

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES (MSME)
OFFICE OF THE DEVELOPMENT COMMISSIONER (MSME)
(STATISTICS & DATABANK DIVISION)

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Subject: Scheme for capacity building, strengthening of database and advocacy by Industry/Enterprise Associations and for holding Seminars/Symposiums/Workshops by the Associations.

I. Background:

A reliable database is a key input to policy decision-making process. This is more so for the micro and small enterprise (MSE) in view of its large size and wide disparity among the enterprises within the sector. The Office of the DC (MSME) conducts periodic census for strengthening/updating the database on MSE sector. So far, this office has conducted three censuses in the year 1971-72, 1992-93 and 2002-03. However, the limiting factor is the long gap between two censuses and the high cost involved in conducting census. In the intermittent period, two sources are used by this office for obtaining information/data on the status of the MSE sector. First is the District Industries Centres (DICs) of the State Governments, which furnish the updated information on the number of registered enterprises. But registered enterprises constitute only small percentage of the total number of enterprises, thereby leaving a huge data gap. The second important source is the MSE Associations, which are spread across the country. The present database with this office suggests the number of such Associations is in the vicinity of 350, including both National and State level, and are mainly sector/product specific. This Office has been using the services of these Associations from time to time, especially with regard to data on number of unregistered enterprises, production, exports, etc. relating to specific product groups like pump industry, drugs and pharmaceuticals, etc. However, limited availability of funds is the main constraint faced by these Associations in building a reliable database.

To strengthen the database for the MSE sector, the promotional package includes, inter alia, a new 'Scheme for capacity building, strengthening of database and advocacy by Industry/Enterprise Associations'. The other proposal in this context is collection of statistics and information through annual sample surveys and quinquennial census.

The Associations of Micro and Small Enterprises (MSEs) do not have adequate capacity to collect and interpret data relating to changes in the market scenario, owing to the limited availability of funds and in the absence of expertise in the matter. As a result, their articulation of views on specific issues concerning to their product groups leaves much to be desired. In spite of the fact that the Associations of the MSEs have been made members of the MSME Board and the members of the steering committees of certain national programmes for development of some products, their existing weakness prevent them from playing the expected role effectively. Even in their role as facilitators for their members in government assisted schemes like setting up of sub contracting

exchanges, testing laboratories, etc., the capacity of these Associations has been found to be deficient. Associations play an important role in the Public Private Partnerships (PPP). Nevertheless, it is felt that many product groups go unheard because of their associations being weak. As a result they are not able to effectively participate in programmes and policies of the Government.

Therefore, this Scheme will be of great help to the Associations in playing positive role in the development of MSEs in the country and articulating their views on different aspects related to MSEs. To strengthen their role and increase their efficiency, financial assistance for the secretarial and advisory/extension services to selected national Associations are to be provided annually up to a maximum of Rs.5 lakh per Association depending upon the size and reach of the Association. Under the Scheme, the beneficiary Associations will be required to provide the regular manpower at their own cost and office space and also make an equivalent/matching contribution towards cost of modernisation of their facilities and equipment and training of their personnel.

Further, there is a need to give due publicity to the initiatives taken by the Government for development of the MSE sector and have these issues regularly deliberated so that they can be improved upon for better and more effective implementation. At present, there is no regular mechanism for having these issues deliberated but it is felt that MSE Associations can play a crucial role in this context. Various National and State level Organizations/Associations concerned with the development of the MSE Sector have been organizing Seminars/ Symposiums/Workshops from time to time. But these initiatives have been quite ad-hoc and are constrained by the availability of funds. The Ministry of MSME/Office of DC(MSME) have been periodically receiving requests from various Industry Associations/Non-Governmental Organizations (NGOs), etc. for sponsoring/providing financial support for holding Seminars/ Symposiums/Workshops on various issues concerning the MSME Sector. Such activities are an essential part of the Scheme for capacity building, strengthening of database and advocacy by Industry/Enterprise Associations. In view of this, the Ministry of MSME/Office of DC (MSME) has decided to provide financial support for holding Seminars/Symposiums/Workshops.

