

Skill Development Accorded High Priority

NMCP AIMED AT ENHANCING THE COMPETITIVENESS OF THE ENTERPRISE

CREDIT GUARANTEE FUND TO PROVIDE RELIEF TO MICRO AND SMALL ENTREPRENEURS

PMEGP TO GENERATE AROUND 38 LAKH ADDITIONAL EMPLOYMENT OPPORTUNITIES

WORKSHED SCHEME FOR PROVIDING ASSISTANCE FOR CONSTRUCTION OF SHEDS FOR BETTER WORK ENVIRONMENT

YEAR END REVIEW

The Ministry of Micro, Small and Medium Enterprises (MSME) is implementing the promotional schemes for the development of micro, small and medium enterprises in the country.

Enhanced Credit Flow To The MSE Sector

For strengthening the delivery of credit to the MSEs, the Government announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SME)' in August 2005 for doubling the credit flow to this sector within a period of five years. This has resulted in a significant increase in the credit flow from Public Sector Banks (PSBs) to the micro and small enterprises (MSE) sector — with the outstanding credit of public sector banks increasing from Rs.67,634 crore at the end of March 2005 to Rs.1,91,307 crore at the end of March 2009.

Skill Development

The Government has taken up Skill Development as a high priority area through various measures like enhancing the training capabilities of the Tool Rooms, MSME Development Institutes and other organizations under the Ministry of MSME. The agencies under the Ministry of MSME conducted programmes for skill development for nearly 2.61 lakh trainees during 2008-09 and the targets set for 2009-10 is 3.2 lakh persons. The Ministry of MSME provides all such trainings for SCs/STs free of cost. Special programmes are organised for weaker sections of the society viz., SC/STs, women etc. free of cost, besides providing a monthly stipend of Rs.500/- per month during the entire period of training.

National Manufacturing Competitiveness Programme

The Government has launched an all-India campaign under the National Manufacturing Competitiveness Programme (NMCP) for the MSMEs, which has specific components that are aimed at enhancing the competitiveness of the enterprise in this sector. There are 10 components of the NMCP, of which 6 have been made operational. These are (i) Quality Management Systems and Quality Technology Tools, (ii) Building awareness on Intellectual Property Rights, (iii) Support for Entrepreneurial and Managerial Development of MSMEs, and (iv) Marketing support/assistance to MSMEs (v) Lean Manufacturing Competitiveness Scheme and (vi) Mini Tool Room Scheme. The remaining 4 components are under various stages of approval.

MSE-Cluster Development Programme

The Government of India, Ministry of MSME has adopted the cluster approach for holistic development of micro and small enterprises in a cost effective manner. Soft interventions (Technical assistance, capacity building, exposure visits, market development, trust building, etc for the cluster units), hard interventions (creation of tangible “assets” like Testing Facility, Design Centre, Production Centre, Effluent Treatment Plant, Training Centre, R&D Centre, Raw Material Bank/Sales Depot, Product Display Centre, Information Centre, any other need based facility) and Infrastructure Development (Development of land, provision of water supply, drainage, Power distribution, non- conventional sources of Energy for common captive use, construction of roads, etc.) are undertaken in the existing clusters/new industrial areas/estates or existing industrial areas/estates.

442 clusters have been approved for interventions under the scheme including hard interventions for 58 clusters. Apart from these cluster development initiatives, 121 industrial infrastructure projects including 28 for upgradation of existing industrial have also been undertaken.

Credit Guarantee Scheme

The Government has set up a Credit Guarantee Fund to provide relief to those micro and small entrepreneurs who are unable to pledge collateral security in order to obtain loans for the development of their enterprises. For making the scheme more attractive to both lenders as well as borrowers, several modifications have been undertaken from time to time, including enhancement in the loan limit from Rs.25 lakh to Rs.100 lakh, reduction in one-time guarantee fee from 2.5% to 1.5%. Efforts made to enhance the awareness have led to increasing the coverage from about 40,000 proposals (for loans of Rs.1000 crore) at the end of March 2004 to more than 2.27 lakh proposals (for loans of over Rs.8200 crore) at the end of November, 2009.

Credit Linked Capital Subsidy Scheme for Micro And Small Enterprises

Under the CLCSS, 15 per cent capital subsidy is provided on loan amounts upto Rs. 100 lakh for technology upgradation by adoption of well-established and improved technology approved under the scheme. So far, the scheme includes 47 products/sub-sectors with nearly 1400 well-approved technologies/machines for subsidy under the scheme. Recently 179 new technologies machines for pharma sectors have been added to this list. The scheme is implemented through 10 Nodal Agencies i.e. SIDBI, NABARD, SBI, BOI, BOB, PNB, Andhra Bank, SBBJ, Canara Bank, TIIC. Upto October, 2009, 7810 proposals of subsidy were approved and Rs. 338.68 crore was released to the MSEs under the scheme.

