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Working Paper
On

Analysis of Schemes Involving Industry Associations & Suggestions for Effective Implementation

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ABBREVIATIONS & ACRONYMS

AFMEC	Agra Footwear Manufacturers and Exporters Chamber
AMC	Ahmedabad Municipal Corporation
AHVY	Ambedkar Hastshilp Vikas Yojana
ASIDE	Assistance to States for Developing Export Infrastructure and Allied Activities
ALEAP	Association of Lady Entrepreneurs of Andhra Pradesh
AWAKE	Association of Women Entrepreneurs of Karnataka
ASU	Ayurveda, Siddha & Unani
BIPCC	Banthar Industrial Pollution Control Company
BNCCI	Bengal National Chamber of Commerce & Industry
BIA	Bihar Industries Association
BDS	Business Development Service
BMOs	Business Membership Organizations
CAPABLE	Capacity Building Programme for Associations
CDE	Cluster Development
CDE	Cluster development executive
CODISSIA	Coimbatore District Small Industries Association
CFCs	Common Facility Centres
COTEX	Consortium of Textile Exporters
CLCSS	Credit Linked Capital Subsidy Scheme
CIPS	Critical Infrastructure Upgradation Scheme
DFID	Department For International Development
DIPP	Department of Industrial Policy & Promotion
DST	Department of Science and Technology
DSIR	Department of Scientific and Industrial Research
DPR	Detailed Project Report
DCMSME	Development Commissioner Micro, Small and Medium Enterprises
DICs	District Industry Centers
ETP	Effluent Treatment Plant
ELCINA	Electronic Industries Association of India
EITA	Engineering and Iron Trades Association
FSIA	Faridabad Small Industries Association
FAPSIA	Federation of Andhra Pradesh Small Industries Association
FASSI	Federation of Association of Small Industries in India
FISME	Federation of Indian Micro and Small & Medium Enterprises
FOSMI	Federation of Small & Medium Industries
FYPs	Five Year Plans
GSIA	Goa State Industries Association
GMP	Good Manufacturing Practices
GoI	Government of India
GIDC	Gujarat Industrial Development Corporation
ICC	Indian Chamber of commerce
IIA	Indian Industries Association
IIUS	Industrial Infrastructure Upgradation Scheme
ICT	Information and Communication Technologies
IL&FS	Infrastructure Leasing & Financial Services Limited

IDP	Instrument development Programme
IID	Integrated Infrastructure Development
IPRs	Intellectual Property Rights
IMC	International Merchant Chamber
ISO	International Organization for Standardization
ISTC	International S&T Cooperation
KCCI	Karnataka Chamber of Commerce & Industry
KASSIA	Karnataka Small Scale Industries Association
KVIC	Khadi and Village Industries Commission
MPLUS	Madhya Pradesh Laghu Udyog Sangh
MAWE	Mahakaushal Association of Women Entrepreneurs
MDA	Market Development Assistance
MSEs	Micro and Small Enterprises
MSECDP	Micro and Small Enterprises Cluster Development Programme
MSMEs	Micro, Small and Medium Enterprises
MoC& I	Ministry of Commerce and Industry
MoFPI	Ministry of Food Processing Industries
MoMSME	Ministry of Micro, Small and Medium Enterprises
MES	Modular Employable Skills
NAYE	National Alliance of Young Entrepreneurs
NSIC	National Small scale Industries Corporation
OPEs	Out of Pocket Expenses
PPP	Public Private Partnership
QRs	Quantitative Restrictions (in imports)
R&D	Research and development
RBI	Reserve Bank of India
RTI	Right to Information
SITP	Scheme for Integrated Textiles Park
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SEBI	Securities and Exchange Board of India
SDIS	Skill Development Initiative Scheme
SISIs	Small Industries Service Institutes
SSI-MDA	Small Scale Industries- Market Development Assistance
SPVs	Special Purpose Vehicles
SSTP	State Science & Technology Programme
SCX	Sub contracting exchanges
SGSY	Swarnjayanti Gram Swarozgar Yojana
TANSTIA	Tamil Nadu Small and Tiny Industries Association
TEA	Tirupur Exporters Association
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industries Development Organizations
UPTECH	Upgradation of Technology Programme
VIA	Vatva Industries Association
VGF	Viability Gap Funding

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INTRODUCTION

Owing to their substantive contribution to employment, industrial production and exports, Micro, Small and Medium Enterprises (MSMEs) are actively encouraged and supported through public policies in all countries. India also has a large number of MSME support schemes. Many of these schemes envisage direct or indirect role of industry associations or Business Membership Organizations (BMOs) in implementation. However, concerns are growing that implementation of the schemes having a role of BMOs remains sub-optimal on parameters of outreach, efficiency, effectiveness and fund utilisation.

Why are BMOs important and what role do they play in implementation of the schemes? Whereas Government is responsible for framework conditions in an economic environment, BMOs serve as a critical link between the Government and group of enterprises affected by or be beneficiary of support schemes being implemented by Government. They have better access to the target group and a greater familiarity with their problems and needs. BMOs being less bureaucratic and more flexible in decision making, development agencies are increasingly partnering with them in formulation and implementation of MSME support programmes.

Therefore, to enhance outreach and efficacy of public MSME support schemes, the Indian Government also has been increasingly shifting from the approach of 'direct delivery of subsidized services' to that of being a facilitator involving the industry and the BMOs in the delivery process as partners. It is evident from the rising number of schemes being launched and under implementation using the Public Private Partnership (PPP) approach during the last decade.

Though the approach of partnering with private sector is laudable, in terms of impact it is yet to break ground. Concerns have been expressed about low level of participation, time overruns in execution of the projects undertaken and a wide gap between sanctions (approvals) and disbursements (actual release of funds). Concerns are also being raised about the capacity and capability of BMOs for executing and implementing these schemes. As many of these roles have been rather new for BMOs and institutionalised capacity building mechanism for the associations is conspicuous by its absence, the issue of capability of MSME associations has assumed greater importance.

The study attempts to map such MSME support schemes, cutting across central Ministries, which envisage a definite role for associations and then analyse it from the perspective of capacity and capability of Industry associations to understand and implement these support programmes.

Chapter-I, scans the evolution of MSME support programmes in India and maps the current universe of these schemes and categorizes them on the basis of types of roles. Chapter-II reviews important BMO focused schemes and analyzes in detail their objectives, components and processes. The Chapter provides comparison of key parameters of important schemes to help identify the best practices. Chapter-III presents an overview of the universe of BMOs and industry associations in India and types of roles they are discharging. Based on some important studies on Indian BMOs and secondary data, the Chapter analyzes the strengths and weaknesses of Indian BMOs and also presents two case studies. The Chapter brings forth insights into the capacities and capabilities of Indian BMOs. Chapter-IV summarizes the analysis of the previous two chapters and presents the observations on the constraints of the supply side (Government and the schemes) as well as demand side (BMOs).

The final chapter, builds upon observations of Chapter-IV and enlists the important lessons learnt. It presents a model scheme-of- things to improve the ‘supply side’ and an institutional mechanism to strengthen the ‘demand side’.

