

## ANNEXURES

### ANNEXURE-I

#### A statement showing BE, RE, Expenditure and achievements during 2008-09 M/o MSME

(Rs. Crore)

Sl. No.	Name of the Scheme	BE 2008-09	RE 2008-09	Expenditure 2008-09	Physical Progress 2008-09
I	II	III	IV	V	VI
1	Survey, Studies and Policy Research	1.00	1.00	0.82	9 studies including studies in progress during 2007-08 were completed during 2008-09. Subjects of 6 studies have been decided by the Steering Committee. These studies will be awarded during 2009-10.
2	Training Institutions	7.00	6.48	6.48	777 training programmes were conducted by NI-MSME (260), NIESBUD (262) and IIE (255).
3	Rajiv Gandhi Udyami Mitra Yojana (RGUMY)	12.00	12.00	11.71	Funds have been sanctioned to Apex Organisations and State/UT Governments to enable settlements of claims made by Udyami Mitras towards hand holding charges. 197 Udyami Mitra have been provided training on implementation of this scheme and use of software being developed by NIC.

**MSME**

Sl. No.	Name of the Scheme	BE 2008-09	RE 2008-09	Expenditure 2008-09	Physical Progress 2008-09
I	II	III	IV	V	VI
4	International Cooperation Scheme	2.00	1.50	1.44	29 events organized.

<b>NSIC</b>					
5.	Performance & Credit Rating Scheme (PCRS)	10.00	8.81	7.15	4900 units have been rated
6.	Small Enterprises Establishment Programme	0.50	0.00	0.00	In view of the overlapping objectives of these schemes with other schemes of the M/o MSME & NSIC, it has been decided that these schemes would not be implemented.
7.	Incubator for Small Enterprises Establishment	1.50	0.00	0.00	
<b>Marketing Assistance Scheme</b>					
8.	Marketing Assistance Scheme	11.00	12.60	12.77	1. Exhibitions Organised and participated 70 2. Organized Buyer Seller Meets 28 3. Conducted 776 Intensive Campaigns.
9.	National Commission for Enterprises in the Unorganised Sector (NCEUS)	5.00	6.37	5.52	11 Reports was submitted by NCEUS on various issues of Unorganised Sector
TOTAL		50.00	48.76	45.89	

**KVIC**

Sl. No.	Heads	BE 2008-09	RE 2008-09	Expenditure 2008-09	Physical performance under main schemes
1	2	3.	4.	5	6
<b>I</b>	<b>KVIC</b>				
1.	Khadi Grant (including MDA)	175.00	175.00	175.00	(i) <u>Khadi</u> Prod.: Rs. 565.00 crore Sales: Rs. 855.00 crore Employment (cumulative): 9.50 lakh persons (ii) <u>Rebate Scheme</u> - Rs. 136.22 crore provided towards rebate on sale of khadi

					(iii) <u>ISEC</u> : Rs 21.17 crore provided towards subsidy
					(iv) <u>PRODIP</u> : 120 KVI projects sanctioned
2	S&T(Khadi)	2.00	2.00	2.00	25 units assisted for establishment of in-house test laboratories
3	Khadi loan	2.00	2.00	2.00	Loan is provided to the institutions located in NER for gainful employment to the spinners and weavers
4	Interest Subsidy (khadi)	19.00	19.00	19.00	This is book adjustment only towards subsidy on interest on loans provided in the past.
5	VI Grant	60.00	40.94	40.94	(i) <u>Village Industry</u> Prod.: Rs. 16793.00 crore Sales: Rs. 20151.00 crore Employment (cumulative): 92.85 lakh persons
					(ii) <u>RISC</u> - 53 projects of cost upto Rs. 5 lakh and 02 projects of cost upto Rs. 25 lakhs sanctioned
					(iii) <u>PRODIP</u> : 125 projects sanctioned
					(iv) <u>Training</u> : 58531 persons
					(v) <u>Exhibitions</u> - 144 exhibitions/ events organised
6	S&T (VI)	2.00	2.00	2.00	39 projects assisted
7	VI Loan	1.00	1.00	1.00	Loan is 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.

9	PMEGP	823.00	823.00	823.00	Upto March 2009 217762 applications were received by various implementing agencies and out of these 92,884 projects were cleared by Task Force. Financial assistance for 36287 projects have been sanctioned by banks which is expected to generate an estimated 3.63 lakh employment opportunities. The time limit for settlement of applications for sanctioning loan for the year 2008-09 has been extended upto 30.06.2009.
10	Workshed Scheme for Khadi Artisans:	25.00	25.00	25.00	Assistance for 11076 worksheds has been provided to the artisans during the year.
11	Scheme for enhanceing productivity & compete-tiveness of Khadi Industries and artisans	10.00	10.00	10.00	21 Khadi Institutions have been selected for assistance under this scheme.
12	Scheme for Strengthening of Infrastru-cture of existing Weak Khadi Institu-tions and Assistance for Marketing Infrastructure	1.00	0.01	0.00	A token provision has been made. This scheme has been approved in November 2008 and the guidelines are under issue.
	<b>Sub-Total</b>	<b>1125.00</b>	<b>1104.95</b>	<b>1104.94</b>	
<b>II</b>	<b>Mahatma Gandhi Institute for Rural Industrialisation</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	The project has been operationalised with the filling up of the post of Director on 15.7.2008. 35 scientific and technical posts have been filled and it is fully functional.

III COIR BOARD					
1	Plan – S&T	7.00	6.00	6.00	<p><u>Development of machinery and equipment:</u> 6 No., Consultancy provided to 381 entrepreneurs on new S&amp;T developments</p> <p><u>Technology transfer to Industry:</u> 33 Nos.</p> <p><u>Demonstration of S&amp;T Technologies:</u> 111 Nos.</p>
2	Plan (General), Training Extension, quality Improvement, Mahila Coir Yojana & Welfare Measures	23.00	20.30	20.30	<p><u>Coir</u> Prod.: Rs. 4,91,000 M.T. Export: Rs. 634.17 crore Empl.: 6.90 lakh</p> <p><u>Skill Upgradation &amp; Quality Improvement:</u> 5367 persons trained, 23 EDP conducted and 24 QIP organized.</p> <p><u>Mahila Coir Yojana:</u> 5367 beneficiaries trained and 3009 ratts distributed.</p> <p><u>Development of Production Infrastructure:</u> 82 coir units assisted.</p> <p><u>Domestic Market Promotion:</u> 86 domestic exhibitions organized in the country</p> <p><u>Export Market Promotion (EMP)</u> :Participated in 26 EMP programs viz. international exhibitions, publicity programmes. Assistance to exporters/ entrepreneurs for participation in international exhibitions – 65 Nos</p>
3	Rejuvenation, Modernization and Technology Upgradation of the Coir Sector.	25.00	21.30	21.30	<p>Applications for 3262 spinning units and 2942 tiny household units were received by Coir Board upto March, 2009 and loans have been sanctioned / disbursed in 442 cases (97 - spinning units and 345 -tiny household units).</p>
	<b>Sub-Total</b>	<b>55.00</b>	<b>47.60</b>	<b>47.60</b>	

<b>IV</b>	<b>SFURTI</b>	<b>21.00</b>	<b>16.95</b>	<b>16.95</b>	68 KVI clusters have become functional. Complementary activities have been initiated in 25 coir clusters. There is an improvement in the earnings of artisans/workers.
	<b>Grand Total</b>	<b>1204.00</b>	<b>1172.50</b>	<b>1172.49</b>	

**O/o DC (MSME)**

(Rs crore)

<b>S. No.</b>	<b>Name of the Scheme</b>	<b>BE 2008-09</b>	<b>RE 2008-09</b>	<b>Expenditure 2008-09 (Provisional)</b>	<b>Physical Progress 2008-09</b>
<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
<b>I.</b>	<b>Quality of Technology Support Institutions &amp; Programmes</b>				
1.	Tool Rooms & Tech. Institutions	52.50	51.97	51.61	a.Training of 47325 persons b.Benefiting 14079 units c. 228 New Machines acquired <b>NER -</b> a.Training of 759 persons
2.	Technology Mission	0.50	0.45	0.15	Finalised Terms of Reference for preparation of DPR by Anchor Institutions.
3.	National Manufacturing Competitiveness Programmes (NMCP)				
a.	National Programme on Application on Lean Manufacturing	20.00	1.18	0.13	Nil
b.	Promotion of ICT in Indian Manufacturing Sector	6.00	0.15	0.04	The DPR is under preparation stage, so the outcome, as on date, may be treated as nil.
c.	Mini Tool Rooms proposed to be set up by M/o MSME	20.00	6.80	6.24	Nil
d.	Technology and Quality Upgradation support for SMEs	10.00	10.00	0.00	Nil

e.	Support for Entrepreneurial and Managerial Development of SMEs	8.00	4.00	0.00	Nil
f.	Design Clinic Scheme to bring design expertise to the Manufacturing sector	5.00	0.20	0.00	Nil
g.	Enabling manufacturing sector to be competitive through quality management standard and quality technology tools	7.00	7.00	0.57	One Awareness Programme (68 Participants from MSEs participated)
h.	Marketing Assistance and technology upgradation activities - M/o MSME in co-operation with TIFAC/CSIR	4.00	0.11	0.00	Nil
4	VSBK	0.40	0.40	0.20	I) Organised Seminars/ workshops - 13 nos. II) Exposure Visits - 3 III) Setting up of demonstration Centres - 2. in progress & 2 started functioning. IV) Training - 6
5	ISO 9000 / 14001 Reimbursement	15.00	12.30	7.05	Benefiting 1704 units <b>NER</b> - 7 units
6	Credit Linked Capital Subsidy Scheme	120.00	118.59	109.00	Cover 1877 units <b>NER</b> - 1 unit
<b>II.</b>	<b>Promotional Services Institutions &amp; Programmes</b>				
1.	DC (MSME) Officers' Training Programme	0.50	0.95	0.62	Trained 233 officers <b>NER</b> : 7 officers
2.	MSME Development Institutes	4.57	6.51	5.11	
3.	Provision for Workshops/ Trg.	1.0	1.01	0.96	6 workshops modernised. <b>NER</b> - One workshop modernised.
4.	MSME Testing Centres / MSME Testing Stations	3.00	3.00	2.93	(a) 35929 jobs tested. (b) 59 of testing & other equipments installed.

5.	Testing Centres by Industry Associations	0.50	0.50	0.28	2-Quality Making Centres in Madhya Pradesh.
6.	MDP/EDP/Skill Development	10.00	12.46	13.08	3393 Nos. of EDPs and 273 Nos. of MDPs conducted benefitting 183961 persons <b>NER</b> -350 Nos. of EDPs and 28 Nos. of MDPs conducted benefitting 14448 persons
7.	WTO	0.05	0.05	0.04	7 WTO Sensitization workshops.
8.	BIO TECHNOLOGY	0.20	0.20	0.07	278 persons trained
9.	National Award (Entrepreneur & Quality)	2.50	2.40	2.40	79 Awards <b>NER</b> : 6 Awards
10.	Vendor Development Programme for Ancillarisation	1.40	1.40	0.88	28 VDPs Conducted
11.	Vendor Development Programme for Ancillarisation ( For setting up of SCX)	0.30	0.30	0.02	01 SCX
12.	Scheme for Conduct of Tailor made courses for new entrepreneurs through select business Schools, Technical Institutes, etc. (Package)	1.00	1.00	0.84	2278 entrepreneurs <b>NER</b> - 167 entrepreneurs
13.	Scheme to support 5 select universities/colleges to run 1200 entrepreneurs clubs.	1.50	1.50	0.00	Nil
14.	SENET Project	1.78	1.60	1.51	Achievements can not be quantified.
15.	DC (MSME) Library	0.25	0.25	0.19	Achievements can not be quantified.
16.	Publicity & Exhibition	0.40	0.40	0.19	13 Trade Fairs.
17.	Advertising & Publicity	2.50	2.50	2.09	Achievements can not be quantified.
18.	Scheme for capacity building, strengthening of data base and advocacy by industry/enterprises associations .(Package)	2.50	1.50	0.43	28 Associations .



19.	Training-cum-product Development Centre,TPDCs.(Package)	1.00	1.00	0.21	The process for construction of building / shed and procurement of Plant & Machinery and Laboratory equipments for TDPCs are under progress.
20.	Land & Building for Office accommodation and residential accommodation in backward areas.	4.00	4.00	4.00	Building for 21 MSME DIs/Testing Centres renovated.
<b>III.</b>	<b>MSME Cluster Development Programmes and MSME Growth Poles</b>				
1.	Cluster Development Programme	37.00	23.00	12.60	70 clusters graduated for soft interventions from diagnostic study. 6 CFCs approved. NER - 11nos Clusters.
2.	IID	10.00	10.00	6.48	8 IID centres. <b>NER</b> - 5 IID Center.
3.	MSME Growth Poles of NCEUS	5.00	2.00	1.01	DPR Prepared by NCEUS and in principle approved by Planning Commission.
<b>IV.</b>	<b>Credit Support Programme</b>				
1.	Credit Guarantee Scheme	122.10	136.01	136.01	a) Guarantee cover for 52131 MSEs b) Credit Amount - Rs.2157.91 Crore <b>NER</b> - a) Guarantee cover for 1577 MSEs b) Credit Amount - Rs.41.49 Crore
2.	Augmentation of Portfolio Risk Fund under MFP	17.00	42.00	42.00	4.06 lakh micro units <b>NER</b> - 1250 micro units
3.	TREAD	1.00	1.00	0.66	3328 women entrepreneurs <b>NER</b> - 150 women entrepreneurs

<b>V.</b>	<b>MDA Programme</b>				
1.	Export Promotion and MDA Scheme	1.35	1.35	1.15	a. 38 training programmes on Packaging for Exports. b. 46 SME units permitted.
2.	National Campaign for Investment in Intellectual Property	8.00	4.00	0.47	(a) Pilot studies-1 Nos. (b) Interactive Seminar/ workshops-7 Nos. (c) Awareness/ Sensitisation programmes-23 Nos. (d) Specialised Training courses -Nil. (e) IP Advisory Office/ Cells- 1 No.
3.	Marketing Support/Assistance to MSMEs	0.20	0.20	0.15	133 Women beneficiaries permitted.
4.	Empowerment of Women owned enterprises, Participation in 25 Exhibitions and marketing facilitation	1.00	1.00	0.98	26 women benefitted
<b>VI.</b>	<b>Upgradation of Data Base</b>				
1.	Collection of Statistics	6.50	6.50	4.15	Achievements can not be quantified.
2.	Quinquennial Census	23.50	21.00	26.75	Data collection to the extent of 85% has been completed. <b>50%</b> of the filled Forms/ Questionnaires have been received. Scrutiny of the Schedule is also been taken simultaneously.
<b>TOTAL</b>		<b>540.00</b>	<b>503.74</b>	<b>443.25</b>	
<b>Grand Total for Mo MSME</b>		<b>1794.00</b>	<b>1725.00</b>	<b>1661.63</b>	

## ANNEXURE – II

**STATEMENT SHOWING PLAN ALLOCATION AND EXPENDITURE DURING 10<sup>TH</sup> FIVE YEAR PLAN AND  
2006-07, 2007-08 & 2008-09**

MINISTRY OF MICRO SMALL & MEDIUM ENTERPRISES																	
TENTH PLAN ALLOCATION & EXPENDITURE										(Rs. Crore)							
	Name of the Scheme	X Plan Allocation	2002-03			2003-04			2004-05			2005-06			2006-07		
			BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.	BE	RE	Exp.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
A.	SSI DIVISION																
	O/o DC (MSME)																
I	Promotion of Small Scale Industries	65.00	13.40	13.60	12.52	14.53	14.23	13.10	14.73	15.08	13.64	14.66	14.66	13.09	15.09	14.54	11.95
II	Science Technology Research & Development	35.00	7.00	6.97	5.95	9.27	9.09	8.69	10.43	10.41	10.39	11.20	9.94	9.70	16.85	16.75	16.08
III	a. Training & Manpower Development	11.70	11.00	12.06	10.81	3.88	5.47	4.76	6.34	6.34	4.84	6.76	6.58	6.09	8.58	8.67	6.94
	b. TREAD Scheme	10.00	0.00	0.00	0.00	0.50	0.50	0.00	0.50	0.50	0.26	0.50	0.50	0.43	1.11	1.11	0.45
IV	Subcontracting Exchange for Ancillary Development	10.00	1.50	0.75	0.60	1.90	0.95	1.24	1.00	1.00	0.81	1.10	1.10	1.03	1.20	1.11	0.91
V	Scheme for Tool Rooms	70.00	15.00	15.50	15.11	23.68	23.68	23.54	26.85	27.27	27.24	30.00	30.00	29.96	29.34	29.34	28.84
VI	Marketing Assistance & E P Scheme	10.00	2.00	1.99	1.61	2.00	2.10	1.75	2.32	2.32	2.02	2.32	2.32	2.46	2.62	2.96	2.99
VII	Regional Testing Centres & Field Testing Stations	25.00	4.00	4.20	3.02	4.55	3.55	2.68	3.55	3.55	2.40	4.05	4.05	2.54	4.05	4.05	2.98
VIII	Technology Upgradation	95.00	12.00	12.61	13.69	17.45	14.48	11.53	25.49	25.65	22.30	30.00	32.25	27.80	62.93	50.43	33.05
IX	CAD/CAM Centre, Chennai	15.00	0.10	0.01	0.00	0.10	0.01	0.00	0.10	0.10	0.00	0.10	0.00	0.00	0.00	0.00	0.00
X	Integrated Infrastructural Dev. Scheme	75.00	9.00	9.00	9.90	10.00	10.29	10.93	15.45	15.45	16.24	30.00	20.35	20.68	19.00	22.00	19.67
XI	Collection of Statistics	45.00	23.00	33.04	31.02	6.20	6.10	5.36	4.40	4.25	3.24	5.00	5.00	4.38	8.75	6.05	4.73
XII	a. Credit Guarantee Scheme for SSI Sector	900.00	200.00	141.62	141.62	192.00	207.34	207.34	196.29	196.29	196.29	200.00	200.00	205.90	118.1	118.10	126.10
	b. Micro Finance Programme	7.00	0.00	0.00	0.00	0.25	0.25	0.25	2.00	2.00	2.00	5.00	5.00	2.75	32.28	32.28	10.00

XIII	Credit Linked Cap. Subsidy Scheme	595.00	15.00	5.50	3.45	12.00	3.41	3.10	6.10	6.33	5.40	20.00	27.94	25.88	61.81	76.55	73.64
XIV	Package for Promotion of Micro and Small Enterprises	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.90	0.01
	Sub total (O/o DC (MSME)	1968.70	313.00	256.85	249.30	298.31	301.45	294.27	315.55	316.54	307.07	360.69	359.69	352.69	381.71	389.84	338.34
	<b>National Small Industries Corporation (NSIC)</b>																
I	Investment (Equity Share Capital)	65.00	0.00	0.00	0.00	20.00	20.00	20.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
II	Other Grants	33.09	7.10	6.10	1.39	6.30	6.30	5.43	6.00	6.00	1.73	11.00	13.80	12.97	18.45	18.45	18.45
III.	Marketing Assistance Scheme	48.77	10.00	10.00	10.37	8.00	10.00	7.00	9.00	9.00	7.75	11.50	8.20	9.83	9.50	9.50	9.50
IV.	Reimbursement of Exp. of NTSCs-Grants in aid	33.14	12.90	8.90	13.89	5.70	5.70	5.70	10.00	10.00	9.39	4.50	4.00	4.00	2.00	2.00	2.00
V.	Voluntary Retirement Scheme	0.00	2.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Sub Total (NSIC)</b>	180.00	32.00	28.00	25.65	40.00	40.00	38.13	40.00	40.00	33.87	42.00	41.00	41.80	44.95	44.95	44.95
	<b>Other Schemes</b>																
I	Surveys & Studies & Policy research	6.00	0.80	0.80	0.07	0.50	0.55	0.34	2.00	0.50	0.32	0.50	0.50	0.23	2.00	1.50	0.18
II	International Co-operation	12.00	1.60	1.60	0.72	1.25	1.00	1.29	2.50	2.10	1.30	1.00	1.20	1.20	1.75	1.75	1.75
III.	National Entrepreneurship Development Board (NEDB)	10.00	0.50	0.50	0.04	2.50	1.00	0.70	0.50	0.50	0.68	0.50	0.50	0.59	1.00	0.60	1.00
IV.	Training Institutes (NISJET, NIESBUD, EDI, IIE)	23.30	8.25	8.84	7.78	7.44	6.39	4.88	5.45	5.25	6.24	4.57	4.57	4.85	5.65	6.55	5.11
V.	National Commission on Enterprises in the unorganised Sector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.44	3.00	4.80	2.96	32.87	24.74	5.60
	<b>Sub Total (other Scheme)</b>	51.30	11.15	11.74	8.61	11.69	8.94	7.21	10.45	9.85	9.98	9.57	11.57	9.83	43.27	35.14	13.64
	<b>Total (SSI Division)</b>	2200.00	356.15	296.59	283.56	350.00	350.39	339.61	366.00	366.39	350.92	412.26	412.26	404.32	469.93	469.93	396.93

B	ARI DIVISION																				
	KVIC																				
I	Khadi Grant	383.37	77.00	77.00	70.97	90.00	90.00	90.00	88.85	90.00	90.00	1.50	0.49	90.00	110.00	120.00	106.90	138.30	138.30	138.30	
II	Khadi S&T	9.35	1.50	1.50	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0.49	1.50	1.50	1.50	1.35	1.50	1.50	1.50	
III.	Interest Subsidy	95.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	0.49	19.00	19.00	19.00	19.00	19.00	19.00	19.00	
IV.	Khadi Loan	7.34	1.49	1.49	0.21	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.00	0.49	0.49	0.49	
V.	VI Grant	357.04	75.00	75.00	48.75	62.00	43.00	23.00	35.00	16.00	16.00	16.00	16.00	16.00	35.00	44.22	45.85	52.00	52.00	52.00	
VI.	VI Loan	0.05	0.01	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.01	0.00	
VII.	REGP	1177.60	200.00	250.00	192.87	210.00	281.75	281.75	282.00	326.00	326.00	326.00	326.00	326.00	412.00	366.60	376.86	372.63	372.63	372.63	
VIII.	Interest Subsidy	25.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	
IX.	VI Grant S&T	25.25	13.00	13.00	2.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.60	4.00	4.00	0.90	
	Sub-Total ( KVIC)	2080.00	392.00	442.00	340.55	392.00	444.75	423.60	437.00	462.00	460.99	587.00	560.82	558.56	592.93	592.93	592.93	592.93	592.93	589.82	
	COIR BOARD																				
I	Plan (S&T)	28.60	5.00	4.25	4.25	5.00	4.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	5.50	5.50	
II	Plan General – Training Extension, Quality Improvement, Mahila Coir Yojana & Welfare Measures etc.	80.65	12.00	10.50	9.47	12.00	10.60	9.44	12.00	12.00	11.80	16.50	30.00	29.93	17.40	17.40	17.40	17.40	17.40	17.40	
III.	Co-operativisation	5.75	1.00	0.85	0.05	1.00	1.00	0.83	1.00	1.00	0.00	1.00	0.01	0.00	0.10	0.10	0.00	0.10	0.10	0.00	
	Sub-Total(Coair Board)	115.00	18.00	15.60	13.77	18.00	15.85	14.52	18.00	18.00	16.80	23.00	35.51	35.43	23.00	23.00	23.00	23.00	23.00	22.90	
	PMRY DIVISION																				
I	PMRY	750.00	169.00	169.00	168.10	169.00	169.00	167.83	218.50	218.90	218.17	218.50	273.46	272.47	324.98	252.60	248.51	248.51	248.51	248.51	
II	National Programme for Rural Industrialisation	5.00	1.00	0.73	0.00	1.00	0.40	0.18	0.50	0.10	0.02	0.50	0.23	0.07	0.12	0.00	0.00	0.00	0.00	0.00	
	Sub total (PMRY Division)	755.00	170.00	169.73	168.10	170.00	169.40	168.01	219.00	219.00	218.19	219.00	273.69	272.54	325.10	252.60	248.51	248.51	248.51	248.51	
	SFURTI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	1.00	0.00	30.00	1.50	1.50	25.97	25.97	25.97	25.97	25.97	25.53	
	Total (ARI Division)	2950.00	580.00	627.33	522.42	580.00	630.00	606.13	774.00	700.00	695.98	859.00	871.52	868.03	967.00	894.50	886.76	886.76	886.76	886.76	
	GRAND TOTAL (MSME)	5150.00	936.15	923.92	805.98	930.00	980.39	945.74	1140.00	1066.39	1046.90	1271.26	1283.78	1272.35	1436.93	1364.43	1364.43	1364.43	1364.43	1283.69	

## PLAN ALLOCATION AND EXPENDITURE DURING 2006-07, 2007-08 &amp; 2008-09

Items	2006-07	2007-08	2008-09*
<b>A. SSI Division (NSIC, EDIs)</b>			
BE	88.22	40.00	50.00
RE	80.09	31.50	48.76
EXPENDIURE	58.59	29.11	45.89
<b>B. ARI Division (KVIC, COIR BOARD, MGIRS &amp; SFURTI)</b>			
BE	967.00	1112.00	1204.00
RE	894.50	1030.85	1172.50
EXPENDIURE	886.76	994.58	1172.49
<b>C. O/o DC (MSME)</b>			
BE	381.71	490.00	540.00
RE	389.84	437.65	503.74
EXPENDIURE	338.34	396.50	443.25
<b>TOTAL BE</b>	<b>1436.93</b>	<b>1642.00</b>	<b>1794.00</b>
<b>TOTAL RE</b>	<b>1364.43</b>	<b>1500.00</b>	<b>1725.00</b>
<b>TOTAL EXPENDITURE</b>	<b>1283.69</b>	<b>1420.19</b>	<b>1661.63</b>

\*Provisional

## ANNEXURE – III

**STATEWISE PERFROMANCE UNDER REGP SINCE INCEPTION  
(1994-95 to 2007-08)**

Sr. No.	States / UTs	No. of Projects	Margin Money Utilized (Rs. in crore)	Employment Generated (No. of persons)
1.	Chandigarh U.T.	170	1.09	1580
2.	Delhi	268	2.27	5275
3	Haryana	9522	140.85	239097
4.	Himachal Pradesh	4994	77.37	113482
5.	Jammu & Kashmir	13673	63.15	144985
6.	Punjab	13554	152.73	237323
7.	Rajasthan	34064	221.44	511727
8.	Andaman & Nicobar	1244	4.24	7809
9.	Bihar	3568	31.20	59601
10.	Jharkhand	1735	21.72	41674
11.	Orissa	6769	59.04	93636
12.	West Bengal	31509	173.27	370292
13.	Arunachal Pradesh	772	8.67	12081
14.	Assam	10253	100.19	185197
15.	Manipur	1121	20.49	19157
16.	Meghalaya	4073	19.87	36450
17.	Mizoram	3715	48.55	70710
18.	Nagaland	5875	25.12	109532
19.	Tripura	1792	14.54	40812
20.	Sikkim	624	12.87	11730
21.	Andhra Pradesh	22354	238.74	493070
22.	Karnataka	19324	186.89	304434
23.	Kerala	12868	155.44	260332
24.	Lakshadweep	42	0.74	501
25.	Puducherry	1556	2.60	15261
26.	Tamil Nadu	10962	104.75	186344
27.	Dadra & Nagar Haveli	8	0.16	111
28.	Goa	2807	12.88	25183
29.	Gujarat	2938	36.21	67386
30.	Maharashtra	29609	146.82	302302
31.	Chattisgarh	4311	69.83	111335
32.	Madhya Pradesh	22887	137.70	298681
33.	Uttarakhand	4376	45.62	80954
34	Uttar Pradesh	23390	286.16	485968
	<b>Grand Total</b>	<b>306727</b>	<b>2623.21</b>	<b>4944012</b>

