सत्यमेव जयते

GOVERNMENT OF INDIA

COMPENDIUM OF NATIONAL MANUFACTURING COMPETITIVENESS PROGRAMME (NMCP) AND OTHER MAJOR SCHEMES

MSME

सूक्ष्म, लघु एवं मध्यम उद्यम

MICRO, SMALL & MEDIUM ENTERPRISES

Development Commissioner
Micro, Small & Medium Enterprises
Government of India
Nirman Bhawan, New Delhi-110 108

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IMPLEMENTATION OF LEAN MANUFACTURING COMPETITIVENESS SCHEME (LMCS)

1.0 INTRODUCTION

The Development Commissioner, Micro, Small & Medium Enterprises (DC-MSME), Govt. of India, will implement up-scaled 'Lean Manufacturing Competitiveness Scheme (LMCS)', for the benefit of Micro, Small & Medium Enterprises (MSMEs) during the 12th Five year plan, after successful completion of the Pilot Phase. The scheme will be implemented in 500 mini clusters during 12th Five Year Plan with the total Project Cost of Rs. 240.94 crores (Govt. of India Contribution amounting to Rs. 204.94 cr. and beneficiaries' contribution of Rs 36.00 cr.) including expenditure on remaining part of the pilot phase of the scheme for the year 2013-14.

1.2 The basic rationale of the Government support to MSMEs for undertaking lean manufacturing (LM) is to enhance their productivity and competitiveness by reduction of wastages in manufacturing processes, inventory management, space management, energy consumption, etc. The LM techniques also result in reduction in rejection, standardization of processes, better layout of machines resulting in reduced transportation of products during manufacturing, etc. The implementation of LM techniques leads to cost reduction for MSMEs. It also has lot of social benefits in terms of training of labour, creation of knowledge, increased labour productivity, lower input costs to other industries, introduction of new production equipment/ methods in manufacturing and development of work culture in society.

1.3 The implementation of lean manufacturing technologies in the enterprises will lead to increasing return to scale, i.e. (i) economy of scale that reduce per unit production cost and (ii) increased productivity of the enterprises (iii) enhanced competitiveness in domestic and overseas markets. Simultaneously it also leads to increased expertise in the firm in respect of better work culture, managerial competencies, etc. The scheme also leads to 'demonstration effect'.

1.4 While some organizations in the country have initiated lean manufacturing practices and have started to reap the benefits, these practices have not reached many MSMEs in the country. The concept and techniques of lean manufacturing is still novel to most of the micro and small enterprises in the country.

1.5 Manufacturing has been recognized as the main engine for growth of the economy. The share of manufacturing sector in Indian National GDP over the years has stagnated to 14-15% only. The National Manufacturing Policy of Government of India envisages share of manufacturing to reach target of 25% of the National GDP by 2022. To achieve a sustained rate of growth, the manufacturing sector needs to build and maintain competitiveness needed to face the challenges posed by globalization. Under the LM Scheme, MSMEs will be assisted in reducing their manufacturing costs, through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time and so on with the application of LM techniques.

1.6 The pilot phase of Lean Manufacturing Competitiveness Scheme (LMCS) was launched in July 2009 in 11th FYP for implementation of Lean Manufacturing Techniques in 100 Mini Clusters (each cluster consisting of 10 $\pm$ 2 units) across the country.

1.7 The scheme has been up-scaled considering the recommendations of the evaluation report conducted by Quality Council of India (QCI). The evaluation report on Implementation of LMCS has recommended the continuation of the Scheme keeping in view benefits amounting to about 20% have accrued to the units.

1.8 Government of India has also institutionalized National award for excellence in the field of Lean Implementation from the year 2013 onwards. The MSMEs will be encouraged to come forward to participate in the National Award as well.

2.0 SCHEME CONCEPT

2.1 **Need for Lean Manufacturing**: Ever changing globalized environment has been posing challenges of competitiveness and survival to all the constituents of the economy. It has been more so for MSMEs in the manufacturing sector. It has been noticed that units are so engaged in their day-to-day management issues that they don't have time and resources to dedicate for a strategic understanding of the need and acquiring means of various techniques which would help them in enhancing their productivity and hence being competitive in the world markets. Lean Manufacturing is a set of techniques, which have evolved over a long period and are based on various minor to major breakthroughs that help in reducing cost and hence increase productivity and competitiveness. A list of main LM techniques with brief description of each is given below:

1. **5S System**: The 5S systems is a workplace management which helps in getting the "junk" out of the work area and set of procedures to keep it that way. 5S stands for Sort, Set in order, Shine, Standardize & Sustain.

2. **Visual Control**: Visual controls such as cartoons, charts, light signals, Lane marking on floor, Safety instructions, Warning signs, Poka-Yoke instructions etc., can be displayed all over the work place.

3. **Standard Operating Procedures (SOPs)**: All verbal instructions should be converted to SOPs to remove dependency on skilled personnel in achieving required product quality level, consistency, effectiveness and efficiency.

4. **Just in Time (JIT):** It's a Japanese manufacturing philosophy to make the right product in right quantity at the right time. This almost results in zero inventory and shortest possible cycle time.

5. **KANBAN System**: In this, components are pulled by assembly or subsequent work centers and the containers are replenished with the right quantities by the previous work center, which reduces the inventory of unwanted components.

6. **Cellular Layout**: In this improved manufacturing system, family wise component completion is aimed at within the smaller self contained cell, which is a part of a big factory, as compared to operation wise completion in traditional functional layout.

7. **Value Stream Mapping**: It covers all activities, both value added and non-value added, and helps in arriving at best layout of all resources required for making the product.

8. **Poka Yoke or Mistake Proofing**: It is again a Japanese technique used to prevent errors occurring at their source of origin, and it finally leads to a 'Zero Defect' situation.

9. **Single Minutes Exchange of Dies or Quick Changeover (SMED):** Applying ingenious methods, set up time is minimized and brought to less than ten minutes; thereby smaller batches as required by the customer can be taken up for manufacturing.

10. **TPM (Total Productive Maintenance):** TPM involves operators, maintenance staff and management working together to improve overall operation of any equipment. Operators, who

first identify noisy or vibrating motors, oil or air leaks, can be trained to make simple repairs to prevent major and costly break downs.

11. **Kaizen Blitz or Rapid Improvement Process**: It is an intense management programme, which results in immediate change and bottom line improvement. Both management staff and workers are involved in this.

3.0 OBJECTIVES OF LEAN MANUFACTURING SCHEME:

3.1 The objectives of the Scheme is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques by;

- ✓ Reducing waste;
- ✓ Increasing productivity;
- ✓ Introducing innovative practices for improving overall competitiveness;
- ✓ Inculcating good management systems; and
- ✓ Imbibing a culture of continuous improvement.

3.2 The general approach involves engagement of Lean Manufacturing Consultants (LMC) to work with selected MSMEs in the chosen clusters with financial support by the Government. Under the Scheme, MSMEs will be assisted in reducing their manufacturing costs through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time and so on with the application of LM techniques. The Scheme is basically a business initiative to reduce "waste" in manufacturing.

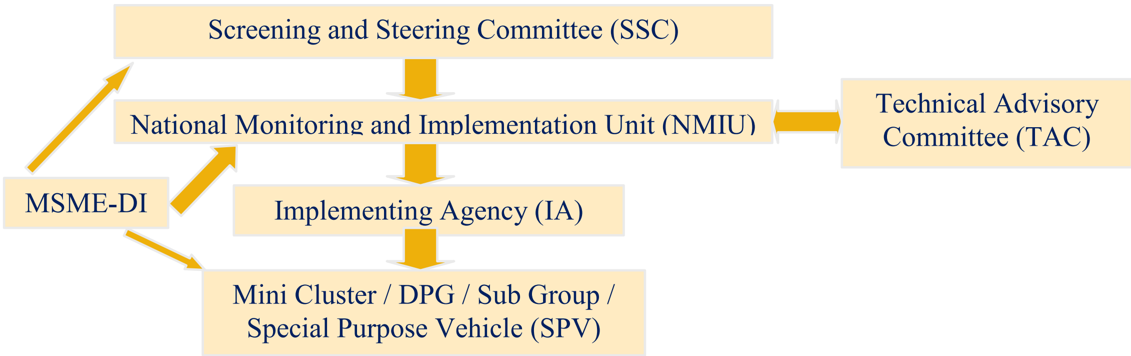
3.3 The interventions lead to increase in competitiveness of the individual units i.e. They can manufacture better quality products with less cost by improvement in process flow, standardization of process, reduction in waste, processing time, etc. The extent of tangible benefits depends upon the scope of improvement, benchmarking, involvement of the entrepreneurs/units. All these aspects are studied and included in the Diagnostic Study Report which is prepared by the LM Consultant at the start of the interventions at the field level. Incremental improvements are verified by the NMIU and DC, MSME office.

4.0 Implementation Arrangements:

4.1 The scheme will be implemented in mini clusters spread all over the country for all manufacturing sectors. The Scheme will be implemented by National Monitoring and Implementing Units (NMIUs), under the overall directions of DC (MSME). It is expected that once MSMEs are introduced to the benefits and savings that accrue from LM techniques, they would themselves continue the Scheme at their own expense. The Scheme will be implemented in 500 clusters spread all over the country during the 12th Plan period. To ensure effective and successful implementation of LMCS, need based awareness program(s) will be organized so that the potential participants may assimilate the scheme provisions and only likeminded entrepreneurs join together for effective implementation of the scheme. However for organizing more than 2 awareness programmes in a cluster, approval of SSC will be required.

4.2 A three tier structure has been proposed in the Scheme. A Mini Cluster (MC) would be formed at the lowest tier. The units of the MC would work with the assigned LMC to implement the specific

LM Techniques. The next higher level tier, National Monitoring and Implementing Units (NMIUs) will be responsible for facilitating, implementation and monitoring of the scheme. At the highest level, SSC will provide overall direction to the Scheme and will be headed by the Development Commissioner (MSME). The implementation framework of the scheme is given below:



4.3 Mini Cluster (MC) – Mini-Cluster is a group of preferably 10 MSMEs located within an identifiable and as far as practicable, contiguous area and manufacturing same/similar products. A mini cluster may be formed by new SPV or as a Sub group/ DPG of an Association or Existing SPV. MSMEs will be motivated to avail the scheme through awareness programmes. MSMEs are expected to assess the suitability of forming a Mini Cluster by exploiting the benefits of synergy, collective bargaining and economies of scale. The scheme may be availed by existing Special Purpose Vehicle (SPV) by bringing in suitable changes in the mandate of the SPV. In case SPV is not available in the cluster, the scheme may be availed through another legal entity i.e. concerned association by grouping the MSMEs in the form of Distinct Product Groups (DPGs) or Sub Groups. DPG and SG will be small groups within the Association or existing SPVs, formed with the approval of Management of SPV or Association as the case may be. More than one DPG / SG may be formed within one association or cluster. A MC will consist of ideally 10 MSMEs (minimum 6 units). All the units of the MC would work with the assigned LMC to implement the specific LM techniques. In case the scheme is being availed by SPV (existing or new), a separate joint Bank Account will be opened in a National Bank for receiving the funds from NMIU. In case DPG / SG is formed for taking benefit of the scheme, the project specific account will be operated jointly by Head of the SPV or Association and the Nodal Officer of the DPG / SG. The units which have availed benefits in the pilot phase will not be allowed to take benefit in the up-scaled scheme.

4.1 Special Purpose Vehicle (SPV): SPV may be:

- "Trust" as per the Indian Trust Act, 1882 or any similar Trust Act or
- A private limited company incorporated as per Indian Companies Act, 1956 or
- A "society" under The Societies Registration Act, 1860 (including any of state equivalent) or
- Any similar entity as approved by SSC from time to time.

4.2 The MSMEs would be required to sign a MoU among themselves (**Annexure 1**). MoU should, inter alia, cover the following points:

(a) Collective and joint responsibility of units;
(b) Details of SPV or any other legal entity for receiving Government of India funds/ grant from the NMIU;
(c) Undertaking to adhere to Terms and Conditions of the Scheme;
(d) Undertaking to co-operate and work in collaboration with LMC;

(e) Undertaking to continue to implement LM Techniques after the completion of project under the scheme;
(f) Undertaking for periodic reporting on progress to NMIU; and
(g) Appointment of a nodal officer to be the authorized signatory and single point of contact.

4.3 Mini Cluster would be assisted by the field /branch/local office of NMIU and MSME-DI concerned to submit the application to avail the scheme.

4.4 A nodal officer (from beneficiary side) would be identified to be a point of contact for all requirements of the Scheme. He would also be authorized signatory on behalf of the Mini Cluster and a Power of Attorney would be signed to that effect, as per the format given at **Annexure 2**.

4.5 National Monitoring and Implementing Unit (NMIU) – National Monitoring and Implementing Unit (NMIU) will be responsible for facilitating, implementation and monitoring of the scheme. NMIU will be a competent National Level organization, with experience and competence in Quality Management and/ or Lean manufacturing programmes and will function as the MSMEs outsourced project 'Control Room'. It will monitor every stage of the programme on behalf of the Development Commissioner (MSME). The field level office/ project offices of the NMIU will function as **Implementing Agency** (IA) for implementation of the projects. These IAs will discharge day to day activities for smooth and effective implementation of the project. IAs will coordinate with LMC, cluster units, concerned associations, NMIU, MSME-DI, etc. LMCs and IAs will submit progress report to NMIU which in turn will send consolidated report to the office of DC, MSME. The end of the project reports may be prepared to show the tangible results obtained during the implementation of the LM interventions. The indicative parameters for tangible benefits may be Growth in Profit margin, Growth in Turnover/ exports, increase in Turnover Ratio, benefits of specific projects undertaken during LM implementation, change in Inventory – Turnover Ratio, reduction in rejection rate, saving in space utilization, etc.

4.6 The NMIU may outsource the implementation of Lean Manufacturing Scheme to competent organizations.

4.7 Suggested Role of NMIU

a) NMIU will function as Monitoring and Implementation Unit of DC – MSME, through its regional offices all over the country as well as local offices near the clusters.
b) Receive applications for the scheme, examine through TAC and put up for the consideration of the SSC along with its recommendations.
c) Invite proposals from LMCs, assess them and submit an Empanelled list of LMCs for the approval of SSC. Maintain a panel of LM Consultants.
d) Maintain a separate account of funds of the Scheme.
e) Release the funds directly to the beneficiaries against the reports on the basis of progress of implementation and on the satisfactory performance of respective LMCs.
f) Submit necessary Utilization Certificates (UC) in prescribed format.
g) Submit weekly progress reports to the nodal officer in the Office of DC, MSME as per agreed formats. Raise exception reports, if any, as regards to any non-responsive behaviour or non-satisfactory performance of any of the beneficiaries or LMCs.
h) Undertake awareness generation programmes for the Units and encourage them to participate in the Scheme, organise orientation programmes for LM Consultants/ other need based training programmes.
i) Co-opt industry experts on NMIU's appraising team.

j) Matching LMCs and Mini Clusters in consultation with Implementing Agency (IA) and MSME-DI.
k) Creating Bench Mark Action Plans.
l) Monthly Reviews and Trouble Shooting.
m) Mini Cluster wise/LMC wise National Report.
n) Carry out specific activities like publication of newsletter, preparation of book of knowledge, success stores, case studies, etc.
o) Submit the diagnostic study reports, completion reports or any other report regarding implementation of the project to the Office of DC MSME.
p) Maintain interactive dynamic website for the implementation of the scheme.

4.8 Selection of NMIU: NPC and QCI – two national level organizations having domain knowledge of lean manufacturing, quality assurance, etc will be considered as National Monitoring and Implementing Units (NMIUs) on nomination basis by the O/o DC(MSME). Other Competent National Level organizations and Industries Associations (registered as legal entities) with experience and competence in Quality Management and/ or Lean manufacturing programmes may also be selected as NMIU. Payment for NMIU Headquarter charges, monitoring and implementation will be made on pro-rata basis i.e., on number of Mini Cluster undertaken subject to the condition that each NMIU will implement Lean Manufacturing Scheme in minimum 50 Mini Clusters.

4.9 Technical Advisory Committee (TAC) within NMIU: NMIU would be required to deal with a number of Mini Clusters and their technical issues, take decisions on the matters of productivity, preparation of reports, recommendations of clusters for approvals, progress etc. To this end, a Technical Advisory Committee (TAC) would be constituted, within NMIU, which would be empowered to take the decisions on productivity related issues. The TAC would comprise of at least 3-4 productivity consultants having multi-sector experience covering all relevant sectors identified as amenable for cluster development through LM interventions. There would also be a representative from office of DC (MSME). NMIU including its TAC would be empowered to take decisions on the following matters:
(a) Appraisal of the applications received from MCs and giving recommendations on the same to SSC;
(b) Cross-checking implementation of the LM milestones at the unit level, against the LMC's periodic report and accordingly approving acceptance of claims of units;
(c) Conducting field visits along with representatives of SPVs at units participating in the Scheme;
(d) Conducting Orientation/Meets for LMCs at periodic intervals;
(e) Maintaining a central data base and reference library for participating units and LMCs;
(f) Conducting periodic workshops and meets for participating units.
(g) Appraising the decisions of TAC to Office of DC MSME through NMIU.

4.10 Lean Manufacturing Consultants:
a) An Individual or a Consultancy Firm (National or International) duly registered with or certified by a reputed certification agency in the field of manufacturing technology, quality control etc., would be an eligible entity to participate in the Scheme as a LMC. NMIU will obtain the approval of the SSC for the criteria for empanelling the LM Consultants.
b) NMIU will maintain a panel of LM Consultants duly approved by SSC.
c) LMCs may be required to undergo Orientation Programme/Meet organized by NMIU. NMIU would organize the Orientation Programme for the benefit of empanelled LMCs. The list of LMCs so trained shall be circulated to prospective MCs which shall identify a suitable LMC so empanelled by NMIU to undertake the Scheme at a specific MC.
d) Mini Cluster in consultation with Implementing Agency will short list/ recommend the names of suitable LM Consultants for particular MC, out of the list of empanelled consultants.

e) Selected LMCs will submit financial bids to NMIU.
f) NMIU in consultation with Office of DC, MSME would give approval for LMC on the basis of suitability of consultants for the respective MCs and the fees demanded.
g) LMCs would be required to sign a tripartite agreement with NMIU and MCs.
h) The payment (as per financial bid) to consultant is given in 5 equal instalments on the basis of completion of specific milestones (incremental improvements of selected parameters) described in the Diagnostic Study Report. The payment to LM consultant will be max Rs 36 lakh (inclusive of service taxes) for a mini cluster of 10 MSMEs. For smaller cluster or because of drop outs, the payments to consultant will be made on pro-rata basis.
i) In case the beneficiary MSMEs or NMIU is not satisfied with the progress of lean implementation, the tripartite agreement with the LMC will become null and void and the beneficiary MC may select a new LMC, with the approval of SSC.

4.12 **Responsibilities of LMC:**

(a) Assess the existing system at each member unit of the concerned MC;
(b) Diagnostic Study Report for each cluster shall be prepared by assigned LM Consultant. The report includes measurable targets with respect to baseline data. The baseline data and monitorable incremental improvements may be different for each unit.
(c) Stipulate detailed step by step procedures and schedules for implementation of the LM techniques (pre-defined milestones);
(d) Identify the end targets in quantified parameters to be achieved by each unit at the end of the Scheme;
(e) Work in close co-operation with each of the units to assess and then achieve the LM techniques implementation; and
(f) Respond to specific queries raised by SPV or NMIU on its performance.
(g) To attend orientation/meet /re-orientation programme organised by NMIU/ office of DC (MSME) so as to clarify scheme implementation related doubts, if any and to share their experiences with peers and also to update LMCs with the developments in the field. LMCs would be required to attend these workshops at their own cost. The cost of conducting workshops would be borne under the scheme.

4.11 International Consultant: The services of reputed international consultant(s) or organizations having experience in the field of Lean Manufacturing Techniques (from organizations like Asian Productivity organization) may also be hired to train LMCs for upgrading the skill of LMCs and sharing global experience of international consultant with LMCs in selected mini clusters. The selection of International consultant will be approved by SSC on nomination basis with the approval of Secretary MSME.

4.12 Role of Micro, Small and Medium Enterprises – Development Institutes (MSME-DI): The MSME-DIs, its branches being the field offices of the Development Commissioner, have important role in implementation of the scheme, which include;

a) To organise awareness programme in coordination with NMIU, LMC, Associations, other stake holders etc. Apart from organizing awareness programmes, the MSME-DIs will motivate the potential MSMEs to avail the scheme and to participate in the National Award for Lean Implementation through various seminars, IMCs etc.
b) To participate in first, third and fifth audits of lean implementation, jointly with NMIU.
    i. The first audit is carried out to verify the results of first milestone i.e. diagnostic study report prepared by LM Consultant which include the status of lean implementation,

Action Plan to achieve incremental improvement in each unit, etc. The Action Plan should be acceptable to the beneficiary units and sufficient to achieve the desired results.

ii. Third audit is carried out on the basis of report (Milestone Based Report, MBR-3) to verify the achievements as mentioned in the Action Plan of DSR. Midterm correction of Action Plan, if any, should be referred to NMIU for approval. Generally major midterm corrections will not be allowed.

iii. Fifth audit is carried out based on MBR-5 submitted by the LMC to verify the final improvements in comparison to the Action Plan. This is the final audit and a comprehensive report (completion report) is prepared by the LMC.

c) Facilitate the beneficiary MSMEs to submit application for availing the scheme.

d) Participate in the Screening and Steering Committee Meetings and Meetings for selection of Lean Manufacturing Consultants.

4.13 Screening and Steering Committee (SSC): At the highest level, SSC will guide, review, monitor and provide overall direction for implementation of the scheme and will be headed by the Development Commissioner (MSME). SSC will have overall responsibility for policy formulation, Scheme implementation and monitoring. It will be empowered to take all key decisions related to the Scheme and to approve minor modifications / procedural changes in the guidelines for operational expediency. SSC would deliberate on the issues put up by NMIU. It would lay down the detailed implementation strategy for the NMIU. It would also consider the recommendations of NMIU on each application. The constitution of the SSC will be:

1.	AS & DC, MSME	Chairman
2.	AS & FA /Alternate EA(IFW)	Member
3.	Representative of NMCC	Member
4.	Representatives of expert agencies like NPC and QCI	Member
5.	In-Charge, NMIU	Member
6.	Representative of Associations	Member
7.	Director of MSME-DI concerned/ invitee	Member
8.	Nodal officer handling LMCS in DC, MSME	Member-Secretary
9.	Special invitees / experts/ consultants/IAs/ SPVs	

The Steering Committee will hold its meetings periodically or as and when required.

5. Implementation Period: The implementation period will be maximum 18 months in each Mini Cluster to complete Diagnostic Study, implement the action plan, verify the incremental stages, submission of final report etc. However, it is required that the beneficiary units will follow the LM techniques after the exit of Government of India programme. Performance of Implementation of LM Techniques will be divided into 5 milestones. Each milestone is verified in audit before release of funds to LM Consultant.

- 1st Milestone – Completion of Cluster Specific Diagnostic Study Report (DSR). DSR includes
  - Existing status (5s, workspace management, Safety, health, energy conservation, Single Minutes Exchange of Dies, Total Productive Maintenance, Reduction in Inventory, Organization Structure, Layout, process of manufacture, visual base line survey, identification of 7 wastes, inventory practices, top chronic problems, etc.)
  - Time bound targets for achieving Incremental Improvements. Parameters are rated on scale of 1-10.
  - Phase wise Action Plan

– Qualitative, quantitative, monetary benefits likely to be achieved.

- 2nd, 3rd, 4th & 5th Milestones: - Incremental Improvements to next stage on the scale of 1 -10

The units will be in touch with LMC for building on the gains occurred during the implementation phase. LMC in close coordination with the Mini Cluster will document/ prepare before and after status of various parameters. The documentation will be in form of case study, photographs, videos, etc. The documentation will be submitted to the office of DC, MSME from time to time. The first (Milestone Based Report - MBR-1), third (MBR-3) and last mile stones (MBR-5) in respect of Mini Clusters will be audited jointly by NMIU and O/o DC (MSME) through its field offices.

6.0 COVERAGE AND ELIGIBILITY: The Scheme is open to all Micro, Small and Medium Manufacturing Enterprises throughout the country. The units should be registered with DIC (EM-II) or with any other agency (Professional body, association, Govt agency, department, etc). The units are required to form a MC ideally of 10 units (minimum 6) by signing among themselves a Memorandum of Understanding (MoU) (**Annexure 1**) to participate in the Scheme.

7.0 APPROVAL PROCESS

- NMIU will examine and recommend the applications for SSC approval. NMIU/MC will present the proposal in the SSC.
- If any application is not complete, SSC may accord “in-principle approval”. MC would then comply with the requirements. NMIU would undertake due diligence on compliance. Once NMIU is satisfied with the compliance, it may issue the Sanction Memo under information to the SSC.
- Having obtained sanction for its project, MC shall proceed with the selection of the LMC and finalize the terms of engagement in consultation with the NMIU. SPV shall thereafter provide the details of the terms to NMIU who would issue an Approval for Signing Memo, which would enable the MC to sign a Tri-Partite agreement with LMC and NMIU.

8 Approved activities and Budget Outlay:

Rs in lakh

Activities	No of Programs	GoI per program	Beneficiary contribution	Total[1] GoI	Total Cost
a. Awareness & Mobilisation Programs 1000 (one day duration per cluster). Need based.	1000	0.7	0	700	700
b. Orientation Programmes for Lean consultants. 1 Program per year	4	6	0	24	24
c. [2]Implementation Charges at mini cluster level	500	2.3	0	1150	1150
d. NMIU Fees for monitoring assigned activities	500	2.8	0	1400	1400
e. NMIU Head Quarters Cell charges	4	150	0	600	600
f. SSC/TAC visit in clusters	4	10	0	40	40
g.[3] LM Consultants Charges @ Rs 36 Lakhs (maximum) per mini cluster of 10 units for a period of 18 months or till completion (GOI:Units::80:20)	500	28.8	3600	14400	18000
h. Newsletters/Web site/publications Rs. 5 lakh for each year. Dissemination of Best Practices, publicity.	4	5	0	20	20
i. One day National Workshop on Lean Manufacturing 8 programs	8	6	0	48	48
j. Training of MSME – DO officers (1 programs per year of 3 days duration)	4	3	0	12	12
k. Misc Expenses like preparation of standard modules, book of knowledge of Lean Concepts, Independent verification of results, documentation, Admin expenses, printing of guidelines, purchase of office automation equipment, publicity, preparation & printing of success stories, etc.	-	-	0	100	100
l. Balance Amount (monitoring charges, Consultant fee for remaining mile stones) to be paid to NPC for 100 mini clusters of Pilot phase (Initiated in 11th FYP), preparation & printing of success stories, etc.	-	-	0	1000	1000
m. International Collaborations with various International Institutions like APO for Consultants specialized inputs for NMIU Consultants/ Min Clusters				1000	1000
Total	-	-	3600	20494	**24094**

[1] All amounts are inclusive of service taxes
[2] The payment for activities c, d and e would be made on pro rata basis i.e. on the number of Mini Clusters in which implementation is being done by the NMIU.
[3] Charges will be paid on pro-rata basis in case cluster is of lesser units or some units drop out. Minimum size of cluster – 6 units.

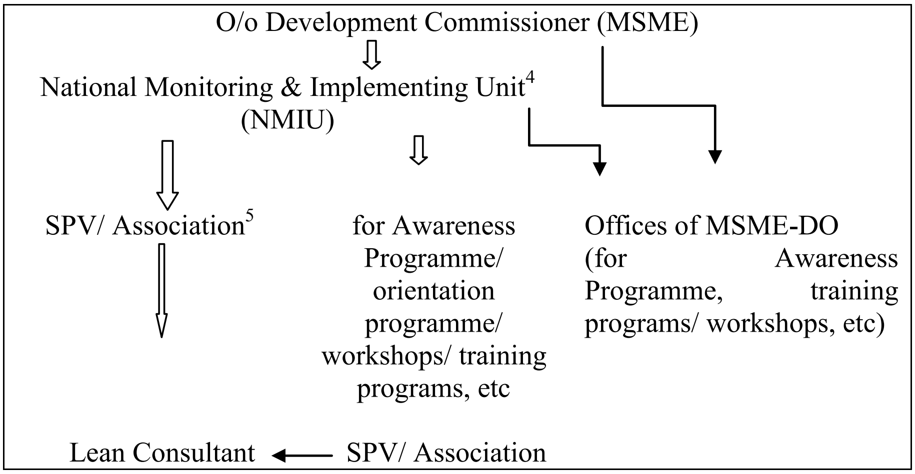
9 MODALITIES OF FUND TRANSFER:

i. LMC would raise the bill for the services rendered to the SPV. The payment to LMC by SPV would be on a milestone basis in 5 tranches of 20% each. After the achievement of first stage (preparation and acceptance of DSR), the SPV will pay its contribution to the LMC (first tranche of 20% fee). The subsequent four tranches will be paid out of scheme funds by the NMIU. NMIU will release funds in the account of MC and MC will pay to the LMC.

ii. **Fund Transfer to NMIU:** For facilitating the smooth and faster roll out of the Scheme at a National Level, the total amount of grant envisaged under the Scheme would be periodically transferred to NMIU to be kept in a separate account to be opened by NMIU. NMIU could take the funds out of this account against compliance of pre-defined conditions. NMIU would keep and periodically report on the fund status to SSC.

iii. **Fund Transfer to SPV:** NMIU would transfer the funds to SPV/MC into their separate account opened for the project. This transfer of funds will be towards the amount of the fees paid by SPV to LMC for achieving a particular milestone, after cross checking with a report for the achievement of same milestone and of satisfactory performance of the LMC. NMIU would seek documentary evidence in the form of a certificate of the Authorized Signatory of the SPV, which would also form part of the Progress Report.

FUNDS FLOW CHART



[4] Based on MoU
[5] Funds will be provided to SPV/association as per prevailing guidelines and to have better coordination with LM Consultant

Annexure – 1

(To be executed on Stamp Paper of Appropriate Value)

MEMORANDUM OF UNDERSTANDING AMONGST MINI CLUSTER(MC)

This Memorandum of Understanding is entered into on this the ______day of _________ 2013 at ____________

AMONGST

1.___________ , having its registered office at____________(hereinafter referred to as the **First Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
2.___________ , having its registered office at____________(hereinafter referred to as the **Second Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
3. __________, having its registered office at____________(hereinafter referred to as the **Third Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
4. ___________ having its registered office at____________(hereinafter referred to as the **Fourth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
5. ___________ having its registered office at____________(hereinafter referred to as the **Fifth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
6. .___________ having its registered office at____________(hereinafter referred to as the **Sixth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
7. ___________ having its registered office at____________(hereinafter referred to as the **Seventh Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
8. ___________ having its registered office at____________(hereinafter referred to as the **Eighth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
9. ___________ having its registered office at____________(hereinafter referred to as the **Ninth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)
10. ___________ having its registered office at____________(hereinafter referred to as the **Tenth Part**, which expression shall, unless repugnant to the context include its successors and permitted assigns)

The above mentioned parties of the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Part are collectively referred to as Parties and each is individually referred to as a Party.

WHEREAS,

Purpose.

The purpose of this MoU is to enable units who are signatories of this agreement to join together for implementation of Lean Manufacturing Competitiveness Scheme of Ministry of Micro, Small and Medium Enterprises,(herein after referred to MSME) Government of India.

Reference.

1. Lean Manufacturing Competitiveness Scheme Guidelines of MSME, 2013.
2. Empanelled list of Lean Manufacturing Consultants (LMCs).

3. Background

With the advent of Globalization, the competition in the manufacturing sector is ever increasing. In this competitive environment, the enterprises need to adopt efficient practice to sustain. While the big industries usually have dedicated funds and resources for innovation and efficiency, the small and medium enterprises have hardly any time or resource for this important but not so direct activity.

Hence, with the view to help these industries gain efficiency, the Ministry of Micro, Small and Medium enterprises has launched Lean Manufacturing Competitiveness Scheme. In this Scheme, ideally 10 MSMEs (minimum 6 units) producing similar products, and having similar production process, would come together.

4. Scope

This Memorandum of Understanding defines the term between the units for implementation of the Scheme in the Mini Cluster.

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1 Consortium

1.1 The parties do hereby irrevocably constitute a consortium (the Consortiums) for the purpose of jointly participating in the implementation of the Scheme,

1.2 The parties hereby undertake to participate in the implementation process only through this consortium and not individually and/or through any other consortium constituted for this purpose, either directly or indirectly or through any of their Associates.

2. Covenants

The parties hereby undertake that in the event the consortium is declared to be selected, it shall incorporate a Special Purpose Vehicle as per scheme guidelines for entering into a Joint Agreement for performing all its obligations as the participants in terms of the Joint Agreement for the purpose.

3. Role of the parties

a. It is the collective and joint responsibility of all members of the Mini Cluster to carry out the Lean Manufacturing Competitiveness Scheme in their Mini Cluster. The members shall allocate the responsibility of implementing the Scheme to a team comprising of representation from all levels of the organization

b. The units would adhere to Terms & Conditions of the Lean Manufacturing Competitiveness Scheme throughout the period of implementation.

c. The units would co-operate and work in collaboration with the Lean Manufacturing Consultant for carrying out the diagnostic study of their process, and will provide all necessary inputs and information required by the LMC for the purpose.

d. The units also undertake to implement the suggestions given by the LMC, and in case they are unable to do so in some of the conditions, explain the same in writing to the satisfaction of the Consultant, who may try to solve the problem and make fresh recommendation to improve the processes in the Industry.

e. The units understand that the Government grant up to 80% of the cost is for a period of 18 month or till completion, and units agree to fund and implement the scheme at-least for one more year by themselves through this SPV.

f. The units would report their progress from time to time as required by the Scheme. The failure to do so may result in delay/ stopping of re-imbursement by National Monitoring & Implementing Unit (NMIU).

4. Monetary and Performance terms

i. The units in the Mini Cluster will form an SPV for the purpose of the Scheme once the approval is accorded to the Mini Cluster

ii. The SPV then will search for a Lean Manufacturing Consultant from the Empanelled list, or will ask NMIU to select for them. The terms of reference for the LMC shall be as described in the Guidelines of the Scheme.

iii. After the SSC sanctions the NMIU the appointment of the Consultant for the Mini Cluster, the units shall contribute an amount equal to 20% of the Total fees of the Lean Manufacturing Consultant to an escrow account of the SPV.

iv. The LMC shall conduct diagnostic study for the SPV, and shall submit its first report with set of action items, along with the Invoice for the first stage.

v. The SPV shall pay the first installment of 20% of the fees from the funds contributed by the units.

vi. An escrow account will be opened by SPV with two signatories to operate the account.

vii. NMIU in turn shall reimburse the SPV for the amount expended after verification of the actions taken by units on the recommendation of the LMC, the tasks performed by LMC and on basis of surprise checks conducted by NMIU.

viii. From the next stage onwards, the SPV will have to submit a Utilization certificate along with the receipt from the LMC for the fees paid.

ix. The Government grants for the Scheme shall be restricted to 80% of the Consultancy fees of LMC. The SPV needs to sign an undertaking to this effect before getting the first trench of reimbursements.

5. Monitoring Mechanism

The units would be required to submit through LMC their progress report from time to time to the NMIU in the prescribed format. Inability to submit progress report or inadequate progress may lead to suspension of the unit from the Mini-cluster, and no compensation for the amount initially paid would be given to such a unit.

6. Shareholding in the SPV

The parties agree that the proportion of shareholding among the parties in the SPV would be in the form of trustees.

7. Validity

This MOU shall be valid till the approval is accorded to the Mini Cluster by Screening and Steering Committee (SSC), after which the Mini- cluster would be converted into a Special Purpose Vehicle.

IN WITNESS WHEREOF THE PARTIES ABOVE NAMED HAVE EXECUTED AND DELIVERED THIS AGREEMENT AS OF THE DATE FIRST ABOVE WRITTEN.

SIGNED SEALED AND DELIVERED BY FIRST PART

WITNESS
1.
2

SIGNED SEALED AND DELIVERED BY SECOND PART

WITNESS
1.
2.

SIGNED SEALED AND DELIVERED BY THIRD PART

WITNESS
1.
2

SIGNED SEALED AND DELIVERED BY FOURTH PART

WITNESS
1.
2.

SIGNED SEALED AND DELIVERED BY FIFTH PART

WITNESS
1.
2.
SIGNED SEALED AND DELIVERED BY SIXTH PART

WITNESS
1.
2.

Annexure-2

POWER OF ATTORNEY
(BY MC TO ITS AUTHORIZED SIGNATORY)

(On a Stamp Paper of relevant value)

POWER OF ATTORNEY

Whereas the Office of the DC(MSME), Ministry of Micro, Small & Medium Enterprises, Government of India, has announced a Scheme for implementation of Lean Manufacturing Competitiveness Scheme for Micro, Small and Medium Enterprises.

Whereas, the industry units are interested in forming a Mini-cluster as required in the Scheme for taking benefits of the Scheme, and adopt Lean Manufacturing techniques in their industries, in accordance with the terms and conditions of the Scheme and other related documents in respect of the Scheme, and

Whereas, it is necessary as per the Guidelines of the Scheme for the members of the Mini Cluster to appoint a Nodal Officer with all necessary power and authority to do for and on behalf of the units, all acts, deeds and things as may be necessary in connection with the Mini Cluster's proposal for the implementation of Scheme who, acting jointly, would have all necessary power and authority to do all acts, deeds and things on behalf of the Mini Cluster, as may be necessary in connection with the Mini Cluster's application for the Scheme.

NOW THIS POWER OF ATTORNEY WITNESSETH THAT;
We, M/s. ____, ___________________________
______________________, _________________________________, _________________________________,
_________________________, _________________________________, ______________________ _____
________, _____________________, do hereby designate Mr/ Ms. ___________________________as
the Nodal Officer for the Mini Cluster, to do on behalf of the Mini Cluster, all or any of the acts, deeds or things necessary or incidental to the Mini Cluster's proposal for the Scheme, including submission of application/proposal, participating in conferences, responding to queries, submission of information/documents and generally to represent the Mini Cluster in all its dealings with the Screening and Steering Committee (SSC), National Monitoring and Implementing Unit (NMIU), Lean Manufacturing Consultant (LMC), Office of the DC(MSME), Ministry of Micro, Small & Medium Enterprises, or any other Government Agency or any person, in connection with the Scheme.

We hereby agree to ratify all acts, deeds and things lawfully done by the Nodal Officer, our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us.

Dated this the ______ day of ____________ 2013

____

(Executants)
(To be executed by all the members of the Consortium)

Annexure – 3

FORMAT FOR APPLICATION BY MCs

Application Format for Participation in Lean Manufacturing Competitiveness Scheme of Office of the Development Commissioner (MSME), Nirman Bhawan, New Delhi-110108

Date : ....
Name and Address
Telephone No.
E-mail & Fax

Subject: Application for Participation in the Lean Manufacturing Competitiveness Scheme

Sir,

We, the undersigned wish to avail the benefits of the Lean Manufacturing Competitiveness Scheme to enhance our competitiveness of our enterprises. We have gone through the guidelines of the Scheme. The details of industries interested are as follows:

Sl. Company Name Address with Telephone Product E.M. No.,
No. Number, E-mail and Fax Date of Issue,
1
2
3
4
5
6
7
8
9
10
Issued by
(Copy Enclosed)

We have made an assessment of Product Manufacturing at our premises, and we feel that we can achieve efficiency by following Lean Manufacturing techniques.
In pursuance of the Scheme, we wish to incorporate a Special Purpose Vehicle named ________________________incorporated under the ________________Act, Year. A Memorandum of Understanding to this regard has been signed between the units, and the units have jointly nominated the undersigned with the Power of Attorney to communicate on their behalf for the purpose of the implementation of the Scheme. A copy of the MoU and the Power of Attorney are attached herewith for your kind perusal.

Yours Sincerely,
(Signature)
Name of the Authorized Signatory

Enclosures:
1. Memorandum of Agreement
2. Power of Attorney

Design Clinic Scheme for MSMEs

1.0 Introduction

1.1 As part of the National Manufacturing Competitiveness Programme (NMCP), the office of Development Commissioner (MSME), Ministry of Micro, Small & Medium Enterprises, Government of India, will be implementing the Design Clinic Scheme for Design Expertise to Micro, Small and Medium Enterprises (MSME) Sector (hereinafter referred to as the Design Clinic Scheme).

1.2 The objective of Design Clinic Scheme is to enhance the understanding and application of design and innovation in MSMEs. It aims to promote design as a value adding activity and integrating the same into the mainstream business and industrial processes of MSMEs. The scheme will be implemented in pursuance of the longer term goal of helping the manufacturing segment in the MSMEs move up the value chain from "original equipment manufacturing" through "original design manufacturing" to "original brand manufacturing".

1.3 The overarching approach in implementing the scheme will be to bring Indian MSMEs and the design experts on a common platform. This will enable the MSMEs to access expert advice and cost effective solutions for their real time design problems, with some financial support from the Government. The expected outcome of such interventions are new product development or discernible design improvement and value addition for existing products. The total scheme budget will be Rs. 73.58 crore, out of which Rs. 49.08 crore will be GoI assistance and the balance amount will be contributed by the beneficiary MSMEs.

1.4 The National Institute of Design (NID), Ahmedabad has been designated as the nodal agency for the scheme.

2.0 Overview

2.1 Design is a structured creative process. In manufacturing, design is commonly associated with industrial product design - specifically the "look" of a product. However, the application of design is much broader, for example designing for aesthetic appeal, for ease of manufacture and for sustainability. Designing may be done for reliability or quality or business processes themselves. Service designs affect how customers will experience the delivery of a service, such as a bank or a fast food restaurant.

2.2 The larger purpose of design is to do things better, to improve a situation and to make a positive difference. The role of design in business is to create value. A company can use the design process to add value to products, services, and to the organization itself. A well-designed product, service, or organization is more valuable than a product, service, or organization that is not well-designed.

2.3 Design, innovation and growth are linked. Innovation and design are not simply about new products or technology. They are also about how to improve products in everyday use, leading to reduced costs, increased usability and new business opportunities. Design is recognized as an innovative discipline that can help MS-MEs to sustain and grow in an increasingly competitive market.

2.4 Indian MSMEs produce a diverse range of products - from the simple products to those that are technically complex. With the rapid changes taking place in the business and technological environments, it is critical for the Indian MSMEs to keep pace with these changes. This, inter-alia, requires an innovative product development approach that ensures sustainability/ growth by retaining competitive advantage. The wider application of design by the MSMEs is expected to increase the value and competitiveness of their products.

2.5 The Design Clinic scheme will help MSMEs to avail independent and professional advice on all aspects of design. Practical support will be provided to MSMEs through seminars, workshops and one-to-one advice by design experts for new product development as well as enhancing existing product portfolio.

3.0 The Scheme

3.1 The Design Clinic Scheme will be guided by the following key principles:

- Rigorous, yet applicant friendly, process;
- Promotion and dissemination of design concepts in regional/local languages understood by the MSMEs;
- Establishing benefits without overwhelming the MSMEs;
- Learning from other successful design support programs;
- Establishing systematic processes for design and product development in MS-MEs.

3.2 The purpose of the scheme is two-fold:

* increase the awareness of the value of design and establish design learning 5in the micro, small and medium sized industries, and
* increase the competitiveness of MSME products and services through design.

