245
75

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

AND

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

GOVERNMENT OF INDIA

FOR THE YEAR 2012-13

1. MISSION / VISION AND OBJECTIVES OF NSIC LTD.

1.1 VISION

To be a premier organisation fostering the growth of Micro, Small and Medium Enterprises (MSMEs) sector.

1.2 MISSION

To promote and support Micro, Small and Medium Enterprises (MSMEs) sector by providing integrated support services under Marketing, Technology, Finance and other services.

1.3. OBJECTIVES

1.3.1 To promote establishment and sustenance of new & existing Micro, Small and Medium Enterprises.

1.3.2 To provide opportunities and support for marketing products and services of Micro, Small and Medium Enterprises encompassing Vendor Development, Infrastructure Facilities, Capacity Building and Export of Products & Projects.

1.3.3 To facilitate identification, acquisition and upgradation of technologies of the Micro, Small and Medium Enterprises.

1.3.4 To provide training (Technical and Professional) for skill upgradation and enterprise building in Micro, Small and Medium Enterprises.

1.3.5 To provide common facilities for Micro, Small and Medium Enterprises at various Technical Services Centres.

1.3.6 To facilitate credit support to Micro, Small and Medium Enterprises for Capital Equipments, Raw Materials and Marketing.

1.3.7 To facilitate international partnerships and alliances between the Indian and foreign Micro, Small and Medium Enterprises for Business Development, Technology Exchange and Joint Ventures.

2. EXCERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

As applicable to MoU signing companies.

Contd..2/-

247

Part-3

S.No.	Evaluation Criteria	Unit	Weight (in%)	B.E. 2012-13	MOU Target Excellent	Very Good	Good	Fair	Poor
	PERFORMANCE EVALUATION PARAMETERS :								
I	STATIC /FINANCIAL PARAMETERS								
1)	Financial indicators- profit related ratios								
i)	Gross Margin / Gross Sales	%	10.00	14.35	14.46	14.38	14.35	14.18	14.10
ii)	Operating Turnover / Employees	Rs.Lac	12.00	115.00	130.00	121.00	115.00	110.00	105.00
2)	Financial Indicators - Size related								
i)	Gross Margin	Rs.Lac	8.00	16500	18800	17400	16500	15600	14800
ii)	Gross Sales	Rs.Lac	4.00	115000	130000	121000	115000	110000	105000
3)	Financial Returns - Productivity related								
i)	PBDIT/Total employment	Rs.Lac	7.00	16.50	18.80	17.40	16.50	15.60	14.80
ii)	Added Value / Sales	%	9.00	0.43	0.85	0.58	0.43	0.41	0.38
	Sub-Total		50.00						

247

Part-3

S.No.	Evaluation Criteria	Unit	Weight (in%)	B.E. 2012-13	MOU Target				
					Excellent	Very Good	Good	Fair	Poor
	PERFORMANCE EVALUATION PARAMETERS :								
I	STATIC /FINANCIAL PARAMETERS								
1)	Financial indicators- profit related ratios								
i)	Gross Margin / Gross Sales	%	10.00	14.35	14.46	14.38	14.35	14.18	14.10
ii)	Operating Turnover / Employees	Rs.Lac	12.00	115.00	130.00	121.00	115.00	110.00	105.00
2)	Financial Indicators - Size related								
i)	Gross Margin	Rs.Lac	8.00	16500	18800	17400	16500	15600	14800
ii)	Gross Sales	Rs.Lac	4.00	115000	130000	121000	115000	110000	105000
3)	Financial Returns - Productivity related								
i)	PBDIT/Total employment	Rs.Lac	7.00	16.50	18.80	17.40	16.50	15.60	14.80
ii)	Added Value / Sales	%	9.00	0.43	0.85	0.58	0.43	0.41	0.38
	Sub-Total		50.00						