**STATEWISE PERFROMANCE UNDER PMRY SINCE INCEPTION  
(1993-94 to 2007-08)**

	<b>Name of the States/UTs</b>	<b>No. of cases disbursed</b>	<b>Estimated employment (No. of persons)</b>
1	Haryana	102767	154151
2	Himachal Pradesh	34412	51618
3	Jammu & Kashmir	13866	20799
4	Punjab	115548	173322
5	Rajasthan	159674	239511
6	Chandigarh	1661	2491
7	Delhi	12107	18160
8	Assam	84209	126314
9	Manipur	8982	13473
10	Meghalaya	5524	8286
11	Nagaland	6378	9567
12	Tripura	15613	23420
13	Arunachal Pradesh	4396	6594
14	Mizoram	4201	6301
15	Sikkim	1080	1620
16	Bihar	144875	217313
17	Jharkhand	32578	48867
18	Orissa	109129	163694
19	West Bengal	63164	94746
20	Andaman & Nicobar	1599	2398
21	Madhya Pradesh	291882	437823
22	Chattisgarh	26110	39165
23	Uttar Pradesh	506341	759511
24	Uttaranchal	42833	64249
25	Gujarat	108134	162201
26	Maharashtra	347442	521163
27	Daman & Diu	196	294
28	Goa	3109	4663
29	Dadra & Nagar Haveli	630	945
30	Andhra Pradesh	243242	364863
31	Karnataka	197631	296447
32	Kerala	202327	303491
33	Tamilnadu	205073	307610
34	Lakshadweep	245	367
35	Pondicherry	4256	6384
	<b>NOT SPECIFIED</b>	<b>7102</b>	<b>10653</b>
	<b>ALL INDIA</b>	<b>3108316</b>	<b>4662474</b>



## ANNEXURE-V

## 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.nic.in">www.msme.nic.in</a> <a href="http://www.msme.gov.in">www.msme.gov.in</a>	<a href="mailto:dcmsmepublicity@yahoo.com">dcmsmepublicity@yahoo.com</a>	011-23063800 23063802-06	011-23062315 23061726 23061068
2	Office of AS & DC (MSME), 7 <sup>th</sup> 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
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	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="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

**MSME**

---

7	National Institute for Micro, Small and Medium Enterprises (NI-MSME), Yousuf Gauda, Hyderabad – 500 045	<a href="http://www.nimsme.org.in">www.nimsme.org.in</a>	<a href="mailto:registrar@nimsme.org">registrar@nimsme.org</a>	040-23608544-46 23608316-19	040-23608547 23608956 23541260
8	Indian Institute of Entrepreneurship (IIE), 37, NH Bypass, Lalmati, Basistha Chariali, Guwahati – 781 029, Assam	<a href="http://www.iie.gov.in">www.iie.gov.in</a>	<a href="mailto:iieindia1@sancharnet.in">iieindia1@sancharnet.in</a> , <a href="mailto:iieindia1@bsnl.in">iieindia1@bsnl.in</a>	0361-2302646 2300994 2300123 2300840	0361-2300325

**LIST OF AUTONOMOUS INSTITUTIONS  
UNDER OFFICE OF THE DEVELOPMENT COMMISSIONER (MSME)  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES**

<b>S. No.</b>	<b>Name and Address of the Autonomous Body</b>	<b>Website</b>	<b>E-mail</b>	<b>Telephone</b>	<b>Fax</b>
1.	MSME-Tool Room (Indo German Tool Room) P-31, MIDC, Chikalthana Indl. Area Aurangabad 431 006	<a href="http://www.igtr-aur.org">www.igtr-aur.org</a>	<a href="mailto:gm@igtr-aur.org">gm@igtr-aur.org</a>	0240- 2486832 2482593 2470541	0240- 2484028
2.	MSME-Tool Room (Indo German Tool Room) Plot-5003, Phase-IV, GIDC Vatva Mehmedabad Road, Ahmedabad 382 445 (Gujarat)	<a href="http://www.igtrahd.com">www.igtrahd.com</a>	<a href="mailto:gm@igtr-ahd.org">gm@igtr-ahd.org</a> <a href="mailto:marketing@igtrahd.com">marketing@igtrahd.com</a>	079- 25840961 25841960	079 -25841962
3.	MSME-Tool Room (Indo German Tool Room) Plot No.291/B O-302/A, Sector-E, Sanwer Road, Industrial Area, Indore 452 003 (MP)	<a href="http://www.igtr-indore.com">www.igtr-indore.com</a>	<a href="mailto:indigtr@sancharnet.in">indigtr@sancharnet.in</a>	0731- 2721394 2724156 2721463	0731- 2720353
4.	MSME-Tool Room (Central Tool Room) A-5, Focal Point Ludhiana 141 010 (Punjab)	<a href="http://www.crtludhiana.com">www.crtludhiana.com</a>	<a href="mailto:info@ctrludhiana.com">info@ctrludhiana.com</a>  <a href="mailto:centool@jla.vsnl.net.in">centool@jla.vsnl.net.in</a>	0161-2670057 2670058 2670059 2676166	0161- 2674746
5.	MSME-Tool Room (Central Institute of Tool Design) A-1 to A-8 APIE, Balanagar Hyderabad 500 037 (A.P.)	<a href="http://www.citdindia.org">www.citdindia.org</a>	<a href="mailto:hyd1_citdhyd@sancharnet.in">hyd1_citdhyd@sancharnet.in</a>	040-23772747 23772748	040- 23772658

6.	MSME-Tool Room (Central Tool Room & Training Centre) Bonhooghly Indl. Area Kolkata 700 108 (W.B.)	<a href="http://business.vsnl.com/cttckolkata">http://business.vsnl.com/cttckolkata</a>	<a href="mailto:cttckolkata@vsnl.com">cttckolkata@vsnl.com</a> <a href="mailto:cttc@cal.vsnl.net.in">cttc@cal.vsnl.net.in</a>	033-25771492 25771068	033- 25772494
7.	MSME-Tool Room (Central Tool Room & Training Centre) B-36, Chandka Indl. Area P.O. Patia Bhubaneswar 751 024 (Orissa)	<a href="http://www.cttcbbbsr.co.in">www.cttcbbbsr.co.in</a>	<a href="mailto:cttc@satyam.net.in">cttc@satyam.net.in</a>	0674-2742100 2743349	0674- 2743061
8.	MSME-Tool Room (Indo Danish Tool Room) M-4 (Part) Phase-VI, Tata Kandra Road, Gamharia Jamshedpur 832 108 (Jharkhand)	<a href="http://www.idtrjamshedpur.com">www.idtrjamshedpur.com</a>	<a href="mailto:jsr_idtr@sancharnet.in">jsr_idtr@sancharnet.in</a>	0657- 2408061/62 2200507	0657- 2407723
9.	MSME-Tool Room (Tool Room & Training Centre) MSME-DI Campus Bamunimaidan Guwahati 781 021	<a href="http://www.trtcguwahati.org">www.trtcguwahati.org</a>	<a href="mailto:trtc_ghy@rediffmail.com">trtc_ghy@rediffmail.com</a>	0361- 2655542	0361- 2654042
10.	MSME-Tool Room (Central Institute of Hand Tools) G.T. Road, Bye Pass, Jalandhar-144008 (Punjab)	<a href="http://www.ciht.in">www.ciht.in</a>	<a href="mailto:institute_jld@dataone.in">institute_jld@dataone.in</a>	0181- 2290226 2290225 2290196	0181- 2290457
11.	MSME-Technology Development Centre (Process and Product Development Centre) Foundry Nagar, Agra- 282006 (U.P.)	<a href="http://www.ppdccagra.com">www.ppdccagra.com</a>	<a href="mailto:ppdc@sancharnet.in">ppdc@sancharnet.in</a>	0562-2344006 2344673	0562- 2344381

12.	MSME-Technology Development Centre (Electronics Service & Training Centre) Kaniya, Ramnagar Dist. Nainital-244715 Uttarakhand	<a href="http://www.estcindia.com">www.estcindia.com</a>	<a href="mailto:pd_estc@sancharnet.in">pd_estc@sancharnet.in</a>	05947-251201 251530 255951	05947-251294
13.	MSME-Technology Development Centre (Institute for Design of Electrical Measuring Instruments) S.T.Tope Marg, Chunabhatti Sion,P.O. Mumbai-400022	<a href="http://www.idemi.org">www.idemi.org</a> <a href="http://www.msmetdcmumbai.org">www.msmetdcmumbai.org</a>	<a href="mailto:idemi@vsnl.net">idemi@vsnl.net</a> <a href="mailto:idemi@mtnl.net.in">idemi@mtnl.net.in</a>	9522-24050301-2/3/4	9522-24050016
14.	MSME-Technology Development Centre (Process cum Product Development Centre) Sports Goods Complex, Delhi Road Meerut-250002 (U.P.)	<a href="http://www.ppdcm eerut.com">www.ppdcm eerut.com</a>	<a href="mailto:info@ppdcm eerut.com">info@ppdcm eerut.com</a>	0121-2511779	0121-2404991
15.	MSME-Technology Development Centre (Central Footwear Training Institute) C – 41& 42, Site 'C' Sikandra, Industrial Area Agra-282007 (U.P.)	<a href="http://www.cftiagra.org.in">www.cftiagra.org.in</a>	<a href="mailto:info@cftiagra.org.in">info@cftiagra.org.in</a>	0562-2642005 2642004	0562-2640502
16.	MSME-Technology Development Centre (Central Footwear Training Institute ) 65/1, G.S.T. Road, Guindy Chennai-600032	<a href="http://www.cftichennai.in">www.cftichennai.in</a>	<a href="mailto:cfti_chennai@vsnl.net">cfti_chennai@vsnl.net</a>	044-225001529	044-22500876

17.	MSME-Technology Development Centre (Fragrance & Flavour Development Centre), Industrial Estate GT Road, P.O. Makrand Nagar Kannauj, -209726 (U.P.)	<a href="http://www.ffdcindia.org">www.ffdcindia.org</a>	<a href="mailto:ffdcknj@sancharnet.in">ffdcknj@sancharnet.in</a>	05694-234465 234791	05694-235242
18.	MSME-Technology Development Centre (Centre for Development of Glass Industry), A-1/1, Industrial Area Jalesar Road, P.O. Muiddinpur Firozabad-283203 (U.P.)	<a href="http://www.cdgiindia.com">www.cdgiindia.com</a>	<a href="mailto:cdgifzbd@sancharnet.in">cdgifzbd@sancharnet.in</a> <a href="mailto:contact@cdgiindia.com">contact@cdgiindia.com</a>	05612-232293	05612-232447

## ANNEXURE-VI

**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 equipments for enterprises providing or rendering services. **The present ceilings on investment for enterprises to be classified as Micro, small and medium enterprises are as follows:**

Classification	Manufacturing Enterprises*	Service Enterprises**
Micro	Rs. 2.5 million / Rs. 25 lakh (USD 50,000)	Rs. 1 million / Rs. 10 lakh (USD 20,000)
Small	Rs.50 million / Rs. 5 crore (USD 1 million)	Rs. 20 million / Rs 2 crore (USD 4,00,000 )
Medium	Rs 100 million / Rs 10 crore (US\$ 2 million)	Rs. 50 million / Rs 5 crore (US\$ 1 million)

\* Investment limit in Plant & Machinery

\*\* Investment limit in equipments

\*\*\* Rs 50 = 1 USD

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.”

# Chapter I

## INTRODUCTION

### 1.1 BACKGROUND

1.1.1 Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises constitute an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of an entrepreneurial base.

1.1.2 Subsequent to enactment of the "Micro, Small and Medium Enterprises Development Act, 2006" by the Parliament, the Hon'ble President vide Notification dated 9<sup>th</sup> May 2007 amended the Government of India (Allocation of Business) Rules, 1961. Pursuant thereto the then, Ministry of Agro & Rural Industries and Ministry of Small Scale Industries were merged into a single Ministry, namely, "Ministry of Micro, Small and Medium Enterprises."

1.1.3 Although, the primary responsibility of promotion and development of MSMEs is that of the State Governments, the

Government of India, in recognition of potential of these enterprises, has always taken proactive steps towards supplementing the efforts of the State Governments through different initiatives. The role of the Ministry of Micro, Small and Medium Enterprises (M/o MSME) is mainly to assist the States in their efforts aimed at promoting growth and development of MSMEs, for enhancing their competitiveness in the changed scenario. The specific 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-wide measures to promote capacity-building and empowerment of the units and their collectives.

1.1.4 The majority of people are living in rural areas drawing their livelihood from agriculture and allied sectors. 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 M/o MSME has two Divisions viz; Small Scale Industry (SSI) Division and Agro & Rural Industry (A&RI) Division. The SSI 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 institutes. The Division is also responsible for implementation of the schemes of marketing and export promotion. The A&RI Division looks after the administration of two statutory bodies, namely, the Khadi and Village Industries Commission (KVIC) and the Coir Board and is also responsible for implementation of the Prime Minister Employment Generation Programme (PMEGP).

1.2.2 The Ministry is duly assisted in its efforts by 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 Micro, Small and Medium Enterprises (NI-MSME), Hyderabad; National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA and Indian Institute of Entrepreneurship (IIE), Guwahati.

1.2.3 Pursuant to enactment of the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made thereunder, the Government established a National Board for Micro, Small and Medium Enterprises (NBMSME). The Board examines the factors affecting promotion and development

of MSMEs and reviews policies and programmes relating to these enterprises with a view to make recommendations on these matters to the Government.

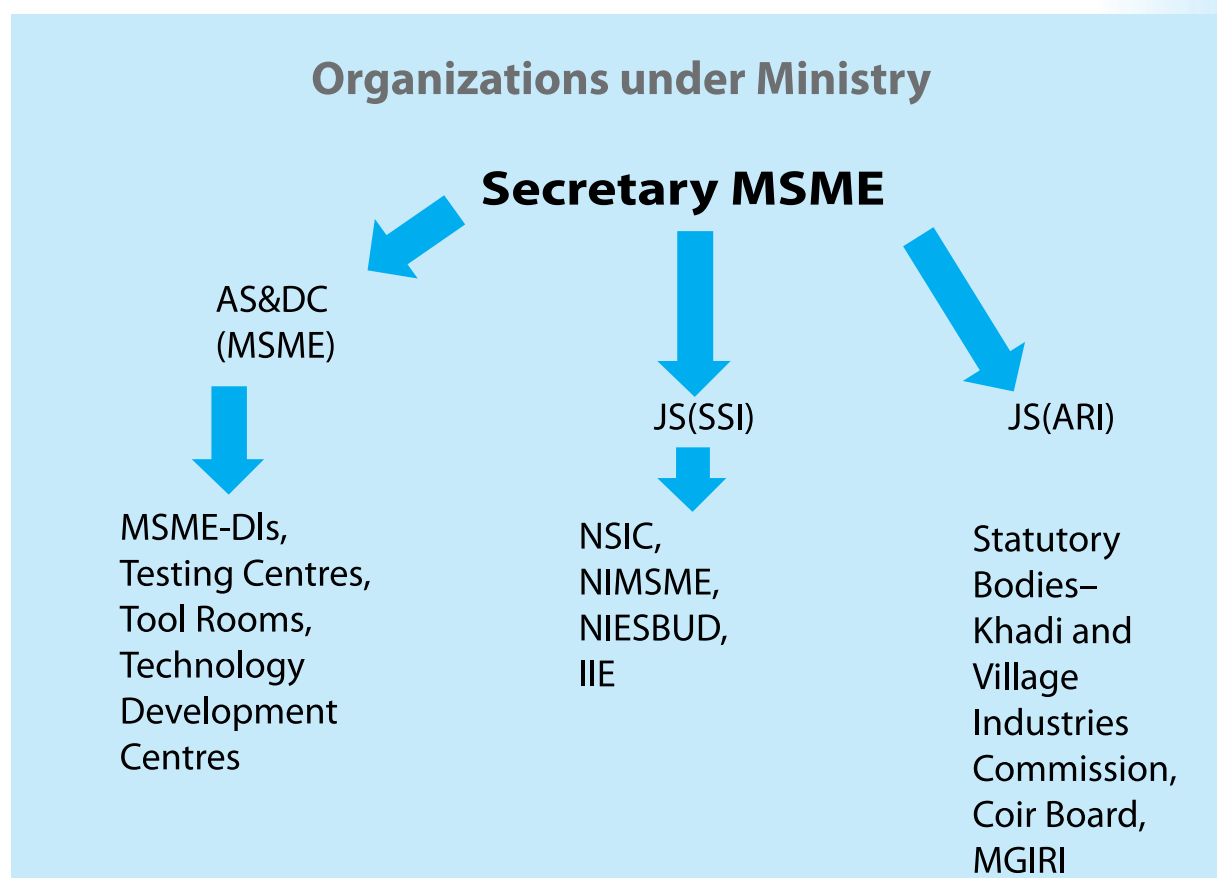
1.2.4 The Government had also set up the National Commission for Enterprises in the Unorganized Sector (NCEUS) as a watch dog and advisory body for the unorganized sector for examining the problems confronting the enterprises in the unorganized/informal sector and making recommendations to provide technical, marketing and credit support to these enterprises.

1.2.5 The organizational structure of the Ministry is depicted in the following organogram.

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)**

The Office of the Development Commissioner (Micro, Small and Medium Enterprises) {O/o the DC (MSME)} [earlier



known as O/o the 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 Micro, Small and Medium Enterprises Development Institutes (MSME-DIs); 28 Branch MSME-DIs (Br. MSME-DIs); 7 Field Testing Stations (FTSs); 4 MSME Testing Centres (MSME-TCs); 2 MSME Training Institutes (MSME-TIs) and 1 MSME – Technology Development Centre - Hand Tools (MSME-TDC-Hand Tools). The O/o DC (MSME) also operates a network of Tool Rooms and Technology Development Centres (include 2 Footwear Training Institutes) which are autonomous bodies registered as Societies under the Societies Act. 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**

1.4.1 The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956 (61 of 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 Commission consists of 13 Members including Chairman and nominated experts from the fields of education, science, technology and marketing. The KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable rural non-farm employment opportunities at a low per capita investment. This also helps in checking migration of rural population to urban areas in search of the employment opportunities.

1.4.2 The main functions of the KVIC are to plan, promote, organize and assist in implementation of the programmes/projects/schemes for generation of employment opportunities through development of khadi and village industries. Towards this end, it undertakes activities like skill improvement, transfer of technology, research & development, marketing, etc. The Commission functions with its Head Office at Mumbai with six Zonal Offices located at New Delhi; Bhopal; Kolkata; Bengaluru; Mumbai and Guwahati and 36 State/Divisional Offices spread all over the country to facilitate speedy implementation of KVI programme.

1.4.3 The Commission implements its programmes through 33 State/Union Territories (UTs) Khadi and Village Industries Boards (KVIBs); 5000 registered institutions; 30129 cooperative societies

and a host of banks/financial institutions. KVIC also undertakes training activities through its 38 departmental and non-departmental training centres and a number of accredited training centres. Besides, the marketing is taken up through its 12 departmentally run Khadi Gramodyog Bhawans located in urban areas and 7050 institutional/retail sales outlets located in different parts of the country. KVIC also makes available quality raw materials to khadi institutions through its 6 Central Sliver Plants.

### **1.5 MAHATMA GANDHI INSTITUTE FOR RURAL INDUSTRIALISATION**

In order to strengthen the R& D activities in khadi and village industry sectors, a national level institute namely 'Mahatma Gandhi Institute for Rural Industrialization (MGIRI)' has been established at Wardha, Maharashtra, in association with IIT; Delhi through revamping the erstwhile Jamnalal Bajaj Central Research Institute. 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. During the year, the Institute became fully operational through appointment of the Director and 35 scientific and technical staff.

## **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 Coir Board consists of a full-time Chairman and 39 part-time Members, as provided under Section 4 of the Act. All stakeholders interested in the promotion of the coir industry, are represented on the Coir Board. The activities of the Board for development of coir industries inter-alia include undertaking scientific, technological and economic research and development activities; collecting statistics relating to exports and internal consumption of coir and coir products; developing new products and designs; organizing publicity for promotion of exports and internal sales; marketing of coir and coir products in India and abroad; preventing unfair competition between producers and exporters; assisting the establishment of units for manufacture of the products; promoting co-operative organisations among producers of husks, coir fibre, coir yarn and manufacturers of coir products; ensuring remunerative returns to producers and manufacturers, etc.

1.6.2 The Board has promoted two research institutes namely, Central Coir Research

Institute (CCRI), Kalavoor, Alleppey, and Central Institute of Coir Technology (CICT), Bengalooru for undertaking research activities on different aspects of coir industry which is one of the major agro based rural industries in the country. This is a highly labour intensive industry employing more than 6.5 lakh workers in coconut producing States with nearly 80% of the coir workers in the fibre extraction and spinning sector being women. The two major strengths of the coir industry are it being export oriented and generating wealth out of the waste (coconut husk).

### **1.7 NATIONAL SMALL INDUSTRIES CORPORATION LTD.**

The National Small Industries Corporation (NSIC) Ltd. was established by the Government as a Public Sector Company in 1955. The main function of the Corporation is to promote, aid and foster the growth of micro and small enterprises in the country, generally on commercial basis. It provides a variety of support services to micro and small enterprise 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. The Corporation implements its various programmes and projects throughout the country through its 9 Zonal Offices, 39

Branch Offices, 12 Sub Offices, 5 Technical Services Centres, 3 Technical Services Extension Centres, 2 Software Technology Parks, 23 NSIC- Business Development Extension Offices and 1 foreign office. The Corporation is an ISO:9001-2000 Company and has also executed a number of turnkey projects in many developing countries.

### **1.8 NATIONAL ENTREPRENEURSHIP DEVELOPMENT INSTITUTES**

Entrepreneurship development and training is one of the key elements for the promotion of micro, small and medium enterprises (MSMEs), especially for creation of new enterprises by the first generation entrepreneurs. In order to undertake this crucial task on regular basis, the Ministry has set up 3 national-level Entrepreneurship Development Institutes viz; National Institute for Micro, Small and Medium Enterprises (NI-MSME) at Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD) at NOIDA and Indian Institute of Entrepreneurship (IIE) 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 enhancement of their competitiveness.

## **1.9 NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

In pursuance of the MSME Development Act, 2006, the National Board for Micro, Small & Medium Enterprises consisting of a total of 47 members was constituted on May 15, 2007 for a period of 2 years. The 20 non-official members on the Board represent industry associations of MSMEs over the length and breadth of country while the other 27 members are the representatives of RBI, Banks, MPs from both the Houses of Parliament and Ministers of six State Governments. A total of six meetings of the Board have been held wherein various issues relating to development of MSMEs were discussed and remedial measures initiated in consultation with the concerned departments/agencies. The last meeting of NB MSME was held on 23<sup>rd</sup> October, 2008 at Vigyan Bhavan, New Delhi.

## **1.10 NATIONAL COMMISSION FOR ENTERPRISES IN THE UNORGANISED SECTOR**

1.10.1 The National Commission for Enterprises in the Unorganised Sector (NCEUS) was set up in September, 2004 as a watch dog and advisory body for the unorganised sector for examining the problems confronting the enterprises in the

unorganized/informal sector and making recommendations to provide technical, marketing and credit support to these enterprises. The term of the Commission has ended on April 30, 2009.

1.10.2 The Commission during its tenure submitted the following Reports/ Draft Legislations making recommendations having far reaching implications for the units in the Sector : (i) Social Security for Unorganised Workers and Draft Unorganised Workers Social Security Bill, 2006. (ii) Report on 'Comprehensive Legislation for Minimum Conditions of Work and Social Security of Unorganised Workers' incorporating two Draft Bills: (a) Agriculture Workers' Conditions of Work and Social Security Bill 2007 and (b) Unorganised Non-agricultural Workers' Conditions of Work and Social Security Bill, 2007. (iii) Conditions of Work and Promotion of Livelihood in the Unorganized Sector, (iv) National Policy on Urban Street Vendors, (v) Financing of Enterprises in the Unorganised Sector and Creation of a 'National Fund for the Unorganized Sector' (NAFUS), (vi) Definitional & Statistical issues relating to the Informal Economy, (vii) A Special Programme for Marginal and Small Farmers, (viii) Skill Formation and Employment Assurance for the Unorganised Sector, (ix) Growth Pole Programme for Unorganised Sector



Development, (x) Technology Upgradation  
for Enterprises in the Unorganised Sector

and (xi) The Challenge of Employment in  
India – An Informal Economy Perspective.



# Chapter II

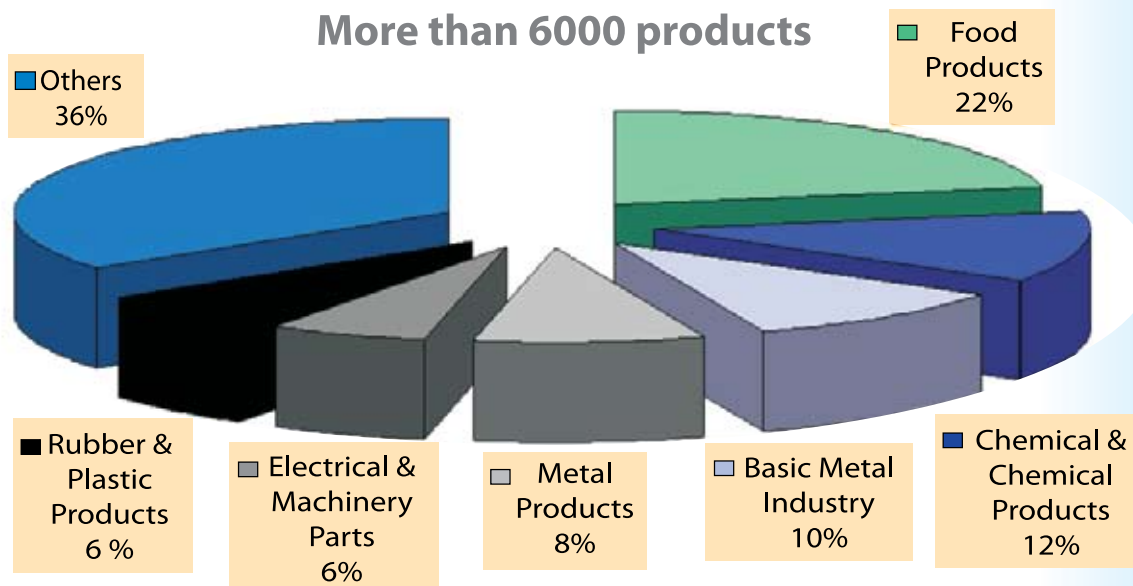
## GROWTH AND PERFORMANCE OF MICRO AND SMALL ENTERPRISES (MSEs)

### 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 42 million persons in over 13 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 MSMEs provide

### PRODUCTS OF MSEs More than 6000 products





the maximum opportunities for both self-employment and jobs after agriculture.

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, is being conducted in the country. The Census will provide the

first database on the MSME sector after the enactment of MSME Development Act, 2006.

## 2.2 PERFORMANCE OF MSEs

2.2.1 The Fourth All India Census as being conducted by the O/o the DC (MSME) will also include data for the medium enterprises after the enactment of MSME Development Act, 2006.