3.3 The larger objective of the scheme is to create a sustainable design eco system for the MSME sector through continuous learning and skill development, and to promote use of design by MSMEs for developing products and services which are market led.

3.4 The focus of the scheme will be on building the design capability of MSMEs to enable them to improve business performance and to compete in the global market.

3.5 The scheme description is divided in two major parts, viz., Design Awareness and Design Projects.

3.5.1 Design Awareness: This will be done through seminars, workshops and Design Need Assessment Survey for the participant members of the selected clusters. These activities will help create general awareness and sensitization about the value and power of design for businesses.

3.5.2 Design Projects: The Design Need Assessment Survey will form the basis for further dialogue between professional consultants and individual units (or group of units) in the cluster for the preparation of project proposals for funding. The funding assistance will be provided to the MSMEs for engagement of design consultants and professionals and other admissible items under the project as per the guidelines.

4.0 Design Awareness - Seminars and Workshops

4.1 The purpose of these activities is to sensitize MSMEs about the usage of design in various facets of their industry.

4.2 A seminar will cover the design related topics in a broad way, with the intent to communicate the importance of design, its usefulness and its role in delivering business value. It would be delivered in lecture-style by one or more experts deliberating on a topic. The seminar will be followed by a Question and Answer session. A typical seminar would be of one day duration.

4.3 A workshop connotes a more focused study on design, with a well-defined "take-away" for the MSMEs. The total time allocated for each workshop is 3 - 5 days. This will begin with the experts visiting the cluster units and understanding the issues concerning the cluster. Thereafter, there will be a training on design clinic solutions delivered by an expert or a group of experts in an interactive manner. This will be followed by preparation of a Design Need Assessment Survey Report by the designated expert.

4.4 The Design Need Assessment Survey report will review the present state of the cluster, will identify areas of improvement and within that will identify specific areas which could be served by design intervention. The report will present how the design solution(s) will finally convert to a business solutions and will specify a preferred sequence of actions for the same. The report will also contain the details of workshop proceedings.

4.5 The conduct of seminars and workshops will be entrusted to industries associations, technical institutions or other appropriate bodies. The interested organizations may apply to the Design Clinic Centre. The applicant organization must demonstrate the expertise to deliver such a seminar or workshop and should support its application with similar previous experience.

4.6 On receiving the approval from the design clinic centre, the organization shall conduct the workshop or seminar and shall submit a report of the event at the end of it to the centre.

4.7 MSME-DIs of the Ministry of MSME will assist in organizing these workshops and seminars. MSME-DI's primary role will be to facilitate identifying clusters, advocacy with units in the cluster and motivating them to attend these workshops and seminars.

4.8 GoI contriution, not exceeding Rs 60,000 (Rs Sixty Thousand Only), will be admissible for the conduct of each seminar.

4.9 The GoI contribution for the conduct of a workshop (including preparation of the Design Need Assessment Survey report) will be to the extent of 75 percent of the cost incurred, the admissible costs being restricted to Rs 4,00,000 (Rs Four Lakh Only), (i.e. maximum assistance being restricted to Rs 3,00,000 only). The remaining amount will be contributed by the participating MSMEs.

4.10 The funding provided for the conduct of these seminars and workshops will cover all organizational, incidental and out of pocket expenses required for conduct of these events. The Government contribution under the scheme will be released in 2 installments to the implementing organisation / institution. Initially, 50% of the sanctioned amount from GoI will be released after approval of the proposal. The balance GoI contribution of 50% amount will be released after receiving the full contribution from the private units and based on the receipt of the Audited - statement of expenditure; final report etc. from the organization who conducted the workshop/Seminar.

4.11 NID will prepare a standard template for the seminars and workshops with clear identification of deliverables.

4.12 In addition to workshops and seminars being organized for the MSMEs, about five orientation workshops will be organized for the design consultants. The duration of the orientation workshop will be of one day. The purpose of the orientation workshop is to sensitize and orient the design consultants towards the purpose of design clinic scheme and issues concerning the MSMEs. NID will make necessary arrangements to organize these workshops for designers with the assistance of experts and professionals.

5.0 Design Projects

5.1. Objectives

- To facilitate access of MSMEs to design expertise in the form of consultancy;
- To facilitate MSMEs to develop new design strategies and/or design-related products and services through project interventions;
- Create visible impact and effectively develop the capabilities of the local enterprise

5.2. Applicability

- The applicability of design project funding is to an individual MSME or a group of MSMEs. In other words, the scheme permits a group of MSMEs based in an industrial clusters to come together and seek project funding for design improvement consultancy. For the sake of convenience, herinafter in these guidelines, the term MSME shall include a group of MSMEs also.

5.3. Financial Assistance

The Design Clinic Scheme shall provide financial assistance to support design work undertaken by individual MSMEs, group of MSMEs and student projects.

5.4 The beneficiary unit(s) must typically be micro, small or medium enterprises as per the definition in MSMED Act 2006. It must be new to using design and preferably should not have used internal or external design expertise before. The designer that a unit employs in this scheme should be selected from a pool of qualified designers empanelled for this scheme.

5.5 Need Analysis

MSME level need analysis will have to be conducted either as a follow-up of the cluster level workshop or as a stand-alone one-to-one exercise by expert and MSMEs. The MSMEs desirous of design intervention could get the Design Need Analysis conducted from a designer/design company / academic institution approved by Design Clinic Centre.In case they cannot locate a designer/design company / academic institution, they can contact the Design Clinic Centre for help. Design Clinic Centre on receiving the intent shall suggest designer / design companies / academic institutions from which the MSME can choose from and consequently also notify suggested companies / institutions. A template for design need analysis will be prepared by NID. The experts shall submit the report using the given template.

5.6. Consulting

Consulting develops detailed solutions, and helps the units to do and to learn by doing. The most important part of the consulting aspect is to convert design solution into a business solution. No design activity is complete without good business understanding or inputs relating design to business. In specific cases, an independent business evaluation could be commissioned to act as input for design consultant. Help from business consultant / management students could be incorporated at this juncture.

5.7. Project Proposal

Based on the need analysis and consulting outcome a detailed project proposal shall have to be prepared. This proposal shall include all aspects of the proposed project and the financial details. The proposal shall be submitted in the prescribed format for approval by the assessment panel of the design clinic Centre.

5.8. Design project Funding for professionals

- All applications for funding support for design projects under the Scheme must be in collaboration between a MSME requiring assistance in design and a designer / design company / academic institution which will provide that assistance.
- The funding support will be given by way of a grant upto a maximum of 60% of the total approved project cost or Rs. 9.0 Lakh, whichever is less, in case of a individual MSME or a group of not more than three MSME applicants.
- The funding support will be given by way of a grant upto a maximum of 60% of the total approved project cost or Rs. 15 Lakh, whichever is less, in case of a group of four or more MSME applicants.
- The applicant MSME (s) in the project is required to contribute at least 40% of the approved project cost as a matching fund.
- The matching fund for the project contributed by the applicant MSME 5 should be traceable and verifiable, such as in the form of cheque and/or bank pay-in slip.
- The funding grant will be reimbursed in 4 stages in 4 equal amounts. It shall be done in the following manner:
  * Stage 1 – Strategy - 25%
  * Stage 2 – Concept - 25%
  * Stage 3 – Detail Design - 25%
  * Stage 4 – Successful Implementation and completion report - 25%

5.9. Design Project Funding for Students

Most of the design education in the country being project based education, a portion of funding is earmarked to sponsor / support the student design projects. Each of these projects would result in detailed document including final design specifications and a model / prototype.

- The Design Clinic Scheme shall support design work by reimbursing 75% of expenses incurred subject to maximum of Rs 1.5 lakh for final year student projects done for MSMEs under the supervision of parent Design Institutions. MSME units contribution shall be 25% of the admissible cost.
- The admissible cost (estimated to be Rs.2 lakh) would include student designer's stipend (wherever applicable), conveyance related to the project, documentation and model making costs.
- Students in the final year undergoing full-time under graduate or post graduate program from institutions recognized by design clinic centre are eligible to apply for this funding.
- The funding shall only be available for final year dissertation projects, for under-graduate/post graduate or diploma course.

- The student will have to apply in a specified format through his / heracademic institution and with the consent of MSME where he / she will be doing the project.
- The project work must culminate in to a report approved by the parent academic institution of the student and the MSME for whom the project work is done.
- The deliverables for the student project will be specified clearly by the Design Clinic centre.
- The funding grant will only be reimbursed to the students through institute.
- The funding grant will be reimbursed in 3 stages, in the following manner:
    * Stage 1 – Application approval - 25%
    * Stage 2 – Mid Stage (about 50% period completion) - 25%
    * Stage 3 – Final Report Submission - 50%

5.10. Project Duration

- Design Project duration will be less than one year.

5.11. Eligible Applicant

- The local designer / design company / academic institution and the local 5 MSME in collaboration are eligible to apply for funding support as co-applicants. An MSME with the consent of the Design company or academic institution, may submit an application as the principal applicant, subject to the following conditions:
    * The designer / design company / academic institution and the applicant MSME have to be bodies or companies established or incorporated in India under the Indian Laws with on-going business;
    * The applicant designer / design company / academic institution will be responsible for carrying out the design project;
    * The applicant design, design company / academic institution and the applicant MSME in a project application must not be an associate or associated person or agent or employee of the other of them before 5 submission of the application;
    * The project team members representing the designer / design company / academic institution must not be directors / shareholders / management team members of the applicant MSME.
- Following are the criteria for qualifying the applicant MSME under Design Clinic
    * The MSME should be a profitable entity in the last 3 years of its operations
    * The MSME must demonstrate either an export performance or potential to export
    * PMAC can stipulate / relax criteria for this purpose
- Following are the criteria for qualifying the co-applicant Designer / Design company under Design Clinic
    * The Designer or the Design company or acclaimed institute should have demonstrated expertise and qualification in the problem area that it seeks to solve for the applicant MSME

* It shall be the responsibility of the designer / design company to complete the project on time and as per agreed scope.

- If the application is approved, the applicant design company / academic institution will become the recipient of the grant, and both the applicant design company / academic institution and the applicant MSME have to sign an agreement with the Design Clinic Centre to ensure that both parties are fully aware of the terms and conditions under which the grant will be offered.
- For administration purpose, the MSME will be called the “principal applicant” and the Designer / Design Company / academic institution will be called “co-applicant”.

5.12. Project Budget

- The principal applicant is required to submit a budget proposed for the project, showing all expenditure and the relevant documents, such as quotation, project brief, or contract.
- When preparing the project budget, the principal applicant is required to provide a brief description of the work steps involved, and the cost breakdown for such steps. Other information such as duration of time and manpower required (e.g. in man-days) will also be helpful. Unspecified cost items such as miscellaneous, sundry and contingency etc. will not be accepted.
- A list of unallowable cost items which cannot be charged to the project account is set out in another point below.
- Both the applicant design company / academic institution and the applicant MSME are required to declare in the application whether any or both of them have sought or are seeking funding support for the project from other public funding sources. Double subvention will not be allowed.

5.13. Plan for the Project Outcome

- The principal applicant is required to provide in the application a brief plan on how it will commercialise the project deliverables and preserve IPRs subsisting in the project deliverables and other project materials when discharging the project.

5.14. Project Coordinator

- In each application, the principal applicant should nominate a project coordinator.
- If the application is approved, the project coordinator is responsible for overseeing the project generally; monitoring its expenditure and ensuring the proper usage of project funds in accordance with the approved project budget, this Guide and other instructions set for the project and answering enquiries.

5.15. Timing for Application

- The Design Clinic Scheme is open for applications throughout the year, unless notified otherwise.

5.16. Application Procedures

- Applications for the scheme can be made in multiple ways
- Application can be made by the MSME with request for grant without a design company. In such cases Design Clinic Centre will suggest the possible design consultants to the MSME from which to choose from.

- Application can be by the MSME along with a Design Consultancy which satisfies the criteria given in here.
- Application can be by the SME along with an academic institution which satisfies the criteria given in here.
- Applications may be submitted to the Design Clinic Centre by way of electronic submission via the internet at the website.
- Each application can only cover one project.
- Applications not fulfilling required condition will not be considered.
- The applicants will be informed of the assessment result within 50 clear working days after receipt of full information.
- It is recommended that the applicants should plan ahead when submitting their applications and make sure that all requisite documents are submitted.
- No application fee will be charged.

5.17 Approval of Applications

- Approval of applications depends on their individual merits, and the funding limit set out above.
- The PMAC reserves the right to reject an application on grounds including:
  * a petition is presented or a proceeding is commenced or an order is made or a resolution is passed for the winding up or bankruptcy of the principal applicant or the co-applicant; or
  * a false inaccurate or incomplete statement or representation is contained in the application or a promise or a proposal is made knowingly or recklessly that it will not be able to fulfil or deliver such promise or proposal; or
  * in the event of a claim alleging or the Government having grounds to believe that any thing(s) or material(s) to be designed or conceived or produced as part of the project deliverables infringe or will infringe any IPRs of any third party; or
  * the principal applicant or the co-applicant is in default of its obligation(s) under other grant agreement with the Government whether or not in relation to the Design Clinic Scheme.

5.18 Resubmission

- A declined application may be resubmitted only if it has been revised substantially or if it has been able to produce additional information to address the comments made by the Assessment Panel in its earlier review. The differences of the resubmitted application should be set out clearly vis- à-vis the previous one.
- Any revised application will be treated as a new application.

5.19. Vetting Procedures

- Upon receipt of an application, the Design Clinic Centre will conduct a preliminary screening and may seek clarification or supplementary information from both the applicant design company/academic institution and applicant MSME.
- After screening, the Design Clinic Centre will submit the application together with its comments to an Assessment Panel for consideration.

- The Assessment Panel would comprise officials, professionals, industrialists, businessmen, designers, academics or other expert individuals. Its functions are to assess applications, make recommendations, and monitor approved applications.
- The applicant design company / academic institution and applicant MSME and its project team members may be required to attend assessment meetings to present their applications and answer questions.

5.20 Assessment Criteria

- In considering an application, due consideration will be given to the following factors, wherever applicable:
  * to what extent the project can help integrate design into business process;
  * to what extent the project can help transform design activity into tradable deliverables, be it product or service, that manifests exploitation and deployment in the form of intellectual property, which may comprise patent, copyright, know-how or industrial design;
  * to what extent the project can add value to the products or services concerned and increase their competitiveness;
  * to what extent the project can help commercialisation of new products or services and finding pathways to market;
  * Whether the applicant design company / academic institution or the applicant MSME has been funded by the Design Clinic before and the amount of funding already granted for such previous projects.
  * the overall planning and organisational structure of the project and capability of the project team i.e. the project team members' expertise, experience, qualifications, track record, and the resources available for the project;
  * whether the proposed budget is reasonable and realistic, and whether the project has been funded or should be funded by other sources;
  * how the design consultant will maintain relationship with MSME after the completion of the project; and
  * any other relevant factors.
- The overall assessment criteria would be based on the measurable positive difference that a design intervention will bring to the MSME, either in absolute revenues (indicating higher profits) or in percentage terms.
- The Assessment Panel will submit its report to PMAC through NID giving recommendations on the approval or otherwise for the project. PMAC's decision will be communicated to the applicant (s) by NID.

5.21. Notification of Results

- The applicants will be informed of the assessment result within 50 clear working days after receipt of full information.
- If an application is recommended for grant, both the principle applicant and co-applicant concerned will be informed of the result together with any terms and conditions that may be imposed by the Assessment Panel in addition to the standard terms and conditions. They may need to revise their application accordingly before the application is approved.
- If an application is declined, reasons will be provided.

5.22. Withdrawal of Application

- The principal applicant and co-applicant can write to the Design Clinic centre to withdraw an application at any time before signing the grant agreement.

5.23. Grant Agreement

- For each successful application, the co-applicant designer / design company / academic institution will be the recipient of the approved grant but both the design company / academic institution and the applicant MSME have to enter into a grant agreement with the NID. The grant agreement will be signed between the NID and the applicants. NID will prepare an appropriate legal document (duly incorporating GFR provisions) for this purpose. The grant agreement shall contain (a) the terms as set out in the approval letter from the NID; (b) the terms and conditions; and (c) the project proposal in the format attached to the approval letter from the NID.
- As part of the documents required to support an application, the principal applicant for the project has to submit the contract entered into between the applicant designer / design company / academic institution and the applicant MSME certifying that the latter has engaged the former to carry out the project ("project contract"). The project contract should contain the terms and conditions of the engagement.

5.24. Disbursement of Approved Grant

- Disburse ment of the approved grant will be made at each stage depending upon
  - the submission of the periodic assessment report,
  - evidence showing that the applicant MSME has duly paid up the matching fund as required,
  - successful attainment of the stage as per the completion date specified or such other date that the NID may approve in writing,
  - final completion report and the final audited financial statement in form and substance to the satisfaction of NID and complying with the requirements set out before, within 2 months after the project completion date specified in the project proposal or by such other date as the NID Centre may approve in writing, and
  - due compliance with the grant agreement and the project contract by both the applicant designer / design company / academic institution and the applicant MSME.

5.25. Publicity and Acknowledgement

- The principal applicant shall provide the NID with details of the project achievements, if any, including creation of intellectual property in which IPRs subsist, successful marketing and commercialisation of the project deliverables and awards. The NID may from time to time disclose to the public details of such project achievements including announcing them on the web or publications or showcasing at exhibitions for publicity and reference.
- The applicants shall acknowledge the funding support under the Scheme in publicity / media events as well as in publications issued to promote the project. However, the NID reserves the right to require the principal applicant and / or the co-applicant to immediately cease and desist from using any promotional materials in which any reference to the NID / Government or Design Clinic Scheme is found.

5.26. Reporting Requirements

- The principal applicant will be required to submit 3 interim reports during the project including the details of performance of the project in a specified format. Specific dates of interim report submission shall be identified by the applicant in the funding application, and accepted by NID.
- The principal applicant will be required to submit a completion report including details of the results, performance and evaluation of the project.
- The interim report and completion report should be submitted together with:
  - A financial statement on accrual basis on the financial position of the project audited by an auditor as arranged by the applicant designer / design company /academic institution being the fund recipient. The financial statement shall be submitted in accordance with the Notes for Auditors of Recipient Organisations issued by Design Clinic centre. Such financial statement shall contain an audited statement of the total expenditure and incomes of the project. A standard format will be provided and prescribed by the Design Clinic centre; and
  - Evidence showing the contribution of the matching fund by the applicant MSME in cash (in the form of cheque and bank pay-in slip or other documentary evidence acceptable to the NID).
- The completion report and the final financial statement and payment evidence set out above shall be submitted within two months from the project completion date specified in the project proposal or by such other date as may be approved by the Design Clinic Centre
- The applicant designer / design company / academic institution and the applicant MSME are required to make presentation(s) of the outcome of their project to the Assessment Panel and to report the commercialisation status of the project deliverables.
- The applicant designer / design company / academic institution as the fund recipient shall keep all financial statements, books, and records of the project and receipts evidencing expenditure for the project for at least two years after completion of the project, or as otherwise specified by the Design Clinic centre within that two-year period, and allow for inspection at any time.
- Auditors appointed by Design Clinic centre may conduct an examination into the effectiveness with which the fund recipient has used the project funds. The auditors shall have a right of access at all reasonable times to all such documents or information in the custody and control of the recipient as he / she may reasonably require for conducting an examination holding or being accountable for any such document or information, such information and explanation as he / she considers reasonably necessary for that purpose. The auditor will report to the Design Clinic Centre and the Government the results of an examination conducted by him / her.
- Both applicants in the project will be required to complete and return a post-project evaluation questionnaire for their project to report on the achievements of the project in terms of bringing commercial opportunities for the applicant MSME, enhancing its competitiveness and adding value to its products and services.

5.27. Procurement Procedures

- The fund recipient shall ensure that all procurements for goods and services for the project will be carried out in an unbiased and fair manner. All quotations shall be kept for the Design Clinic Centre's inspection, if necessary.

5.28. Project Variation

- An approved project is required to be carried out strictly in accordance with its proposal appended to the grant agreement and the project contract. Any modification, amendment or addition to the project proposal or the project contract, including change of the project commencement or completion dates, key project staff, scope, methodology and budget, will require prior specific written approval by Design Clinic centre. Failure to comply with the project proposal and the project contract will entitle the NID to abstain from releasing the grant money to the applicant design company /academic institution regardless of whether it or the MSME applicant or both are at fault.

6.0 Scheme Implementation

6.1. Allowable Costs

The allowable cost for design work will generally applicable to the following items

- Need Analysis / Research – Internal / external agency / travel & stay / data recording resources / manpower / recruiting respondents
    - * Product
    - * Market
    - * User
    - * Trend
- Workshops / Seminars – travel & stay / data recording resources / team / skills / refreshments / infrastructure / time / process integration
    - * Generate new product ideas
    - * Tap new markets
- Concepts and iterations – Stationary / team / skills / infrastructure / time / software & hardware
    - * Sketching
    - * Renderings
- Soft mockups – Time / infrastructure / skills / team / materials
    - * Quick mockups for concept refinements
- Engineering – Time / Software & hardware / skills / team
    - * Data generation for prototyping and manufacturing
- Prototyping – Vendor / engineering support / team / skills / time / printing / transportation / materials
    - * Simulate functioning of the actual product

6.2. Unallowable Costs

- In general, grant to be made available by the Government through Design Clinic shall only be expended by the applicant design company / academic institution in carrying out the project in accordance with the budget set out in the project proposal. The grant monies shall not be used to cover:
    - * general administration, office and overhead expenses not directly related to the project;

* production cost other than for prototype for demonstration purpose only;
* other incidental expenses, e.g. videoconferencing, local / overseas travelling, photocopying;
* entertainment expenses and any prizes, either in form of cash or other types of souvenir;
* costs related to prior / subsequent year(s) / period(s) adjustment(s); and
* capital financing expenses, e.g. mortgage and interest on loans / overdrafts.

- The fund recipients should consult Design Clinic Centre if they have any doubts about whether grant monies should be applied in discharge of a particular expenditure.

6.3. Apex Body

An apex body Project Monitoring and Advisory Committee (PMAC) will be formed with AS& DC (MSME) as Chairperson. In addition, experts will be drawn from areas including academia, VCs, financial institution, management, administration, concerned government departments, etc... The apex body will comprise of persons who are not likely to be the beneficiaries of this program. PMAC, in general, will have the following constitution: -

I. AS&DC (MSME), Chairman
ii. Joint Secretary, MSME, Member
iii. Joint Secretary, NMCC , Member
iv. Joint Secretary / Director DIPP, Member
v. Director, NID, Member
vi. Representatives from IITs, Design and other Institutions,
vii. Members from designer fraternity,
viii. Representatives from Industry,
ix. Officer in - charge of the Scheme, in office of DC(MSME), Membe Secretary

The broad roles and responsibilities of PMAC will be:

a) To review and approve the proposals of NID for the setting up of design centre and regional centres,
b) To approve detailed procedure and strategy prepared by NID for the implementation of various components of the scheme,
c) To approve proposals submitted by NID for conducting seminars and workshops,
d) To review and approve panel of designers / design consultants / design institutions as per the recommendations of NID,
e) To constitute Assessment Panel (s),
f) To review and sanction design projects for individual MSMEs / group of MSMEs / students.
g) To review and approve NIDs proposals in respect of orientation

workshop for designers / consultants, study of best practices, advertisement and publicity, etc under the scheme.

h) To discuss and approve plan of action required for achieving the objective of the scheme.

6.4. Nodal Agency

- For effective, efficient and informed implementation of the scheme, National Institute of Design, Ahmedabad has been designated as the Nodal agency for the scheme.

6.5. Role of National Institute of Design (NID), Ahmedabad

- NID will be the Nodal agency for the scheme and will function as a link between the MSMEs and the Government (office of the DC (MSME). It would also act as a single point of contact for the office of the DC (MSME).
- NID will setup design clinic centre at Delhi, for the effective implementation of the design clinic scheme. The centre will function as the headquarters and an initiator of all activities under the scheme.
- NID will facilitate setting up of 4 regional centres in association with suitable technical institutions / agencies for delivery of the scheme.
- The primary role of the NID would be to spread awareness and facilitate matchmaking between the Design Companies / Consultants and MSMEs.
- NID will empanel designers / design companies / academic institutions and submit the same to Apex Body for approval.
- NID would receive the applications from the individual MSMEs and group of MSMEs and it would put it up for the consideration of the apex body along with its recommendations.
- NID will recommend nominations for assessment panel for consideration and approval of the apex body (Project monitoring & advisory committee) under the chairman ship of AS & DC (MSME).
- NID will also organize orientation programme for design consultants, if decided by PMAC.
- The functionaries working as part of Design centres & Regional centres for the implementation of the scheme shall be governed by the Government of India Rules for the purpose of TA / DA / Boarding / lodging etc.
- The travels made by NID or other faculty related to this scheme will be approved & monitored by a Project Implementation committee, PIC (to be set up under the Chairmanship of Director /NID) which will have a member from office of DC (MSME) also. The expenditure approved by PIC will then be ratified in the next PMAC meeting on regular basis.
- NID shall not divert any part of the grant to any activity other than for which it has been sanctioned.
- NID will prepare illustrative promotional material in English and in regional languages for the scheme
- NID will setup an interactive website for the scheme
- NID will provide an intermediation platform. It will establish linkages with industry initiatives, government initiatives such as GITA, TIFAC, University Industry Council, etc
- NID will handle ethical issues concerning with the design clinics. It will remain unbiased and develop excellent understanding of design and other industry issues.

- NID would submit bi-monthly reports to the apex body on overall progress of the scheme. It would also raise exception reports, if any, as regards to any non-responsive behavior or non-satisfactory performance of any of the beneficiaries and the designers.
- For facilitating the smooth and faster roll out of the scheme at National level the total amount of GoI grant envisaged under the scheme will be periodically transferred to NID on the recommendation of the PMAC after assessing the progress of the funds already released and requirement submitted by the NID.
- NID would be responsible for maintaining a separate ledger account of funds of the scheme. This account shall be open for inspection by the C&AG of India, internal audit by PAO of Ministry of MSME or any officer appointed by the office of DC (MSME) for this purpose.
- NID would release the funds directly to the beneficiaries / designers against the reports on the basis of progress of implementation of the scheme and on the satisfactory performance of the respective Designers. It will also submit necessary utilization certificate in prescribed format (GFR – 19-A) to the office of DC-MSME.
- NID will function as a body in public domain and observe necessary economic measures as per the Government of India directives.
- NID will prepare a detailed annual report that clearly demonstrates value creation, and also lists down accurately the beneficiaries and the funds deployed for each project.
- NID will document all communications, results, reports, learnings properly for future use.
- NID will also take up any other activity relevant to the scheme implementation as decided by PMAC.
- NID shall endeavour to achieve the quantified and qualitative targets as approved by the PMAC.

6.6 Design Clinic centre

- The design clinic centre will be established for the effective implementation of the design clinic scheme. The centre will function as the headquarters and an initiator of all activities under the scheme.

6.7. Design Regional Centers

- Four nos. regional centers will be established by NID initially for the purpose of administering Design Clinics.
- The regional centers to be set up, will be decided by the PMAC, keeping in view the proximity of MSME clusters potential for Design Interventions.
- These regional centers will be operated by National Institute of Design through competent technical institutes / agencies.
- The regional centers will work under the guidance of Design Clinic Centre and will be monitored by the Design Clinic Centre.
- The specific role of the regional centers will be as given below
  * to create general awareness and sensitization about the importance of design
  * to conduct seminars for the MSME's
  * to conduct specific training programs / workshops for the MSME's
  * to facilitate and guide MSME's / Design Companies / Academic institutions with the design clinic application process

6.8. Assessment Panel

- An assessment panel will be formed by the design clinic centre
- The tenure of each assessment panel will be 1 year.
- From the second year onwards of Design Clinic the assessment panel shall also comprise of people from the earlier year beneficiaries.
- The Assessment Panel would comprise of designers and Industry experts.
- Its functions are to assess applications, make recommendations, and monitor approved applications.
- The assessment panel will have members / experts and they may be paid honorarium, etc. as per the Govt. directives as approved by PMAC.

ANNEXURE – 1

APPLICATION FOR DESIGN CLINIC SCHEME FUNDING ASSISTANCE

(To expedite processing of your application, please ensure that the application form is filled up completely. Where information is not available or applicable, please indicate accordingly. Please enclose all supporting documents as requested in the form).

PART I – MSME DATA

1. General

(a) Registered name of company: ____

____

(b) Correspondence Address & Tel: ____

____

(c) Registered as (please tick):

Sole Proprietorship _____ Partnership _____

Private Limited _____ Others (please specify) _____

(d) Business Activity: ____

____

(e) Staff Strength & Brief Background of Key Executives: ________________________

____

2. Sales & Profits

(a) Sales Turnover & Profit for last 3 years (Please attach a copy of Financial Statements): ____

____

(b) Projected Sales & Profit for next 3 years (excluding current year): _____________

____

3. Contact Person

(a) Name and Designation: ____

____

(b) Contact Details (Address, Email, Telephone Number, Mobile Number): ________

____

4. Has the MSME been granted any financial support from Design Clinic before? If yes, please list all project references and amount of funding involved. Please also list other Design Clinic applications of the MSME pending approval. __________

____

5. Has the owner/ partner/ director of the MSME been granted any financial support from Design Clinic in the name of another MSME? If yes, please list all project references. ____

   ____

6. Please provide any other supporting information (if any). __________________

   ____

PART II – DESIGN COMPANY / ACADEMIC INSTITUTE DATA

1. General

(a) Name: ____

____

(b) Correspondence Address & Tel: ____

____

(c) Business / Academic Activity: ____

____

(d) Staff Strength & Brief Background of Key Executives / Academic Resources: ______

____

2. Design Expertise

(a) Experience & Expertise: ____

____

(b) Suitability of expertise to the applied project: _____________________________

____

3. Contact Person

(a) Name and Designation: ____

____

(b) Contact Details (Address, Email, Telephone Number, Mobile Number): _________

____

4. Name & Designation of Consultant(s) (Please enclose CV of each consultant)

(a) ____

(b) ____

(c) ____

PART III – DETAILS OF PROJECT

1. **Title and Description of Project** (Please attach a copy of consultant's proposal and additional information if necessary): ________________________________

   ____
2. **Objective(s) of Embarking on Project:** ______________________________

   ____
3. **Marketing Plans for new Product:** __________________________________

   ____
4. **Commencement Date:** _____________________ (dd / mm / yy)
5. **Duration:** _______________________ (man days)
6. Please provide a brief description of the work steps involved and the cost break-down for such steps. Other information such as duration of time and manpower required (e.g. in man-days) will also be helpful. Relevant documents, such as quotation, project brief, or contract should be provided: ___________________

   ____
7. Please provide a brief plan on the commercialization of the project outcome: ___

   ____
8. Please indicate intention to seek intellectual property right of the project out-come (e.g. patent, registered design, copyright, trademark, etc.):

   Yes: ☐ No: ☐

   Form of Intellectual Property: _______________________________________
9. **Budget required and Cost breakdown:**

   Estimated Expenditure in detail: _____________________________________

   ____

   Contribution by MSME: ____

   ____

   Net Amount Requested: ____

   ____

PART IV – DECLARATION

I hereby declare that

(a) All factual information provided in this application as well as the accompanying information reflects the status of affairs as at the date of submission. I shall inform the Design Clinic Centre immediately if there are any subsequent changes to the above information; and

(b) The proposed project of the application is original and without any constituted or potential act of infringement of the intellectual property rights of other individuals and / or organizations.

Principal applicant

______________________	______________________
Authorized Signature with Organization / Company Seal	Name of Signatory
	______________________
	Position
______________________	______________________
Name of Applicant (Organization/Company)	Date (dd / mm / yy)

Co-applicant

______________________	______________________
Authorized Signature with Organization / Company Seal	Name of Signatory
	______________________
	Position
______________________	______________________
Name of Applicant	Date (dd / mm / yy)

PART V – DECLARATION BY DESIGN CONSULTANT

I declare that:

(i) (For consultant who is an individual, including sole proprietorships)
I am a third party consultant and I am not in the employ of the applicant or any company affiliated to the applicant or any joint venture partner or agent of the applicant.

(ii) (For consultant which is a partnership/company)
We are a consulting business that is unrelated to the applicant. None of our partners/directors or shareholders or our consultants have any interest in or are in the employ of the applicant or any company affiliated to the applicant or any joint venture partner or principal or agent of the applicant.

(iii) The facts stated in this application and in the accompanying materials with regard to the proposed consultancy project are to the best of my knowledge, true, complete and accurate and no material facts have been withheld or distorted.

(iv) I/We have not given any monies, rebates, discounts, refunds, liquidated damages or any other payment, whether in cash or in kind, to the applicant or its directors or shareholders or any other person related to the aforesaid persons, in connection with the propose consultancy project, and there is no intention to give such monies, rebates, discounts, refunds, liquidated damages or payments.

______________________ ______________________

SIGNATURE OF SOLE PROPRIETOR/PARTNER/COMPANY DIRECTOR/MD/CEO* COMPANY STAMP

______________________ ______________________

NAME DATE

PART VI – DECLARATION BY MSME

I declare that:

(i) the company has not applied, obtained or will be obtaining any other tax/financial incentives for the proposed consultancy project;

(ii) the company is free from any litigation to the proposed project; and

(iii) the facts stated in this application and the accompanying information are true and correct to the best of my knowledge and that I have not withheld/distorted any material facts.

______________________	______________________
SIGNATURE OF SOLE PROPRIETOR/PARTNER/COMPANY DIRECTOR/MD/CEO*	COMPANY STAMP
______________________	______________________
NAME	DATE

ANNEXURE – 2

DESIGN CLINIC SCHEME

PROGRESS REPORT OF APPROVED PROJECT

PART I – Basic Information

1.1 **Submitted By (Recipient Organization / Company):** ____________________

____

1.2. **Project Title:** ____

____

1.3. **Project Reference:** ____

____

1.4. **Report Period:**

From: _______________________ **To:** ________________________

PART II – Project Information

2.1. **Consultant Name / Contact Person:** ________________________________

____

2.2. **Project Coordinator** (Name / Tel / Email / Mobile): ______________________

____

2.3. **Commencement Date:** ______________ (DD/MM/YYYY)

2.4. **Original target completion date:** ______________ (DD/MM/YYYY)

2.5. **Revised completion date:** ______________ (DD/MM/YYYY)

2.7. **Actual completion date:** ______________ (DD/MM/YYYY)

If the actual completion date is different from the original target completion date (or revised completion date, if any), please provide explanations

2.8. **Updated abstract of the project:** ___________________________________

____

PART III – Project Account

3.1. **Financial Position:**

3.1.1.Manpower Expenditure:

Items	Budget Expenditure	Actual Expenditure for this report period	Remarks

3.1.2.Equipment:

Items	Budget Expenditure	Actual Expenditure for this report period	Remarks

3.1.3.Other direct costs:

Items	Budget Expenditure	Actual Expenditure for this report period	Remarks

3.2. **Contribution by MSME:** ____

____

3.3. **Fund Received:** ____

____

3.4. **Balance required:** ____

____

PART IV – Project Progress

4.1. Project Progress to date
(Please provide details on the progress regarding deliverables as set out in your proposal): ____

____

4.2. Feedback from beneficiaries of the project
4.2.1. For MSME: ____
4.2.2. For Consultant: ____
4.3. Problems encountered in implementing the project (if any): _______________

____

4.4. Comments and Suggestions: ____

____

ANNEXURE – 3

DESIGN CLINIC EVALUATION FORM

The evaluation criteria are divided in 4 phases viz.

- Strategy,
- Concept,
- Detail Design, and
- Implementation

The phases are in accordance with the design stages. Evaluation at each of this stage is essential as each of the step informs the next step. The phases are identified with the payment schedule of the design clinic project assistance.

PHASE 1: Strategy

Sr. no	Item	Comments	Rating / Max Rating
Section A - Problem Identify			
1.	Research (existing products / materials ergonomic / anthropometrics / kinesiology, market trends sociological / psychological		/15
2.	Research Analysis		/15
3.	Design Brief criteria / needs methodology goals / challenges		/20
Section B - Strategic Vision			
4.	Product's scope and market segment		/5
5.	Market segment,s values · cultural, moral and aesthetic values		/5
6.	Market strength · Is this product filling the market gap? · Addressable Market size & growth · Projected Market share · Current involvement of business with the market		/20

PHASE 2: Concept

Sr. no	Item	Comments	Rating / Max Rating
1.	Originality · Shape of form of concept · Inventive ideas and concept		/15
2.	Aesthetics · Beautiful · Meaningful		/15
3.	Ergonomics · hazard and human error elimination; · comply with human limitations (physical and perceptual); · anthropometrical suitability (positions and movements); · way of use - conspicuous from formal elements; · complete compatibility displays - controls; · reduce of annoyance caused by lights, noise or smell		/15
4.	Functionality · Not technical features of the product · Contribution of elements of product language to the proper functioning of the product · List of performance parameters from the product language (shape, texture, colour, sound etc.) point of view		/15
5.	Marketability · the final scope · the market segment for which the product is addressed for · Marketing strategy · Resources for commercial production		/15

Sr. no	Item	Comments	Rating / Max Rating
6.	Manufacturability · Product's formal elements from a manufacturing point of view		/15
7.	Category · New Product for New Market · New Product for Known Market · Known Product for New Market · Known Product for Known Market		/10
8.	Overall Rating		/100

PHASE 3: Detail Design

Sr. no	Item	Comments	Rating / Max Rating
1.	Functional - design object's state of being capable to function at required quality parameters.	functional / non-functional	/10
2.	Significance - property of design object to transmit by product language a message about itself	"high quality", "it suits me", "luxurious", "cheap", "expensive", "clever design" etc.	/10
3.	Human-scaled - property of design object of having a size comparable to a human.	minuscule / human-scaled / enormous	/02
4.	Balance - state of perfect organization of design object around a center	well-balanced / ill-balanced	/03
5.	Proportion - ratio of shape's dimensions	proportionate / disproportionate	/03
6.	Direction - direction of the maximum dimension of object	horizontal / vertical / neutral	/02
7.	Formal coherence - property of the product's formal elements to display concordance at several levels: size, shape, texture, pattern, color etc.	formal coherent / formal incoherent	/03

Sr. no	Item	Comments	Rating / Max Rating
8.	Prominence - property of form to stand out in its environment	prominent / non-prominent	/05
9.	Compactness - property of form to enclose a minimum volume, integrating all formal elements.	compact …dis-perse	/05
10.	Complexity - degree of formal differentiation.	minimal … com-plex	/05
11.	Elegance - property of design object of possessing a simple, yet expressive, shape and color palette.	elegant / simple / shabby	/02
12.	Accent - product's feature that stands out, by contrast, from the overall appearance.	[list of accented features]	/10
13.	Rhythm - repetition of similar ele-ments that gives the impression of movement	[list of rhythmic elements]	/03
14.	Detail finish - quality of surfaces, coverings and joints	first-rate / rough	/10
15.	Form origin Abstract Natural source used by designer for for-mal conception of his/her product	geometric / or-ganic nature-copied / stylized / nature-suggested	/02

Sr. no	Item	Comments	Rating / Max Rating
16.	Temporal orientation - the period taken as reference in development of industrial design.	avant-gardist / actual / traditional / retro	/02
17.	Designer's attitude - the way the designer expresses his / her intentions, expectations and feelings about his / her creation.	"sportive", "parodical", "playful" etc.	/03
18.	Originality - state of design object of being distinct in its class of objects	original / unoriginal	/15
19.	Familiarity / novelty ratio - factor for product's success. Its value varies for different classes of products	[best value according to class]	/05
20.	Overall Rating		/100

PHASE 4: Implementation

Sr. no	Item	Comments	Rating / Max Rating
1.	Prototype · User research / market test · Technical Testing, Manufacturing Plan, · Market Introduction Plan		/40
2.	Project Assessment Objectives vs. realization Category New to the world product, New Product, Improvement to existing product, Addition to existing product, Cost reduction, Re-positioning		/20
3.	Design Success · Hard measures could include profits, sales figures, contracts secured or number of units produced · Soft measures could include customer and supplier feedback, shifts in the consumers' perception, changes in market positioning, competitors' reactions and general reactions to the designs		/40
4.	Overall Rating		/100

ANNEXURE – 4

DESIGN CLINIC SCHEME
COMPLETION REPORT OF APPROVED PROJECT

PART I – Basic Information

Submitted By (Recipient Organization / Company): ________________________
____

Project Title: ____
____

Project Reference: ____
____

Report Period:

From: ________________________ **To:** _________________________

PART II – Project Information

Consultant Name / Contact Person: ________________________________
____

Project Coordinator (Name / Tel / Email / Mobile): _______________________
____

Commencement Date: _______________ (DD/MM/YYYY)

Original target completion date: _______________ (DD/MM/YYYY)

Revised completion date: _______________ (DD/MM/YYYY)

Actual completion date: _______________ (DD/MM/YYYY)

If the actual completion date is different from the original target completion date (or revised completion date, if any), please provide explanations

PART III – Project Account

Please attach the final audited financial statement

Expenditure: ____
____

Contribution by MSME:____
____

Fund Received: ____
____

Balance required or returned:_____________________________________
____

Achievement & Deliverables: _____________________________________
____

Feedback from beneficiaries of the project

For MSME

____

For Consultant

____

Problems encountered in implementing the project (if any)

____

Post Project actions (if any)

(Please list out any post-project action that is required)

____

Comments and Suggestions

____

SCHEME FOR TECHNOLOGY AND QUALITY UPGRADATION SUPPORT TO MICRO, SMALL AND MEDIUM ENTERPRISES

INTRODUCTION

1.1 Quality and Technology Upgradation have emerged as the two important elements for enhancing competitiveness of any manufacturing industry. The large industries have both adequate information about the global markets and access to funds, which enable them to implement strategies for continuous technology and quality upgradation. On the other hand, MSMEs, with limited information and access to funds, typically think short term. They tend to minimize capital investment with the objective of keeping the cost low. This approach has brought many Indian MSME suppliers to the lower end of the global value chain and ultimately made them uncompetitive as the suppliers of stand-alone products. The present scheme aims to address the quality and technology aspects of manufacturing in MSMEs.

1.2 Cost of energy is an important component of the cost structure in any manufacturing process. As such, to reduce production costs and remain competitive, MSMEs need to focus on economising on energy use. To conserve the crucial energy resources, the Government of India enacted the Energy Conservation Act, 2001. The Act brought every sector of the economy under the purview of energy conservation and efficient management. While the major consumers of energy, namely, the large companies and undertakings have been mandated to report the extent of conservation of energy achieved in their annual reports, the small and medium enterprises have no such statutory mandate. An important goal of the present scheme is to encourage and support energy efficiency by the Micro, Small & Medium Enterprises.

1.3 Besides curtailing the cost of energy, which is a significant component in the cost structure of almost any manufacturing/production activity, energy efficiency also reduces global warming. As more than 90% of energy consumption originate from fossil fuels, this involves generation of huge quantity of Green House Gases (GHG) leading to change in the global atmosphere.

2.0 OBJECTIVE

2.1 The present scheme is one of the ten components of the National Manufacturing Competitiveness Programme (NMCP). While the other nine components of NMCP and other Government schemes address other aspects of competitiveness of MSMEs, the present scheme focuses the two important aspects, namely, enhancing competitiveness of the MSME sector through Energy Efficiency and Product Quality Certification. The present scheme will also deal with the issue relating to reduction in emission of Green House Gas (GHG) by the MSME sector, through energy efficiency.