S.No.	Evaluation Criteria	Unit	Weight (in%)	B.E. 2012-13	MOU Target Excellent	Very Good	Good	Fair	Poor
II	DYNAMIC PARAMETERS								
4)	**Research & Development**								
	i) Development of Software for tracking of application under Government Purchase Scheme	Period	1.00	Feb,13	Dec,12	Jan,13	Feb,13	Mar,13	--
	ii) Carry out a study to identfynew areas/ technologies where NSIC can help the SSI sector	Period	1.00	Dec,12	Oct,12	Nov,12	Dec,12	Jan,13	Feb,13
	iii) Development of On-line registration process for membership under B2B Portal	Period	0.50	Feb,13	Dec,12	Jan,13	Feb,13	Mar,13	--
	iv) Expenditure on R&D	% of PAT	2.50	0.30	0.50	0.40	0.30	0.20	0.10
5)	**Sustainable Development**								
	i) Obtaining BEE certification for NTSC, Hyderabad	Period	1.00	Feb,13	Dec,12	Jan,13	Feb,13	Mar,13	--
	ii) Rain water harvesting system at Corporate Office Building Okhla, New Delhi	Period	1.00	Dec,12	Oct,12	Nov,12	Dec,12	Jan,13	Feb,13
	iii) Training of MSME Associations Members in India in aspects of sustainable development	Nos. of associations	0.50	8	10	9	8	7	6
	iv) Expenditure on Sustainable Development	% of PAT	2.50	0.30	0.50	0.40	0.30	0.20	0.10
6)	**Expenditure on projects identified under company's CSR Policy approved by the Board of Directors**	% of PAT	5.00	2.00	3.00	2.50	2.00	1.50	1.00
7)	**Corporate Goverance-** Apportioned marks from the activities of Corporate Governance on the basis of format issued by DPE		5.00	-	-	-	-	-	-

S.No.	Evaluation Criteria	Unit	Weight (in%)	B.E. 2012-13	MOU Target Excellent	Very Good	Good	Fair	Poor
8)	Human Resource Management (Annexure -II) Apportioned marks from the activities of HR as per the new guidelines issued by DPE	--	5.00	--	--	--	--	--	--
9)	Compliance of DPE Guidelines (Annexure-III) Apportioned marks from the activities of DPE guidelines	--	4.00	--	--	--	--	--	--
III	SECTOR / ENTERPRISE SPECIFIC PARAMETERS								
10)	Credit support / facilitation to MSMEs	Rs. crore	2.50	2750	3250	3000	2750	2500	2250
11)	Raw Material Distribution	Rs. crore	2.50	9500	11800	10500	9500	9000	8500
12)	MSEs participation in Exhibitions (units)								
	- In Domestic Exhibitions	Nos.	1.50	800	1000	900	800	700	600
	- In International Exhibitions	Nos.	1.50	130	150	140	130	120	100
13.a)	Exhibition for Marketing of products of units in N.E. Region	Nos.	1.50	4	6	5	4	3	2
13.b)	Marketing assistance provided to units in Hilly areas and NE Region	Nos.	1.50	3500	3860	3675	3500	3325	3150
14)	Assistance to the candidates / entrepreneurs in:								
	- Women category	Nos.	2.00	7500	8000	7750	7500	7250	7000
	- Scheduled Castes category	Nos.	2.00	4000	4500	4250	4000	3750	3500
	- Scheduled Tribes category (In tribal areas)	Nos.	2.00	2500	3000	2750	2500	2250	2000
	- Other Backward Class category	Nos.	2.00	5000	5500	5250	5000	4750	4500
	- Minority Communities	Nos.	2.00	3000	3500	3250	3000	2750	2500
	Sub-Total		50.00						
	TOTAL		100.00						

4. ASSISTANCE FROM THE GOVERNMENT OF INDIA

NSIC would continue to implement approved 'Plan-Schemes' of the Ministry of MSME.

5. ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

The achievement of the company against the targets will be evaluated as under:

a) Monthly review by Management.
b) Quarterly review by Board.
c) Half yearly review by Administrative Ministry and
d) Annual review by the Deptt. Of Public Enterprises.

Signed at New Delhi on 22nd March, 2012.

(H.P.Kumar)
Chairman cum Managing Director
National Small Industries
Corporation Limited
NSIC Bhawan
Okhla Industrial Estate
New Delhi –110 020

(R.K.Mathur)
Secretary,
Government of India,
Ministry of Micro, Small and Medium
Enterprises
Udyog Bhawan
New Delhi- 110 011.

82
251

Annexure -I

National Small Industries Corporation Ltd.

Calculation for Financial Parameters of MOU 2012-13

(Rs. lakh)