2.2.2 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:-

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

Sl. No.	Year	Total MSEs (lakh numbers)	Fixed Investment (Rs. Crore)	Production (Rs crore)		Employment (lakh person)	Exports (Rs. crore)
				Current Prices	Constant Prices (1993-94)		
1	1990-91	67.87	93555	78802	84728	158.34	9664
2	1991-92	70.63	100351	80615	87355	165.99	13883
		(4.07) *	(7.26)	(2.30)	(3.1)	(4.83)	(43.66)
3	1992-93	73.51	109623	84413	92246	174.84	17784
		(4.07)	(9.24)	(4.71)	(5.6)	(5.33)	(28.10)
4	1993-94	76.49	115795	98796	98796	182.64	25307
		(4.07)	(5.63)	(17.04)	(7.1)	(4.46)	(42.30)
5	1994-95	79.60	123790	122154	108774	191.40	29068
		(4.07)	(6.9)	(23.64)	(10.1)	(4.79)	(14.86)
6	1995-96	82.84	125750	147712	121175	197.93	36470
		(4.07)	(1.58)	(20.92)	(11.40)	(3.42)	(25.46)
7	1996-97	86.21	130560	167805	134892	205.86	39248
		(4.07)	(3.82)	(13.60)	(11.32)	(4.00)	(7.62)

Sl. No.	Year	Total MSEs (lakh numbers)	Fixed Investment (Rs. Crore)	Production (Rs crore)		Employment (lakh person)	Exports (Rs. crore)
				Current Prices	Constant Prices (1993-94)		
8	1997-98	89.71	133242	187217	146262.9	213.16	44442
		(4.07)	(2.05)	(11.57)	(8.43)	(3.55)	(13.23)
9	1998-99	93.36	135482	210454	157525.1	220.55	48979
		(4.07)	(1.68)	(12.41)	(7.7)	(3.46)	(10.21)
10	1999-00	97.15	139982	233760	170379.2	229.10	54200
		(4.07)	(3.32)	(11.07)	(8.16)	(3.88)	(10.66)
11	2000-01	101.1	146845	261297	184401.4	238.73	69797
		(4.07)	(4.90)	(11.78)	(8.23)	(4.21)	(28.78)
12	2001-02	105.21	154349	282270	195613	249.33	71244
		(4.07)	(5.11)	(8.03)	(6.06)	(4.44)	(2.07)
At 2001-02 prices							
13	2002-03	109.49	162317	314850	306771	260.21	86013
		(4.07)	(5.16)	(11.54)	(8.68)	(4.36)	(20.73)
14	2003-04	113.95	170219	364547	336344	271.42	97644
		(4.07)	(4.87)	(15.78)	(9.64)	(4.31)	(13.52)
15	2004-05	118.59	178699	429796	372938	282.57	124417
		(4.07)	(4.98)	(17.90)	(10.88)	(4.11)	(27.42)
16	2005-06	123.42	188113	497886	418884	299.85	150242
		(4.07)	(5.27)	(15.83)	(12.32)	(4.44)	(20.76)
17	2006-07	128.44	213219	585112	471663	312.52	177600
		(4.07)	(8.68)	(17.53)	(12.60)	(4.23)	(24.54)
18	2007-08**	133.68	238975	695126	532979	322.28	NA
		(4.08)	(12.08)	(18.80)	(13.00)	(3.12)	

\* The figures in brackets show the % growth over the previous year.

\*\* Projected

### 2.3 PERFORMANCE OF THE SECTOR IN NORTH EASTERN REGION (NER)

The estimated number of MSE units in

North-East, fixed investment, production and employment for the year 2007-08 (Projected) have been incorporated in the Table given below: -

**TABLE 2.2 : North East and the MSEs (2007-08).**

Name of the State	No. of Units	Fixed Investment (Rs. crore)	Production (Rs crore)	Employment
Sikkim	472	17.00	73.7	1828
Arunachal Pradesh	1614	46.76	115.2	5060
Nagaland	18653	583.49	897	81608
Manipur	60625	529.53	1168.5	173663
Mizoram	14242	188.66	343.6	32984
Tripura	30772	423.61	765.4	70774
Meghalaya	28851	224.07	799.8	87397
Assam	246980	1733.05	8155.1	556896
<b>Total</b>	<b>402209</b>	<b>3746.17</b>	<b>12318.3</b>	<b>1010210</b>

## 2.4 COMPARISON OF THE MSE SECTOR WITH THE OVERALL INDUSTRIAL SECTOR

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 given below:-

**TABLE 2.3 : Comparative Growth Rates.**

Year	Growth Rate of MSE Sector (%)	Overall Industrial Sector (%)
2002-03	8.68	5.70
2003-04	9.64	6.90
2004-05	10.88	8.40
2005-06	12.32	8.10
2006-07	12.60	11.5
2007-08*	13.00*	8.00

\* Projected

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

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

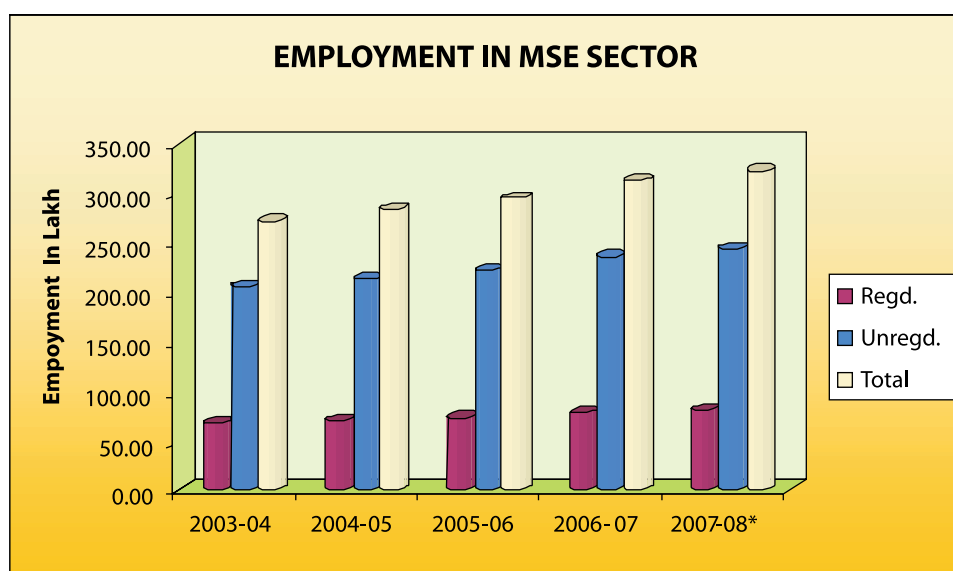
Year	Contribution of MSE (%) at 1999-2000 prices in	
	Total Industrial Production	Gross Domestic Product (GDP)
1999-00	39.74	5.86
2000-01	39.71	6.04
2001-02	39.12	5.77
2002-03	38.89	5.91
2003-04	38.74	5.79
2004-05	38.62	5.84
2005-06	38.56	5.83
2006-07	38.57	5.94

## 2.6 EMPLOYMENT IN MSE SECTOR

The total employment from the MSE sector (including SSSBEs) in the country as per the Third All India Census of MSEs with reference

Year 2001-02 was 249.33 lakh numbers. The units operating with fixed premises are treated as MSEs. As per the estimates compiled for the year 2007-08, the employment was

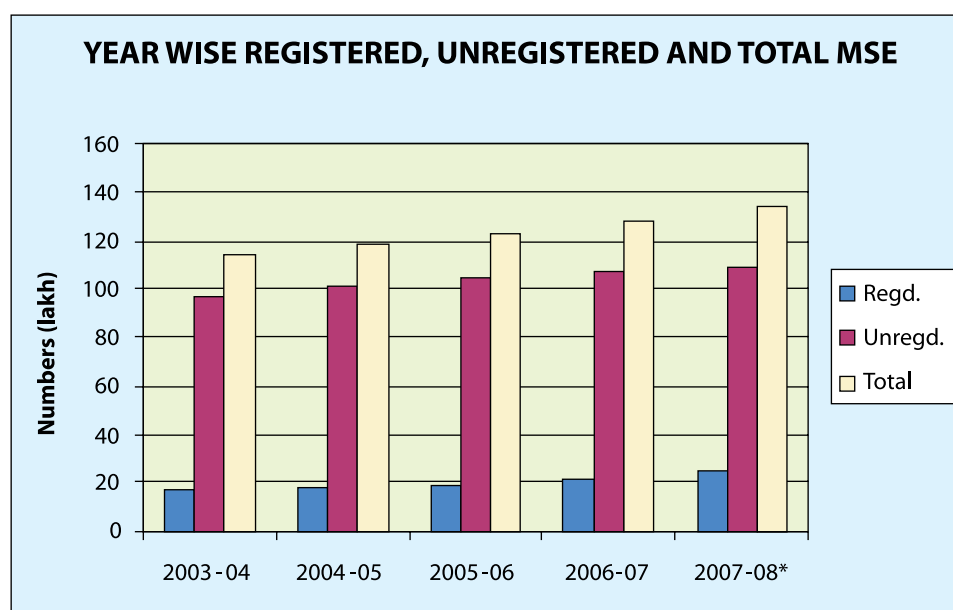
322.28 lakh persons in the sector. The share of MSEs in the total employment among units engaged in manufacturing and services is around 34.93%.



\* Estimated

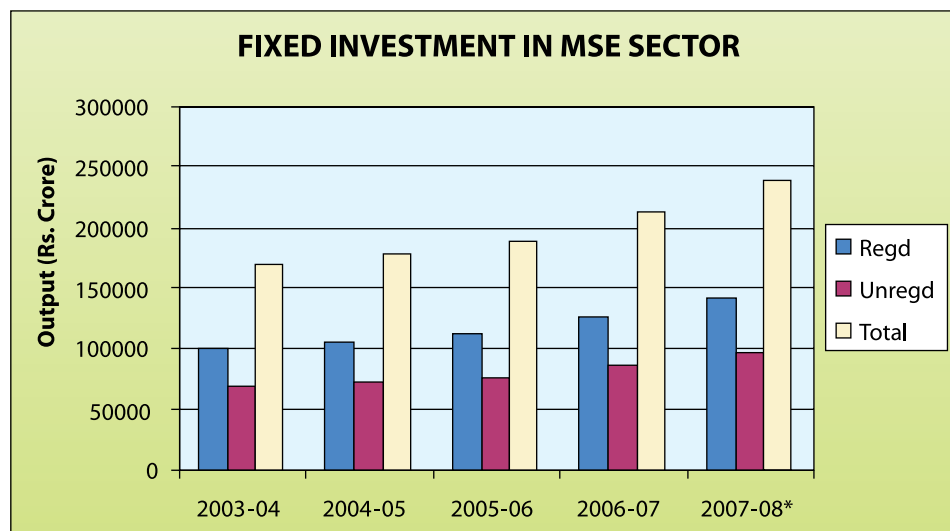
## 2.7 CHARTS SHOWING OTHER STATISTICS OF THE SECTOR

(a) Number of MSE Units



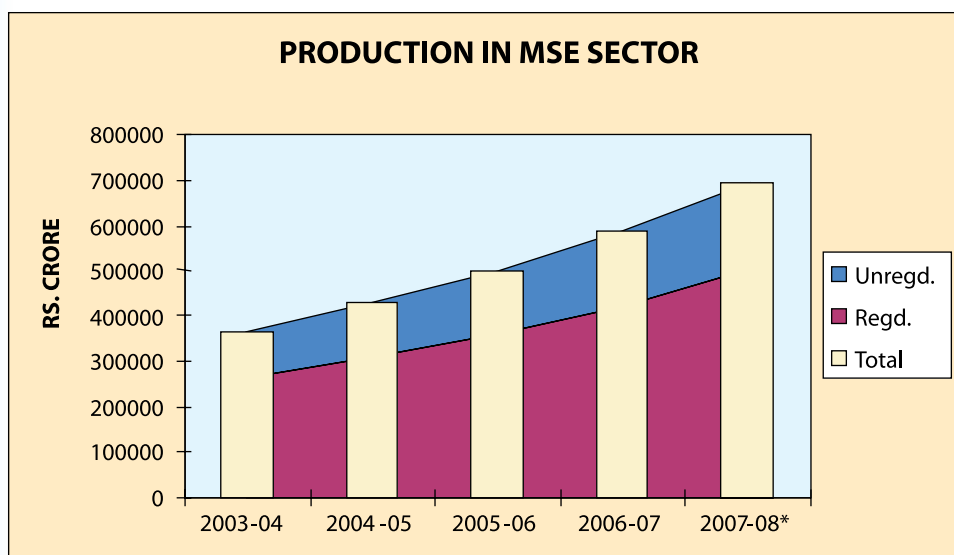
\* Estimated

## b) Fixed Investment in MSE Sector



\* Estimated

## c) Production in MSE Sector



\* Estimated

---

# Chapter III

## RECENT POLICY INITIATIVES AND OTHER REFORMS

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

**3.1.1 Implementation of the Act:** 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 measures 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, Mizoram and Lakshadweep 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, Goa, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Tripura, Uttarakhand, Chandigarh and Lakshadweep have also 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 Arunachal Pradesh, Assam, Goa, Jammu & Kashmir, Jharkhand, Manipur, Maharashtra, Meghalaya, Mizoram, Nagaland, Rajasthan, Sikkim, Tripura, Uttarakhand, Chandigarh and Lakshadweep have issued the Notifications for constitution of Micro and Small Enterprises Facilitation Council (MSEFC).

**3.1.2 Issues Pertaining to Delayed Payments for MSEs :** With a view to strengthen the mechanism available for avoiding delays in payments to MSEs,

different agencies have taken the following further steps in this direction: -

- (i) A total of 23 States/UTs have notified the Rules for MSEFC & 20 States/UTs have constituted MSEFCs;
- (ii) The Notification No. G.S.R. 719 (E) dated November 16, 2007, has been issued by the Ministry of Corporate Affairs, which contains an amendment to Schedule VI of the Companies Act, 1956. It specifies the format of the Balance Sheet and Profit & Loss Account of the companies providing for incorporation of the amount due to Suppliers (MSEs) and the interest accrued thereon;
- (iii) Notification No. S.O.961 (E) dated April 13, 2009, has been issued by the Central Board of Direct Taxes (CBDT), Ministry of Finance whereby Income-tax Rules, 1962, in Form No. 3CD have been amended providing for inadmissibility of the Amount of Interest under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006;
- (iv) At the initiative of the O/o DC (MSME), the Ministry of Heavy Industries and Public Enterprises, Govt. of India has instructed all Central Public Sector Enterprises (CPSEs) to ensure prompt payment of bills of MSEs. The then Hon'ble Minister of Heavy Industries

& Public Enterprises has written to Chief Ministers on December 29, 2008 for issuing suitable instructions to the State Public Sector Enterprises and Electricity Boards to make prompt payment of bills of MSMEs with a view to improving their liquidity position.

This has been followed up with the Secretary (MSME) requesting all Chief Secretaries on February 20, 2009 for ensuring timely release of payments to MSEs by the State Government Departments and Public Sector entities.

### **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. A total of 14 items have been de-reserved on October 10, 2008. At present only 21 items are reserved for exclusive manufacture in micro and small enterprise sector.

### 3.3 NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME (NMCP)

Providing competitive edge to the units in the 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.

With a view to build 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 Government of India has announced the National Manufacturing Competitiveness Programme (NMCP) during the budget speech 2005-06.

The objective of NMCP which can be truly regarded as 'National Strategy for Manufacturing' is to ensure healthy growth of the MSME Sector. The 10 components of the Programme dealing with the firm level competitiveness against global challenges 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 following Table:-

**TABLE 3.1 : Components of NMCP and Current Status**

Sl. No.	Component	Short Name	Current Status
1.	Marketing Support / Assistance to MSMEs	BAR CODE	Operational
2.	Support for Entrepreneurial and Managerial Development of MSMEs	INCUBATOR	Operational
3.	Setting up Mini Tool Room & Training Centres	MTR	Operational

(Contd.)



S I . No.	Component	Short Name	Current Status
4.	Building Awareness on Intellectual Property Rights	IPR	Operational
5.	National Programme for Application of Lean Manufacturing	LEAN	Preparation of Guidelines at final stage
6.	Enabling Manufacturing Sector to be Competitive through Quality Management Standards and Quality Technology Tools	QMS/QT	Operational
7.	Energy Efficiency and Quality Certification Support for MSMEs	ENERGY	At the final stage of approval
8.	Marketing Assistance for SMEs and Technology Upgradation Activities	MARKETING	At consultation stage
9.	Promotion of ICT in Indian Manufacturing Sector	ICT	At consultation stage
10.	Design Clinic Scheme to bring Design expertise to the Manufacturing sector	DESIGN	At consultation stage

### 3.3.1 Setting up Mini Tool Room & Training Centres under PPP Mode

The M/o MSME, Government of India will be implementing a Scheme called “Setting up Mini Tool Room & Training Centres under the PPP Mode”, through rendering financial assistance to Private Partners/States/State Agencies during XI Five Year Plan. The Tool Room facilities are the backbone of manufacturing sector as these create dies, tools, moulds, jigs, fixtures, gauges and precision components in the absence of which production units cannot operate at all.

The objective of the Scheme is to develop more tool room facilities for providing greater technological support to MSMEs, through creation of capacities in the private sector for designing and manufacturing quality tools and provision of training facilities in the related areas.

The total project cost for the Scheme is Rs. 210 crore including the Government of India's contribution of Rs. 135 crore. The scheme will be implemented through the following 3 models in order of preference: -

Model	Tool Room to be Set-up and Managed by	Quantum of Financial Assistance by Government of India
I.	Private Partner, i.e., an individual, firm, company, association, NGO or society ( <b>Central PPP Model</b> )	Restricted to 40% of the project cost or Rs. 9.00 crore whichever is less.
II.	SPVs set up by the States in partnership with private partners. ( <b>State PPP Model</b> )	90% of the cost of machinery and equipments restricted to Rs. 9.00 crore.
III.	State Govt. or State Agencies, other than NGOs ( <b>Centre-State model</b> )	90% of the cost of machinery and equipments restricted to Rs. 9.00 crore.

### 3.3.2 Building Awareness on Intellectual Property Rights (IPRs)

One of the components of the NMCP is "Building Awareness on Intellectual Property Rights (IPRs)" for the MSMEs. The objective here is to create and enhance awareness about Intellectual Property Rights (IPRs) among the units in the Sector so as to enable them to take appropriate measure for protecting their ideas and business strategies and also avoiding infringement of the intellectual property belonging to others.

The scheme is under implementation during 11<sup>th</sup> Five-year Plan. The scheme provides financial assistance for taking up the following identified initiatives : (1) Awareness/ Sensitisation Programmes on IPRs; (2) Pilot Studies for Selected Clusters/ Groups of Industries; (3) Interactive Seminars/Workshops; (4) Specialized Training; (5) Assistance for Grant of Patent/ GI Registration; (6) Setting up of IP Facilitation Centre and (7) Interaction with International Agencies.

These initiatives are being developed through Public-Private Partnership (PPP) mode for encouraging economically sustainable models for overall development of MSMEs. The eligible applicants/ beneficiaries contribute a minimum of 10% of the Central financial assistance. The Project Implementation Committee (PIC) responsible for the day-to-day implementation of the

programmes and making recommendations approval of specific proposals, has approved organizing of 23 Awareness/Sensitisation Programmes on IPRs to be organised by different organisations throughout the country; setting up of a IP Facilitation Centre specially for Bio-tech Units; organizing of four Workshops on IPRs for Leather Cluster / IT Cluster and a Pilot Study for the Bamboo Cluster.

### 3.3.3 Bar Coding

Bar Coding has emerged as an important marketing tool having wide global acceptability. In order to encourage units in the sector to adopt Bar Coding, a provision for reimbursement of 75% of one-time Registration Fee (w.e.f. January 1, 2002) and Annual Fees for the first three years (w.e.f. June 1, 2007) paid to GS1 India (formally EAN India), by MSEs for adoption of Bar Coding has been made under SSI-MDA Scheme. Besides, there is a provision for organising a one-day Sensitisation/ Awareness Programmes and preparation of publicity material for MSEs and other stakeholders concerned.

### 3.3.4 Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT)

During the year 2008-09, the Government of India launched a scheme under National Manufacturing Competitiveness Programme (NMCP) called "Enabling Manufacturing Sector to be Competitive through Quality

Management Standards (QMS) and Quality Technology Tools (QTT). A budget provision of Rs. 40.00 crore for 4 years, has been made under the Scheme. The scheme aims at improving the quality of the products in the MSME sector and inculcating quality consciousness among units of the sector. The major activities to be undertaken under this scheme are:-

- Introduction of Appropriate Modules for Technical Institutions with target coverage of 2000 technical institutions;
- Organising 100 Awareness Campaigns every year for Micro and Small Enterprises;
- Organising Competition-Watch (C-Watch) every year in two sectors;
- Implementation of Quality Management Standards and Quality Technology Tools in 100 Selected Micro and Small Enterprises every year; and
- Monitoring at least 2 International Study Missions per year.

### **3.3.5 Support for Entrepreneurial and Managerial Development of MSMEs (INCUBATOR)**

The concept of Business Incubation is a relatively new concept for MSMEs. The "Support for Entrepreneurial and Managerial Development of MSMEs" (INCUBATOR) Scheme of the NMCP makes available a new window for supporting and nourishing

businesses based on new ideas. Under the Scheme, Knowledge Institutions like Engineering Colleges, Research Labs etc. are provided a financial assistance upto Rs.6.25 lakh for incubating each of the new ideas. The Incubator provides technology guidance, workshop and lab support and linkages with other agencies for successful launching of the business and guides the entrepreneurs in running the business for the next 2-3 years. The approved Plan expenditure under the Scheme is Rs. 135 crore with a mission to incubate 2000 ideas during 11<sup>th</sup> Five Year Plan.

### **3.4 NEW INITIATIVES OF KHADI AND VILLAGE INDUSTRIES COMMISSION**

3.4.1 With a view to increasing the effectiveness and thus to contribute substantially to the employment generation, the **Prime Minister's Employment Generation Programme (PMEGP)** has been introduced in August 2008, merging the erstwhile PMRY and REGP Schemes of this Ministry. The new Scheme has a total plan outlay of Rs. 4735 crore including Rs. 250 crore for backward and forward linkages..

3.4.2 In khadi sector, two new Schemes have been launched namely **Workshed Scheme for Khadi Artisans** with a view to providing assistance for construction of workshed for khadi artisans for ensuring better work environment and the **Scheme for enhancing Productivity & Competitiveness of**

**Khadi Industries and Artisans** to assist 200 khadi institutions to make khadi industry competitive, market driven and profit oriented through replacement of obsolete and old machinery & equipment. Another Scheme namely '**Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure**' which envisages renovation of 30 selected khadi Sales Outlets and providing assistance towards strengthening of infrastructure of existing 100 weak selected institutions is under consideration.

3.4.3 The Department of Economic Affairs, Ministry of Finance has tied up financial aid from the Asian Development Bank (ADB) amounting to US\$150 million 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. Initially, the programme is expected to be introduced in 300 khadi institutions keeping in view the considerations of regional balance, geographical spread and inclusion of backward areas. The programme is awaiting formal approval of the competent authority.

3.4.4 Following the recommendations made in the Expert Committee Report, 2004 and suggestions made by the Ministry of Finance and the M/o MSME, the **Market Development Assistance (MDA) Scheme** based on 'Production of Khadi' as an alternative to 'Rebate on Sale' of khadi and khadi products is under consideration.

3.4.5 In order to strengthen the R & D activities in khadi and village industry sectors, a national level institute namely '**Mahatma Gandhi Institute for Rural Industrialization (MGIRI)**' has been established at Wardha, Maharashtra in association with IIT, Delhi by revamping the erstwhile Jamnalal Bajaj Central Research Institute.

### 3.5 NEW INITIATIVES OF COIR BOARD

With a view to strengthening the coir industry, the Ministry through Coir Board, introduced a new Central Sector Scheme titled '**Scheme for Rejuvenation, Modernisation and Technological Upgradation of Coir Industry**' in March 2008 for assisting spinners and tiny household sector. Under this Scheme, assistance is provided to groups of spinners and tiny sector workers for replacement of outdated ratts/looms and for constructing worksheds so as to increase production and earnings of such workers.





---

# Chapter IV

## **ROLE & FUNCTIONS OF OFFICE OF THE DEVELOPMENT COMMISSIONER (MICRO, SMALL & MEDIUM ENTERPRISES)**

### **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. Over the years, it has witnessed its role to evolve into an agency for advocacy, handholding and facilitation of the small industries sector. It has over 60 offices and 21 autonomous bodies [including 2 Departmental Training Institutes (MSME-TIs) and one departmental Hand Tools Development Centre (MSME-TDC-Hand Tools)] under its management. 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 Sections 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 increasing globalization of the economy, the units in the sector were increasingly called upon to face new and bigger challenges not only from MNCs etc. but also from bigger domestic players. Recognising the dynamics of the new environment in which these units were operating, the Office of the 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 main 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) and one departmental Hand Tools Development Centre (MSME-TDC-Hand Tools).

#### **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) Organising Entrepreneurship, Management and Skill Development Programmes;
- (ii) Assistance / Consultancy to prospective and existing entrepreneurs;
- (iii) Preparing State and District Industrial Profiles;
- (iv) Formulating 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 and
- (vii) Making Available Common Facility Services in Workshop/Laboratories.

The MSME Development Institutes (MSME - DIs), also have Common Facility Workshops in various trades. There are at present

42 such Common Facility Workshops with MSME DIs.

#### **4.1.5 MSME Tool Rooms (MSME-TRs) :**

The 10 MSME-TRs set-up as result of 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 also provide training and consultancy for tool and die makers.

**4.1.6 MSME Technology Development Centres (MSME-TDCs)** are product specific Centres for looking into their specific problems and rendering technical services, developing and upgrading technologies and manpower development & training in specific 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 Bangalore, 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 for accelerating exports and providing training for manpower in footwear industry.

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

The four MSME Training-cum-Product Development Centres (MSME -TPDCs) are to be set up for Food Processing Industries within the campus of MSME - Development Institutes (MSME DIs) at Ludhiana, Kanpur, Indore and Mangalore.

### **4.2 MSME TOOL ROOMS (MSME-TRs)**

4.2.1 The 10 MSME-TRs set-up as a result of 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 also provide training and consultancy for tool and die makers.

These are located at:-

- (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 (Tool Room & Training Centre), 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 are providing services in the area of tool design and manufacture; precision machining; heat treatment; technical training and consultancy to metal working industry; in general and micro & small enterprises in particular so as to improve the quality and productivity of such units. These Tool Rooms were set up for fulfilling the tooling and training requirements of the micro and small industries in the fields of tool design and manufacture and training of technical personnel in these fields.

4.2.3 These institutions organize different long-term 'Post-graduate Diploma in Tool Design and CAD CAM' Course and Vocational Training Programmes for school dropouts. These Tool Rooms have achieved nearly 100% placement for the trainees of its long-term courses.

4.2.4 The achievements of these Tool Rooms (as on March 31, 2009) are given in the following Table:-

**TABLE 4.1 : Achievements of MSME TRs as on March 31, 2009.**

(i)	Revenue Target 2008-09 (Rs. Lakh)	6230.00
(ii)	Revenue Earned (Rs. Lakh)	6137.90
(iii)	No. of Units Serviced	7793
(iv)	No. of Trainees (Long Term)	6864
(v)	No. of Trainees (Short Term)	20650
(vi)	No. of SC/ST Trainees	8299
(vii)	No. of OBC Trainees	5164
(viii)	No. of Minority Trainees	896
(ix)	No. of Women Trainees	1427
(x)	No. of Physically Handicapped Trainees	48

Some of the significant achievements of these Tool Rooms are as under:-

- Establishment of one of the best Rapid Prototyping Centres at *CTR Ludhiana* in the country.
- Operationalisation of Extension Centres at Jammu and Ludhiana by *CTR Ludhiana* for imparting training in the area of CAD/CAM.
- Development of Heat Treatment Process for export oriented MSMEs.
- Commencement of Plasma Nitriding Facility at *IGTR Ahmedabad* w.e.f. November 12, 2008 in collaboration with GUJCOST & IPR.
- Starting of new CNC Simulation Lab with capacity of 100 trainees at *IGTR Ahmedabad*.
- Providing training to 39 international participants during the year from

- Egypt, Iraq, Tanzania, Sudan, Bhutan etc. Designing Developing and Manufacturing by a *CITD Hyderabad*, Hydraulic Manipulator Assembly for B.A.R.C. Bombay.
- Conducting special Training Programme for students of the North East Region by the CITD, Hyderabad under the sponsorship of Ministry of DONER.
  - Execution of an Agreement by *IGTR Ahmedabad* for the Project AS 38884-husky IMS-E System with Husky Injection Moulding System Ltd., Canada.
  - Successful completion of orders worth Rs. 311.00 lakh for manufacture of Quadruple Magnets for the Department of Atomic Energy, Government of India by *IGTR Indore*.
  - Commencement of special training programme on CAD/CAM by *IGTR Aurangabad* from September 22, 2008 for 5<sup>th</sup> batch consisting of 9 trainees from South Africa. The programme has been sponsored by M/s. Tshumisano Trust through the Department of Science and Technology, South Africa.
  - Training of 242 persons from NER sponsored by the Ministry of Development of North Eastern Region (DONER) by *IGTR Aurangabad*.
  - *CTRTC Kolkata* assisting Government of West Bengal in setting up a Mini Tool Room at Howrah.
  - *CTRTC Kolkata* also rendering Project Management Services to the State Govt. of Nagaland for running Mini Tool Room & Training Centre at Dimapur.
  - M/s. HMT International Ltd. awarding a project to *CTTC Bhubaneswar* for providing technical services under the Ministry of External Affairs project "Development of Small & Medium Enterprises Sector in Zimbabwe".
  - *CTTC, Bhubaneswar* developing wavy and lance/offset fin forming tools used for Aircraft Radiator which is an import substitute for Aeronautical Development Agency.
  - Signing of a MoU with Tata Steel, Jamshedpur for conducting Advanced CNC Technology Course for trainees of Tata Steel by *IDTR Jamshedpur*.
  - Operationalisation of 120 KW Medium Frequency Induction Heater in December, 2008 by *CIHT, Jalandhar*.
  - Enrolling of a large number of woman candidates in different Skill Development Programmes by *TRTC, Guwahati*.
  - *TRTC, Guwahati* 100 enrolling school dropouts for different Skill Development Programmes.
- #### 4.3 MSME TECHNOLOGY DEVELOPMENT CENTRES (MSME TDCs)
- ##### 4.3.1 MSME Technology Development Centres (MSME TDCs) are product specific

Centres for looking into their specific problems and rendering technical services, developing and upgrading technologies and manpower development & training in specific product groups like Foundry & Forging; Electronics; Fragrance & Flavour; Sport Shoes; Electrical Measuring Instruments and Glass. MSME TDCs include the Electronics Service & Training Centre (ESTC), Ramanagar; Institute for Design of Electrical Measuring Instruments (IDEMI), Mumbai; Fragrance & Flavour Development Centre (FFDC), Kannauj; Centre for Development of Glass Industry (CDGI), Firozabad; Central Institute of Tool Design (CITD), Hyderabad; Process-cum-Product Development Centre (PPDC), Agra and Process-cum- Product Development Centre (PPDC), Meerut.

