

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

DEMAND NO. 64

Ministry of Micro, Small and Medium Enterprises

A. The Budget allocations, net of recoveries, are given below:

<i>(In crores of Rupees)</i>										
Major Head	Budget 2008-2009			Revised 2008-2009			Budget 2009-2010			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	1787.00	144.11	1931.11	1718.00	194.53	1912.53	1785.00	238.02	2023.02	
Capital	7.00	1.31	8.31	7.00	0.30	7.30	9.00	1.43	10.43	
Total	1794.00	145.42	1939.42	1725.00	194.83	1919.83	1794.00	239.45	2033.45	
1. Secretariat Economic Services	3451	...	5.10	5.10	...	5.40	5.40	...	7.04	7.04
Micro, Small and Medium Enterprises (MSME)										
2. Credit Support Programme	2851	122.67	...	122.67	154.85	...	154.85	111.90	...	111.90
3. Quality of Technology Support Institution & Programmes	2851	244.35	...	244.35	199.62	6.39	206.01	256.00	8.00	264.00
4. Other Schemes	2851	8.25	...	8.25	6.88	1.74	8.62	11.00	1.95	12.95
5. National Small Industries Corporation Ltd.	2851	20.70	...	20.70	19.11	...	19.11	28.40	...	28.40
6. National Commission on Enterprises in the Unorganised/ Informal Sector	2851	5.00	...	5.00	6.37	...	6.37	1.10	...	1.10
7. Rajiv Gandhi Udyami Mitra Yojana	2851	10.80	...	10.80	10.80	...	10.80	4.50	...	4.50
8. Development Commissioner (MSME)	2851	...	10.91	10.91	...	13.64	13.64	...	16.40	16.40
9. Promotional Services Institutions and Programmes	2851	31.18	42.78	73.96	33.66	53.00	86.66	46.00	61.80	107.80
10. MSME Clusters Development Programme and MSME Growth Poles	2851	45.80	...	45.80	29.05	...	29.05	36.00	...	36.00
11. Marketing Development Assistance Programme	2851	9.75	...	9.75	6.15	...	6.15	10.50	...	10.50
12. Updation of Database	2851	10.65	...	10.65	8.81	...	8.81	2.50	...	2.50
13. Collection of Statistics of Small Scale Industries	3601	16.80	...	16.80	16.80	...	16.80	16.10	...	16.10
	3602	1.30	...	1.30	0.80	...	0.80	0.50	...	0.50
<i>Total</i>		<i>18.10</i>	...	<i>18.10</i>	<i>17.60</i>	...	<i>17.60</i>	<i>16.60</i>	...	<i>16.60</i>
14. National Fund for Unorganised Sector (NAFUS)	2851	...	...	...	...	...	...	1.00	...	1.00
15. Construction of Office Accommodation-Village and Small Industries	4059	3.50	...	3.50	3.50	...	3.50	5.50	...	5.50
Total-Micro, Small and Medium Enterprises (MSME)		530.75	53.69	584.44	496.40	74.77	571.17	531.00	88.15	619.15
Khadi & Village Industries										
16. <i>Khadi and Village Industries Commission</i>										
16.01 Khadi Industries	2851	159.30	55.45	214.75	159.30	80.28	239.58	114.30	100.81	215.11
16.02 Other Village Industries	2851	55.80	...	55.80	40.00	...	40.00	37.80	...	37.80
<i>Total</i>		<i>215.10</i>	<i>55.45</i>	<i>270.55</i>	<i>199.30</i>	<i>80.28</i>	<i>279.58</i>	<i>152.10</i>	<i>100.81</i>	<i>252.91</i>
17. <i>Interest Subsidies</i>										
17.01 Khadi Industries	2851	17.10	22.00	39.10	17.10	22.00	39.10	4.95	22.00	26.95
17.02 Other Village Industries	2851	4.50	5.36	9.86	4.50	5.36	9.86	4.50	5.36	9.86
<i>Total</i>		<i>21.60</i>	<i>27.36</i>	<i>48.96</i>	<i>21.60</i>	<i>27.36</i>	<i>48.96</i>	<i>9.45</i>	<i>27.36</i>	<i>36.81</i>
18. Mahatma Gandhi Institute for Rural Industrialisation	2851	3.00	...	3.00	3.00	0.48	3.48	3.00	0.72	3.72
19. Workshed Scheme for Khadi Artisans	2851	24.95	...	24.95	24.95	...	24.95	14.95	...	14.95