	Particulars	Unit	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 MoU	2011-12 Estimated	2012-13 Projection
	FINANCIAL PARAMETERS								
1	Total Income	Rs. lac	48130	60778	69887	99200	111100	126475	148400
1.1	**Gross Sales**	Rs. lac	40229	49481	54363	77530	86400	96000	115000
1.2	Less: Excise Duties & others	Rs. lac	0	0	0	0			
1.3	Net Sales	Rs. lac	40229	49481	54363	77530	86400	96000	115000
1.4	Other Income	Rs. lac	7901	11297	15524	21670	24700	30475	33400
2	Total Expenditure	Rs. lac	45950	57856	64659	91035	100700	113275	131900
2.1	Raw Materials / Purchases	Rs. lac	39901	49090	53836	77224	85700	95500	114400
2.2	Other Expenditure	Rs. lac	6049	8766	10823	13811	15000	17775	17500
3	**Gross Margin (PBDIT)**	Rs. lac	2180	2922	5228	8165	10400	13200	16500
3.1	Depreciation	Rs. lac	102	98	100	158	200	200	200
3.2	Gross Profit (Operating Income)/PBIT	Rs. lac	2078	2824	5128	8007	10200	13000	16300
4	Extra ordinary items	Rs. lac	212	212	212	0	0	0	0
5	Interest	Rs. lac	1437	1920	2322	4490	6200	8000	9800
6	Tax	Rs. lac	23	90	167	539	1300	1700	2200
7	Net Profit	Rs. lac	406	602	2427	2978	2700	3300	4300
8	No. of employees	Nos.	848	838	865	895	950	950	1000
9	**Gross Margin / Gross Sales**	%	5.42	5.91	9.62	10.53	12.04	13.75	14.35
10	**Operating Turnover / Employees**	Rs. lac	47.44	59.05	62.85	86.63	90.95	101.05	115.00
11	**PBDIT / Total employees**	Rs. lac	2.57	3.49	6.04	9.12	10.95	13.89	16.50
12	Capital Employed	Rs. lac	24160	37315	58113	106518	120000	131000	160000
13	Return to capital employed @10%	Rs. lac	2416.00	3731.50	5811.30	10651.80	12000	13100	16000
14	Added value (3-13)	Rs. lac	-235.53	-809.50	-583.30	-2486.80	-1600.00	100.00	500.00
15	**Added value / sales**	(%)	-0.59	-1.64	-1.07	-3.21	-1.85	0.10	0.43

The National Small Industries Corporation Limited

TREND OF CPSE`s PERFORMANCE OF FINANCIAL PARAMETERS FOR LAST 5 YEARS

(Rs. Crore)

Particulars	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 MOU	2011-12 Estimated	2012-13 Projection
Gross Sales	**402.29**	**494.81**	**543.63**	**775.30**	**864.00**	**960.00**	**1150.00**
Gross Margin	**21.80**	**29.22**	**52.28**	**81.65**	**104.00**	**132.00**	**165.00**
Profit before Tax	4.29	6.92	25.94	35.17	40.00	50.00	65.00
Gross Block	62.18	61.73	61.39	90.28	100.00	95.00	170.00
Less Dep.& LTA	34.58	34.29	33.54	33.16	35.00	35.00	40.00
Net Block	27.60	27.44	27.85	57.12	65.00	60.00	130.00
Share Capital of CPSE	232.99	232.99	232.99	232.99	387.99	387.99	462.99
Reserve & Surplus of CPSE	15.07	14.67	13.36	13.17	12.07	13.00	12.00
Less deffered revenue exps.	4.25	2.13	0.01	0.00	0.00	0.00	0.00
Less Profit & Loss A/c	148.46	143.84	125.23	102.37	84.23	77.37	44.37
Net worth of CPSE	**84.53**	**89.15**	**107.76**	**130.62**	**303.76**	**310.62**	**418.62**
Investment	0.83	0.83	0.93	0.08	0.83	0.08	0.08
Sundry Debtors, Loans & adv.	294.93	451.40	688.66	1171.32	1299.00	1446.00	1700.00
Inventory	1.19	1.07	1.17	1.01	1.00	1.00	1.00
Total Current Assets	296.12	452.47	689.83	1172.33	1300.00	1447.00	1701.00
Total Current Liabilities & Provision	82.12	106.76	136.55	164.27	165.00	197.00	230.46
Net Current Assets	214.00	345.71	553.28	1008.06	1135.00	1250.00	1470.00
Capital Employed (Net Block+Net Current Assets)	**241.60**	**373.15**	**581.13**	**1065.18**	**1200.00**	**1310.00**	**1600.00**
Total Debt (loan Funds)	**151.28**	**283.14**	**491.06**	**925.75**	**885.00**	**986.46**	**1170.00**
Total Liabilities	481.46	637.56	873.96	1336.18	1450.06	1584.45	1875.45
Total Assets	477.26	626.71	843.85	1331.90	1450.06	1584.45	1875.45
No of Employees of CPSE	848	838	865	895	950	950	1000
Dividend Paid	0.81	1.20	4.85	5.96	6.00	8.00	10.00
Added Value	-2.36	-8.10	-5.83	-24.87	-16.00	1.00	5.00
Ratio							
Debt/Equity	1.79	3.18	4.56	7.09	2.91	3.18	2.79
Return on Net Worth (%age)	4.80	6.75	22.52	22.80	8.89	10.62	10.27
PBDIT/Total Employment of CPSE (Rs. Lac)	**2.57**	**3.49**	**6.04**	**9.12**	**10.95**	**13.89**	**16.50**
Gross Profit/Capital Employed (%age)	8.60	7.57	8.82	7.52	8.50	9.92	10.19
Net Profit/Net Worth (%age)	4.80	6.75	22.52	22.80	8.89	10.62	10.27
Working of Gross Margin							
Net Profit	4.06	6.02	24.27	29.78	27.00	33.00	43.00
Tax	0.23	0.90	1.67	5.38	13.00	17.00	22.00
Net Profit before Tax	4.29	6.92	25.94	35.16	40.00	50.00	65.00
Add Prior Period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add Extra Ordinary Items	2.12	2.12	2.12	0.00	0.00	0.00	0.00
Profit before Prior Period	6.41	9.04	28.06	35.16	40.00	50.00	65.00
Add Interest	14.37	19.20	23.22	44.90	62.00	80.00	98.00
Gross Profit	20.78	28.24	51.28	80.06	102.00	130.00	163.00
Add Depreciation	1.02	0.98	1.00	1.59	2.00	2.00	2.00
Add Provisionfor doubtful debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Misc. Expenditure Written Off	0	0	0	0	0	0	0
Gross Margin before Interest, Depreciation & Misc. Expenditure	21.80	29.22	52.28	81.65	104.00	132.00	165.00
Additional for `Trading & Consultancy Sector`							
i) Gross Margin/Gross Sales	**5.42**	**5.91**	**9.62**	**10.53**	**12.04**	**13.75**	**14.35**
ii) Operating Turnover/Total No. of employee of CPSE(Rs.Lac)	**47.44**	**59.05**	**62.85**	**86.63**	**90.95**	**101.05**	**115.00**
Gross Margin	**21.80**	**29.22**	**52.28**	**81.65**	**104.00**	**132.00**	**165.00**
Net profit after tax but before extra ordinary items and prior period adjustment a/c	6.18	8.14	26.39	29.78	27.00	33.00	43.00
ADDED VALUE	-2.36	-8.10	-5.83	-24.87	-16.00	1.00	5.00