4.3.2 The main objective of these is to develop human resources for meeting the requirements for transfer of technology in different fields viz; electronic items, instrumentation industries, sport goods; to promote & modernize the glass industry, foundry and forge industries and technological upgradation of essential oils, aroma chemicals, fragrance and flavour industry in the country. These Centres are also running training courses on repair and maintenance of CNC machines; addition of fibre optics testing facilities; tailor-made training modules designed as per the requirements of the industry with emphasis on hands-on training. The CDGI, Firozabad provides 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 March 31, 2009 are given in the following Table.

**TABLE 4.2: Achievements of MSME TDCs as on March 31, 2009.**

(i)	Revenue Target 2008-09 ( <i>Rs. Lakh</i> )	1098.00
(ii)	Revenue Earned ( <i>Rs. Lakh</i> )	1200.00
(iii)	No. of Units Serviced	4986
(iv)	No. of Trainees ( <i>Long Term</i> )	740
(v)	No. of Trainees ( <i>Short Term</i> )	8771
(vi)	No. of SC/ST Trainees	3153
(vii)	No. of OBC Trainees	1377
(viii)	No. of Minority Trainees	172
(ix)	No. of Women Trainees	1043
(x)	No. of Physically Handicapped Trainees	8

Some of the significant achievements of these MSME Technology Development Centres (MSME TDCs) are as under: -

**a) Process and Product Development Centre, (PPDC) Agra:**

- (i) PPDC, Agra has undertaken consultancy work for various clusters like Sewing Cluster, Ludhiana; Agricultural Equipments Cluster, Karnal etc.

- (ii) A Common Facility Centre for Brass & Bronze Utensil Manufacturing Cluster has been established at Pareo, Patna.
  - (iii) Different "Skill Development Programmes" sponsored by the Ministry of Overseas Indian Affairs have been organised.
  - (iv) Energy efficient cupola has been designed and installed at the Foundry Cluster at Moga, Punjab.
- b) Institute for Design of Electrical Measuring Instruments (IDEMI):**
- (i) The Institute has designed and fabricated an integrated Single Flange with Spoke for One Alpha and 3 Alpha which will be used by ISRO for getting images from Satellite.
  - (ii) It developed Gonio Meter for IIT; Mumbai, Earth Science Department for checking of fertility for soil using spectrometer.
  - (iii) It also developed Lock Turbine Rotor for MTR Technologies; Hyderabad, which will be used by ISRO for development of the Engines.
  - (iv) Special Training Programmes on "Capacity Building" of Principals and Sr. Faculty Members of the ITIs of Maharashtra, Gujarat and Rajasthan under the sponsorship of DGE&T, Ministry of Labour and Employment, Govt. of India have been organized for 130 participants.
- (v) Training Programmes on Industrial Automation and Diploma in Software Programming (two batches) sponsored by MAPCET for SC/ST students have been organized.
- c) Electronics Service & Training Centre (ESTC), Ramnagar:**
- (i) Organised outreach programme in the trades of Mobile Phone Repairs and Computer Hardware Repair and Maintenance at Haridwar, NOIDA and New Delhi for 131 persons with focus on SC/ST trainees.
  - (ii) Conducted a series of training programmes for VRS optees of CPSUs and trained 184 persons.
- d) Process-cum-Product Development Centre (PPDC), Meerut:**
- (i) The Centre conducted different "Skill Development Programmes" for the disadvantaged group of Society in less developed areas.
  - (ii) A facility for the larger benefit of wood-based Sports Goods & Allied Industries for seasoning of woods through installation of Solar-based Wood Seasoning Plant under the auspices of the Forest Research Institute, Dehradun, has been created at Jalandhar.
  - (iii) The Centre organized a Technical Meet on September 22, 2008 for identifying sports goods items for technical

upgradation/ development for meeting international standards and for developing an Action Plan in view of the forthcoming Commonwealth Games, 2010 and beyond.

**e) Fragrance & Flavour Development Centre (FFDC), Kannauj:**

- (i) The Centre developed several Fragrance & Flavour Formulations for industries.
- (ii) The Centre conducted different training courses on Fragrance & Flavour and popularising cultivation of Aromatic & Medicinal Crops.
- (iii) It provided consultancy to Essential Oil Development Programme (EODP), Royal Government of Bhutan for 'Sensory & Quality Control Laboratory'.
- (iv) The DRDE, Gwalior sponsored project on "Studies on Negative Fragrances" was completed.

**f) Centre for Development of Glass Industry (CDGI), Firozabad:**

- (i) The Centre continued demonstration of energy conservation measures.
- (ii) It is helping the Glass Industry in monitoring the ambient air quality and gas analysis of the furnaces for better combustion control practices.
- (iii) CDGI is conducting various training courses on Decoration of Glasswares and demonstration on glass melting through tank/pot furnaces.

- (iv) The Centre has also organized an outreach-training programme at Rai Bareli on New Decorative Technique of Coloured Glass through Stained Glass.

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

4.4.1 The Office of the DC (MSME) is operating four MSME Testing Centres located at New Delhi, Mumbai, Chennai and Kolkata. These Testing Centres provide testing and calibration facilities to industries in general and MSEs in particular for raw materials; semi finished and finished products, manufactured by them. These Centers are equipped with the state-of-the-art indigenous and imported equipments in the disciplines of Chemical, Mechanical, Metallurgical and Electrical Engineering for undertaking Performance Test, Type Test and Acceptance Test of semi-finished, finished products etc. The Centres also undertake calibration works for Measuring Instruments and Equipments 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 These also provide consultancy services in testing and quality management and in process quality system to MSMEs. Besides, in order to adequately cope up with the emerging manpower requirements in

the industry. These Testing Centres organise training in testing of the products for young persons so as to enable them secure gainful employment in Quality Control Laboratories of various industries, and also assist different Government Departments in testing the materials procured by them.

4.4.3 The performances of MSME TCs and TSs during the last five years are depicted in the following Table.

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

4.5.1 MSME-DIs are inter-alia providing techno-managerial consultancy assistance to MSMEs through conducting different activities like Seminars, Industrial Campaigns, Preparation of Feasibility Reports & Area Survey Reports, In-plant Studies, EDPs, and Common Facility Workshop etc. MSME-DIs are also coordinating with the State Governments, Directorate of Industries (DICs), Industry Associations, etc. for the overall development of MSME Sector.

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 infrastructures, machinery and other technical equipments, which may be required by MSMEs. The common facility centre in these DIs also provide help to MSME sector develop hi-tech tools, dies, jigs and fixtures etc.

4.5.3 To provide the best possible common facility services to SSI units, there is a need to replace these old machines with new ones, preferable hi-tech machines. As the services provided by the modernized workshops to SSI units is excellent. Further, to keep pace with the technological requirement, the small-scale units are in the need of specialized services including CAD/CAM facilities.

4.5.4 On these machines, we are also providing training to the workers sponsored

**TABLE 4.3: Performance of MSME TCs and TSs**

Year	Revenue Earned (Rs. lakh)		Recurring Expenditure (Rs. lakh)		No. of Jobs Completed		No. of MSMEs Benefited	
	TCs	TSs	TCs	TSs	TCs	TSs	TCs	TSs
2004-05	259.74	82.69	367.88	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



by MSMEs and unemployed youths. 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

#### 4.5.5 Technology and Quality Upgradation Support

The MSME-DIs, at Indore, Jaipur, Ranchi, Raipur and Cuttack have organised Seminars/Workshops on Vertical Shaft Brick Kiln (VSBK) Technology. The requisite action has also been initiated for establishing five Demo Units in these areas for dissemination of VSBK Technology for manufacture of building bricks. While two demo units have commenced production of building bricks, the construction of two demo units is in progress. One unit has been selected for setting up demo plant. A total of 13 seminars / workshops, 3 exposure visits, 2 training programme were also organized in this regard.

### 4.6 MSME – TRAINING INSTITUTES

4.6.1 MSME – Training Institutes (Central Footwear Training Institutes, MSME-TI-CFTI) at Agra and Chennai are engaged in developing designs for accelerating exports and providing training for manpower in footwear industry.

4.6.2 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.

4.6.3 The Achievements of these Institutes as on March 31, 2009 are given in the following Table.

**TABLE 4.4: Achievements of MSME-TIs as on March 31, 2009.**

(i)	Revenue Target 2008-09 (Rs. Lakh)	394.00
(ii)	Revenue Earned (Rs. Lakh)	438.10
(iii)	No. of Units Serviced	1300
(iv)	No. of Trainees (Long Term)	644
(v)	No. of Trainees (Short Term)	12005
(vi)	No. of SC/ST Trainees	11390
(vii)	No. of OBC Trainees	355
(viii)	No. of Minority Trainees	388
(ix)	No. of Women Trainees	1890
(x)	No. of Physically Handicapped Trainees	0

Some of the significant achievements of these MSME – Technology Development Centres (Central Footwear Training Institutes, MSME-TDC-CFTI) are as under:

**a) Central Footwear Training Institute (CFTI), Agra:**

- (i) The Training Programmes of two months' duration, on "Upper Closing" were regularly conducted during the year, in association with the Agra Footwear Manufacturers & Exporters Chamber, Agra.
- (ii) Similarly, the Training Programmes of one-month duration on "Shoe Making" were regularly conducted in the backward area of the Agra District exclusively for SC candidates without charging any fee from the participants.
- (iii) A series of each Workshops of one week duration on "Upgradation of Skill" were conducted in the Cluster Area of the Agra District. The Workshops were attended by a large number of tiny & cottage artisans.
- (iv) A Hand Book (Hindi) on "Juta Banana Sheekho" (Learn How to Make Shoe, published by CFTI, Agra) alongwith a Shoe Measuring Scale were distributed free of cost among the artisans.

**b) Central Footwear Training Institute (CFTI), Chennai:**

- (i) The trainees of the Centre submitted various designs pertaining to gents, ladies and kids shoes for the International Footwear Design Competition 2009.

- (ii) UNIDO selected the Institute for dissemination of knowledge for helping capacity building of more SMEs in Chennai Clusters.
- (iii) UNIDO also selected two of its Officers for participating in the Italian Edition of the Training Module "Best Practices in Footwear Manufacture" organized from October 28 to November 9, 2008.
- (iv) This Institute provided secondary level training to 331 factory workers at Ambur and Chennai under HRD Mission.
- (v) The Skill Upgradation Training Programme at Karaikudi organized by the Institute was attended by 240 persons including 90 women participants.

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

4.7.1 The Scheme aims at facilitating technology up-gradation of Micro and Small Enterprises (earlier known as Small Scale Industries). The Scheme was launched in October, 2000 and later on revised w.e.f. September 29, 2005. The revised Scheme envisages facilitation of technology upgradation of Micro and Small Enterprises through providing 15% capital subsidy on the institutional finance availed by the units in approved sub-sectors/products for induction of well-established and improved technology. The maximum limit of loan for



calculation of the amount of capital subsidy under the Scheme has been raised from Rs. 40 lakh to Rs. 100 lakh. In other words, the maximum limit of Capital Subsidy under the revised Scheme has been raised from Rs. 4.8 lakh to Rs. 15 lakh.

4.7.2 The Scheme is implemented through a number of Nodal Agencies viz; Small Industries Development Bank of India (SIDBI); National Bank for Agricultural and Rural Development (NABARD); State Bank of India; Canara Bank; Bank of Baroda; Punjab National Bank; Bank of India; Andhra Bank; State Bank of Bikaner & Jaipur and Tamil Nadu Industrial Investment Corporation Limited, Chennai.

4.7.3 The Table below shows the year-wise details of Micro and Small Enterprises benefited under the CLCSS.

**TABLE 4.5: Details of beneficiaries under CLCSS**

Year	No. of Units Assisted	Amount of Subsidy Sanctioned (Rs. In Lakh)
2001-02	9	21.36
2002-03	47	93.97
2003-04	150	368.18
2004-05	526	1340.97
2005-06	699	1784.95
2006-07	1883	6642.59
2007-08	1402	6439.02
2008-09 (Provisional)	1914	10888.8
<b>TOTAL</b>	<b>6630</b>	<b>27579.84</b>

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

4.8.1 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, 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 SIDBI.

4.8.2 The Scheme covers collateral-free credit facility (term loan and/or working capital including non-fund based working capital) extended by the eligible lending institutions to new and existing micro and small enterprises upto Rs. 50 lakh per borrowing unit. The guarantee cover is upto 75% of the credit sanctioned (80% for loans upto Rs.5 lakh provided to micro enterprises, MSEs owned/ operated by women and loans provided for the units in the NER). The Member Lending Institutions (MLIs) availing guarantee from the Trust have to pay a one time Guarantee Fee of 1.5% (1% in the case of credit facility upto Rs.5 lakh and 0.75% for loans provided for the units in the NER) and Service Fee of 0.75% per annum (0.50% in the case of credit facility upto Rs. 5 lakh), of the credit sanctioned. In view of the changed environment, it is proposed to increase the loan ceiling under the Credit Guarantee

Scheme to Rs. 100 lakh with guarantee cover of 50% on loans exceeding Rs. 50 lakh.

4.8.3 As on March 31, 2009, 74 eligible lending institutions comprising 28 Public Sector Banks, 14 Private Sector Banks, 29 Regional Rural Banks (RRBs), National Small Industries Corporation (NSIC), North Eastern Development Finance Corporation (NEDFI) and Small Industries Development Bank of India (SIDBI) have become Member Lending Institutions (MLIs) of CGTMSE under the Credit Guarantee Scheme. Cumulatively, 1,50,034 proposals amounting to Rs. 4,824.34 crore have been approved for guarantee cover under the Scheme upto March 31, 2009. During the year 2008-09, under the Scheme 53,708 MSEs were provided guarantee cover.

#### 4.9 MICRO FINANCE PROGRAMME

4.9.1 The Ministry has been operating the 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 a '*Portfolio Risk Fund*' (PRF), which is utilised for security deposit requirement of the loan amount from the MFIs/NGOs. At present, SIDBI takes fixed deposit equal to 10% of the loan amount. Under the PRF, the share of 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 under-served States like NE States including Sikkim, Bihar, Jharkhand, West Bengal, Orissa, Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Jammu & Kashmir, Rajasthan and Uttarakhand and the under-served pockets/districts of other States.

4.9.2 During the year 2007-08, an amount of Rs. 17 crore was released towards '*Portfolio Risk Fund*' (PRF). A total of 10521 Micro units in NER and 7.89 lakh micro units in other areas were benefited during the year. During 2008-09, the Government released an amount of Rs. 91 crore towards PRF. As on March 31, 2009, the cumulative loan amount provided to MFIs/NGOs under the Scheme stood at Rs. 788.37 crore covering approximately 12.95 lakh persons. Of this, it has been estimated that the share of women beneficiaries under the Scheme is more than 80%.

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

4.10.1 The Scheme of MSE-CDP provides for taking up the Diagnostic Study; Resourcing of Technology, facilitating the Transfer of Technology from producer to end user; Setting up of Common Facility Centre/Demonstration Plant; organizing of R&D Facilities; conducting of Seminars; imparting Training and organizing Study Visits for quicker diffusion of technology

across the cluster of small enterprises as and when needed. The two kinds of interventions which are undertaken in cluster development are Soft Interventions and Hard Interventions. While the former includes the activities directed towards creation of general awareness; counseling; motivation and trust building; exposure visit; market development; seminar/workshop/training related to methodology of cluster development etc., the hard interventions mainly comprise setting up of Common Facility Centres technology related interventions directed towards improvement in manufacturing practices); quality control techniques; design and drawing of product; equipment & furnaces; testing methods; energy conservation; pollution control etc.

4.10.2 The contribution of the M/o MSME is restricted to 80% of the total project cost, subject to a ceiling of Rs. 10 crore per project including Rs. 10 lakh earmarked for soft activities i.e. capacity building activities in the cluster involving non acquisition/creation of any fixed asset.

4.10.3 The erstwhile Scheme of "Integrated Infrastructure Development (IID)" as was being operated by this Office has been subsumed under the Scheme. The assistance under the Scheme is also available for setting up new clusters/ industrial estate. The Scheme also envisages assistance upto 90% of the cost (subject to a ceiling of Rs. 9 crore) for Clusters developed exclusively for MSEs operated and/or owned by women.

Besides, assistance shall be made available to Associations of Women Entrepreneurs for establishing Exhibition Centers at central places for displaying and promoting sale of products of women-owned MSEs. It also provides for upgradation/strengthening of the infrastructural facilities in the existing Industrial Estates.

Although the earlier IID Scheme has been subsumed in the MSE-CDP, with all its existing features, however, pending finalisation of the Guidelines, the proposals received from the States for IID Centres, are being dealt with under the existing Scheme.

4.10.4 As the Cluster Development Programmes are being implemented by several Ministries and Agencies, the Government with a view to formulate a holistic integrated approach in this regard set up an Empowered Group of Ministries (EGoMs) for further strengthening the Cluster Development Programme in the country. The M/o MSME is acting as the nodal Ministry for servicing the EGoM.

4.10.5 A total of 411 Clusters spread over 28 States in the country have so far been taken up for Diagnostic Studies, Soft Interventions and Hard Interventions under the MSE-CDP. The efforts under the Scheme are focused on covering of more and more Clusters from all the States. Besides, the two existing Resource Centres for Cluster Development i.e. National Institute for Micro, Small and Medium Enterprises (NI-MSME),

Hyderabad and International Centre for Cluster Competitiveness and Growth at Entrepreneurship Development Institute of India (EDII), Ahmedabad, a Regional Resource Centre at the Indian Institute of Entrepreneurship (IIE), Guwahati has been established with 7 Sub-Centres one each in all the seven NE States, for catering to the needs of cluster development programme of the North Eastern and Eastern States.

4.10.6 During 2008-09, a total of 81 Clusters have been approved for development including setting up of Common Facility Centres (CFCs) in six clusters under the Scheme. An expenditure of Rs. 12.59 crore has been incurred under the Scheme during 2008-09 against the R.E. of Rs. 23.00 crore for the year.

4.10.7 In order to adjudge the effectiveness of the Scheme and incorporate the desired changes therein, the Indian Institute of Public Administration (IIPA), New Delhi undertook an evaluation study of the Programme. The Report of IIPA has concluded that the MSE-CD Programme is very essential and extremely effective and that the efforts of MSMEs need to be fully supported through the provision of additional resources during the 11<sup>th</sup> Plan period and thus justifying further support to this Programme. The recommendations / suggestions made by IIPA on MSE-CDP have been duly incorporated in the Revised Guidelines for the Programme.

4.10.8 Upto 31<sup>st</sup> March 2009, 121 Centres in various states, including 28 for Upgradation

of old industrial estates, have been approved. Out of the 93 new centres, 47 centres have been completed and remaining others are at various stages of implementation. Small and tiny units have been established in 55 centres and they are operational. In all 2793 units have been established and 26392 persons have been employed. As regards projects for upgradation of infrastructural facilities, work in two projects has been completed which helped enhancement of operational efficiency of the units has located therein. Central grant of Rs. 137.50 crore has been released (in full or a part) to 104 centres upto 31.03.2009. During 2008-09, 13 new IID centres and 4 cases for upgradation of old industrial estates have been sanctioned. During the year 2008-09 Rs. 6.48 crore (including Rs. 3.19 crore for NER) was released.

#### **4.11 ISO-9000/ISO-14001/HACCP CERTIFICATION REIMBURSEMENT SCHEME**

4.11.1 The process of economic liberalization and market reforms has brought the MSEs face to face with new challenges in the form of global competition and new opportunities for venturing into global markets. In order to improve the competitive strengths of the sector, the Government of India, introduced an Incentive Scheme providing motivation for the units for adopting technological up-gradation/quality improvement and environment management. The Scheme,

which is being administered through MSME-DIs provides incentive to the micro & small enterprises for acquiring ISO certifications.

4.11.2 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 total cost subject to a maximum of Rs. 75,000/-. The amount of subsidy/ financial support if already received from the State Govt./financial institution on this account is adjusted against the amount of reimbursement under this Scheme.

4.11.3 Since the inception of the Scheme in 1994, a total of 18813 units have been reimbursed Rs. 92.221 crore. During 2008-09, 1711 units have been given assistance (reimbursement) amounting to Rs. 7.052 crore.

#### **4.12 TRAINING PROGRAMMES (IMCs, EDPs, ESDPs & MDPs ETC.) CONDUCTED BY MSME DIs.**

4.12.1 MSME-DIs, organize a large number of training programmes for providing training to potential first generation entrepreneurs for dissemination of their techno/managerial knowledge and skills with the objective of encouraging more and more of them to take up entrepreneurial ventures besides, organizing training activities for the existing entrepreneurs aimed at improving/upgrading their knowledge and skills for effective management of their units.

The training activities of these MSME DIs fall into the following categories:-

- (i) Industrial Motivation Campaigns (IMCs);
- (ii) Entrepreneurship Development Programmes (EDPs);
- (iii) Entrepreneurship-cum-Skill Development Programme (ESDPs);
- (iv) Management Development Programmes (MDPs) and
- (v) Business Skill Development Programmes (BSDPs)

#### **4.12.2 Industrial Motivation Campaigns**

The year saw organizing of 1416 activities under the category with participation of 1,41,919 persons.

#### **4.12.3 Entrepreneurship Development Programmes (EDPs)**

The Entrepreneurship Development Programmes are being organized regularly as a part of training activities of MSME DIs for nurturing the latent qualities of the youth through familiarizing them about various aspects of setting up and running micro enterprises. The course contents of these Programmes are so designed as to provide in-depth knowledge to the participants about product/process design; manufacturing practices; testing and quality control; selection and usage of appropriate machinery and equipments; preparation of project profile; marketing avenues/ techniques; product/service pricing; export



opportunities; infrastructure facilities available incentives; sources of finance and financial institutions etc. A stipend of Rs. 500/- per month is provided to SC / ST, women and physically handicapped participants under Promotional Package of the Ministry. Due emphasis is being laid on organizing the maximum number of programmes in rural areas especially for weaker sections of the society. During the year 2008-09, 233 EDPs were conducted with 5,770 persons.

#### **4.12.4 Entrepreneurship-cum-Skill Development Programme (ESDPs)**

These programmes are organized with the objective of providing comprehensive training aimed at upgrading existing skills and creating new skills in workers and technicians of MSMEs. Due emphasize is being laid here also on organizing the maximum programmes in rural areas especially for weaker sections of the society. Thus the ESDPs on Herbal Cosmetics, High Fashion Garments, Hosiery, Food & Fruit Processing Industries, Information Technology, Hardware Maintenance, Soap and Detergents, Leather Products/Novelties, Servicing of Household Electrical Appliances and Electronic Gadgets, Gem Cutting & Polishing, Engineering Plastics, Tour Operators, Mobile Repairing, Beautician, CAD/CAM, etc. are being organized for development of the skills socially among disadvantaged groups (OBC, SC/ST, Minorities and women) in far and inaccessible areas of different States/U.Ts. A stipend of Rs. 500/-

per month is provided to SC/ST, women and physically handicapped participants under the Promotional Package. During the year 2008-09, 1794 such programmes were conducted for providing training to 43,517 persons.

#### **4.12.5 Management Development Programmes (MDPs)**

The Management Development Programmes being organized for imparting training in management subjects, aim at improving the decision-making capabilities resulting into higher productivity and profitability of the existing and potential entrepreneurs and thus assist in developing new enterprises. These short duration programmes cover a variety of topics about managerial functions with instructions being imparted by the experts, aiming at dissemination of knowledge of scientific/modern management trends/practices. The Management Training Course on various functional areas of industrial management initiatives are also devised for owner-cum-manager and supervisory level personnel of MSEs.

These training programmes are continuously re-structured in view of the emerging trends/practices the changing requirements of training and the local requirements of the industries. The composition of the target groups and their profiles also determine the modifications in the course curriculum so as to increase

their effectiveness through incorporating contemporary managerial trends and practices. The topics covered under these training programmes pertain to various aspects of management of the enterprises encompassing Industrial Management; Human Resource Management; Marketing Management; Export Management & Documentation; Materials Management; Financial Management; Information Technology & Exports; ISO 9000; WTO; IPRs etc. During the year 2008-09, 301 MDB were conducted providing training to 7178 persons.

#### **4.12.6 Business Skill Development Programmes (BSDPs)**

In order to further motivate the educated youth to take up entrepreneurial tailor-made courses namely Business Skill Development Programmes (BSDPs) have been introduced for prospective and budding entrepreneurs through the auspices of select Business Schools/ Technical Institutions etc. The programmes have been designed to encourage educated unemployed youth especially from Business Schools/Technical Institutes to start self-employment ventures. During the year 2008-09, 86 such programmes were organized covering 2,445 persons.

#### **4.12.7 WTO Sensitization Workshop**

A separate WTO Cell had been created in 1999 for co-ordinating the latest developments in regard to World Trade Organization

and its different Agreements affecting the functioning of MSEs. The broad objectives of the Cell inter-alia include:-

- (i) To keep abreast of the recent developments in WTO;
- (ii) To disseminate information to Industries Associations and other stakeholders about the various aspects of WTO and their likely implications for small enterprises;
- (iii) To coordinate with other Ministries and Departments of Govt. of India for protecting the interest of MSEs;
- (iv) To prepare policies for MSMEs in conformity with the provisions of WTO Agreements and
- (v) To organize WTO Workshops/Seminars for creating awareness, capacity building and conducting sectoral studies.

4.12.8 As part of the Inter-Ministerial consultation process, inputs were provided to the Ministry of Commerce and Industry for facilitating negotiations on various Trade & Tariff Agreements. These Agreements inter-alia include SAARC Preferential Trading Arrangement (SAPTA); Agreement on Economic Cooperation between India & ASEAN Countries, India - Singapore Comprehensive Economic Cooperation Agreement (CECA); Preferential Trade Agreement between India and MERCOSUR; Agreement on SAFTA and its Implementation (TLP);

Preferential Trade Agreement with Chile; PTA between India & Mauritius under Framework of Comprehensive Economic Partnership Agreement; India-Thailand FTA; Negotiations under Global System of Trade Preferences (GSTP) and on Environmental Goods; Bilateral Trade with Bangladesh; Sectoral Proposals for Tariff Liberalization for different sectors under NAMA Negotiations; India-Korea CEPA Negotiations; FTA with Israel; India-Japan CEPA Negotiations; Agreement with South African Custom Union (SACU) and India-EU Bilateral Relations and Trade Negotiations.

#### **4.12.9 Capacity Building, Strengthening of Database and Advocacy by Industry/ Enterprise Associations**

It has been observed that the Associations of Micro and Small Enterprises suffer from absence of adequate capacity to collect and interpret data relating to changes in the market scenario, for MSEs owing to limited availability of funds and the absence of expertise in the matter. As a result, their articulation of views on specific issues concerning their product groups leaves much to be desired.