2.2 The first objective of the present Scheme is to sensitize the manufacturing MSME sector in India to the use of energy efficient technologies and manufacturing processes so as to reduce cost of production and the emissions of GHGs.

2.3 The scheme also focuses on additional spin-offs for the MSME sector through clean development mechanism (CDM). While the large manufacturers/users of energy in India are deriving additional income through CDM by trading with the buyers from developed economies, the MSME sector is not able to do so in the absence of suitable meachanism for aggregation. An innovative concept of cluster-based carbon credit aggregation centres (CCAs) has been planned under the scheme to initiate MSMEs to CDM benefits.

2.4 The second objective will be to improve the product quality of MSMEs and to encourage them towards becoming globally competitive. In spite of their diverse manufacturing capability and low manufacturing costs, the products of the Indian MSMEs could not move up the value chain in the global market basically due to the concerns about their quality. Certification of products to national and international standards is an important tool to enhance the product value of Indian MSMEs. Moreover, in many international markets, consumer products cannot be sold without compulsory certification, namely, CE marking. In India also, certain products like bottled drinking water, electrical appliances, etc., cannot be marketed without Indian Standard Certifications. In the area of energy efficiency also, the energy star ratings initiated by BEE is not compulsory but will surely motivate consumer preference.

3.0 MAJOR ACTIVITIES UNDER THE SCHEME

The above objectives of the Scheme will be achieved through the following major activities:

(i) Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards.

(ii) Implementation of Energy Efficient Technologies (EET) in MSME units.

(iii) Setting up of Carbon Credit Aggregation Centres (CCA) for introducing and popularising clean development mechanism(CDM) in MSME clusters.

(iv) Encouraging MSMEs to acquire product certification/licences from National/International bodies and adopt other technologies mandated as per the global standards.

(v) Study of Impact of the scheme, administrative and other miscellaneous items.

3.1 MAJOR ACTIVITY NO. 1

Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Mechanism

3.1.1 *Objective:* The primary objective of this Activity is to handhold the MSME clusters in adopting energy efficient processes. Under the activity, the following initiatives will be taken up:

(i) Conducting awareness programmes in MSME clusters on

- energy efficient technologies;
- availability of energy efficient equipments; and
- the need for energy efficiency and cash benefits from Energy Efficient Technologies (EFT) and Clean Development Mechanism (CDM).

(ii) Supporting energy audits in sample units (3 Nos. in each cluster representing the micro, small and medium enterprises respectively) in energy intensive clusters. The related activities will be identification of energy efficient technologies for typical production units and preparation of model Detailed Project Report (DPRs) for cost effective, bankable energy efficient projects. The recommendations in the model DPRs will be used with the cluster based MSMEs for demonstrating the scope, need and financial benefits from EET projects.

(iii) Promoting replication of model EET projects in the cluster based MSMEs and subsidizing the preparation cost of the DPRs for the EET projects taken up by the individual MSMEs.

The expected outcomes from the Activity are:

(i) Enhanced Awareness on energy efficiency in manufacturing processes,

(ii) Energy audits of MSMEs, and

(iii) Adoption of energy efficient technologies by MSMEs.

3.1.2 *Implementation:* Office of the the Development Commissioner (MSME) will identify MSME clusters for conducting the awareness programmes on Energy Efficiency Technologies (EET), Clean Development Mechanism (CDM), etc., on the basis of the responses received from the MSME-DIs, cluster based associations, NGOs and technical institutions. The awareness programme will normally be of one day duration with the participation of at least 30 MSMEs.

Based on responses received from the cluster / industry stakeholders or through advertisement and keeping in view the energy conservation potential in the cluster identified as part of the awareness programmes, MSME Clusters will be shortlisted by the Steering Committee for identifying the need and scope for the energy conservation/efficiency as well as the appropriate technology in the clusters through preparation of Detailed Project Reports (DPRs)/Energy Audit Reports. For this purpose, 3 MSMEs in each of the shortlisted cluster (preferably one micro, one small and one medium) will be selected. These DPRs will be presented before the cluster stakeholders as model DPRs for replication. The spillover from one sector to another may be considered by the steering committee if sufficient numbers of enterprises are not available in a particular category.

Based on the data available in respect of energy efficiency exhibited in the model DPRs/ Energy Audit Reports, the interested MSMEs from the respective clusters will be invited to prepare their own Detailed Project Reports (DPRs)/Energy Audit Reports to facilitate the implementation of the energy efficient technologies (EET). As the manufacturing processes and technology in a cluster are near identical at a particular scale of operation, it is expected that the availability of the model DPRs will reduce the cost and time for preparation of enterprise level EET DPRs. Cash support will be provided to the MSMEs for the preparation of enterprise level DPRs. These DPRs may be further used under the Major Activity No. 2 of this scheme for funding the EET projects.

The Awareness programmes will be conducted through expert organizations like PCRA, BEE, TERI, IITs, NITs etc. or State Govt. agencies like MITCON, GEDA etc., besides the autonomous bodies of Central/State Govt. The selection of agency will be done by inviting expression of interest (EOI), subject to technical suitability, duly adopting procedure issued by the Department of Expenditure. The selected agency is expected to acquaint themselves with the target Clusters before conducting the programme so as to have the knowledge about the level of Energy Consumption and the prevailing technology among the enterprises in the cluster. While preparing the model DPRs, energy audits of MSME units will be conducted and appropriate technology(ies) will be recommended for enhancing energy efficiency in each segment. The set of EETs standardized for a cluster during the energy audit studies and the model DPRs will become a guideline for other cluster based MSMEs and will help to minimize the cost and time required for implementation of EETs. The enterprise level DPRs shall be bankable, i.e., acceptable to the banks and financial institutions for financing the projects.

3.1.3 *Deliverables:* The Energy Audit Reports/DPRs will provide information in the following areas for the selected Clusters:

- Existing pattern of energy usage;
- Economies of adopting Energy Efficiency measures;
- Energy Efficient Technologies (EET) suitable for MSME sector;
- Investment requirements in EET and their payback period; and
- Clean Development Mechanism (CDM) and pay-offs from investment in Energy Efficiency Technologies through Carbon Credits.

3.1.4 *Components of Grant:* Towards organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure, subject to maximum Rs. 75,000/- per programme (Average cost of one programme is expected to be Rs. 80,000). The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts and their course material, travel and lodging expenses, other miscellaneous expenses, etc.

The maximum allowable expenditure for conducting the cluster level energy audits and model DPRs (for three selected enterprises) will be Rs. 9.0 lakh per cluster. (Average cost of preparation of one model DPR is expected to be Rs. 6.0 lakh). Out of this, 75% of the actual expenditure will be provided by GoI and the balance 25% is to be contributed by the respective MSMEs selected for preparation of the model DPRs.

Towards preparation of subsequent detailed project reports (DPRs) for individual MSMEs on EET projects, the government grant will be 50% of the actual expenditure subject to maximum Rs.1.5 lakh per DPR. (Average cost of preparation of one EET DPR is expected to be Rs. 2.0 lakh). The balance amount is to be contributed by the MSME concerned.

3.1.5 Implementation Schedule and Funding Pattern: As part of the Scheme about 60 Awareness Programmes will be conducted. The preparation work for model DPRs will be taken up in 30 clusters (total 90 MSME units). Thereafter individual DPRs for about 300 MSME units from the same clusters/sectors will be prepared for implementing EETs.

In case of Awareness Programme and model DPRs, the GoI assistance will be released in 2 instalments. Initially, 50% of the sanctioned amount from GoI will be released after approval of the proposal and subject to proportionate contribution by the private units. The balance GoI contribution will be released after receiving the remaining contribution from the private units and based on the receipt of the Invoice (or audited statement of expenditure for cases related to Grants-in-aid) and after acceptance of the final report.

In case of subsequent DPRs for individual MSME units, the initial 50% of the sanctioned GoI amount will be released after approval of the proposal and after proportionate contribution by the private units. The second instalment will be released only after sanction of loan for the EET project by SIDBI/ Bank /Financial Institution.

3.1.6 *Eligibility:* Expert organizations like PCRA, BEE, TERI, IITs, NITs, etc, State Govt. agencies like MITCON, GEDA, etc, Cluster/Industry based associations of MSMEs, NGOs and Technical Institutions interested in application of Energy Efficient Technologies (EET) are eligible to apply. Tool Rooms and other autonomous bodies under Ministry of MSME can also apply for participation. Individual MSMEs of identified clusters/sectors can apply for seeking support/ subsidy in preparation of enterprise level EET DPRs.

It would be preferred that the agency conducting the awareness programme in a cluster also takes up the work of preparation of the cluster level EET audit reports and/or model DPRs and further economically provide the services for preparation of enterprise level DPRs. However, the condition will not be binding and other agencies can take up the above activities separately. An essential condition of eligibility of an agency or an enterprise for any of the above activities is availability of qualified and experienced Energy Manager/Auditor for conducting the activity(s).

3.1.7 *How to Apply:* The application format for conducting the awareness programmes is given at Annexure-I. The implementing agencies interested in preparing the cluster level model DPRs and the enterprise level DPRs are required to submit the details of their technical competencies and credentials in the format given at Annexure I-A.

3.2 MAJOR ACTIVITY NO. 2

Implementation of Energy Efficient Technologies and Other Technologies Mandated as per the Global Standards in MSMEs

3.2.1 *Objective:* The basic objective of this Activity is to encourage MSMEs in adopting energy efficient technologies. For this purpose, bankable DPRs for the implementation of energy efficient technologies will be invited from the MSMEs. To facilitate the initiative, MSMEs in the identified clusters will be supported in preparation of bankable DPRs under the major activity No.1. It is expected that the initiatives under the major activity No.1 will provide a shelf of bankable DPRs for financing by SIDBI/other financial institutions. DPRs on energy efficiency projects developed under the SME support schemes of BEE, PCRA or other expert agencies will also be eligible for support. Individual MSMEs may also submit their DPRs (prepared by competent agency) to the banks and financial institutions. Under the present Activity, MSMEs will be assisted in implementation of the projects through loans from SIDBI/ banks/financial institutions for which subsidy upto 25% of the cost of the project will be provided.

3.2.2 *Implementation:* This Activity will be implemented through SIDBI who will function as the Implementing Agency. After finalization of the DPR, the concerned MSME units can approach SIDBI directly or through their Bankers for seeking loan/subsidy for implementation of the Projects. Both technical and bankability appraisal by SIDBI/Bank will be taken into consideration prior to the sanction of the assistance in the form of grants. The sanction of financial assistance under the Scheme will be accorded by the Steering Committee. The decision would be conveyed to SIDBI and the respective sponsoring Bank under intimation to the applicant within 10 days of the decision of the Steering Committee.

SIDBI would release proportionate amount of GOI assistance to the beneficiary units. The total GOI assistance released will not exceed the amount eligible as per the scheme.

The funds will be released to SIDBI after receiving the claims on periodic basis for the cases sanctioned by the SIDBI. The Steering Committee would periodically review the requirement of assistance as well as release of funds to SIDBI. A Memorandum of Understanding (MoU) between SIDBI and office of DC(MSME) will be signed for this purpose, which will also stipulate time frame for each subactivity under this component of the scheme.

3.2.3 *Deliverables:* It is expected that under the Activity about 390 MSMEs will be supported in enhancing their energy efficiency. Besides, reducing the energy cost, the Activity will also enable the implementing enterprises in obtaining carbon credits, which are tradable. The specific achievements from the Activity are expected to:

- develop a holistic package on energy conservation in MSME sector;
- create demonstration effect in the MSME sector for adopting energy efficient technologies;
- reduction in energy consumption in the selected MSMEs; and
- enhance profitability of the implementing MSMEs by reducing energy costs and also through possible income from carbon credits.

3.2.4 *Components of Grant:* The Government of India will provide financial support to the extent of 25% of the project cost for implementation of Energy Efficient Technologies (EET), as per the approved DPR. The maximum amount of GOI assistance from the scheme will be Rs.10 lakhs (Average subsidy for one EET project is estimated to be Rs. 5.0 lakh). The project cost may include cost of machines, sales and excise tax, transportation and transit insurance cost, import related duty etc. (which will be limited to the maximum cost of machine at F.O.R factory? of the beneficiary).

While 25% of the project cost will be provided as subsidy by the Government of India, the balance amount is to be funded through loan from SIDBI/banks/financial institutions. The minimum contribution as required by the funding agency, will have to be made by the MSME unit.

3.2.5 *Implementation Schedule and Funding Pattern*

About 390 units will be supported for implementing EETs in MSMEs in potential clusters under this activity.

The Bank/SIDBI will get an agreement executed on behalf of Government of India with the MSME unit prior to disbursement of financial assistance. The GOI financial assistance under the scheme will be released by the concerned banks/SIDBI after the instalation of new machinery and equipment at site and after execution of the agreement on behalf of the Government of India. SIDBI shall furnish Utilization Certificate to the Office of the Development Commissioner (MSME) for the amount disbursed (under the Scheme) against individual projects. While submitting the Utilization Certificate to DC(MSME) office, SIDBI will also enclose a certificate from competent agency/Energy Auditor certifying that the new machinery and equipment installed are capable of giving 15% energy savings.

3.2.6 *Eligibility:* Any MSME unit who has filed an Entrepreneurial Memorandum with the appropriate authority or who has erstwhile DIC registration will be eligible for support under the Scheme. The general eligibility conditions are:

(i) The MSME should have been audited for energy consumption and have developed a Detail Project Report on EETs.

(ii) The DPR should be prepared by a qualified Energy Manager/Auditor.

(iii) Enterprises in the clusters intervened under the Activity 1 or identified by PCRA/BEE or any other expert agency will be given preference for support under this Activity.

(iv) The project should primarily focus on energy efficiency for the applicant MSME units and must lead to at least 15% reduction in the energy consumption by the enterprise. For this purpose the baseline and the projected energy consumption reflected in the approved DPR will be taken into consideration.

(v) Investments in new plant, machinery and equipments focused towards enhancing energy efficiency shall only be eligible for subsidy under the scheme.

(vi) The Government financial assistance cannot be utilized for purposes other than for which it has been sanctioned. The amount released by the Government will not be utilized towards adjustment of default in repayment of principal and payment of interest by the borrower.

(vii) After completion of the EET project, the industrial unit will be required to submit a completion certificate to SIDBI in the prescribed format (to be approved by the Steering Committee).

(viii) From the date of completion, up to two years, the industrial unit availing the Government financial assistance will be required to submit operational and performance details to SIDBI who would apprise the Steering Committee of the same.

(ix) In case the industrial unit becomes non-operational within two years of the receipt of Government financial assistance, it will be liable to refund the financial assistance availed, along with the interest to be charged from the date of closure till the date of refund at the prime lending rate of SIDBI (as the case may be). In case of non-compliance, the Bank concerned will take necessary legal action.

(x) At any time if it is found that financial assistance from Government has been availed on the basis of any false information, the industrial unit shall be liable to refund the amount of Government financial assistance, along with interest to be charged from the date of disbursal to date of refund. The rate of interest shall be the prime lending rate of the Bank concerned at the time of invoking this penal clause.

3.2.7 *How to Apply:* Any MSME unit interested to implement EET and has a Project DPR prepared by an eligible agency may apply for assistance under the Scheme. The interested MSME unit shall apply first to SIDBI/Banks/Financial Institutions for sanction of loan for the project on the basis of the DPR. After appraisal of the Project by SIDBI/Banks/Financial Institutions, the application in the format given at Annexure-II is to be submitted, in triplicate, through SIDBI/Banks/Financial Institution concerned. If the loan application has not been submitted through SIDBI, two copies of the Application will be forwarded by the concerned Bank/Financial Institution to SIDBI along with a copy of the loan sanction letter and project viability report.

SIDBI will submit the proposals to the Steering Committee for necessary approval. The decision of the Steering Committee will be conveyed to SIDBI with a copy to the applicant

MSME for necessary action. After sanction of assistance under the scheme, the MSME unit concerned shall sign an agreement with the SIDBI/Bank/Financial Institution sanctioning the loan in the prescribed format.

3.3 MAJOR ACTIVITY NO. 3

Setting Up of Carbon Credit Aggregation Centres (CCA) for Introducing and Popularizing Clean Development Mechanism (CDM) in MSME Clusters

3.3.1 *Objective:* The Activity will focus on market transformation of the results of energy efficiencies. The concept of Clean Development Mechanism (CDM) through reduction and management of carbon footprints have been introduced under Kyoto Protocol for reduction of emission of Green House Gases like carbon dioxide, which is a common emission from industries using coal and petroleum products. United Nations Framework Convention on Climatic Change (UNFCCC) have introduced the concept of CDM under which industries in developed countries producing additional green house gases (GHG) can purchase carbon credits from industries in developed countries using energy efficient technologies as well as renewable energies thereby reducing the 'Carbon Footprints'.

A procedure has been laid down for documentation of such projects from developing countries to ascertain reduction of Carbon Footprints (tons of carbon dioxide emitted). The 'Carbon Credit' released as CERs (Certified Emission Reductions) are tradeable in National & International Commodity Exchanges. Under this Activity, CCA Centres will be set up in 16 clusters over the XI plan period to assist MSMEs in registering GHG reduction projects for allocation of Certified Emission Reduction (CER). Since the CERs of a typical Indian MSME unit may not be adequate for economic trading in Exchanges, it has been envisaged that the CCAs will make effort in aggregation of Carbon Credits obtained by individual MSMEs in a cluster into bulk - for trading. A typical CDM project flow is given below:

CDM APPROVAL PROCESS (TYPICAL)

Project Concept Note (PCN)

↓

Project Design Document (PDD)

↓

Host Country Approval

↓

Approval for Baseline Methodology

↓

Validation

↓

Registration

↓

Monitoring of Emission Reductions

↓

Verification of Emission Reductions

↓

CER Issuance

3.3.2 *Implementations:* Under the present Activity, the potential Clusters having adequate number of EET/Renewable Energy (RE) based projects will be identified for setting up of the CCA centres. The CCA centres will be set up as special purpose vehicles (SPVs) with participation from cluster based associations, technical institutions, NGOs, etc. The participation of State Governments in the SPVs is also permitted. The initial handholding/implementation of the CCA centres will be carried out by an expert Agency and they will be transferred to the SPVs in due course.

Clusters for setting up of the CCA centres, will be identified on the basis of the CDM implementation potential in the cluster or applications received from the stakeholders. Clusters where energy efficient technologies or renewable energy projects are being implemented under the present scheme or other schemes of the Ministry of MSME or other schemes of Government of India/State Governments will be given priority. While setting up the CCA centres, the Government of India support will be towards setting up of the basic facilities, preparation of the cluster based Project Concept Notes (PCN) as well as PDD for CDM. The GoI assistance under the scheme will be limited to the subsidization of activities till the stage of obtaining GoI approval for the CDM (host country approval of PDD).

3.3.3 *Deliverables:* The expected deliverables of the Activity are:

- Creating awareness among the MSMEs within and around the identified Clusters about Market Transformation of Energy Efficiency, Carbon Credit Trading, etc.
- Identification of Clusters having adequate number of ongoing or emerging GHG/CDM projects for setting up of the CCAs.
- Facilitate setting up of Carbon Credit Aggregation Centres in identified clusters by the cluster-based associations, technical institutions, NGOs, etc.

3.3.4 *Component of Grant:* The Govt. of India will provide financial support to the extent of 75% of the actual expenditure, subject to a maximum Rs.15 lakh for establishing each of these centres. (Average cost of setting up of one CCA is expected to be Rs. 15.0 lakh). The remaining expenditure will have to be met by the implementing agency/SPV through collection of users' charges. While setting up of these centres, no liability will be created for the GoI. It is expected that assets and operation of the offices will ultimately be taken over by the SPV for running them on self – sustainable basis. However, the assets purchased out of the GoI grant shall not be disposed off without the prior permission of the Office of the Development Commissioner (MSME).

3.3.5 *Implementation Schedule and Funding Pattern:*

Under the Scheme it is proposed to set up about 16 Nos. of Carbon Aggregation Centres (CCAs) for obtaining CERs in MSME clusters.

The GoI assistance will be released in 5 instalments. Initial 20% of the sanctioned amount will be released after approval of the proposals and the balance instalments will be released based on the project milestones defined in the proposal and as approved by the Steering Committee.

3.3.6 *Eligibility:* Cluster-based MSME associations, Technical Institutions and ESCOs engaged in implementation of EET and other renewable energy projects, which can be registered under

CDM, are eligible to apply. The initiatives shall be cluster based rather than enterprise focused so that maximum number of cluster members (MSMEs) could be benefitted. Activities which could be assisted under the Scheme may include:

- Organizing Workshops/Seminars for Cluster Stakeholders/MSMEs on CDM.
- Hiring of Consultant for preparation of CDM Project Concept Note (PCN).
- Conducting training programmes on CDM.
- Preparation of Project Design Document (PDD).
- Validation of the CDM Project through external auditors.
- Remunerations of the CCA executives and expenditure on their TA/DA upto one year (Max.).
- Holding of meetings of the executives and governing bodies, etc.
- Miscellaneous expenditure on telecommunication, stationery, etc. upto one year (Max.)

The above list is only indicative and the Steering Committee shall decide on eligible activities which may be assisted for a particular CCA centre.

3.3.7 *How to Apply:* Eligible applicants can apply in the format at Annexe – III. They will also have to submit a brief project proposal containing details, targets, deliverables, etc., of the Project.

3.4 MAJOR ACTIVITY NO. 4

Encouraging MSMEs to Acquire Product Certification Licenses from National/ International Bodies

3.4.1 *Objective:* The primary objective of this Activity is to provide subsidy to MSME units towards the expenditure incurred by them for obtaining product certification licenses from National Standardization Bodies (like BIS, BEE, etc.) or International Product Certifications (CE, UL, ANSI, etc.). The purpose of the 'Standard Marking' of the products is to assure product quality to the users/consumers. Certification of MSMEs products to International Standards, CE, ANSI, UL, Energy Star, etc. would also enhance acceptability of the products in the export market.

Under the present Activity, eligible MSMEs will be provided financial support for obtaining national and international product certificates. To encourage a wider coverage of MSMEs to obtain licenses of such product standards of national and international agencies, subsidy will be provided to the applicants only towards the first product being licensed.

3.4.2 *Implementation:* Under this activity following initiatives will be taken up:

(i) To conduct Awareness programme in identified MSME clusters on product quality certification, energy star rating, procedure for certification to International Standards, etc. Total 60 Nos. of programmes will be conducted on the awareness generation on product certification through implementing agencies like BIS, Indian Institute of Quality Management, Jaipur or any other expert body in the relevant field. The agencies will be selected through a procedure defined in the manual issued by Department of Expenditure.

(ii) Provide financial assistance to MSMEs in obtaining product certification to National and International standards. The Activity will be implemented through MSME-DIs functioning under the Office of the DC (MSME). Total 3,000 product certification on National Standards and 1,000 on International Standards are proposed to be reimbursed under the scheme.

3.4.3 *Deliverables:* This Activity is expected to enhance the acceptability of the products of the MSME sector in the National and International market by enhancing the consumers/users confidence in product quality. Marking to National/International Product Standards will also streamline the quality systems of the MSMEs, ensure safety of the product in use and enhance product/process efficiency. The significant contributions of the Activity will be:

- Increased adoption of National /International Product Certification standards by the MSME sector;
- Enhancing Customers' confidence for the products manufactured by MSMEs;
- Assuring conformity to compulsory product standards like CE by MSMEs;
- Ensuring energy efficiency of the consumer durables by BEE/EU/USA Energy Star ratings; and
- Bringing manufacturers of consumer items (involving high safety requirements) under a system of quality surveillance through the licensing system.

3.4.4 *Component of Grant:* Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure, towards licensing of product to National/ International Standards. The maximum GoI assistance allowed per MSME is Rs.1.5 lakh (Average Rs. 0.75 lakh) for obtaining product licensing/Marking to National Standards and Rs. 2.0 lakh (Average Rs. 1.50 lakh) for obtaining product licensing/Marking to International standards. One MSME unit can apply only once under the scheme.

The subsidy will be available generally for the following components of the expenditure:

✓ Application fee

✓ License fee

✓ Product Testing charges as required for licensing

✓ Inspection fee of the certification body

However, the Steering Committee may decide to modify the list of eligible components. The Steering Committee can also decide maximum expenditure allowable under any or all of the above sub-heads for calculating the total amount of expenditure eligible for subsidy.

Towards organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure subject to maximum of Rs. 45,000 per programme. (Average cost of conducting one programme is expected to be Rs. 50,000). The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts, their course material, travel and lodging expenses, other miscellaneous expenses, etc.

3.4.5 *Funding Pattern:* The subsidy will be released, for product certification, on reimbursement basis, i.e., after obtaining the relevant product certification license by the applicant enterprise and incurring the actual expenditure against which the subsidy has been claimed.

In case of Awareness Programme, the GoI assistance will be released in 2 instalments. Initially, 50% of the sanctioned amount from GoI will be released after approval of the proposal and subject to proportionate contribution by the private units. The balance GoI contribution of 50% amount will be released after receiving the remaining contribution from the private units and based on the receipt of the audited statement of expenditure, etc.

3.4.6 *Eligibility:* All the Micro, Small & Medium Enterprises in the manufacturing sector who have submitted valid Entrepreneur Memoranda (EM) and who are first time applicants for National/ International Product Standard Licenses are eligible to apply. Licensing of only one product as per the definition of the relevant standards will be subsidized under the Activity. The testing charges and calibration charges will be subsidized only if they are carried out by approved/ recognized Testing Laboratories. The items which are under compulsory product certification will stand excluded from the purview of the scheme.

For organizing the Awareness Programmes in a cluster, associations of MSMEs, NGOs and Technical Institutions working in the area of quality certification in the cluster are eligible to apply.

3.4.7 *How to Apply:* The MSMEs interested in availing assistance for obtaining product certification under the scheme may forward application in the specified format, as given at Annexure-IV (A to F), to the MSME-Development Institute (MSME-DI) concerned, alongwith the required documents, receipts, reports, etc. A Screening Committee at the MSME-DI will scrutinize the applications and the decisions of the Committee will be communicated to the applicants within 45 days of the receipt of the application.

3.5 MAJOR ACTIVITY NO. 5

Impact Study of the Scheme, Evaluation, Administrative and Other Activities

3.5.1 *Objective:* The main objective of these activities will be to ensure regular monitoring of the implementation of the Scheme vis-à-vis the action plan prepared. Impact studies, evaluations of the present Scheme as well as mid-term reviews, etc., which is necessary as per the existing Government instructions, will also be covered under this activity. Administrative expenditures including fees, etc. to be paid to the implementing or other agencies, if not included elsewhere in the scheme, may also be sanctioned from the budget allocated under this activity.

3.5.2 *Implementation:* Offers will be invited, as per the decisions taken by the Steering Committee, for conducting various studies and evaluations of the - Scheme. Fees to be paid to the implementing and other agencies will be released as decided by the Steering Committee. The agencies will be engaged as per the procedure stipulated by the Department of Expenditure.

3.5.3 *Deliverables:* The impact and evaluation studies will bring out the achievements under the Scheme vis-à-vis the action plan targets. The mid-term reviews will indicate the required fine tuning of the Scheme to enhance the achievements.

3.5.4 *Component of Grant:* The fee for carrying out the above activity will be decided by the Steering Committee, as and when required, depending upon the scope of work involved.

3.5.5 *Eligibility:* The eligibility criteria of the agencies to be selected for the above activity will be detailed in the 'Expression of Interest', as and when issued.

3.5.6 *How to Apply:* The procedure for application, qualification, etc. for participation in the above activity will be detailed in the 'Expression of Interest', as and when issued.

4.0 SCHEME STEERING COMMITTEE (SSC)

A Scheme Steering Committee (SSC) under the chairmanship of the Additional Secretary & Development Commissioner (MSME) will be the apex decision making body for the Scheme. The Steering Committee will provide overall guidance and directions for the implementation of the Scheme and will have the following constitution:

(i) Additional Secretary & Development Commissioner (MSME), Chairman

(ii) Joint Secretary NMCC, Member

(iii) Joint Secretary, Ministry of Environment and Forests, Member

(iv) Country Head, Global Environment Facility (GEF), Member

(v) Director General, BEE (or his representative), Member

(vi) Executive Director, PCRA (or his representative), Member

(vii) Director General, BIS (or his representative), Member

(viii) CMD, SIDBI (or his representative), Member

(ix) Director General, TERI (or his representative), Member

(x) Officer-in-charge of the Scheme, in office of DC(MSME), Member Secretary

Representative of Internal Finance Wing, Ministry of MSME nominated by the Additional Secretary & Finance Advisor may also be invited to attend the SSC meeting.

4.1 The major role and responsibilities of SSC will include:

(a) Selection of clusters for Awareness Programme and DPRs under Activity 1.

(b) Approving proposals for EET implementation based on the DPRs and SIDBI recommendations.

(c) Acceptance of the project proposals for setting up of CCAs including decision for the funding pattern, milestones, etc.

(d) Selecting clusters for Awareness Programme under Activity 4.

(e) Overall monitoring and direction for scheme implementation.

(f) Any other issue related to scheme objectives.

4.2 The Committee may co-opt representatives from Industry Associations, Leading Energy Efficiency Consultants, ESCOs and other stakeholders as Special Members or Invitees.

4.3 The Scheme Steering Committee may also decide to constitute Activity level sub-committees for the day-to-day implementation and monitoring of the respective Activities and recommending approval of specific proposals within the overall framework of the guidelines. The Activity level sub-committee will monitor the progress of the scheme (for the specific activity) in respect of selection of implementing agencies, clusters, EETs and product certifications.

Annexure–I

FORMAT FOR APPLICATION FOR GRANT OF FINANCIAL ASSISTANCE TOWARDS ORGANIZING AWARENESS PROGRAMMES ON ENERGY EFFICIENT TECHNOLOGIES AND APPLICATION OF RENEWABLE ENERGY SOURCES INCLUDING CLEAN DEVELOPMENT MECHANISM (CDM) IN MSME MANUFACTURING SECTOR

1. Name of the organization with complete postal address, Telephone No., Fax No. and E-mail ID.
2. Whether registered or approved under any Act or Regulation (to be specified), and the date thereof (please enclose a copy of the Registration Certificate).
   - (i) Particulars of the present members of Executive Body/Board of Management, date on which it was constituted and tenure.
   - (ii) Name of the person and his/her designation nominated/authorized to act on behalf of the organization.
   - (iii) Name of the professional expert, certified as an Energy Manager/Auditor.
3. A brief note on work done in EET and/or RE areas for the benefit of MSME manufacturing sector, if any.
4. Details of the target Group, its geographical coverage and expected benefits.
5. Tentative date and Venue for organizing the programme.
6. Is it proposed to receive grant/grants from any other source for the same purpose or Activity to which this application pertains? If so, details thereof.
7. Information relating to the grants received/or likely to be received from this office for any other Activity. (If any grant had been received in the past, details thereof with file/letter No. of the Commission – Copy).
8. Additional information, if any.
9. List of documents to be attached:
   - (i) Certified copy of Registration Certificate, if applicable.
   - (ii) Certified copy of Memorandum & Articles of Association, where applicable.
   - (iii) Certified copy of Audited Statement of Accounts/Annual Report for the last two years.
   - (iv) *Details of Expenditure* — Document giving an undertaking to conduct the Programme as per scheme guidelines and objectives and in case the programme is not organized, to return the cheque/refund the advance given.

Signature & Designation
(With Seal/Stamp)

TERMS AND CONDITIONS

(i) The financial assistance under the scheme will only be used for organizing the event/ Activity approved under the scheme.

(ii) The assistance will be released in two instalments. 50% of the sanctioned amount will be released after the proposal is approved on receipt of write-up on programme, venue, item-wise budget estimates, likely number of participants and relevant documents.

(iii) The balance amount will be released after the submission of the : (i) Utilization certificates from the Chartered Accountant, (ii) Statement of Accounts, (iii) Report of the Resource Persons of the programme, and (iv) List of participants, which is to be submitted in a month's time from the date of organizing the Awareness Programme.

(iv) No equipment/asset will be purchased out of the assistance.

(v) Unspent portion of the assistance will be refunded.

(vi) In the event of violation of any of the terms and conditions of sanction, the organization will have to refund the entire sanctioned amount on demand or such part thereof along with penal interest as per the Government rates.

(vii) For private agencies, the requisite bond as per Rule 209 6(ix) of GFR- 2005, will have to be executed.

Annexure–IA

APPLICATION FOR CONDUCTING ENERGY AUDIT/PREPARATION OF DETAILED PROJECT REPORT (DPR) FOR MSME CLUSTERS/UNITS

1. Name of the Institute/Organization...
2. Full particulars of the Institute/Organization:
   (i) Constitution
   (ii) Ownership
   (iii) Organizational structure
3. Main activities of the prospective consultant (including details of full time professionals)
4. Annual reports or audited accounts (for the last two years)
5. Name and short CVs of the full time & part time researchers proposed to be involved in the work.
   (The CVs would need to be backed by written commitments of the persons about the availability of his/her service).
6. Details of major assignments of similar nature undertaken during the last five years.
7. Details of the cluster of Industries/Group of Industries where the Energy Audit Study/DPR is to be made including the information related to MSME units.
8. List of documents to be attached:
   (i) Certified copy of Registration or Equivalent Certificate
   (ii) Certified copy of memorandum Articles of Association or Rules/Regulations, as applicable.
   (iii) Certified copy of Audited statement of Accounts/Annual Report for the last two years.
   (iv) *Details of Expenditure* — Document giving an undertaking to properly conduct the study and in case the study is not conducted, to return/refund the advance received.

Signature & Designation
(With Seal/Stamp)

Annexure-II

APPLICATION FOR ASSISTANCE FOR IMPLEMENTATION OF ENERGY EFFICIENT TECHNOLOGY (EET) PROJECTS

1. Name of the Firm/Company ……………………………………………………………………

2. Constitution (Proprietary concern, partnership firm, Pvt. Ltd. Co., Public Ltd. Co., Co-op. Societies)

3. Name(s) of sole proprietor/partners/directors ………………………………………………

4. Category of borrower (women entrepreneur, SC/ST, Physically handicapped, Ex-servicemen, etc.)

5. Registered Office Address ……………………………………………………………………

   ……………………………………………………………………………………………………

   …………………………………………………………………………… Pin…………………………

   Phone No. ………………………………………… Fax……………………………………………

   E-mail………………………………………………………………………………………………

6. Factory Address………………………………………………… ………………………………………

   ……………………………………………………………………………………………………

   …………………………………………………………………………… Pin…………………………

   Phone ………………………………………………… Fax……………………………………………

7. Location of factory – Backward or Non-backward area ……………………………………………

8. Date of incorporation/commencement of production ………………………………………………

9. Product(s)/Sub-sector……………………… ……………………………………………………………

10. Installed capacity…………………………………………………………………………… …..

11. Past Performance (for last three years on the basis of audited balance sheets – in respect of existing units. In respect of new units, projections for next three years may be given).

Sl. No.	Description	Financial Year (Y-1)	Financial Year (Y-2)	Financial Year (Y-3)
I	Total Sales			
II	Gross Profit (Before interest & depreciation)			
III	Depreciation			
IV	Interest			
V	Operating Profit			
VI	Net Profit (After tax)			

12. Total cost of EET Project as per DPR and approved by SIDBI/Bank/Financial Institution (Rs. in lakhs) (Enclose a copy of DPR)

13. Total Sources of funding (as approved by Bank/Financial Institution) (Rs. in lakhs)

    Term Loan...

    Add share capital ....

    Internal accruals...

    Capital Subsidy ....

14. Time frame for completion of the project..

15. Incremental benefits from implementation of the project (indicate in terms of energy savings and any other benefits - give projected results quantitatively).

16. List of eligible new plant and machinery along with their detailed specifications, rates, quantities and total value for which subsidy is claimed.

DECLARATION

I/We, hereby declare that the information given above and the statement and other papers enclosed are to the best of my our knowledge and belief are true and correct.

Place: Signature(s)
Date: Name and Designation
Seal of the Company

Annexure-III

FORMAT OF APPLICATION FOR GRANT OF FINANCIAL ASSISTANCE FOR SETTING UP OF CARBON CREDIT AGGREGATION CENTRE IN MSME CLUSTER

1. Title of the proposed project
2. Name and Address of Organization/Institute
3. Activity of the Organization/Institute, number and size (also in terms of installed capacity) of units and number of units
4. Name of the chairperson and members of the organizing committee, if any
5. Category in which the organizing institution falls:
   - (i) Registered Society or similar body.
   - (ii) Academic Institution.
   - (iii) University, College/Technical Institutions.
   - (iv) Quasi-Government or Government aided body.
   - (v) Others (specify).
6. Details of Affiliates, if any (Attach statement).
7. Details of proposed project:
   - (a) Objectives.
   - (b) Duration.
   - (c) Target groups (including areas to be covered under the project).
   - (d) Major activities to be undertaken.
   - (e) Details of the Consultants / Experts to be associated with the Project (written agreement required).
   - (f) Is there any other organization providing similar facilities in the adjoining areas. If so, the details thereof and justification for setting up of similar facility.
   - (g) Project highlights (a brief project report may be submitted).
   - (h) Proposed costs and time frame (Activity-wise costing/expenditure).
   - (i) Structure of proposed SPV (users body) to be constituted.
   - (j) Previous track record of MSME initiatives pursued by applicant organization need to be highlighted with support documents.
   - (k) Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other to be specified).
   - (l) Project implementation schedule and completion period (enclose Bar/Pert Chart).
   - (m) Highlight the likely impact of the project on beneficiary enterprises particularly with regard to tradable Carbon Credits (CER).

(n) Mechanism for monitoring the progress of the CCA centre in assisting MSMEs.

8. Any Additional Information giving justification for the project.

9. List of Documents attached:
   (i) Certified copy of Registration or equivalent Certificate.
   (ii) Certified copy of Memorandum Articles of Association or Rules/Regulations etc., if applicable.
   (iii) Certified copy of Audited statement of accounts for the last two years, if applicable.
   (iv) Annual Report for the last two years, if applicable.

Signature & Designation
(With Seal/Stamp)

TERMS AND CONDITIONS

(i) The financial assistance will only be used for setting up of Carbon Credit Aggregation Centre.

(ii) The assistance will be released in instalments depending on the progress of the centre. First instalment will be released after the proposal is approved on receipt of write-up on proposal, budget estimates item-wise, etc.

(iii) The subsequent instalments will be released in accordance with funding assistance approved by the Scheme Steering Committee.

(iv) Unspent portion of the assistance will be refunded to the Office of the DC(MSME).

(v) Separate accounts of the Programme will be maintained and the same will be subjected to test check by any Govt. official.

(vi) In the event of violation of any of the terms and conditions of sanction, the organization will have to refund the entire amount sanctioned, or such part thereof to the Government on demand along with penal interest as per the government rates.

(vii) The office of the DC(MSME) may lay down any other condition prior to the release of the financial assistance.

Annexure-IV-A

APPLICATION FORMAT FOR CLAIMING REIMBURSEMENT OF PRODUCT CERTIFICATION CHARGES BY MSMEs FOR CERTIFICATION OF PRODUCTS TO INDIAN AND INTERNATIONAL STANDARDS

1. (a) Name and Address of the unit
   [Office & Factory Location(s)]

   (b) Telephone No., Factory & Office

   (c) E-mail & Fax

2. Details of E.M. No. / D.I.C. Registration
   (Enclose an attested copy of all pages of E.M. No.)

3. Whether SC/ST ?

4. Whether Women Entrepreneurship ?

5. Item(s) of manufacture/processing as indicated in the E.M. Certificate.

6. Proof of MSME Status and Functional Status of the Unit as on the Date of Submission of Application. The following document(s) to be submitted:

   An Affidavit (in original) from Managing Director/Director/Proprietor/Partner of the MSME duly sworn before a Notary Public confirming MSME status and functional status of the unit at the time of acquiring Product certificate; and as on date (As per Format at Annexure–IV-B) accompanied by CA certificate of the total investment in plant & machinery as on date (original purchase value) (As per Format at Annexure – IV-C).

7. Details of Product Certificate

   Name and address of Certification Agency; The Certificate must have address of the site/ location certified; Scope of certification, Certificate No, date of issue & period of validity (or date of expiry). (Enclose an attested copy of the Certificate)

8. Details of expenditure incurred in acquiring Product Certificate
   [Furnish a CA certificate of expenditure (in original) giving the details (as per the Format at Annexure–IV-D)]

9. Details of reimbursement/grant/subsidy already received, if any, from Govt. of India State Govt./Financial Institution etc. for the Product Certification to BIS, BEE or International Standard (Furnish an Undertaking/Declaration (in original) from the Managing Director/Director/ Proprietor/ Partner sworn before Notary Public) (as per the Format at Annexure–IV E).

10. Pre-receipt to be furnished as per Format at Annexure–IV-F.

DECLARATION

I (Full name) ...., S/o of ....Managing Director/ Director/Proprietor/Partner of M/s. .... (complete Postal address) hereby declare that the particulars given in the application are correct. In case any of the statement/ information furnished in the application/documents later found to be wrong or incorrect or misleading, I do hereby bind myself and my unit to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned Activity, within seven days of the demand being made to me in writing.

Name and Signature of Managing Director/
Director/Proprietor/Partner
(Full Name)

Note:

Copies of Entrepreneurial Memorandum (E.M.)/D.I.C. Registration, Product Certification Certificate must be attested by Chartered Accountant (with name of the signatory, CA Stamp, and CA Membership No.)

Annexure-IV-B

AFFIDAVIT*

I, ____
S/o ____
Managing Director/Director/Proprietor/Partner,** M/s. ____________________
with their Regd. Office at ____________________________________
& Factory located at ____________________________________
with E.M. No. ______________________________ dt. __________
do hereby solemnly affirm and declare as under:

The Company/Firm/Establishment has been a Micro/Small/Medium Enterprise as per the Govt. of India definition; and has been functional & in production at the time of acquiring Product Certification No. __________________ dated ______________ .

i. The Company/Firm/Establishment continues to be a a Micro/Small/Medium Enterprise and functional & in production as on date.

ii. As per books of account, the total investment (original purchase value) in plant and machinery in the Company/Firm/Establishment as on ____________ is Rs. ____________ Chartered Accountant Certificate dated ____________ to this effect is attached).

Signed on this day of ____________________ dt ____________

DEPONENT

VERIFICATION:

I do solemnly affirm that the contents of the Affidavit are true to the best of my knowledge & belief.

DEPONENT

Date:

Place:

(Note) ** Strike out whichever is not applicable.

* On a Stamp paper (of Rs.10/- Min) in Delhi/amount as applicable in the respective State duly sworn before a Notary Public (duly affixed with Notarial Stamp; and with Notary Seal; and Notary Registration number) or First Class Magistrate.