PROCESS FLOW OF STUDY

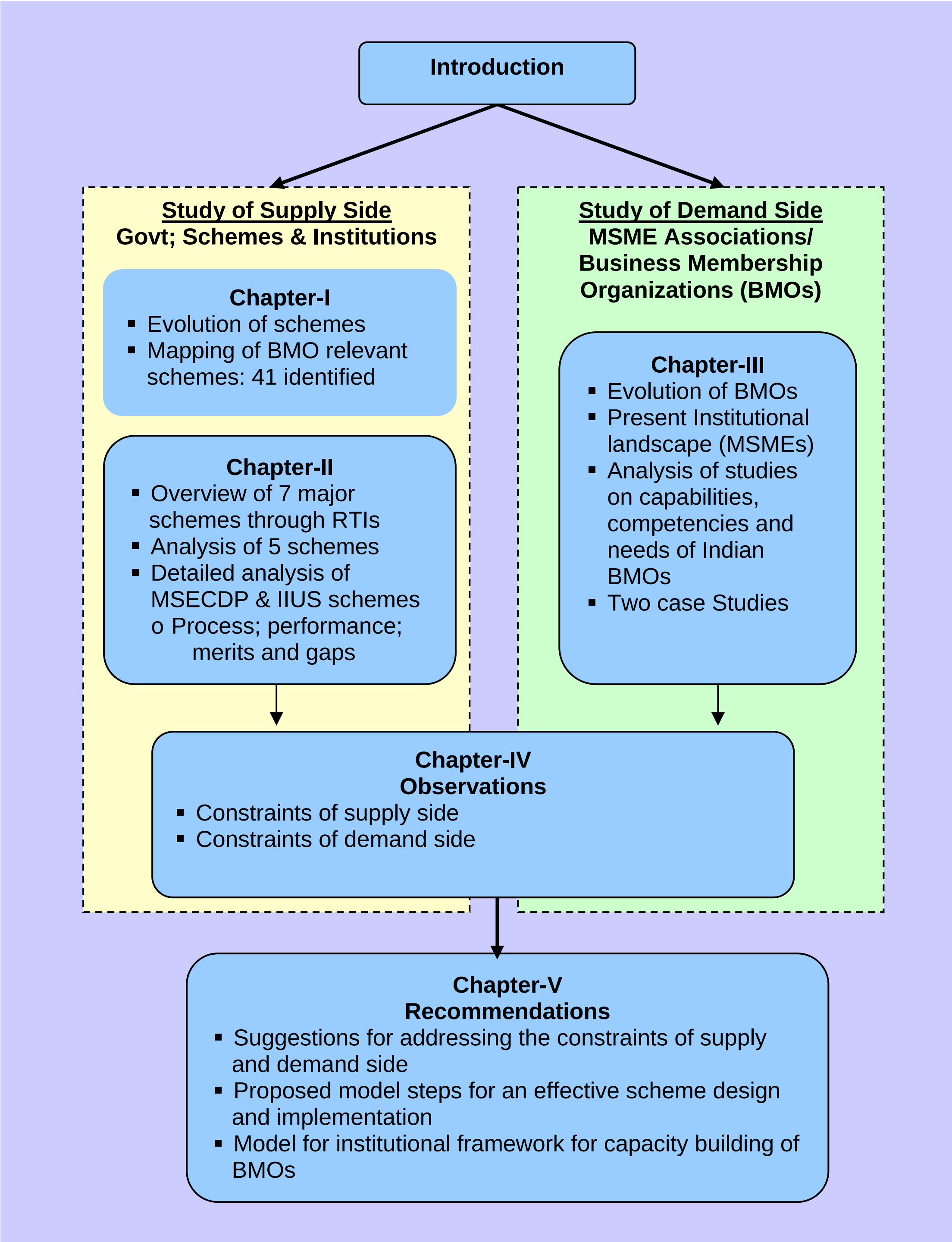

Figure 1: Process flow of the study

CHAPTER- I

MSME SUPPORT SCHEMES AND PROGRAMMES

1. Evolution of support programmes for MSMEs

a. Since independence in 1947, there has been a widespread recognition in India that vibrant small enterprises are potentially a key engine of economic growth, job creation and greater prosperity. The Government of India's successive industrial policy statements have emphasised the role that small enterprises can play in providing employment to a million or so workers transitioning out of agriculture each year. The development of small scale sector has been seen as a method of ensuring a more equitable distribution of national income and facilitating the effective mobilisation of capital resources and skills which might otherwise remain un-utilised.

b. In the centralized economy which India once was, it was considered appropriate to let the large private sector and public sector produce primary and intermediate products with heavy industries, while the 'modern small scale industries' were to produce consumer durable and articles of mass consumption. Successive Five Year Plans (FYPs) adopted by Government of India and accompanying Industrial Policies provided the required policy framework for the small sector to bestow 'protection' and financial, marketing and technological support. (See table-1).

c. The promotional set up for the MSME sector, therefore, has been elaborate. Till late 1980s, the emphasis of the most MSME development schemes has been on the unit level support delivered through public institutions. The Industrial Policy of 1991 and Abid Hussain Committee Report (1997) induced a paradigm shift to the vision of promotional policy for the sector. The points of departure- at least in terms of intent, have been:

   I. From protection of small scale sector to its promotion
   II. In addition to focus on individual unit level support, group of enterprises (cluster) also targeted as beneficiaries
   III. Besides public institutions, gradual involvement of associations, NGOs and private sector in formulation and execution of promotional schemes

Table 1: Evolution of Promotional Policy Framework for Small Sector

Documents/ Reports	Prescription influencing MSME policy
Five Year Plans	
First FYP 1951	▪ Advocated elaborate & determined state policy intervention covering Finance, Raw materials, Technical and Marketing guidance ▪ Mooted 'protection' of spheres of production for the sector
Second FYP 1956	▪ Laid foundation for establishment of promotional and support institutions: NSIC, SISIs, State Financial Corporations ▪ Provided for development of Industrial Estates
Eighth FYP 1992	▪ Advocated reform agenda: lifting of QRs, removal of licensing, quotas; Stressed technological upgradation and marketing support, ▪ Mooted 'Growth Center Approach' (which later crystallized into the cluster development approach in India)
Industrial Policies	
Industrial Policy Resolution 1948	▪ Support through Policy and fiscal measures to Cottage and small scale industries for better utilization of local resources and achievement of 'local sufficiency'
Industrial Policy Statement 1977	▪ Declared ' whatever can be produced by small and cottage industries must only be so produced'; ▪ Took protection to new heights; reserved items in SSIs expanded from 180 to 807 ▪ Mooted the concept of District Industry Centers (DICs) ▪ Tiny sector defined within the small scale sector
Industrial Policy Statement 1980	▪ Focused ancillarisation and creation of nucleus plants ▪ Modernization and technological up-gradation
Industrial Policy Measures1991	▪ Paradigm shift in policies: 'protection to promotion' ▪ Industrial licensing done away with and ▪ Backed removal Quantitative Restrictions on imports and process of de-reservation of SSIs
Important Reports/ Studies which influenced policies	
Karve Committee Report (1956) (Under Planning Commission)	▪ Stepping stone for future small sector policies ▪ Recommended state intervention in ensuring access to raw materials; institutional finance; technology; markets; skills; power; common facilities; industrial estates; raw material and producer cooperatives differential taxation; cooperative marketing
International Planning team (Ford Foundation), 1955	▪ Setting up of institutional framework for Technical, marketing, credit assistance; provided basis for Small Industries Development Board (now DCMSME), National Small scale Industries Corporation (NSIC) to come up
Expert Group on Small Enterprises (Abid Hussain Committee) Report (1997)	▪ Comprehensively reviewed past policies and advocated change of course; ▪ Suggested 'Protection to promotion'; de-reservation but with technological and marketing support ▪ Changed focus of support from unit level to groups of industries; brought industrial clusters in focus
Source: Five Year Plan documents, Planning Commission; Industrial Policies, Ministry of Commerce and Industry, GoI	

2. Ongoing Support Programmes:

a) All the schemes under Central Ministries/ Departments which envisage a role for Associations/ BMOs have been mapped as a part of this study. Thus a universe of 41 relevant schemes was drawn upon which envisage either one or a combination of roles for Associations/ BMOs in its implementation.

3. Ministries with prominent MSME support programmes:

a) The Central Ministries having promotional schemes for the MSME sector are of two types: sector specific Ministries and cross cutting Ministries. Ministries such as of Textiles, Food Processing Industries, Health etc are focused on specific sectors whereas Ministries such as of MSME, Commerce and Industry, Finance etc focus on cross cutting issues.

b) Though each Ministry/ Department has its own priority and focus area for which specific schemes are propagated, there are many cross cutting issues that more than one Ministry attempts to address. At any given time, there is more than one scheme aiming to address similar concerns. Major Ministries having promotional schemes for the MSME sector are:

Table 2: Ministries and BMO relevant Schemes

	Ministries/Departments	No of schemes relevant for BMOs (as on 31st March 2009)
I.	Ministry of MSME (DC MSME, COIR BOARD)	13
II.	Ministry of Commerce	5
III.	Ministry of Labour	2
IV.	Department of Science & Technology	4
V.	DSIR	6
VI.	Ministry of Rural development	1
VII.	Ministry of Textiles	4
VIII.	Department of AYUSH	2
IX.	Ministry of Finance	1
X.	Ministry of Food Processing Industries	3
	Total	41

4. Categorization of support programmes:

The MSME support programmes can be categorized on the following parameters:

- Profile of the intended beneficiaries
  - Individual enterprises
  - Group of enterprises/ collectives/ clusters
- Type of role envisaged for association
- Specific focused area

a. Individual enterprises based support programmes

   I. The programmes which envisage the individual units to be eligible beneficiary are aimed at enhancing the competitiveness of the units through technology up gradation support, assistance for marketing access, product/ process development, training/ skill up gradation etc. Few schemes which target individual enterprises are:

      - Credit Linked Capital Subsidy Scheme of Ministry of MSME for Technology Up-gradation
      - Technology Up-gradation Fund Scheme of Ministry of Textiles for enterprise level technology up-gradation
      - Scheme for assisting Ayurveda, Siddha & Unani (ASU) drug manufacturing units of Department of AYUSH to strengthen in-house quality control section/drug testing laboratories to meet the requirements of Good Manufacturing Practices (GMP)
      - Credit Guarantee Fund Scheme of Ministry of MSME to facilitate access to finance
      - Certificate Reimbursement Scheme of Ministry of MSME to assist units in quality certification such as ISO etc
      - Market Development Assistance Scheme of Ministry of Commerce to assist entrepreneurs/ exporters in accessing new markets.
      - R&D Grants For New Product / Process Development of Department of Science and Technology

b. Schemes targeting groups of enterprises:

   I. These schemes envisage enterprises to come together, pool resources and overcome gaps which enterprises in isolation or on their own find it difficult to address. Majority of these Schemes address either infrastructure related gaps or business support institution to provide services where immediate business gains may not be obvious to the MSME users and risk for initiating them may be high.