In order to strengthen their role/functions and increase their efficiency & effectiveness, financial assistance is provided towards improving and strengthening their secretarial and advisory/extension services and for holding workshops/seminars/

symposiums. The beneficiary associations provide regular manpower and office space at their own cost and also bearing at the same time 50 per cent of the cost of modernization of their facilities/equipment and training of their personnel. The progress in this regard during the last three years is given in the following Table.

**TABLE 4.6: Details of Industry Associations Assisted**

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

#### **4.12.10 Scheme to Support 5 Selected Universities/Colleges to Run 1200 Entrepreneurship Club**

The Scheme is to support 5 Universities for running Entrepreneurship Clubs (one each from Northern, Western, Southern and North East region). Each University will be running 240 Clubs per year with membership of each club going upto 50 entrepreneurs. Thus in a period of 5 years, 3 lakh entrepreneurs will be benefited from the Clubs. During the year 2007-08, a total of 12099 entrepreneurs were benefitted.



#### 4.12.11 Officer's Training Programmes within the Office of the DC (MSME)

The O/o the DC (MSME) regularly carries out the Human Resource Development activities for its officers and other employees. The Organisation is imparting Induction as well as In-service Training through various renowned training institutions across India. In order to facilitate the updation of knowledge/ expertise of the Officers in the new emerging fields like IT, Bio-technology, Environment & Pollution Control, Quality Management, CAD/CAM, Six Sigma, WTO & IPRs, ISO/EMS/FSMS, E-governance, Risk Management in Exports etc., they are sponsored to various training programmes

being organized by various reputed training institutions like IIMs, ASCI, ESCI, CFTRI, IIFT, IIQM, NI-MSME, NITIE, etc. During the year 2008-09, 240 Officers including 7 officers from NER were provided training in different areas relevant to their respective functioning.

#### 4.13 NATIONAL AWARDS

##### 4.13.1 Research & Development Efforts for Micro, Small and Medium Enterprises (MSMEs)

A Scheme of National Awards titled "National Awards for Research & Development Efforts in Micro, Small and Medium Enterprises" is being implemented



*Hon'ble Prime Minister Dr. Manmohan Singh giving away award to a woman entrepreneur*

for encouraging in-house R&D efforts and promoting this spirit in the larger interest of qualitative development in MSME Sector. Under the Scheme, two Awards each for Micro & Small Enterprises and for Medium Enterprises are conferred upon deserving registered MSMEs which may be in continuous production for the last 4 years. The First and Second Awards carry a cash prize of Rs. 1,00,000/- and Rs. 75,000/- respectively, besides a Certificate and a Trophy. The Hon'ble Prime Minister 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 at a State Level Function to be organized by the Director, MSME- DI of the respective States.

#### **4.13.2 Outstanding Entrepreneurship Efforts**

Under this 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. The Hon'ble Prime Minister 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 at a State Level Function to be organized by the Director, MSME- DI of the respective States.

#### **4.13.3 National Awards for 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/-. The Hon'ble Prime Minister 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 at a State Level Function to be organized by the Director, MSME- DIs of the respective States.

#### **4.13.4 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. The Hon'ble Prime Minister of India gave the awards in a public function held in Vigyan Bhavan.

#### **4.14 VENDOR DEVELOPMENT PROGRAMME (VDP) FOR ANCILLIARISATION**

4.14.1 The Vendor Development Programmes (VDPs) are being organized by the MSME-DIs to provide common platform for institutional and large organizations for interacting with suppliers (MSMEs) with a view to identifying the demands of the buyer organizations while simultaneously providing an opportunity for displaying the capabilities of the MSMEs. Such programmes have proved to be of immense help in locating suitable entrepreneurs, which could meet the demands of buying organizations

including the Public Sector Enterprises in the fields Defence, Railways and others. This has also helped these buying organizations in indigenising a number of products, which hitherto were being imported at astronomical costs. About 30-35 such events are being organized every year throughout the country of which 10-12 are organized at National level.

MSME-DIs also organize Global Vendor Programmes & Industrial Fairs all over the India in association with NSIC, KVIC, State Industries Department & Industries Associations. The core objective of these Global Vendor Development Programmes & Industrial Fairs is to make available a platform to Micro, Small & Medium Enterprises and Large Scale Enterprises for locating the close interaction for outsourcing & vendor development thereof. These also enable generation of

**TABLE 4.7: Details of VDPs organized and the participants.**

Year	Nos. of VDP Organized	National Level	State Level	No. of Participating MSME	No. of Participating Large Scale Enterprises	Total of Enterprises
2002-03	33	09	24	525	119	644
2003-04	35	13	22	1450	222	1672
2004-05	25	13	12	545	129	674
2005-6	29	12	17	2074	193	2267
2006-07	34	09	25	1200	119	1319
2007-08	29	09	20	3743	182	3925
2008-09	28	20	08	3329	547	3876
<b>Total</b>	<b>213</b>	<b>85</b>	<b>128</b>	<b>12866</b>	<b>1511</b>	<b>14377</b>

Global opportunities for enhancing the marketability of the quality products of potential MSMEs of the country.

The details of the VDPs organized since 2002-03 and the number of the participants therein have been given in the Table below:-

#### **4.15 SENET (SMALL ENTERPRISE NETWORK)**

4.15.1 The Information Technology and Communication System have proved to be one of the important and critical issues for the growth of MSME sector especially in view of the changed circumstances. The constraints of resource and technology faced by the MSMEs required intervention by the Government for creating infrastructure for flow of the information to the MSMEs. Accordingly, the O/o the DC (MSME) took upon itself the challenge of providing networking system to the MSME sector way back in 1997 and thus created the SENET. Since then, SENET has been providing access to critical information to institutions, associations and MSMEs. The objectives/functions of the SENET are:-

- (i) To create & facilitate creation of database and provide access to useful information to the target group of small enterprises in electronic form over a network.
- (ii) To facilitate & promote a network alliance of information, for ensuring

sharing of information among the relevant institutions in a mutually beneficial and cost effective manner.

- (iii) To provide technical knowhow & package assistance to information servers feeding the information needs of the small enterprises institutions both in public and private domain as well as commercial entities like consultancy companies, database providers and information software companies etc.
- (iv) To provide appropriate training inputs to personnel in the Office of the DC (MSME) and its associate institutions to serve as Professional Information Providers in dispersed settings all over the country.
- (v) To provide an all-India and decentralized Information Network to the interested institutions and groups such as State Government Directorate of Industries (DICs); State Industries Development Corporation; State Financial Corporations (SFCs); Technology Institutions; CSIR Laboratories; Industry Associations and NGOs.
- (v) To provide limited financial assistance to information agencies to implement software packages.

4.15.2 Under the SENET, a wide network within the O/o the DC (MSME) as well as its

organizations across the country, has been created. The data flow within the organization helps in formulating appropriate policies for the MSME sector. The wide usages and application of *e-governance* including *e-tender*, *e-lekha* (accounting system) have been introduced leading to efficient working models. With the gradual creation of reasonable infrastructure and database in the information technology system, SENET is now limited to maintenance of the existing Hardware and Software of the O/o the DC (MSME) and its field organizations.

#### **4.16 ADVERTISING AND PUBLICITY DIVISION**

4.16.1 During the year, more than 1190 advertisements were released. The Division also arranged the Press Conferences/ Press Meets and coordinated appropriate press coverage of the important events concerning the MSME Sector. A 30 second slot for MSME Expo-2008 was planned on the FM Channels (Gold and Rainbow) of AIR for wider publicity of the event.

##### **4.16.2 Laghu Udyog Samachar and other Publications**

*Laghu Udyog Samachar*, a Quarterly Journal in English/Hindi for MSMEs is disseminating 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 about the 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.

##### **4.16.3 Information & Facilitation Counter (IFC)**

The Information and Facilitation Counter (IFC) provides speedy and easy access to information to the public on the services and activities of M/o MSME and its organisations. 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 Office of the DC (MSME) etc.;
- (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 micro, small and medium enterprises; technical and marketing aspects concerning MSMEs and Reservation/De-reservation in MSMEs, etc.

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

#### **4.17 SSI-MDA SCHEME : PARTICIPATION IN OVERSEAS INTERNATIONAL TRADE FAIRS/EXHIBITIONS**

4.17.1 The O/o the DC (MSME) participated in 13 fairs, during 2008-09 : 5<sup>th</sup> Commodity Fair, Fujian, China (May 18 – 22, 2008); 6<sup>th</sup> Import Fair, Seoul, South Korea (May 23 – 26, 2008); Expo Riva Schuh, Garda, Italy (June 14 – 17, 2008); SAARC Fair, Colombo (Aug. 28 – 31, 2008); Budapest International Fair, Hungary (Sept. 10 – 14, 2008); 5<sup>th</sup> China SME Fair, Guangzhou, China (Sept. 25 – 27, 2008); INDEE – Kuala Lumpur, Malaysia (Sept. 25 – 27, 2008); 8<sup>th</sup> Tehran International Industry

Fair, Iran (Oct. 6 – 9, 2008); 13<sup>th</sup> Craft Selling Fair, Milan, Italy (Nov. 29 – Dec. 8, 2008); Intermoda – International Apparel & Textile Fair, Mexico (Jan. 20 – 23, 2008); Asia Pharma Expo, Dhaka (Jan. 22 – 24, 2009); India Expo, Santiago, Chile (March 18 – 21, 2009) and Cairo International Trade Fair, Egypt (March 18 – 27, 2009). A total of 120 MSEs (including 69 owned by the women entrepreneurs) were assisted under the Scheme of SSI-MDA and thus enabling them to exhibit their products under 'MSME India' Stall(s).

4.17.2 As per the extant Guidelines, the MSEs participating in International Trade Fair/ Exhibition may get a total subsidy upto Rs. 1.25 lakh per unit once in a financial year towards subsidy on space rent and air fare. Out of the permitted 179 MSEs, only 120 MSEs actually participated under MSME India Stall in 13 fairs. A total subsidy of Rs. 97.75 lakh was provided to 69 MSEs owned by the women entrepreneurs and Rs. 79.00 lakh to 51 other MSEs on account of participation in these trade fairs.

#### **4.18 EXPORT PROMOTION : TRAINING PROGRAMME ON PACKAGING FOR EXPORTS**

4.18.1 In order to create awareness amongst MSEs about the scientific packaging techniques; latest design of packaging technology and improve their packaging standards, the training programmes on

Packaging for Exports are being regularly organized.

#### **4.18.2 Bar Coding Registration**

with a view to popularize adoption of Bar Coding which of late has emerged as tool of marketing having wider acceptability by both overseas buyers and domestic purchasers an important by the units in the SME Sector, a provision for reimbursement of 75% of one-time Registration Fee (w.e.f. January 1, 2002) and Annual Fees for the first three years (w.e.f. June 1, 2007) paid to GS1 India (formally EAN India) by the micro & small enterprises (MSEs) for adoption of Bar Coding has been made under SSI-MDA Scheme. Besides, there is a provision for organising one-day Sensitisation/Awareness Programmes and preparation of publicity material for concerned MSEs and other stakeholders. A sum of Rs. 24.19 lakh has been reimbursed to 123 MSEs as subsidy for one time Registration Fee for adoption of Bar Code Certification obtained from GS1 India. Besides, Rs. 5.64 lakh has also been reimbursed to 133 MSEs (including 123 aforesaid MSEs) as subsidy for Annual Recurring Fee for use of the Bar Code.

#### **4.19 MODERNISATION OF MSME LIBRARIES**

The Office of the DC (MSME) is maintaining Libraries at its Headquarters

at Nirman Bhawan and all its field Institutes. These Libraries are the prime source of information on the Sector and are maintained with the objective of making available the technical information required for the development of MSMEs. The Libraries are stocked with the technical books, journals, reports, project profiles and statistical surveys and copies of other related government publication etc. The libraries are also being equipped with computers, photostat machines, Internet connectivity etc. for ensuring greater utility to the users

#### **4.20 COLLECTION OF STATISTICS OF MSMEs**

The Statistics and Data Bank Division of the O/o the DC (MSME) collects, compiles and disseminates statistical information on various economic parameters like number of MSEs, employment and production in the MSE Sector under the centrally sponsored scheme of "Collection of Statistics". The Scheme is implemented through State Directorates of Industries (SDIs) and their respective District Industries Centres (DICs). The coverage of the Scheme has been extended to collect data on the medium enterprises also besides micro and small enterprises. In order to facilitate the work of the Census, it is proposed to computerize the functioning of all DICs

during the XI Plan period. The 4<sup>th</sup> Census of MSMEs is under progress. The Division undertakes the following:-

- (i) Computation of Index of Industrial Production (IIP) for MSE sector for estimating production trends in the Sector.
- (ii) Providing monthly production data pertaining to MSE sector to Central Statistical Organisation (CSO) for compilation of the Index of Industrial Production (IIP) brought out by CSO.
- (iii) Estimation of information on un-registered MSEs.
- (iv) Estimation of production and employment in both registered & un-registered enterprises.
- (v) Updation of Frame registered as well as EM filed.
- (vi) Conducting Census and Sample Survey/Diagnostic Survey from time to time.

#### **4.21 CONDUCT OF 4<sup>TH</sup> ALL INDIA CENSUS OF MSMEs**

4.21.1 The O/o the DC (MSME) has so far conducted three Censuses on micro and small enterprises. After enactment of the MSME Development Act, 2006, holding of quinquennial census for the MSME sector had become mandatory. Further, the

revised definition of micro, small & medium enterprise sector under the Act made the available data non-representative of the Sector especially in view of :-

- (i) Enlarged investment limit of Small Sector;
- (ii) Inclusion of Medium Enterprises;
- (iii) Widened scope of Service Sector Enterprises and
- (iv) Inclusion of KVIC & Coir Units.

4.21.2 The definition of MSME is not used in any other Census/Sample Survey. While the ASI covers units registered under the Factories Act, 1948, the NSSO's follow-up Sample Survey of Economic Census uses employment criterion.

#### **4.21.3 Coverage Under 4<sup>th</sup> Census**

All micro and small enterprises permanently registered/Entrepreneurs Memorandum (EM) filed with DICs upto March 31, 2007;

Small enterprises with investment in P&M/ Equipment more than rupee one crore and upto rupees five crore and medium enterprises with investment in P&M/ Equipment more than rupees five crore and upto rupees 10 crore {i.e. ASI frame of CSO} and Khadi & Village Industry Units and Coir Units registered with KVIC/KVIBs and Coir Board.



**4.21.4 Progress under 4<sup>th</sup> Census**

The Census commenced w.e.f. January 1, 2007. The cut-off date and reference period for census operations have been fixed as 2006-07. The Division has received around 20 lakh filled in Schedules from

the States/UTs so far out of around 25 lakh registered MSMEs. For the Sample Survey of Unregistered MSME Sector, Conceptual Note is under preparation. The Sample Survey is to be conducted in continuation to the Census.

# Chapter V

## KHADI AND VILLAGE INDUSTRIES COMMISSION

### 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 M/o MSME, engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. The Commission took over the activities of the erstwhile All India Khadi and Village Industries Board on April 1, 1957. 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

- (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 build up directly or through specified agencies reserves of raw materials and implements and supply them or arrange supply of raw materials and implements to persons engaged or likely to be engaged in production of handspun yarn or khadi or village industries at such rates as the Commission may decide;

- (iii) to encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and otherwise facilitate production and marketing of khadi or products of village industries;
- (iv) to promote the sale and marketing of khadi or products of village industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible;
- (v) to encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arranging for dissemination of salient results obtained from such research;
- (vi) to undertake directly or through other agencies, studies of the problems of khadi or village industries;
- (vii) to provide financial assistance directly or through specified agencies to institutions or persons engaged in the development and operation of khadi or village industries and guide them through supply of designs, prototypes and other technical information, for the purpose of producing goods and services for which there is effective demand in the opinion of the Commission;
- (viii) to undertake directly or through specified agencies, experiments or pilot projects which in the opinion of the Commission, are necessary for the development of khadi and village industries;
- (ix) to establish and maintain separate organizations for the purpose of carrying out any or all of the above matters;
- (x) to promote and encourage cooperative efforts among the manufacturers of khadi or persons engaged in village industries;
- (xi) to ensure genuineness and to set up standards of quality and ensure that products of khadi and village industries do conform to the said standards, including issue of certificates or letters of recognition to the concerned persons; and
- (xii) to carry out any other activity incidental to the above.

## **5.4 ORGANISATIONAL SET UP**

5.4.1 KVIC is functioning under the administrative control of the M/o MSME (the erstwhile Ministry of Agro & Rural Industries), Government of India. The Commission functions with its Head Office at Mumbai and six Zonal Offices located at New Delhi; Bhopal; Bangalore; Kolkata; Mumbai and Guwahati and 36 State/Divisional Offices spread all

over the country to facilitate speedy implementation of KVI programme. At the Central Office level, different Directorates have been constituted for coordinating the functions like training, marketing, funding, economic research and the Prime Minister's Employment Generation Programme (PMEGP), etc.

5.4.2 KVIC undertakes training activities through its 38 departmental and non-departmental training centres. The 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

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 was implementing Rural Employment Generation Programme (REGP) which has since been discontinued from 2008-09. In its place, a new scheme named Prime Minister's Employment Generation Programme (PMEGP) has been introduced

which is more attractive for prospective entrepreneurs with higher subsidy levels.

## 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.

Non-plan head) during the last three years and those earmarked in the Interim



*Cottage Match - A flourishing Industry in rural hinter land*

## 5.7 BUDGETARY SUPPORT TO KVIC

5.7.1 The Union Government through the M/o 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, etc. The Commission's administrative expenditure including pension payments is to be met out of Non-plan Government budgetary support.

5.7.2 The details of funds provided from budgetary sources (both under Plan and

Budget 2009-10 are given in the following Table:

**TABLE 5.1 : Budgetary Support to KVIC**

(Rs. crore)

Year	Budget Allocation (RE)		Funds Released	
	Plan	Non-Plan	Plan	Non-Plan
2006-07	592.93	84.82	589.82	83.91
2007-08	650.40	84.82	622.99	82.80
2008-09	1104.95	107.63	1104.94	107.62
2009-10*	1129.00	111.06	-	-

\*Interim Budget

## 5.8 PHYSICAL PERFORMANCE OF THE KVI SECTOR

5.8.1 The KVI sector recorded an improved performance during 2008-09 in comparison



to the previous year (2007-08). The total KVI production during 2008-2009 (provisional) stood at Rs. 17,358.00 crore (Khadi - Rs. 565.00 crore and VI - Rs. 16,793.00 crore) as against Rs. 16,677.71 crore (Khadi - Rs. 543.39 crore and VI - Rs. 16134.32 crore) during 2007-08, thus reflecting an increase of 4 %. Similarly, sales of KVI products also registered an increase to Rs. 21,006.00 crore (Khadi - Rs.855.00 crore and VI Rs. 20,151.00 crore) during 2008-09.

5.8.2 The total cumulative employment in the KVI sector is estimated to have also increased to 102.35 lakh (9.50 lakh in khadi and 92.85 lakh in VI) by the end of March, 2009 as against 99.21 lakh (9.1 lakh in Khadi and 90.11 lakh in VI) by the end of March, 2008. This figure will get further improved as the time period for disbursement of sanctioned applications under PMEGP has been extended up to June, 2009.

5.8.3 The performance of KVI sector in respect of production, sales and employment during the last three years and that targeted for the current financial year has been 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)
2006-07	491.52	13527.19	663.19	18888.21	8.84	80.08
2007-08	543.39	16134.32	724.39	20819.09	9.16	90.11
2008-09*	565.00	16793.00	855.00	20151.00	9.50	92.85
2009-10 (T)	620.00	18620.00	910.00	22344.00	10.00	100.25

\*Provisional, (T) - Target

## 5.9 MAJOR SCHEMES BEING IMPLEMENTED BY KVIC

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

5.9.1.1 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 49.44 lakh and 46.62 lakh additional employment opportunities under REGP and PMRY respectively. The details of performance under these two Schemes since their launch are given at **Annexure -III and Annexure-IV** respectively.

5.9.1.2 Keeping in view the varying parameters and entitlements, targeting almost the same set of beneficiaries in rural areas, low recovery rates under PMRY as compared to REGP and the existence of employment generation

schemes being implemented by many States with more attractive benefits/ assistance/ interventions like Bangla Swanirbhar Karma Sansthan Prakalpa (West Bengal); Shri Vajpayee Bankable Yojana (Gujarat); Chief Minister's Rozgar Yojana (Uttar Pradesh), etc., it was decided to discontinue these two schemes from 2008-09. The Ministry introduced a new credit linked subsidy scheme titled **Prime Minister's Employment Generation Programme (PMEGP)** through merger of the erstwhile schemes of PMRY and REGP. It is a significant initiative with a higher level of subsidy than that available under PMRY and REGP. This Scheme is being implemented through KVIC at national level. The details of PMEGP are given in Chapter IX.

### 5.9.2 Workshed Scheme for Khadi Artisans:

5.9.2.1 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' has been introduced in May 2008. Under this Scheme, financial assistance for construction of worksheds is provided to khadi artisans belonging to BPL category through the khadi institutions which the khadi artisans are associated with. 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.

5.9.2.2 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. Against the target of providing assistance to 10000 worksheds, assistance to 11,076 worksheds (*provisional*) was provided upto March, 2009. It is proposed to assist 6000 khadi artisans for setting up their worksheds under this scheme during 2009-10.

### 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 exclusively by beneficiaries belonging to Scheduled Castes (SCs)/ Scheduled Tribes (STs) at a total cost of Rs. 84.00 crore involving financial assistance of Rs. 71.14 crore as grants to KVIC from the Government's budgetary sources between 2008-09 to 2011-12. A total of 21 khadi institutions were selected for assistance during 2008-09 with 23 khadi institutions being targeted during 2009-10.

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

5.9.4.1 The Interest Subsidy Eligibility Certificate (ISEC) Scheme is the major source of funding for the khadi programme. 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.

5.9.4.2 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 grants head to KVIC.

5.9.4.3 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. However, all VI 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 functional fully and funds for this purpose are provided under the VI grant head.

5.9.4.4 A task Force has been created in KVIC in 2008-09 with participation from RBI, Banks, KVI institutions and KVIC to iron out issues of mutual concern and increase the officiate by KVI institutions.

5.9.4.5 The extent of credit flow to the institutions under the Scheme during the past three years 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
2006-07	233.62	10.62
2007-08	226.12	17.61
2008-09*	244.85	21.17

*\*Provisional***5.9.5 Rebate Scheme:**

5.9.5.1 In order to make the price of khadi competitive with other textiles, the Government makes available a normal rebate (10 per cent) all over the year and an additional special rebate (10 per cent) for 108 days in a year to the customers from the funds made available through budgetary support of the Ministry.

5.9.5.2 Rebate is allowed on the sales made by institutions/centres run by the KVIC/State KVIBs and also by the Sales Centres run by the institutions registered with KVIC/State KVIBs which are engaged in the production of khadi and polyvastra. The funds released to khadi institutions towards rebate by the KVIC on reimbursement basis during the past three years are given in the Table below:

**TABLE 5.4: Funds Released towards Rebate**

Year	Amount (Rs. crore)
2006-07	101.47
2007-08	84.05
2008-09*	136.22

*\*Provisional*

5.9.5.3 While conveying their approval to continuation of the Rebate Scheme during 2008-09, the Ministry of Finance

*Appealing Garments*

indicated that the expenditure under the Scheme including all variant should be maintained at the level of Rs. 100 crore and that it be replaced with MDA or Market Development Assistance. In view of the Report of the Expert Committee, 2004 and suggestion of the Ministry of Finance, the Ministry proposed to introduce a Market Development Assistance (MDA) Scheme in place of Rebate Scheme early. An EFC Note for introducing MDA based on '*Production of Khadi*' as an alternative to '*Rebate on Sale*' has been prepared and circulated to the Planning Commission; Ministry of Finance and other concerned Ministries/ Departments.

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

5.9.6.1 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 uplift the marketability of khadi by enlisting the support of professional designers approved by the National Institute of Design (NID).

5.9.6.2 Under this Scheme, financial assistance is provided to the institutions or entrepreneurs affiliated to the KVIC or State KVIBs upto Rs. 2 lakh per project per year or

75 per cent of the project cost whichever is less. In the case of individual entrepreneurs, the quantum of assistance is upto Rs. 1 lakh or 75 per cent 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 is given in the following Table:

**TABLE 5.5 : Progress Under the PRODIP**

Year	Total No. of KVI Projects Assisted
2006-07	162
2007-08	218
2008-09*	245

\*Provisional

#### **5.9.7 Rural Industries Service Centres (RISCs):**

5.9.7.1 The Commission 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 utility facilities through 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 design, product and diversified product in consultation with the experts /agencies for value addition of rural manufacturing units. This Scheme is being implemented through KVIC/KVIBs; National level/ State level Khadi and VI Federations; Khadi and VI Institutions affiliated to KVIC and KVIBs and NGOs which have already worked for the implementation of the programmes relating to rural industries. Under this scheme, financial assistance for establishing projects upto Rs.5 lakh is provided to KVI units. Each RISC programme upto Rs. 5 lakh should provide benefit to 25 individuals.

5.9.7.2 The number of the projects assisted under this programme during the last three years are given in the Table below :

**TABLE 5.6 : Number of Projects Assisted - RISC**

Year	Total No. of KVI Projects Assisted
2006-07	72
2007-08	76
2008-09*	55

\*provisional

### 5.9.8 Khadi Karigar Janashree Bima Yojana:

5.9.8.1 In order to provide insurance cover to khadi artisans, a group insurance Scheme under the name of Khadi Karigar Janashree Bima Yojana (JBY) was launched in 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 "Rs. 50/- by the Central Government Social Security Fund, Rs. 25/- by Khadi Institution and Rs. 12.50/- each by Khadi Artisan and KVIC."

5.9.8.2 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/-

5.9.8.3 As an 'add-on' benefit without any additional premium, two school going children of insured artisans studying in Class Nine to Twelve are eligible for a scholarship of Rs. 100/- each per month.

5.9.8.4 More than 2.50 lakh khadi artisans have already been covered under this Scheme so far. The Scheme has also been evaluated



through an independent agency and is being extended to even entire XI Plan.

### 5.9.9 Exhibitions:

5.9.9.1 Besides promoting sale of khadi and village industries' products through its network of Khadi Gramodyog Bhavans (KGB) and Retail Sales Outlets, efforts are made to organise a number of exhibitions, in different parts of the country, as a cost effective publicity and market promotion instrument. During 2008-09, special efforts were made in this regard and a total of 144 exhibitions/events were organised in various parts of the country.

5.9.9.2 In order to promote khadi and village industry products in the international markets, KVIC participated in two international exhibitions during the year alongwith khadi and village industry institutions / entrepreneurs; 5<sup>th</sup> China International Fair, Guangzhou; India Show, Santiago (Chile) and Buyer Seller Meet at Lima (Peru).

5.9.9.3 Besides, 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. EW will be as per admissibility under Market Development Assistance (MDA)/Market Access Initiative (MAI) guidelines of the Department of Commerce.

### 5.9.10 Quality Control and Brand Promotion:

5.9.10.1 In order to increase the handcrafted quality of khadi, KVIC has made arrangements with the National Institute of Design (NID), Ahmedabad; 'Dastakar', Andhra Pradesh; IIT, Delhi and Textiles Committee, Mumbai. The Memorandum of Understanding (MoU) signed between KVIC and the Textiles Committee, a statutory body under the Ministry of Textiles continued during 2008-09. Under the MoU, facilities of 13 laboratories of the Committee situated across the country are being used for testing khadi and polyvastra. The quality of khadi is expected to receive a fillip and thus further increase its marketability. A number of khadi institutions took benefit of this arrangement.

5.9.10.2 The number of cloth samples 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) during the last three years are given in the Table below:

**TABLE 5.7: Number of Tested Cloth Samples**

Year	Number of Cloth Samples Tested
2006-07	864
2007-08	568
2008-09*	401

\*Provisional

### **5.9.11 Research and Development:**

KVIC undertakes research and development 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 to the Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha, the Commission undertakes R&D activities through Central Bee Research and Training Institute (CBRTI), Pune; Dr. Ambedkar Institute of Rural Technology and Management (AIRTM), Nashik; Kumarappa National Handmade Paper Institute (KNHPI), Sanganeer, Jaipur; Central Village Pottery Institute (CVPI), Khanapur, Karnataka and Khadi Gramodyog Prayog Samiti (KGPS), Ahmedabad.