Under the Scheme, National/Regional/State/Local Level Industry Associations, which are registered for at least 3 years and are having a regular charter, list of members and audited accounts, etc; would be eligible for the financial assistance for strengthening of data base as well as for conducting Seminars/Symposiums/Workshops.

II. Strengthening of Data Base- financial assistance for the Secretarial and Advisory/ Extension services

To strengthen the role and increase the efficiency of the associations of Micro and Small Enterprises, financial assistance for the Secretarial and Advisory/extension services to selected associations may be provided up to a maximum of Rs.5 lakh, depending upon the size and reach of the Association. To be eligible, the beneficiary Associations will be required to provide the regular manpower and office space at their own cost and also bear equivalent/ matching contribution towards cost of modernisation of their facilities and equipment and training of their personnel. Efforts will be made to cover a large number of Associations within the ambit of the Scheme and an Association receiving financial assistance under the Scheme will not be eligible to receive financial assistance again under the Scheme for the next three years.

Under the Scheme, the following machinery and equipment needed by the Associations for upgrading their capacity (both qualitatively and quantitatively) to collect and interpret data relating to changes in the market scenario, Sub-Contracting Exchanges, Testing Laboratories, etc. shall be eligible to receive financial assistance :-

Phase I

(a)	Computer and its peripherals including software	-	Rs. 4,00,000/-
(b)	Furniture and Office Equipments, e.g. fax etc.	-	Rs. 1,50,000/-
(c)	Photocopier Machine and its Accessories	-	Rs. 2,00,000/-

Phase II

(d)	Consumables per annum	-	Rs. 1,00,000/-
(e)	Training of the staff	-	Rs. 50,000/-
(f)	Expenses on Travel etc.	-	Rs. 50,000/-
(g)	Contingent & other office expenses	-	Rs. 50,000/-

Total: Rs.10,00,000/-

The Ministry of MSME/Office of DC (MSME) would provide 50% of the cost of modernization of the facilities and equipment and training of personnel, etc remaining 50% of the cost would be borne by the Associations.

- (i) First installment of 50% of the sanctioned amount - Upon approval of the proposal and subject to signing of the agreement.
- (ii) Balance 50% of the sanctioned amount - On furnishing of the utilization certificate as may be prescribed. The utilization certificate should be for the entire amount sanctioned in Phase I.

III. Seminars/Symposiums/Workshops

For organizing Seminars/Symposiums/Workshops, maximum of Rs.2 lakh would be provided to National Level MSE Associations and Rs.1 lakh to Regional/State/Local Level MSE Associations. The Associations can avail financial assistance under this component only once in a financial year. While seeking financial assistance, the Association concerned shall indicate the tentative cost for holding the Seminar/Symposium/Workshop along with details of participation expected and deliverables/outcome of the proposed Seminar/Symposium/ Workshop. Further, it shall undertake to meet 50% of the expenses in case of National level Associations and 25% in case of Regional/State/Local level Associations, out of its own resources. On completion of the activity for which financial assistance has been sought/provided, the Association concerned shall give a **Utilisation Certificate** to the satisfaction

of the Government, failing which it would be debarred for receiving any financial support in future. Release of financial support would be as under:-

- (i) 50% of the sanction amount to the released subject to:
 - (a) Submission of detailed cost estimated by the Association;
 - (b) Undertaking by the Association to bear at least 50% of the cost from its own resources in case of National Level Associations and 25% in case of Regional/State/Local Lever Associations.
 - (c) Recommendation by the Screening Committee.
- (ii) Balance 50% to be released subject to successfully organization of the Programme, submission of final accounts Utilisation Certificate and recommendation of the Committee.

The item wise break up of expenditure admissible for receiving financial assistance under the Scheme is given in Annexure-I and Annexure-II.