II. Collective projects aim at sharing the risk hence enhancing the gains associated with the setting up of projects. Setting up of common facility centres such as those for testing, R&D, raw material standardization, skill development etc, setting up of industrial parks, common marketing initiatives, market access interventions, innovation and product development, upgradation/ creation of general infrastructure facilities such as power supply, roads, drainage etc are some of the activities that come under the purview of the Schemes targeting groups of enterprises.

III. Some such Schemes primarily targeting groups of enterprises are mentioned below:

- Scheme for Integrated Textiles Park (SITP) launched by Ministry of Textiles in September 2005 aims to provide the industry with world class infrastructure facilities for setting up their textiles units. 40 parks have already been approved under the scheme pan India with greenfield parks coming up in the vicinity of existing textile clusters.
- Industrial Infrastructure Upgradation Scheme (IIUS), by Department of Industrial Policy & Promotion (DIPP) was launched to provide quality infrastructure initially in functional clusters/ industrial locations. The scheme is meant for strengthening sector specific clusters through collective interventions. Existing industrial locations having concentration of industrial units are also eligible to apply for assistance under the scheme.
- Scheme of Fund for Regeneration of Traditional Industries (SFURTI), being implemented by Khadi and Village Industries Commission (KVIC) under Ministry of Agro & Rural Industries aims at strengthening of rural clusters and to make the traditional industries more productive, competitive for sustainable development. The scheme has provision for both hard as well as softer interventions and has provision for nodal as well as technical agencies at national as well as cluster level to assist the implementing agencies.
- Integrated Handloom Cluster Development Programme, based on a cluster approach for the development of the handloom sector was

introduced in 2005-06. The same is being implemented by Development Commissioner (Handlooms), Ministry of Textiles and aims to facilitate the sustainable development of handloom weavers located in identified clusters into a cohesive, self managing and competitive socio-economic units. 120 clusters have been selected while the scheme is being implemented in 20 clusters.

- Mega Food Park, a scheme by Ministry of Food Processing Industries aims at setting up infrastructure & common facilities for use by small and medium enterprises which enhance valued addition and Quality assurance through filling gaps in the supply chain. The Scheme has replaced the earlier food park Scheme and has more structured and participatory implementation framework.

c. Categorization according to type of role envisaged for industry Associations / BMOs:

All the schemes under the Central Ministries/ Departments which envisage a role for Associations/ BMOs have been mapped as a part of this study. Thus a universe of 41 relevant schemes was drawn upon which envisage either one or a combination of roles for Associations/ BMOs in its implementation.

I. Different type of role envisaged for associations in public support programmes are:

- **Need assessment and Scheme design**: Not explicitly stated in the scheme guidelines, some of the Schemes in their design stage envisage involvement of BMOs so that the provisions are demand driven and in sync with the needs of the sector.
- **Awareness creation/ Information Dissemination**: BMOs as part of their service basket disseminate information about the Schemes and support programmes amongst their members. In some of the Schemes the BMOs are provided financial assistance for awareness creation through workshops/ symposiums/ seminars etc.
- **Promoters of vehicles for implementation**: Many of the Schemes especially the ones designed on PPP framework and envisaging Special Purpose Vehicles (SPVs) to act as implementing agencies encourage associations to lead the projects in initial stages, submit preliminary proposals, mobilize entrepreneurs to come forward and promote SPVs etc

- **Part of evaluation/ approval committee:** The Project screening/ approval committees under most of the Schemes have representation from industry associations. BMOs are also part of technical committees evaluating proposals.
- **As Implementing agencies**: There are GoI Schemes which recognize BMOs as the eligible implementing agencies for direct implementation of projects. Most of these schemes provide assistance for soft interventions, research and infrastructure projects
- **Monitoring and evaluating agencies:** There are schemes which recognize the close linkage between BMOs and members who are beneficiaries under various schemes. Hence BMOs are part of the monitoring and evaluation framework.

The details of these Schemes in terms of the year of launch, components addressed by the scheme, implementing agencies, funding pattern etc are being given in **Annexure-1**. However, for a ready reference, the table given below segregates these schemes based on the role envisaged for BMOs i.e.

Table 3: Scheme segregation as per role for BMOs

	Description of role	**No of Schemes**
1	Primary implementing role	3
2	One of the many eligible agencies (such as SPVs, R&D and other support institutions etc) for implementation	23
3	Not implementing agencies but which could facilitate the implementation process	15

5. Focus of Schemes

While the broader aim of all schemes is competitiveness and growth of the MSME sector, different schemes try to achieve this aim by focusing on one of the following five areas:

a. Provision of infrastructure

b. Soft interventions including capacity building, training etc

c. Marketing assistance/ market access

d. Technology up-gradation

e. Research & Development/ Innovation

Therefore, it is evident that there are a large number of MSME development schemes and programmes being supported by several Ministries of Government of India. Further 41 schemes have been identified in the chapter which envisage a definite type of role for BMOs from planning to execution of these schemes.

Table 4: Categorization of Schemes According to Role for Associations/BMOs

S No	Scheme	Ministry/ Department	Role for BMOs
1	Scheme of Fund for Regeneration of Traditional Industries (SFURTI) through KVIC and Coir Board	Ministry of MSME (MoMSME)	One of many eligible agencies
2	Scheme of Surveys,Studies, Policy Research	MoMSME	Primary implem-enting agency
3	International Cooperation Scheme	MoMSME	Primary implem-enting agency
4	Scheme for capacity building, strengthening of database and advocacy and for holding Seminars/Symposiums/Workshops by Industry/Enterprise Associations	DC (MSME)	Primary implem-enting agency
5	Micro & Small Enterprise Cluster Development Programme (MSECDP)	DC (MSME))	One of many eligible agencies
6	Market Development Assistance Scheme for SSI exporters (SSI-MDA)	DC (MSME)	One of many eligible agencies
7	Integrated Infrastructure Development (IID) (subsumed under MSECDP)	DC (MSME)	One of many eligible agencies
8	Building awareness on IPRs	DC (MSME)	One of many eligible agencies
9	Setting up of New Mini Tool Rooms under PPP Mode	DC (MSME)	One of many eligible agencies
10	Enabling Manufacturing Sector be competitive through Quality Management Standards and Quality Technology Tools	DC (MSME)	One of many eligible agencies
11	Support for Entrepreneurial and Managerial Development of SMEs: Through Incubators	DC (MSME)	Facilitating role
12	Scheme for Integrated Textiles Park (SITP)	Ministry of Textiles	Facilitating role
13	Integrated Handloom Cluster Development Programme	Ministry of Textiles	Facilitating role
14	Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY)	Ministry of Textiles	One of many eligible agencies
15	Special Handicraft Training Project	Ministry of Textiles	One of many eligible agencies
16	Assistance to States for developing Export Infrastructure and Allied Activities (ASIDE)	Ministry of Commerce & Industry (MoC&I)	One of many eligible agencies
17	Industrial Infrastructure Upgradation Scheme (IIUS)	MoC&I	One of many eligible agencies
18	Revised Market Access Initiative Scheme	MoC&I	One of many eligible agencies
19	Market Development Assistance Scheme	MoC&I	One of many eligible agencies
20	HRD Mission for Leather	MoC&I	Facilitating role

21	Modular Employable Skills (MES) under Skill Development Initiative Scheme (SDIS)	Ministry of Labour	Facilitating role
22	Upgradation of Government ITIs through Public Private Partnership	Ministry of Labour	One of many eligible agencies
23	Rejuvenation, Modernisation and Technology Upgradation of the Coir Industry	Coir Board	Facilitating role
24	Scheme for Development of AYUSH Clusters	Department of AYUSH	Facilitating role
25	Assistance for Exchange Programme / Seminar / Conference / Workshop on AYUSH	Department of AYUSH	One of many eligible agencies
26	Mega Food Parks Scheme	Ministry of Food Processing Industries (MoFPI)	Facilitating role
27	Scheme for Cold Chain, Value Addition and Preservation Infrastructure	MoFPI	Facilitating role
28	Scheme for Setting up/ up gradation of food testing laboratories	MoFPI	Facilitating role
29	Scheme for Promotional Activities	MoFPI	One of many eligible agencies
30	Special Projects under Swarnjayanti Gram Swarozgar Yojana (SGSY)	Department of Rural Developmen t	One of many eligible agencies
31	Instrument development Programme (IDP)	Department of Science and Technology (DST)	Facilitating role
32	International S&T Cooperation(ISTC)	DST	Facilitating role
33	Joint Technology Projects under STAC/IS-STAC	DST	Facilitating role
34	State Science & Technology Programme(SSTP)	DST	One of many eligible agencies
35	International Technology Transfer Programme	Department of Scientific and Industrial Research (DSIR)	One of many eligible agencies
36	Consultancy Promotion Programme	DSIR	One of many eligible agencies
37	Technology Information Facilitation Programme	DSIR	One of many eligible agencies
38	Technology Development & Utilization Programme for Women	DSIR	One of many eligible agencies
39	R&D Grants For New Product / Process Development	DSIR	Facilitating role
40	Technology Management Programme	DSIR	One of many eligible agencies
41	Viability Gap Funding	Ministry of Finance	Facilitating role