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		(In crores of Rupees)								
Major Head	Budget 2008-2009			Revised 2008-2009			Budget 2009-2010			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
20. Scheme for enhancing Productivity & Competitiveness of Khadi Industries and Artisans	2851	9.95	...	9.95	9.95	...	9.95	7.95	...	7.95
21. Strengthening of infrastructure of existing weak Khadi Institutions and assistance for marketing infrastructure (Formerly Package for Developing Infrastructure for Khadi Institutions including nursing fund for weak Institution)	2851	0.90	...	0.90	0.01	...	0.01	4.90	...	4.90
22. Prime Minister's Employment Generation Programme	2851	738.00	...	738.00	738.00	...	738.00	738.75	...	738.75
23. Scheme of fund for Regeneration of Traditional Industries	2851	18.90	...	18.90	14.85	...	14.85	14.90	...	14.90
24. Khadi Reform Development Package (ADB Assistance)	2851	...	...	...	...	...	...	86.40	...	86.40
25. Loans to Khadi and Village Industries Commission										
25.01 Khadi Industries	6851	...	1.01	1.01	...	...	...	...	1.13	1.13
Total-Khadi & Village Industries		1032.40	83.82	1116.22	1011.66	108.12	1119.78	1032.40	130.02	1162.42
26. Coir Industries										
26.01 Coir Board	2851	28.70	2.51	31.21	25.00	6.24	31.24	32.30	13.94	46.24
	6851	...	0.30	0.30	...	0.30	0.30	...	0.30	0.30
26.02 Rejuvenation, Modernisation and Technology Upgradation of Coir Industry	2851	22.50	...	22.50	18.80	...	18.80	18.90	...	18.90
Total-Coir Industries		51.20	2.81	54.01	43.80	6.54	50.34	51.20	14.24	65.44
27. Provision for projects/schemes for the benefit of North Eastern Region and Sikkim										
27.01 Other Schemes	2552	1.75	...	1.75	2.10	...	2.10	2.00	...	2.00
27.02 Rajiv Gandhi Udyami Mitra Yojana	2552	1.20	...	1.20	1.20	...	1.20	0.50	...	0.50
27.03 National Small Industries Corporation Ltd.	2552	2.30	...	2.30	2.30	...	2.30	2.50	...	2.50
27.04 Development Commissioner (MSME)	2552	53.50	...	53.50	50.00	...	50.00	53.50	...	53.50
	4552	0.50	...	0.50	0.50	...	0.50	0.50	...	0.50
<i>Total</i>		<i>54.00</i>	<i>...</i>	<i>54.00</i>	<i>50.50</i>	<i>...</i>	<i>50.50</i>	<i>54.00</i>	<i>...</i>	<i>54.00</i>
27.05 Khadi and Village Industries	2552	113.60	...	113.60	110.24	...	110.24	113.60	...	113.60
	6552	3.00	...	3.00	3.00	...	3.00	3.00	...	3.00
<i>Total</i>		<i>116.60</i>	<i>...</i>	<i>116.60</i>	<i>113.24</i>	<i>...</i>	<i>113.24</i>	<i>116.60</i>	<i>...</i>	<i>116.60</i>
27.06 Coir Industries	2552	3.80	...	3.80	3.80	...	3.80	3.80	...	3.80
<i>Total</i>		<i>179.65</i>	<i>...</i>	<i>179.65</i>	<i>173.14</i>	<i>...</i>	<i>173.14</i>	<i>179.40</i>	<i>...</i>	<i>179.40</i>
Grand Total		1794.00	145.42	1939.42	1725.00	194.83	1919.83	1794.00	239.45	2033.45
B. Investments in Public Enterprises	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
1. National Small Industries Corporation Limited	12851	...	60.00	60.00	...	60.00	60.00	...	70.00	70.00
Total		...	60.00	60.00	...	60.00	60.00	...	70.00	70.00
C. Plan Outlay										
1. Village & Small Industries	12851	1614.35	60.00	1674.35	1551.86	60.00	1611.86	1614.60	70.00	1684.60
2. North Eastern Areas	22552	179.65	...	179.65	173.14	...	173.14	179.40	...	179.40
Total		1794.00	60.00	1854.00	1725.00	60.00	1785.00	1794.00	70.00	1864.00

1. **Secretariat Economic Services:** Provides for establishment related expenses etc. for the Ministry of Micro, Small and Medium Enterprises.

2. **Credit Support Programme:** It provides contribution to the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) for providing guarantee cover to Commercial Banks for extending loans to Small/Tiny Units without any collateral. Under this head, Government will provide assistance to SIDBI to create Portfolio Risk Fund for credit operations for micro enterprises. Under this scheme, assistance will also be given for empowerment of Women owned Enterprises and Scheduled Caste/Scheduled Tribes and Minorities.