84 53

Annexure-II

National Small Industries Corporation Ltd.

Template for HRM Performance Evaluation under MOU for the year 2012 – 13

Sr.	HRM Performance indicator	Unit of measurement	Weight age	Excellent	Very Good	Good	Fair	Poor
A.	**Competency & Leadership Development**							
A 1	**Compulsory**							
1.	% actualisation of training plan and training days per employee per year	% fulfillment & days/ per employee per year a. Executives (man days) b. Non-Executives (man days)	5	 1000 650	 950 625	 900 600	 850 575	 800 550
2.	Developing critical mass of leaders through a system of career planning & development	% fulfillment of planned leadership development programmes (no. of programmes)	5	4	3	2	1	0
3.	Training budget as % of employee cost	% of employee cost	5	1.00	0.90	0.80	0.70	0.60
4.	Fulfillment of training plan for multi-skilling/ skill upgradation of non-executives	Man days	5	325	312	300	288	275
A 2	**Optional (one out of five)**							
5.	Fulfillment of plan for carrying out competency mapping of Senior Level Executives (HODs / GMs and above)	Nos.	5	50	40	30	20	10
	Total		**25**					

88 254

National Small Industries Corporation Ltd.

Template for HRM Performance Evaluation under MOU for the year 2012 – 13

Sr.	HRM Performance indicator	Unit of measurement	Weightage	Excellent	Very Good	Good	Fair	Poor
B	**Performance Management**							
6.	To ensure implementation of bell Curve Approach in PMS rating	Yes / No	4	Yes				
7.	Linkage of Development plan of executives with performance Management System	Yes / No	3	Yes				
8.	Implementation of PRP linked to PMS	Yes / No	3	Yes				
	Total		**10**					
C	**Recruitment, Retention and Talent Management**							
9.	Manpower rationalisation through Redeployment	Percentage	5	4	3	2	1	--
10.	Attrition as percentage of total employees	Percentage	5	3	4	5	6	7
11.	Presence of Mentorship Development Program							
	- Presence of Program for all entry level Executives	Yes / No	3	Yes				
	- Ratio of Mentors & Mentees	Ratio	2	1:4	1:3	1:2	1:1	--
12.	Formulation / implementation of systems for management of talent such as – Job Rotation System, Reward System, Sponsoring Senior Executives for Advanced Management Program, Growth Opportunities etc.							
	- **Implementation of Reward and Recognition Scheme**	Yes / No	5	Yes				
	Total		**20**					

National Small Industries Corporation Ltd.