Chapter-II

ANALYSIS OF MSME SUPPORT SCHEMES HAVING RELEVANCE FOR BMOS

1. Analysis of important schemes

Out of a universe of 41 schemes of various ministries which are relevant from BMO perspective and that envisage a role for them in implementation, seven schemes were chosen based on size of outlay and at least 4~5 years of period of operation. New schemes have not been taken in the analysis because their performance is yet to come out. The schemes are as follows:

a. DC MSME
   I. Micro and Small Industries Cluster Development Programme (MSE CDP)
   II. Scheme for capacity building, strengthening of database and advocacy by Industry/Enterprise Associations and for holding Seminars/Symposiums/Workshops by the Associations.

b. Ministry of Textiles
   I. Scheme for Integrated Textile Parks

c. DIPP
   I. Industrial Infrastructure Upgradation Scheme (IIUS)

d. Ministry of MSME
   I. Scheme for Regeneration of Traditional Industries (SFURTI)
   II. International Cooperation Scheme
   III. Scheme for Surveys, Studies and Policy research

The striking fact about most of the schemes is that information on them is extremely difficult to come by. Where ever it is in public domain it is not in easily comprehensible format. Therefore, information was sought under the Right to Information Act from the concerned ministries under the following parameters to analyse the design process of the scheme and its performance over the years:

a. Year of launch of the Scheme
b. Whether the Scheme based on a pre feasibility study/ stakeholder consultations/ research and/or some professional involvement
c. Whether Scheme guidelines were modified/ revised and details therein
d. The outlay of the Scheme

e. Number of projects sanctioned till now (year of sanction, beneficiary organization, location and the sanctioned amount per project)
f. Off take of the Scheme in terms of actual disbursements for the sanctioned projects (project wise)
g. Whether any mid term appraisal/ evaluation has been undertaken
h. The present status of the Scheme

The results are summarized in ***Table -5***.

After having received the basic information about these schemes, the official scheme documents and guidelines of five larger schemes were studied in detail. The information about these schemes is compiled in **Table-6** on the following parameters:

a. Objective/ Focus of scheme
b. Coverage
c. Funding components
d. Implementation framework
e. Programme Management Support
f. Role of State Government
g. Approval Process
h. External borrowing

Out of these, two schemes MSECDP and IIUS are further analyzed for granular details because of comparatively larger outlays (greater than Rs. 600 cr), having been in operation for a sizeable period of time (more than 5 years) and product or sector neutral focus.

Table 5: Major Schemes at glance (RTI details)

Question asked about Scheme	SCHEME						
	MSECDP	**SITP**	**IIUS**	**SFURTI**	**Intl Coop Scheme**	**Capacity building scheme**	**Scheme for studies**
Year of launch	1998	July 2005	2003	Oct 2005	1996	2006-07	1998
Whether based on a pre feasibility study/ stake-holder consultations/ research and/or some professional involvement	No, based on Expert Committee report on Small Enterprises	No. But, new scheme modified after appraisal	No	Not mentioned	Details not available	No	No
Whether Scheme guide-lines modified or revised	Yes in 2006	Yes, in XIth plan	Yes in 2009	No	Yes in 2008	Yes in 2007-08	In Dec 2005
The outlay of the Scheme	Rs. 660 Cr for XIth plan	625 Cr (Xth plan) 2000 Cr (XIth plan)	Rs. 675 Cr (Xth plan)	Rs. 97.25 for 100 clusters	Rs. 12 Cr in Xth; Rs. 10 Cr in XIplan	Rs. 2.5 Cr for 2008-09	Rs. 8 Cr and Rs. 6 Cr for IX & X plan
Number of projects sanctioned till now	409	40	30	118		110 till Dec08	
Off take of the Scheme	Against Rs. 64 Cr sanctioned, Rs. 17.5 Cr has been disbursed	Against Rs. 1438 Cr sanction, Rs. 475 Cr has been disbursed	Against Rs. 1087 Cr sanctioned, Rs. 786 Cr disbursed	Against a sanction of Rs. 49.42 Cr., (…) disbursed	~ Rs. 8.8 Cr disbursed since 2002-03	Rs. 1.73 Cr has been disbursed so far	
Whether any mid-term appraisal/ evaluation undertaken	Yes	Yes	Yes	No	Yes	No	Yes in 2002-03; amended
Present status	All Schemes are ongoing in the present XI th Five Year Plan.						

Table-6

Comparison of Five Major Schemes					
Criteria	**Industrial Infrastructure Upgradation Scheme (IIUS) of DIPP**	**MSECDP**	**Scheme for Integrated Textile Parks (SITP)**	**Scheme for Development of AYUSH Clusters**	**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**
Objective/ Focus	▪ Access to quality infrastructure ▪ PPP approach ▪ Focus on clusters /locations having export potential (includes improving existing Ind. Areas)	▪ Enhancing competitiveness by supporting soft and hard interventions including for Common Facility Centres, up-gradation of existing industrial infrastructure ▪ PPP approach	▪ Access to world class infrastructure meeting intl. quality, social & environmental ▪ standards for textile industry brace Post-quota regime	▪ Bridging gaps viz. raw material access, standardization, quality/productivity, branding etc through common facilities ▪ Encouragement to collective initiatives	▪ Aims to improve traditional skills, market intelligence technologies, local governance etc. in custers ▪ PPP mode Cluster based .
Coverage	Applicable to any industrial sector/ cluster/ estate	Any MSME cluster SPV is eligible to apply under the Scheme.	Locations in and around potential growth centres	Existing clusters in AYUSH sector	Select Traditional khadi, coir&village clusters ,including leather and pottery
Funding	75% of the project cost with a ceiling of Rs. 50 cr	▪ *Developmental*: testing lab, design /R&D centre-70% funding<Rs 7 Cr ▪ *Quasi Development*: CETP,SCX, CFC etc-50%funding<Rs5 Cr ▪ *Commercial:* mktg. centre, raw material bank, CFC etc- 30% funding < Rs. 3 Cr ▪ Additional10%grant for women clusters	40% of the project cost with a ceiling of Rs. 40 Cr	▪ 60% of the cost of Core Interventions and 25% of the cost of Add On Interventions. ▪ Overall assistance should not exceed 60% of the total Project cost with a maximum of Rs. 10 Cr	▪ 75% for CFC, technology upgradation, product development ▪ 100% for Capacity building, market development with component wise ceilings

Criteria	Industrial Infrastructure Upgradation Scheme (IIUS) of DIPP	MSECDP	Scheme for Integrated Textile Parks (SITP)	Scheme for Development of AYUSH Clusters	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
Funding components	▪ Physical Infrastructure as water supply, roads, sewerage, ETPs, Power, worker hostel etc ▪ ICT Infra; R&D / Quality centre ▪ Information/ Intl Mktg center ▪ ICT-induction & process re-engineering/mgt. support centre	▪ Technology upgradation ▪ Quality upgradation ▪ Credit facilitation ▪ Marketing support ▪ Collective capacity building of units ▪ Common Facility Centres for Testing Training Centres ▪ Collective mktg. and procurement ▪ Skill upgradation	▪ Land ▪ Common Infrastructure as Roads, Water, sewerage facilities, ▪ Collective power gen/ distribution ▪ Common facilities for Conference, Product display, Design/R&D; ▪ Worker's sheds, rest rooms, Creche etc	▪ common facilities for testing, certification, quality ▪ other capacity building measures ▪ Interventions such as those related to mkg/ branding, ▪ provision of general infrastructure to support production units etc	▪ Support for Technology Upgradation ▪ CFCs for product /design; pckging ▪ Marketing; Capacity building activities ▪ Other activities as identified by Implementing Agency necessary for development of the cluster
Implementation framework	SPV (A Corporate Body/Association registered under Companies/Societies Act)	▪ Special Purpose Vehicles (SPV) consisting of cluster beneficiaries ▪ Large mfg firms, buyers, suppliers may contribute upto 50% of beneficiary share provided mgt. control remain with of beneficiaries	▪ SPV (registered as company promoted by association) with majority stake with MSMEs ▪ Combined stake of GOI/State Govt etc. not to exceed 49%	• SPV (corporate body registered as Company) • AYUSH enterprises to hold min. 51 %, remaining may be held by any Govt. agency/ banks/ strategic partners	• Non-Government organisations, Central/ State Govt. agencies with suitable expertise to undertake cluster development
Prog Mgmt Support	▪ No such provision, ▪ Department used the services of Financial Institutions for appraisal of project	▪ No explicit provision ▪ SPVs encouraged to use services of public technical agencies like tool rooms, SISIs etc	▪ Programme Management Consultant to handhold the project from Concept to Commissioning	▪ Programme Management Consultant handhold from concept to commissioning	▪ Nodal agencies KVIC;Coir Board for handholding, disbursement and monitoring ▪ Technical agency to provide expert inputs