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

### **5.10.1 Revamping of JBCRI, Wardha**

5.10.1.1 The establishment of the Jamnalal Bajaj Central Research Institute (JBCRI) in 1955 at Wardha, Maharashtra, managed as a departmental unit by the Khadi and Village Industries Commission (KVIC) since 1956, was the first step towards undertaking R&D activities such as research, extension and training programmes for village industries like oil, pottery and handmade paper.

However, for various reasons, no major R&D project could be undertaken at JBCRI after 1976. The Jamnalal Bajaj Central Research Institute (JBCRI), Wardha was revamped with the help of IIT, Delhi as a National level institution called “Mahatma Gandhi Institute for Rural Industrialization (MGIRI)” with the vision “to upgrade and accelerate the process of rural industrialization of our country so that we can move towards the Gandhian vision of sustainable village economy, and products of the KVI sector can have pride of place amongst the large industrial sector and become popular in the country and abroad”.

5.10.1.2 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. At MGIRI, creation of infrastructure facilities such as laboratory, installation of machinery/equipment etc., has been completed and six divisions i.e., Khadi & Textiles; Rural Infrastructure & Energy; Bio-processing; Rural Chemicals; Rural Engineering & Crafts and Management & System have started functioning.

### **5.10.2 MOU with Technical Interface Institutes:**

MGIRI would follow up various outsourcing interfaces at the following Engineering and Technological Institutes of repute for meeting perceived needs of KVI sector to make the products more marketable either

through design interventions or quality assurance system :

- (i) Vishweshwarayya National Institute of Technology (VNIT), Nagpur.
- (ii) Birla Institute of Technology (BIT), Ranchi.
- (iii) NER Institute of Science and Technology (NERIST).
- (iv) College of Technology and Engineering (CTAE), Udaipur.
- (v) Indian Institute of Science (IISc.), Bangalore.
- (vi) Indian Institute of Technology (IIT), Roorkee.
- (vii) National Institute of Technology (NIT), Rourkela.
- (viii) Indian Institute of Technology (IIT), Kharagpur.
- (ix) Indian Institute of Technology (IIT), Kanpur.
- (x) Indian Institute of Technology (IIT), Mumbai.
- (xi) Indian Institute of Technology (IIT), Guwahati.
- (xii) National Institute of Technology (NIT), Calicut.

### 5.10.3 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, 2009, the details of 1926 categorised khadi institutions are given in the Table below:

### 5.10.4 Rural Industries Consultancy Service (RICS):

KVIC launched a Rural Industries Consultancy Service (RICS) for providing guidance, technical and managerial support to the prospective entrepreneurs in the areas of preparation of projects; liaison with banks/other agencies/organisation/ local authorities in respect of the project; assistance and support for implementing the project; procurement of raw materials; machinery; installation; quality control for acceptability and reliability; packaging and design for better marketing; marketing support for sustainability of the unit, etc. As on March 31, 2009, 73 such RICS have been opened in various parts of the country.

**TABLE 5.8 : Categorization of Khadi Institutions**

S.No.	Type	A+	A	B	C	D	Total
1.	Affiliated to KVIC	107	289	323	310	216	1245
2.	Affiliated to State Boards	28	162	186	252	53	681
<b>Grand Total</b>		<b>135</b>	<b>451</b>	<b>509</b>	<b>562</b>	<b>269</b>	<b>1926</b>



### 5.10.5 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", 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 is given in the Table below:

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

(Rs. Crore)

Year	Amount of Government Supplies
2006-07	29.10
2007-08	33.99
2008-09*	18.22

\*Provisional

### 5.10.6 Registration of New Khadi Institutions belonging to SC/ST Beneficiaries

There was an internal ban on registration and establishment of new khadi institutions imposed by KVIC. With a view to uplifting weaker sections of the society, this ban has been relaxed and KVIC has started registration of the institutions managed

by the persons belonging to SC/ST. During 2008-09, 22 such new khadi institutions have been registered with KVIC and KVIBs.

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

KAWTF is conceptually meant to be run on the lines of a Provident Fund. The 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 Trust Fund has been functioning in 20 States and the concerned State Government manages this Trust Fund. A total of 1534 khadi institutions have become its members and the cumulative balance under the Trust Funds, as on March 31, 2009 was Rs. 4207.15 lakh.

### 5.10.8 National Flag Production Centre

5.10.8.1 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 Project 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.

5.10.8.2 The National Flag Production Unit has been awarded BIS certification on February 17, 2006. The Unit has also installed the dyeing, processing and finishing equipment envisaged in the second phase of the programme of National Flag Production Centre. The Unit has the capacity to produce around 5000 National Flags of different sizes per day.

#### 5.10.9 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 at the lead institution. The National Institute of Fashion Technology (NIFT), Kolkata and Chennai have been engaged as Service Providers

for conceptualization and development of project; identification of location; installation of machinery; training; commissioning of projects and post installation support. 2 projects {one each at Murshidabad (West Bengal) and Padiyur (Tamil Nadu)} have already started during 2005-06. The NIFT, Kolkata and Chennai have been enlisted by KVIC to also provide hand-holding support in the areas of design inputs and training.

#### 5.10.10 Central Sliver Plants (CSPs):

Khadi institutions and State KVI Boards are implementing khadi programmes of the Commission. 25 per cent 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 6 Central Sliver Plants 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 are given in the Table below:

**TABLE 5.10 : Performance of the Sliver Plants**

Quantity: lakh kg  
Value : Rs. crore

Year	Production		Supply	
	Quantity	Value	Quantity	Value
2006-07	24.46	21.32	25.94	22.36
2007-08	29.86	26.91	32.73	27.18
2008-09	33.96	33.34	30.06	29.51

\* Provisional

**5.10.11 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 2008-09. The following 9 local raw material godowns provided the above services during the year:

- (i) Dausa – Rajasthan.
- (ii) Nanded – Maharashtra.
- (iii) Surendranagar – Gujarat.
- (iv) Bijour - Uttar Pradesh.
- (v) Wavilala - Andhra Pradesh.
- (vi) Metapalli, Karimnagar - Andhra Pradesh.
- (vii) Sangaralingapuram - Tamil Nadu.
- (viii) Murshidabad - West Bengal.
- (ix) Orutukkala - Kerala

**5.10.12 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, the Commission held 21 PEP events during 2008-09 at the field level. 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.

**5.10.13 Credit Guarantee Trust Fund for MSME (CGT MSME)**

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.

**5.10.14 New Initiatives:**

The 10<sup>th</sup> Five Year Plan did not contain any new major schemes of financial assistance to khadi sector. As a result, the KVIC had to be content with comparatively smaller interventions and activities (as against ambitiously focused larger schemes with higher financial outlays). Following specific interventions have been conceived for the XI Plan:

- (i) providing worksheds to khadi spinners, on a limited basis;
- (ii) enhancing productivity of khadi industry and artisans through a comprehensive backward-forward linkage, exposure visits, capacity building, common facilities, etc., in 200 selected khadi institutions (of which 50 will be those managed by SC/ST);

- (iii) introduction of *e-charkha* to enable spinners to spin yarn and generate power to light up their homes;
- (iv) Memorandum of Understanding (MoU) signed between Confederation of Indian Industry (CII) and KVIC to converge the efforts under Rural Business Hub (RBH) initiatives of the Ministry of Panchayati Raj and Memorandum of Cooperation (MoC) between the Ministry of Panchayati Raj and KVIC to promote khadi and village industry in rural areas through increased role to the Panchayats;
- (v) distribution of Awards to the successful micro, small and medium enterprises and the banks for achieving excellency in MSE/micro lending;
- (vi) proposal for introduction of Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' which envisages renovation of selected 30 khadi sales outlets and providing assistance for strengthening of infrastructure of existing 100 selected weak institutions;
- (vii) proposal for arranging financial assistance/loan from the Asian Development Bank amounting to US\$150 million to KVIC over a period of three years for implementing the comprehensive Khadi Reform Programme to revitalize the khadi sector with enhanced sustainability of khadi; increased incomes and employment; increased artisans welfare and to enable KVIC to stand on its own with reducing dependence on Government Grants. This programme is in an advanced stage of approval; and
- (viii) Proposal for introduction of Market Development Assistance (MDA) Scheme in place of the existing Rebate Scheme, on '*Production of Khadi*' as a possible alternative to '*Rebate on Sale*'.



# Chapter VI

## COIR BOARD

### 6.1 COIR INDUSTRY

6.1.1 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.

6.1.2 The coir industry employs more than 6.50 lakh persons of whom a majority are 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.

6.1.3 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. 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 details of production of coir and coir products during the past three years are given in the Table below:

**TABLE 6.1 Production of Coir & Coir Products**

*(Quantity in Metric Tonnes)*

Item	2006-07	2007-08	2008-09*
Coir Fibre	4,30,000	4,37,800	4,91,000
Coir Yarn	2,88,000	2,90,000	2,92,900
Coir Products	1,70,000	1,72,000	1,73,550
Coir Rope	50,000	52,000	52,470
Curled Coir	48,000	49,000	49,540
Rubberised Coir	68,000	70,000	70,840

\*Provisional



6.1.4 Similarly, the details of consumption of coir and coir products during the past three years are given in the Table below:

**TABLE 6.2 Details of Consumption of Coir & Coir Products**

*(Quantity in Metric Tonnes)*

Item	2006-07	2007-08	2008-09*
Coir Fibre	4,18,500	4,21,500	4,72,000
Coir Yarn	2,48,000	2,50,000	2,52,500
Coir Products	45,000	46,000	46,410
Coir Rope	49,000	51,000	51,460
Curled Coir	40,000	41,000	41,450
Rubberised Coir	67,000	68,500	69,320

\*Provisional

## 6.2 COIR BOARD

6.2.1 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.

6.2.2 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.

6.2.3 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.

## 6.3 THRUST AREAS FOR DEVELOPMENT OF COIR INDUSTRY

6.3.1 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) Expansion of domestic market through publicity and propaganda.
- (iii) Promotion of export of coir and new products through undertaking market promotion measures abroad.
- (iv) Promotion of research and development activities like process improvement, product development and diversification and elimination of drudgery and pollution abatement.
- (v) Development of manpower through training.



- vi) Extension of Research and Development findings through field demonstrations.
- vii) Development of coir industry in all coir producing States in association with the State Governments.

## 6.4 ACTIVITIES OF THE COIR BOARD

**6.4.1 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. Identification of new user areas for potential utilisation of coir, coir waste, coir pith and improvements in processing for better quality, are the areas of special focus. The Coir Testing Laboratories have been set up at Pollachi, Tamil Nadu and Bhubaneswar, Orissa to cater to the testing requirements of the industry.

**6.4.2 Modernisation of Extraction and Processing of Coir Fibre:** The following activities were undertaken during the year under the modernization of extraction and processing of coir fibre programme of the Coir Board:-

- (i) *Pilot Scale Laboratory:* The facilities of the Pilot Scale Laboratory set up at CCRI were extended to coir entrepreneurs. In this laboratory, 150 kg of COIRRET

and 4800 kg of PITHPLUS were produced during 2008-09.

- (ii) *Research Activities:* Experimental studies on the treatment of phenolytic strain of bacteria *Mycoplana bullatta* and lygnolytic strains, *Phenerochaete chrysosporium* and *Coriolus versicolor* were applied on coir fibre for bio-bleaching and bio-softening. The activity of lignolytic enzymes viz; lignin peroxides and manganese peroxide, were studied during different stages of composting coir pith. Lyophilisation of 'COIRRET' was carried out and the powdered version subjected to treatment on coir fibre. Studies on the subject are being continued for standardization of dosage for brown/green husk fibre. The installation of the Scanning Electron Microscope; Gas Chromatograph; Spectrophotometer HPLC; UV-VIS Spectrophotometer; C,H,N,S(O)Analyser; Atomic Absorption Spectrophotometer and Lyophiliser were completed during the period. Analysis for coir pith testing is being carried out on the new equipment. This would lead to economic utilisation of brown fibre produced in the non-traditional coconut growing States of India.

- (iii) *Training:* Training sessions to disseminate details of the Research & Development activities in CCRI viz; Coirret/Pithplus/Lignosulphonates/

COCOLAWN were conducted for the benefit of candidates from different States, viz; Assam, Sikkim, Tripura, Tamil Nadu, Andhra Pradesh, Karnataka, etc., who were undergoing Entrepreneurship Development Programmes (EDPs).

- (iv) *Testing:* As per the requests received from different coir entrepreneurs, analysis of coir pith samples was carried out in the laboratories of Coir Board for Nitrogen, Phosphorus, Potassium (NPK), PH, Salinity, Organic Carbon, Lignin and phyto-sanitary certification for the presence of E. Coli and Salmonella in the laboratory.

**6.4.3 Development of Coir Machinery:** Under this Programme, the following activities have been undertaken:

- (i) A mild steel handloom "*Anugraha*" for weaving coir mattings and geotextiles was developed and fabricated by CCRI. In this loom, the frames are moved up and down by a mechanism which is operated by a wire-rope and cable. The loom can be operated even by women workers who are normally not engaged in the weaving operation on conventional handloom due to the drudgery involved. The output of the loom is 10 metres per hour for geotextiles. The Coir Board has commercialised the technology.

- (ii) Another versatile loom "ANUPAM" for weaving all types of coir mats, mattings and carpets has been developed by CCRI. Pneumatic power is used as the prime mover for the loom. The traditional motorised ratts have been attached with a small willowing machine which is operated by a quarter HP single phase motor that can be shared with the ratt also. This technology is under commercialization.
- (iii) The Board has initiated a collaborative project on "Bio-softening and Bio-bleaching/brightening of coir fibre with a diversified end use of the fibre in association with the "Indian Association for the Cultivation of Science, Jadavpur, Kolkata.

**6.4.4 Product Development and Diversification:** The activities undertaken under this programme of the Coir Board are as under:

- (i) The development of blended yarn of coir fibre and sisal fibre (80:20) and manufacturing of new products with blended yarn and weaving mats on power loom, jacquard and semi mechanised loom with new patterns, continued to be a thrust area for R&D activities of the Coir Board as part of its product development and diversification efforts. Altogether 229 different blends of coir products were developed with the blended

yarn. Besides, implementation of the 3<sup>rd</sup> phase of coir geotextiles project in association with IIM, Kozhikode has been completed and the process has been documented.

- (ii) For manufacturing coir structural composites, i.e., door frame, a design of compression moulding machine has been developed at Central Institute of Coir Technology (CICT), Bangalore. The new technology aims at using the waste coir fibre for making coir structural composites. The waste coir fibre will be separated from the coir pith and will be impregnated in the special mixer machine designed and then hot cured under pressure and temperature.

**6.4.5 Testing and Service Facility:** Technical staff have been deputed in the field for

popularisation of research products such as application of vegetable oil in water emulsion to unsoaked green husk fibre, PITHPLUS, COIRRET, etc. and also for the utilisation of Coir Bhoovastra (geo-textile) for soil erosion control. During the year, CCRI undertook testing of different type of coir products as per the requirements of the Bureau of Indian Standards (BIS) and exporters and tested the samples as per the standards formulated by BIS and ASTM. A total of 144 samples of coir and coir products have been tested in the Physical Testing Laboratory and ASTM Laboratory of CCRI and CICT during the year.

## 6.5 DOMESTIC MARKET PROMOTION

6.5.1 Promotion of the sale of coir products in India and elsewhere is one of the important functions of the Coir Board. The



*I.I.T.F. -2008 - Coir Board participated & stall was visited by then Union Minister (MSME), Union Secretary (MSME) & Joint Secretary, (MSME)*

Domestic Market Promotion includes efforts for enhanced sale of coir products through Board's Showrooms and Sales Outlets and also popularising coir and coir products by way of publicity, organising 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 / organised 86 exhibitions during 2008-09 for popularization of coir and coir products in the domestic markets.

6.5.2 The Coir Board has 30 Showrooms and Sales Depots which also serve as marketing outlets. The total sales through the Board's Showrooms during 2008-09 have been of the order of Rs. 1119.34 lakh. The total sales of coir and coir products through Coir Board's Showrooms and

Sales Depots during the last three years are as under

(Rs. Lakh)

2006-07	2007-08	2008-09*
780.95	1031.15	1119.34

\*Provisional

## 6.6 EXPORT MARKET PROMOTION

6.6.1 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 on a country/product specific basis; product promotion programmes; catalogue shows; extending external market development assistance to exporters etc.



*Coir Board Pavilion in IITF-2008 Union Secretary (MSME) Shri Dinesh Rai along with then Union Minister (MSME) are being informed about portable Natural Grass Lawn, which can be shifted anywhere.*





*Best Export Performance Award in Coir Geo-Textiles from the Honorable Prime Minister of India.*

6.6.2 With the efforts of the Coir Board, the export of coir and coir products reached the level of Rs. 634.17 crore during 2008-09 recording a growth of 7 per cent in value terms as compared to the previous year. The details of exports of coir and coir products made during the last three years are given in the Table below:-

**TABLE 6.3: Exports of Coir & Coir Products**

Year	Quantity (Metric Tonnes)	Value (Rs. crore)
2006-07	168755	605.17
2007-08	187567	592.88
2008-09	189585	634.17

6.6.3 The details of participation by the Coir Board in International Fairs and Exhibitions for promotion of exports of coir and coir

products during 2008-09, are given in Table 6.4.

6.6.4 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 Show during the year.

## 6.7 DEVELOPMENT OF PRODUCTION INFRASTRUCTURE

The Brown Fibre Sector of the coir industry in India has progressed rapidly during the past three decades. Under the captioned scheme, the Coir Board is extending financial assistance of 25 per cent of the

**TABLE 6.4: Details of Exhibition/Fair participated by Coir Board**

Sl. No	Name of Exhibition / fair	Country	Period
1	House & Gift Fair, Sao Paulo	Brazil	16-19 August, 2008
2	International Horticulture Fair, Amsterdam	Netherlands	14-17 October, 2008
3	Asian Gifts, Premium & House Hold Products Show – Part I	Hong Kong	20-23 October, 2008
4	Domotex International Trade Fair, Hannover	Germany	17-20 January, 2009
5	Decoration Design Sydney	Australia	4-6 February, 2009
6	IECA Expo, Reno, Nevada	USA	9-12 February, 2009
7	Caflex, Moscow	Russia	17-20 February, 2009
8	India Show, Santiago	Chile	18-21 March, 2009

cost of equipment and infrastructural facilities subject to a ceiling of Rs. 1.5 lakh for setting up coir units and Rs. 50,000/- for modernisation of the existing coir units and for installation of generator sets of up to 11 KVA capacity to run fibre/curled coir units. The norms for financial assistance for setting up of new coir units and for modernization of the existing units are being revised w.e.f 2009-10. The details of financial assistance given to the units under this Scheme during the last three years are given in the Table below:-

**TABLE 6.5: Details of Assistance towards Development of Production Infrastructure**

Year	Amount (Rs. lakh)	Number of Units
2006-2007	81.73	61
2007-2008	144.37	152
2008-2009	66.51	82

## 6.8 TRAINING; QUALITY IMPROVEMENT; MAHILA COIR YOJANA AND WELFARE MEASURES

**6.8.1 Training:** 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 following training programmes were conducted by these Centres during the year:-

- (i) Advanced Training Course;
- (ii) Artisans Training Course;
- (iii) Training in Motorised Ratt Spinning;
- (iv) Training in Motorised Traditional Ratt Spinning;
- (v) Training in Pith Composting;
- (vi) Short term training in spinning and dyeing, weaving frame mats, loom, mats and matting; and

(vii) Trainers' Training and Orientation Training Programme

6.8.2 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 number of persons trained during the last three years is given in the Table below:

**TABLE 6.6 Number of Persons Trained**

Year	Number of Persons Trained
2006-07	8697
2007-08	4804
2008-09	5367

6.8.3 **Quality:** The Coir Board has been organising 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.

6.8.4 **Mahila Coir Yojana:** The Mahila Coir Yojana is the first women oriented self-employment Scheme in the coir industry 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



*Honorable Union Minister Shri. P. Chidambaram distributing financial assistance to coir workers at a function organized in Singampunari, Sivaganga (Dist.), Tamil Nadu.*



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.500/- is also paid to the trainees which is being raised to Rs. 750/- from 2009-10. 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 per cent of the cost or Rs 2,965/- whichever is less, for motorised traditional ratts. The details of distribution of ratts and the assistance sanctioned during the last three years are given in Table below:

**TABLE 6.7: Details of Assistance under Mahila Coir Yojana**

Year	No. of ratts distributed	Assistance Sanctioned (Rs. lakh)
2006-07	2909	58.12
2007-08	2509	64.29
2008-09	3009	85.80

## 6.9 BUDGETARY SUPPORT TO THE COIR BOARD

6.9.1 The details head-wise budgetary support provided by the Government to Coir Board during the last three years and funds earmarked in the Interim budget 2009-10 are given in the Table below:

**TABLE 6.8: Details of Budgetary Support to the Coir Board**

(Rs. crore)

YEAR	BUDGET ALLOCATION (RE)	FUNDS RELEASED
	Plan	Plan
2006-07	23.00	22.90
2007-08	36.70	35.70
2008-09	47.60	47.60
2009-10*	55.00	-

\*Interim Budget

## 6.10 HINDUSTAN COIR

6.10.1 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, 6 looms are installed in this factory. The total production of Hindustan Coir matting during the last three years are given in the Table below:

**TABLE 6.9: Details of Production of Hindustan Coir Matting**

(Quantity = Sq. Mtrs.)

(Value = Rupees in Lakhs)

	2006-07	2007-08	2008-09*
Quantity	1,74,660	1,75,369	1,82,515
Value	253.00	285.85	297.50

\*Provisional

## 6.10.2 Entrepreneurship Development Programme (EDPs):

According to the estimates of the Coir Board, only about 40 per cent 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 has organised 23 EDPs engaging professionally competent and reputed organisations.

#### 6.10.3 Coir Workers' Group Personal Accident Insurance Scheme

6.10.3.1 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 Insurance Scheme was renewed with the Oriental Insurance Company, Ernakulam w.e.f. 01.12.2006. The

compensation payable under this Scheme is given in the Table below:

6.10.3.2 During 2008-09, 24 insurance claims were settled and an amount of Rs. 9,78,400/- paid towards compensation to the affected workers.

#### 6.10.4 Alappuzha Coir Cluster Development Project:

6.10.4.1 The Alappuzha Coir Cluster Development Project was launched in October 2005 at Alleppey for creating planned infrastructure facilities under the project for cluster-based development of coir industry in Kerala. The Central Grant of Rs. 42.60 crore (75 per cent of project cost of Rs. 56.80 crore) has been provided under the Industrial Infrastructure Upgradation Scheme of the Department of Industrial

**TABLE 6.10: Compensation Payable Under Coir Workers' 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.

Policy and Promotion (DIPP). The thrust areas under the project are husk collection; fibre extraction; coir yarn production; modern methods of weaving; coir pith processing and common facility service centres. The stakeholders of the project are exporters' associations; small scale manufacturers, coir co-operative societies and NGOs in the coir sector. The project would result in generating additional employment to the tune of 23,000 directly and equal number indirectly.

6.10.4.2 For implementation of the project, a Special Purpose Vehicle viz; "Alappuzha Coir Cluster Development Society (ACCDS)" has been created. During the year (2008-09), the ACCDS has sanctioned projects for establishment of semi automatic loom unit for weaving coir matting, coir pith processing,

automatic coir yarn production and also motorized traditional ratt and spinning sheds for the women SHG groups. The details of projects sanctioned and undertaken by the ACCDS are furnished below:-

(i)	Fibre Extraction	:	2 units
(ii)	Motorised traditional ratts with spinning sheds	:	932 ratts and 158 sheds
(iii)	Automatic coir yarn spinning unit	:	1 No.
(iv)	Coir mat frame type and coir geotextile units	:	4 Nos.
(v)	Semi automatic loom unit	:	1 No.
(vi)	Coir pith manure units	:	3 Nos.

A total amount of Rs.14.02 crore has been incurred so far under the project. ACCDS has forwarded a revised work plan and time schedule for completion of the project to DIPP.



*Spraying of castor (vegetable) oil in water emulsion to unsoaked green husk fibre-a demonstration at Thanneermukkam CVCS Ltd., Cherthala, Alappuzha.*

## 6.11 NEW INITIATIVES

6.11.1 A new central sector scheme on **“Rejuvenation, Modernisation and Technology Upgradation of the Coir industry”** has been 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 below:

6.11.2 Under this Scheme, the full amount of Rs. 21.30 crore available in REs 2008-09 has been released to the Coir Board. Against the target of assisting 1000 spinning units and 800 tiny household units, 6204 applications (3262 for spinning units and 2942 for tiny household units) have been received by the Implementing Agencies upto March, 2009 and loans have been sanctioned / disbursed in 442 cases ( 97 - spinning units and 345 -tiny household units). An amount of Rs. 21 crore has been kept in the interim budget 2009-10 with the target of assisting 500 units each for spinning and tiny household sectors.

**TABLE 6.11: 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
2.	Tiny/Household	3200	28800	8	88	64	160
4.	Survey, Evaluation & Monitoring, MIS	--	--	--	--	3	3
5.	<b>Total:</b>	<b>7200</b>	<b>60800</b>	<b>12</b>	<b>132</b>	<b>99</b>	<b>243</b>





---

# Chapter VII

## NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

### 7.1 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 enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, medium enterprises also came into its ambit.

### 7.2 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 full time Directors; two Government nominated Directors and five independent Directors. The Corporation is manned by a dedicated team of professionals at different levels and operates through 93 offices located all over India and 1 office located at Johannesburg (South Africa).

### 7.3 PERFORMANCE HIGHLIGHTS

7.3.1 NSIC continued its journey of growth and further firmed up the same during 2008-09. The Corporation earned a net profit of Rs. 4.27 crore during the year 2008-09 (after absorbing additional burden of Rs. 5.07 crore on account of pay revision) as against Rs. 4.06 crore during the previous year (after making provision of Rs. 2.90 crore for the pay revision).

7.3.2 The major highlights of achievements made by the Corporation during the financial year 2008-09 (pre-audited figures) are as under:

- (i) Distribution of Raw Materials like Steel, Aluminium, Zinc, Copper, PTAi Paraffin Wax etc. to MSMEs increased from 229018 MT (Rs. 2894 crore) to 302164 MT (Rs. 3297 crore) registering a growth of 32% in terms of the quantity.
- (ii) Raw Material Assistance against Bank Guarantee registered a growth of 58% over the previous year and total portfolio reached Rs. 306 crore.



*Shri K.M. Chandrasekhar, Cabinet Secretary, inaugurated the MSME Info-Call Centre at NSIC Bhavan, Okhla, New Delhi in the presence of Shri Dinesh Rai, Secretary, MSME, Shri Prabhat Kumar, former Cabinet Secretary*

- (iii) Revenue from Government Purchase Scheme and Infomediary Services was Rs. 4.15 crore, thereby showing a growth of 23% over the previous year.
- (iv) The income from infrastructure utilization went up to Rs. 12.37 crore, thereby registering an increase of 34% over the previous year.
- (v) Operating Profit (before amortization of VRS Expenditure and provision of pay revision & tax) increased to Rs. 11.72 crore from Rs. 9.31 crore during the previous year.

## 7.4 DIVIDEND

In view of the improved performance, NSIC for the second year in a row paid dividend of Rs.81,15,000/- (i.e. @ 20% of the Net Profit ) to the Government.

## 7.5 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. On behalf of M/o MSME, NSIC is implementing schemes of Marketing Assistance and Performance & Credit Rating.





*The then Hon'ble Minister of Micro, Small & Medium Enterprises (MSME), Shri Mahabir Prasad, receiving dividend cheque from NSIC*

### 7.5.1 Marketing Support to MSMEs

Marketing has been identified as one of the most important tools for business development. It is critical to 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:-

#### 7.5.1.1 **Raw Material Distribution:**

NSIC has made arrangements with bulk manufacturers like M/s. Steel Authority of India Ltd. (SAIL); M/s. Rashtriya Ispat Nigam Ltd. (RINL); M/s. National Aluminium Company Ltd. (NALCO) and Sterlite group; Indian Oil Corporation Ltd.; Hindustan Zinc Ltd. and Chennai Petrochemical Corporation Ltd. for procuring raw materials like steel, aluminium, zinc; petrol chemical products and coal etc. These arrangements are

aimed at making available raw materials to MSMEs at reasonable prices and break-bulk quantity, which is otherwise not possible in general moderate conditions. The financial assistance is also extended for procurement of raw material by the MSMEs. During the year 2008-09, Raw Materials Facilitation to the tune of Rs. 3296.75 crore was provided as against Rs. 2873.38 crore in the year 2007-08.