Annexure-IV-C

CERTIFICATE FROM CHARTERED ACCOUNTANT ABOUT INVESTMENT IN PLANT & MACHINERY (ON C.A. LETTERHEAD)

To Whom It May Concern

Verified from the Books of Accounts of M/s.____________________________with their Regd. Office at ____ and Factory located at ________________________________and E.M. / D.I.C. Registration No.____________________dt. ___________that the total investment in plant and machinery (original purchase value) of the company as on date*_________________________ stands as Rs.____________ (Rupees____)

Name & Signature of the
Chartered Accountant with Stamp
and Membership Number

Place: ________________

Date: ________________

Annexure IV-D

CERTIFICATE FROM CHARTERED ACCOUNTANT IN RESPECT OF PROOF OF EXPENDITURE INCURRED FOR ACQUIRING PRODUCT CERTIFICATION (ON C.A. LETTERHEAD)

To Whom It May Concern

The documents & records of M/s. ________________________________with their Regd. office at ____and factory located at____and E.M. / D.I.C. Registration No._______________________________ dt. _______________ in respect of the expenditure incurred by them in acquiring Product Certification have been verified; and it is certified that the said company have incurred a total expenditure of Rs.________________________ (Rupees ____) towards Application Fee/Product Testing Fee to the relevant standards/Inspection Charges / Advance Licence Fee for the 1st year from the Certification Agency, namely_________________________________; as per the following details of payments:

<u>Details of Payments</u> (Name of Certification Agency/Orgn.), Amount paid (in Rupees)

a) Application Fee paid to ____

b) Inspection Fee paid to ____

c) Annual Licence Fee paid to ____

d) Calibration charges paid to _______________________ Total _______________________-

Place ________________

Dated _______________

(Signature of the Chartered Accountant
with Name, C.A. Stamp & CA
Membership Number)

Payments above should be supported by copies of receipts of payments made duly attested. The payment receipts must indicate the purpose for which the payments have been made.

Annexure-IV-E

To be submitted by the Applicant on a Non-judicial Stamp paper of Rs. 50/-(Min.) in Delhi/amount as applicable in the respective State duly sworn before a Notary Public (duly affixed with Notarial Stamp; and with Notary Seal & Notary Registration number) or First Class Magistrate.

UNDERTAKING/DECLARATION

I, ______________________________ S/o ________________________________
Managing Director/Director/Proprietor/Partner, M/s. ______________________________
with Regd. office at ____
& factory located at ____
and with E.M. No. ________________ dt. _____________ do hereby solemnly affirm and declare as under:

(a) (i) That the aforesaid Company/Firm/Establishment(s) have not availed reimbursement/subsidy/grant/incentive for acquiring Product Certification under any Scheme operated by Central Govt. (including O/o DC(MSME), M/o MSME)/State Govt./Financial Institution etc.

OR

(ii) That the aforesaid Company/Firm/Establishment(s) have claimed & received reimbursement/subsidy/grant/incentive for acquiring Product Certification amounting to Rs.____________
(Rupees ____
from ____
(Name of the Central Govt./State Govt Deptt./Financial Institution vide draft/cheque No. _________ dt. _________ of ____________________ Name of Bank).

(b) (i) That the aforesaid Company/Firm/Establishment(s) have already applied to _________ Name of the Central Govt. (other than O/o DC(MSME))/State Govt/Financial Institution) vide application dated _________ for reimbursement/subsidy/grant/incentive for acquiring Product Certification.

OR

(ii) That the aforesaid Company/Firm/Establishment(s) have not applied to any Central Govt./State Govt./Financial Institution (except O/o DC(MSME), Ministry of MSME), for reimbursement/subsidy/grant/incentive, for acquiring Product Certification.

(c) That after availing reimbursement for Product Certification from Office of DC(MSME), Ministry of MSME, in respect of the said Company/Firm/Establishment(s), I shall disclose this fact on behalf of the said Company/Firm/Establishment(s) at the time of claiming/receiving reimbursement/subsidy/grant/incentive, if any, under any other similar scheme run by Central Govt./State Govt./Financial Institutions etc.

(d) I hereby solemnly affirm that the information given above is correct. In case above declaration is found wrong or incorrect or misleading, I do hereby bind myself & my unit and undertake to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned Activity, within seven days of the demand being made to me in writing.

Partner/Proprietor/Managing Director/Director

In the presence of:

(Full Name and addresses of the two witnesses also to be indicated along with signatures)

1.

2.

Note: The factual status as on date under the respective paras at (a); (b) & (c) above must be clearly indicated.

Annexure-IV-F

Name of the Industry : ____

Address : ____

Phone Number : ____

PRE-RECEIPT (in Triplicate)

Received a sum of Rs.________________ (Rupees ______________________________ Stamp)

FOR OFFICE USE ONLY

Passed for the payment of

Rs. ________________ (Rupees ____)

Vide Sanction No.__________________________dated________________. from the Development Commissioner (Micro, Small & Medium Enterprises) towards the reimbursement of expenses incurred for obtaining Product Certification

Director

Rubber Stamp of the Unit
Signature of the Authorized Person (on Revenue
Micro, Small & Medium Enterprises, DI)

Place ________________

Dated ________________

INSTRUCTIONS

1. Please ensure you prepare the Annexure-IV in A-4 size paper only.
2. Please ensure you give Annexure-IV in triplicate.
3. Please type the name of your industry, full address and telephone numbers as indicated in the sample format, in the portion marked A.
4. Please do not fill in the amount in the pre-receipt. Leave the portion blank. The office of DC (MSME) will fill it up after calculating the amount due to you.
5. Please ensure the authorized person of your unit signs at the places indicated for signatures of the authorized person on revenue stamp.
6. Please type portion 'B' yourself in the A-4 size paper as indicated in the format.
7. Office of the DC (MSME) will fill up the amount and the sanction No. in the spaces provided for the same.
8. The Assistant Director concerned will sign at the place earmarked for his signatures.

Annexure-IV-G

Check List of documents to be annexed along with the Application for claiming reimbursement of expenses of Product Certification.

1. Copy of E.M./D.I.C. Registration No. duly attested by a Chartered Accountant (Name, Signature, Membership Number; and Seal)
2. An Affidavit (in original) on a non-judicial stamp paper of Rs. 10 (Min.) in Delhi/Amount as applicable in the respective State) duly sworn before a Notary Public as per Annexure-II (with Notary Seal, Notarial Stamp & Noatry Registration No.; and Chartered Accountant's Certificate of investment in Plant and Machinery as per Annexure-III.
3. Copy of Product Certification Licence duly attested by Chartered Accountant (Name, Signature, Membership Number and Seal).
4. Chartered Accountant's certificate of the details of the Expenses incurred by the unit in acquiring Product Certificate in Annexure-IV. The payments made to the Certification agency **must be supported by copies of Receipts duly attested.** (The payments directly made to the Certification Agency shall only be eligible for reimbursement). Invoices should be supported to Receipts.
5. Undertaking/Declaration of the Incentive/grant/subsidy already received, if any, in Annexure-V on a Non-judicial stamp paper of Rs. 50/-(Min.) in Delhi/Amount as applicable in the respective State with witnesses name & their addresses & signatures, Notary Seal, Notarial Stamp & Notary Registration Nos.)
6. Pre-receipt in Triplicate on Company's Letterhead with Company's Rubber Stamp and affixed with Revenue Stamp in Annexure-VI.
7. Certificate to be attached for SC/ST category.

(Any other documents annexed to be mentioned).

Annexure-V

INDICATIVE TIMELINE FOR ACTIVITY NO. 2

Sl.No.	Activity	Time Frame
A.	APPROVAL OF PROJECT	
1.	Submission of Application by the units to SIDBI/ Banks as per proforma along with DPR.	D
2.	Appraisal of DPR by SIDBI/Banks and forwarding to O/o DC (MSME)	D + 2 months
3.	Approval by SSC & communication to SIDBI	D + 4 months
4.	Disbursal of loan by SIDBI/Banks	D + 5 months
5.	Forwarding of claims by SIDBI to office of DC(MSME)	D + 7 months
6.	Transfer of GoI subsidy to SIDBI	D + 9 months
B.	DISBURSEMENT OF GoI ASSISTANCE	
7.	Procurement of machines as per DPR, after availing loan from SIDBI/Banks and installation by the unit at site	Y
8.	Disbursement of subsidy by SIDBI/Banks to the MSME unit	Y + 1 month
9.	Submission of Utilization Certificate by SIDBI to the office of DC (MSME)	Y + 3 months

Note: (1) In general 'Y' should not be more than 'D + 9' months.
(2) Scheme Steering Committee can relax above time frame in deserving cases.

(To be published in the Gazette of India, Part-I, Section I)

Government of India
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small, & Medium Enterprises
'A' Wing, 7th Floor, Nirman Bhawan,
New Delhi-110108

No. 4(1)/9/TEQUP/2010 — 12th February, 2010

NOTIFICATION

The Central Government has approved a scheme, "Technology Quality Upgradation (TEQUP), Small & Medium Enterprises sector" under the National Manufacturing Competitiveness Programme (NMCP) with a total budget of Rs 140.98 crores (including Government of India contribution of Rs 65.73 crores) to be implemented during the 11th Plan period. The objective of the scheme is to enhance competitiveness of the MSME sector in the global markets by adopting energy efficient technologies in their manufacturing processes and to encourage them towards acquiring product quality certification to national/international standards.

2. The details of the scheme and guidelines are available on the official website of the office of DC (MSME) i.e. www.dcmsme.gov.in.

(Abhay Bakre)
Joint Development Commissioner

The Manager
Government of India Press
(Bharat Sarkar Press), FARIDABAD

Copy for information to:-

1. Chief Secretary (States/UTs)
2. All Commissioner/ Director of Industries (states/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary (MSME), Ministry of MSME, Udyog Bhawan, New Delhi
5. Secretary, Ministry of Power, New Delhi
6. Planning Commission (PAMD, VSI)
7. JS, NMCC, Vigyan Bhawan, New Delhi
8. AS & FA, M/o MSME, Udyog Bhawan, New Delhi
9. Chief Controller of Accounts, DIPP, Udyog Bhawan, New Delhi
10. Budget & Accounts Section, O/o the DC (MSME)
11. Director General, Bureau of Energy Efficiency, Sewa Bhawan, New Delhi.
12. Members of Project Monitoring and Advisory Committee (PMAC)
13. All Directors, MSME-DIs Director, MSME Testing Centres All Branch DIs
14. Internal Circulation in the O/o DC (MSME) as per standard list.

(Abhay Bakre)
Joint Development Commissioner

Government of India
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
'A' Wing, 7th Floor, Nirman Bhawan
New Delhi-110108

No. 12(3)/TEQUP/2010 | 12th February, 2010

OFFICE MEMORANDUM

Subject: Scheme for Technology and Quality Upgradation support to Micro, Small and Medium Enterprises (MSMEs) under the National Manufacturing Competitiveness Programme (NMCP).

1.0 INTRODUCTION

The Government has decided to implement the "Scheme for Technology and Quality Upgradation support to Micro, Small and Medium Enterprises (MSMEs) sector" as part of National Manufacturing Competitiveness Programme (NMCP) during the 11th Plan Period with a total cost of Rs.[illegible] crore (including proposed Government of India contribution of Rs.[illegible] crore).

The first objective of the Scheme is to sensitize the manufacturing MSME sector in India to the use of energy efficient technologies (EET) and manufacturing processes so as to reduce cost of production and the emissions of Green House Gases (GHGs).

The scheme also focuses on the advantages/prospects for the MSME sector through clean development mechanism (CDM). While the large manufacturers/users of energy in India are deriving additional income through CDM by trading with the buyers from developed countries, the MSME sector is not able to access it in the absence of suitable mechanism for aggregation. An innovative concept of cluster based carbon credit aggregation centres (CCACs) has been planned under the scheme to initiate MSMEs to CDM benefits.

The second objective of the scheme is to improve the product quality of MSMEs and to encourage them towards becoming globally competitive. Certification of products to national and international standards is an important tool to enhance the product value of Indian MSMEs.

2.0 MAJOR ACTIVITIES UNDER THE SCHEME

The above objectives of the Scheme will be achieved through the following major activities:

2.1 Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards

The primary objective of this activity is to handhold the MSME clusters in adopting energy efficient processes. The following initiatives will be taken up.

a) Conducting awareness programmes in MSME clusters on:

- energy efficient technologies,
- availability of energy efficient equipments, and
- the need for energy efficiency and cash benefits from energy efficient technologies (EET) and Clean Development Mechanism (CDM).

Under the scheme, for organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure, subject to maximum Rs.75,000/- per programme. The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts and their course material, travel and lodging expenses, other miscellaneous expenses etc.

b) Supporting energy audits in sample units (3 Nos.) in each cluster representing the micro, small and medium enterprises in energy intensive clusters. The related activities will be identification of energy efficient technologies (EET) for typical production units and preparation of model Detailed Project Report (DPRs) for cost effective, bankable energy efficient projects. The recommendations in the model DPRs will be used with the cluster based MSMEs for demonstrating the scope, need and financial benefits from EET projects.

The maximum allowable expenditure for conducting the cluster level energy audits and model DPRs for three selected enterprises will be Rs.5.0 lakh per cluster. Out of this, 75% of the actual expenditure will be provided by GoI and the balance 25% is to be contributed by the respective MSMEs selected for preparation of the model DPRs.

(c) Promoting replication of model EET projects in the cluster based MSMEs and subsidizing the preparation cost of the DPRs for the EET projects taken up by the individual MSMEs.

Under the scheme, for preparation of subsequent detailed project reports (DPRs) for individual MSMEs on EET projects, the government support will be 50% of the actual expenditure subject to maximum Rs.0.5 lakh per DPR. The balance amount is to be contributed by the MSME concerned.

2.2 **Implementation of Energy Efficient Technologies (EET) in MSME units**

Under this activity, MSMEs will be assisted in implementation of the energy efficient technology (EET) projects through loans from SIDBI/banks/financial institutions for which subsidy up to 25% of the cost of the project subject to a maximum of Rs. 10.0 lac will be provided.

2.3 **Setting up of Carbon Credit Aggregation (CCA) Centres for introducing and popularising clean development mechanism (CDM) in MSME clusters**

Under this activity, the potential Clusters having adequate number of EET/Renewable Energy (RE) based projects will be identified for setting up of the CCA Centres. These centres will be set up as special purpose vehicles (SPVs) with participation from cluster based associations, technical institutions, NGOs, etc. The participation of State Governments in the SPVs is also permitted. The initial handholding/implementation of the CCA centres will be carried out by an expert Agency and they will be transferred to the SPVs in due course.

Under the scheme, financial support will be provided to the extent of 75% of the actual expenditure, subject to a maximum Rs 15 lakh for establishing each of these centres. The remaining expenditure will have to be met by the implementing agency/SPV through collection of user charges.

2.4 **Encouraging MSMEs to acquire product certification/ licences from National/International bodies**

The purpose of the Standard 'Marking' of the products is to assure of such quality to the users/consumers. Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure incurred by them for obtaining product certification licenses from National Standardisation Bodies (like BIS, BEE, etc.) or International Product Certifications (viz. CE, UL, ANSI, etc.). Certification of MSMEs products to International Standards, viz., CE, ANSI, UL, Energy Star, etc. would enhance acceptability of the products in the export market.

The maximum assistance allowed under the scheme per MSME is Rs.1.5 lakh for obtaining product licensing/Marking to National Standards and Rs.2.0 lakh for obtaining product licensing/ Marking to International standards.

2.5 A Scheme Steering Committee (SSC) under the chairmanship of Additional Secretary & Development Commissioner (MSME) will be the apex decision making body for the Scheme. The Steering Committee will provide overall guidance and directions for the implementation of the Scheme and will have responsibilities for selection of clusters for awareness programme and DPRs, approving proposals for EET projects for implementation, acceptance of the project proposals for setting up of CCA centres, etc.

3.0 The guidelines of the scheme has been approved by the competent authority and are enclosed. These guidelines are also available on the official website of the office of Development Commissioner (MSME): www.dcmsme.gov.in

(Abhay Bakre)
Joint Development Commissioner

Encl: Scheme Guidelines

Copy for information to:-

1. Chief Secretary (States/UTs)
2. All Commissioner/Director of Industries (States/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary (MSME), Ministry of MSME, Udyog Bhawan, New Delhi
5. Secretary, Ministry of Power, New Delhi
6. Planning Commission (PAMD), [illegible]
7. Member Secretary, NMCC, Vigyan Bhawan, New Delhi
8. AS & FA, M/o MSME, Udyog Bhawan, New Delhi
9. Chief Controller of Accounts, DIPP, Udyog Bhawan, New Delhi
10. Budget & Accounts Section, O/o the DC (MSME)
11. Members of Scheme Steering Committee (SSC)
12. All Directors, MSME-DIs/Director, MSME Testing Centres/All Branch MSME-DIs
13. Internal Circulation in the O/o DC (MSME) as per standard list

(Abhay Bakre)
Joint Development Commissioner

SCHEME FOR ENABLING MANUFACTURING SECTOR TO BE COMPETITIVE THROUGH QUALITY MANAGEMENT STANDARDS AND QUALITY TECHNOLOGY TOOLS (QMS/QTT)

BACKGROUND

1.1 World over, Micro & Small Enterprises (MSEs) are recognized as an important constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro & small enterprises, which forms an important segment of the Indian economy, for its contribution to country's industrial production, exports, employment and creation of entrepreneurial base, the Central and State Governments have been implementing several schemes and programmes for their promotion and development. Among the six basic principles of governance, underlying the National Common Minimum Programme (NCMP) of the Government, 'Sustained economic growth in a manner that generates employment' has a pride of place. The NCMP also describes the small-scale industries sector as 'the most employment-intensive segment.'

1.2 It has been ascertained that by implementing Quality Technology Tools (QTT), like 6-Sigma, TQM, TPM (Details at Annexure-B) in certain sectors or group of industries in the micro and small sector, the performance of the industries have improved substantially in terms of productivity (Confederation of Indian Industries, Quality Council of India, etc. have reported improvement by 50 to 100 percent in one year), improvement in quality and reduction of rejections and customer's complaints (by 50% in one and half years' duration). Similarly, adoption of Quality Management Standards (QMS) like ISO 9000/18000/22000, etc, by MSMEs have also shown improved performance. It is therefore essential for the MSMEs to adopt the best manufacturing practices to enable them to be competitive in the current scenario of global competition.

1.3 Finance Minister's Budget speech of 2005-06 specially mentions, 'Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small & medium enterprises and to enable them to adjust to the competitive pressure caused by liberalization and moderation of tariff rates, new scheme is proposed to be launched that will help them strengthen their operations and sharpen their competitiveness. The design of the scheme has been worked out by the National Manufacturing Competitiveness Council (NMCC) in consultation with the Industry.' The Finance Minister's speech of 2006-07 states 'NMCC along with relevant stakeholders like the Ministry of MSME has conceptualized and finalized the components of the programme incorporating suitable inputs from the stakeholders.' Accordingly, the draft EFC note was circulated to various ministries/organisations and the same was approved in the EFC meeting held on 15-10-2007 under the chairmanship of Secretary (MSME).

1.4 This component of the scheme of National Manufacturing Competitiveness Programme (NMCP) envisages Micro & Small Enterprises to understand and adopt the latest Quality Management Standards (QMS) and Quality Technology Tools (QTTs) so as to become more competitive and produce better quality products at competitive prices. The adoption of these tools will enable MSEs to achieve:

(i) Efficient use of resources.
(ii) Improvement in product quality.
(iii) Reduction in rejection and re-work in the course of manufacturing.
(iv) Reduction in building up inventory at the various stages in the form of raw materials, work-in-progress, finished components, finished products, etc.

This will also enable the MSEs to enter into or strengthen their position in the export market.

1.5 The Competition Watch sub-component of this scheme will enable Indian MSE, to understand the latest foreign products that are penetrating in the Indian market.

2.0 OBJECTIVE

2.1 The main objective of the scheme is to sensitize and encourage MSEs to adopt latest QMS and QTT and to keep a watch on sectoral developments by undertaking the stated activities.

3.0 MAJOR ACTIVITIES

3.1 INTRODUCTION OF APPROPRIATE COURSE MODULES FOR TECHNICAL INSTITUTIONS

3.1.1 This activity entails the development and introduction of training course modules in technologies like 6 Sigma tools, 5 S, Kaizen tools, etc, at ITI and Diploma-level courses. Currently these courses are not available in these institutions and as a result, industries have to spend lot of time and effort to retrain the students passing out from these institutions. By implementing this activity, it is expected that trained manpower will be made available to micro & small enterprises in the field of QMS/QTT. It is proposed to cover about 1,800 ITIs and Polytechnics in four years of the XIth plan. The selection of the technical institutes will be done in consultation with DGET and other stakeholders.

3.1.2 The following sub-activities are proposed under the scheme:

- Study the gap analysis
- Develop Training Material Kit
- Train 80 Master Trainers
- Identify ITIs/Polytechnics
- Organise 5-days' Training in selected ITIs/Polytechnics
- Engage Consultants/Experts (through the Quality Council of India & other expert organisation as per Annexure-C)
- Introduce International Training/Best Practices Studies
- Conduct Workshop at Metros
- Organise National Workshop in Delhi
- Take up any other relevant activity decided by the Monitoring & Advisory Committee.

3.1.3 This activity may be outsourced to the Quality Council of India (an autonomous body under DIPP), which is an apex national body on quality-related issues, or to other competent organisations having expertise in QMS/QTT. QCI has been assigned the task of monitoring and administering the National Quality Campaign and to oversee effective functioning of the National Information and Enquiry Services and Indian Institute of Quality Management.

3.1.4 Mode of Operation: By engaging National/International consultants through expert organisations like Quality Council of India & Indian Institute of Quality Management, etc., as given herein after.

3.1.5 FINANCING PATTERN

(a) Activity-wise Break-up of Expenditure

Sl.No.	Activity	Expenditure/Yr. (Amount)
1.	Conducting 4 Workshops of 2 days duration at Metros	Rs. 16 lakh
2.	Identify list of 80 trainers who will undergo the 'Train-the-Trainer' course	Rs. 2 lakh
3.	Developing master course material training kit for training of the trainers by hiring of Consultants/International experts, fee of QCI (15%) & contingency charges (5%) etc.	Rs. 85 lakh
4.	Days Training Courses for ITIs/ Polytechnics at 1,800 Institutions	Rs. 216 lakh
5.	Tracking and sourcing the best practices from the World class training institutes in the field of QMS/QTT by sending delegations consisting of faculty members from ITIs, other technical institutions and industry associations active in this field, etc. It includes International travels, stay expenses and faculty expenses (which will be incurred towards holding interactive meetings with experts of the country visited)	Rs. 100 lakh
6.	National level workshop at Delhi (It includes Rs. 5.0 lakh for the workshop and Rs. 1.0 lakh on documentation)	Rs. 6 lakh
	Total	Rs.= 425 lakh/Yr.

(b) Budget Outlay (Rs.in lakhs/per Year)

		GoI	P
2007-08	:	10	*
2008-09 to 2011-12	:	425	*

(GoI–Government of India Contribution, P—Private Contribution)

*This is a developmental activity focused at capacity building of Technical Institutions like ITIs and polytechnics, etc.

Remarks: In the year 2007-08, only part of the activity for developing few master course material kit for training of trainers will be undertaken at the cost of Rs. 10 lakh only, subject to approval of the scheme. Full scale activity will be undertaken from 2008-09 onwards as per details given above.

3.2 ORGANIZING AWARENESS CAMPAIGNS FOR MICRO & SMALL ENTERPRISES

3.2.1 Awareness Campaigns to sensitize Micro & Small Enterprises on Quality Management Standards/Quality Technology Tools will be undertaken all over the country in order to enable the technical and managerial officials of the micro & small industries and students from ITIs etc. to have a better understanding of the subject. Shop-floorwise campaigns are being planned in target industries all over the country.

3.2.2 The Sub-activities to be undertaken are:

a) Organising Countrywide Quality Orientation Campaigns for workers and staff of micro & small enterprises, and

b) Session with Experts to explain Quality Technology Tools and different Quality Management Standards to Entrepreneurs and Managers from micro & small enterprises.

3.2.3 Mode of Operation: This activity will be carried out through expert organisation (As per details in Annexure-C) and Industry associations having sufficient expertise and who are active in this field @ Rs. 1.25 lakh per programme, 100 programmes per year will be conducted.

3.2.4 Financing Pattern:

a) Budget Outlay (Rs in lakh/per Year)

		GoI	P
2007-08	:	NIL	NIL
2008-09 to 2011-12	:	79	46

Remarks:

25% & 50% of the cost will be collected from participating micro & small units respectively.

3.3 ORGANISING COMPETITION–WATCH (C-WATCH)

3.3.1 (a) The MSME sector has been receiving severe threats from mass produced or better-quality foreign goods and part of the sector has managed to survive by catering to an ever-expanding domestic market. The sector has been partially successful in fending off some of the foreign MSE products by improving its own competitiveness and quality. After liberalization and the removal of the earlier protectionist regime, Indian industry has been exposed to severe challenges of competitiveness, but nowhere it is more pronounced than the MSE sector. Large and medium Indian companies have learnt to live with liberalization and often outsource much of their production, components and sub-assemblies from other countries – on the principle that in economics, it is survival and bottomline that matter not any misplaced 'localism'.

(b) On the other hand, Indian micro & small enterprises, most of which are rather insular in their approach and marketing, realize the severity of foreign competition only when they are wiped off or put to really severe strain to survive. It is at this juncture that they expect their government to help them stand up to competition – which is often not quite fair.

(c) When foreign goods started flooding the market and Indian MSEs were being adversely affected or being liquidated, the Office of the Development Commissioner (MSME) tried to respond with several innovative schemes and Programmes and other focused schemes on Technology Upgradation Support, Quality Control and Cluster Development.

(d) While certain foreign companies carry out well-planned and very precise sectoral 'market penetration' strategies, the response of Indian MSMEs still continues to be ad hoc—with little signs of any coordinated approach. Under this scheme, it is intended to go in for a well-planned sectoral mapping, so as to develop specific 'sectoral strategies'.

(e) The C-Watch scheme is to facilitate upgradation of our manufacturing process through systematic information on product development, production technology, market trends and quality conformity essential for sustained competitiveness, against import threats.

3.3.2 It is proposed to develop a database on at least two products (per year) as well as to acquire samples and literature for the development of prototypes and to disseminate information to the Micro & Small Enterprises.

The sub-activities are:

- Systematic/Organized study on Specific Products of other competing Economies by monitoring their production centers, markets and exhibitions etc.
- Analyze Products/Designs of Competitors, procured while undertaking Technical Exposure visits, on cost sharing basis.
- Detailed Design Analysis/ Engineering.
- Prototype Development in 2 Sectors per year.

It is proposed to implement the last component in collaboration with institutions like IITs/NITs/ CEERI/ TERI/IREDA/ETDC etc. The sectors and venue of the technical exposure visits will be decided by the Monitoring and Advisory Committee.

3.3.3 Mode of Operation

Activity 1: Conduct a 'Professional Study' on the specifics of the 'threatened product', which is to be done through a competent agency that may even make a reconnaissance, if required.
GoI Contribution: Rs. 2.5 lakh
Private Contribution: Rs. 2.5 lakh

Activity 2: Technical exposure visit by representatives of the 'threatened product', along with technical persons (not less than 10 members from different places and institutions) on cost sharing basis with 75:25 Government/Private contribution (numbers, duration, travel costs, hotel stay and other details are all part of the package).
GoI Contribution: Rs. 7.5 lakh
Private Contribution: Rs. 2.5 lakh

Activity 3: Procurement of samples and technical details.
GoI Contribution Rs. 2.5 lakh
Private Contribution: Rs. 2.5 lakh

Activity 4: Product development by technical bodies.
GoI Contribution: Rs. 5 lakh
Private Contribution: Rs. 3 lakh

Activity 5: Popularization of improved product.
GoI Contribution: Rs.1.5 lakh
Private Contribution: Rs. 0.5 lakh.

3.3.4 Financing Pattern
(a) Budget Outlay (Rs./lakhs/per Year):

		GoI	P
2007-08	:	NIL	NIL
2008-09 to 2011-12	:	38	22

(To cover 2 sectors per year. Transfer of funds from one activity to another may be permitted)

3.4 IMPLEMENTATION OF QUALITY MANAGEMENT STANDARDS AND QUALITY TECHNOLOGY TOOLS IN SELECTED MICRO & SMALL ENTERPRISES

3.4.1 As part of Competition Watch (C-Watch) strategy as described in the previous pages, it is proposed to strengthen MSEs by building competitiveness through groups of selected MSEs. 100 MSEs per year will be selected in the 'threatened products' and assisted by implementing appropriate QMS/QTT. The selection process would be through open invitation and short-listing at or after the Awareness Programmes.

3.4.2 The Following Sub-activities are proposed:

- Groups are to be formed from "threatened product groups which are being flooded by imports, such as Electrical/Electronics Goods, Decorative/Gift items, Festival Items, Ceramic Tiles, Articles of Iron and Steel, Paper Articles, etc.
- Diagnostic Studies are to be conducted on MSEs clusters to ascertain the appropriate QTT/QMS to be implemented.
- Introduce Quality Management Standards/Quality Technology Tools in 100 selected Micro & Small Enterprises per year for demonstration purposes through expert organisations (as per details given in Annexure-C).

3.4.3 Mode of Operation: 100 MSEs would be assisted @ Rs. 2.5 lakh/ unit for covering costs of Diagnostic Study and for implementation of Quality Technology Tools/Quality Management Standards in selected groups of MSEs through expert organisation/industry associations having expertise and interest.

Remarks: 25% & 50% of the cost will be collected from participating Micro & Small Enterprises respectively.

FINANCING PATTERN

(a) Budget Outlay (Rs. in Lakhs/per Year)

	:	GoI	P
2007-08	:	NIL	NIL
2008-09 to 2011-12	:	156	94

3.5 MONITORING INTERNATIONAL STUDY MISSIONS

3.5.1 To appreciate in detail the Quality Management Standards and Quality Technology Tools that have been adopted by specific developed countries in specific products and enterprises, visits to quality award winning enterprises and events abroad will be undertaken by selected Indian MSEs. This will motivate the micro & small enterprises to adopt QMS/QTT. The international studies and exposure tours will be offered to eligible micro & small enterprises on cost-sharing basis and establishing of a sub-committee to constantly monitor QMS/QTT of different advance/ importing countries. This will be achieved by undertaking following activities:

3.5.2

- Depute one Micro & Small Enterprises Mission per year abroad for Interactive Training and Site Visits to Targeted Award Wining Organizations.
- Depute one Micro & Small Enterprises team per year to International events for first-hand study of Advanced Quality Management Systems & Tools.
- It is proposed to implement this activity in association with expert organisations, like Indian Institute of Quality Management (IIQM), QCI, NPC, etc.

- The exhibitions and organisations to be visited will be decided by the Monitoring & Advisory Committee.

3.5.3 Mode of Operation: Two delegations consisting of 20 members from MSEs will be taken every year to National/International Award winning Organization and International Events through expert organisations @ 2.5 lakh per MSE (As per details given in Annexure-C).

3.5.4 Financing Pattern:

a) Budget Outlay (Rs.in Lakhs/per Year)

	:	GoI	P
2007-08	:	NIL	NIL
2008-09 to 2011-12	:	62.5	37.5

Remarks:

1. 25% & 50% of the cost will be collected from participating Micro & Small units respectively.
2. 50% participation from Micro & 50% from Small Enterprises.

3.6 IMPACT STUDY OF THE INITIATIVES

3.6.1 It is an accepted practice that Plan, Do, Check & Act–Cycle be adopted to achieve best results. In all the schemes there will be a provision to check the performance by mid term appraisal, to review and correct the activities. In order to assess the impact of the various initiatives started under the scheme it will be necessary to conduct research studies / impact studies on the performance of the Micro & Small Enterprises.

3.6.2 Mode of Operation: Research studies for continuous monitoring & evaluation of the scheme, impact studies for taking corrective steps for effectiveness of the scheme, administrative cost inclusive of cost of hiring Data Entry operators & outsourcing etc.

3.6.3 Financing Pattern:

Budget Outlay (Rs.in Lakhs/per Year)

		GoI	P
2007-08	:	NIL	NIL
2008-09 to 2011-12	:	40	*

* This component is meant for impact studies of the scheme in order to take corrective steps for effectiveness of the scheme, miscellaneous expenses like outsourcing, hiring of data entry operators, etc.

4.0 TARGET GROUP

4.1 The Cluster-based approach will be adopted for economy of scale, better dissemination of QMS/QTT and best results. However, individual units (preferably from specific products in groups) may also be considered under the Scheme. Micro & small enterprises will be selected from the clusters under study or intervention by this Ministry and clusters identified by other Organizations and Ministries also. Publicity of the Scheme will be done through internet/ e-mails, cluster SPVs, industry associations and where affordable, by advertisements in leading newspapers. Applications thus invited will be shortlisted and the final selection of the units will be done by the Monitoring & Advisory Committee.

5.0 QUALIFICATIONS REQUIRED FOR APPLYING/ELIGIBILITY

(a) Where individual units are to be the beneficiaries, Micro & Small enterprises having Entrepreneurs Memorandum (E.M. No.) and considered eligible to take benefit under the Scheme or specific activities would be considered as in Activity No. 3.2, 3.4 and 3.5.

(b) Wherever organizations are to be the beneficiaries they would be eligible if they are engaged in current activities for at least last 2 years and have a good track record. However, relaxation in this respect may be considered by the Monitoring and Advisory Committee in exceptional cases, as in Activity No. 3.2, 3.3, 3.4 and 3.5.

(c) The applicant organisation should have regular audited accounts for the past 2 years.

(d) All attempts will be taken to ensure that 50% of the enterprises are selected from micro sector and 50% from small sector. However, spillover from one sector to another may be considered, if sufficient numbers of enterprises are not available in a particular sector and funds permit.

Other Conditions

(e) Financial assistance to any one organisation or association would normally be restricted to two events in a financial year, unless it has active state or regional chapters or hubs. The Committee may, however, recommend relaxation of this condition for reasons to be recorded.

(f) For the same event, not more than one organisation shall normally be sponsored unless it has active state or regional chapters or hubs.

(g) All publicity material, banners and reports relating to the event should indicate the support of the Ministry.

(h) The Ministry may be represented in the delegation if it has an appropriate technical and active relation with the product/ sector and it helps 'anchoring' of the information/ knowledge.

(i) Any such other qualification that specific activity may require.

5.1 SELECTION PROCEDURE

(a) All Micro & Small Enterprises meeting the criteria laid down (As described under Point No. 5) will be eligible to take benefit under the scheme.

(b) The final selection of the clusters/Micro & Small Enterprises will be done by the Monitoring and Advisory Committee.

6.0 IMPLEMENTING AGENCIES

6.1 The Scheme will be implemented through office of the Development Commissioner (MSME) by involving expert Organisations or by using in-house expertise wherever available. The Expert Institutions/Organizations (As per details given in Annexure-C) may be engaged in the implementation of the Scheme.

7.0 DOCUMENTS THAT HAVE TO BE ENCLOSED WITH APPLICATION

All eligible Micro & Small Enterprises should submit their Application in the prescribed Proforma (Annexure-A) along with following documents:

(a) An undertaking to contribute 25% or 50% of the total cost as applicable to the unit, wherever applicable. In case if any indirect investment is required, the beneficiary units would take care of it.

(b) An undertaking / Affidavit that similar benefits have not been obtained from any other Government sponsored schemes.

8.0 PROCEDURE FOR RELEASE OF FUNDS

(i) The funds will be released to the expert organisations activity wise (As per details in Annexure-C) in the phased manner for the specific activity.

(ii) Contribution of 25% from Micro units and 50% from Small units will be collected by Office of DC(MSME) / or the implementing agencies wherever applicable.

(iii) The implementing agency will submit the fund utilization certificate along with the detailed report about the component.

9.0 MONITORING AND ADVISORY COMMITTEE

It is proposed that a Monitoring and Advisory Committee will be formed with members drawn from the following organisations for monitoring the progress of the scheme under the Chairmanship of Development Commissioner (MSME) or an Additional Development Commissioner/Joint Secretary; ranking official.

1. Representative of NMCC.
2. An expert from Quality Council of India
3. An expert from National Productivity Council.
4. Representatives of appropriate Industry Associations.
5. Representative of Director General of Employment & Training (DGET)
6. Representation from STQC (a Society under Ministry of Information Technology)
7. Representative of Internal Finance Wing.
8. Industrial Advisor, Additional Industrial Advisor or Senior Director, Office of the Development Commissioner (MSME).

Annexure-A

APPLICATION FORMAT

Application for the Scheme ______________________________

Name and Address of the Unit
[Office & Factory Location(s).]

Details of E.M. No.;
Date of issue; Directorate of Industries/
GM, DIC of the State concerned
(Enclosed an attested copy of all pages
Of SSI Registration Certificate)

Item(s) of Manufacture /Processing
as indicated in the E.M. Certificate.

Proof of SSI Status and Functional Status of the Unit as on the Date of Submission of Application. The following document(s) to be submitted:

A Certificate (in original) from State DI/GM, DIC confirming Micro/Small unit and functional status as on date.

OR

Certificate for C.A.

DECLARATION

I (full name) ………,
S/o of ……………………Managing Director/Director/ Proprietor/Partner of M/s. …………………..
(complete address) hereby declare That the particulars given in the application are correct. In case any of the Statement/information furnished in the application/documents later found to be wrong or correct or misleading, I do hereby bind myself and my unit to pay to the Government on demand the full amount of subsidy in respect of above mentioned activity within seven days of the demand being made to me in writing. The relevant documents are enclosed with the application.

Name and Signature of Managing Director/

Director/Proprietor/Partner of Small/Micro Unit

(Full Name)

Annexure-B

Widely accepted Quality Management Standards and Quality Technology Tools commonly in Use :-

Quality Management Standards

(1) ISO 9001

International standard for quality management, suitable for any business. Implementation involves evidence of best management practice, including health & safety performance and a commitment to continuous training and development for all staff.

'Traditionally, organisations have always measured performance in some way through financial performance. However, performance based on cost accounting information provides little to support organisations on their quality journey, because they do not map process performance and improvements seen by the customer'.

(2) ISO 14001

International Standard for an Environmental Management System (EMS), which involves regulatory compliance and ideally waste minimization, reduced environmental impact and reduced costs. Implementation involves everyone in the company and all aspects of its processes and products that may impact on the environment.

(3) ISO 18001

International specification for Occupational Health and Safety Management System(OHSAS), are a set of co-ordinated and integrated process, that enable a company or an organization to be able to control the health and safety issues in an uniform and effective manner. This is suitable for any size and kind of organization.

(4) ISO 22000

ISO 22000:2005 specifies requirements for a food safety management system where an organization in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption. It is applicable to all organizations, regardless of size, which are involved in any aspect of the food chain and want to implement systems that consistently provide safe products. The means of meeting any requirements of ISO 22000:2005 can be accomplished through the use of internal and/or external resources. ISO 22000:2005 specifies requirements to enable an organization:

(a) to plan, implement, operate, maintain and update a food safety management system aimed at providing products that, according to their intended use, are safe for the consumer,

(b) to demonstrate compliance with applicable statutory and regulatory food safety requirements,

(c) to evaluate and assess customer requirements and demonstrate conformity with those mutually agreed customer requirements that relate to food safety, in order to enhance customer satisfaction,

(d) to effectively communicate food safety issues to their suppliers, customers and relevant interested parties in the food chain,

(e) to ensure that the organization conforms to its stated food safety policy,

(f) to demonstrate such conformity to relevant interested parties, and

(g) to seek certification or registration of its food safety management system by an external organization, or make a self-assessment or self-declaration of conformity to ISO 22000:2005.

(5) ISO :27001

Information security is a complex area, demanding standards to address specific aspects. These are currently addressed by ISO 17799 and the emerging ISO 27001. ISO 17799 is a code of practice for information security. It details hundreds of specific controls which may be applied to secure information and related assets. It comprises 115 pages organized over 15 major sections.

ISO 27001 is a specification for an Information Security Management System, sometimes abbreviated to ISMS. It is the foundation for third party audit and certification. It comprises 34 pages over 8 major sections.

Both standards are intended to apply to all organizations, whether commercial or otherwise, and should assist anyone with responsibility for managing information security.

Quality Technology Tools

(1) 6–Sigmas It is a rigorous and disciplined methodology that uses data and statistical analysis to measure and improve an operational performance by identifying and eliminating “defects” in manufacturing and service-related processes, limiting the defects to 3.4 defects per million samples.

(2) Total Productive Maintenance (TPM)

TPM involves operators, maintenance staff and management working together to improve the overall operation of any equipment. Operators should be the first to identify noisy or vibrating motors, oil or air leaks. They can be trained to make many simple repairs to prevent major and costly breakdowns. Keeping an Overall Equipment Effectiveness (OEE) record can help to monitor performance reduction. These reports monitor three key areas – availability, performance and quality of output.

(3) 7 Quality Control Tools

7 QC tools listed below also known as ISHIKAWAS 7QC tools which revolutionized the Japan & the World:

- Histograms
- Cause and Effect Diagram
- Check Sheets
- Pareto Diagrams

Graphs
Control Charts
Scatter Diagrams

(4) 5S System

The 5S System is a workplace organization method using simple common sense methods. This is often the first step in applying Lean Techniques since it helps in getting the 'junk' out of the work area and set procedures to keep it that way. 5S stand for Sort, Set in Order, Shine, Standardize and Sustain. These simply mean:

Sort (SERI) – To remove all unneeded items out of the work area and cleaning to improve morale and safety.

Set in Order (SETTON) – This implies establishing and marking place / home for all needed items. Place has to be identified for all Tools and Accessories close to the point of use.

Shine (SESISO) – This means cleaning machines, equipment and work areas well enough for an inspection.

Standardise (SEIKETSU) – This involves creating standard operating procedures for all activities whether it is operating or maintaining a machine or even an office activity.

Sustain (SHITSUKE) – The success of the 5S System depends on maintaining it as an ongoing activity. Hence suitable rewards and recognition should be given to those complying with the above directives.

(5) Kaizen Tools

Rapid Improvement Process or Kaizen Blitz – RIP or Kaizen Blitz is an intense management program, lasting about five days, which results in immediate change and bottom-line improvements. Both management staff and workers are involved. Example of a RIP Schedule can run as follows:

Lean Training and investigation

Data gathering and measurement

Identifying possibilities and start changes

Continue changes and run trials

SOPs and Report the benefits

(6) TQM

Total Quality Management – TQM is an enhancement to the traditional way of doing business. It is a proven technique to guarantee survival in world-class competition. Only by changing the actions of management will the culture and actions of an entire organization be transformed. TQM is for the most part common sense. Analyzing the three words, we have

Total – Made up of the whole.

Quality – Degree of excellence a product or service provides.

Management – Act or manner of handling, controlling, directing, etc. Therefore, TQM is the art of managing the whole to achieve excellence. The Golden Rule is a simple but effective way to explain it: Do unto others as you would have them do unto you.

TQM is defined as both a philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve all the processes within an organization and exceed customer needs now and in the future. TQM integrates fundamental management techniques, existing improvement efforts, and technical tools under a disciplined approach.

TQM requires six basic concepts:

1. A committed and involved management to provide long-term top-to-bottom organizational support.
2. An unwavering focus on the customer, both internally and externally.
3. Effective involvement and utilization of the entire workforce.
4. Continuous improvement of the business and production process.
5. Treating suppliers as partners.
6. Establish performance measures for the processes.

It has been gathered that by implementing Quality Technology Tools like 6–Sigma, TQM, TPM in certain sectors / group of industries of small and medium sizes, the performance of the industries have improved tremendously in terms of productivity (improvement by 50 to 100 per cent in one year), improvement in quality (up to PPM level), rejections and customers complaints have come down (by 50 per cent in one-to one-and-half years durations). It is the need for the SMEs to adopt the best manufacturing practices to enable them to be competitive in the current scenario of global competition. A government initiative is required if India has to become a major manufacturing hub of the world. Some of the countries that have become manufacturing giants, like China and Taiwan have been actively supporting industries to enable them to adopt these Quality Management Standards and Quality Technology Tools and become competitive. Some of the Pilot Projects executed by ASSOCHAM, CII and others on the ancillaries of the big industrial giants in the engineering and auto sector have demonstrated that there has been considerable improvement in the quality of the products, reduction in customer complaints and rejections leading to overall improvement in business/financial performance.

