activities.

d)Performance and Credit Rating Scheme:-

This scheme was launched with the basic objective to sensitize the MSE sector to the need of obtaining rating and encourage them to maintain a good financial track record which would earn them a higher rating for their requirements, whenever they approach the financial institutions for their working capital and investment requirements. The scheme is aimed to create awareness amongst MSEs about the strengths and weaknesses of their existing operations and to provide them an opportunity to enhance their organizational strengths & weaknesses and credit worthiness. One time grant is provided to the MSEs availing the benefit of the scheme. Micro and Small enterprises in terms of the MSMED Act,2006 are eligible to avail the scheme.

Some salient features of the scheme are as follows:

- *The scheme is implemented by NSIC.*
- *The rating serves as a trusted third party opinion on MSEs' capabilities and creditworthiness.*
- *MSEs are able to secure credit from banks and financial institutions with comparative ease and favourable interest rates.*
- *The rating scheme benefits banks and financial institutions by providing them an independent evaluation of the strengths & weaknesses of the applicant borrowing units.*
- *Rating of MSEs facilitates vendors/buyers in judging the capabilities & capacity of the units for taking a decision on finalization of purchase contracts with them.*

D. Marketing Development Export Promotion :

Marketing Development Assistance Programme:-

As part of the comprehensive policy package for SSIs , Market Development Assistance Scheme for SSIs(SSI-MDA Scheme) is in operation. The main components of the scheme are as follows:

- a) ***Export Promotion and MDA scheme***: The scheme consists of assistance for participation in International Exhibition/Fairs; Training programme on Packaging for exports; market development assistance for SSI exporters. Participation in National exhibition/fairs;
- b) ***National Campaign for Investment in Intellectual Property***: The objective is to enhance the awareness of the MSEs about the Intellectual Property Rights(IPRs) and to take measures for protecting their ideas and business strategies, effective utilization of IPR Tools by MSMEs for technology upgradation & enhancing competitiveness, providing access to technical facilities and assistance on grant of patent;
- c) ***Marketing Support/Assistance to SMEs***: Selection of units owned by women entrepreneurs will be identified, motivate and assist them to participate in exhibition under SIDO. Stall for showcasing their product at global markets and try to obtain business, etc.
- d) ***Bar Coding***: For successful international marketing of products in their retail market, bar coding is an effective tool to improve marketability. To promote adoption of bar coding of products by the MSEs , a scheme of reimbursement of 75% of Annual Fee for 1st 3 years (Bar Code Certificate) and 75% of one time Registration Fee for bar coding is under operation.
- e) ***Market Assistance*** : A scheme is also in operation for providing market assistance under the Govt. Store Purchase Programme through NSIC's Single Point Registration;
- f) ***Vendor Development Programme***: This programme aims at providing a major platform for extending market support to MSEs as they establish long term marketing linkages between MSEs and large scale organizations/PSUs.
- g) ***Buyers-Sellers Meet***: NSIC organizes buyers-sellers meets all over India to bring bulk buyers/Govt. Departments & MSEs together at one platform which enriches MSEs' knowledge regarding terms & conditions, quality standards etc. required by the buyers.
- h) ***Consortia Marketing*** : To integrate the strengths of individual micro & small enterprises producing similar products, NSIC facilitates Consortia formation. Services to the consortia members include common brands, advertising and publicity support, testing & common facility support.
- i) ***Marketing Assistance for NER*** : NSIC through its network of offices in the North Eastern Region serves the SMEs for enhancing their marketability & market access.
- j) ***International Cooperation Scheme*** : Technology infusion and /or upgradation of MSEs , their modernization and promotion of their exports are the main objectives other assistance under this scheme. Central/State Govt. organization , industry associations and registered societies / trusts associated with MSEs are eligible to avail financial assistance under the scheme. *Participation by Indian MSEs in exhibitions, fairs, buyers-sellers meets in which there is international participation ; holding international conferences & seminars on topics and themes of interest to the MSEs are some of the highlights of the scheme.*

E. Entrepreneurship Development Training Programmes:

Entrepreneurship development is one of the key element for promotion of MSME sectors. To undertake this task on regular basis, the Ministry has set up three national level institutes. These are i)National Institute of Micro, Small and Medium Enterprises, Hyderabad; ii)National Institute of Entrepreneurship and small Business Development, Noida; and iii) Indian Institute of Entrepreneurship, Guwahati. All would be entrepreneurs, can avail the multi-faceted training programmes geared for entrepreneurship cult which are tailor-made for their individual needs & applications within the country. Various training programmes are organized on regular basis to cultivate the latent qualities in youths by enlightening them on various aspects that are necessary to be considered while setting up micro or small enterprises. These training programmes have attracted the attention of the educated unemployed youths and have created confidence in them which led to the self employment and creation of better employment. The individual MSME-DIs conduct the following training programmes:-

- a) ***Industrial Motivation Campaign***
- b) ***Entrepreneur Development Programme***
- c) ***Entrepreneurship Skill Development Programme***
- d) ***Management Development Programme***
- e) ***Skilled Development***
- f) ***Business Skill Development Programme***
- g) ***Other Specialised programmes like Bio- technology,etc.***

F. Database and Information Services :

Collection of Statistics of MSMEs is a central plan Scheme and is being implemented in collaboration with State/UT Govts. The prime objectives of the schemes are to:

- a) ***Collect , compile and disseminate statistical information on various parameters like numbers of registered & unregistered MSMEs , employment, product, etc. in the small sector which are essential for policy formulation.***
- b) ***Update frame of registered/filed Entrepreneurial Memorandum of MSMEs.***
- c) ***Preparation of State/District Profiles***
- d) ***Coordination& Training of Census work for both registered & unregistered enterprises***
- e) ***Conduct regular surveys for collection of the data required for Index of Industrial Production (IIP) and to estimate the growth of this sector.***