IV. Mechanism for operating the Scheme:

The Scheme will be given due publicity and proposals will be invited from eligible MSE Associations who may submit the proposal either directly or through MSME-Development Institutes located in various States/UTs. Along with the proposals, the Associations may clearly enlist deliverables expected as a result of the Scheme. On receipt of the proposals, the same will be placed before a Screening Committee, inter-alia, to decide about the relevance of the Seminar/Symposium/Workshop to the overall objective, the criterion for selection of the Associations for short-listing the Associations and the amount payable to each short listed Association. Thereafter, the recommendations of the Committee shall be submitted to the Competent Authority for release of funds. While submitting the proposal, the Associations will be required to undertake to meet 50% of the total sanctioned amount from out of their resources in case of strengthening the data base and for organizing Seminars/ Symposiums/Workshops.

To short list the Associations and to recommend the amount to be given to each Association, a Committee has been set up under the Chairmanship of the AS & DC (MSME) with the following composition:

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| 1. ADC (Planning), O/o the DC (MSME) | Member |
| 2. Economic Adviser, M/o MSME | Member |
| 3. JS & ADC (MSME Policy), O/o the DC (MSME) | Member |
| 4. Industrial Adviser, O/o the DC (MSME) | Member |
| 5. ADC/EA, O/o the DC (MSME) | Member Secretary |

The Committee shall submit its recommendations to the Competent Authority for Approval.

**Seminars/Symposiums/Workshops organised by the
National Level Associations**

S. No.	Eligible Items	Scale of Assistance*
1	Venue Charges (i) Hiring/rent charges (ii) Audio visual equipment and other equipment charges (iii) Interior Decoration, including banners, etc. (iv) Food & beverage charges (v) Hotel charges (vi) Communication expenses	Actual, subject to a maximum of Rs.2,50,000/-
2.	Transportation (i) Travel expenses (ii) Transport expenses & vehicle hire charges	Actual, subject to a maximum of Rs.80,000/-
3.	Publicity/Advertisement/Catalogues, etc. (i) Advertisement/publicity expenses (ii) Catalogue printing charges	Actual, subject to a maximum of Rs.50,000/-
4.	Resource Persons (i) Fee (ii) Travel & transport expenses (iii) Boarding & lodging charges	Actual, subject to a maximum of Rs.40,000 /-
5.	Independent Evaluator (i) Remuneration (ii) Other expenses on evaluation process, including preparation & printing of evaluation report	Actual, subject to a maximum of Rs.30,000/-

NOTE: *50% of the cost could be borne by the concerned National Level MSE Associations. The remaining cost of 50%, subject to a ceiling of Rs. two lakh would be met by GOI's assistance.

**Seminars/Symposiums/Workshops organised by the
State/Regional/Local Level Associations**

S. No.	Eligible Items	Scale of Assistance*
1	Venue Charges (i) Hiring/rent charges (ii) Audio visual equipment and other equipment charges (iii) Interior Decoration, including banners, etc. (iv) Food & beverage charges (v) Hotel charges (vi) Communication expenses	Actual, subject to a maximum of Rs.1,25,000/-
2.	Transportation (i) Travel expenses (ii) Transport expenses & vehicle hire charges	Actual, subject to a maximum of Rs.40,000/-
3.	Publicity/Advertisement/Catalogues, etc. (i) Advertisement/publicity expenses (ii) Catalogue printing charges	Actual, subject to a maximum of Rs.25,000/-
4.	Resource Persons (i) Fee (ii) Travel & transport expenses (iii) Boarding & lodging charges	Actual, subject to a maximum of Rs.20,000 /-
5.	Independent Evaluator (i) Remuneration (ii) Other expenses on evaluation process, including preparation & printing of evaluation report	Actual, subject to a maximum of Rs.10,000/-

NOTE: *25% of the cost would be borne by the concerned State/Regional/Local Level Association. The remaining cost of 75%, subject to a ceiling of Rs. one lakh would be met by GOI's assistance.