Template for HRM Performance Evaluation under MOU for the year 2012 – 13

Sr.	HRM Performance indicator	Unit of measurement	Weightage	Excellent	Very Good	Good	Fair	Poor
D	**Enabling Creativity & Innovation**							
13.	Number of suggestions generated per employee per year	Nos. per employee	5+3	1.00	0.90	0.80	0.70	0.60
14.	Improvement in Systems & Processes	Nos.	5+2	4	3	2	1	0
	Total		**15**					
E	**Employee Relations & Welfare**							
15.	Effectiveness of Grievance Redressal System - % of grievances settled vis-à-vis received during the year	Percentage	4	80	70	60	50	40
16.	Pension, Medicare, yoga classes to reduce stress where the job is stressful, setting up of wellness centre such as Gym etc.	Nos. of programmes / Date of implementation of scheme a. Setting up of Gym b. Provision of Outdoor Games	4	Nov 2012	Dec 2012	Jan 2013	Feb 2013	March 2013
17.	Employee satisfaction survey – ESI measure in %	%	4	70	60	50	40	30
18.	Formulation & implementation of social security scheme	Yes/ No	4	Yes				
19.	Number of structured meetings with employees' representatives	Number of meetings	4	4	3	2	1	--
	Total		**20**					

8 157

National Small Industries Corporation Ltd.

Template for HRM Performance Evaluation under MOU for the year 2012 – 13

Sr.	HRM Performance indicator	Unit of measurement	Weightage	Excellent	Very Good	Good	Fair	Poor
F	**HR Branding & Excellence – indicate achievement in this field for initiatives such as**							
20.	IT Interventions in HR Functions	No. of processes computerized improved	**5**	4	3	2	1	0
21.	Review / Revisit / Reengineer HR Policy for meeting changing business priorities	No. of policies reviewed / revised	**5**	4	3	2	1	0
	Total		**100**					

89/85

Annexure- III

National Small Industries Corporation Ltd.

COMPLIANCE OF DPE GUIDELINES FOR MOU 2012-13

Sl.No.	Issues/Areas of compliance	Weightage	Compliance
1.	Reservation for SC, ST & OBC in appointment	1.00	Yes/No
2.	Posting of Deputationist	0.50	Yes/No
3.	Implementation of 2007 pay revision	1.00	Yes/No
4.	Switching over from CDA to IDA pattern of pay scales	1.00	Yes/No

The weight of 0.50 has been earmarked for timely submission of the report to Ministry/DPE.

90 258

The National small industries corporation Limited

Sustainable Development Performance Target Setting cum Evaluation Template

Sl. No.	Particulars	Unit	Estimated exp. (Rs. Lacs)	Weightage	Excellent	V.Good	Good	Fair	Poor
1.	Obtaining BEE certification for NTSC, Hyderabad	Target date	1.00	1.00	Dec,12	Jan,13	Feb,13	Mar,13	--
2.	Rain water harvesting system at Corporate Office Building Okhla, New Delhi	Target date	16.00	1.00	Oct,12	Nov,12	Dec,12	Jan,13	Feb,13
3.	Training of MSME Associations Members in India in aspects of sustainable development	Nos. of associations	3.00	0.50	10	9	8	7	6
4.	Expenditure	% of PAT		2.50	0.50	0.40	0.30	0.20	0.10

259

The National small industries corporation Limited

R&D Performance Target Setting cum Evaluation Template

Sl. No.	Project	Unit	Estimated exp. (Rs.Lacs)	Weightage	Excellent	V.Good	Good	Fair	Poor
1.	Development of Software for tracking of application under Government Purchase Scheme	Target Date	6.80	1.00	Dec,12	Jan,13	Feb,13	Mar,13	--
2.	Carry out a study to identify new areas/ technologies where NSIC can help the SSI sector	Target Date	11.00	1.00	Oct,12	Nov,12	Dec,12	Jan,13	Feb,13
3.	Development of On-line registration process for membership under B2B Portal	Target Date	1.00	0.50	Dec,12	Jan,13	Feb,13	Mar,13	--
4.	Expenditure	% of PAT		2.50	0.50	0.40	0.30	0.20	0.10