Annexure-C

LIST OF EXPERT ORGANISATIONS

- Quality Council of India and National Recruitment Board for Personnel and Training.
- Consultancy Development Corporation.
- National Productivity Council.
- Standardization Testing & Quality Certification (STQC, a Society under Ministry of IT).
- IIQM (India Institute of Quality Management).
- Industry Associations that have taken active interest in QMS/ QTT.
- Technical Institutions, Engineering Colleges, Tool rooms and similar bodies. etc.

SCHEME FOR SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT OF SMEs THROUGH INCUBATORS

BACKGROUND

World over, Micro and Small Enterprises (MSEs) are recognized as an important constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro and small enterprises, which constitute an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of entrepreneurial base, the Central and state Governments have been implementing several schemes and programmes for promotion and development of these enterprises. Among the six basic principles of governance underlying the National Common Minimum Programme (NCMP) of the Government, "sustained economic growth in a manner that generates employment" has a pride place. The NCMP also describes the MSEs as "the most employment-intensive segment".

Finance Minister's Budget speech of 2005-06 specially mentions: "Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises and to enable them to adjust to the competitive pressure caused by liberalization and moderation of tariff rates, new scheme is proposed to be launched that will help them strengthen their operations and sharpen their competitiveness. The design of the scheme will be worked out by the National Manufacturing Competitiveness Council (NMCC) in consultation with the industry." The Finance Minister's speech of 2006-07 states "NMCC along with relevant stakeholders like the Ministry of MSME has conceptualized and finalized the components of the programme incorporating suitable inputs from the stakeholders".

This component-scheme of the NMCP envisages selection of a large number of academic and training institutes and provision of financial support to set up at least 100 business incubators to host about 1,000 micro and small enterprises.

2.0 OBJECTIVE

2.1 The main objective of the scheme is to promote emerging technological and knowledge-based innovative ventures that seek the nurturing of ideas from professionals beyond the traditional activities of Micro, Small & Medium Enterprises (MSMEs). Such entrepreneurial ideas have to be fostered and developed in a supportive environment before they become attractive for venture capital. Hence the need arises for incubation centres: to promote and support untapped creativity of individual innovators and to assist them to become technology based entrepreneurs. It also seeks to promote networking and forging of linkages with other constituents of the innovation chain for commercialization of their developments. This initiative is now being taken up by the Ministry of MSME – the nodal Ministry for the development of entrepreneurship and creation of self-employment and more employment avenues.

2.2 Under this scheme, 100 "Business Incubators" (BIs) are to be set up under Technology (Host) Institutions over the next 4 years [@ say 25 per year] and each BI is expected to help the incubation of about 10 new ideas or units. For this service, which includes the provision of laboratory/workshop facilities and other assistance/guidance to young innovators, each BI will be given between Rs.4 lakh and Rs. 8 lakh per idea/unit nurtured by them, limited to a total of Rs. 62.5 lakh for the ten units. In addition, each BI or each Host Institution may get:

	Items	@ per BI
(a)	Upgradation of infrastructure	Rs. 2.50 lakh
(b)	Orientation/Training	Rs. 1.28 lakh
(c)	Administrative Expenses	Rs. 0.22 lakh
Thus the total assistance per BI -		Rs. 66.50 lakhs

3.0 IMPLEMENTING AGENCIES

3.1 The incubational support will be provided by Host Institutions, like:

(i) Indian Institutes of Technology (IITs)

(ii) National Institutes of Technology (NITs)

(iii) Engineering Colleges

(iv) Technology Development Centres, Tool Rooms, etc

(v) Other recognised R&D&/or Technical Institutes/Centres, Development Institutes of DIP&P in the field of Paper, Rubber, Machine Tools, etc.

3.2 The geographical areas, the disciplines and the infrastructure-providers listed above will be reviewed midway during the implementation, for any corrective action needed to make the scheme more effective with better outcome.

4.0 TARGETS

It has been proposed that in each Business Incubator, efforts will be made to reach the ratio of 4:1 between the incubated micro and small enterprises, respectively i.e. efforts will be made to incubate 8 micro enterprises and 2 small enterprises in each BI on an average in an ideal situation. However, flexibility on this count would be permissible. There will also be flexibility in having more than one BI in the same host Institution, and where required, there may be less than 10 or more than 10 enterprises hosted in each BI.

5. EXPECTATIONS

The term 'innovation' covers a very wide domain and in so far as micro and small enterprises are concerned, it could signify any activity and new/ingenious procedure or product that is likely to be of use to society (or to specific segments thereof) and therefore marketable in the long run. The purpose of the small dose of assistance proposed under the present scheme is to support students/ex-students of science and technology and entrepreneurs try out their innovative ideas (processes and products) at the laboratory or workshop stage and beyond (to the extent possible) – to carry forward the idea from its mere conception to 'know-how ' and then to 'do how' stage. Even Special Purpose Machine (SPM) would clarify as 'innovations' under this low cost scheme as long as they lead to better, more competitive and economical operations and are marketable by the small and medium enterprises that are to be formed by the successful innovators. In the case of many Host Institutions, where other similar programmes for enriching and incubating innovations are already on, this MSME assistance could be dovetailed within them, by way of an additional encouragement/sustenance, without leading to duplications or unnecessary double benefits. It would be left to each Host Institution or its BI to benchmark the expectations from its students and entrepreneurs (and their ideas) at the level that is considered appropriate and to provide the level of assistance that is actually required to operationalize ideas. It is needless to mention that the level of success that each BI or Host Institution achieves through this scheme would enhance its own reputation and vice versa in case of repeated failures.

As explained, this scheme is designed for sustaining, at some basic or introductory level, the incubation of ideas that would have otherwise been lost for want of support. The expectations are that a sizeable percentage of the grantees/incubatees would be graduating to higher levels of operation, that would then require other levels of support under other schemes/ organisations and from Venture Capital or Angel Funding. Some indicative areas of operation have been mentioned at Annexure-I.

6. FINANCIAL ASSISTANCE

6.1 As stated, 100 Business Incubators are to be set up to incubate about 1,000 ideas, many of which are likely to lead to the setting up of Small and Micro Enterprises at a cost of Rs. 62.50 crore in four years time period. Financial target in terms of expenditure has also been indicated to match the physical target. Another Rs. 4 crore are earmarked for minor components and the total cost of the project is to be Rs. 66.5 crore. BIs will maintain separate accounts of the funds received and expenditure incurred on various activities. An audited Statement of Accounts or the statement certified by the Chief Financial Officer of the Host Institution will also be obtained.

6.2 Direct Expenditure on Business Incubators

Table : Expenditure Details (Cost to Government)

No. of Incubators to be Set Up	No. of MSEs to be incubated in Each Business Incubator and the Cost Implications	Total Expenditure (Cost to Govt.) per year (Rs in crores)
100 incubators @ 25 each year for the last four years of XI Plan	(i) 10 entrepreneurs to be supported @ Rs. 6.25 lakh per enterprise (cost could vary between Rs. 4.0 to Rs. 8.0 lakh). (Details in Annexure-II)	15.625
	(ii) Cost of upgradation or enhancing of components of Infrastructure	0.625
	(iii) Cost of Orientation & Training of personnel	0.320
	(iv) Administrative expenses	0.055
	Total	16.625

Total for 4 years Rs. 66.50 crore (Cost to Government)

6.3 The cost may vary between Rs. 4-8 lakh for each incubatee/idea, subject to the overall ceiling of Rs. 62.5 lakh for each BI. An illustrative list of supporting activities and the likely assistance for an incubatee is at Annexure-II.

7.0 PARTICIPATION IN A PUBLIC PRIVATE PARTNERSHIP MODE (PPP MODE)

To ensure the participation of the entrepreneurs in a PPP mode, it has been proposed that 15% and 25%, as the case may be, of the cost of intervention, will be borne by Micro and Small Enterprises respectively, wherever applicable. The proposal is in the form of pointed interventions to demonstrate the efficiency of superior technologies/ procedures that are more conducive to the fast-changing environment in industrial competitiveness. In other words, other innovative options are being considered, with considerable degrees of private participation, in order to implement the schemes that are proposed under the PPP mode. The traditional government-driven, government-managed, subsidy-oriented activities have to give way to user-driven and user-managed options – based on their felt needs and faced challenges of stakeholders.

The innovative options ensuring that private participation in the programme is on a proportionate basis and Govt. contribution of 75% to 85% towards the project cost will be utilized for technology fee, common facilities and hiring/lease of machinery, etc. The incubatee will deposit his/her share to the host institute after completing the formalities of Tripartite Agreement, to be signed between the Government, the Host Institute (operationalizing the incubator) and the aspiring incubatee, clearly laying down the obligations from and expectations of each of the three signatories (Annexure-III). The approach has been framed in such a manner that the stakeholders/Micro and Small Enterprises are in a position to carry on these activities after the incubation period is phased out.

8.0 FINANCIAL IMPLICATIONS FOR XI PLAN

Cost Details Per Year

Sl.No.		(Rs. in crores)
1.	250 entrepreneurs @ Rs.6.25 lakh each	15.625
2.	Cost of up-gradation or enhancing of components of infrastructure	0.625
3.	Cost of Orientation Training	0.320
4.	Administrative expenses	0.55
5.	Total (for 25 BIs each year)	16.625
6.	Total (for 4 years)	66.50

9.0 IMPLEMENTATION OF THE SCHEME

9.1 The scheme is proposed to be implemented from financial year 2008-09.

9.2 The Selection Committee headed by Development Commissioner (MSME) shall comprise of :

1. Representatives from DST/DSIR
2. CEO, SVCL (SIDBI Venture Capital Ltd.)
3. CMD, NSIC
4. Economic Adviser, MoMSME
5. FA of MoMSME
6. Representatives from DIPP

9.3 The request for proposals from the Institutes/Implementing agencies (as per format at Annexure-IV) will be invited by the Selection Committee through advertisements in Newspapers and websites, Letters to Implementing agencies, etc., to select the host institutes for setting up of BIs.

9.4 The Selection Committee will be entitled to constitute sub-committees for specific product groups to vet the feasibility of ideas and proof of concepts, option of the entrepreneur for host institute, access to workshop & laboratory, etc., and to lay down the procedure to release the fund directly to the host institutions as also to formalize the tripartite agreements to this effect. A sub-committee headed by Industrial Adviser of Development Commissioner (MSME) (i/c of the specific product group promotion) shall comprise of :

1. Director of Apex Scientific/Industrial Research Institute in respective field or his representative.
2. Incubation Executive nominated by Director, MSME-DI in the area of Incubation Center.
3. Representative of Lead Bank in the area of Incubation Centre.
4. Representative of Host Institute.

10. MODE OF FINANCE RELEASES

As would be laid down in the tripartite agreement between the Government, the Host Institution and the aspiring entrepreneur, the Government would release finances to the Host Institution. Initially, the Host Institution would be released 30 per cent of the expenditure expected to be incurred in the establishment and operation of the incubators during the ensuing financial year. The balance would be released to the Host Institution in one or more instalment, once the earlier amount is reported to have been utilised by the Host Institution.

11. MONITORING AND EVALUATION

The project would be monitored and guided by the Ministry of MSME. Emphasis needs to be given to ensure continuation of the scheme through documentation in monitoring of the implementation. A monitoring and advisory committee headed by Additional Secretary & Development Commissioner (MSME) comprising of

1. Representatives of NMCC,
2. Representatives of Technology Information Forecasting and Assessment Council (TIFAC)
3. Representatives of the Lead Bank of the State where the incubator is established.
4. Representatives of Industries Associations represented on the Advisory Committee constituted under the MSMED Act, 2006

would be constituted to review and guide the implementation of the programme periodically. Necessary mid-term corrections arrived at by the Committee will be applied to make the programme more effective.

Annexure-I

INDICATIVE AREAS

The indicative areas of operation for innovative projects could be in the following fields:

Hi-tech Activities

(i) Bio-technology
(ii) Pharmaceuticals
(iii) Information Technology
(iv) Nano-technology
(v) Polymer Products

Other Possible Areas-1

(i) Fruit Processing
(ii) Ceramics Industry
(iii) Glass Industry
(iv) Herbal Medicines
(v) General Stores
(vi) Auto Components
(vii) Electrical Appliances

Other Possible Areas-2

(i) Ready-made Garments
(ii) Sports Goods
(iii) Wet Grinders
(iv) Metal Utensils
(v) Surgical Instruments
(vi) Agriculture Implements
(vii) Cane and Bamboo Products
(viii) Leather Goods
(ix) Engineering Industries

Annexure-II

Table: Illustrative List of Supporting Activities and the Likely expenditure for an Incubatee (cited in Table on Expenditure Details-Cost to Government)

Sl. No.	Items	Likely Expenditure (Rs. in lakhs)
1.	Technology fee	2.00
2.	Telephone, Fax, Computer facility, etc.	0.25
3.	Machinery hiring or leasing from outside	1.00
4.	Guidance fee for mentors/ handholding persons, etc.	2.00
5.	Electricity, accommodation charges, etc.	1.00
	Total	6.25

Annexure–III

Agreement for Utilization of Funds under the Scheme for Providing Support for Entrepreneurial and Managerial Development of SMEs through Incubators

AGREEMENT

This Agreement has made and entered into this ——————————— ———————Day of ———————————, 20—- by and between the President of India represented by Shri/Smt.——————————— ———————————(Name & Designation), Ministry of Micro, Small & Medium Enterprises, Government of India (hereinafter referred to as 'The First Party' which expression shall unless repugnant to the context or meaning thereof, include its successor in interest and permitted assigns) of the one part.

And

Name of authorized signatory——————————— for the Host Institution and its legal status, having its registerd office at (Full Address)——————————— ——————————— ———————————(hereinafter referred to as 'The Second Party' which expression shall unless repugnant to the context or meaning thereof, include its successor in interest and permitted assigns) on the other part.

WHEREAS, the Government wishes to assist the BUSINESS INCUBATOR through HOST INSTITUTION (HI) in Public Private Partnership (PPP) mode to help the entrepreneurial venture to succeed,

AND WHEREAS, the HI is willing to perform this assignment,

NOW, THEREFORE, THE PARTIES hereby agree as follows:

1.0 PREAMBLE

1.1 In order to support and promote untapped creativity of the individual innovators, Government has formulated a scheme for providing support for Entrepreneurial and Managerial Development of SMEs Through Incubators" (hereinafter referred to as the "SCHEME"). The SCHEME envisages forging linkages of innovators and entrepreneurs with important constituents of the innovation chain, viz., research/academic institutes and business incubators, so as to leverage the available know-how, expertise, facilities and infrastructure in such institutions to help the entrepreneurial ventures to succeed.

1.2 It has been agreed by the Government to support ——————————— ——————— (Name of the BUSINESS INCUBATOR) located at ——————————— ———————and hosted by the ——————————— ——————————— ——————————— (name of the HOST INSTITUTE) based on a request made by the BUSINESS INCUBATOR/HOST INSTITUTE and after obtaining necessary approvals.

2.0 RESPONSIBILITIES OF THE HOST INSTITUTE

2.1 The HOST INSTITUTE shall undertake to create (if not already created) an entity for undertaking business incubation and entrepreneurship development activities and executing obligations under the proposed SCHEME. This entity is referred henceforth as the BUSINESS INCUBATOR.

2.2 The activities of the BUSINESS INCUBATOR shall include:

2.2.1 Nucleation of new business ideas by creating the environment and opportunities for know-how providers, entrepreneurs and financiers to meet each other and form business teams;

2.2.2 Nurturing businesses in their start-up phase by creating and running an efficient business incubator offering not only space but also access to technology support, business mentoring, networks, scientific and information resources, and a generally conducive and supportive environment; and

2.2.3 Promoting and running an active program for identification, creation, acceleration and translation (into practice) of business ideas suitable for new venture creation.

2.3 The HOST INSTITUTE shall provide ready-to-use, dedicated space for housing and operation of the BUSINESS INCUBATOR.

2.4 The HOST INSTITUTE shall be responsible for providing access to basic infrastructural facilities, office facilities and laboratory/ facilities for the BUSINESS INCUBATOR.

2.5 The HOST INSTITUTE shall be responsible for arranging the resources for the day-to-day operation of the BUSINESS INCUBATOR.

2.6 The operation of the BUSINESS INCUBATOR shall be governed by the Managing Committee which will be constituted with the approval of the Board of Governors (BOG) of the Host Institutions and comprise of at least the following:

2.6.1 Executive Head of the BUSINESS INCUBATOR (*Ex-officio* Chairperson).

2.6.2 One representative of the Government of India's promoter agency, in present case representative of Office of the DC (MSME), New Delhi (Member).

2.6.3 One representative of the industry/industry association (Member).

2.6.4 One representative of the financial institutions (Member).

2.6.5 One representative from the academic community of the HOST INSTITUTION (Member).

2.6.6 One R&D expert (Member).

2.6.7 BUSINESS INCUBATOR Manager (Member-Secretary).

2.7 The Managing Committee shall be responsible for the overall monitoring and evaluation of the BUSINESS INCUBATOR on a periodic basis (preferably six–monthly). The reports of the periodic review shall be made available to all the promoters of the BUSINESS INCUBATOR.

2.8 The BUSINESS INCUBATOR shall be run by dedicated staff and shall also utilize the services of faculty/staff of the HOST INSTITUTE or experts from outside.

3.0 IMPLEMENTATION OF THE SCHEME AND FINANCIAL ARRANGEMENTS

3.1 The Managing Committee shall be responsible for publicizing the SCHEME and seeking proposals under the scheme in the approved format (APPENDIX-I).

3.2 The Managing Committee or sub-committee thereof shall vet the feasibility of the proposals received and recommend proposals to the Government for support under the SCHEME through the BUSINESS INCUBATOR.

3.3 The Managing Committee shall ensure that the selection of entrepreneurs/incubatees is fair and the disbursement/utilization of the fund is done with fairness to the entrepreneur/ incubatee.

3.4 The Managing Committee shall ensure that the fund requested for one idea in the proposal does not exceed Rs. 8 lakh. The Government shall provide Rs. 62.5 lakh (@ Rs. 6.25 lakh per idea) to the HOST INSTITUTION/BUSINESS INCUBATOR towards supporting ten entrepreneur/ incubatees for costs relating to technology fee, guidance fee for mentors/ handholding persons, hiring or leasing cost of machinery/equipment/instruments or related services, office facilities (like telephone, fax, computers etc), infrastructural facilities (accommodation charges, utilities), etc. In addition, each HOST INSTITUTION/ BUSINESS INCUBATOR shall receive Rs. 37,800 per idea towards upgradation of its infrastructure and orientation/training.

3.5 Under the SCHEME, the entrepreneur/incubatee is expected to contribute a minimum of 15% (for micro enterprises) or 25% (for small enterprises) of the total project cost. The Managing Committee shall ensure that this requirement is met by the entrepreneur/ incubatee.

3.6 On receipt of recommended proposals from the Managing Committee of the BUSINESS INCUBATOR, the Government shall (after due process and approvals) initially release 30% of the approved disbursal amount with the balance being released in one or more installments once the HOST INSTITUTION/BUSINESS INCUBATOR has utilized the earlier amount and submitted the utilization certificate duly certified by the authorized signatory.

3.7 The HOST INSTITUTION/BUSINESS INCUBATOR shall maintain separate accounts of the funds received and expenditure incurred on various activities. Further, the BI would submit Annual Accounts, Audited expenditure Statement and Utilization Certificate to the Government.

4.0 GENERAL

4.1 The HOST INSTITUTION/BUSINESS INCUBATORS shall submit the agreement made by them and with INCUBATEE to the Government before release of funds to the HI/BI for utilization by the incubatee. This agreement will be as per format in APPENDIX-II.

4.2 The assets created through the scheme shall not be transferred/disposed off without prior permission of the Office of the Government.

4.3 In the event it is found that the HI/BI has not utilized amount of grant, or any part of it, for the purpose agreed to in clause (2) of this agreement or has subsequently disposed off any of the assets acquired out of the grant without prior permission of the Government, the Government without prejudice to any other right, shall be entitled to terminate this agreement.

5.0 DISPUTE RESOLUTION

5.1 Any disputes shall be settled amicably between parties through the intervention and assistance of the Executive Head of the BUSINESS INCUBATOR. If the dispute is not resolved, then the matter may be escalated to the attention of the Executive Head of the Host Institute. If the dispute is still not resolved then the matter be referred to the Additional Secretary & Development Commissioner (MSME) whose decision shall be final and binding on all parties.

5.2 Any disputes, which can not be settled amicably between the parties shall be referred for arbitration in accordance with the provision of Arbitration and Conciliation Act, 1996 to an arbitrator nominated by the Secretary, Department of Legal Affairs, M/o Law & Justice, Government of India. Provision of the Arbitration and Conciliation Act, 1996, as amended from time to time, shall be applicable. Courts in Delhi shall have jurisdiction in the matter.

6.0 NOTICE

6.1 The address of the Parties for all communications is:

Government	Incubator
Additional Development Commissioner & Economic Advisor (MSME), Office of Development Commissioner (MSME) 7th Floor, Nirman Bhawan New Delhi – 110108	Head of the Institution or his/her nominee under which BI is formed

6.2 All notices with the aforesaid address sent by pre-paid registered post or speed post or sent by fax with confirmation of its delivery or e-mail shall be deemed to have been served and received by the addressee within the time they should have been delivered/received at the addressee's end. Any change of address will not be valid unless acknowledged by the other party.

IN WITNESS WHEREOF, the representative of the Parties to this agreement being duly authorized have hereunto set their hands and have executed those present this _______________day of________________20_____

For & on behalf of the President of India
Additional Development Commissioner
& Economic Adviser (MSME),
Office of the Development Commissioner (MSME)
7th Floor, Nirman Bhawan
New Delhi – 110108

Head of the Institution or his/her
nominee under which BI is formed

Witness:

Witness:

Witness:

Witness:

Appendix-I

Application of Entrepreneur/Incubatee

1. APPLICANT INFORMATION

A) Applicant's (entrepreneur) name

B) Age

C) Educational Qualifications

D) Postal Address

E) Telephone/mobile

F) Fax:

G) Email:

H) Website (if any)

I) Current professional/employment status

2. COMPANY INFORMATION

A) Have you registered a company, give details

B) Name of applicant company/firm

C) Location from which company is operating

D) Relationship with the Business Incubator/ Host Institute

E) Company sector — Manufacturing/Services

F) Investment in plant and machinery (For manufacturing sector)/Investment in equipment (For services sector) — (Rs ____________ lakhs)

G) Company type: Definitions are given in http://www.dcmsme.gov.in/ssiindia/defination_msme.htm — Micro/Small/Medium

3. PROJECT INFORMATION

A. **Details of Proposed Idea/Innovation**

A1) Title of the technology/innovation

A2) Category of technology/innovation (specify process/ product/new application/other)

A3) If the idea involves use of existing intellectual property, give details of the owner of the same and arrangements of sourcing the innovation and terms of its commercialization

A4) Specify the potential areas of application in industry/ market

A5) Specify newness/uniqueness of the innovation (better performance/new features/improvements)

A6) What is already available in market? What is the market potential?. What value it would add in market

B. Current Development Status of Innovation

B1) What is the current development status of the innovation/product or service offerings? (Whether still an idea or ready to launch)

B2) Idea readiness level

(as per http://en.wikipedia.org/wiki/Technology_Readiness_Level)

B3) Specify the time period in months required for innovation to be completely developed for field testing/ ready for intended end-user?

C. Financial Requirements

C1) Do you have a business plan for taking innovation from lab to market?

(Attach business plan in your own format)

C2) What level of funding is required for making innovation market ready?

Rs. ____________

Requested under the MoMSME scheme

C3) Please give activity-wise break-up (Activities include design/prototype development/lab/bench scale production/professional services/hiring staff/trials/test marketing/miscellaneous)(use annexure if space is not sufficient)

4 OTHER RELATED INFORMATION

A) Are there any team members/partners and mentors/ guides in your innovative project. If so give name and complete contact address with phone and e-mail)

B) Information on Patents filed/granted (if any)

C) Any awards or recognition related to the innovation

D) Please include any further information that you wish to communicate to us to help us in judging your application

5 OTHER

I,………………………………, hereby certify that the information furnished in the application form from Item 1-4 is true, complete and to the best of my knowledge.

Date and Place: Signature of the Applicant

6. RECOMMENDATIONS OF THE FORWARDING ORGANIZATION

Has the application been screened and evaluated at local level. Give details.

Date and Place: Signature of the Head of
Organization with Seal

Appendix-II

Agreement between Host Institution/Business Incubator and Incubatee

Under scheme for "Support for Entrepreneurial and Management Development of SMEs through Incubators"

This agreement is made on this ———— day of —————-(Month) 20—-

BETWEEN

————————————————————————————————(hereinafter referred to as Host Institution/BUSINESS INCUBATOR, the expression which unless repugnant to context shall be deemed to include its successors, administers and executors) of the first part.

AND

————————————————————————————————

(hereinafter referred to as INCUBATEE, the expression which unless repugnant to context shall be deemed to include its successors, administers and executors) of the second part.

1.0 PREAMBLE

WHEREAS, the HOST INSTITUTION/BUSINESS INCUBATOR has been incorporated for nucleating and promoting business enterprises for the benefit of the society and has been entrusted the task of running various programs and the management of various supporting facilities/resources for the benefit of entrepreneurs/entrepreneurial ventures by the ————————————————————————————(hereinafter referred to as HOST INSTITUTION)

WHEREAS, the BUSINESS INCUBATOR has been approved by the Government for participation and funding support under the scheme for providing support for Entrepreneurial and Management Development of SMEs through Incubators (hereinafter referred to as the SCHEME)

WHEREAS, the INCUBATEE has applied for support for business advancement and its commercialization (hereinafter referred to as the PROJECT) from the BUSINESS INCUBATOR under the SCHEME,

WHEREAS the BUSINESS INCUBATOR has reviewed the PROJECT proposal through its Managing Committee and approved the PROJECT for incubation under the SCHEME on such terms and conditions mentioned hereinafter

It is now agreed by and between the parties as follows:

2.0 RESPONSIBILITIES OF THE BUSINESS INCUBATOR

2.1 The BUSINESS INCUBATOR shall extend support to the INCUBATEE for the execution of the PROJECT to the extent agreed in the final PROJECT budget and financing sheet (Appendix-I to this agreement) approved by the Managing Committee.

2.2 The support extended to the INCUBATEE could include support towards one or more of the following - the technology fee, guidance fee for mentors/handholding persons (for technology, intellectual property planning and business planning), hiring or leasing cost of machinery/equipment/instruments or related services, office facilities (like telephone, fax, computers etc), infrastructural facilities (accommodation charges, utilities, etc) and other project costs depending upon the needs of the INCUBATEE and those approved by the Managing Committee.

3.0 RESPONSIBILITIES OF THE INCUBATEE

3.1 The INCUBATEE shall maintain documented evidence (invoices and receipts) of all costs incurred in running the PROJECT and submit to the BUSINESS INCUBATOR on a timely basis.

3.2 The INCUBATEE shall contribute a minimum of 15% (for micro enterprises) or 25% (for small enterprises) of the total project cost. In the event of failure of the INCUBATEE meeting this requirement, the BUSINESS INCUBATOR shall be free to withdraw its support.

4.0 GENERAL

4.1 Both parties can terminate this agreement at any point by giving one month advanced notice of their termination to the other party after a period of 365 days from the date of this agreement.

4.2 Termination of this agreement subject to settlement of claims against each other will mean that both parties will be absolved of their responsibilities from the date of termination.

4.3 The parties shall endeavor to resolve any dispute relating to the rights, duties, terms and conditions contained in this agreement by mutual negotiations in good faith. However if the dispute remains unresolved, the arbitration of such disputes would be handled by the Managing Committee. The verdict of the Committee would be final and binding.

4.4 Neither party shall be held responsible for non-fulfillment of their respective obligations under this agreement due to the exigency of one or more of the force majeure events such as but not limited to acts of god, war, flood, earthquakes, strike, lockouts, epidemics, riots, civil commotion, etc., provided on the occurrence and cessation of any such events, the party affected thereby shall give a notice in writing to the other party within one month of such occurrence or cessation. If the force majeure conditions continue beyond six months, the parties shall then mutually decide about the future course of action.

In witness thereof the parties have caused their authorized representatives to sign this agreement on the date mentioned hereinabove.

Signed on this _______________ day of _______________ (Month) 20_______.

For & on behalf of the Host Institution/BUSINESS INCUBATOR
Name:
Designation:
Postal Address:

Phone number:
Email address:

For & on behalf of the INCUBATEE
Name:
Designation:
Postal Address:

Phone number:
Email address:

Annexure-IV

Proforma of Host Institutions/Business Incubator for Submission of Project Proposals

I. Executive Summary

Please provide the following in brief (not exceeding two pages):

- Objectives of the Business Incubator
- Thrust Areas
- Activities envisaged

II. Institutional Information

1) Name of the institution with contract person and address
2) Year of establishment
3) Name of Head of Institution with address for correspondence
4) Mentor/Guides for the proposed Bunsiness Incubatees (BI) (Details of his/her academic accomplishments, publications, area of Specialization and experience in guiding BIs to be given)
5) Mention institutional affiliation to any university or national organization.
6) Number of academic (industrial) departments/faculties
7) Total number of teaching and research faculty
8) Number of faculty with PhD Qualification
9) Number of faculty with background/interest in entrepreneurship
10) Industrial R&D/consultancy undertaken, if any, in the previous three years

Year	Number of Assignments		Present Status (Completed or not)
	Design	Testing	Others

11) Number of entrepreneurship development activities, if any, undertaken in the past three years

Year	Courses	Workshops/Seminars/ Conferences	Student Competitions Organized	Entrepreneur Lectures

III. Previous Experience in Business Incubation

a) List products or technologies developed/modified, and whether they have been commercialized.

b) Status of commercialization of new technology.

c) IPRs obtained, if any.

IV. Infrastructure Availability

a) Availability of equipments

Name of Equipment	Age and Condition of Equipment	Availability (Full Time or not)

b) How much built-up area (in sq.ft.) will be available for BI?

c) Linkage with industries and venture finance.

V. Enclosure

Enclose the following Certificate from the Head of the Institution to ensure the following:

- Commitment from the host institute for their agreed contributions for the BI for providing items like furnished building, furniture, utilities, office equipments etc.
- Responsibility for proper implementation and smooth functioning of the BI.

Date and Place :

Signature of Head of Institution with seal

SCHEME FOR MARKETING ASSISTANCE AND TECHNOLOGY UPGRADATION IN MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

INTRODUCTION

1.1 The Micro, Small and Medium Enterprises (MSMEs) in India produce a diverse range of products with the very simple products produced by household enterprises at one end of the spectrum and highly advanced ones at the other end. With globalization and changes in communication technologies, new challenges and opportunities have arisen for MSMEs. The concept and techniques of marketing have also been continuously undergoing a change with the rapid changes in technology and consumer preferences.

1.2 Marketing, a strategic tool for business development, is critical for the growth and survival of MSMEs. Due to lack of information, scarcity of resources and unorganized ways of selling / marketing, MSME sector often faces problems in exploring new markets and retaining existing ones. Such asymmetries in information, not aware of the new market where they may sell their products and buyer also having lack of knowledge about the products manufactured by MSMEs result in severe impediments to the growth and survival of MSMEs in a highly competitive environment. MSMEs do not have sufficient resources at their command and, therefore need institutional support for providing these inputs in the area of marketing.

1.3 Marketing Assistance and Technology Upgradation Programme is a strategic initiative for adoption of Modern Marketing techniques by MSMEs consistent with the requirement of global market. It involves eight sub-components for which Government of India (GoI) funding assistance will be available.

2.0 MAJOR ACTIVITIES UNDER THE SCHEME

2.1 The objectives of the scheme will be achieved by performing the following major activities for MSMEs through Government of India financial assistance in the manner laid down in these guidelines :

(i) Technology Upgradation in Packaging.

(ii) Skill Upgradation/Development for modern marketing techniques.

(iii) Competition Studies.

(iv) Special component for North-Eastern Region.

(v) New markets through State/District level local Exhibitions/Trade fairs.

(vi) Corporate Governance Practices.

(vii) Marketing Hubs.

(viii) Reimbursement to ISO 18000/ISO 22000/ISO 27000 certification.

3.0 MODALITIES FOR IMPLEMENTATION, EVALUATION AND MONITORING

3.1 The overall guidance in implementation and monitoring of the scheme will be provided by a Screening-cum-Steering Committee (SSC) headed by the Additional Secretary & Development Commissioner (MSME), Government of India. The members of the SSC will be:

1.	Additional Secretary & Development Commissioner (MSME)	Chairman
2.	Joint Secretary, Ministry of MSME	Member
3.	Joint Secretary & Chief, NMCC	Member
4.	Director, Indian Institute of Packaging	Member
5.	Representatives of STQC and BIS	Member
6.	Representatives of Industry Associations like CII / FISME / FICCI etc.	Member
7.	Joint Dev. Commissioner/Director, office of DC (MSME)	Member Secy.

Representatives of Integrated Finance Wing (Ministry of MSME) nominated by the Addl. Secretary & Financial Adviser may also be invited to attend the SSC meeting. The SSC may co-opt additional members and/or permanent/special invitees.

4.0 TARGET CLUSTER/PRODUCT GROUPS

A tentative list of MSME clusters/product groups is given below which are proposed to be covered under the scheme. As the list is only indicative, the SSC may add or delete any cluster/product group, as necessary.

Sl. No.	Name of Cluster/Product Group	S. No.	Name of Cluster/Product Group
1.	Surveying Instruments	2.	Scientific Instruments
3.	Rice Milling	4.	Auto Components
5.	Packaged food	6.	Confectionery
7.	Pharmaceuticals	8.	Leather Goods
9.	Plastic components	10.	Electronic Toys
11.	Readymade Garments	12.	Agricultural Implements
13.	Brassware and Builders Hardware	14.	SS Utensils
15.	Hand Tools	16.	Ball Bearing
17.	Scissors and Knifes	18.	Electric Mixer and Grinder
19.	Corrugated Box and Packaging	20.	Glass Laboratorywares

5.0 COVERAGE AND ELIGIBILITY

Assistance under the scheme will be available for the benefits of micro, small and medium enterprises in the manufacturing segments as per the definition of the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act).

6.0 ACTIVITY – 1: TECHNOLOGY UPGRADATION IN PACKAGING

6.1 Objective: The primary objective of this activity is to facilitate and support MSMEs, industry associations and other stakeholders in raising awareness on technology upgradation in packaging and to build capacities about the modern packaging techniques. The specific objectives will be:

(i) To significantly raise the level of awareness and interest/knowledge in respect of modern packaging technology.

(ii) To conduct gap analysis in respect of packaging for identified clusters/product groups having export potential.

(iii) To promote adoption and use of modern packaging technology.

6.2 Proposed activities and implementation methodology : SSC supported by the office of the DC (MSME) will identify and approve MSME clusters/units for participation in the activities mentioned below on the basis of the proposals received from the MSME-DIs, Industry Associations, NGOs, state government and Technical Institutions. The sub-activities are as under:

Fund Sharing Pattern

Sl. No.	Sub-Activities	Max. Cost Provision	Physical Target		
			2009-10	2010-11	2011-12
(a)	Awareness programmes on new packaging concepts & Technologies	Rs. 0.50 lakh per programme (GoI:unit::80:20)	Nil	50 Nos.	50 Nos.
(b)	Cluster based studies on packaging status & needs for upgradation	Rs. 10 lakh per study (GoI:unit::80:20)	Nil	10 Nos.	10 Nos.
(c)	Unit based interventions for specific packaging requirements in 20 clusters (approx. 20 units per cluster)	Rs. 9.0 lakh for a group of 10 units (GoI:unit::80:20)	Nil	10 Nos.	10 Nos.

The awareness programmes at (a) above, will normally be of one-day duration. The selected agency along with the MSME-Development Institutes and concerned industries associations would conduct the proposed awareness programmes. The admissible cost will cover, as applicable, the expenses towards rent for venue, training materials, audio/video aids, TA/ DA/ honorarium to the guest faculty, expenditure on transport for arrangement, stationery items, refreshment and related miscellaneous activities. The norms for these items will be decided by the Screening-cum-Steering Committee (SSC).

The activity for providing consultancy studies in (b) above, in identified clusters/product groups, will be entrusted to a competent organization / Institute selected by SSC. The study will focus on the gap analysis with reference to the existing packaging procedures vis-a-vis the modern packaging techniques necessary for the export market. After completion of the cluster/product based studies, the interventions recommended in the studies under (b) above will be carried out by competent agencies in MSME units of these clusters. These competent agencies will be finalized by calling open Expression of Interest (EoI) duly observing guidelines issued by Department of Expenditure.

The GoI assistance for item (a) above will be released in 2 installments. Initially, 50% of the sanctioned amount from GoI will be released after approval of the proposal and after receipt of the proportionate contribution from the private units. The balance GoI contribution of 50% amount will be released, on reimbursement basis, after receiving the remaining contribution from the private units and based on the receipt of the audited statement of expenditure along with the report of successful completion of the programme and qualitative target achieved.

The GoI assistance for item (b) above will be released in 3 installments. Initially, 25% of the sanctioned amount from GoI will be released after approval of the proposal and after the receipt of proportionate contribution from the private units. The next installment of 35 % will be released as per an intermediate milestone (after ensuring proportionate private contribution) and the final GoI contribution of 40% amount will be released after receiving the remaining contribution from the private units and based on the acceptance of final report.

The GoI assistance for item in (c) above will be released in 4 installments. Initially, 25% of the sanctioned amount from GoI will be released after approval of the proposal and subject to proportionate contribution by the private units. The next two installments of 25% each, will be released as per the intermediate milestone (after ensuring proportionate private contribution) defined in the EoI document. The final GoI contribution of 25% amount will be released after receiving the remaining contribution from the private units and based on the achievement of quantitative/qualitative targets prescribed in EoI document. The number of installments may be revised, based on the requirements. However the number of installments and payment terms will be indicated beforehand in the EoI documents.

7.0 ACTIVITY - 2 : SKILL UPGRADATION/DEVELOPMENT FOR MODERN MARKETING TECHNIQUES

7.1 Objectives : The focus of this component will be on imparting training for upgrading the skills of cluster/product group members on modern marketing techniques such as use of internet, e-mail, on-line marketing techniques, use of website for marketing, need for branding etc. This includes designing and conducting specific need based skill development programmes for the employees of potential MSME clusters/product groups in adoption of modern marketing techniques.

7.2 **Proposed activities and implementation methodology** : SSC supported by the office of the DC (MSME) will identify and approve MSME clusters/product groups for conducting the above activity on the basis of the proposals received from the MSME DIs, Industries Associations, NGOs and Technical Institutions. The training programmes will be designed and organized by the specialized institutes/industry associations by utilizing the services of the competent faculties from the organizations like IITs, IIMs, Management Institutes, already working in this field and having relevant experience.

Fund Sharing Pattern

Sl.	Activities	Max. Cost No.	Physical Target Provision		
			2009-10	2010-11	2011-12
(a)	Designing and conducting specific need based skill development programmes for clusters for adopting modern marketing techniques	Rs. 6.0 lakh per cluster (GoI: unit::80:20)	Nil	10 Nos.	10 Nos.

The competent agencies for taking up the above activity will be selected by calling open Expression of Interest (EoI) duly observing guidelines issued by Department of Expenditure.

It is proposed that for each cluster a minimum of 50 trainee-days will be covered in the programme. The training of at least 20 persons in each cluster will be necessary. The training module will be designed of at least two days duration. The admissible cost will cover, wherever applicable, the expenses towards rent for venue, training materials, audio/video aids, TA/DA & honorarium to the guest faculty and stationery items. The detailed scope of work and payment terms will be indicated in the EoI document.

The GoI assistance will be released in 2 installments. Initially, 50% of the sanctioned amount from GoI will be released after approval of the proposal and after the receipt of proportionate contribution from the private units. The balance GoI contribution of 50% amount will be released after receiving the remaining contribution from the private units and on acceptance of completion report and achievement of targets.

8.0 ACTIVITY - 3 : COMPETITION STUDIES

8.1 **Objectives** : To identify sectors in which the products are threatened by International competition due to marketing/branding strategies. The studies of product groups will aim at analyzing the reasons for threat from outside products affecting local production and ways and methods to counter these challenges.

Under this component, detailed studies will be conducted by competent agencies, in the perspective of World Trade Organization (WTO), Free Trade Agreements (FTAs) etc. on threatened products bringing out reasons for invasion by foreign products affecting local production and will suggest necessary marketing measures leading to better acceptability of local products into global market.

8.2 **Proposed activities and implementation methodology :** SSC supported by the office of the DC (MSME) will identify and approve MSME clusters/sectors for conducting the above studies on the basis of the proposals received from the MSME-DIs, Industries Associations, NGOs and Technical Institutions. The services of the competent organizations, such as IIMs, CII, FICCI, Management/technical institutes already working in the similar field would also be utilized for this activity. The agencies for conducting the study will be selected by calling open Expression of Interest (EoI) duly observing guidelines issued by Department of Expenditure.

Fund Sharing Pattern

Sl.	Activities	Max. Cost No.	Provision	Physical Target	
			2009-10	2010-11	2011-12
(a)	Detailed studies on threatened product groups/clusters bringing out reasons for invasion by outside products affecting local production and ways & methods to counter these	Rs. 8.0 lakh per study (GoI:unit::80:20)	Nil	4 Nos.	4 Nos.

The GoI assistance will be released in 3 installments. Initially, 25% of the sanctioned amount from GoI will be released after approval of the proposal and after the receipt of proportionate contribution from the private units. The next installment of 35% will be released on acceptance of draft report (after ensuring proportionate private contribution). The final GoI contribution of 40% amount will be released after receiving the remaining contribution from the private units and on the acceptance of final report by the competent authority.

9.0 ACTIVITY - 4 : SPECIAL COMPONENTS FOR NORTH-EASTERN REGION (NER)

9.1 **Objectives :** Exposure to National exhibitions, participation, displaying products & sponsoring entrepreneurs from MSMEs of NER to selected exhibitions. It is proposed that MSME manufacturing units of NE Region will be motivated and assisted to participate in the exhibitions (outside NE region) being organized by ITPO, NSIC, State Government and other competent organizations in different parts of the country, to enable them to display their products and extend their customer base.

9.2 **Proposed activities and implementation methodology:** The Office of the DC (MSME) will identify MSME clusters / units of NE region for participation in this Special component for NER on the basis of the requests received through the MSME-DIs, Industries Associations and NGOs.

Fund Sharing Pattern

Sl.	Activities	Max. Cost No.	Physical Target Provision		
			2009-10	2010-11	2011-12
(a)	Exposure to national exhibitions, participation, displaying products & sponsoring entrepreneurs from MSMEs of NER to selected exhibitions	Rs. 6.0 lakh per exhibition (GoI:unit::80:20)	Nil	12 Nos. Exhibitions	13 Nos. Exhibitions

The following items will be admissible for reimbursement under this activity:

(a) Pavilion/stall/space charges up to 6 sq. mtr. – 80% cost will be reimbursed by GoI.

(b) To and fro actual fare by shortest distance/direct train/air travel (limited to AC II tier class) from the nearest railway station/bus fare to the place of exhibition for one person. 80% of fare will be reimbursed by GoI.