ISO-9000/ISO-14001/HACCP Certification Reimbursement Scheme

The Government introduced an incentive scheme for its technological upgradation/quality improvement and environment management. The Scheme envisages one time reimbursement of charges for acquiring ISO-9000/14001/HACCP (or its equivalent) certification to the extent of 75% of the cost subject to a maximum of Rs. 75,000/- in total. The Scheme is administered by Development Commissioner (MSME), Ministry of MSME. The scheme has been decentralized w.e.f. 1.4.2007 and Directors, MSME Development Institutes have been empowered to receive and make reimbursement to the MSMEs falling in their jurisdiction. The Government has extended the Scheme upto the 11th Five Year Plan.

Total 19468 number of units amounting to Rs. 94.92 crore have been reimbursed since inception of the scheme in 1994 and upto November, 2009. During 2009-10, about 690 units amounting to Rs. 2.88 crore have been reimbursed upto November 2009.

National Awards

The Prime Minister Dr. Manmohan Singh presented National Awards to the

Micro, Small and Medium Enterprises in New Delhi on 28th August, 2009. The Awards were in three categories: a) Outstanding Entrepreneurs of Micro, Small and Medium Enterprises, Khadi and Village Industries and Coir Industries; Special awards to women and SC/ST Entrepreneurs and Banks for excellence in Micro and Small Enterprises Lending. A total of 225 entrepreneurs received awards in various categories. 31 entrepreneurs received awards from the Prime Minister, while Shri Dinsha Patel, Minister of State (Independent Charge) for Micro, Small and Medium Enterprises presented awards to the rest of the awardees. Six bankers also received awards for excellence in lending to MSEs and micro enterprises.

MSME-EXPO 2009

Micro, Small and Medium Enterprises Exhibition was organized by the Office of the Development Commissioner (MSME) during the IITF from 14-27 November, 2009 in the Pragati Maidan, New Delhi. Exhibits of Micro, Small and Medium Enterprises from all over the country were displayed. In addition to this, NSIC also exhibited the technical capabilities of the MSMEs through TECH MART-2009 at IITF. Products of Khadi and Village Industries were exhibited by the Khadi and Village Industries Commission and Coir Board also displayed their products during IITF 2009 in Pragati Maidan, New Delhi.

National Small Industries Corporation

National Small Industries Corporation, since its inception in 1955 has been working with its mission of promoting, aiding and fostering the growth of micro & small enterprises. It has been working to promote the interest of micro & small enterprises and to enhance their competitiveness by providing integrated support service under Marketing, Technology, Finance and Support services. Marketing Assistance Scheme of Ministry of MSME implemented by NSIC aims to promote marketing efforts and enhance the competency of the small and medium enterprises. Another scheme, Performance & Credit Rating Scheme of the Ministry of MSME, implemented by NSIC aims to create awareness amongst micro and small enterprises (MSEs) about the strengths and weakness of their existing operations and to provide them an opportunity to enhance their organizational strengths and credit worthiness.

Since inception from the year 2005, a total number of 16446 have been rated under the Performance & Credit Rating Scheme. Simultaneously, in the Marketing Assistance Scheme 354 Intensive Campaign/Seminar, 15 Exhibitions and 03 Buyer Seller Meets have been conducted upto September, 2009.

International Cooperation Scheme

International Cooperation Scheme is an ongoing Scheme of the Ninth Plan, which is continuing in the Eleventh Five Year Plan (2007-2012). Technology infusion and/or upgradation of Indian, Micro, Small and Medium enterprises (MSMEs), their modernization and promotion of their exports are the important objective of the Scheme.

Rajiv Gandhi Udyami Mitra Yojana (RGUMY)

(A scheme for Promotion and Handholding of Micro, Small and Medium Enterprises)

This is a new scheme of XI Plan launched on 7th February 2008. The main objective of the scheme is to promote and support establishment of micro and small enterprises through handholding of potential first generation entrepreneurs, who have already successfully completed Entrepreneurship Development Programme (EDP)/Skill Development Programme (SDP)/ Entrepreneurship-cum-Skill Development Programme (ESDP) of at least two weeks' duration, or have undergone vocational training from ITIs.

The scheme is to be implemented through selected lead agencies. viz. existing national level Entrepreneurship Development Institutions (EDIs),

MSMED/Branch MSMEDIs, KVIC, Central/State Government PSEs involved in promotion and development of MSEs e.g. NSIC and State Development Corporations etc., selected state level EDIs and EDCs in public and private sectors, Special Purpose Vehicles (SPVs) set up for cluster development involved in entrepreneurship development and capable associations of MSEs/SSIs.