Criteria	Industrial Infrastructure Upgradation Scheme (IIUS) of DIPP	MSECDP	Scheme for Integrated Textile Parks (SITP)	Scheme for Development of AYUSH Clusters	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
Role of State Government	▪ State Govt as one of the stakeholders to support the projects. ▪ No other specific role mentioned	▪ No mandatory participation but entire cost of land & building to be met by SPV / State Govt ▪ In practice State Govt. participation & endorsement required for approval ▪ Flow of Funds through State appointed agency	▪ No mandatory, participation; but clearance required ▪ State to identify, procure land and provide linkage with utilities ▪ May participate by way of equity or grants.	▪ Not mandatory but pro-active involvement sought 1. Participation required in: land procurement; external infrastructure; necessary project related clearances; dovetailing other relevant schemes	State Government agencies could be implementing agencies, no other specific role envisaged
Approval Process	• Based on detailed project proposal supported by data, surveys, projections and feasibility on growth potential of the cluster / locations • Approval?	▪ Based on detailed project report appraised and validated by a financial institution ▪ Two steering committees for approval ▪ Different approval process for different sizes	▪ Based on project report supported by diagnostic study, demand/supply analysis for common facility/ infrastructure ▪ Approval by Project Approval Committee	▪ In principle approval on concept note and fulfillment of some basic conditions ▪ Final approval on DPR,land acquisition ; execution of agreements etc ▪ Two stage approval process	Based on the proposal submitted by Nodal agencies
External borrowing	▪ Allows Banks/ FIs' contribution way of debt or equity ▪ Silent on issue of right of 'charge' on hypothecated assets	▪ Allows Banks/ FIs' contribution to meet shortfall ▪ First charge of hypothecation not allowed on assets created under CFC; first right wrests with Govt.	▪ External financing allowed in practice ▪ No specific mention about charge	▪ External financing allowed in practice ▪ No specific mention about charge	▪ No specific mention of additional external funding ▪ No mention of charge

2. Detailed analysis of MSECDP and IIUS

While the previous matrix provides an overview of the five major schemes, the information is on content. From the perspective of implementation, it is important to understand the process. Therefore, two schemes were studied in detail. Among the 41 schemes identified, the three largest schemes have been MSECDP, IIUS and SITP. However, SITP is Textile sector focused. Therefore, MSECDP and IIUS were selected for detailed study.

a. Micro and Small Enterprise Cluster Development Programme (MSECDP)

I. Functional elements and processes

The following paragraphs contain detailed analysis of functional elements and processes of the scheme:

- Background

  The Abid Hussain Committee Report (1997) drew attention of policy makers to industrial clusters. Soon after an 'Integrated Technology Up-gradation and Management Programme' (UPTECH) was launched in 1998. It was replaced by a more comprehensive 'Small Industry Cluster Development Programme' in 2006. The Scheme was further renamed as 'Micro and Small Enterprise Cluster Development Programme following the promotional Package for Micro and Small Enterprises (MSEs) in 2007. The Scheme, based on the concept of cluster development principles aims at enhancing the productivity and competitiveness of the small enterprises situated in clusters.

- Beneficiaries

  Micro and Small enterprises are the intended beneficiaries of the assistance under the Scheme however the implementing agency is envisaged to be in the form of a Special Purpose Vehicle (SPV). An SPV is a legally recognized body and its constitution could be a Trust, Cooperative, Society or Company. An SPV should be formed by at least 20 beneficiary enterprises of the cluster. The Scheme recognizes the fact that it will not be possible in all the cases to constitute an SPV right in the beginning hence it allows the following agencies to be the project developers till the time an SPV of the beneficiaries is formed and the onus of implementation is shifted on to it:

  – Central Govt field organizations

- State Govt and autonomous/ public sector organisations
- National and international SSI development institutions
- Any other agency approved by MoMSME

- Eligible Interventions for funding

  The Scheme provides assistance for soft as well as hard interventions. Soft interventions relate to activities aimed at capacity building of the enterprises whereas hard interventions are primarily aimed at creating permanent assets such as Common Facility Centres (CFCs) for various purposes.

  - Soft activities include:
    - Seminars/ workshops/ study tours
    - Trainings etc for Association/ network capacity bldg
    - External consultants
    - Publications
    - Technical equipment for demonstration
    - Costs of implementing agency(CDE, travel, OPEs etc)
  - CFCs have been divided into three categories based on the nature of CFC and the expected time taken to achieve commercial viability:
    - *Developmental:* facilities such as testing lab, design centre, R&D centre etc where immediate commercial gains are not perceived and break even would be possible beyond 3 yrs of commencement of Project
    - *Quasi Developmental:* This includes facilities such as Common Effluent Treatment Plants, Sub contracting exchanges (SCX), Common logistics centre etc where individual enterprises do not envisage individual gains and hence will not opt for such a facility on standalone basis
    - *Commercial:* These are facilities such as marketing/ selling centre, raw material depot, common processing centre etc which ensure immediate commercial viability hence shorter break-even period

- Financial Assistance

  The Scheme has provision for financial assistance for the implementing agency upto 80% of the Project cost with a ceiling of Rs. 10 Cr per project, depending upon the category of the CFC as described above.

  - The funding available for various categories of CFCs is mentioned below:
    - Developmental CFC : 70% of the Project cost
    - Quasi Developmental CFC : 50% of the Project cost
    - Commercial CFC : 30% of the Project cost
  - The Scheme allows Rs. 10 lakhs for softer interventions
  - If the beneficiary enterprises belong to exclusive village/ artisan/ woman enterprise clusters, additional 10% funding in all the above categories is available i.e 80% for developmental CFCs, 60% for quasi developmental and 40% for commercial CFCs.
  - The Project cost includes the cost of land, building and other physical infrastructure, equipments, pre-liminary and pre-operative expenses
  - The Scheme encourages dovetailing of funds from other Schemes of Ministry of MSME and of other Ministries/ Departments or State Governments however, beneficiaries must contribute atleast 10% of the Project cost.
  - Though Government assistance is provided as percentage of the Project cost, Government assistance is only to be utilised towards plant & machinery. In that sense, if the cost of plant and machinery is less than the eligible grant in any of the cases, the quantum of assistance available would be to the extent of cost of plant and machinery only.
  - Land and building has to be beneficiary/ State Government contribution

- Approval process
  - The proposals under the Scheme could be submitted by SPV with endorsement from local MSME DIs and State Government
  - Preliminary Application with cluster diagnostic study, need and rationale for CFC, basic project details and summary of financials

- Preliminary application to be followed by Detailed proposal with financial analysis and modelling

- Screening of proposals
  - Less than Rs. 1 Crore: approval by committee chaired by DC(MSME)
  - Between Rs. 1 Crore and 5 Crore: approval by committee chaired by Secretary MSME
  - Greater than Rs. 5 Crore: Scrutinised on file by DC(SSI) and FA and then approval by Steering committee
- Implementation framework

  The Scheme envisages a clear legal entity with evidence of prior experience of positive collaboration among its members, whether formally or otherwise, to be the applicant of the proposal. The Scheme states that all proposals for cluster development seeking assistance must emanate from special purpose vehicles (SPVs), consisting of the actual/likely cluster beneficiaries/enterprises organised in any legally recognised form like a cooperative society, registered society, trust, company, etc. The Scheme also gives due weightage to the fact that it might not be possible to structure an SPV upfront and therefore allows other agencies such as Central Government agencies, State Governments and other educational institutions to move the preliminary proposal and form an SPV later.
- Role envisaged for Associations/ BMOs

  MSECDP guidelines recognize the importance of BMOs and allows them to act as implementing organizations for setting up of CFC. However to be able to qualify, the associations should be registered and maintaining financial records. The associations should have a track record of undertaking development activities and should be able to produce books of account for the past three years.