3. **Quality of Technology Support Institutions and Programmes:** Under this head, Tool Rooms and Technical Institutions are covered. MSME Tool Rooms are at Kolkata, Ludhiana, Ahmedabad, Aurangabad, Indore, Bhuvaneshar, Jamshedpur, Jalandhar and Nagaur. These were started with Indo-German and Indo-Danish collaborations to assist MSMEs in technical upgradation, good quality tooling by designing and producing tools, moulds, jigs & fixtures, components etc. They also provide training and consultancy for tool & die makers. MSME Technology Development Centers (MSME TDCs) are at Ramnagar, Firozabad, Meerut, Agra, Kanauj, Mumbai and Hyderabad. These are product specific centres to look into specific problems and render technical service, develop and upgrade technologies and manpower development and training in specific product groups like Foundry & Forging, Electronics, Fragrances & Flavour, Sport Shoes, Electrical Measuring Instruments and Glass. MSME - Technology Development Centres (Central Footwear Training Institutes) at Agra and Chennai develop footwear design to promote export and provide training for manpower in footwear Industry. Credit Linked Capital Subsidy Scheme, ISO 9000/14001 reimbursement scheme and various other schemes covered under National Manufacturing Competitiveness Programme are also under this head. Other programmes under this head include promotion of Vertical Shaft Brick Kiln (VSBK) Technology and Technology Mission.

4. **Other Schemes :** Under the Scheme of Survey, Studies and Policy Research, grants are provided to reputed independent agencies, for conducting survey/studies on various aspects and features of micro, small and medium enterprises. International Cooperation Scheme aims to promote international cooperation between Indian micro, small and medium enterprises and enterprises abroad, with a view to technology infusion and/or Upgradation of Indian micro, small and medium enterprises, their modernization and promotion of exports.

Under the scheme of 'Training Institution' grant is provided to the National Entrepreneurship Development Training Institutions viz. National Institute for Entrepreneurship and Small Business Development (NIESBUD) at NOIDA and Indian Institute of Entrepreneurship (IIE), Guwahati. In addition, support is also provided to existing and new training institutes for supporting the entrepreneurship development efforts.

5. **National Small Industries Corporation Limited (NSIC)** has been working to promote the interest of MSMEs and to enhance their competitiveness by providing integrated support services under Marketing, Technology, Finance and support services.

NSIC is implementing two Plan Schemes of the Ministry viz., "Marketing Assistance Scheme" and "Performance and Credit

Rating Scheme", for which grant is provided by the Government of India. Under the Marketing Assistance Scheme, micro and small enterprises are provided support to market their products in the domestic and international market. Under the Performance and Credit Rating Scheme, micro and small enterprises are subsidised by the Government to the extent of 75% (upto a maximum of Rs. 40,000) for getting themselves rated for performance as well as creditworthiness by one of the empanelled accredited credit rating agencies.

6. **National Commission on Enterprises in the Unorganised Sector (NCEUS):** Provides for establishment related expenditure of the Commission and its activities.

7. **Rajiv Gandhi Udyami Mitra Yojana:** Under 'Rajiv Gandhi Udyami Mitra Yojana (RGUMY)', handholding assistance is provided to designated nodal agencies namely Udyami Mitras for providing handholding support to first generation entrepreneurs to guide and facilitate the potential entrepreneurs in dealing with various procedural and legal hurdles and completion of various formalities required for setting up and running of enterprises successfully.

8. **Development Commissioner (MSME):** The Office of Development Commissioner (MSME) is the nodal body for formulating, coordinating and monitoring policies and programmes for promotion and development of small scale industry in the country. Development Commissioner maintains close liaison with the Central Ministries, Planning Commission, State Governments, Financial Institutions, Voluntary Organisations and other organizations concerned with the development of small scale industries. Provision is for establishment related expenses of Head Quarter DC (MSME).

9. **Promotional Services Institutions and programme:** Office of DC(MSME) provides training to its Officers under DC(MSME) Officers Training Programme. MSME Testing Centre and MSME Testing Stations (TSs) provide testing facilities to Micro, Small & Medium Enterprises. MDP/EDP/Skill Development, National Award, Vendor Development Programme for Ancillarisation, Support for Entrepreneurial & Management Development of Small & Medium Enterprises, Advertising and Publicity and SENET Project are the other programmes under this scheme. A few new components viz. Scheme for conduct of tailor made courses for new entrepreneurs through select business schools, technical institutes, etc. and a programme to support 5 select universities/colleges to run 1200 entrepreneur clubs and establishment related expenditure of DC(MSME) field offices have been included under this head.