ARI Sector of Ministry of MSME

Ministry of MSME is the nodal Ministry for formulation of policies and Central Sector Programmes/schemes, their implementation and related coordination and for supplementing the efforts of State/Union Territories for promotion and development of micro, small and medium enterprises in the country. The Ministry in Agro and Rural Industries (ARI) sector has been involved in a focused manner, for the development of agro and rural industries based on local raw materials and skills, for creating more employment opportunities essentially in the rural non-farm sector. The Ministry in ARI Division operates mainly in the Khadi and Village Industries and Coir Sectors through the Khadi and Village Industries Commission (KVIC) and the Coir Board (CB) respectively and coordinates the implementation of various schemes launched by the Government in the Sector including the latest employment generation programme, i.e., Prime Minister's Employment Generation programme (PMEGP) with the co-operation of State/Union Territory Governments and the implementing banks.

The following main schemes are being implemented by KVIC and Coir Board :

Prime Minister's Employment Generation Programme (PMEGP)

Prime Minister's Employment Generation Programme (PMEGP) is a significant initiative with a higher level of subsidy and was launched in August 2008. This programme has been formulated by 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. It is estimated to generate around 38 lakh additional employment opportunities in the terminal four years (2008-09 to 2011-12) of XI Plan. Under this programme, financial assistance is provided for setting up of microenterprises costing upto Rs. 10 lakh in service sector and Rs. 25 lakh in manufacturing sector. The assistance is provided in the form of subsidy upto 25 per cent (35 per cent for weaker sections) of the project cost in rural areas while it is 15 per cent (25 per cent for weaker sections) for urban areas.

Under PMEGP, full amount of Rs.823 crore (including Rs. 83 crore towards backward and forward linkages) available in REs 2008-09 has been released to KVIC. Upto March, 2009, 2,17,762 applications have been received by various implementing agencies under PMEGP, of which 83,454 candidates have already been selected by District level Task Force concerned for assistance under PMEGP. Financial assistance for 36,444 projects has been sanctioned by banks for generating an estimated 3.64 lakh additional employment opportunities. Loans were disbursed in 25,507 cases by banks giving employment opportunities to about 2.55 lakh persons upto an extended period upto 31st August 2009. An estimated 4.50 lakh additional employment opportunities are targeted to be generated in 2009-10.

Workshed Scheme for Khadi Artisans

Workshed Scheme for Khadi Artisans was introduced in July 2008 for providing assistance for construction of Worksheds for Khadi artisans for better work environment. An outlay of Rs.25 crore has been provided in BEs 2008-09 of which Rs. 0.05 crore was earmarked for NER. Funds to the tune of Rs.25 crore (including Rs.0.05 crore for NER) have been released to KVIC in 2008-09. Against the target of providing assistance to 10000 worksheds, assistance to 11,076 artisans (provisional) were provided upto March, 2009. It is estimated that assistance will be provided to 6000 worksheds in 2009-10.

Scheme for Enhancing Productivity & Competitiveness of Khadi Industries and Artisans

Scheme for enhancing productivity & competitiveness of Khadi Industries and artisans approved in July 2008 to assist 200 khadi institutions to make khadi industry competitive with more market driven and profitable production by replacement of obsolete, old machinery and equipment. An outlay of Rs.10 crore was kept in the BEs 2008-09 of which Rs. 0.05 crore has been earmarked for NER against which entire funds have been released during 2008-09 to KVIC. Against the target of 25 projects, 21 projects were sanctioned upto March, 2009. Under this scheme, a target for assisting 23 khadi institutions has been fixed for 2009-10.

Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure

'Strengthening of Infrastructure of existing Weak Khadi Institutions and Assistance for Marketing Infrastructure' has been introduced recently which envisages renovation of selected 30 khadi sales outlets and providing assistance for strengthening of infrastructure of existing 100 weak selected institutions.

Product Development, Design Intervention and Packaging (PRODIP)

Product Development, Design Intervention and Packaging (PRODIP) was launched in November 2002 with the aim to diversify and develop products under Khadi & Village Industries and also to improve the packaging of various KVI products. During 2008-09, 245 projects (120 – khadi and 125 – VI) have been assisted under this scheme and a target of 249 projects has been fixed for 2009-10.

Market Development Assistance (MDA) scheme to promote sales of Khadi and Khadi Products

A proposal for introduction of Market Development Assistance (MDA) scheme to promote sales of khadi and khadi products in place of existing rebate scheme with effect from 2009-10 is under process.

Khadi Reform Programme

Department of Economic Affairs, Ministry of Finance has tied up financial aid from Asian Development Bank amounting to US\$150 million over a period of three years for implementing the comprehensive Khadi Reform Programme worked out in consultation with ADB and KVIC. Under this Reform Package, it is proposed to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment to artisans, increased artisans welfare and to enable KVIC to stand on its own with gradually decreasing dependence on Government Grants. Initially, the programme will be initiated in 300 khadi institutions keeping the needs of regional balance, geographical spread and inclusion of backward areas.