(c) 80% to and fro transport charges for carrying the exhibits/products from the location of manufacturing unit up to the place of exhibition subject to max. amount of Rs. 15,000/-.

(d) The total reimbursement from GoI will be up to Rs.75,000/- per unit towards activities (a), (b) and (c) above.

In addition, an expenditure upto Rs. 25,000/- per exhibition will also be allowed on publicity, advertisement, furniture, audio-visual, TA/DA, etc. to be incurred by the concerned MSME-DI Office. One officer from the concerned MSME-DI will be allowed to accompany the participating entrepreneurs to the place of exhibition in case the number of MSMEs is not less than four. The applicant MSME unit will submit its claim along with required documents to the local MSME-DI office for reimbursement in the prescribed format.

10.0 ACTIVITY - 5 : NEW MARKETS THROUGH STATE/DISTRICT LEVEL LOCAL EXHIBITIONS/TRADE FAIRS

10.1 Objectives : To provide marketing platform to manufacturing MSMEs through their participation in State/District level exhibitions being organized by State/District Authorities/Associations.

10.2 Proposed activities and implementation methodology: SSC supported by the office of the DC (MSME) will identify and approve manufacturing MSME clusters/units for participating in State/District level local exhibitions/Trade Fairs on the basis of the responses received through the MSME-DIs, Industries Associations, and NGOs.

Fund Sharing Pattern

Sl.	Activities	Max. Cost No.	Provision	Physical Target	
			2009-10	2010-11	2011-12
(a)	To provide marketing platform to MSMEs through participation in State and District level exhibitions being organized by State/ District Authorities/ Associations	Rs. 3.0 lakh per Exhibition (GoI:unit::80:20)	Nil	30 Nos.	36 Nos.

The following items will be admissible for reimbursement under this activity:

(a) Pavillion/stall/space charges upto 6.0 sq. mtr. – 50% cost will be reimbursed by GoI.

(b) To and fro actual fare by shortest distance/direct train (limited to AC II tier class) from the nearest railway station/bus fare to the place of exhibition for one person-50% of fare will be reimbursed by GoI.

(c) For SC/ST/Women/Physically Handicapped entrepreneurs the assistance will be up to 80% for the items (a) & (b) above.

(d) The total reimbursement will be max. Rs. 30,000/- per unit for the SC/ST/Women/ Physically Handicapped entrepreneurs, while for the other units the max. limit will be Rs. 20,000/- per unit.

In addition, an expenditure upto Rs. 25,000/- per exhibition will also be allowed on publicity, advertisement, furniture, audio-visual, TA/DA, etc. to be incurred by the MSME-DI concerned.

The applicant MSME unit will submit its claim along with required documents to the local MSME-DI office for reimbursement in the prescribed format.

11.0 ACTIVITY - 6 : CORPORATE GOVERNANCE PRACTICES

11.1 Objectives : The primary objective of this activity will be:

11.1.1 To encourage MSMEs to adopt good Corporate Governance Practices for improving their competitiveness, reducing operational risk factors, overcoming barriers to trade, successfully meeting the challenges of globalization, accessing lower cost of finance.

11.1.2 To create awareness among MSMEs for adoption of good corporate governance practices, strengthening of accounts and audit procedures, transformation of company's structure, resource management, training, statutory corporate governance rating etc.

11.1.3 To introduce a system of corporate governance to ensure the transparency, integrity and accountability of the management.

11.2 **Proposed activities and implementation methodology :** Office of the Development Commissioner (MSME) will identify MSME units for participating in this activity on the basis of request received through the MSME- DIs, Industries Associations and NGOs.

Fund Sharing Pattern

Sl.	Activities	Max. Cost No.	Provision	Physical Target	
			2009-10	2010-11	2011-12
(a)	To encourage MSMEs to adopt good corporate governance practices	Rs. 0.9 lakh per unit (GoI:unit::50:50)	Nil	200 units	200 units

This admissible cost may cover, as applicable, the expenses towards the associated consultancy charges, expenditure on legal or statutory fees. The GoI assistance will be in the form of reimbursement up to 50% of the total expenditure subject to max. Rs. 45,000/- per MSME unit, who would acquire company's structure by adopting corporate governance or Limited Liability Partnership (LLP) framework. The applicant MSME unit will submit his claim along with required documents to the local MSME-DI office for reimbursement in the prescribed format.

12.0 ACTIVITY - 7 : MARKETING HUBS

12.1 **Objective :** To provide facilities for manufacturing MSMEs for B2B meeting among MSMEs, wholesale and retail marketing of MSME products, exploring the export opportunities for the MSME products and to attract new customers and enhance the marketing reach of the MSMEs.

12.2 **Proposed activities and implementation methodology:** In the initial phase of the project, it is proposed to setup 8 Nos. marketing hubs in the premises of MSME-DIs, in the designated cities of the country which have substantial presence of prospective MSME clusters. These marketing hubs will preferably be selected out of the 12 cities i.e. Chennai, Bangalore, Mumbai, Indore, Jaipur, Agra, Guwahati, Ahmedabad, Delhi, Ludhiana, Thrissur and Kolkata. For operating these marketing hubs, the services of the available staff of the concerned MSME-DIs would be utilized.

The covered area proposed is about 500 to 600 sq. ft. per hub. The proposed expenditure details will be as under:

(a) For upgradation/renovation/modification in the existing facilities/space (furnishing, fixtures, modern amenities, air conditioning, false ceiling, floor tiles etc.) to convert it into Marketing hub - Rs. 30 lakh per hub (Only GoI contribution, no private contribution).

(b) For Furniture, Computers, Internet and Communication equipments. Rs. 5 lakh per hub. (Only GoI contribution, no private contribution).

(c) Recurring operating expenditure. Rs. 15 lakh per hub for two years. (GoI contribution 80% and private units 20%). The recurring charges will be towards the cost incurred on arranging expo-events/exhibition for the purpose of B2B and B2C interaction. The private contribution will be received through participation fee as registration charges.

For the activity stated at (a) above the renovation/ refurbishment work in the institutes building will be done through CPWD against the allotment of funds made by this office upto a maximum of Rs. 30 lakh.

13.0 ACTIVITY - 8 : REIMBURSEMENT TO ISO 18000/22000/27000 CERTIFICATION

13.1 Objectives : To enhance the export and marketing potential, it is proposed for one time reimbursement of the expenditure to those units which acquire ISO Certification on Food & Safety, Health and IT parameters.

13.2 Proposed activities and implementation methodology : Office of the DC (MSME) will encourage MSME units for participating in this activity on reimbursement to ISO 18000/ISO 22000/ISO 27000 Certification.

The GoI assistance will be by way of one-time reimbursement of expenditure to such MSME manufacturing units which acquire ISO 18000/ISO 22000/ISO 27000 Certification to the extent of 75% of the expenditure subject to a maximum of Rs 1.00 lakh in each case. About 300 units are expected to derive benefits under this component.

The reimbursement of charges will be towards; consultant fee certification fee, training of MSME employees in ISO adoption if required, etc. The amount of subsidy/financial support if already received from the state Govt./financial institution shall be adjusted against the admissible reimbursement under this scheme.

Annexure-I

Application Format for Claiming Reimbursement of Certification Charges of Acquiring ISO 18000/ISO 22000/ISO 27000 Certificate Under the Marketing Assistance and Technology Upgradation Scheme

Sl. No.		
1.	(a) Name and address of the unit office & factory location(s)	
	(b) Telephone No. Factory & Office	
	(c) E-mail & Fax	
2.	Details of E.M.No. Date of issue; Directorate of Industries/GM, DIC of the State concerned (Enclose an attested copy of all pages of E.M. No. Certificate to be enclosed)	
3.	Whether SC/ST	
4.	Whether Women Entrepreneurship	
5.	Item(s) of manufacture/processing as indicated in the E.M. Certificate	
6.	Proof of MSME/SSI status and functional status of the unit as on the date of submission of Application. The following document(s) are to be submitted : (i) A certificate (in original) from State MSMEDI/GM, DIC confirming MSME and functional status of the unit at the time of acquiring ISO 18000/ISO 22000/ ISO 27000 Certificate; as on date as per Format at Annexure-1A OR	
	(ii) An Affidavit (in original) from Managing Director/ Director/Proprietor /Partner of the MSME unit duly sworn before a Notary Public confirming SSI status and functional status of the unit at the time of acquiring ISO 18000/ISO 22000/ISO 27000 Certificate; and as on date (as per Format Annexure-1B) accompanied by CA certificate of the total investment in plant & machinery as on date (original purchase value) (as per Format Annexure -1C)	
7.	Details of ISO 18000/ISO 22000 /ISO 27000 Certificate, Name and Address of Certification agency; The certificate must have address of the site/location certified; Scope of certification, Certificate No., Date of issue & period of validity (or date of expiry), Name & Logo (Enclose an attested copy of the Certificate)	

8.	Details of expenditure incurred in acquiring ISO 18000/ISO 22000 /ISO 27000 Certificate Furnish a CA certificate of expenditure (in original) giving the details (as per the Format Annexure-1D).	
9.	Details of reimbursement/grant/subsidy Certificate (excluding hotel & travel expenses & surveillance charges). Furnish a CA certificate of expenditure (in original) giving the details (as per the Format Annexure -1E).	
10.	Pre-receipt to be furnished as per Format at Annexure-1F.	

Declaration :

I (Full name)………………………………………… S/o ……………….......................……………… Managing Director/Director/Proprietor/Partner of M/s……...……… (complete address) hereby declare that the particulars given in the application are correct. In case any of the statement/information furnished in the application/documents later found to be wrong or incorrect or misleading, I do hereby bind myself and my unit to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned activity, within seven days of the demand being made to me in writing.

Name and Signature of Managing Director/
Director/Proprietor/Partner of SSI Unit (Full Name)

Note:
The copy of SSI Registration, ISO Certification must be attested by any one of the following:

(1) GM (DIC), or (2) Director, MSME-DI of the Region, or (3) Chartered Accountant (with name of the signatory, CA Stamp, and CA Membership No.)

Annexure-1A

CERTIFICATE

This is to certify that M/s……………………………………………………with their office at……………………………………………………………………………& factory located at………………......……………dated……………......………..is a MSME/SSI unit as per Govt. of India definition and has been functional & in production at the time of acquiring ISO 18000/ISO 22000/ISO 27000 Certification No………...……………dated……......…… and also continues to be functional & is in production as on date.

Dated

Director of Industries/
GM (DIC)
Name & Rubber Seal

Annexure-1B

AFFIDAVIT*

I ……………………..………………………..S/o……………………………………… Managing Director/Director/Proprietor/Partner, *M/s…………………………………………………… with their Regd. Office at ………………………………………………………………………… & Factory located at……………………………………with E.M. No…………………………dt……………………do hereby solemnly affirm and declare as under:

(i) The Company/Firm/Establishment has been a MSME/SSI Unit as per Govt. of India definition; and has been functional & in production at the time of acquiring ISO 18000/ISO 22000/ISO 27000 Certification No…………………………………………… dt………………………………

(ii) The Company/Firm/Establishment continues to be a MSME/SSI Unit; and functional & in production as on date.

(iii) As per books of account, the total investment (original purchase value) in plant and machinery in the Company/Firm/Establishment as on……………………………is Rs……………………… (Chartered Accountant Certificate dated……………… To this effect is attached).

Signed on this day of ……………………………dt………………………………

DEPONENT

VERIFICATION:

I do solemnly affirm that the contents of the Affidavit are true to the best of my knowledge & belief.

DEPONENT

Date:

Place:

Note :

*On a stamp paper (of Rs.10/- min) in Delhi/amount as applicable in the respective State duly sworn before a Notary Public (duly affixed with Notarial Stamp; and with Notary Seal and Notary Registration number) or First Class Magistrate.

Annexure-1C

Certificate from Chartered Accountant About Investment in Plant & Machinery
(on CA Letterhead)

To whom it may Concern

Verified from the Books of Accounts of M/s... with their Regd. Office at .... & Factory located at..with E.M. No.................................dt..................... of the Company as on date*....................................stands as.............................. (Rupees...)

Name & Signature of the
Chartered Accountant with Stamp
and Membership Number

Place:

Date:

*Date of Application on 31st March of preceding financial year.

Annexure-1D

Certificate from Chartered Accountant in Respect of Proof of Expenditure Incurred for Acquiring ISO 18000/ISO 22000/ISO 27000
(on a CA Letterhead)

To whom it may Concern

The documents & records of M/s………………...............………………with their Regd. Office at ……….......................… & Factory located at…………...........................………………with E.M. No……….................………….dt…..........……in respect of expenditure incurred for acquiring ISO 18000/ISO 22000/ISO 27000 Certificate (or its equivalent) have been verified; and it is certified that the said company have incurred a total expenditure of Rs…..……….. (Rupees…………………...………….) towards Application fee; Assessment/Audit fee; Annual fee/Licence fee; Training; Calibration; and Technical Consultants etc. (excluding hotel & travel expenses, Surveillance charges) in obtaining ISO 18000/ISO 22000/ISO 27000 from the Certifying Agency, namely ……...…….; as per the following details of payments:

Details of Payments (Name of Certification Agency/Orgn.) Amount paid (in Rupees)

(a) Application Fee paid to …………………………………………………

(b) Assessment/Audit Fee paid to…………………………………………

(c) Annual Fee/Licence Fee paid to…………………………………......

(d) Calibration charges paid to ……………………………………………..

(e) Technical Consultancy charges paid to……………………………….

(f) Training expenses paid to ………………………………………………..

Total : ……………………….

Place:

(Signature of the Chartered Accountant
with Name, CA Stamp and Membership Number)

Dated:

Payments at (a), (b) & (c) above should be supported by copies of receipts of payments made to the Certification agency duly attested. The payment receipts must indicate the purpose for which the payments have been made to the Certification Agency.

Note : Payments made to the Certification agency directly shall only be eligible for consideration of reimbursement.

Annexure-1E

To be Submitted by the Applicant on a Non-judicial Stamp Paper of Rs. 50/- (Min) Delhi/Amount as Applicable in the Respective State duly Sworn before a Notary Public (Duly Affixed with Notarial Stamp; and with Notary Seal and Notary Registration Number) or First Class Magistrate

UNDERTAKING/DECLARATION

I ……………………………….S/o……..............…………………… Managing Director/Director/ Proprietor/Partner, M/s……...…………………...…….. with their Regd. Office at …….................... ....…...……………………… & Factory located at……………….....…………….with E.M. No………………......…..dt……..….……..do hereby solemnly affirm and declare as under:

(a) (i) That the aforesaid Company/Firm/Establishment(s) have not availed reimbursement/subsidy/grant/ incentive for acquiring ISO 18000/ISO 22000/ISO 27000 Certification under any Scheme operated by Central Govt. (including O/o DC (MSME), M/O MSME)/State Govt./Financial Institution etc.

OR

(ii) That the aforesaid Company/Firm/Establishment (s) have claimed & received reimbursement/ subsidy/grant/incentive for acquiring ISO 18000/ISO 22000/ISO 27000 Certification amounting to Rs………………… (Rupees………………………………………… from…..........…………….. (Name of the Central Govt./State Govt. Deptt./Financial Institution vide draft/Cheque No………......……dt……...……… of….......................................…… (Name of Bank).

(b) (i) That the aforesaid Company/Firm/Establishment(s) have already applied to…......…………. Name of the Central Govt. (other than O/o DC (MSME)/State Govt./Financial Institution vide application dated………..............…for reimbursement/subsidy/grant/ incentive for acquiring ISO 18000/ISO 22000/ISO 27000 Certification.

OR

(ii) That the aforesaid Company/Firm/Establishment (s) have not applied to any Central Govt./ State Govt./Financial Institution (except O/o DC (MSME), M/O MSME)/for reimbursement/ subsidy/grant/incentive for acquiring ISO 18000/ISO 22000/ISO 27000 Certification.

(c) That after availing reimbursement for ISO 18000/ISO 22000/ISO 27000 Certification from office of DC (MSME), M/O MSME), in respect of the said Company/Firm/Establishment(s), I shall disclose this fact on behalf of the said Company/Firm/Establishment(s) at the time of claiming/ receiving reimbursement/subsidy/grant/incentive, if any, under any other similar scheme run by Central Govt./State Govt./Financial Institutions etc.

(d) I hereby solemnly affirm that the information given above is correct. In case above declaration is found wrong or incorrect or misleading, I do hereby bind myself & my unit and undertake to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned activity, within seven days of the demand being made to me in writing.

Partner/Proprietor/Managing Director/Director

In the presence of:

(Full Name and Addresses of the two witnesses also to be indicated along with signatures).

1.

2.

Note: The factual status as on date under the respective paras at (a), (b) & (c) above must be clearly indicated.

Annexure-1F

Name of the Industry ____

Address ____

____

Phone Number ____

(A) PRE-RECEIPT (in Triplicate)

Received a sum of Rs. ____________________ (Rupees__________________________________) from the Development Commissioner (Micro, Small & Medium Enterprises) towards the reimbursement of expenses incurred for obtaining International Quality Certification ISO 18000/ISO 22000/ ISO 27000.

Rubber Stamp of the Unit
Signature of the Authorized Person
(on Revenue Stamp)

(B) FOR OFFICE USE ONLY

Passed for the payment for Rs.________________Rupees_____________________________ Vide Sanction No. _________________________ dated ___________________

Director
MSME-DI

___________________ (Place)

Note : Please read the instructions while Preparing this Annexure-1F i.e. Pre-Receipt.

INSTRUCTIONS

Note : Please follow the following instructions while preparing this Annexure-VI given on next page.

1. Please ensure you prepare the Annexure-1F in A-4 size paper only.
2. Please ensure you give Annexure-1F in triplicate.
3. Please do not fill in the amount in the pre-receipt. Leave the portion blank. The office of DC (MSME) will fill it up after calculating the amount due to you.
4. Please ensure the authorized person of your unit signs at the places indicated for signatures of the authorized person on revenue stamp.
5. Office of the DC (MSME) will fill up the amount and the Sanction No. in the spaces provided for the same.
6. The Assistant Director concerned will sign at the place earmarked for his signature.

FINANCIAL ASSISTANCE ON BAR CODE

The Ministry of Micro, Small & Medium Enterprises (MSME), Govt. of India recognizes the contribution of Micro & Small Enterprises (MSEs) in growth of Indian economy, export promotion and employment generation. In order to enhance the marketing competitiveness of MSEs in domestic as well as international market, Office of Development Commissioner (MSME), Ministry of MSME, provides the financial assistance for reimbursement of 75% of one-time registration fee (Under SSI-MDA Scheme) w.e.f. 1st January, 2002 and 75% of annual recurring fee for first three years (Under NMCP Scheme) w.e.f. 1st June, 2007 paid by MSEs to GS1 India for using of Bar Coding. The work of reimbursement has been decentralized and transferred to field offices i.e. MSME-DIs w.e.f. 1st April, 2009 with a view to ensure speedy & timely and extensive implementation of the scheme.

Bar codes are the series of black lines and white spaces printed on product packages or attached as tags which you would have noticed on consumer products. Information on a product or a consignment like its item code or serial number, expiry date, consignor/consignee etc., can be represented through such bar codes. When these bar codes are scanned using a scanner, it enables instantaneous data capture with 100% accuracy and at great speeds.

Bar Coding can have a significant impact on the success of any enterprise/company and organization. Timely and accurate capture of product information and its communication electronically across the Supply Chain ahead of physical product flow is critical to lowering inventory costs, in accurate sales forecasting & dynamic production scheduling and in product track and trace.

Bar Coding not only facilitates the exchange of information between buyers and sellers, but also provides the potential for better visibility and sharing of information across an entire Supply Chain. Other benefits are :

- Automated data capture with 100% accuracy
- Real time stock management of raw materials and finished goods
- Fast and error free data recording on product/consignment movement
- Easy integration with existing software, if any
- In compliance with growing requirements of leading national markets
- In line with requirements of international retailers
- Also gives international look and feel to products.

GS1 India, an autonomous body under Ministry of Commerce & Industry, Government of India is a solution provider for registration for use of Bar Coding. To become a subscriber of GS1 India, all one has to do is fill up the subscription enquiry or registration form and make the necessary payments as registration fee. Details about registration with GS1 India for use of Bar Coding are available on their website www.gs1india.org

Guidelines for Financial Assistance to Micro & Small Enterprises (MSEs) for use of Bar Code

OBJECTIVE

The basic objective of financial assistance is to enhance the marketing competitiveness of Micro & Small Enterprises (MSEs) by way of :

(i) Providing 75% of one-time registration fee and annual recurring fee (for first three years) paid by MSEs to GS1 India.

(ii) Popularizing the adoption of bar codes on large scale amongst MSEs, and

(iii) Motivating and encouraging MSEs for use of bar codes through conducting seminars on Bar Code, etc.

2. TARGET GROUP

Micro & Small Enterprises (MSEs) throughout the country.

3. ELIGIBILITY

Those MSEs who have Entrepreneurial Memorandum Part-II acknowledgement number from Directorate of Industries/District Industries Centres and also have registration with GS1 India for use of Bar Codes are eligible for 75% reimbursement of one-time registration fee and annual recurring fee (for first three years) paid by them to GS1 India.

4. FINANCIAL ASSISTANCE

Under SSI-MDA scheme, the financial assistance is provided towards 75% reimbursement of only one-time registration fee paid by MSEs w.e.f. 1st January, 2002. Considering the difficulty of MSEs to meet the liability of the payment of annual recurring fee, 75% annual recurring fee (for first three years) is also reimbursed to MSEs under NMCP scheme-Marketing Assistance/Support to MSMEs (Bar Code) w.e.f. 1st June, 2007.

Fee structure for one-time registration/annual recurring to be paid by MSEs for using of Bar Codes are revised by GS1 India from time to time. As and when, fee is revised by the GS1 India, the revised fee structure will be applicable. The revised fee structure is available on the website : www.gs1india.org. However, reimbursement will be restricted to 75% of the fee paid by MSEs. Any other charges like service taxes, etc. are not reimbursable. Further, 75% reimbursement of one-time registration fee paid by MSEs to GS1 India is provided to those MSEs who have got registration from GS1 India for use of Bar-Codes on or after 1st January, 2002. In addition, 75% reimbursement of annual recurring fee paid by MSEs to GS1 India is provided to only those MSEs who have paid above fee for the period from 1st June, 2007 and thereafter.

5. IMPLEMENTING AGENCIES

Office of the Development Commissioner (MSME) under Ministry of Micro, Small & Medium Enterprises, Government of India was providing 75% reimbursement of (i) one-time registration fee, and (ii) annual recurring fee (for first three years) to eligible Micro & Small Enterprises (MSEs) for use of Bar Code in order to enhance their marketing competitiveness.

With a view to ensure speedy and extensive implementation of the scheme, the work related to reimbursement of one-time registration fee/annual recurring fee has been decentralized and transferred to field offices i.e. Micro, Small & Medium Enterprises-Development Institutes (MSME-DIs) w.e.f. 1st June, 2009.

6. WHERE AND HOW TO APPLY

Eligible MSEs may apply to the Director, Micro, Small & Medium Enterprises-Development Institute of their region in prescribed application form for claiming reimbursement on Bar Code. Application Forms along with formats for the supporting documents may be collected from Director, MSME-DI of their region and are also available on this office Website : www.dcmsme.gov.in. Detailed addresses of MSME-DIs are available on this office website at option-field offices i.e. www.dcmsme.gov.in./NASApp/senetwar/ctrlDRSearch.jsp. For further information/enquiries, MSEs may contact to the Director, MSME-DIs of their region.

7. HOW TO GET REGISTRATION FOR USE OF BAR CODE

Global Standard 1 (GS1) India, formerly EAN India, an autonomous body under Ministry of Commerce & Industry, Government of India, Bar Code promoter is authorized for granting registration for use of Bar Codes. Other details on Bar Code are available on their website : www.gs1india.org.

Interested MSEs may approach the GS1, India for getting registration for use of Bar Codes at the following offices :

1. GS1 INDIA
   #330, 2nd Floor, C Wing, August Kranti Bhawan,
   Bhikaji Cama Place, New Delhi-110066
   Phone : 91-11-26168720/721/725
   Fax : 91-11-26168730
   E-mail : info@gs1india.org

2. GS1 INDIA
   C/o MSME Development Institute Andheri Kurla Road,
   Sakinaka Mumbai - 400072, India
   Phone +91-22-28576516/ 28576517
   Fax +91-22-28579539
   Email:info.mumbai@gs1india.org

8. VALIDITY OF FINANCIAL ASSISTANCE

Financial Assistance towards 75% reimbursement for one-time registration fee/annual recurring fee is valid upto XIth Plan (2007-2012).

Application Form for Claiming 75% Reimbursement of Bar Code Registration Fee/ Annual Fee paid by Micro & Small Enterprise (MSE) to GS1 India

1. (a) Name of MSE : M/s ....
   (b) Address of MSE : ....
       (i) Registered Office : ....
       (ii) Works Office : ....
   (c) Tel. No. ....Fax No. .... E-mail : ....
2. Whether enterprise is Micro or Small? Micro / Small
3. Name of proprietor/partner of the enterprise .... Mob. No. ....
4. (a) Amount paid for (i) One-time registration fee Rs. ....
       (ii) Annual Recurring fee Rs. .... for the year ....
   (b) Amount to be reimbursed for (i) One-time registration fee Rs. ....
       (ii) Annual Recurring fee Rs. .... for the year ....
5. Details of Entrepreneur's Memorandum Part-II acknowledgement number from State Directorate of Industries/DICs
   ....
6. Range of products being manufactured ....
7. The following documents are also enclosed along with Application Form:
   (i) An attested copy of Cash Receipt for total amount (one-time registration fee &/or annual recurring fee) paid to GS1 India for use of Bar Codes.
   (ii) An attested copy of license received from GS1 India for use of Bar Code.
   (iii) Pre-receipted bill (In original) in triplicate for amount to be reimbursed for one-time registration fees (as per Annexure-I) &/or for annual recurring fee for 1st three years (as per Annexure-II).
   (iv) A copy of Entrepreneur's Memorandum Part-II acknowledgement number from State Directorate of Industries/DICs duly attested by GM, DIC/State DI/Director MSME-DI/Chartered Accountant/any other gazetted officer.
   (v) A certificate in original from GM, DIC/DI confirming the status of the enterprise as micro or small and its functional status, as on date of application.

   OR

   An affidavit (in original) from Managing Director*/Proprietor*/Partner* of MSE duly sworn before a Notary Public confirming Micro/Small Enterprise and functional status of the unit at the time of Bar Code registration; and as on date of application (as per Annexure-III), accompanied by Chartered Accountant Certificate of the total investment in Plant & Machinery on the date of application (original purchase value) (As per Annexure-IV).
   (vi) An undertaking as per Annexure-V (concerning non-receipt of similar financial assistance from any other organization and/or from Office of the DC (MSME).

DECLARATION

I declare that the particulars given in the above statement are correct. I also undertake that any financial assistance granted to me/my enterprise on the basis of this declaration shall be liable to be refunded to the Government if at any time any information furnished in this application is found to be wrong or incorrect or misleading. I do hereby bind myself and my enterprise to pay the Government on demand a sum equal to the amount claimed as financial assistance in respect of above mentioned activity, within seven days of the demand being made to me in writing.

Date Signature

Name...

Encl : Designation...

Annexure-I

Pre-Receipt

(For One-Time Registration Fee)

Received with thanks a sum of Rs. .... (Rupees .... only) from the Director, MSME-DI .... towards reimbursement of 75% of the one-time registration fee paid to GS1 India (under the Ministry of Commerce & Industry) for Bar Code registration.

(Affix Revenue Stamp)

Date :

(Signature)
Proprietor/Partner/Managing Director
with Seal

Note : The above pre-receipt is to be submitted on Letterhead of the company, in triplicate.

Annexure-II

Pre-Receipt

(For Annual Recurring Fee)

Received with thanks a sum of Rs. .... (Rupees .... only) from the Director, MSME-DI .... towards reimbursement of 75% of annual recurring fee for the year(s)..................., paid to GS1

India (under Ministry of Commerce & Industry, Govt. of India) towards Bar Code registration. However, reimbursement has already been received for one-time registration fee/annual recurring fees for the 1st year ..../2nd year .... (if received earlier).

(Affix Revenue Stamp)

Date :

(Signature)
Proprietor/Partner/Managing Director
with Seal

Note : The above pre-receipt is to be submitted on Letterhead of the company, in triplicate.

Annexure-III

AFFIDAVIT

To be submitted on a stamp paper (of Rs. 10/- minimum) duly attested by Notary Public (duly affixed with Notarial revenue stamp; and with Notary Seal; and Notary Registration number, etc.)

I..S/o / D/o / W/o .... Managing Director*/Director*/Proprietor*/Partner* of M/s. .... with their Registered Office at .... & Factory located at .... do hereby solemnly affirm and declare as under :

- The company is a Micro/Small Enterprise as per the Govt. of India definition; and has been functional & in production at the time of Bar Code registration.
- The company continues to be a Micro/Small enterprise and functional & in production as on date.
- As per books of accounts, the total investment (original purchase value) in plant and machinery in the company as on .... is

Rs. .... (Chartered Accountant's Certificate dated .... to this effect is attached) Signed on ....

DEPONENT

Verification:

Verified that the contents of the Affidavit are true to the best of my knowledge and belief.

DEPONENT

Place :

Date :

*Strike out whichever is not applicable.

Annexure-IV

Certificate from Chartered Accountant Above Investment in Plant & Machinery

(On CA's Letterhead)

To whom it may Concern

Verified from the Books of Accounts of M/s. .... with their Registered Office at .... and Entrepreneur's Memorandum Part-II acknowledgement number .... dated .... that the total Investment in plant and machinery (original purchase value) of the company as on date .... stand as Rs. .... (Rupees ....).

Name & Signature of the
Chartered Accountant with Stamp and
Membership Number

Place :

Date :

Annexure-V

UNDERTAKING

To be submitted by the applicant on a Non-judicial Stamp Paper of Rs. 50/- (Minimum)/amount-as applicable in the respective State, duly sworn before a Notary public (duly affixed with Notarial Stamp, and with Notary Seal & Notary Registration number) or First Class Magistrate.

I..S/o / D/o / W/o ....

Managing Director*/Director*/Proprietor*/Partner* S/o ....

Registered Office at ....

& Factory located at ....

do hereby solemnly affirm and declare as under :

(a) That the aforesaid Comapny/Firm/Enterprise has/has not availed reimbursement/Subsidy/grant for obtaining Bar-Code registration under any scheme operated by Central Government (including Office of DC (MSME), M/o Micro, Small and Medium Enterprise)/State Government/Financial Institutions, etc., if availed, give the details.

(b) That the aforesaid Comapny/Firm/Enterprise has/has not applied to .... name of the ministry/department of Central Govt. (other than Office of DC (MSME)/State Govt./ Financial institution for reimbursement/subsidy/grant/incentive for registration of Bar Coding from GS1 India.

(c) That after availing reimbursement for obtaining Bar-Code registration from Office of DC (MSME), Ministry of MSME, in respect of the said Company/Firm/Enterprise, I shall disclose this fact of the said Company/Firm/Enterprise at the time of claiming/reimbursement/subsidy/grant/incentive, if any, under any other similar scheme run by Central Government/State Government Department/Financial Institution, etc.

(d) I hereby solemnly affirm that the information given above is correct. In case, above declaration is found wrong or incorrect or misleading, I do bereby bind myself & My enterprise and undertaking to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned activity, within saven days of the demand being made to me in writing.

Signature of Partner/Proprietor/Managing Director/Director
In the presence of two witnesses

1.

2.

(Names and Addresses of the witnesses above also to be indicated along with signatures).

*Strike out whichever is not applicable.

(To be published in the Gazette of India, Part-I, Section 1)

Government of India
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
'A' Wing, 7th floor, Nirman Bhavan,
New Delhi – 110 108

No.21/EFC/MA&TU/2006/TR

16th March, 2010

NOTIFICATION

The Central Government has approved a scheme "Marketing Assistance and Technology Upgradation in Micro, Small & Medium Enterprises" under the National Manufacturing Competitiveness Programme (NMCP) with a total budget of Rs.23.0 crore (including Govt. of India contribution of Rs.18.608 crore) to be implemented during 11th Plan Period. The objective of this scheme is to enhance MSME's competitiveness in the National as well as International market through various activities such as; (a) Technology Upgrdation in Packaging (b) Skill Development in Modern Marketing Techniques (c) Taking up Competition Studies (d)Assistance to MSMEs in participating the District/State Trade fairs (e) Setting up Marketing Hubs etc.

2. The details of the scheme and guidelines are available on the official website of the Office of DC(MSME) i.e. www.dcmsme.gov.in

ABakre
16/3/10
(Abhay Bakre)
Joint Development Commissioner

The Manager
Government of India Press
(Bharat Sarkar Press), FARIDABAD

Copy for information to :-

1. Chief Secretary (States/UTs)
2. All Commissioner/Director of Industries(States/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi.
4. Secretary (MSME), Ministry of MSME, Udyog Bhavan, New Delhi.
5. Planning Commission (PAMD, VSE)
6. Member Secretary, NMCC, Vigyan Bhavan, New Delhi
7. AS&FA, M/o MSME, Udyog Bhavan, New Delhi
8. Chief Controller of Accounts, DIPP, Udyog Bhavan, New Delhi
9. Budget & Accounts Section, O/o the DC (MSME)
10. Members of Screening-cum-Steering Committee (SSC)
11. All Directors, MSME-DIs/MSME Testing Centres.
12. CMD, NSIC, NSIC Bhavan, Okhla Industrial estate, New Delhi- 110020
13. Internal Circulation in the O/o DC(MSME) as per standard list.

ABakre
16/3/10
(Abhay Bakre)
Joint Development Commissioner

Government of India
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
'A' Wing, 7th floor, Nirman Bhavan,
New Delhi – 110 108

No.21/EFC/MA&TU/2006/TR 16th March, 2010

OFFICE MEMORANDUM

Subject : Marketing Assistance and Technology Upgradation Scheme in Micro, Small and Medium Enterprises Sector under the National Manufacturing Competitiveness Programme (NMCP).

1.0 Introduction

The Government has decided to implement the Marketing Assistance and Technology Upgradation Scheme in Micro, Small and Medium Enterprises (MSME) sector as part of National Manufacturing Competitiveness Programme (NMCP) during the 11th Plan Period. The objective of this scheme is to enhance MSME's competitiveness in the National as well as International market through various activities such as; (a) Technology Upgrdation in Packaging (b) Skill Development in Modern Marketing Techniques (c) Taking up Competition Studies (d)Assistance to MSMEs in participating the District/State Trade fair (e) Setting up Marketing hubs etc.

2.0 Major Activities under the scheme

The above objective of the scheme will be achieved through following activities.

2.1 **Technology Upgrdataion in Packaging**

(a) Awareness Programme on New Packaging Concepts and Technologies.

The primary objective of this activity is to facilitate and support MSMEs and Industry associations in raising awareness of technology upgradation in packaging and to build capacities about the modern packaging techniques.

Under the scheme, for organizing the awareness programme, the Government of India(GOI) financial support will be to the extent of 80% of the actual expenditure subject to a maximum of Rs. 40,000/- per programme. The balance amount is to be contributed by the participants, cluster association etc.

(b) Cluster based studies on packaging status.

The cluster based studies on packaging in identified clusters/product groups will focus on the gap analysis with reference to the existing packaging procedure vis-a-vis the modern packaging techniques necessary for the export market.

For conducting cluster-based studies on packaging status, the Government of India will provide financial support to the extent of 80% of the actual expenditure subject to a maximum of Rs.8.0 lakh per study. The balance amount is to be contributed by the participants, cluster association etc.

(c) Unit based intervention for specific packaging requirements in clusters.

After completion of the cluster/product based studies in item (b) above, the interventions recommended in the studies will be carried out through competent agencies in MSME units of these clusters.

Under this activity, GOI financial support will be to the extent of 80% of the actual expenditure subject to maximum of Rs.7.2 lakh for a group of 10 units. The balance amount is to be contributed by the participating units.

2.2 Skilled Upgradation / Development for Modern Marketing Techniques

Under this activity, the training for upgrading the skills of clusters / product group members on modern marketing techniques such as use of internet, e-mail, online marketing techniques, use of website for marketing, need for branding etc. will be given. Govt. of India financial support will be to the extent of 80% of the actual expenditure subject to maximum of Rs.4.8 lakh per cluster. The balance amount is to be contributed by the participants, cluster association etc.

2.3 Competition Studies

Under this activity, the products which are under threat by international competition due to marketing / branding strategy will be taken up for study. Government of India financial support will be to the extent of 80% of the actual expenditure, subject to maximum of Rs.6.4 lakh per study. The balance amount is to be contributed by the participants, clusters association etc.

2.4 Special components for North Eastern regions.

Under this activity, MSME manufacturing units of North Eastern regions will be motivated and assisted to participate in the exhibition (outside NE region) being organized by ITPO, NSIC, State Govt. and other competent organizations in different parts of the country to enable them to display their products and extend their customer base. The financial support will be to the extent of 80% expenditure against the admissible items under this activity i.e. pavilion, stall, space charges upto 6 sq. meter, to and fro actual fare by shortest distance / direct train/air travel (limited to AC-II tier) from the nearest Railway station / bus fare to place of exhibition for one person, transport charges for carrying the exhibits / products. The total reimbursement from GOI will be limited to Rs.75, 000/- per unit.

2.5 New Markets through State/District level local exhibitions/trade fairs

Under this activity, the MSME cluster/units will be encouraged to participate in State/District level local exhibitions / trade fairs.

AMB
16/3

The financial support will be to the extent of 50% of expenditure on admissible items under this activity i.e. charges for pavilion/stall / space 6 sq. meter, charges for to and fro actual fare by shortest distance/direct train (limited to AC-II tier) from the nearest Railway station/bus fare to place of exhibition for one person. For SC/ST/Women/Physically handicapped entrepreneurs, the assistance will be upto 80% of the expenditure for the items stated above. The total reimbursement will be maximum of Rs.30,000/- per unit for SC/ST women/Physically handicapped entrepreneurs while for other units, the maximum limit will be Rs.20,000/- per unit.

2.6 Corporate Governance Practices

Under this activity, MSMEs will be encouraged to adopt good corporate governance practices for improving their competitiveness, reducing operational factor, overcoming barriers to trade, successfully meeting the challenges of globalization and assessing lower cost of finance. GOI financial support will be to the extent of 50% of the actual expenditure subject to a maximum of Rs.45,000/- per unit. The admissible cost will cover the expenses towards the associated consultancy charges, expenditure on legal/statutory fee etc.

2.7 Setting up of Marketing Hub

In order to provide facilities for MSMEs of manufacturing sector for B2B meeting among MSMEs, wholesale and retail marketing of MSME products, exploring the export opportunities for the MSME products and to attract new customers, eight marketing hubs will be set up in the premises of MSME-Development Institute, which have substantial presence of prospective MSME clusters.

2.8 Reimbursement to ISO-18000/22000/27000 certification

In order to enhance the export and marketing potential, one time financial assistance will be provided to those MSME units which acquire ISO certification on food and safety, health and IT parameters. The Government of India will provide financial support to the extent of 75% of the actual expenditure subject to maximum of Rs.1 lakh in each case. The reimbursement of charges will be towards consultant fee, certification fee, training of MSME employees in ISO adoption etc. The amount of subsidy/financial support if already received from the State Government/financial institutions shall be adjusted against the admissible reimbursement.

3.0 Programme Management

A Screening-cum-Steering Committee (SSC) under the chairmanship of Additional Secretary and Development Commissioner (MSME), Government of India, will be formed for providing overall guidance and direction for the implementation of the scheme. The SSC will be responsible for approving the proposals for setting up of marketing hubs, approval of clusters, approval of sectors for taking up competition studies etc.

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3.1 The guidelines of the scheme has been approved by the competent authority and are enclosed. These guidelines are also available on the official website of the office of Development Commissioner (MSME) www.dcmsme.gov.in

(Abhay Bakre)
Joint Development Commissioner

Encl : Scheme guidelines

Copy for information to :-

1. Chief Secretary (States/UTs)
2. All Commissioner/Director of Industries (States/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi.
4. Secretary (MSME), Ministry of MSME, Udyog Bhavan, New Delhi.
5. Planning Commission (PAMD, VSE)
6. Member Secretary, NMCC, Vigyan Bhavan, New Delhi
7. AS&FA, M/o MSME, Udyog Bhavan, New Delhi
8. Chief Controller of Accounts, DIPP, Udyog Bhavan, New Delhi
9. Budget & Accounts Section, O/o the DC (MSME)
10. Members of Screening-cum-Steering Committee (SSC)
11. All Directors, MSME-DIs/MSME Testing Centres.
12. CMD, NSIC, NSIC Bhavan, Okhla Industrial estate, New Delhi- 110020
13. Internal Circulation in the O/o DC (MSME) as per standard list.

(Abhay Bakre)
Joint Development Commissioner

MICRO AND SMALL ENTERPRISES-
CLUSTER DEVELOPMENT PROGRAMME

BACKGROUND

1. The Ministry of Micro, Small & Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro & Small Enterprises (MSEs) and their collectives in the country. A cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area and producing same/similar products/services. The essential characteristics of enterprises in a cluster are:

   (a) Similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control, etc

   (b) Similar level of technology and marketing strategies/practices

   (c) Channels for communication among the members of the cluster

   (d) Common challenges and opportunities.

2. In October 2007, the erstwhile cluster development scheme 'Small Industries Cluster Development Programme (SICDP)' was renamed as 'Micro & Small Enterprises–Cluster Development Programme (MSE-CDP)'. It was also decided that the 'Integrated Infrastructural Development (IID)' Scheme shall be subsumed in MSE-CDP for providing developed sites for new enterprises and upgradation of existing industrial infrastructure. A comprehensive MSE-CDP is being administered by the office of the Development Commissioner (MSME), Ministry of MSME.

3. These guidelines for the Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) are issued in supersession of the previous guidelines relating to SICDP and IID schemes and encompass, *inter-alia*, the procedure and funding pattern for admissible activities, namely:

   (i) **Diagnostic Study Reports:** To map the business processes in the cluster and propose remedial measures, with a validated action plan.

   (ii) **Soft Interventions:** Technical assistance, capacity building, exposure visits, market development, trust building, etc. for the cluster units.

   (iii) **Detailed Project Report:** To prepare a technical feasible and financially viable project report for setting up of a common facility center for cluster of MSE units and/or infrastructure development project for new industrial estate/area or for upgradation of infrastructure in existing industrial estate/area/cluster.

   (iv) **Hard Intervention/Common Facility Centres (CFCs):** 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.

   (v) **Infrastructure Development:** Development of land, provision of water supply, drainage, power distribution, non-conventional sources of Energy for common captive use, construction of roads, common facilities such as First Aid Centre, Canteen, other need based infrastructural facilities in new industrial (multi-product) areas/estates or existing industrial areas/estates/clusters.

The projects sanctioned under erstwhile SICDP (renamed MSE-CDP) and Integrated Infrastructural Development (IID) schemes will also be eligible for financial support issued under the scheme as per earlier approvals.

4. Objectives of the Scheme

(i) To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.

(ii) To build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.

(iii) To create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs.

(iv) To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc).