10. **MSME Clusters Development Programme and MSME Growth Poles:** MSME Cluster Development Programme is one of the important schemes of the Office of DC(MSME). Special emphasis has been accorded to comprehensive development of clusters. Infrastructural support has also been added under this programme. Association of women entrepreneurs will be assisted under the Cluster Development Programme in establishing exhibition centres at central places for display and sale of products made by women owned MSEs.

11. **Marketing Development Assistance Programme:** For successful international marketing of products in the retail market, bar coding is an essential requirement. To promote adoption of bar coding of products by medium and small enterprises (MSEs), a scheme of reimbursement of 75% of one time registration cost for bar coding is operational. To encourage MSEs to adopt the

practice of Bar Coding on a larger scale, 75% of the annual fees (recurring) charged by GSI India is also reimbursed as subsidy for the first three years. The scheme includes financial assistance to enable MSEs to obtain product patents. MSEs are also encouraged to participate in international fairs.

12. Updation of Database: the Central Statistical Organization (CSO) would collect statistics and information through annual surveys and quinquennial census, in respect of number of units, employment, rate of growth, share of GDP/value of production, extent of sickness/closure and exports of micro, small and medium enterprises. Under the Scheme data on women owned and/or managed enterprises will also be collected.

14. The National Commission on Enterprises in the Unorganised Sector (NCEUS) has submitted two reports on 'Financing of Enterprises in the Unorganised Sector' and Creation of a National Fund for the Unorganised Sector (NAFUS). The first report focuses on the status of financing of the enterprises in the unorganised sector and deals with the deficiencies in institutional infrastructure and constraints in financing this sector as also suggests measures to overcome them. In the second report, based on examination of the constraints faced by the unorganised sector enterprises in regard to the credit and developmental support, NCEUS has proposed creation of a National Fund in line with the announcement made in NCMP.

NCEUS in its report has pointed out that despite the potential of, and the demand on, the unorganised sector for employment generation and poverty reduction, this sector has not received the focused, singular and national mission type attention as far as availability of adequate credit at affordable rates and developmental support are concerned. Considering the urgency of providing adequate credit and developmental support to the unorganised sector enterprises for a faster and inclusive growth on the one hand and the inability of the present institutions like banks, SIDBI and NABARD to meet their growing credit demand on the other, the report has emphasized on the need for an exclusive national level development financial institution which would ensure not only adequate finance by way of supplementing hitherto inadequate efforts of the existing financial institutions, but also provide financial and other assistance for promotional and developmental services to the unorganised sector. The Commission has, therefore, recommended setting up of NAFUS as an exclusive national level development financial institution.

15. Construction of Office Accommodation - Village and Small Industries: Provides for construction of office accommodation for field offices.

16. Khadi and Village Industries Commission: The KVIC established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. KVIC has been identified as one of the major organisations in the decentralised sector for generating non-farm employment opportunities in rural areas at low per capita investment. The KVIC undertakes activities like skill improvement, transfer of technology, research & development, marketing, etc., in the process of generating employment/self-employment opportunities in rural areas besides providing interest subsidy on bank credit availed by eligible khadi/VI institutions, in the process of generating employment/self-employment opportunities in the rural areas.

17. Interest Subsidies

17.01 Khadi Industries: The Interest Subsidy Eligibility Certificate (ISEC) scheme is the major source of funding for the khadi programme. It was introduced in May 1977 to mobilise funds from banking institutions to fill the gap in the actual fund requirement and its availability from budgetary sources.

Under the ISEC scheme, credit at the concessional rate of interest of 4 per cent per annum for capital expenditure as well as working capital is given as per the requirement of the institutions. The difference between the actual lending rate and 4 per cent is paid by the Central Government through KVIC to the lending Bank.

17.02 Other Village Industries: With a view to helping the artisans and entrepreneurs who work in cluster and do not have adequate facilities for complete processing, packaging, marketing, quality control, raw materials, training, etc., a scheme known as Rural Industries Service Centers (RISC) is being implemented by KVIC since 2004-05 to provide infrastructure support and necessary services to the local units to upgrade their production capacity/skill and for market promotion.

18. Mahatma Gandhi Institute for Rural Industrialisation (MGIRI): This is a national level institute established by revamping Jamnalal Bajaj Central Research Institute at Wardha, Maharashtra in association with IIT, Delhi to strengthen the R&D activities in khadi and village industry sectors. The main functions of MGIRI are to improve the R&D activities in rural industrial sector by encouraging research, extension of R&D, quality control, training and dissemination of technology related information.