Mahatma Gandhi Institute For Rural Industrialisation

'Mahatma Gandhi Institute for Rural Industrialisation' a national level institute has been established by revamping Jamnalal Bajaj Central Research Institute at Wardha, Maharashtra in association with IIT, Delhi to strengthen the R & D activities in khadi and village industry sectors. Funds to the tune of Rs.1.80 crore were released during 2007-08 and Rs.3 crore were released during 2008-09.

Coir Board

The Coir Board is a statutory body established by the Coir Industry Act, 1953 for promoting the overall development of the coir industry and upliftment of 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 in section 4 of the Coir Industry Act, 1953. All sections interested in the welfare of the coir industry are represented on the Coir Board. The functions of the Coir Board for the development of

coir industries 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 husks, coir fibre, coir yarn and manufacturers of coir products; facilitating remunerative returns to producers and manufacturers, etc.

Coir Board has promoted two research institutes namely, Central Coir Research Institute (CCRI), Kalavoor, Alleppey, and Central Institute of Coir Technology (CICT), Bangalore for undertaking research activities in different aspects of coir industry. Coir is highly labour intensive industry employing more than 6.5 lakh workers in coconut producing States. Nearly, 80 per cent of the coir workers in the fibre extraction and spinning sector are women. Two strengths of coir industry are that it is export oriented and it generates wealth out of waste (coconut husk).

The main schemes being implemented by Coir Board for development of coir industries are:

- Export market Promotion - In association with trade and industry Coir Board 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. During 2008-09, coir and coir products worth Rs. 639.97 crore have been exported which reflects about 8% increase on the export of previous year.
- Domestic Market Promotion – This scheme is for enhanced sale of coir products through Board's showrooms and sales outlets, and also popularising coir and coir products. Further, to promote the sale of coir and coir products manufactured by the Co-operatives and Public Sector Enterprises, a Market Development Assistance (MDA) Scheme was launched in 2000-2001 under which financial assistance @ 10% (50% each by Coir Board and State Government) to the sales outlets in the cooperative and public sector on the basis of the annual sales turn over of the coir products is provided.
- Development of Production Infrastructure is for extending financial assistance upto 25 per cent of the cost of equipment and infrastructural facilities subject to ceiling of Rs. 6.00 lakh for setting up coir units and Rs. 2.00 lakh for modernisation of existing coir units. Under this scheme 82 units have been assisted during 2008-09.
- Mahila Coir Yojana – This yojana envisages distribution of motorised ratts for spinning coir yarn to women artisans after being trained. 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.7500/- and 75 per cent of the cost or Rs 2965/- whichever is less, for motorised traditional ratts. During 2008-09, 3009 motorised ratts have been distributed and 5367 persons have been trained under Mahila Coir Yojana.
- The Scheme for Rejuvenation, Modernisation and Technological Upgradation of Coir Industry was introduced in March 2008 to assist spinners and tiny household sector. Under this scheme, assistance is provided for replacement of outdated ratts/looms and for constructing worksheds so as to increase production and earnings of workers. Under this scheme, full amount of Rs.21.30 crore available in REs 2008-09 has been released to Coir Board. Against the target for assisting 1800 units, 1203 units have been assisted under the scheme and 177 units have become operationalised.

Scheme Of Fund For Regeneration Of Traditional Industries (SFURTI)

The scheme titled "Scheme of Fund for Regeneration of Traditional Industries

(SFURTI)" was modified in October 2005 with a view to developing around 100 clusters in khadi, village and coir industry sectors with a total cost of Rs. 97.25 crore to make these industries more productive and competitive and to increase the employment opportunities in rural areas of the country.

The scheme envisages need-based assistance for replacement of production equipment, setting up of common facility centres (CFC), product development, quality improvement, improved marketing, training and capacity building, etc. Under this scheme, 118 clusters (32 khadi, 60 village industries and 26 coir) including 13 'reserve' clusters have been approved by the Scheme Steering Committee for their development under this programme. 17 National Level Institutions have been designated as Technical Agencies to provide technical support in these clusters. Upto 2008-09, Rs. 59.29 crore (Rs. 42.64 crore to KVIC and Rs. 16.65 crore to Coir Board) has been released for implementing this scheme. All the cluster development activities viz consent of State Government, MoU among Nodal Agencies, Implementing Agencies, Technical Agencies, appointment of Cluster Development Executives, formation of Cluster Development Coordination group, Diagnostic Study Reports and Annual Plans, etc. in most of the cases have been completed. As reported, 49 KVI clusters are in operation while coir clusters have been planned to be operationalised in 2009-10. After implementation of the SFURTI, average increased of 40% to 60% in wages of the artisans has been achieved in the functional KVI clusters.