II. Scheme performance

The performance of the scheme is being given below:

- Projects approved and implemented
  - Till Financial Year 2008-09, a total of 411 projects have been sanctioned from the time UPTECH Scheme (1998) was in vogue. These are projects aimed at soft interventions, hard interventions or a

mix of both. This implies that the Scheme has covered 411 locations or clusters in almost 10 years. The break up of these 411 projects in terms of the nature of interventions proposed is given below:

Table 6: Nature of Interventions under MSECDP

Nature of Intervention	No of projects
Diagnostic Study	189
Diagnostic study & Training	20
Soft Interventions	259
Mix of Soft & Hard Interventions	28
Hard Interventions	22

- Out of 411 projects sanctioned under the programme, 209 projects have not gone beyond the diagnostic study level which alludes to the fact that either the diagnostic study conducted has not been able to highlight the pressure points of the cluster or the interventions proposed are not implementable or there is dearth of agencies that could successfully implement. Another reason could be the inability of the implementing agency in mobilizing and motivating the MSMEs to come together and conceptualise projects under the Scheme despite the availability of funds and willingness of the Ministry of MSME to develop these clusters.
- That is why majority of the projects undertaken so far have been aimed at undertaking soft activities in the cluster. Prior to the revision in the guidelines, there was no ceiling to the assistance available under the Scheme for soft interventions hence lot of proposals were received and sanctioned. However the objective of undertaking soft interventions is generally to build capacities of the cluster enterprises to take on hard interventions and to this effect the objective has been fulfilled to a very limited extent. Only 50 projects have been sanctioned to undertake hard interventions or in other words to set up common facility centres.
- 32 projects for setting up of Common Facility Centres (CFCs) have been accorded approval under the revised MSECDP. Out of these 32 projects, 7 had been sanctioned before 2006 i.e under the earlier

guidelines while the remaining 25 have been sanctioned after the guidelines were substantially modified in 2006.The state wise break up of approved CFC projects is shown below:

Table 7: State wise Approved CFC projects under MSECDP

S No	State	Number of sanctioned projects
1	Kerala	8
2	Gujarat	1
3	Andhra Pradesh	3
4	Assam	1
5	Jammu & Kashmir	1
6	Karnataka	2
7	Orissa	2
8	Tamil Nadu	10
9	Uttar Pradesh	2
10	West Bengal	2
Total		**32**

- Most of the projects that have been accorded approval are from Southern States. Kerala and Tamil Nadu together account for 18 out of 32 sanctioned projects. This has been primarily due to the contribution of the State Government to the projects in the form of equity or contribution by way of land and building.

<u>MSECDP : Need to look beyond public institutions</u>

Out of the 10 proposals received under MSECDP scheme from Tamil Nadu Government, 6 are for setting up CFCs in Safety Match Industry Clusters located at Gudiyathm, Sattur, Srivilliputhur, Virdhunagar, Kalugumalai and Kovilpatti.

However what is interesting is to note that all the six projects are of the same size and cost: Rs. 156 Cr; the administrative sanction for all was issued on the same day i.e. 12th August 2008 and all the projects were given the same grant i.e. Rs. 85.54 Cr each. The status of all the projects as on December 2008 was the same i.e. 'Land acquired by SPV, construction under progress. Purchase committee yet to be formed'.

The logic looks simple, play safe and sanction to the applicant if it happens to be a Government agency without going much in detail. Unfortunately repercussions of such an approach is, one, such projects are marred in delays because of weak ownership. Secondly, it discourages the stake-holders to collectively propose a project knowing that preference is given to Government agencies. Thirdly, on ground the delivery mechanism remains same: earlier the MSME public institutions (of center and state) got the budgetary support to carry out the programmes, now the same institutions get funds under different cluster development schemes.

- Funds sanctioned and funds disbursed
  - Out of a total Project cost of Rs. 10589 lakhs for 35 projects, Rs. 6449 lakhs has been sanctioned as grant under MSECDP. Out of the sanctioned amount, Rs. 1750.35 lakhs has been disbursed till date since 2005-06 which is just 27% of the total sanctioned amount. The amount disbursed in 2008-09 till December has been Rs. 125 lakhs only.
  - Some level of disbursement of grant has taken place in respect of 7 projects while the other Projects, though have been given administrative sanction, no fund has been released. All these projects are at initial stages of implementation and SPVs are in the process of tying up land and building for the CFC. In cases where land and building is coming as State Government contribution are the ones where some progress has been shown.

III. Merits and Gaps

- Merits of the Scheme

  The Scheme based on the cluster principles has been envisaged to give the sector a boost by which issues related to competitiveness could be addressed. The scheme guidelines are very detailed in nature and are aimed at guiding the potential beneficiaries through the entire implementation process. Some of the merits of the Scheme are as given below:

  - *Public Private Partnership Model:* The Scheme is based on the PPP format and thus gives freedom and control to the private partner (MSME led SPV in this case). Rather than creating infrastructure which might not be of much relevance to the industry, the Scheme is a powerful initiative allowing the industry to take the lead, implement interventions which are critical for competitiveness of the sector in a collective mode. The Scheme marks the departure of the MSME Ministry from the earlier role of a supply driven regulator to that of a facilitator.
  - *Allows dovetailing with other complementary schemes:* The Scheme appreciates the fact that micro and small enterprises have

limited capacity to mobilize enough resources to execute projects and the assistance provided under the Scheme might not be sufficient. Hence the Scheme allows dovetailing of the MSECDP with other Schemes of Ministry of MSME and Schemes of other Ministries and the SPVs can access funds to increase the viability of the Projects.

- *Provision for Cluster development executive (CDE:* The Scheme does not allow recurring expenditure to be funded out of the Government assistance, however expenses on account of hiring a CDE are allowed. A CDE is envisaged to be a professional, who has been trained in undertaking development initiatives and acts as a change agent actually running the whole project. The CDE also is critical from sustainability point of view as he will continue to be there even after the setting up phase is over
- *Encourages softer interventions before hard interventions:* The Scheme is quite broad based and accepts the fact that softer interventions may be necessary to build the capacities of the cluster actors before they take on bigger interventions. The Scheme though primarily aimed at creating common facility centres, provides financial assistance for undertaking soft interventions also. These include interventions such as training programmes, hiring of international experts/ BDS providers, exposure visits, seminars/ workshops etc
- *Detailed annexures:* The detailed formats attached to the guidelines are intended to help the beneficiaries at every step of Project development and execution. There are enclosures which specify the parameters on which the merits of the proposals would be assessed. Different formats are provided for seeking assistance under the scheme for soft interventions, preliminary application for hard interventions and detailed proposal for hard interventions.

IV. Gaps in the Scheme

- Design related gaps
  - *Artificial categorization of CFCs:* The classification of Common Facility Centres as 'Commercial', 'Quasi-commercial' and 'Developmental' looks rather artificial as there cannot be any CFC without commercial orientation. Without commercial orientation there cannot be any business plan through which viability could be assessed. Moreover envisaging implementation of developmental projects through the concept of Viability Gap Funding (VGF) mode is a utopian idea. The private entrepreneurs will not be ready to invest in a project without confidence of sufficient returns and the financial institutions also will not look at lending to such projects. The classification is also very subjective in the sense that the same CFC could be classified as commercial by some and developmental by another and become eligible for assistance to different degree.
  - *Assistance for softer activities too small:* While provision for softer interventions is a plus for the scheme, the quantum for support is meagre (Rs. 10 lakhs) considering the nature of the sector and the size of the project as envisaged under the Scheme. To be able to steer a project of this nature, the capacities of the MSMEs need to be build. This could be through exposure visits, interactions, workshops, trainings, hiring of Business Development Service providers etc. The softer interventions are not required just at the conceptualization stage or before the enterprises plan for hard interventions rather this is an ongoing process and the provision for softer interventions should ideally be available throughout the Project life cycle.
- Operational gaps
  - *Detailed Project Report envisaged for approval:* The approval under the Scheme is based on a Detailed Project Report submitted by the SPV capturing financial analysis and ratios, break even analysis, projected balance sheets etc. The MSME enterprises, mostly from the unorganized sector are ill equipped both in terms of time and the capacity to be able to put together such a DPR. A report of such

nature if outsourced to a consultant demands an upfront spending by the SPV promoters without certainty or comfort that the Project would be favourably considered. It becomes a deterrent makes the entry cost high.

- *Lack of clarity on ownership of assets:* In general, the assets created under most of the Schemes being operated on PPP mode are owned by the SPV. The MSECDP guidelines are silent on the ownership aspect of the assets created under the Scheme. However the officials of the Ministry maintain that the ownership of the assets under the Scheme shall wrest with the State Government. Since the Project is supposed to break even in a particular time span, not having the ownership of the assets becomes a deterrent for enterprises to make an investment decision.
- *Limitation to raise funds:* Though the Scheme allows the SPVs to raise funds from financial institutions, it does not allow banks/ financial institutions to have first charge on the assets created through the Government funds and maintains that the first charge should be in favour of the Government. In practical sense, this becomes a major bottleneck when any SPV intends to borrow funds to financially close the project especially in cases where the cost of land and building is not enough to act as security cover for the amount to be raised. This can affect the sustainability and profitability of the projects and in many of cases the projects are a non starter
- *Release of Funds through states:* Though the Scheme guidelines do not specify as to how funds would be released to the SPV, in practice all the projects sanctioned the GoI funds are routed through State Government/ its agency termed as implementing agency. This is being practiced even in projects where the State Government is not participating either financially or otherwise. This not only delays the receipt of funds by the SPV, it also means another level of unwarranted interference thus delaying the project implementation. The Scheme does not lay emphasis on opening of Escrow account by SPVs which could lead to transparency and SPV would be in a position to avoid operational delays.