19. Workshed Scheme for Khadi Artisans: This scheme envisages worksheds to be provided to khadi artisans on a pilot basis so that they could work in an improved environment leading to increase in their productivity and better livelihood. The scheme has been approved in July 2008.

20. Scheme for Enhancing Productivity & Competitiveness of Khadi Industries and Artisans: The scheme aims to provide financial assistance to 200 of the 'A+' and 'A' category khadi institutions of which 50 institutions would be those which are managed exclusively by beneficiaries belonging to Scheduled Castes (SCs)/Scheduled Tribes (STs) in a public private partnership mode. It will enable replacement of old/obsolete charkhas and looms with new charkhas/looms so as to realize increased value addition for khadi, setting up common facility centres, need based dyeing and printing facilities besides ensuring better wages to artisans along with skill upgradation. The scheme has been approved in July 2008.

21. Strengthening of infrastructure of existing weak Khadi Institutions and assistance for marketing infrastructure: This scheme envisages renovation of selected sales outlets and provide a nursing fund to help around 200 khadi institutions which have become financially weak over the years but have the potential to rebound with focused assistance and monitoring.

22. Prime Minister's Employment Generation Programme (PMEGP): PMEGP is a Central Sector credit linked subsidy Scheme approved in August 2008 by merging two earlier schemes of the Ministry, that were in operation till 31.03.2008, i.e., Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP). It is a significant initiative with a higher level of subsidy than both PMRY and REGP. The main objective of this programme is to generate employment opportunities by assisting establishment of micro enterprises in

rural as well as urban areas by the first generation entrepreneurs. The scheme is expected to increase the participation by and coverage of rural beneficiaries by KVIC and State Governments in a more focused manner through rationalized implementation, focused EDP training, monitoring and verification procedures to be piloted and coordinated by KVIC and District Industries Centres (DICs) of State Governments. The funds earmarked under the scheme would be utilized for providing subsidy to the beneficiaries through Banks and meeting cost of training as well as backward and forward linkages.

23. Scheme of Fund for Regeneration of Traditional Industries (SFURTI): SFURTI has been introduced in October 2005 with a view to developing around 100 traditional clusters from khadi, village industry and coir sectors for comprehensive development over 5 years. KVIC and Coir Board are the nodal agencies for the scheme which is the first comprehensive initiative for focused regeneration of the khadi and village industries sector, based on the cluster development methodology. The Scheme Steering Committee (SSC) has approved 118 clusters (32 khadi, 60 village and 26 coir industries) with additional clusters serving as a reserved cluster against any possible 'dropout'. 17 National level institutions have been identified as Technical Agencies under this programme for providing technical support to these clusters. Diagnostic Study Reports (DSR) and Annual Action Plans (AAP) for 91 clusters have been approved by the SSC. 26 KVI clusters (14 Khadi and 12 VI) have been inaugurated and operationalized with the distribution of tools and equipments and inauguration of common facility centres. Complementary activities have been initiated in 25 coir clusters. The scheme will be fully operationalised in the current year.

24. Khadi Reform Development Package: It is proposed to revitalize the khadi sector with enhanced sustainability of khadi, increased incomes and employment, increased artisans welfare

and to gradually enable khadi institutions to stand on their own. Initially, the programme will be initiated in 300 identified khadi institutions keeping the needs of regional balance, geographical spread and inclusion of backward areas. This scheme is proposed with the assistance of Asian Development Bank.

25. Loans to Khadi and Village Industries Commission

25.01 Khadi and Village Industries: Loan is provided to Khadi and Village Institutions in NE states for streamlining their performance.

26. Coir Industries

26.01 Coir Board: The objective of Coir Board is to promote development of coir industry in the country through scientific, technological and economic research and development activities; collection of statistics relating to exports and internal consumption of coir and coir products; development of new products and designs; publicity for promotion of exports and internal sales; marketing of coir and coir products in India and abroad; preventing unfair competition among producers and exporters; assisting in the establishment of units for the manufacture of products; promoting co-operative organizations among producers of husk, coir fibre, coir yarn and manufacturers of coir products; ensuring remunerative returns to producers and manufacturers, etc. The target for export for the year 2009-10 has been kept at Rs. 650 crore.

26.02 Rejuvenation, Modernisation and Technological Upgradation of Coir Industry : The scheme aims at developing coir industry by providing financial assistance to spinners and tiny household sector. Under this scheme, assistance is provided for replacement of outdated looms and for constructing worksheds so as to increase production and earnings of workers.

27. Provision for projects/schemes for the benefit of North Eastern Region and Sikkim.