5. Strategy and Approach

Given the diverse nature of the MSEs in terms of both geographical location and sectoral composition, the MSE-CDP scheme aims at addressing the needs of the industries, through well defined clusters and geographical areas. This will enable achieving the economies of scale in terms of deployment of resources as well as focusing on the specific needs of similar industries. The capacity building of associations, setting up of special purpose vehicles (SPVs), consortia, etc. which are integral part of the scheme would enable the MSEs to leverage their resources and also to have better access to public resources, linkages to credit and enhance their marketing competitiveness.

6. Diagnostic Study

The first and foremost activity in the cluster development process is to conduct a diagnostic study. The objective of conducting diagnostic study in a cluster is to map all the business processes of the cluster units viz. manufacturing processes, technology, marketing, quality control, testing, purchase, outsourcing, etc to find out its strengths, weaknesses, threats and opportunities (SWOT), problems and impediments, suggestions and a well-drawn action plan for enhancing competitiveness of the units of the cluster and to position the cluster on a self sustaining trajectory of growth. Diagnostic Study Report (DSR) is very important document and the study should be conducted with special attention. The Study should focus on enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation, etc. There has to be direct linkages between the problems highlighted in the report and the measures suggested for improvement.

(a) The DSR should preferably be prepared by the end users and other agencies should only facilitate in preparation of reports. In case the DSR is prepared by other expert agencies other than end users, these reports must be thoroughly discussed with and vetted by the end users and concerned State Government. Such agencies should have relevant expertise in cluster development.

(b) Specific needs of the cluster regarding IPRs, Technology Upgradation, Information and Communication Technologies (ICT), Enterprise Resource Planning (ERP), energy efficiency, lean manufacturing, technology benchmarking (international/national), market potential assessment, skill up-gradation/certification system, design development, comparative study with other clusters, twining of clusters, need to improve safety, health, business literacy, welfare of workforce by the enterprises and their common bodies, social upliftment, etc. should be examined and included in the DSR.

(c) GoI grant of maximum Rs 2.50 lakh will be provided for preparation of DSR for one cluster. For the field organizations of the Ministry of MSME, this financial support will be Rs 1.00 lakh. The cost includes the expenses towards visits to cluster, compilation of data, validation of action plan, hiring of consultant, special studies (if required), printing & stationery, etc. 50% of the amount sanctioned will be released after the approval. Balance 50% will be released only after acceptance of report.

(d) DSR for one cluster should be prepared within a period of 3 months, unless extended with the approval of Development Commissioner (MSME).

7. Soft Interventions

Soft activities under the programme would consist of activities which lead to creation of general awareness, counseling, motivation and trust building, exposure visits, market development including exports, participation in seminars, workshops and training programmes on technology upgradation, etc. These interventions bring about general attitudinal changes necessary to initiate improvement in the existing style of working of the MSEs in the cluster. It is necessary to prepare a Diagnostic Study Report (DSR) including validated action plan, performance indicators/milestones to evaluate the project, before undertaking Soft Interventions. Activities are undertaken as per approved action plan included in DSR.

(a) The critical mass in a cluster for effectively realising the demonstrative impact of soft interventions should be maximum but not less than 25 units participating in the cluster development activities. However, for difficult and backward regions and for special entrepreneur groups having a sizeable presence of Women/SC/ ST/Minorities, the critical mass could be 20.

(b) Maximum limit for project cost would be Rs 25.00 lakh per cluster. Indicative details of activities are given in **Annex-1**. GoI grant for the soft interventions will be 75% of the sanctioned amount of the project cost. For NE & Hill States, Clusters with more than 50% a) micro/ village, b) women owned, c) SC/ST units, the GoI grant will be 90%. The cost of project will be moderated as per size/turnover of the cluster.

(c) The share of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of Soft Interventions. State Government/other stakeholders contribution will be considered as gap funding.

(d) Funds will be released after getting commitment from the State Government/Implementing Agencies that required share of the cost of interventions in the cluster is contributed by the cluster actors and other institutions/stakeholders. Funds will be released in two/three installments depending upon the implementation plan, requirements of funds.

(e) The duration of soft interventions will be maximum 18 months, unless extended with the approval of Steering Committee.

8. Detailed Project Report (DPR)

A GoI grant of maximum Rs 5.00 lakh will be provided for preparation of a technical feasible and financially viable Project Report for setting up of a common facility centre for cluster of MSE units and/or infrastructure development Project for new industrial estate/area or for upgradation of existing infrastructure in existing industrial estate/ area/cluster. 50% of the amount sanctioned will be released after the approval. Balance 50% will be released only after acceptance of report.

(a) The DPR should include financial analysis like internal rate of return, break-even point, debt-service coverage ratio, sensitivity analysis, etc., using basic templates such as projected profit & loss account, projected balance sheet etc. The indicative format for preparation of DPR is given at Annex-2.

(b) DPR should be appraised by a bank (if bank financing is involved)/independent Technical Consultancy Organization/SIDBI.

9. Hard Interventions (Setting up of CFCs)

Hard Interventions under the programme will consist of creation of tangible "assets" as Common Facility Centres (CFCs) like Common Production/Processing Centre (for balancing/correcting/ improving production line that cannot be undertaken by individual units), Design Centres, Testing Facilities, Training Centre, R&D Centres, Effluent Treatment Plant, Marketing Display/Selling Centre, Common Logistics Centre, Common Raw Material Bank/Sales Depot, etc.

(a) The GoI grant will be restricted to 70% of the cost of project of maximum Rs 15.00 crore. GoI grant will be 90% for CFCs in NE & Hill States, Clusters with more than 50% a) micro/village, b) women owned, c) SC/ST units. The cost of project includes cost of Land (subject to max. of 25% of Project Cost), building, pre-operative expenses, preliminary expenses, machinery & equipment, miscellaneous fixed assets, support infrastructure such as water supply, electricity and margin money for working capital.

(b) The entire cost of land and building for CFC shall be met by SPV/State Government concerned. In case existing land and building is provided by stakeholders, the cost of land and building will be decided on the basis of valuation report prepared by an approved agency of Central/State Govt. Departments/FIs/Public Sector Banks. Cost of land and building may be taken towards contribution for the project. CFC can be set up in leased premises. However, the lease should be legally tenable and for a fairly long duration (say 15 years).

(c) It is necessary to form an SPV prior to setting up of and running the proposed CFC. An SPV is a clear legal entity (Cooperative Society, Registered Society, Trust or a Company) with evidence of prior experience of positive collaboration among its members. The SPV should have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility should be provided. In addition to the contributing members of the SPV, the organizers should obtain written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged. Bylaws of SPV should have provisions for CDE/CDA and one State Govt. official as members of the SPV.

(d) There should be a minimum of 20 MSE cluster units serving as members of the Special Purpose Vehicle (SPV). There is no ceiling on the maximum number of members. In special cases, where considerations of investments, technology or small size of the cluster warrant lesser number of units, a minimum of 10 MSE units may be considered for the SPV.

(e) The share of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of CFC. State Government contribution will be considered as gap funding. All the participating units should be independent in terms of their financial stakes and management. No single unit will hold more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV.

(f) Large mother manufacturing firms (whether in the public or private sector), other major buyers of the cluster MSE products, commercial machinery suppliers, raw material suppliers and business development service (BDS) providers will be eligible to contribute up to 49 per cent for SPV, provided management of SPV remains clearly with the intended beneficiary SPV. The SPV may also raise loans from banks to take care of any shortfall, expansion, etc. on the condition that the plant and machinery in the CFC purchased with Government assistance will not be hypothecated and the first right thereto will rest with the Government.

(g) Contribution by the SPV/State Government or the beneficiaries' share should be made upfront. Necessary infrastructure like land, building, water and power supply, etc must be in place or substantial progress should have been made in this regard before GoI assistance is released. Where bank finance is involved, written commitment of the bank concerned to release proportionate funds will also be necessary before release of GoI assistance.

(h) The CFC may be utilized by the SPV members and as also others in the cluster.

(i) The CFC should be operationslised within two years from the date of final approval, unless extended with the approval of Steering Committee.

(j) Escalation in the cost of project above the sanctioned amount, due to any reason, will be borne by the SPV/State Government. The Central Government shall not accept any financial liability arising out of operation of any CFC.

(k) User charges for services of CFC shall be close to prevailing market prices, as decided by the Governing Council of the SPV. The SPV members may be given reasonable preference in user charges.

(l) The CFC with cost higher than Rs 15.00 crore may also be considered under MSE-CDP. However, the GoI grant will be calculated with project cost ceiling of Rs 15.00 crore.

(m) Funds will be released in two/three instalments (after final approval) depending upon the implementation plan, requirements of funds.

(n) A Tripartite Agreement among the GoI, the State Government concerned and the SPV shall be signed for CFC projects. The format of the agreement is given at **Annex-3**.

(o) **Exhibition Centres by Associations of Women Entrepreneurs:** The GoI assistance shall also be available to Associations of Women Entrepreneurs for establishing exhibition centres at central places for display and sale of products of women owned micro & small enterprises @ 40% of the project cost. The GoI contribution will be towards furnishings, furniture, fittings, items of permanent display, miscellaneous assets like generators, etc.

10. Infrastructure Development

Infrastructure Development projects under the scheme will consist of projects for infrastructural facilities like power distribution network, water, telecommunication, drainage and pollution control facilities, roads, banks, raw materials, storage and marketing outlets, common service facilities and technological backup services for MSEs in the new/existing industrial estates/areas.

(a) The location of the Projects should be close to district / block / taluka headquarters or any other development projects with access to the following basic facilities :

(i) Proximity to railway stations / state highways to facilitate transport of raw material to, and finished material from the Project;

(ii) Availability of water supply and adequate source of power supply. The power position should be reflected in the detailed Project Report;

(iii) Telecommunication facilities;

(iv) The location selected should not create any ecological imbalance by disturbing environment; and

(v) The workers in the Project should not be made to travel for more than 8-10 kilometers from their dwelling places.

(b) The GoI grant will be restricted to 60% of the cost of project of Rs 10.00 crore. GoI grant will be 80% for projects in NE & Hill States, industrial areas/estates with more than 50% a) micro, b) women owned, c) SC/ST units. Details of components for new site development are given at **Annex-4**. For existing clusters, upgradation proposals will be based on actual requirements.

(c) The State/UT Governments will provide suitable land for the Projects. In estimated cost to set up a project under Infrastructure Development projects of Rs.10.00 crore (excluding cost of land), Central Government will provide grant-in-aid. The remaining amount may be loan from SIDBI/Banks/Financial Institutions or equity from State/UT Government. The State/UT Governments will meet the cost in excess of Rs.10.00 crore or any escalation in cost.

(d) The Project should be completed within two years from the date of final approval, unless extended with the approval of Steering Committee.

(e) Second/subsequent project in a district will be considered only if the sites developed in the earlier project(s) have been allotted.

(f) Funds will be released on reimbursement basis or on matching share basis (Implementing Agency will deposit its share in the dedicated bank account in the name of project and submit a bank certificate). 1st instalment may be limited to Rs. 2 crore only.

(g) State/UT Governments may constitute State Level Committees to coordinate and monitor the progress of implementation of the Projects, with representatives from O/o DC (MSME), SIDBI, Lead Bank, etc.

(h) Other Conditions:

(i) Construction of sheds/structures shall not be taken up under the scheme. Sheds/structures will be built by the entrepreneurs according to their needs.

ii) Suitable land endowed with infrastructural facilities like water, electricity, communication and nearness to *'mandis'* should be selected.

iii) There should be forward and backward linkages between agriculture and industry. Efforts should be made to use local resources-both men and material.

iv) Any change in the layout plân should be got approved by DC (MSME).

11. Implementation Agencies

Activity	Implementing Agency
Diagnostic study Soft Interventions Setting up of CFC	• Offices of the Ministry of MSME • Offices of State Governments • National and international institutions engaged in development of the MSE sector • Any other institution/agency approved by the Ministry of MSME
Infrastructure Development Projects	State/UT Governments through an appropriate state government agency with a good track record in implementing such projects

12. Project Approval

The proposals under the scheme will be considered for approval by the Steering Committee of the MSE-CDP. Constitution of the Steering Committee will be:

(i) Secretary (MSME) - Chairman

(ii) Additional Secretary & Development Commissioner (MSME)

(iii) Additional Secretary & Financial Adviser

(iv) Adviser (VSE), Planning Commission

(v) Joint Secretary, Ministry of MSME

(vi) Representative of SIDBI

(vii) ADC/JDC/Director - incharge of the scheme – Member-Secretary

(viii) Representative(s) of concerned Industry Association(s)

(ix) Special invitees (financial institutions, programme management service provider, representatives of appraisal agency etc.)

12.1 Proposals for DSR, DPR and Soft Interventions will be approved in one stage only.

12.2 Hard interventions (CFC) and infrastructure development projects will be approved in two stages: In-Principle Approval and Final Approval.

12.2.1 **In-Principle Approval:** All the proposals should be sent to the office of DC (MSME) through concerned state government. However, institutions of the Ministry of MSME may send proposals for soft interventions/DSR/DPR directly to the Office of DC (MSME). In case of infrastructure development projects/DPR thereof, State government will submit the proposal to the office of DC (MSME). Office of DC(MSME) may take assistance of Project Management Service Providers (PMS) for examining of the proposals before considering them for approval. In-Principle Approval shall be valid for a period of 6 months, and before that it is expected that the project would be ready for Final Approval. In case, final proposal is not received in 6 months, it will automatically lapse, unless it is specifically extended by the steering committee.

12.2.2 **Final Approval:** The projects which have been accorded In-Principle Approval, shall be accorded final approval on fulfilment of following conditions:

(i) Common Facility Center (CFC)

(a) Formation of SPV and Trust building. Role and functions of the SPV should be defined.

(b) Land procured and registered in the name of SPV

(c) Submission of appraised Detailed Project Report (DPR).

(d) Details of the share holding of the SPV

(e) Project Specific account in Schedule A bank

(ii) **Infrastructure Development Projects**

(a) Submission of appraised DPR with approved layout plan.

(b) Confirmation of availability of suitable land of the requisite size endowed with infrastructural facilities like water, electricity, communication etc. The land should be in possession in the name of the Implementing Agency (IA) with Clear Title and complying with Zoning regulations and non-agricultural conversion etc.

(c) Constitution of State Level Committee to coordinate and monitor the progress of implementation of the Projects

13. Programme Management Service Providers (PMS)

Considering the unorganized and micro / small scale nature of enterprises and the need for very extensive project development efforts, especially for industrially backward regions, office of the Development Commissioner (MSME) with the approval of the Steering Committee, may appoint competent Programme Management Service Providers (PMS) for facilitating formation of various proposals and their implementation. PMS would act as a link between the DC (MSME) and the industry/ state government and would help in efficient and speedy roll out of the Scheme. Office of the DC (MSME) will identify, select and prepare a panel of PMSs. The PMS shall report directly to the office of DC (MSME).

13.1 Service charges for the PMS shall be paid from within the approved budget outlay of the scheme.

13.2 The PMS will have the following responsibilities:

(a) Sensitisation and awareness creation about the scheme

(b) Identification of need for soft and hard interventions and formulation of suitable proposals

(c) Assist state governments/industry associations/groups of entrepreneurs/other stakeholder/agencies in conceptualizing projects and preparing comprehensive proposals / DPRs.

(d) Assisting the identified entrepreneurs in establishment and structuring the project specific SPV

(e) Assist office of the DC(MSME) in examining the proposals for 'in-principle' and 'final approval'.

(f) Assist SPVs in selection of agencies / experts for various services and in developing suitable operational framework for CFC

(g) Assist in periodical monitoring of the progress of the projects and disbursement of funds

(h) Provide need based advisory services to the office of the DC(MSME) and assist in strategy formulation for effective implementation of the scheme

14. Monitoring and Evaluation

14.1 The Development Commissioner (MSME) will be the apex body for coordinating and overseeing the progress of the projects.

14.2 In case of projects implemented by the State Governments, their autonomous bodies and SPVs, monitoring of the projects will be the responsibility of the State Governments concerned to ensure satisfactory and time-bound implementation of the activities. Each State Government will also be required to constitute a Project Steering Committee under the chairmanship of Secretary or Director of Industries and consisting of representatives of all stakeholders for this purpose.

14.3 In case of cluster development projects not covered as above, the office of the DC(MSME) will directly monitor the progress with the assistance of or through its field level offices.

15. Miscellaneous Provisions

15.1 **Monitoring and Management Expenses:** At present, interventions are being undertaken in more than 400 clusters. Project monitoring and management @ 2 % of the total budget outlay for the sanctioned funds will be utilized, mainly at the office of the DC(MSME) for

(i) Preparation of panels of PMS/ experts/ expert agencies for preparation of DSRs, DPRs, agencies involved in cluster development, etc

(ii) Development of customized software for data management, specialized reports and monitoring & evaluation

(iii) MSE-CDP related communication and stationery expenses

(iv) Travel/exposure visits of the cluster cell officials in the Office of the DC (MSME) for monitoring MSE-CDP activities

(v) Organizing of meetings including Steering Committee ones

(vi) Purchase of office automation equipment like photocopier, maintenance etc

(vii) Outsourcing of data management services

15.2 **National Level Miscellaneous Activities:** Activities (like organizing training/national workshops, publishing of cluster related material, preparation of study material, deputation of officers from headquarters, specials studies, etc.), setting up of and supporting Resource Centers, which are not part of cluster specific action plans, but are directly connected with the promotion of the scheme and duly approved by the Steering Committee subject to 5% of the total cluster development budget in a particular year, will also be permitted. Training will also be imparted to the Implementing Agencies, SPVs, and other stakeholders as and when required.

15.3 **Cluster Development Through International Agencies:** The interventions criteria/ proposal format for cluster development through International agencies like UNIDO, GTZ, DFID etc do not match with that of the MSE-CDP. However, sometimes it is required to join hand with such agencies with necessary international expertise for development of clusters on national/ regional level. Contribution for such programmes may be considered by the Steering Committee in relaxation

Annex-1

Proposed Budget (Indicative)* and Means of Finance for Soft Interventions
(Per Cluster Spread Over a Period of 18 Months) (Rs in Lakhs)

Sl. No.	Description	Max Estimated Expenditure	Means of Finance		
			GoI assistance	State Govt. &/or PSU Institutions	SPV/ Private Partners
1.	Trust building (organizing meetings, seminars for cluster actors) 4 meetings	0.80	upto 90%		
2.	Building awareness of various schemes of Ministry of MSME, other Ministries and Departments of State & Central Govt., other developmental agencies, Financial institutions, etc. (2 programmes)	0.80	upto 90%		
3.	Organizing training programmes/seminars/ workshops/study tours to other clusters/demonstration of technology/equipment, including expert fees, travel, lodging, boarding, etc. (Total upto 6 programmes @ Rs.1.00 lakh)	6.00	upto 80%		
4.	Capacity building (exposure visits, benchmarking, brochure preparation, web-site launching, initial recruitment cost, etc.)	1.00	upto 60%		
5.	Services of BDS providers, (Max 20 person-days @ Rs 7000/- per day + boarding/ lodging charges as per Group A officer's entitlement)	3.00	upto 90%		

6.	Participation in one foreign fair (for entrepreneurs in clusters). One fair per cluster	5.00	50%		
7.	Miscellaneous developmental costs (translation, publications-lumpsum)	1.50	upto 80%		
8.	In-house institutional Staff: (a) CDA (if required) -18 month @ Rs. 30,000 p.m.	5.40	upto 50%		
	(b) Local Organizer/NDA-18 month @ Rs.20,000 p.m.	3.60	upto 50%		
9.	Local travel in the cluster of the in-house staff and Telecommunications expenses (Rs 5000 per month)	0.90	100%		
10.	Local purchases (computer, telephone, fax-lump sum, year-wise), if required	0.75	100%		
11.	Participation of CDE/CDA/ cluster official along with entrepreneurs of the cluster. economy/ excursion fair + TA	1.25	100%		

Note: Maximum limit for project cost would be Rs 25.00 lakh per cluster. Overall funding pattern will be guided by the details given in para 7b.

- After approval of the action plan, changes in the sub-heads up to 25% of the approved amount within the total budget may be allowed with the permission of Director, MSME-DI/ DC (MSME).
- *All the activities mentioned above may not be required in all the clusters. Actual action plan and budget must be prepared on the basis of requirements of the cluster and in close liaison and consent of the cluster beneficiaries/users body.

Annex-2

Format of Detailed Proposal for CFC

1. **The Basic Details/Documentation**

(i) Name and location of the cluster

(ii) Nature of activity and products

(iii) Number and size (also in terms of installed capacity) of units

(iv) Scale of investment (also in terms of net fixed and important current assets)

(v) Value of output in the last 5 years (different enterprise segment - wise), including export output, if any

(vi) Projected performance of the cluster after proposed intervention (in terms of production, export/domestic sales and direct/indirect employment, etc.)

(vii) Diagnostic study/comparative advantage benchmark survey (main findings)

(viii) Information on nature of critical gaps identified (such as poor storage facility, poor testing and quality control facilities–item-wise cost estimates)

(ix) Implementation schedule; structuring of the SPV, such as copy of certificate of incorporation, articles of association and letter of agreement with stakeholders

(x) Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other-to be specified)

(xi) Project highlights–total cost of project, contribution from cluster enterprises/stakeholders, average contribution by individual enterprises, grant-in-aid under MSE-CDP, term loans, debt-equity ratio, repayment schedule and estimated debt service coverage ratio (DSCR), annual estimated income, expenditure, gross and net profit at expected/optimal levels of operations, break even (BE)/internal rate of return (IRR) calculations, payback period, etc.

(xii) In-principle sanction of loan from a bank, if applicable

(xiii) Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation

(xiv) CFC may be utilized by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilize at least 60 per cent of installed capacity.

2. **Elements of DPR**

2.1 Plant and machinery

(a) List of Plant and Machinery:

Sl. No.	Particulars of plant and machinery	No.	Power re-quirement (HP/KW)	F.O.R. Price (Rs)	Name of proposed suppliers	Delivery Schedule (month-wise)

Note: Add central sales tax, packing and forwarding charges (2%), transit insurance (1%), and freight (2%) to costs or actuals.
(b) Capacity of plant and machinery on single shift basis
(c) Production pattern

2.2 Annual requirement of raw materials and consumables at 100% capacity utilization

Sl. No.	Particulars of raw material	Specifications/ indigenous/ imported	Quantity required at full capacity	Unit price (Rs.)	Total value (Rs.)

2.3 Utilities and services at full capacity utilization

(a) Power for industrial purpose

Sl. No.	Particulars of the machinery	KW	No. of working hrs. per month	KW/month	Rs./KWH	Total

(b) Power requirement for commercial/domestic purpose

(c) Water

(d) Gas/Oil/ Other utilities

2.4 Site Development and civil construction

	Particulars	Quantity/Nos.	Rate	Cost
(i)	Cost of land			
(ii)	Development cost of land			
(iii)	Cost of compound wall			
(iv)	Cost of fabricated gates & grills			
(v)	Cost of shed			
(vi)	Cost of laboratory			
(vii)	Other RCC construction			
(ix)	Water tank/Overhead water tank			
	Total			

2.5 Organizational set up and manpower requirement

Sl. No.	Category/ Designation	No. of persons	Salary per month (Rs)	Total salary (PM)

Note: Add 25% towards fringe benefits and 5% annual increment

2.6 Project Cost

	Particulars of Cost	Amount (Rs.)
(i)	Land & site development	
(ii)	Building	
(iii)	Plant and machinery (cost of plant and machinery, 10% installation, electrification and commissioning)	
(iv)	Misc. fixed assets (fixture, furniture, fire fighting equipment, first aid equipment, back up power supply, etc.)	
(v)	Preliminary expenses (diagnostic study, DPR, legal & administrative expenses, telephone, stationery, etc.)	
(vi)	Pre-operative expenses (establishment, travel, interest on borrowings, committed charges during construction period, start-up expenses, etc.)	
(vii)	Provision for contingencies (2% building and 5% on plant and machinery)	
(viii)	Margin money for working capital	
	Total	

2.7 Means of Finance

Sl. No.	Agency	Amount (Rs. in lakh)	% of the Project Cost
1.	SPV		
2.	GoS		
3.	GoI		
4.	Bank Borrowings		
5.	Others		
	Total		

2.8 Working capital and margin money (actual capacity utilisation year wise)

Sl. No.	Particulars	No. of months	Margin	as per capacity utilisation		
				1st year	2nd Year	3rd year
1.	Raw material and consumables					
2.	Utilities	1				
3	Working expenses (salary of man-power)	1				
4.	Works in process (cost of raw material, utility and salary on actuals)					
5.	Stock of finished goods (cost of raw material, utility, salary, factory over-heads on actuals)					
6.	Bills receivables (Sales value)					
	Total					

2.9 Cost of production (Projection for 10 years of operation in tabular form)

(i) Raw materials and consumables

(ii) Utilities

(iii) Wages and salary

(iv) Repairs and maintenance

(v) Insurance

(vi) Administrative and factory overheads

(vii) Selling expenses

2.10 Estimation of profitability (projections for 10 years of operation in tabular form)

(i) Installed capacity

(ii) Number of working days (single shift basis)

(iii) Capacity utilization

(iv) Production (in single unit)

(v) Sales realisation

(vi) Cost of production

(vii) Gross profit [(v)-(vi)]

(viii) Financial expenses

(a) Interest on bank borrowing

(ix) Depreciation on written down value method (as per separate schedule to be attached for different categories of fixed assets)

(x) Preparatory expenses not written off

(xi) Operating profit [(vii) – {(viii) + (ix) + (x)}]

(xii) Tax vide separate schedule

(xiii) Profit after tax [(xi) – (xii)]

(xiv) Available surplus [(xiii) + (ix)]

2.11 Cash flow statement (projections for 10 years in tabular form)

(A) Sources of fund:

- (a) Gross profit less depreciation
- (b) Term loan
- (c) Subsidy/Grant
- (d) Promoter's contribution
- (e) Increase in bank borrowings
- (f) Depreciation

(B) Disposal of funds:

- (a) Preliminary & pre-operative expenses
- (b) Capital expenditure
- (c) Increase in working capital
- (d) Interest on term loan
- (e) Interest on bank borrowings
- (f) Decrease in term loan
- (g) Taxes

(C) Opening balance of cash in hand or at bank [sum total of {(A)-(B)}]

(D) Net surplus/Deficit

(E) Closing balance of cash in hand or at bank

2.12 Debt Service Coverage Ratio (Projections for 10 years)

$$\text{DSCR} = \frac{\text{Net Profit} + \text{Interest (TL)} + \text{Depreciation}}{\text{installment (TL)} + \text{Interest (TL)}}$$

2.13 Balance Sheet & P/L Account (Projection for 10 Years)

2.14 $$\text{Break-Even Point} = \frac{\text{Fixed Cost}}{\text{Contribution (Sales - Variable Cost)}}$$

3. **Commercial Viability**

Following financial appraisal tools will be employed for assessing commercial viability of the project:

(i) **Return on Capital Employed (ROCE):** The total return generated by the project over its entire projected life will be averaged to find out the average yearly return. The simple acceptance rule for the investment is that the return (incorporating benefit of grant-in-aid assistance) is sufficiently larger than the interest on capital employed. Return in excess of 25% is desirable.

(ii) **Debt Service Coverage Ratio :** Acceptance rule will be cumulative DSCR of 3:1 during repayment period.

(iii) **Break-Even (BE) Analysis:** Break-even point should be below 60 per cent of the installed capacity.

(iv) **Sensitivity Analysis:** Sensitivity analysis will be pursued for all the major financial parameters/indicators in terms of a 5-10 per cent drop in user charges or fall in capacity utilization by 10-20 per cent.

(v) **Net Present Value (NPV):** Net Present Value of the project needs to be positive and the Internal Rate of return (IRR) should be above 10 per cent. The rate of discount to be adopted for estimation of NPV will be 10 per cent. The project life may be considered to be a maximum of 10 years. The life of the project to be considered for this purpose needs to be supported by recommendation of a technical expert/institution.

Annex-3

Format for Tripartite Agreement among Special Purpose Vehicle (SPV), State Government and Government of India under MSE-CDP

This agreement is made at .... on this the ....th day of .... 20.... between (1) the President of India, acting through and represented by Joint Development Commissioner /Director in the Office of the Development Commissioner (MSME), the Ministry of Micro, Small & Medium Enterprises (MSME), New Delhi (hereinafter referred to as the 'GoI'), (2) Governor/Lt. Governor of the State/Union Territory of .... acting through and represented by Secretary (Industries), State/UT Government of .... (hereinafter referred to as the 'GoS') and (3)................ Special Purpose Vehicle (SPV) having its registered office at......... represented by its Managing Director/Chief Executive Officer (hereinafter referred to as the 'SPV').

WHEREAS the GoI has introduced a scheme named as 'Micro & Small Enterprises–Cluster Development Programme (MSE-CDP)" with the objective of capacity building of micro and small enterprises (including small scale service and business entities) and their collectives in the country;

AND WHEREAS the SPV has been created and constituted as a partnership firm/trust/ society/co-operative society/company, inter alia, to create, establish, run and maintain a Common Facility Centre at ....(the CFC) for the use and benefit of its members and of other units engaged or coming up in the same industry, trade or vocation in the ....of ....(the Cluster);

AND WHEREAS the SPV has submitted a project for approval of the GoI under the MSE-CDP;

AND WHEREAS the GoI has approved the project submitted by the SPV subject to the conditions mentioned in the sanction letter No............... dated .... (or to be issued) which shall be deemed to be a part of this Agreement and the GoS has also agreed to contribute towards the cost of establishment of the CFC;

AND WHEREAS for binding the Parties to their respective obligations and to ensure long term use of the CFC by the enterprises in the Cluster, the Parties are desirous to enter into an agreement;

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The SPV shall set up the CFC at............... on a piece of land to be provided by it free of all encumbrances and charges.

2. The SPV shall contribute to the cost of establishment of the CFC from its resources to the extent and in the form as laid down in the Sanction Letter.

3. The GoI and the GoS shall, on satisfactory proof of the contribution by the SPV, make their respective contributions towards the cost of establishment of the CFC, at such time, in such manner and to such extent as laid down in the Sanction Letter.

4. The establishment of the CFC, including civil works, if any, shall be completed by the SPV within one year of the receipt of the Sanction Letter, or such extended time as the GoI may, on its satisfaction as to the reasons of delay, grant.

5. The SPV shall be exclusively responsible for the day-to-day running of the CFC. The aim of running the CFC shall be to provide common services to the enterprises in the Cluster at affordable cost as well as to generate enough income to meet all its running expenditure, depreciation and provision for replacement/expansion of capital assets. However, any shortfall or excess of income over expenses shall be kept or borne by the SPV only.

6. The disbursement of funds by the GoI will be made only after the upfront contribution to be made by the SPV, the State Government or the beneficiaries.

7. Further, the SPV/implementing agency will ensure that necessary infrastructure like provisioning of land and building including water and power supply for CFC is completed before they approach GoI for release of its share.

8. Pending utilization of GoI grant, the funds will be parked in a separate dedicated account created for this purpose. Interest accrued, if any, on unutilized fund shall be adjusted against future disbursement under the scheme.

9. GoI will reserve the right to carry out physical verification of the assets acquired with the funds or initiate any other enquiry as it may deem fit to satisfy the competent authority with regard to the proper utilization of the funds released.

10. The SPV shall furnish utilization certificates for amounts released as grant-in-aid duly verified by the statutory auditors.

11. The GoS will act as a facilitator to supervise and evaluate the progress of the project separately. The GoS will also inform the GoI about the status of the establishment or running of CFC and shall also report to the GoI for any discrepancies in its management or otherwise.

12. All plant, machinery, fixtures or equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be the exclusive property of the GoS, though in the custody and use of the SPV.

13. The SPV shall, at its own cost, insure and keep insured all the plant, machinery, fixtures and equipment of the CFC for a minimum period of 10 years. In case of loss of or damage to such plant, machinery, fixtures and equipment, etc., the insurance monies shall be payable to the GoS.

14. The SPV shall observe all the conditions and stipulations of the Sanction Letter.

15. The management of the SPV and the operation of the CFC shall be in accordance with the GoI Guidelines dated ...., which shall be deemed to be a part of this Agreement.

16. The SPV shall keep all monies not immediately required in interest bearing deposits with any Scheduled Bank in India.

17. In the event of any liquidation or bankruptcy proceedings or any threatened distress action against the SPV or any of its assets all plant, machinery, fixtures and equipment procured for the purpose of the CFC out of or with the support of the GoI or GoS grant shall be outside such proceedings and the GoI may assume the control and management of the SPV and appoint any of its officer

or officer of the GoS or any semi-government or non-government body to run the CFC.

18. The SPV represents and warrants:

A. That it has been duly constituted under the law as applicable and has full authority to enter into this Agreement.

B. That this agreement is binding upon it in all its provisions.

C. That it shall work on mutual co-operation basis on sound managerial and business principles and no managerial changes shall be made which may adversely affect the smooth functioning of the CFC.

D. That it shall keep all the plant, machinery, fixtures and equipment in good working order and shall undertake all preventive and remedial maintenance and upkeep and maintain insurance.

E. That the plant, machinery, fixtures and equipment procured out of or with support of the GoI and GoS grant, is the property of GoS and the SPV shall not sell, hypothecate, mortgage, charge or create any encumbrances against the said plant, machinery, fixtures and equipment or any part of it in favour of any person, for any reason or transaction.

F. That the SPV shall follow the directions of the GoI and GoS, as may be issued from time to time for better management of the SPV or the better running of the CFC.

G. That the SPV acknowledges that the MSE-CDP provides for only one time grant towards capital cost of establishing the CFC and no subsidy/grant/assistance is envisaged for the recurring expenses or for replacement, renovation or expansion of the capital assets.

H. In the event it is found that the SPV has not utilized the amount of grant, or any part of it, for the setting up of the CFC or has subsequently sold or otherwise disposed off any of the assets of the CFC acquired out of the grant, the GoI, without prejudice to any other rights, shall be entitled to recover the amount of loss as arrears of land revenue from the SPV and / or persons connected with its management jointly and severally.

19. In case of any disputes or differences arising from, in relation to or in connection with this Agreement and not otherwise provided for in the succeeding clause, shall be settled by arbitration through reference to a sole arbitrator nominated by the Secretary, Department of Legal Affairs, Government of India, New Delhi (the Law Secretary). The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceedings. Courts in Delhi shall have exclusive jurisdiction in all the matters.

20. In case of violation of the stipulated conditions or non observance of the Sanction Letter or the GoI Guidelines by the SPV which is not cured within 15 days of issue of notice by the GoI, the GoI in consultation with the GoS, may, for such time as it may think proper, assume the management of the SPV or delegate the same to the GoS, or a semi-government or non-government body, to assure proper functioning of the CFC. The decision of GoI in this regard will be final. In such event the SPV shall have no claims for any investment made in the CFC or its management.

21. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.

22 Failure or delay on the part of GoI in insisting upon strict performance by the SPV or in taking action against the SPV, or grant of time or any other indulgence by the GoI, shall not be deemed to be waiver of any breach nor waiver on any occasion of breach shall be deemed to be a waiver for other occasions or other breaches.

23. No amendment to this agreement shall be valid unless expressed in writing and duly signed by all the Parties.

24. This agreement does not constitute any partnership of the GoI or the GoS with the SPV and the GoI and the GoS shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim made by any person in respect of the working of the CFC.

1) Government of India, Represented by Shri.........

2) State/UT Government, Represented by Shri.......

3) Special Purpose Vehicle Represented by Shri.......

Annex-4

Details of Project Cost for Infrastructure Development for New Sites

Sr No.		Items	Rs. in lakhs	
1.	Land Development and Other Overhead Infrastructure			
	(i)	Cost of land filling/leveling including boundary Wall / fencing	100	
	(ii)	Cost of laying roads	200	
	(iii)	Road side greenery & social forestry	10	
	(iv)	Water supply including overhead tanks, and pump houses	110	
	(v)	Water harvesting	10	
	(vi)	Drainage	60	
	(vii)	Power (Sub-Station and distribution network including Street light etc), Generation of non-conventional energy	250	
	(viii)	Others (Sanitary Conveniences etc.)	10	
	Sub Total			750
2.	Administrative and Other Services Complex			
	(i)	Administrative Office Building	20	
	(ii)	Telecommunication /Cyber Centre/ Documentation Centre	20	
	(iii)	Conference Hall/ Exhibition centre)	30	
	(iv)	Bank/ Post Office	20	
	(v)	Raw material storage facility, Marketing outlets	40	
	(vi)	First Aid Centre, Crèche, Canteen facilities	20	
		Sub Total		150
3.		Effluent Treatment Facilities		80
4.		Contingencies & Pre-operative expenses		20
		GRAND TOTAL		1,000

(To be published in the Gazette of India, Part-I, Section 1)

Government of India
Office of the Development Commissioner (Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
'A' Wing, Nirman Bhawan
New Delhi, the 10th February 2010

NOTIFICATION

No. 1(17)/SICDP/Cluster/TM/2006 – The Central Government has approved Modifications in the Guidelines of Micro & Small Enterprises – Cluster Development Programme (MSE-CDP). The scheme will continue to be implemented at a total outlay of Rs.303.63 crore during 11th Five Year Plan. The scheme aims at enhancing the competitiveness and productivity of Micro & Small Enterprises by undertaking soft interventions (Technical assistance, capacity building, exposure visits, market development, trust building, etc), Hard Intervention [setting up of Common Facility Centers (CFCs) for Testing, Design Centre, Production Centre, Effluent Treatment Plant, Training Centre, R&D Centre, Raw Material Bank/Sales Depot, Product Display Centre, Information Centre, etc] 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, common facilities such as First Aid Centre, Canteen, etc).

2. The details of the scheme and modified guidelines are available on the official website of the office of DC(MSME) i.e. www.dcmsme.gov.in.

Hukum 10/2/2010
(Hukum Singh Meena)
Joint Development Commissioner

The Manager,
Government of India Press
(Bharat Sarkar Press), FARIDABAD

Copy for information to: -

1. Chief Secretary (States/UTs)
2. All Commissioner/Directors of Industries (States/UTs)
3. Members of the Steering Committee of MSE-CDP
4. Secretary, Department of Expenditure, North Block, New Delhi
5. Planning Commission (PAMD, VSE)
6. AS&FA, IF Wing (Fin I), M/o MSME, Udyog Bhawan
7. Chief Controller of Accounts, DIPP, Udyog Bhawan
8. Budget & Accounts Section, O/o DC(MSME)
9. All Directors, MSME-DIs / Director, MSME Testing Centres/ All Branch MSME-DIs
10. Internal Circulation in the O/o DC(MSME) as per standard list.

Hukum 10/2/2010
(Hukum Singh Meena)
Joint Development Commissioner

No. 1(17)/SICDP/Cluster/TM/2006
Office of the Development Commissioner (MSME)
Cluster Development Division

Nirman Bhawan
New Delhi dated 10^{th} February 2010

Office Memorandum

Sub : Modification in the Guidelines of Micro & Small Enterprises – Cluster Development Programme (MSE-CDP)

The Government has approved modifications in the Guidelines of Micro and Small Enterprises – Cluster Development Programme. The modified guidelines are in supersession of the guidelines issued vide TM/UND/2005 dated 14^{th} March 2006 for cluster development and 2(1)/90-Plg. dated 7^{th} March 1994 for infrastructure development, including subsequent clarifications/orders in these regards.

2 **Objectives of the Scheme**

(i) To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.

(ii) To build capacity of MSEs for common supportive action through formation of self help groups, consortia, upgradation of associations, etc.

(iii) To create/upgrade infrastructural facilities in the new/existing industrial areas/ clusters of MSEs.

(iv) To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, complementing production processes, etc).

3 **Diagnostic Study:** Government of India (GoI) grant of maximum Rs 2.50 lakh will be provided for preparation of Diagnostic Study Report (DSR) for one cluster. For the field organizations of the Ministry of MSME, this financial support will be Rs 1.00 lakh.

4 **Soft Interventions**: Maximum limit for project cost would be Rs 25.00 lakh per cluster. GoI grant will be 75% of the sanctioned amount of the project cost. For NE & Hill States, Clusters with more than 50% (a) micro/ village (b) women owned (c) SC/ST units, the GoI grant will be 90%. The cost of project will be moderated as per size/ turnover of the cluster. The share of the cluster beneficiaries should be as high as possible but not less than 10 per cent of the total cost of Soft Interventions. The duration of soft interventions will be maximum 18 months.

5 **Detailed Project Report (DPR):** A GoI grant of maximum Rs 5.00 lakh will be provided fof preparation of a technical feasible and financially viable project report for setting up of a common facility center for cluster of MSE units and/or infrastructure development project for new industrial estate/ area or for upgradation of existing infrastructure in existing industrial estate/ area/cluster. 50% of the amount sanctioned will be released after the approval. Balance 50% will be released only after acceptance of report. DPR should be appraised by a bank (if bank financing is involved)/independent Technical Consultancy Organization/ SIDBI.

6 **Hard Interventions** [setting up of Common Facility Centers (CFCs)]: The GoI grant will be restricted to 70% of the cost of project of maximum Rs 15.00 crore. GoI grant will be 90% for CFCs in NE & Hill States, Clusters with more than 50% (a) micro/ village (b) women owned (c) SC/ST units. There should be a minimum of 20 MSE cluster units serving as members of the Special Purpose Vehicle (SPV) for the CFC. In special cases, where considerations of investments, technology or small size of the cluster warrant lesser number of units, a minimum of 10 MSE units may be considered for the SPV.

7 **Infrastructure Development**: The GoI grant will be restricted to 60% of the cost of project of Rs 10:00 crore. GoI grant will be 80% for projects in NE & Hill States, industrial areas/ estates with more than 50% (a) micro (b) women owned (c) SC/ST units.

8 **Implementation Agencies:** Following departments/agencies will be eligible for implementation of the scheme.

Activity	Implementing Agency
Diagnostic study Soft Interventions Setting up of CFC	• Offices of the Ministry of MSME • Offices of State Governments • National and international institutions engaged in development of the MSE sector. • Any other institution/agency approved by the Ministry of MSME
Infrastructure Development projects	State/UT Governments through an appropriate state government agency with a good track record in implementing such projects.

9 **Project Approval:** The proposals under the scheme will be considered for approval by the Steering Committee of the MSE-CDP. Constitution of the Steering Committee will be:

(i) Secretary (MSME) - Chairman
(ii) Additional Secretary & Development Commissioner (MSME)
(iii) Additional Secretary & Financial Adviser
(iv) Adviser (VSE), Planning Commission
(v) Joint Secretary, Ministry of MSME
(vi) Representative of SIDBI
(vii) Additional Development Commissioner/ Joint Development Commissioner / Director – Incharge of the scheme – Member Secretary
(viii) Representative(s) of concerned Industry Association(s)
(ix) Special invitees (financial institutions, programme management service provider, Representative of appraisal agency etc.)

9.1 Hard interventions (CFC) and infrastructure development projects will be approved in two stages: In-principle approval and final approval.

9.1.1 **In-principle approval:** All the proposals should be sent to the office of DC (MSME) through concerned state government. However, institutions of the Ministry of MSME may send proposals for soft interventions/ DSR/DPR directly to the Office of DC (MSME). In case of infrastructure development projects, State government will submit the proposal to the office of DC (MSME). In-principle approval shall be valid for a period of 6 months, and before that it is expected that the project would be ready for final approval.