- *Equity pattern of SPV:* The Scheme guidelines state as follows. '*State Government contribution will be considered as the viability gap funding. Large mother manufacturing firms (whether in the public or private sector), other major buyers of the cluster SSI products, commercial machinery suppliers, raw material suppliers and business development service (BDS) providers will be eligible to contribute up to 50 per cent of the beneficiary share, provided the management remains clearly with the intended beneficiary SPV consisting of the small/micro enterprises beneficiaries of the cluster'*. The assistance to the Projects has been rather loosely termed as 'viability gap funding', though the extent of assistance whether by the State Government or the Centre Government is subjective resting upon the discretion of the approval committee.

  Keeping in view the fact that many of the clusters are actually of ancillaries that have evolved around a mother unit, allowing the large unit to initiate and lead projects like this for the common benefit of its vendors is a strong and viable option. However, there are several contradictions that limit the possibility of a larger 'mother unit' to invest. The extent to which a single enterprise can hold equity stake in the SPV has been capped at 10%. Secondly, why would someone invest without seeking returns.
- *Discouragement of BMOs:* Though BMOs are the eligible implementing agencies under the scheme, none of the projects which have been accorded sanction have BMOs as implementing agencies. Promoters of the SPVs in their individual capacity might be having affiliation to the BMOs, none of them have been directly involved in implementation. The widely prevalent perception among the officials responsible for operations of the Scheme is that BMOs are not legal bodies and thus they do not approve of their being eligible for the scheme in practical sense.

b. Industrial Infrastructure Up-gradation Scheme (IIUS)

I. IIUS: Functional elements and processes

- Background

  Industrial Infrastructure Upgradation Scheme was launched in 2003 with an objective to enhance international competitiveness of the domestic industry by providing quality infrastructure through PPP approach in selected functional clusters/ locations.

- Beneficiaries

  The Scheme is intended to benefit existing industrial clusters/ industrial estates predominated by small industry which have potential to grow. Enterprises operating out of these industrial clusters in a collective manner could avail the benefits under the Scheme. The projects would be common in nature and would benefit the whole cluster in general.

- Eligible Interventions for Funding

  The Scheme provides assistance for infrastructure creation as well as upgradation in existing industrial clusters/ industrial estates. The project could include interventions such as:

  – Physical Infrastructure as water supply, roads, sewerage, ETPs, power, worker's hostel etc
  – ICT Infrastructure
  – R&D Infrastructure
  – Quality certification & benchmarking centre
  – Common Facilities Centre
  – ICT-induction & process re-engineering & management consultancy service centre
  – Information dispersal/ International Marketing Infrastructure

- Funding Assistance

  – Central assistance is given by way of one time grant-in-aid to the SPV for development of the infrastructure.
  – The assistance is restricted to 75% of the project cost subject to a ceiling of Rs. 50 crore. The Government assistance is in the form of grant and not equity. The remaining 25% could be financed by other

stake holders of the respective cluster/location with a minimum industry contribution of 15% of total project cost.

  - Government funding is confined to creation of durable assets and activities relating to productivity enhancement
  - No recurring expenditure is funded under the scheme.
  - The Scheme allows a provision for administrative expenses to the extent of 3% of the project cost.
  - The Scheme encourages dovetailing of funds from Schemes of other Ministries/ Departments or State Governments however, beneficiaries must contribute at least 15% of the Project cost.
  - The Scheme does not give details on the components of the project cost and is decided on case to case basis
- Approval process
  - The approvals under the Scheme are based on a detailed project report submitted by the industry association capturing details about the cluster, its importance, potential etc and complete details of the proposed project including business plan and sustainability factors supported by data, surveys etc in the prescribed format.
  - The extent of assistance would be decided on a case to case basis based on the merits of the proposal adhering to the overall permissible limit under the Scheme.
- Screening of proposals
  - The DPR/ proposal submitted by the industry association/SPV is appraised by an independent agency/ financial institution appointed by DIPP to advise the Department on the viability of such a project. In cases where the SPV intends to raise funds from financial institutions, appraisal by these institutions is acceptable.
  - The approval is accorded by APEX committee chaired by DIPP and having representation of all major ministries, industry associations, financial institutions, concerned State Governments etc.
- Implementation framework
  - The projects under the Scheme are envisaged to be implemented by a Special Purpose Vehicle (SPV). The SPV needs to be a registered body under the Companies/ Societies Act. However the Scheme

encourages industry associations to submit proposals for consideration by the APEX committee. The SPV could be promoted by the industry associations once the project gets approved, as a specialized and dedicated body to implement the same.

  - SPVs would be responsible for creation, operation and maintenance of the assets created under the Scheme.

- Role envisaged for BMOs
  - IIUS recognizes as well as gives due importance to the importance of BMOs and the role played by them in the development process. The Scheme as captured in sections above also envisages all projects to emanate from industry associations. The initial proposal is to be submitted by the BMO. In that sense the BMOs are expected to identify the potential cluster/ industrial estate, conduct a need gap analysis, get a DPR prepared, present it before the APEX committee and then promote a SPV to implement the project.
  - BMOs are also part of the APEX Committee which screens and approves projects and is the ultimate decision taking body in the Scheme.

II. IIUS: performance

- Projects approved and implemented

  So far 30 projects have been sanctioned under the Scheme. Out of these 30, sanction for one project was withdrawn due to non performance. The Scheme guidelines have been revised and recast. The Scheme has been extended in the XIth plan but the internal approvals themselves have consumed two years of planned period. The revised and modified guidelines have been introduced in February 2009. As per the evaluation of the Scheme, the report of which was submitted in March 2008, the following has been the physical progress of the projects:

Table 8: Status of Projects

Stage of completion	No of projects
Almost completed	5
Completed 50% of activities	9
At initial stages	7
At various stages of implementation	8

The 30 approved projects are located across 15 States which is pretty even distribution of projects. Tamil Nadu with 5 and Gujarat with 4 approved projects top the list of States where the projects have been approved.

Table 9: State wise break up of approved projects

S No	State	Number of projects sanctioned
1	Kerala	1
2	Gujarat	4
3	Andhra Pradesh	2
4	Punjab	1
5	Maharashtra	3
6	Karnataka	2
7	Orissa	1
8	Tamil Nadu	5
9	Uttar Pradesh	1
10	West Bengal	3
11	Madhya Pradesh	3
12	Rajasthan	1
13	Haryana	1 (cancelled later)
14	Chattisgarh	1
15	Jharkhand	1
Total		**30**

- Funds sanctioned and funds disbursed

  Out of a total Project cost of Rs. 10589 lakhs for 29 projects, Rs. 1087 Cr has been sanctioned while Rs. 786 Cr has been disbursed in the Xth plan. Sanctioned to disbursed ratio is 72%.

- Key features of the revised IIUS (2009)

  The IIUS has been revised for the XIth plan period and launched in February 2009. The major changes which have been brought about in the revised guidelines along with remarks on the same are mentioned below:

IIUS has been a progressive Scheme both in terms of its design and operation which is quite evident from its performance also. Though continuity of the Scheme in the XIth plan has been delayed by almost two years, the silver lining is that many of the shortcomings of the earlier guidelines especially related to project management support in the form of a PMA, two stage approval process, technical appraisal, efficient monitoring etc have been addressed. However, the real impact can only be assessed once the proposals are approved and projects enter implementation stage.

Table 10: Modified IIUS (2009)

Modification	Remarks
Quantum of assistance increased from Rs. 50 to Rs 60 Cr per project	Projects being capital intensive, increase in assistance is a welcome move- follows from evaluation report recommendations
Concept of Project Management Agency introduced	Much sought after development; PMAs ensure timely execution; improves appraisal and monitoring
25% cap on grant for physical infrastructure	Helps focus on cluster specific and not general infrastructure
SPV to be necessarily a Section 25 Company	Makes the Scheme rigid and less attractive for private players and financial institutions
Two stage approval process: in-principle and final	Though meant to ease upfront burden on SPV, compliances became stringent at both the stages; more upfront investment needed to obtain final approval
Pattern of Release of funds specified (30% on final approval; next 2 installments of 30% each upon utilization of 80% of previous one; last 10% on completion)	Pattern of release of funds proposed is in favour of the project. Release of IInd installment upon utilization of 80% of the previous ones ensures that delays in release of grant on account of operational issues should not hamper the project
Provision for administrative expenses increased from 3% to 5% of project cost	Modification introduced to make provisions for fee of PMA to assist SPVs in project management. Ensures PMA's appointment does not have financial impact on project
State Government nominee on Board of SPV	To formally ensure participation of State Government, to keep them involved and expedite project related clearances

III. Merits and Gaps of the Scheme

- Merits:

  The Scheme has been a favourite amongst the sector and has been able to draw proposals much beyond what was expected. Some of the merits of the Scheme are as given below:

  – *Focus and coverage of the Scheme:* There are quite a few schemes which focus on clusters, however IIUS aims at upgradation of industrial estates also most of which are in dilapidated state and affecting the competitiveness of the units operating there. In this sense it appears to be a very well thought of scheme. Also the scheme covers almost all aspects and categories of industrial infrastructure right from general physical to environmental, highly sophisticated Information technology and marketing related.