#### 7.5.1.2 **Consortia and Tender Marketing:**

MSEs in their individual capacity face problems to procure and execute large orders, which deny them a level-playing field vis a vis large enterprises. NSIC, accordingly forms consortia of units manufacturing the same products, thereby pooling in their capacity which provides comfort level to MSEs as 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 to MSEs in tune with their production capacity. Testing facilities are also provided to enable small enterprises to improve and maintain the quality of their products conforming to the standard specifications. During 2008-09, marketing assistance of Rs. 49.31 crore was provided to the micro & small enterprises against the assistance of Rs. 22.85 crore provided in the previous year.

**7.5.1.3 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; exemption from payment of Earnest Money Deposit etc. The small enterprises registered under this Scheme get the following facilities :-

- ii) Issue of Tenders free of cost.
- iii) Advance intimation of Tenders issued by DGS&D.
- iv) Exemption from payment of earnest money deposit.
- v) Waiver of security deposit up to the monetary limit for which the enterprise is registered and
- vi) Issue of competency certificate after due verification. in case the value of an order exceeds the monetary limit.

During 2008-09, 2677 units were registered under the Scheme as against 2345 units in the year 2007-08.

**7.5.1.4 Exhibitions and Technology:** To showcase the competencies of Indian MSMEs, NSIC facilitates their participations in International Exhibitions, Fairs, etc. on concessional terms by partially meeting the cost towards rent of stall as well as air fare. Participation in these events exposes micro and small enterprises to international practices and enhances their business prowess. Through participation in these events, micro & small enterprises are also



*Shri Dinesh Rai, Secretary, Ministry of MSME, Govt. of India inaugurated the Exhibition-cum-Marketing Development Business Park at NSIC-TSC, Hyderabad*

facilitated to capture new markets making them globally competitive. During 2008-09, NSIC organized / participated in 98 exhibitions / buyer- seller meets, against 97 such events organized / participated in the previous year.

**7.5.1.5 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 micro & small enterprises' 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.

## 7.5.2 Technology Support

7.5.2.1 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.



7.5.2.2 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

7.5.2.3 A total of 6013 units were served under Common Facility Services during the year 2008-09 as compared to 5743 units served during 2007-08.

### **7.5.3 Credit Support to MSMEs**

#### **7.5.3.1 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 eleven 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 Vyasa Bank, HSBC, Chinatrust Commercial Bank and Union Bank of India) for helping MSMEs in accessing term and capital loans.

#### **7.5.3.2 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 micro, small & medium enterprises.

Under above mentioned schemes NSIC provided credit facilitation to small and medium enterprises to the tune of Rs.663.59 crore during 2008-09 as against Rs. 448.87 crore during the previous year.

#### **7.5.3.3 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) and is operating the scheme through 07 accredited rating agencies i.e. CARE, CRISIL, D&B, FITCH, ICRA, ONICRA and SMERA. The fee to be paid by the MSEs for the rating, is subsidized by the Government to the extent of 75% upto a maximum of Rs. 40,000/-. The scheme has become quite popular and getting good response. During 2008-09, a total of 4900 units have been rated under the Scheme, as against

3850 units rated during 2007-08. 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 to credit quicker and cheaper and thus helps in economizing the cost of credit.

#### **7.5.4 Support Services to MSMEs**

##### **7.5.4.1 Development of infrastructure at NTSC, Okhla**

NSIC is establishing "Marketing Development-cum-Business Park" (MDBP) & "Laghu Udyog Mart" at Okhla, New Delhi. MDBP will be a multi-storied, state-of-the-art building having a total covered area of approx. 37,000 sqm. "Laghu Udyog Mart" would be a pre-engineered steel building system spread over an area of 9,500 sqm. for exhibition purposes.

##### **7.5.4.2 Development of infrastructure at NTSC, Hyderabad**

The construction work of "Exhibition-cum-Marketing Development Business Park" at Hyderabad has started. This would be a five-storied building with a covered area of approx. 15,000 sqm. The ground floor of the building would be utilized for exhibition purposes and the upper floors will be given on lease and licence basis to MSMEs / service providers, IT & ITES / BPOs and financial institutions / banks etc.

##### **7.5.4.3 Infomediary Services 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.nsic.co.in](http://www.nsic.co.in)), NSIC hosts sector specific portals for focused information dissemination. Under this Scheme, MSMEs can become members and avail a number of value added services. Some of the important services are:

- i) Supplier database
- ii) Market intelligence
- iii) Technology providers
- iv) Information providers
- v) Linkages with relevant institutions
- vi) E to E services
- vii) E to B services
- viii) Value additions like directories of machine makers; components makers; spare capacity bulletin boards; discussion forums; virtual exhibitions, etc.

A total of 2808 units were registered under the Scheme during 2008-09 as against 2754 units registered during 2007-08.

#### **7.6 INTERNATIONAL CO-OPERATION ACTIVITIES**

7.6.1 NSIC during the last five decades, has acquired various skill sets for the

development of Small Enterprises. These skill sets are intended to be shared with developing countries through consultancy services offered in diverse areas namely:-

- i) Policy and Institutional Framework,
- ii) Business Development Services,
- iii) Capacity Building of Institutions engaged in MSME development.

7.6.2 NSIC was engaged by the Province of Kwa-Zulu Natal (KZN), South Africa through its Department of Economic Development (DED) for assisting it in developing the Policy and Institutional Framework for MSME development in the Province. As a result of successful execution of the Consultancy Assignment, NSIC was awarded the order for supply of 20 small projects on turnkey basis for setting up 2 Technology Demonstration-cum-Training Centers (TDTCs). The projects inter-alia included the machinery in respect of Exercise Note Book; Wire Nail Making; Barbed Wire Making and MS Wire Drawing. NSIC has supplied the projects and established these TDTCs at Pietermaritzburg and Durban in KZN Province, South Africa.

7.6.3 The Corporation was also engaged by Amathole District Municipality (ADM), in the Province of Eastern Cape, South Africa for developing Strategy & Programme for MSME Development in Amathole District. The provincial governments / agencies of Free State Province, and North West Province in South Africa have also showed

their interest to engage NSIC for similar assignments as carried out at Kwa-Zulu Natal. The Corporation has signed Co-operation Agreements with their respective authority.

7.6.4 NSIC organized a Technology Exposition in Tashkent, Uzbekistan from 12<sup>th</sup> to 16<sup>th</sup> July, 2008 with the Uzbek Chamber of Commerce and the Uzexpocentre showcasing diverse technologies suitable to Uzbek needs like food processing industries; packaging; welding; blow moulding; PVC insulation; solar heating; paper printing; auto components; etc. The exposition exhibited technologies of 41 Indian units from SME sector. More than 400 preliminary contracts have been signed by the Indian enterprises for supply of products and technologies and enquiries worth about US\$ 4 million, were generated.

7.6.5 A two member team from NSIC visited Kinshasa to conduct an opportunity/feasibility study for setting up of an Incubator for Establishment of Small Enterprises in Kinshasa during February 09-16, 2009. The study identified 21 appropriate and low-cost technologies which can be adapted in the Incubators.

## **7.7 NEW INITIATIVES**

### **7.7.1 Incubators for Small Enterprise Establishment**

7.7.1.1 Enterprise development is one of the thrust areas for nurturing the development and growth of micro and small enterprises



in the country which is being facilitated by providing handholding support to micro and small enterprises in every field of business. Incubator is one of the tools to achieve this as it provides necessary facilities for prospective/potential entrepreneurs and start-up companies to learn product manufacturing processes coupled with technology development under one roof.

7.7.1.2 NSIC has set up Incubation Centres for Small Enterprise Establishment at its Technical Centres, wherein low cost projects depicting appropriate technologies are displayed in working conditions. NSIC has established an Incubator for Information Technology at Okhla, New Delhi. The infrastructure facilities like ready to move in space, hardware, software etc. have been provided in the IT Incubator.

#### **7.7.2 Setting up of NSIC Training-cum-Incubation Centres (NSIC-TIC) for Small Enterprises Establishment under Public Private Partnership (PPP) Mode**

There is a huge requirement of such Incubators all over the country. NSIC launched a Scheme of NSIC-Training-cum-Incubation Centre (NSIC-TIC) under PPP mode. With such leveraging, 20 NSIC-TICs have been set up so far.

#### **7.7.3 International SME Development Web Portal**

NSIC launched its International SME Development Web Portal to facilitate MSMEs

exchange their information in respect of technologies, investment opportunities and marketing of products and services with other partner institutions with which NSIC has signed MoUs.

#### **7.7.4 Setting up of Info-Call Centre**

NSIC has set up an Info-Call Centre at its corporate office at New Delhi to enhance its service delivery to the existing customers and further enlarge its reach to the potential MSMEs. The Centre will play significant role in spreading the awareness of various schemes and programmes among the micro & small enterprises in the country and attend to their queries with regard to such schemes and programmes. The Centre will also help in providing required information about the vendors and technology suppliers to the potential first generation entrepreneurs and existing small enterprises as and when required by them.

### **7.8 MAJOR EVENTS IN 2008-09**

#### **7.8.1 Organizing Techmart India, 2008**

NSIC organized Techmart India, 2008, coinciding with India International Trade Fair (IITF) at Pragati Maidan, New Delhi during November 14-27, 2008. A total of 205 units including 50 units from NER participated in the event. The display covered a wide range of products and services from all focused sectors. A new initiative of providing special enclosure of "Working Techmart" where stand-alone technologies for entrepreneurs

were on display besides live cluster demonstration of units from NER. Foreign delegates from South Africa; Poland; Saudi Arabia; Senegal; Nigeria; Mozambique; Sri Lanka; Brazil; Afghanistan; Nigeria; Iran; Botswana; Libya; Ethiopia; Angola and Tunisia visited Techmart. NSIC was awarded the Gold Medal for Best Display amongst the Public Sector Undertakings, by the India Trade Promotion Organisation, the organizer of IITF'2008.

### **7.8.2 Organizing 3<sup>rd</sup> Tri-nations Summit under the aegis of India, Brazil and South Africa (IBSA) Summit**

7.8.2.1 NSIC organized 3<sup>rd</sup> Tri-nations Summit comprising India, Brazil and South Africa (IBSA) from November 18 to 21, 2008 in which 12 delegates from SEBRAE Brazil and around 43 delegates from South Africa comprising of policy makers and industry representatives, participated. Apart from this, key officials from the M/o MSME and representatives of MSMEs and their associations/organizations also attended.

7.8.2.2 The theme of the Summit was "Innovative models for creating sustainable self employment opportunities and developing a strategy at institutional level for enhancing competitive strengths of SMEs of India, Brazil and South Africa to meet global challenges".

7.8.2.3 The objectives of the Summit were:

- i) To enhance inter-institutional relations for promoting small business development in these countries.

- ii) To enhance enterprise to enterprise cooperation between small enterprises of these countries in terms of technology transfers, joint venture partnerships and other forms of sustainable business alliances.
- iii) To exchange experiences and sharing of practices in enhancing competitiveness and innovation for sustainable development of small enterprises.
- iv) To promote low-cost manufacturing technologies among these three countries.

### **7.8.3 NSIC Business Delegation to Brazil (December 9-12, 2008)**

A business delegation comprising MSMEs and representatives of Uttar Pradesh Industrial Consultants Ltd. (UPICO) led by Secretary, MSME, visited Brazil from December 9 to 12, 2008. The objective was to participate in the trade fair organized by UPICO at Sao Paulo, Brazil, with a view to enhance enterprise-to-enterprise business alliances amongst MSMEs of India and Brazil, and also to hold discussions with Government of Brazil and SEBRAE, Brazil for future business development between India & Brazil in the MSME sector.

## **7.9. NORTH EASTERN REGION**

7.9.1 NSIC has a network of offices in NER. This includes branch office at Guwahati (Assam) and sub-offices at Imphal (Manipur); Dimapur (Nagaland); Itanagar (Arunachal

Pradesh); Shillong (Meghalaya) and Agartala (Tripura).

7.9.2 NSIC also has a Demonstration-cum-Training Centre at Guwahati, which provides technical training and organises skill upgradation programmes and entrepreneurship development programmes.

### **7.10 Implementation of Right to Information Act, 2005**

7.10.1 The Right to Information (RTI) Act, 2005 was implemented by the Corporation with effect from 12<sup>th</sup> October, 2005 with the following objectives:

- i) To operationalise the fundamental right to information
- ii) To set up systems and mechanisms that facilitates easy access to information by the public;
- iii) To promote transparency and accountability in governance;
- iv) To minimize corruption and inefficiency in offices and to enable people's participation in governance.

7.10.2 In NSIC, the Act has been implemented successfully. As per RTI Act, CPIOs, APIOs and appellate authorities have been appointed at Head Office and various offices of the Corporation. Applications are being received properly and being entertained as per provisions of the Act. The information is made available on NSIC website ([www.nsic.co.in](http://www.nsic.co.in))

[co.in](http://www.nsic.co.in)) also. All information is being made available to applicants as per their requests received within the prescribed time frame. Monitoring is being done from Head Office and all cases are being taken care of.

### **7.11 USE OF OFFICIAL LANGUAGE**

7.11.1 With a view to implement the Official Language Policy of the Government of India and to ensure the progressive and effective use of Hindi in the Corporation, Hindi Section is functioning in the Corporate Office. During the year, Hindi Divas was observed in Corporation and its Branches located at various places and Hindi Pakhwara was organised from 15<sup>th</sup> – 29<sup>th</sup> September, 2008 for propagation of Hindi language. To encourage the participation by the Corporation's employees in Hindi competitions, the number of cash prizes was increased. During Hindi Pakhwara, following competitions were organised to enhance the competition amongst the employees:

- i) Essay Competition;
- ii) Noting and drafting competition;
- iii) Typewriting competition; and
- iv) Speech competition

7.11.2 The meetings of the Official Language Implementation Committee of the Corporation and Hindi Workshops were regularly organised. Inspections of various offices of the Corporation located at different places of the country were carried out. More than 50% of the total amount earmarked for purchase of books was incurred on purchase

of Hindi Books. To encourage the employees to work in Hindi, incentives are being provided to them. Literature and application forms of various schemes of NSIC were prepared bilingually. During intensive campaigns conducted by NSIC for propagating schemes for MSMEs, participants were apprised about the Corporation's Schemes in Hindi language, therefore, the literature was got printed in Hindi for distribution. The Hindi house journal of the Corporation namely "NSIC PARIWAR" was brought out during the year. The employees of the Corporation were nominated for Hindi training / Hindi computer training / Hindi stenography and typewriting programmes. The use of Hindi continued to increase gradually at the Corporation.

7.11.3 The Third Sub-Committee of Parliamentary Official Language Committee inspected NSIC's Head Office on 26<sup>th</sup> September, 2008. The suggestions made by Sub-Committee were brought to the notice of the Head of Divisions for ensuring the progressive use of Hindi language in their official work.

## **7.12 CITIZENS' CHARTER**

NSIC is committed to efficient and prompt service on the basis of objectivity, transparency and courtesy in dealing with the citizens for the promotion and growth of MSMEs. To inculcate these values among the employees, NSIC has come out with the Citizen's Charter. Some of the officers of the Corporation have been assigned to work as link between the Public and Corporation

and members of public can get in touch with these officers to get the required guidance and help.

## **7.13 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 to 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) Developing its idle infrastructure,

## **7.14 AWARDS AND RECOGNITIONS**

7.14.1 NSIC has been merited a series of awards and recognitions for excellence in business and operations. The Corporation was conferred the "Excellence Award" by the Institute of Economic Studies (IES). For the second year running, Corporate Excellence Award was conferred by the Amity International Business School for the year 2007-08.

---

# Chapter VIII

## ENTREPRENEURSHIP DEVELOPMENT AND OTHER SCHEMES

### 8.1 BACKGROUND

8.1.1 Entrepreneurship is one of the pillars of economic growth. Development of economy is impacted by the entrepreneurial level of the country. 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.

8.1.2 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 mainstream them in the ongoing process of economic growth.

8.1.3 Entrepreneurship development and training is, thus, one of the key elements for

development of micro, small and medium enterprises (MSMEs), 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 Micro, Small and Medium Enterprises (NI-MSME), Hyderabad; the Indian Institute of Entrepreneurship (IIE), Guwahati and the National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA. Further, the Ministry has been implementing {in addition to the Schemes of O/o DC (MSME)} Schemes for strengthening the infrastructure for EDIs as well as providing handholding support to first generation entrepreneurs.

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

8.2.1 The Scheme envisages providing financial assistance to State-level and other existing/proposed institutions meant for



supporting entrepreneurship development and self-employment activities. Under this Scheme, grant is given for setting up of new Entrepreneurship Development Institutions (EDIs) and also for up-gradation and modernisation of existing EDIs in the country. Under the Scheme, a matching grant of 50 per cent, subject to a ceiling of Rs.100 lakh, is provided for building, equipment, training aids etc., the balance being contributed by the State/Union Territory Governments and other agencies. The financial assistance provided under this Scheme is only catalytic and supportive to the contribution and efforts of State/Union Territory Governments and other agencies. Under no circumstances grant funds provided under the Scheme can be used to meet the recurring expenditure of the institute.

8.2.2 The institutions/organisations seeking assistance under this Scheme should be registered as not-for-profit organisations with entrepreneurship development as its main objective; should possess a clear title of the land required for setting up of the proposed/existing institution; have a separate bank account in a scheduled bank in which all receipts/funds received by the Institute should be credited and payments made on the basis of authorisation by the Governing Council of the Institute.

8.2.3 All the proposals under this Scheme are required to be recommended by and routed through the concerned State/UT Government.

8.2.4 The Scheme has been evaluated for its continuation in the XI Five Year Plan. Based on the Evaluation Report, the scheme is being suitably modified by the Ministry.

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

8.3.1 NI-MSME, formerly known as National Institute of Small Industry Extension Training (NISIET), was set up in 1960 and is presently located at Hyderabad. The Institute has benefited not only the Indian micro, small and medium enterprises (MSMEs) but also those in other developing countries through a plethora of activities and thus helped in promoting self-employment and enterprise development.

8.3.2 The Institute is constantly evolving in accordance with the changing times, modifying its focus with the emerging needs of MSMEs and providing solutions in the form of consultancy, training, research, and education. NI-MSME's programmes are designed to have universal relevance for successfully training the entrepreneurs to face challenges and emerging competition in the era of globalisation.

8.3.3 Over the years, the Institute has gained immense experience and expertise in the areas of entrepreneurship development, technology, management and information services. NI-MSME's inherent capacity to innovate, together



with its modern infrastructure, has enabled the Institute to excel in its endeavour of MSME promotion. The performance of

the Institute during 2007-08 (actual) and during 2008-09 (actual) are given in the Table below :

**TABLE 8.1: Performance of NI-MSME during 2007-08 and during 2008-09**

Type of Programmes	2007-08		2008-09					
	Programmes	Participants	From 1.4.2008 to 31.12.2008 (actual)		From 1.1.2009 to 31.3.2009 (actual)		Total (actual)	
			Programmes	Participants	Programmes	Participants	Programmes	Participants
<b><i>Entrepreneurship Development Programmes</i></b>								
Counselling, Re-training and Re-deployment of rationalized employees of CPSUs	27	1285	18	849	10	424	<b>28</b>	<b>1273</b>
Skill Development in IT for Socially Challenged Youth	01	100	01	60	--	--	<b>01</b>	<b>60</b>
Skill Development EDPs	--	--	--	--	--	--	--	--
Entrepreneurship Awareness Camps	12	767	--	--	--	--	--	--
Other EDPs	21	637	21	500	05	150	<b>26</b>	<b>650</b>
<b><i>Other Programmes:</i></b>								
National:								
Announced	18	173	10	85	04	14	<b>14</b>	<b>99</b>
Sponsored	26	447	45	1566	07	381	<b>52</b>	<b>1947</b>
International:								
Announced	14	195	05	112	05	82	<b>10</b>	<b>194</b>
Sponsored	14	222	02	20	--	--	<b>02</b>	<b>20</b>

Educational:								
PG Diploma	02	26	02	21	--	--	<b>02</b>	<b>21</b>
IT	04	70	21	58	--	--	<b>21</b>	<b>58</b>
IGNOU	05	180	--	--	--	--	--	--
Seminars and Workshops	24	1486	24	2769	29	1787	<b>53</b>	<b>4556</b>
Consultancy & Research	47	--	53	--	15	--	<b>68</b>	--
<b>Total</b>	<b>215</b>	<b>5588</b>	<b>202</b>	<b>6040</b>	<b>75</b>	<b>2838</b>	<b>277</b>	<b>8878</b>

8.3.4 NI-MSME has developed profitable interface with several international agencies like CFTC (Commonwealth Fund for Technical Co-operation), UNESCO (United Nations Educational, Scientific and Cultural Organisation), UNDP (United Nations Development Programme), Ford Foundation, GTZ of Germany, USAID (United States Agency for International Development), and ILO (International Labour Organisation), to name a few.

8.3.5 During the year 2008-09, the Institute conducted 156 training programmes, which were attended by 4322 persons. Besides, 53 Seminars and Workshops were also conducted with 4556 delegates.

8.3.6 Sixty-eight research and consultancy projects have been taken up during the year 2008-09. The major projects are given in the following Table:

**TABLE 8.2: Research and Consultancy Projects undertaken by NI-MSME during 2008-09**

Research and Consultancy Project	Sponsored by	Progress
1. Development of Handloom Cluster at Mubarakpur, U.P.	Development Commissioner (Handlooms), Govt. of India	In progress
2. Development of Handloom Cluster at Barabanki, U.P.	Development Commissioner (Handlooms), Govt. of India	In progress
3-9. Handholding services to seven Khadi Clusters (SFURTI)	Khadi & Village Industries Commission, Govt. of India	In progress
10-15. Handholding services to six Village Industries Clusters (SFURTI)	Khadi & Village Industries Commission, Govt. of India	In progress
16. Survey of EDPs conducted by SISIs (now MSME Development Institutes)	Development Commissioner (MSME), Govt. of India	Completed
17. Study in Leather Footwear and other articles manufacturing in Agra	Development Commissioner (MSME), Govt. of India	In progress
18-28. Technical services to eleven Coir Clusters (SFURTI)	Coir Board, Cochin	In progress

29. Assistance through Financial Services to Readymade Garment MSMEs in Hyderabad, A.P.	GTZ, New Delhi	Completed
30. Assistance through Business Development Services to Readymade Garment MSMEs in Hyderabad, A.P.	GTZ, New Delhi	Completed
31. Conducting Test for recruitment for the posts of Maintenance Assistant (Trainee) for NMDC, Bachel	National Mineral Development Corporation, Govt. of India	Completed
32-52. Diagnostic Study Reports for 21 Clusters in Uttar Pradesh	Development Commissioner (MSME), Govt. of India	Completed
53-59. Diagnostic Study Reports for seven Clusters in Tamil Nadu	Development Commissioner (MSME), Govt. of India	Completed
60-61. Diagnostic Study Reports for Pharma and Plastic Clusters in Andhra Pradesh	Development Commissioner (MSME), Govt. of India	Completed
62. Evaluation Study of National Awards Scheme	Development Commissioner (MSME), Govt. of India	In progress
63. Test for recruitment for the post of Field Assistant in NMDC, Donimalai	National Mineral Development Corporation, Govt. of India	Completed
64. Evaluation Study of Schemes of National Backward Castes Finance and Development Corporation (NBCFDC) in Tamil Nadu	National Backward Castes Finance and Development Corporation (NBCFDC), New Delhi	In progress
65. Handholding services to Rajiv Mitras under RGUMY	M/o MSME, Government of India	In progress
66. Development of Modules for Micro-Business Centres (SJSRY)	Ministry of Housing & Urban Poverty Alleviation, Government of India	In progress
67. Development of Modules for Entrepreneurship Development of Urban Poor (SJSRY)	Ministry of Housing & Urban Poverty Alleviation, Government of India	In progress
68. Conducting Study on 'Bringing More Effectiveness in Implementation of Projects under AHVY Scheme'	Development Commissioner (Handicrafts), Government of India	In progress

8.3.7 During 2008-09, the Institute has started various multimedia programmes of varying durations ranging from three months to one year. The 3-month programmes are Certificate Courses and are being organized in the areas of Graphic Designing; Web Designing; 3D Animation; Visual Effects; Video Editing and Flash Advance Scripting.

The Advanced Diploma Programmes are of one year duration, and are offered in the streams of 2D Animation; 3D Animation; 2D and 3D Animation; Visual Effects and Audio-Video Editing.

8.3.8 The Institute also conducted a set of six training programmes out of which two were international programmes and four

were national programmes. A total of 126 executives, comprising of 33 international delegates from 23 Asian, African and Latin American countries, and 93 national delegates, are getting trained in these programmes.

#### 8.4 INDIAN INSTITUTE OF ENTREPRENEURSHIP (IIE), GUWAHATI

8.4.1 The Indian Institute of Entrepreneurship (IIE) was set up at Guwahati in 1993. It took over NI-MSME's NER Centre w.e.f. 1st April, 1994. Over the period, the Institute has expanded its activities to a great extent covering all facets of MSME activities. Since its establishment and up to March 2009, the Institute has organized 1636 training programmes

/ workshops / seminars / meets with a cumulative participation of 59251 persons. The Institute has obtained ISO-9001-2000 certification from the Bureau of Indian Standards.

8.4.2 The kind and number of training programmes organized and number of participants trained during 2007-08 and 2008-09 are given in the following Table.

8.4.3 The promotion of new entrepreneurs has been the major focus of training activities organised by the Institute. In order to promote new entrepreneurs, the Institute organizes following rural, general and women EDPs, crash course on self employment and sector specific EDPs.

**TABLE 8.3: Performance of IIE during 2007-08 and during 2008-09**

Sl. No.	Type of Programmes	2007-2008		2008-2009	
		No. of Programmes	No. of Participants	No. of Programmes	No. of Participants
1	Promotion of New Entrepreneurs (PNE)	62	1667	137	6231
2	Growth of Existing Entrepreneurs (GEE)	71	2732	31	1117
3	Creation of Environment for Entrepreneurship (CEE)	32	1445	27	2529
4	Entrepreneurship Education (EE)	17	705	25	1514
5	Information Technology (IT)	2	44	1	25
6	Seminar/ Workshop	29	1181	34	1513
7	Others	01	14	-	-
	<b>Total</b>	<b>214</b>	<b>7788</b>	<b>255</b>	<b>12929</b>

## Promotion of New Entrepreneurs

S.No	Type of Programme	No. of Programmes	No. of participants
1.	General EDP	44	1509
2.	Women EDP	06	151
3.	Sector Specific EDPs	80	4397
4.	EDP for Educated Youth	06	147
5.	EDP for Deori Auto. Council	01	27
	<b>TOTAL</b>	<b>137</b>	<b>6231</b>

8.4.4 The Institute under the sponsorship of the M/o MSME, Government of India, has initiated a unique programme of Comprehensive Entrepreneurship Development (CEDP) on gem stones processing and hosiery & woolen garment manufacturing. The Institute imparts skill development training to prospective entrepreneurs and artisans through offering a six-month and three months certificate courses in Gem stone processing and Hosiery processing respectively at its training centers at Guwahati and also at Aizwal, Sikkim and Arunachal Pradesh. It also provides incubation facilities and technical support and guidance and market linkages to prospective entrepreneurs in these sectors. The state-of-the-art Jewellery Designing and Manufacturing Training Centre, established with support from the Ministry, provides forward linkages to the existing Gem stone Cutting and Polishing Centres.