9.1.2 **Final Approval:** The projects which have been accorded in-principle approval, shall be accorded final approval on fulfillment of following conditions:

(i) **Common Facility Center (CFC)**

(a) Formation of SPV and Trust building. Role and functions of the SPV should be defined.
(b) Land procured and registered in the name of SPV
(c) Submission of appraised Detailed Project Report (DPR).
(d) Details of the share holding of the SPV
(e) Project Specific account in Schedule A bank

(ii) **Infrastructure Development Projects**

(a) Submission of appraised DPR with approved layout plan.
(b) Confirmation of availability of suitable land of the requisite size endowed with infrastructural facilities like water, electricity, communication etc. The land should be in possession in the name of the Implementing Agency (IA) with Clear Title and complying with Zoning regulations and non-agricultural conversion etc
(c) Constitution of State Level Committee to coordinate and monitor the progress of implementation of the Projects

10 Monitoring and Management Expenses @ 2 % of the total budget outlay for the sanctioned funds will be utilized, mainly at the office of DC (MSME) for

(i) Preparation of panels of PMS/ experts/ expert agencies for preparation of DSRs, DPRs, agencies involved in cluster development, etc
(ii) Development of customized software for data management, specialized reports and monitoring & evaluation
(iii) MSE-CDP related communication and stationery expenses
(iv) Travel/ exposure visits of the cluster cell officials in the Office of DC (MSME) for monitoring MSE-CDP activities
(v) Organizing of meetings including steering committee ones
(vi) Purchase of office automation equipment like photocopier, maintenance etc
(vii) Outsourcing of data management services

11 **National Level Miscellaneous Activities:** Activities (like organizing training/ national workshops, publishing of cluster related material, preparation of study material, deputation of officers from headquarters, specials studies, etc.), setting up of and supporting Resource Centers, which are not part of cluster specific action plans, but are directly connected with the promotion of the scheme and duly approved by the Steering Committee subject to 5% of the total cluster development budget in a particular year, will also be permitted. Training will also be imparted to the Implementing Agencies, SPVs, and other stakeholders as and when required.

12 **Cluster development through International Agencies:** Contribution for joint cluster development programmes through International agencies like UNIDO, GTZ, DFID etc may be considered by the Steering Committee in relaxation of the prescribed norms.

13 The existing approved proposals for cluster development and infrastructure development projects will continue to be supported as per original approval / sanction. All future proposals should be sent in accordance with the modified guidelines.

14 **Guidelines for the Scheme:** The modified guidelines for the scheme are enclosed, and are also available on the website of DC(MSME) www.dcmsme.gov.in.

Hukum C
(Hukum Singh Meena) 1/2/2012
Joint Development Commissioner
011-23062694

Copy to –

1. The Cabinet Secretariat, Rashtrapati Bhawan
2. All Ministries/ Departments of the Central Govenment
3. Chief Secretary (States/UTs)
4. AS&FA, IF Wing (Fin I), D/o IPP, Ministry of Commerce & Industry
5. Joint Secretary to Govt of India, Ministry of MSME, Udyog Bhawan
6. CEO, KVIC
7. Chairman, NSIC
8. CMD, SIDBI
9. Joint Secretary to Govt of India, DIPP, Ministry of Commerce & Industry
10. All Directors, MSME-DIs / Director, MSME Testing Centres/ All Branch MSME-DIs
11. Principle Directors (All Autonomous Bodies under DC-MSME)
12. Director General, nimsme, Hyderabad
13. Director, EDII, Ahmedabad
14. Executive Director, NIESBUD
15. IIE, Guwahati
16. Chairman, Coir Board
17. Chairman/President, National Level Industry Associations
18. Chairman/President, State Level Industry Associations
19. PS to Minister (MSME)
20. PPS to Secretary (MSME)
21. PS to AS&DC (MSME)

Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Micro and Small Enterprises (SMEs)

1. Background

1.1 The Ministry of Micro, Small & Medium Enterprises (MSME) is operating a scheme for technology upgradation of Micro and Small Enterprises (MSEs) called the Credit Linked Capital Subsidy Scheme (CLCSS). The Scheme aims at facilitating technology upgradation by providing upfront capital subsidy to MSE units, including tiny, Khadi, Village and Coir Industrial units, on institutional finance (credit) availed of by them for modernisation of their production equipment (plant and machinery) and technology.

1.2 Due to insufficient investment and lack of awareness of both the quality standards and access to modern technologies, a large percentage of MSE units continue with outdated technology and plant & machinery. With increasing competition due to globalisation of the economy, the survival and growth of the MSE units are critically dependent on their modernisation and technological upgradation. Upgradation of both the process of manufacture and corresponding plant and machinery is necessary for the small enterprises to improve quality of product, to reduce the cost of production and to remain price competitive at a time when cheaper products are easily available in the global market.

1.3 After considering various issues raised by stakeholders, the relevant features of CLCSS are amended as follows :

(a). the ceiling on loans under the Scheme has been raised from 40 lacs to Rs.1.00 crore.
(b). the rate of subsidy is raised from 12% to15 per cent;
(c). the admissible capital subsidy is to be calculated with reference to the purchase price of plant and machinery, instead of the term loan disbursed to the beneficiary unit;
(d). the practice of categorisation of MSE units in different slabs on the basis of their present investment for determining the eligible subsidy has been done.

The above amendments are effective from September 29, 2005.

2. Objective

2.1 The revised scheme aims at facilitating technology upgradation by providing 15 per cent upfront capital subsidy with effect from the 29 th September, 2005 (12 per cent prior to 29.09.2005) to MSE units, including tiny, khadi, village and coir industrial units (hereinafter referred to as MSE units), on institutional finance availed of by them for induction of well established and improved technologies in the specified sub-sectors / products approved under the scheme.

3. **Scope of the Scheme**

3.1 The scheme would cover the following technology needs / products/sub - sectors:

i) Bio-tech Industry
ii) Common Effluent Treatment Plant
iii) Corrugated Boxes
iv) Drugs and Pharmaceuticals
v) Dyes and Intermediates
vi) Industry based on Medicinal and Aromatic plants
vii) Plastic Moulded/ Extruded Products and Parts/ Components
viii) Rubber Processing including Cycle/ Rickshaw Tyres
ix) Food Processing (including Ice Cream manufacturing)
x) Poultry Hatchery & Cattle Feed Industry
xi) Dimensional Stone Industry (excluding Quarrying and Mining)
xii) Glass and Ceramic Items including Tiles
xiii) Leather and Leather Products including Footwear and Garments
xiv) Electronic equipment viz test, measuring and assembly/ manufacturing, Industrial process control; Analytical, Medical, Electronic Consumer & Communication equipment etc.
xv) Fans & Motors Industry
xvi) General Light Service(GLS) lamps
xvii) Information Technology (Hardware)
xviii) Mineral Filled Sheathed Heating Elements
xix) Transformer/ Electrical Stampings/ Laminations /Coils/Chokes including Solenoid coils
xx) Wires & Cable Industry
xxi) Auto Parts and Components
xxii) Bicycle Parts
xxiii) Combustion Devices/ Appliances
xxiv) Forging & Hand Tools
xxv) Foundries – Steel and Cast Iron
xxvi) General Engineering Works
xxvii) Gold Plating and Jewellery
xxviii) Locks
xxix) Steel Furniture
xxx) Toys
xxxi) Non-Ferrous Foundry
xxxii) Sport Goods
xxxiii) Cosmetics
xxxiv) Readymade Garments
xxxv) Wooden Furniture

xxxvi) Mineral Water Bottle
xxxvii) Paints, Varnishes, Alkyds and Alkyd products
xxxviii) Agricultural Implements and Post Harvest Equipment
xxxix Beneficiation of Graphite and Phosphate
xxxx) Khadi and Village Industries
xxxxi) Coir and Coir Products
xxxxii) Steel Re-rolling and /or Pencil Ingot making Industries
xxxxiii) Zinc Sulphate
xxxxiv) Welding Electrodes
xxxxv) Sewing Machine Industry

A list of well Established and Improved Technologies is available at www.dcmsme.gov.in. The cost of plant and machinery mentioned there is only indicative. Actual cost may be taken for the purpose of calculation of subsidy.

3.2As the Scheme progresses, the list of products / sub-sectors may be expanded by inducting new technologies / products / sub-sectors with the approval of the Competent Authority, i.e. the Governing and Technology Approval Board (GTAB) / Technical Sub-Committee(TSC) of the CLCSS.

4. **Nodal Agencies**

4.1 The Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) will continue to act as the Nodal Agencies for the implementation of this scheme.

4.2 As decided in the 5 th meeting of the Governing and Technology Approval Board (GTAB) of the Credit Linked Capital Subsidy Scheme (CLCSS) held on February 17, 2006 the following nine Public Sector Banks/ Government Agencies have also been inducted as nodal banks/agencies for implementation and release of capital subsidy under the CLCSS:

S. No.	Name of Bank/Agencies
1.	State Bank of India
2.	Canara Bank
3.	Bank of Baroda
4.	Punjab National Bank
5.	Bank of India
6.	Andhra Bank
7.	State Bank of Bikaner & Jaipur
8.	Tamil Nadu Industrial Investment Corporation
9.	The National Small Industries Corporation Ltd.

4.3 The inclusion of above-mentioned nodal banks/agencies will be in addition to the existing nodal agencies, namely, the Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD) under the CLCSS. These nodal banks/ agencies would consider proposals only in respect of credit approved by their respective branches, whereas, for other Primary Lending Institutions (PLI), the SIDBI and the NABARD would continue to be the nodal agencies for release of subsidy under this scheme.

4.4 The cut-off date for implementing the above decision is **April 04, 2006** . No proposals after this cut off date will be sent to the SIDBI or the NABARD, as the case may be, by these banks/agencies and the new nodal banks/agencies would start processing proposals directly after this cut-off date for release of subsidy under the CLCSS.

4.5 Other modalities for implementing the above decision will remain the same as are currently in practice in the case of the SIDBI and the NABARD.

5. **Eligible Primary Lending Institutions (PLI)**

5.1 All Scheduled Commercial Banks , Scheduled Cooperative Banks [including the urban cooperative banks co-opted by the SIDBI under the Technological Upgradation Fund Scheme(TUFS) of the Ministry of Textiles], Regional Rural Banks (RRBs), State Financial Corporations (SFCs) and North Eastern Development Financial Institution (NEDFi) are eligible as PLI under this scheme after they execute a General Agreement (GA) with any of the nodal agencies, i.e., the Small Industries Development Bank of India (SIDBI) and National Bank for Agriculture and Rural Development (NABARD).

5.2 Details of eligible Scheduled Commercial Banks, SFC, Cooperative Banks [including urban cooperative banks co-opted by the SIDBI under the Technological Upgradation Fund Scheme(TUFS) of the Ministry of Textiles]/ and RRBs under this scheme are provided at **Appendix I.**

6. **Eligible Beneficiaries**

6.1 The eligible beneficiaries include sole Proprietorships, Partnerships, Co-operative societies, Private and Public limited companies in the SSI sector. Priority shall be given to Women entrepreneurs.

7. **Types of units to be covered under the Scheme**

i). Existing SSI units registered with the State Directorate of Industries, which upgrade their existing plant and machinery with the state- of -the -art technology, with or without expansion.

ii). New SSI units which are registered with the State Directorate of Industries and which have set up their facilities only with the appropriate eligible and proven technology duly approved by the GTAB/TSC.

8. **Eligibility Criteria**

i). Capital subsidy at the revised rate of 15 per cent of the eligible investment in plant and machinery under the Scheme shall be available only for such projects, where terms loans have been sanctioned by the eligible PLI **on or after September 29, 2005 .**Machinery purchased under Hire Purchase Scheme of the NSIC are also eligible for subsidy under this Scheme .

ii). Industry graduating from small scale to medium scale on account of sanction of additional loan under CLCSS shall be eligible for assistance.

iii). Eligibility for capital subsidy under the Scheme is not linked to any refinance Scheme of the Nodal Agency (ies). Hence, it is not necessary that the PLI will have to seek refinance in respect of the term loans sanctioned by them from any of the refinancing Nodal Agencies.

iv). Labour intensive and/or export oriented new sectors/ activities will be considered for inclusion under the scheme.

9. **Definition of Technology Upgradation**

9.1 Technology upgradation would ordinarily mean induction of state-of-the-art or near state-of-the-art technology. In the varying mosaic of technology obtaining in more than 7500 products in the Indian small scale sector, technology upgradation would mean a significant step up from the present technology level to a substantially higher one involving improved productivity, and/or improvement in the quality of products and/or improved environmental conditions including work environment for the unit. It would also include installation of improved packaging techniques as well as anti-pollution measures and energy conservation machinery. Further, the units in need of introducing facilities for in-house testing and on-line quality control would qualify for assistance, as the same is a case of technology upgradation.

9.2 **Replacement of existing equipment/technology with the same equipment/technology will not qualify for subsidy under this scheme, nor would the scheme be applicable to units upgrading with <u>second hand machinery</u>.**

10. **Duration of the Scheme**

The scheme has been continued for 12th Five Year Plan.

11. **Ceiling on eligible loan amount and capital subsidy**

11.1 The maximum limit of eligible loan under the revised scheme is Rs. 100 lakh. Accordingly, the ceiling on subsidy would be Rs.15 lakh or 15 per cent of the investment in eligible plant and machinery, whichever is lower.

i). In calculating the value of plant & machinery, the following shall be excluded, namely :

• the cost of equipments such as tools, jigs, dies, moulds and spare parts for maintenance and the cost of consumable stores;

• the cost of installation of plant & machinery;

• the cost of research & development equipment and pollution control equipment (except where these have been approved for specific product/sub sector by the GTAB ;

• the cost of generation sets and extra transformer installed by the undertaking as per the regulations of the State Electricity Board; (except where gas based generation sets have been approved for specific product/sub- sector by the GTAB).

• the bank charges and service charges paid to the National Small Industries Corporation Ltd or the State Small Industries Corporation;

• the cost involved in procurement or installation of cables, wiring, bus bars, electrical control panels (not those mounted on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant & machinery or for safety measures;

• the cost of gas producer plants (except where these have been approved for specific product/sub sector by the GTAB) ;

• transportation charges (excluding of sales-tax and excise) for indigenous machinery from the place of manufacturing to the site of the factory;

• charges paid for technical know-how for erection of plant & machinery;

• cost of such storage tanks which store raw materials, finished products only and are not linked with the manufacturing process; and

• cost of fire fighting equipment.

ii). The amendments to the existing CLCSS are applicable with effect from 29.9.2005. The revised rates are applicable only in cases where the loans have been sanctioned/ approved **on or after September 29, 2005** . Cases where the loans were sanctioned/ approved prior to September 29, 2005 will be governed by the pre-revised guidelines regarding ceiling on subsidy (Rs.4.80 lakh), method of calculation of subsidy, etc.

iii). Units which have already availed subsidy under the pre-revised CLCSS scheme (before 29.9.2005), cannot claim additional subsidy on account of difference in the rate of subsidy which is now permissible under the revised guidelines.

12. Working Capital Requirements

12.1 Since success of the technology upgradation scheme, to a large extent, depends upon the availability of adequate working capital, lending institutions would like to be assured that the borrowing units have made adequate arrangements for meeting the working capital requirements. Commercial banks should also accord priority in providing adequate working capital support to the assisted units.

13. Other conditions for loans

i). Promoters' contribution, security, debt-equity ratio, up-front fee, etc. will be determined by the lending agency as per its existing norms.

ii). Units availing subsidy under the CLCSS shall not avail any other subsidy for technology upgradation from the Central/State/UT Government. However, cases covered under National Equity Fund (NEF) Scheme, which are otherwise eligible under the CLCSS can also be covered under this scheme.

iii). **Units in the North-Eastern Region which are availing financial incentives/subsidy under any other scheme from the Government in the Region would, however, be eligible for subsidy under the CLCSS.**

iv). One of the main requirements for sanction of assistance under the technology upgradation scheme will be availability of competent management in the unit concerned to carry out the upgradation programme and to manage the operation of the unit efficiently. Towards this end, the lending agencies may stipulate conditions as may be considered necessary.

14. Procedural Aspects

i). All the eligible PLI (excluding the new nodal banks / agencies) will have to execute a General Agreement (GA) for availing capital subsidy under the scheme, irrespective of the fact whether refinance is availed by them or not.

ii). The PLI may have the flexibility to execute the GA with either of the nodal agencies or with both the nodal agencies for providing subsidy to the eligible beneficiaries under the scheme. However, in the latter case, while claiming the subsidy from one nodal agency, the PLIs will have to give the undertaking to the nodal agency that they have not claimed subsidy under CLCSS in respect of the beneficiary unit from the other nodal agency (as the case may be).

iii). After sanction of the assistance, the eligible PLI will get an agreement executed with the concerned SSI unit on behalf of Government of India (GoI). Format of the agreement to be executed by the eligible PLI with the SSI unit is provided in **Appendix II.**

iv). The eligible PLI would obtain application for assistance under the CLCSS in the prescribed form provided in **Appendix – III.**

v). The eligible PLI shall furnish subsidy forecast on quarterly basis, through their Head Office (HO), which will act as a nodal office, to the Regional Office (RO)/Branch Office (BO) of the SIDBI or the NABARD (as the case may be) located in the region. The subsidy forecast information for every quarter on or before 1 st March for April-June quarter, on or before 1 st June for July-September quarter, on or before 1 st September for October-December quarter and on or before 1 st December for January-March quarter, may be furnished as per prescribed format.

vi). The eligible PLI would release the subsidy amount with each installment of loan in a manner proportionate to the amount of term loan disbursed (on pro- rata basis), subject to the ceiling of the term loan/ subsidy amount as per applicable guidelines of the CLCSS.

vii). The eligible PLI shall furnish details of release of subsidy to the beneficiary units, together with the request for replenishing advance money placed with PLI for release of subsidy, on quarterly basis on March 1, June 1, September 1 and December 1. The requests of PLI for replenishment of advance money for subsidy, however, would be entertained by the nodal agencies only on receipt of complete details of subsidy released to the beneficiary units.

viii). The eligible PLI shall be responsible for ensuring eligibility for sanction of subsidy to the MSE units in terms of Government of India guidelines under this scheme and also for disbursal and monitoring of the assisted units.

15. **Other Parameters**

i). The Governmental assistance cannot be utilised for the purposes other than for which it has been sanctioned. The eligible PLI shall have to strictly follow this norm and no deviation would be permitted.

ii). In case, it is found that capital subsidy from the Government has been availed of on the basis of any false information, the industrial unit shall be liable to refund the Government the capital subsidy availed, along with interest to be charged from the date of disbursal to the date of refund. The rate of interest shall be the prime lending rate of the PLIs concerned at the time of invoking this penal clause.

iii). The eligible PLI shall, therefore, incorporate suitable conditions in respect of point at (ii) above in their security documents entered into with the unit, which would give necessary authorisation to proceed legally in such eventualities.

iv). The credit risk under the Scheme will be borne by the eligible PLI and as such, they will have to make their own commercial judgement while appraising the project. The credit decision of the eligible PLI will be final.

v). There shall not be any binding obligation on the part of the nodal banks/ agencies to obtain sanction from GoI for the government assistance in respect of the proposals which are covered under the CLCSS.

vi). Both the SIDBI and the NABARD shall have the right to inspect the books of eligible PLI and the loan accounts irrespective of whether refinance is availed or not from the Nodal Agency (ies) under this Scheme and/ or call for any other information as may be required by GoI from time to time.

vii). Both the SIDBI and the NABARD shall have the right to recall from eligible PLI the entire amount of the capital subsidy in respect of their assisted units irrespective of whether or not the eligible PLI have recovered the said subsidy from their units, if they come to the conclusion that any of the accounts do not conform to the policies, procedures and guidelines laid down under the CLCSS guidelines and as stipulated by the GoI/the Nodal Agencies from time to time.

viii).The beneficiary unit shall remain in commercial production for a period of at least three years after installation of eligible plant and machinery on which subsidy under CLCSS has been availed.

16. **Monitoring of the scheme**

16.1 The scheme is monitored by the Governing and Technology Approval Board (GTAB of the CLCSS. The Secretary (MSME) is the Chairperson of the Board and the Additional Secretary & Development Commissioner (MSME) is its Member-Secretary. The GTAB would also periodically review the functioning of the scheme. There is a Technical Sub-Committee under the GTAB to consider inclusion of new sub-sectors/products and Well Established and Improved Technologies under the Scheme.

APPENDIX-I

Small Industries Development Bank of India (SIDBI)

List of Primary Lending Institutions (PLI)

1. BANKS

A. State Bank Group

1. State Bank of India**
2. State Bank of Indore
3. State Bank of Mysore
4. State Bank of Bikaner & Jaipur

B. Public Sector Banks

1. Andhra Bank
2. Bank of Baroda
3. Bank of India
4. Canara Bank
5. Central Bank of India
6. Corporation Bank
7. Indian Overseas Bank
8. Punjab National Bank
9. Punjab & Sind Bank
10. Union Bank of India
11. UCO Bank
12. Vijaya Bank
13. Bank of Maharashtra
14. United Bank of India
15. Oriental Bank of Commerce
16. Indian Bank
17. Allahabad Bank

C. Private Sector Banks

1. City Union Bank Ltd.
2. Karnataka Bank Ltd.
3. Tamil Nadu Mercantile Bank Ltd.
4. Bank of Rajasthan Ltd.

5. Bharat Overseas Bank
6. Karur Vysya Bank Ltd.
7. J & K Bank Ltd.
8. United Western Bank
9. ING Vysya Bank
10. UTI Bank Ltd.
11. Federal Bank Ltd.
12. Catholic Syrian Bank

D. SFCs

1. Gujarat State Financial Corporation
2. Haryana Financial Corporation
3. J & K State Financial Corporation
4. Madhya Pradesh Financial Corporation
5. Maharashtra State Financial Corporation
6. Orissa State Financial Corporation
7. Punjab Financial Corporation
8. Tamil Nadu Industrial & Investment Corporation Ltd.
9. Uttar Pradesh Financial Corporation
10. West Bengal Financial Corporation
11. Karnataka State Financial Corporation
12. Andhra Pradesh State Financial Corporation
13. Rajasthan State Industrial Development & Investment Corporation

E. Other Institutions:

The Small Industries Development Bank of India(SIDBI)

**SBI has been exempted from executing the GA. However, it furnishes an undertaking in the form of certificate along with each claim.

- **Urban Co-operative Banks co-opted by the SIDBI under the TUFS operated by the Ministry of Textiles**

Sl. No.	Name of the Urban Co-operative Banks*	Head Office
1.	Shamrao Vithal Co-operative Bank	Mumbai
2.	Rupee Co-operative Bank	Pune
3.	Sangli Urban Co-operative Bank Ltd.	Sangli
4.	Surat People's Co-operative Bank Ltd.	Surat
5.	Kalupur Commercial Co-operative Bank Ltd.	Ahmedabad
6.	Rajkot Nagarik Sahakari Bank Ltd.	Rajkot
7.	Cosmos Co-operative Bank Ltd.	Pune
8.	Abhyudaya Co-operative Bank Ltd.	Mumbai
9.	Saraswat Co-operative Bank Ltd.	Mumbai
10.	Mumbai Mercantile Co-operative Bank Ltd.	Mumbai.
11.	The A.P. Mahesh Co-operative Urban Bank Ltd.	Hyderabad
12.	The Ahmedabad Mercantile Co-operative Bank	Ahmedabad

	Ltd.	
13	The Surat Textiles Traders Co-operative Bank Ltd.	Surat
14.	Janata Co-operative Bank Ltd.	Nasik
15.	Textile Co-operative Bank Ltd.	Bangalore
16.	Ichalkaranji Janata Sahakari Bank Ltd.	Kolhapur
17.	The Sarvodaya Sahakari Bank Ltd.	Surat
18.	Surat National Co-operative Bank Ltd.	Surat
19.	Solapur Nagari Audyogik Sahakari Bank Niy.	Solapour
20.	The Bharat Co-operatives Bank (Mumbai) Ltd.	Mumbai
21.	The Gujarat Industrial Co-operative Bank Ltd.	Surat
22.	Prime Co-operative Bank Ltd.	Surat
23.	The Nasik Merchants Co-operative Bank Ltd.	Nashik
24.	Apna Sahakari Bank Ltd.	Mumbai
25.	Dombivili Nagari Sahkari Bank Ltd.	Mumbai
26.	The Surat District Co-operative Bank Ltd.	Surat
27.	The Zoroastrian Co-operative Bank Ltd.	Mumbai
28.	Parasik Janata Sahakari Bank Ltd.	Thane
29.	The Varchha Co-operative Bank Ltd.	Surat
30.	Shree Warana Sahakari Bank Ltd.	Warnanagar
31.	Jalgaon Janata Sahakari Bank	Jalgaon
32.	The Kapol Co-operative Bank Ltd.	Surat
33.	The Shirpur Peoples Co-operative Bank Ltd.	Shirpur((Dhule)
34.	Rajkot Nagarik Sahakari Bank Ltd.	Surat
35.	Shri Veershaiv Co-operative Bank Ltd.	Kolhapur
36.	The Panchsheel Mercantile Co-operative Bank Ltd.	Surat
37.	The Dhule Vikas Sahakari Bank Ltd.	Dhule
38.	The Ichalkaranji Urban Co-operative Bank Ltd.	Ichalkaranji(Kolhapur)
39.	The Udhna Citizen Co-operative Bank Ltd.	Surat
40.	The Vita Merchants Co-operative Bank Ltd.	Vita(Sangli)

**** The above Urban Co-operative Banks will have to sign a "General Agreement" with either of the nodal agencies i.e. the SIDBI or the NABARD for claiming reimbursement of capital subsidy under the CLCSS.***

- **Other Govt. Agencies**

The National Small Industries Corporation Ltd. (NSIC)

National Bank for Agriculture & Rural Development(NABARD)

List of Primary Lending Institutions for the CLCSS

Sl. No	Name of the State	State Serial	Name of the PLI
1	**Haryana** (1 SCB, 5 CCBs, 1 SCARDB, 1 PCARDB, 2 RRBs)	1	Haryana State Cooperative Apex Bank Ltd. Chandigarh
2		2	Haryana SCARDB, Ltd, Chandigarh
3		3	The Panipat Central Cooperative Bank Ltd, Panipat
4		4	The Kaithal PCARDB Ltd, Kaithal
5		5	Karnal DCCB Ltd.
6		6	Bhiwani DCCB Ltd.
7		7	Sangrur DCCB Ltd.
8		8	Yamunanagar DCCB Ltd.
9		9	Hissar Sirsa Kshetriya Gramin Bank
10		10	Gurgaon Gramin Bank
11	**Punjab** (1 SCB, 6 CCBs, 1 SCARDB, 1 PCARDB, 2 RRBs)	1	The Punjab State Cooperative Bank Ltd, Chandigarh
12		2	The Punjab State Cooperative Agri Development Bank, Ltd, Chandigarh
13		3	The Nawanshahr Central Cooperative Bank Ltd, Nawanshahr
14		4	Patiala Central Cooperative Bank
15		5	Sangrur Dist Central cooperative Bank Ltd
16		6	Jalandhar Dist Central Cooperative Bank Ltd
17		7	Amritsar Dist Central Cooperative Bank, Ltd
18		8	Ludhiana Dist Central Coop Bank Ltd
19		9	The Ghannaur PCARDB, Ltd, Ghannaur
		10	Malwa Gramin Bank
		11	Punjab Gramin Bank (merger of Gurdaspur Amritsar Kshetriya Gramin Bank, Shivalik

20 21			Kshetriya Gramin Bank, Kapurthala-Ferozepur Kshetriya Gramin Bank)
22 23 24 25	**Himachal Pradesh** (1CCB, 1 PCARDB, 2 RRBs)	1	The Kangra Central Cooperative Bank, Ltd, Kangra
		2	The Kangra PCARDB Ltd, Kangra
		3	Himachal Gramin Bank
		4	Parvatiya Gramin Bank
26	**Jammu & Kashmir** (1 CCB)	1	The Baramulla Central Cooperative Bank Ltd, Baramulla
27 28 29 30 31 32 33 34	**Uttar Pradesh** (1 SCARDB, 1 CCB, 6 RRBs)	1	UP Sahakari Gram Vikash Bank, Ltd
		2	The Muzaffarnagar Dist Central Cooperative Bank, Ltd,
		3	Vidur Gramin Bank
		4	Shahjahanpur Kshetriya Gramin Bank
		5	Avadh Gramin Bank
		6	Bareilly Gramin Bank
		7	Prathama Gramin Bank
		8	Kashi Gomti Samyut Gramin Bank
35 36 37	**Uttaranchal** (3 RRBs)	1	Pithoragarh Kshetriya Gramin Bank
		2	Alaknanda Gramin Bank
		3	Nainital Almora Kshetriya Gramin Bank
38	**Jharkhand** (1 CCB)	1	The Dhanbad Dist Central Cooperative Bank
40 41 42	**West Bengal** (4CCBs, 1 PCARDB, 2 RRBs)	1	The Vidyasagar Central Cooperative Bank Ltd, Vidyasagar
		2	Bankura Dist Central Coop Bank Ltd, Bankura
		3	Burdhaman Dist Central Coop Bank Ltd, Burdhaman
		4	Hoogly DCCB Ltd

43		5	The Ghatal PCARDB, Ltd, Ghatal
44		6	Gaur Gramin Bank
45 46		7	Sagar Gramin Bank
47	**Orissa**	1	The Orissa State Cooperative Bank, Ltd, Bhubaneswar
48	(1 SCB, 1 CCB)	2	The Koraput Central Cooperative Bank, Ltd, Koraput
49	**Andhra Pradesh**	1	The Eluru Dist Central cooperative Bank, Eluru
50	(1 CCB, 8 RRBs)	2	Shri Venkateshwar Gramin Bank
51		3	Chaitanya Gramin Bank
52		4	Pinakini Gramin Bank
53		5	Rayalseema Gramin Bank
54		6	Sree Anantha Graeen Bank
55		7	Kanakdurga Gramin Bank
56		8	Manjira Gramin Bank
57		9	Godavari Gramin Bank
58	**Rajasthan**	1	The Sikar Central Cooperative Bank, Ltd, Sikar
59	(1 CCB, 1 PCARDB, 2 RRBs)	2	The Chittorgarh PCARDB, Ltd, Chittorgarh
60		3	Jaipur Nagaur Anchalik Gramin Bank
61		4	Baroda Rajasthan Grameena Bank
62	**Gujarat**	1	Shri Rajkot Dist Central Cooperative Bank Ltd, Rajkot
63	(2 CCBs, 2 RRBs)	2	The Amreli Jilla Madhya Sahakari bank, Maryadit, Amreli
64		3	Jamnagar Gramin Bank
65		4	Dena Gujarat Gramina Bank (new RRB formed by amalgamation of Kutch Gramin Bank, Banaskantha- Mehsana GB, Sabarkantha

			Gandhinagar GB)
66	**Maharashtra** (1 CCB)	1	The Satara Dist Central Cooperative Bank
67	**Madhya Pradesh** (1 CCB, 1 PCARDB, 1 RRB)	1	The Khargone Jilla Sahakari Bank, Maryadit, Khargone
68		2	The Indore Jilla Krishi aur Gramin Vikas Bank Maryadit
69		3	Vidisha Bhopal Kshetriya Gramin Bank
70	**Karnataka** (2 CCBs, 2 PCARDBs, 4 RRBs)	1	The Kodagu Dist Central Cooperative Bank Ltd, Medikeri8
71		2	The Bijapur Dist Central Cooperative Bank
72		3	The Honnavar PCARDB ltd, Honnavar
73		4	The Channagiri PCARDB ltd, Channagiri
74		5	Krishna Gramin Bank
75		6	Pragati Gramin Bank(new RRB formed by amalgamation of TungabhadraGrameena Bank, Chitradurga Grameena Bank, Sahyadri Grameena Bank, Kolar Grameena Bank)
76		7	Karnataka Vikas Grameena Bank (new RRB formed by amalgamation of Malaprabha Gramin Bank, Netravati Gramin Bank, Bijapur Gramin Bank, Varada Gramin Bank)
77		8	Visvesvaraya Gramin Bank
78	**Tamil Nadu** (1 CCB, 1 PCARDB, 2 RRBs)	1	The Dharmapuri Central Cooperative Bank, Ltd, Dharmapuri
79		2	The Perundurai PCARDB, Ltd
80		3	Adhiyaman Gramin Bank
81		4	Pandyan Gramin Bank
82	**Pondicherry** (1 SCB)	1	The Pondicherry State Cooperative Bank Ltd, Pondicherry
83	**Kerala** (1 SCARDB, 1 CCB, 21 PCARDBs, 2 RRBs)	1	The Kerala State Cooperative Agri & Rural Development Bank Ltd, Thiruvananthapuram
84		2	The Kannur Dist Central Cooperative Bank, ltd, Kannur
85		3	The Irinjalakuda PCARDB Ltd, Irinjalakuda
		4	Neyyattinkara PCARDB Ltd

86		5	Kilimanoor PCARDB Ltd
87		6	Palode PCARDB Ltd
88		7	Kottayam PCARDB Ltd
89		8	Meenachil PCARDB Ltd
90		9	Malanad PCARDB Ltd
91		10	Peerumade PCARDB Ltd
92		11	Thodupuzha PCARDB Ltd
93		12	Muvvathupuzha PCARDB Ltd
94		13	Ernakulam PCARDB Ltd
95		14	Kayayannur PCARDB Ltd
96		15	Palakkad PCARDB Ltd
97		16	Alathur PCARDB Ltd
98		17	Chittur PCARDB Ltd
99		18	Ottapalam PCARDB Ltd
100		19	Mannarkkad PCARDB Ltd
101		20	Mozhikode PCARDB Ltd
102		21	Badagara PCARDB Ltd
103		22	Quilandy PCARDB Ltd
104		23	Thaliparamba PCARDB Ltd
105		24	North Malabar Gramin Bank
106		25	South Malabar Gramin Bank
107			
108	**Chhatishgarh**	1	Durg Rajnandgaon Gramin Bank

	(1 RRB)		
109	**Goa** (1 SCB)	1	Goa State Cooperative Bank
110	**Commercial Banks**	1	Allahabad Bank
111		2	Indian Bank
112		3	Punjab National Bank
113		4	Punjab & Sind Bank
114		5	State Bank of India
115		6	State Bank of Patiala
116		7	The Nainital Bank Ltd
117		8	The South Indian Bank Ltd
118		9	Karnataka Bank Ltd.
119		10	United Bank of India
120		11	Syndicate Bank

APPENDIX-II

(To be stamped as an Agreement)

Agreement for Financial Assistance under Credit Linked Capital Subsidy Scheme for Technology Upgradation of the MSEs

This Agreement made at……………………………………..on this …………….day of………………… in the year Two thousand…………………………………between M/s……………………………………a Public/Private Limited Company/Proprietary concern, incorporated under the Companies Act of 1956 and having its Registered Office at………………….and being an industrial concern hereinafter called the Beneficiary(which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) of the One Part:

OR

FOR PARTNERSHIP FIRM

(i) Shri…….son of……….aged…….. years residing at………………………………………………

(ii) Shri…….son of……….aged…….. years residing
at………………………………………………

(iii) (i) Shri…….son of……….aged…….. years residing
at…………………………………………

carrying on business in partnership in the firm name and style of……………..and having their office at…..(herinafter referred to as 'Beneficiary' which expression shall, unless it be repugnant to the subject or context thereof, include its/his/her/their legal representatives, heirs, administrators, successors and assigns) of the One part.

AND

……………………………………………….(hereinafter referred to as the financing institution/bank/which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) of the Other part.

WHEREAS

1. The Government of India appointed ____________________ as Nodal Agency (hereinafter referred to as the Agent) for channelising Credit Linked Capital Subsidy for Technology Upgradation of the MSEs under Ministry of MSME Govt. of India India (hereinafter referred to as " the Scheme") and permitting the financial institution/ bank under the scheme for claiming capital subsidy on the term loan sanctioned and disbursed by financing institution/ bank to the beneficiary.

2. The beneficiary has requested the financing institution/bank for providing assistance under the Scheme to the extent of Rs…….(Rupees……………….only) for setting up a project under small scale industries, which the financing institution/bank has agreed to lend in proportion to the investment made or to be made in purchase of machineries for technology upgradation programme by the Beneficiary as per terms and conditions provided in the Agreement executed between the financing institution/bank and the Beneficiary.

3. The Agent has agreed to act as nodal agency for Government of India for channelising disbursement of capital subsidy sanctioned to the Beneficiary by the financing institution /bank, and the parties hereto desire to enter into an agreement for the said purpose, being these presents providing for the terms hereinafter appearing.

NOW THESE PRESENTS WITNESS AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. The Beneficiary, hereby , covenants:

a) That the Beneficiary will comply with and faithfully observe all terms and conditions of the said Scheme and also all the subsequent amendments and modifications and additions thereto together with the conditions of the sanction of the said financial assistance.

b) That the Beneficiary will allow the officers of the Agent and/or the Government of India or any other person or persons authorized, by the Agent or by Government of India or by the Governing & Technology Approval Board(GTAB) to inspect the work for which the capital subsidy has been granted and also the machines, plant, appliances, tools, equipments, etc. for the procuring of which the subsidy has been granted and will furnish such information concerning the machines, plant implements, etc., for procuring of which the capital subsidy has been granted or concerning the matter connected with the capital subsidy or incidental thereto as the Agent or the GTAB or their nominees may, from time to time require.

c) That the Beneficiary will not change the place or location of the industrial unit entirely or partly, nor enter into partnership with any one, or change its constitution by merger, amalgamation or in any manner nor the Beneficiary effect disposal of fixed capital investment without the express prior permission of the Agent in writing.

d) The Beneficiary unit shall remain in commercial production for a period of at least three years after installation of eligible plant and machinery on which subsidy under CLCSS has been obtained, otherwise, the entire amount of subsidy along with the interest to be charged from the date of disbursal to the date of refund will have to be refunded by the Beneficiary unit. This is except in cases where the unit remains out of production for short periods not exceeding three months due to reasons beyond its control such as shortage of raw material / power, etc. to the satisfaction of the lending institution / concerned PLI.

2. It is further hereby agreed and declared by and between the parties hereto, that in any of the following cases, namely,

a) where the Beneficiary has obtained the capital subsidy by misrepresentation as to an essential fact, or by furnishing of false information; or,

b) where the Beneficiary fails to furnish the prescribed statement or information which it is called upon to furnish,

If the Beneficiary commits breach of any one of the covenants herein contained or of the terms and conditions of the Scheme as amended from time to time, the Beneficiary shall refund the same forthwith to the financing institution/bank together with interest at the then prevailing prime lending rate of financing institution/bank.

3. The interpretation/clarification/decision of agent or GTAB regarding the eligibility, subsidy and any other benefits of a unit/borrower under the Scheme, either before or after release of the loan facility by the financing institution/bank shall be binding on the beneficiary and the beneficiary will not raise any objection either against agent/financing institution/ bank.

4. It is hereby further agreed and declared that the stamp duty chargeable on these presents, shall be paid and borne by the Beneficiary and that the Beneficiary will also be liable to bear

the expenses, if any, incurred by enforcing the terms and conditions of these presents.

IN WITNESS WHEREOF the Beneficiary has caused its common seal to be affixed hereto and to duplicate hereof on the day, month and year first hereinabove written and the financing institution/bank has caused these presents and the said duplicate to be executed by the hand of Shri……………(Name & Designation) of bank, as hereinafter appearing.

THE COMMON SEAL
OF………………………………………………………………………………………

LIMITED has pursuant to the Resolution of its Board of Directors passed in that behalf on the…..day of ….hereunto been affixed in the presence of Shri ……….and
Shri…….Shri……, Director who have signed these presents in token thereof and
Shri…….Secretary*/Authorised* person who has signed/countersigned the same in token thereof.

SIGNED AND DELIVERED BY the within named bank by the hand of Shri……..(Name & Designation), an authorized official of financing institution/bank.

OR

IN WITNESS WHEREOF the partners of the Beneficiary have set their respective hand hereto and to a duplicate hereof on the day, month and year first hereinabove written and bank has caused these presents and the said duplicate to be executed by the hand of Shri……..(Name & Designation) of financing institution/Bank as hereinafter appearing.

1)* SIGNED AND DELIVERED BY the within named Shri…………………….Partner of……………..the within named Partnership Firm.

2)* SIGNED AND DELIVERED BY the within named …………By the hand of Shri…………….in pursuance to the Board Resolution dated and common seal has been affixed in presence of Shri…………..who has signed in token thereof.

SIGNED AND DELIVERED BY the within named FI/NSIC/Bank/SFC by the hand of Shri……………..authorised official.

(*whichever is applicable).

Note: Relevant Board Resolution authorizing the person(s) to execute the document on behalf of the Beneficiary has to be submitted with the Agreement.

APPENDIX-III

Application form for assistance under Credit Linked Capital Subsidy Scheme for Technology upgradtion of the MSEs.

(To be submitted in triplicate, Photocopies may be used)

1. Name of the firm/company……………………………………………………………………………

2.Constitution (Proprietary concern, partnership firm, Pvt. Ltd. Co., Public Ltd. Co., Co-op. Societies)

3.Name(s) of sole proprietor/partners/directors………………………………………………
………………… ………………………………………………………… ……………………
……………………….

4. Category of borrower(women entrepreneur, SC/ST, Physically handicapped, Ex-servicemen, etc.)

5.Registered Office Address
………………………………………………………………Pin……………………………….

Phone No.……………………………………………………….Fax……………………………….

E-mail………………………… ……………………………
………………………………….

6. Factory Address……………………………
…………………………………………….Pin………

Phone……………………………… ……………………
Fax……………………………….

E-mail…………………………… …………………
…………………………………………

7. Location of factory – Backward or Non-backward area…………………………………….

8. Date of incorporation/commencement of production………………………………………..

9. Product(s)/Sub-sector……………………………………
……………………………………..

10.Installed capacity………………… ………… ……………………………
…………………….

11. Past Performance (for last three years on the basis of audited balance sheets – in respect of existing units. In respect of new units projections for next three years may be given).

(a) Financial position

(Rs. In lakh)

		Financial Year (Y-1)	**Financial Year (Y-2)**	**Financial Year (Y-3)**
I	Net block			
II	Current assets			
III	Current liabilities			
IV	Term Loan			
V	Share Capital			
VI	Reserve & Surplus (less accumulated losses)			
VII	Networth-(V+VI)			

(b) Working results

(Rs. In Lakh)

		Financial Year (Y-1)	**Financial Year (Y-2)**	**Financial Year (Y-3)**
I	Total Sales			
II	Gross profit(Before interest & depreciation)			
III	Depreciation			
IV	Interest			
V	Operating Profit			
VI	Net Profit(after tax)			

12. Total cost of scheme(as approved by Bank/FI)(Rs. in lakh)

13. Total Sources of funding (as approved by Bank/FI) (Rs. in lakh)

Term Loan……………………………………………………

Add share capital ……………………………………………….

Internal accruals…………………………………………………

Capital Subsidy …………………………………………………

14. Time frame for completion of the project……………………….

15. Incremental benefits from implementation of the project(indicate in terms of capacity utilization, increased sales, exports, reduction in cost of production, increase in productivity, quality upgradation, attainment of pollution standards – give quantitative results).

16. List of eligible plant and machinery along with their detailed specifications, rates, quantities and total value for which subsidy under CLCSS is claimed.

DECLARATION

I/We, hereby declare that the information given above and the statement and other papers enclosed are to the best of our knowledge and belief are true and correct.

Place:	**Signature(s)**
Date:	**Name and designation**
	Seal of the company

सूक्ष्म, लघु एवं मध्यम उद्यम
MICRO, SMALL & MEDIUM ENTERPRISES