8.4.5 In keeping with the trend of the recent worldwide phenomenon of

entrepreneurship development through area approach, the Institute has initiated cluster development efforts to develop the languishing small and traditional industrial sector in the NER. During the year, the Institute organized 13 programmes / workshops on cluster activities. The Handloom Cluster at Imphal, sponsored by the Office of the DC (Handloom) formed 114 SHGs' covering 2000 weavers. 90 SHGs have got financial linkages. Common web portal was created with EDII, India for the cluster products. Market consortium was formed with the completion of its registration in the month of October 2008. The Institute also started three Handloom Clusters in Uttarkhand, during the year.

8.4.6 The Institute, which is mandated as the Technical Agency for 11 Clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) for Eastern and NER. The Institute provided guidance and handholding support to the Cluster Development Agencies (CDAs) and Implementing Agencies (IAs) for carrying

out diagnostic studies and preparation of action plans.

8.4.7 The O/o DC (MSME) has mandated the Institute as a Regional Resource Centre (RRC) on Cluster Development to propagate cluster development approach in North East more earnestly. State centres for cluster development have been opened in all the eight state capitals of the North East. The Institute organized 14 workshops on cluster development under the RRC for all the states of NER during the year 2008-09. The prime focus of these workshops was on orienting the prospective stakeholders of cluster development – the officials from the Industries Departments and from Banks and Financial Institutions in these states, for a collective effort in cluster development initiative in a more participatory manner in the light of the RRC. 17 clusters were identified in different states of North East since the inauguration of the RRC.

8.4.8 The Rural Business Hub (RBH), an initiative of the Ministry of Panchayati Raj, is a unique concept of Public-Private-Panchayat Partnership with the objective to develop and strengthen rural industries in the thrust areas of Agri-business; handloom; handicraft and other traditional produce off-farm activities; rural tourism and e-services. The programme aims to improve/refine the locally available resources and produce goods of quality and standards that are nationally and internationally acceptable. The Institute was identified as the Gateway

Agency for Rural Business Hubs in the NER, The Institute organized three awareness workshops in Meghalaya, Manipur and Assam and is planning to promote atleast ten to twelve RBHs in the North East.

8.4.9 Creating Awareness on Entrepreneurship among the students has been one of the core areas of the Institute. The Institute organized 2 Faculty Development Programmes for University and College Teachers where 46 teachers participated. The Institute also organised 23 awareness programmes for the students of Colleges and Universities and Polytechnics, where 1478 students participated.

8.4.10 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 2008-09, the Institute organized 34 such Workshops on Cluster Activities, Scheme of Fund for Regeneration of Traditional Industries, Rajiv Gandhi Udyami Mitra Yojana, Rural Business Hub and WTO etc. Altogether 1513 participants attended these Workshops/ Seminars/Meets.

8.4.11 The Institute organized a series of Programmes for growth and development of existing entrepreneurs during the financial year 2008-09. The Institute has planned to organize a series of Programmes for beneficiaries of KVIC during the year. The Institute also organized three programmes



on Export Marketing and one programme on Trade Fair activities to create awareness about the opportunities in export sector. The programmes were attended by 90 entrepreneurs. The Institute also continued its efforts on development of Cluster Activities in the region and organized two programmes on Silk and Eri Cluster and two programmes on Skill Development on Handloom Weaving and Handicraft items. The Institute also organized two programmes for Growth & Development of Entrepreneurs having Science & Technology background.

#### Growth of Existing Entrepreneurs

Sl. No.	Type	No. of Programmes	No. of Participants
1	Crash Course on Village Industry Management	21	900
2	Programme on Export Marketing	04	90
3	Programmes on Cluster Activities	04	72
4	Prog. for Sc. Tech Entrepreneur	02	55
	<b>Total</b>	<b>31</b>	<b>1117</b>

8.4.12 Considering the importance of Creating Environment for Entrepreneurship development, the Institute has been organizing a number of programmes for orientation of existing entrepreneurs and support officials. During the year, the Institute

organized following 27 such Programmes, where 2529 participants participated.

#### Creation of Environment for Entrepreneurship

Sl. No.	Name of Programme	No. of Programmes	No. of Participants
1	Trainers' Orientation on Entrepreneurship	01	10
2	Business Counseling & Hand Holding	07	98
3	Preparation of Prospective Plan of NREGA	03	1075
4	Interactive Meet of Trained Entrepreneurs	01	250
5	Awareness Camp for Entrepreneurs	06	833
6	Enterprise Creation and SHG	06	158
7	Programme on Bamboo & Handloom Cluster	02	38
8	Sanitation for Regional Resource Centre	01	67
	<b>Total</b>	<b>27</b>	<b>2529</b>

#### 8.5 NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT (NIESBUD), NOIDA

8.5.1 The National Institute for Entrepreneurship & Small Business Development (NIESBUD) was set up on 6th July 1983. The basic objectives of the Institute

are promotion and development of micro, small and medium enterprises including enhancement of their competitiveness through different activities.

8.5.2 The Institute is envisaged to serve as apex national resource institute for holistic development of entrepreneurial activities throughout the country. The major activities of the Institute include :

- i. Evolving model syllabi for training various target groups;
- ii. Providing effective training strategies, methodology, manuals and tools;
- iii. Facilitating and supporting Central/ State Governments and other agencies in executing programs of

entrepreneurship and small business development; and

- iv. Conducting programs for motivators, trainers and entrepreneurs who are commonly not undertaken by other agencies and organizing activities which help in developing an entrepreneurial culture in the society.

8.5.3 The highlights of the performance of the Institute during 2007-08 and 2008-09 are given in the following Table.

8.5.4 The Institute took lead in organizing training programmes for institutions specified as Udyami Mitras under the newly launched Scheme of Rajiv Gandhi Udyami Mitra Yojana for providing hand-holding

**TABLE 8.4 : Performance of NIESBUD during 2007-08 and 2008-09**

Sl. No.	Category of the Programmes	2007-08		2008-09	
		No. of Programmes	No. of Participants	No. of Programmes	No. of Participants
1.	Trainers/ Promoters Training; Small Business Opportunities & Development and Entrepreneur-ship Continuing Education Programme	57	1094	34	685
2.	Entrepreneurship-cum-Skill Development Programmes/ Awareness-cum-Motivational Campaigns	77	4660	206	8524
3.	Seminars, Workshops & Conferences	11	318	15	746
4.	International Training Programmes	7	106	7	138
	<b>Total</b>	<b>152</b>	<b>6178</b>	<b>262</b>	<b>10093</b>

support to the entrepreneurs. The Institute organized 5 such programmes under the auspices of the Ministry, which were duly attended by 110 participants.

8.5.5 The Institute in collaboration with the Commonwealth Youth Programme (CYP) Asia Centre and the Department of Youth Affairs, Government of India, organized a one week Commonwealth Asia Regional Workshop at its Campus. The Workshop was attended by 22 delegates from 8 different Commonwealth Countries.

8.5.6 The Institute organized a series of 13 ESDPs in District Gorakhpur and Deoria in the trades of Mobile Repairing; Computer Hardware & Networking; Accountancy & Material Management; Costume Designing and Cutting & Tailoring. The Institute organized a series of training programmes for the Officials of the State Government of Madhya Pradesh, which included those on Entrepreneurial Performance Enhancement and Capacity Building for Performance Enhancement for Sericulture Officers. Besides, an Entrepreneurship-cum-Skill Development Programme on Mobile Repairing was organized for the tribal youth from the State.

8.5.7 The Institute organized a series of four Awareness/Sensitization Programmes on Intellectual Property Rights (IPRs) at Muradabad, NOIDA, Meerut and Jalandhar, with the support from Office of the DC (MSME); M/o MSME.

8.5.8 The Institute commenced a series of 20 training programmes on Skill Development for BPL Rural Youth in the states of U.P. and Uttrakhand. The 500 youth undergoing training at these training programmes will also be assisted in securing gainful employment after completion of the training in Hospitality, Retail and Apparel sectors.

8.5.9 In consonance with the efforts of the Government for increasing the supply of skilled manpower for meeting the growing demands in different sectors, the Institute conducted a total of 206 Skill Development Programmes and Entrepreneurship Motivation/Orientation Campaigns for 8524 participants, which largely represented Women, SCs/STs/OBCs and other Weaker Sections of the Society. The Entrepreneurship-cum-Skill Development Programmes were in the trades of Computer Hardware & Networking, Mobile Repairing, Cutting & Tailoring, Retail Management, Costume Designing & Tailoring, Computer & Tally Account, Animation, Desk Top Publishing (DTP) and Refrigeration.

8.5.10 The Institute designed and conducted training activities exclusively for the participants belonging to SCs/STs/OBCs. The Entrepreneurship-cum-Skill Development Programmes and those organized by the Institute's Training-cum-Incubation Centre: Garment Manufacturing, were largely attended by the participants from these sections of the Society. Besides, the participation to other training programmes,

by the persons belonging to these target groups, was encouraged through provision of Free Training to them, publicity etc. As a result, the participants belonging to these Sections constituted 59% of the total participants in the training programmes of the Institute, during the period. The training was largely provided to these participants under the Scheme of reimbursement of training expenditure for SCs and STs, M/o MSME, Government of India.

8.5.11 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 Motivational Campaigns, Skill Development Programmes etc. In this manner, the Institute provided training to 1700 women participants through conduct of 117 Skill-cum-Entrepreneurship Development Programmes. Besides, a total of 2309 women participants attended the 89 Motivational/Orientation Campaigns as organized by the Institute during the year.

8.5.12 In the capacity of the Implementing Agency in respect of the three Industrial Clusters of Scissors (Meerut); Packaging (Ghaziabad) and Auto Parts (Gurgaon) as awarded to the Institute by the Office of the DC (MSME), the Institute undertook several activities during 2008-09.

8.5.13 The Diagnostic Study Reports as finalized by the Institute in respect of the

other 4 Industrial Clusters: Petha (Agra); Brass (Moradabad); Furniture (Saharanpur) and Bone (Loni), were accepted by the O/o the DC (MSME). The Diagnostic Study Report and Detailed Project Report in respect of the Textile Printing Cluster at Pilkhuwa were prepared and submitted by the Institute to the Directorate of Industries, Government of Uttar Pradesh. The Monitoring Work in respect of 7 Khadi Clusters and 4 Coir Clusters under the SFURTI Scheme also continued during the period. The Institute was also assigned the Agarbatti Cluster (Kannauj) during the year.

8.5.14 The KVIC assigned three additional Clusters to the Institute under the SFURTI Scheme in the State of Jammu & Kashmir. The preliminary/initial work in respect of these three Clusters of Khadi Woolen (Bandipore); Khadi Woolen (Gudura Pulwama) and Embroidery (Baramulla), was completed during the period.

8.5.15 The Institute has been appointed as a Gateway Agency by the Ministry of Panchayati Raj, Government of India under its Rural Business Hub Scheme for the five districts; Chamoli and Champaran (Uttarakhand); Sirmor (Himachal Pradesh); Patna (Bihar) and Banaswara (Rajasthan). The concept of Rural Business Hub aims at discouraging the migration of the rural population to urban areas, to develop the concerned areas into a Hub of income generating activities and is sought to be implemented at the Panchayat/Block level in a Public Private Panchayat

Partnership (PPPP) mode. During 2008-09, the Institute organized Workshops in all the Districts; identified and prepared viable project reports and took effective steps for executing Memorandum of Understanding among various stakeholders. The Projects in respect of three districts of Chamoli, Champawat and Banskwar have also been finalized.

8.5.16 With a view to reinforce the supply of trained manpower to meet ever growing demand of skilled personnel in Garment Manufacturing Sector and to assist/nurture the first generation entrepreneurs in the area, the Institute with the assistance of the M/o MSME, had started Training-cum-Incubation Centre : Garment Manufacturing Centre at its premises. The Centre organized a total of 102 training activities for 3908 beneficiaries most of them being women and belonging to S.C., S.T. and other weaker sections of the Society. The programmes, which were predominantly organized in the rural areas, were in the trades of Sewing Machine Operators; Garment Drafting & Construction; Machine Embroidery & Tracing and Artificial Gems & Jewellery. A total of 605 participants were assisted to get direct wage employment in different units of the Industry viz; M/s. B.L. International; M/s. New Delhi Export House; M/s. Radhnik Exports; M/s. Blitz Exports; Pioneer Enterprises and also through leading contractors. Besides, the Centre initiated its participants into the micro enterprise building process through

execution of small orders for stitching of the clothes in their respective neighbourhood and also facilitated the trainees in forming Self-Help Groups for undertaking income generation activities. In consonance with the emerging requirements as expressed by the representatives of the Industry, the Institute commenced a junior level management course on "Apparel Manufacturing Technology" for meeting the growing demands.

8.5.17 As the relations between the management and employees of the Institute remained cordial during the year, the productivity of the employees increased to Rs. 7.30 lakh (estimated) during 2008-09 as compared to Rs. 5.83 lakh during 2007-08.

## **8.6 RAJIV GANDHI UDYAMI MITRA YOJNA (RGUMY)**

8.6.1 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 assistance to the potential entrepreneurs registered with them, in preparation of project report;





*Workshop on RGUMY held at Mumbai being chaired by Shri Pravir Kumar, Union Joint Secretary (MSME)*

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.

8.6.2 Apex organizations under the Ministry namely Office of DC-MSME, KVIC, NSIC and three national level EDIs 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 not required to pay any contribution

to Udyami Mitra for availing the handholding support. Funds have been released to apex Organizations and Director/Commissioner (Industries) in all States & Union Territories for implementing the Scheme.

## 8.7 MARKETING ASSISTANCE SCHEME

8.7.1 This is an ongoing old scheme. NSIC is the implementing agency on behalf of the M/o MSME. The main objectives of Marketing Assistance Scheme is to enhance the marketing competitiveness of the micro, small and medium enterprises (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.

8.7.2 MSMEs are facilitated to participate in international/national exhibitions/trade fairs at the subsidized rates to exhibit and market their products. Participation in the marketing events provides MSMEs an exposure to the national/international markets.



*Workshop on Rajiv Gandhi Udyami Mitra Yojana held at Srinagar*

8.7.3 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 micro and small enterprises and to enrich their knowledge with respect to the latest developments, quality standards etc.

## 8.8 PERFORMANCE & CREDIT RATING SCHEME

8.8.1 This Scheme was launched in the year 2005. NSIC has been appointed as implementing agency for the Scheme by the M/o MSME.

8.8.2 The Scheme is aimed to create 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.

8.8.3 The Scheme is getting good response from the micro and small enterprises (MSEs).

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.

## **8.9 SURVEY, STUDIES AND POLICY RESEARCH**

This is an on-going old 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 MSME 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.



*Cashewnut procssing at Sindhudurg Village Industries Cluster under SFURTI*

---

# Chapter IX

## PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME AND SFURTI

9.1 A new scheme titled 'Prime Minister's Employment Generation Programme (PMEGP)' has been approved in August 2008 through merging existing PMRY and 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 XI Plan. The Guidelines of the Scheme are available on the website of the M/o MSME ([www.msme.gov.in](http://www.msme.gov.in) / [www.msme.nic.in](http://www.msme.nic.in))

### 9.1.2 Main Objectives

- (i) To generate employment opportunities in rural as well as urban areas;
- (ii) 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;
- (iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans

and rural & urban unemployed youth; and

- (iv) To increase the wage earning capacity of artisans.

### 9.1.3 Salient Features of the Scheme

- (i) Any individual, above 18 years of age, is eligible.
- (ii) No income ceiling for assistance.
- (iii) 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 at least VIII standard pass educational qualification.
- (iv) Assistance under the Scheme is available only for new projects sanctioned.
- (v) Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme) are also eligible for assistance.

- (vi) The borrower is required to invest 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, the beneficiary's contribution is 5 per cent of the project cost.
- (vii) Banks will sanction loan of 90 per cent of the project cost in the case of general category borrowers and 95 per cent of the project cost in the case of weaker section beneficiaries. After the sanction of the credit facility by the Bank, eligible amount of margin money will be kept in term deposit of 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.
- (viii) The permissible margin money assistance has been enhanced from the levels of both PMRY and REGP as detailed in the Table below:

**TABLE 9.1 : Assistance under PMEGP**

Categories of beneficiaries under PMEGP	Ben-eficiary's Contri-bution (of proj-ect cost)	Rate of Sub-sidy (of project cost)	
		Urban	Rural
Area (location of project/unit)			

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

**(ix) 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”.

#### **9.1.4 Implementing Agency:**

- (i) At national level , KVIC is the single Nodal Agency for implementation of PMEGP.
- (ii) 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.
- (iii) 27 Public Sector Banks.
- (iv) All Regional Rural Banks.
- (v) Co-operative Banks approved by State Level Task Force Committee headed by the Principal Secretary (Industries)/ Commissioner (Industries).
- (vi) Private Sector Scheduled Commercial Banks approved by State Level Task Force Committee headed by the Principal Secretary (Industries)/ Commissioner (Industries).
- (vii) Small Industries Development Bank of India (SIDBI).

#### **9.1.5 Backward and Forward Linkages**

The Government provides financial assistance for backward and forward linkages through KVIC which includes revamped EDP; awareness camps; publicity; workshops; bankers review meetings; district; state and national level exhibitions; physical verification; concurrent evaluation; electronic tracking of applications; MIS and meeting residual

liabilities of PMRY and REGP up to 2007-08, if any. 29 workshops, 544 awareness camps and 137 exhibitions have been organized during the year. 17217 persons have undergone EDP training during 2008-09 (provisional). Further, once the project under PMEGP is sanctioned by the Bank, before releasing the second installment of loan, beneficiary is to be imparted an expanded EDP training to be arranged by the State/Regional Director/DICs.

#### **9.1.6 Status and Progress of PMEGP**

The full amount of Rs. 823 crore (including Rs. 83 crore towards backward and forward linkages) available in RE 2008-09 has been released to KVIC. Upto March, 2009, 2,17,762 applications were received by various implementing agencies under PMEGP, of which 92,884 candidates were selected by respective Task Forces for assistance under PMEGP. The financial assistance for 36287 projects have been sanctioned by banks which is expected to generate an estimated 3.63 lakh additional employment opportunities. An estimated 61670 projects helping generation of 6.17 lakh additional employment opportunities were targeted in 2008-09. The time limit for settlement of applications for sanctioning loan for the year 2008-09 has been extended upto 30.06.2009 in view of the coming into force of the Model Code of Conduct for General Elections and the advice of the Election Commission that District Magistrates should not consider any application received after 04.03.2009.



## 9.2 SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)

9.2.1 The M/o MSME launched a scheme titled “Scheme of Fund for Regeneration of Traditional Industries (SFURTI)” for 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 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.

9.2.2 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.

9.2.3 The following support measures are planned to be 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, new 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.

9.2.4 KVIC and Coir Board are the Nodal Agencies (NAs) for implementation of the scheme and 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 Bank Association; National Bank for Agriculture and Rural Development (NABARD) are the members of SSC.

9.2.5 Implementing Agencies (IAs) under SFURTI are non-Government organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions with suitable expertise which undertake cluster development. Generally, one IA has been assigned only one cluster. The selection of IAs, based on their regional reputation and experience of working at the grass-roots level, has been done by the Nodal Agencies, with the approval of SSC.

9.2.6 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.

9.2.7 Cluster Development Executives (CDEs) have been appointed exclusively for

each cluster that are located in the cluster on full time basis and are responsible for implementation of the Scheme in the assigned cluster. CDEs have to undergo prescribed training in cluster development methodology to be 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.

9.2.8 Progress of SFURTI : By the end of 2008-09, 118 clusters (32 – khadi, 60 – village industries and 26 – coir) including 13 reserved clusters covering all the States have been approved by the SSC for their development under SFURTI. The other activities for development of clusters like consent of State Government; training to NAs, IAs, CDEs, etc.; diagnostic study report and annual action plan, etc. in most of the cases, have been completed.

9.2.9 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 will be kept in a separate account by the Nodal Agencies which will be audited. The details of the funds released to Nodal Agencies since inception under this Scheme and funds earmarked for 2009-10 are given in the Table below:

**TABLE 9.2 : 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*	-	-	17.00

*\*Interim BE 2009-10*

9.2.10 SFURTI is the first organized and systematic attempt at introducing cluster based development approach in rural and traditional sector of KVI and coir. Out of 105 clusters to be developed under SFURTI, 70 KVI clusters (29 Khadi and 41 VI) and 25 coir clusters have been operationalised by the end of March 2009. It is reported that wages of artisans engaged in clusters that are functional have increased by 40 to 60 per cent.



*Women Artisans at a Common Facility Centre (CFC) established in a Khadi Cluster in Tamil Nadu under the Scheme of SFURTI*

---

# Chapter XV

## 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 Week was celebrated from November 3-7, 2008 starting with a Pledge Taking on November 3, 2008.

### **15.3 VIGILANCE SET UP OF ORGANISATIONS UNDER M/O MSME**

#### **15.3.1 Office of the Development Commissioner (MSME)**

15.3.1.1 The Vigilance Unit of this office is headed by a Chief Vigilance Officer (CVO) of the rank of Joint Secretary appointed on the

advice of the Central Vigilance Commission. The Vigilance Section besides dealing with vigilance matters like complaints and vigilance cases coming within the purview of CCS (CCA) Rules, 1965 concerning MSME, performs certain other functions which are enumerated below:

- (i) Maintenance of Confidential Reports of Officers and Staff of Headquarters as well as field offices of MSME-DIs.
- (ii) All cases falling under CCS (Conduct) Rules, 1964
- (iii) Safe custody of mortgage bonds/deeds
- (iv) Vigilance clearance for administrative purposes

#### **15.3.1.2 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:

- (a) Monthly report and complaints, action on CVC advice, Departmental Inquiries, Investigations, Inspection, Scrutiny of Annual Property Return, etc. were sent to CVC.
- (b) Quarterly return regarding examination of work by Chief Technical Examination i.e. organization of CVC, was also sent to M/o MSME.
- (c) Fortnightly report regarding complaints concerning corruption/irregularities received from Prime Minister Office and Expedient disposal in a time bound manner of cases for according sanction for prosecution under Section 197 Cr. PC and Section 19 of PC Act were also sent to M/o MSME.
- (d) Quarterly reports regarding Action Plan on Anti-Corruption Measures and complaints/disciplinary cases against CSS Officers (Gr. & above) and CSSS Officers (PPS and Sr. PPS) were also sent to DOPT and M/o MSME.

#### **15.3.1.3 Vigilance and Anti-corruption work done by the Vigilance organization:**

All Secret/Confidential letters originating from Vigilance Section are sealed and envelopes are prepared in the Section.

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.

#### **15.3.1.4 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' & 'D' staff of field offices are attended to by the Director of the Institute/Centre who is assisted by AD (Admn). The services of senior officers both at Headquarters and in the field offices are utilized for investigating the complaints.

#### **15.3.2 National Small Industries Corporation (NSIC) Ltd.**

The National Small Industries Corporation Ltd. (NSIC) is a public sector Company under the M/o MSME. The vigilance work in NSIC is looked after by a part-time Chief Vigilance Officer, appointed on the advice of CVC.

#### **15.3.3 Khadi & Village Industries Commission (KVIC)**

The Khadi & Village Industries Commission (KVIC) is a statutory organization under the M/o 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.

#### **15.3.4 Coir Board**

The Coir Board, Kochi, is a statutory body under the M/o MSME. The Vigilance work in Coir Board is looked after by a part-time Chief Vigilance Officer appointed on the advice of CVC.

---

# Chapter XVI

## CITIZENS' CHARTER AND RIGHT TO INFORMATION (RTI) ACT

### 16.1 CITIZENS' CHARTER

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.

### 16.2 MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

16.2.1 The role of the M/o MSME is mainly to assist the States in their effort to promote growth and development of MSMEs, for enhancing the competitiveness of these enterprises in an increasingly market-led economy and for generating additional employment opportunities. In addition, the Ministry also attempts to address common concerns of these enterprises and also undertakes advocacy on behalf of this sector.

16.2.2 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, namely, O/o DC (MSME); the National Small Industries Corporation Ltd.(NSIC);the Khadi and Village Industries Commission (KVIC);the Coir Board and three national level entrepreneurship development institutes, viz; National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad; National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA; and Indian Institute of Entrepreneurship (IIE), Guwahati.

16.2.3 The Organisations of the Ministry have their own Citizen's Charters.

### 16.3 OUR MISSION

16.3.1 The mission of the Ministry is to promote, in cooperation with other Ministries and Departments of Central Government, State Governments, Union Territory Administrations and all other stakeholders, the growth and development of the micro, small and medium enterprises, including village and tiny industries and to enhance their competitiveness so as to enable these



enterprises to contribute in generation of productive employment opportunities in the country.

16.3.2 It is the endeavour of this Ministry to support the micro, small and medium enterprises, including village and tiny industries through advocacy with other Ministries/Departments of Government of India and other stakeholders.

16.3.3 The objective of this Ministry is to facilitate growth and development of MSMEs. The main focus of the schemes/programmes undertaken by the organisations of the Ministry is thus to provide/facilitate provision of a wide range of services and facilities required for accelerating the growth of MSMEs. The schemes/programmes generally focus on capacity building in the States/Regions.

16.3.4 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.

16.3.5 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.

## **16.4 COMMITMENT**

16.4.1 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.

16.4.2 Towards this end, the Ministry in the spirit of dutiful discipline, respects the rights of individuals, entrepreneurs and their associations. The Ministry maintains and upholds the confidentiality of personal and business information disclosed to it by the citizens. The Ministry along with its organisations continuously reviews the policies, programmes and enforcement of related laws and regulations, in consultation with the stakeholders concerned, with the aim of fulfilling its mission.

## **16.5 STANDARD FOR GENERAL PROCEDURE**

The letters received by the Ministry are generally acknowledged within 15 days and replied to as soon as possible.

## **16.6 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.

## **16.7 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.

## 16.8 GUIDANCE AND HELP

The Information and Facilitation Counter of the Ministry, located on the ground floor, Gate No. 4, 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.

16.9 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.

## 16.10 COMPLAINTS

16.10.1 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 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:-

## 16.11 RIGHT TO INFORMATION (RTI) ACT

16.11.1 In order to promote transparency and accountability in the working of every public authority and to empower the citizens to secure access to information under the control of public authorities, the

Particulars	Website Address	Organisation
1. Grievance Cell  Additional Development Commissioner, Office of the DC (MSME), Room No. 721, Nirman Bhawan, New Delhi – 110108, Tel. No. 23061847, Fax No. 011-23061017	<a href="http://www.msme.gov.in">www.msme.gov.in</a>	M/o MSME
	<a href="http://www.dcmsme.gov.in">www.dcmsme.gov.in</a>	O/o DC (MSME)
	<a href="http://www.nsic.co.in">www.nsic.co.in</a>	NSIC
	<a href="http://www.niesbud.nic.in">www.niesbud.nic.in</a>	NIESBUD, Noida
	<a href="http://www.nimsme.org">www.nimsme.org</a>	N I - M S M E , Hydrabad
	<a href="http://www.iie.nic.in">www.iie.nic.in</a>	IIE, Guwahati
	<a href="http://www.kvic.org.in">www.kvic.org.in</a>	KVIC
2. Information and Facilitation Counter, Gate No. 4, Ground Floor, Nirman Bhavan, New Delhi – 110108, Tel. No. 23062219	<a href="http://www.coir-india.com">www.coir-india.com</a>	Coir Board

Government of India enacted “The Right to Information Act, 2005”. In accordance with the provisions of Section 4(1)(b) of this Act, the M/o MSME, Government of India has brought out a Handbook for information and guidance of the stakeholders and the general public and hosted the same on the website of the Ministry, i.e., *www.msme.gov.in*. In terms of Section 5(2) of the Right to Information Act, 2005, Central Public Information Officers (CPIOs) have been designated in the Ministry.

16.11.2 The Ministry’s attached office, public sector enterprise, statutory bodies and autonomous organisations, namely, O/o DC (MSME); the National Small Industries Corporation (NSIC) Ltd.; the Khadi and Village Industries Commission (KVIC); the Coir Board and three national level entrepreneurship development institutes, viz; National Institute for Micro, Small

and Medium Enterprises (NI-MSME), Hyderabad; National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA; and Indian Institute of Entrepreneurship (IIE), Guwahati; have also designated CPIOs/PIOs in respect of their organisations. The details of CPIOs/PIOs designated by these organisations are available on their respective websites.

16.11.3 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 all working days. The complete information in respect of the Ministry and the other Public Authorities of the Organisations under this Ministry were duly uploaded on the website of the Central Information Commission (CIC); New Delhi.