  – *Extent of assistance and quantum:* The grant assistance under the Scheme is also sufficient to cover the components which could be envisaged under the Scheme. Also the fact that the Scheme is targeted primarily towards the small industry, allowing 75% assistance would also increase the viability of the projects as infrastructure is not perceived as providing direct business gains by enterprises hence less self initiative.

  – *Special provision for administrative expenses:* The Scheme allows 3% of the project cost to be spent on administrative expenses. This specific provision could cover expenditure related to project development, travel, miscellaneous expenses, preoperative and preliminary expenses related to the project. Absence of this would mean all such expenses to be borne by the member enterprises

  – *Inclusive Screening committee:* The APEX committee responsible for screening and approval of projects has a very inclusive representation from all the concerned Ministries/ Departments and also the relevant stakeholders from the sector such as BMOs, R&D institutions, State Government etc. This apart from ensuring that genuine projects get approved will also ensure that other resources available for the sector could also get highlighted and thus tapped for the project.

- *Strong role envisaged for financial institutions:* Apart from allowing the financial institutions to contribute to the Project either in the form of equity or debt, the Department also utilized the services of these institutions in getting the proposals appraised, assessing their financial viability, robustness of implementation structures, monitoring and evaluation etc.
- *Allows dovetailing with other complementary schemes:* The Scheme allows dovetailing and utilizing resources available under the Schemes of other Ministries so as to enhance the viability of the projects.

- Gaps in the Scheme
  - *Land not part of the Project cost :* Though the quantum of assistance under the Project seems attractive, the project cost for the purpose of calculation of grant does not include project cost, hence the contribution from the industry effectively comes out to be 25% of project cost + land cost. In cases where land was available, the projects have been implemented at a faster pace otherwise in most of the projects the delay has been on account of land acquisition/ procurement. In locations where land rates are exorbitantly high, the projects proposals have not been initiated.
  - *No assistance for softer activities:* The Scheme does not provide any assistance for capacity building/ softer interventions for the implementing agencies. To be able to steer a project of this nature, the capacities of the enterprises need to be build, hence some supporting soft interventions are needed so as to ensure efficient implementation of projects.
  - *No Project Management Support:* The Scheme does not have scope for any management or handholding support to the industry associations in conceptualizing the project or handholding them during the implementation phase. The small industries who don't have exposure to such projects would find it difficult to conceive and then lead such projects. The Scheme envisages provision for

administrative expenses upto 3% of the project cost but they are not enough to handhold the project through the entire execution period.

– *Detailed Project report envisaged for approval:* The approval under the Scheme is based on a Detailed Project Report submitted by the SPV capturing all project related details and projections etc. The enterprises, mostly from the unorganized sector are not equipped to be able to put across such a DPR. A report of such nature if outsourced to a consultant demands an upfront spending by the SPV promoters without certainty or comfort that the Project would be favourably considered as there is no scope for in-principle approval also.

Chapter- III

MSME Associations / Business Membership Organizations (BMOs) in India

1. Institutional landscape of Indian Business Member Organizations (BMO's)

Associations - defined as formal non-profit organizations, are sustained and controlled by their members. Their aim is to co-ordinate, pursue and to enforce common interests.[1] Generally, membership in a business association is voluntary. Business associations do not intervene in markets but they aim to influence the economic framework conditions of their members. This makes them different from cartels and co-operatives.[2] The basic task of an association is to work for its members, because they constitute and control the association. Therefore interest representation and service provision can be considered the core activities.

a. Genesis and Growth of BMOs and Industry Associations in India

I. Trade and commerce occupied an important place in ancient India. The Indian merchants traded far and wide. Different craftsmen and artisans formed guilds for each craft and for occupation such as spinning, weaving, oil-crushing, ship-building, and other industries. Mention of the guilds-corporate bodies, is found as back as 800~1000 B.C[3]. The guilds did perpetuate not only their interests but supervised community projects and even maintained armies which accompanied trade caravans.

II. The history of associations in modern times began with British era in 19th Century. The early British trading companies established their offices in Calcutta (Kolkata) and Bombay (Mumbai). India's first chambers of commerce emerged at these two places: Bengal National Chamber of Commerce & Industry (BNCCI) in 1887 and Bombay Chamber of Commerce and Industry in 1836. As the trading activity spread over all major cities, the

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[1] Kleps 1980:177-178; Meier 1997:33

[2] Meier 1997:34

[3] Formation and function of guilds are mentioned in Kautilya's Arthashatra (4th century B.C) and in Mandasore (Malva region of MP) inscription of Kumara Gupta (414 - 455 A.D.). For more details the following books may be referred 'Guild Organization In Northen India: From Earliest Times To 1200 A.D. by Beena Jain (1997); 'Local government in ancient India,:1919 By Radhakumud Mookerji (2008); 'Corporate life in ancient India' by Ramesh Chandra Majumdar (2009)

chambers of commerce emerged everywhere. Consolidation began around the beginning of twentieth century as local chambers started forming regional chambers and also national chambers: PHD Chamber of Commerce in 1905, Associated Chambers of Commerce in 1920 and Federation of Indian Chambers of Commerce in 1927. The major manufacturing activity started off post independence and associations representing Industry came much later. First product specific associations of traders appeared such as Engineering and Iron Trades Association (EITA) in 1895.

III. The distinction between the Chambers of Commerce and Industry Associations remain: Chambers primarily represented traders and later included industries while industry associations restricted membership to industries only. Today there are around 3000 associations small or big of which around 500 are fairly strong[4].

b. Emergence of MSME Associations

I. It is the conflict of interest and need of prioritization from specific segments that led to formation of MSME associations (and also sector specific associations). It is rather interesting to note that birth of the two oldest MSME organizations in India at national level, FASSI and FISME (earlier known as NAYE), were largely facilitated by policy makers themselves- FASSI by Prime Minister Pt. Jawahar Lal Nehru and FISME (NAYE) by Prime Minister Indira Gandhi and Dr. Fakkhruddin Ali Ahmed as Industry Minister in 1967, for they also recognized the need for private sector led institutional support mechanism.

II. Though large numbers of MSME associations still remain weak in resources- human and material, and governance, quite a number of them have evolved into sustainable and effective organizations particularly during the last 15 years. Many of them are indeed rising up to the challenge of implementing large scale MSME development projects. At the national level FISME is implementing UNCTAD led project on trade and market access issues in 16 states with 22 partner associations; state level associations such as KASSIA and TANSTIA have set up common facility centers; district and cluster level

[4] Survey of Trade and Industry Associations by FISME under Project 'Strategies for preparedness of trade and globalization in India' 2007-08.

associations such as CODISSIA and TEA have implemented infrastructure projects like setting up of CETPs and Exhibitions grounds. Even at industrial area level associations such as VIA have transformed the infrastructure by assuming the responsibility of its management.

2. Indian BMOs: Capabilities, Competencies and Needs

As is evident, the universe of Indian BMOs is very large. However, BMOs demonstrate remarkable variance both in terms of outreach and competencies. Unfortunately, the topic of BMOs has not been researched much in India in general and in MSME segment in particular. The following two studies are worth quoting:

a. 'Problems in the Development of Local Associations: Some Observations from India'[5] by Dietrich Müller-Falcke based on observation and analysis of MSME associations in two Southern states of India Karnataka and Tamil Nadu in 1998
b. Structured capability assessment of 19 BMOs (Tier-II partner associations of FISME)[6] in 2008.

Falcke contends that 'functioning business association will have a positive influence on the development of its members. It generates external effects and utilises economies of scale.' However, based on the study he argues that:

I. MSME associations in developing countries 'face a fundamental problem if they want to enhance their performance and if they want to grow. There is a development trap-type relation between membership and performance. (Less membership> low resources> fewer activities> lesser membership).
II. Many of them have problems to perform in a way that is supportive to the development of their sector or their cluster.
III. Evidence from India gives some insights as to which factors are important to overcome development constraints and to strengthen business associations viz.
    - Enthusiasm and work of small groups of entrepreneurs [Vision; Mission]
    - Number of potential members [Possibilities of agglomeration]
    - Existence of common concerns and the similarity of enterprises [Common pressure points]

[5] Dietrich Müller-Falcke* (ZEF – Center for Development Research, Bonn; SfH – Institute of Small Business at the University of Göttingen); 1998

[6] The study was commissioned by FISME under aegis of project Strategies for Trade and Globalization India (Minsitry of Commerce, GoI; UNCTAD-India and DFID) 2008.

- Financial support from public authorities and networking with other organisations. [Advocacy and networking]
- Deficiencies in public institutions might obstruct constructive work [Business environment]
- Funding and managerial problems of associations [Resource constraints]

IV. FISME study was conducted on total 19 BMOs (2 national level organizations and rest state or cluster associations including 3 women organizations). Though the study was primarily focused on BMOs' readiness for taking up projects on trade issues, it brings out valuable insights on Indian BMOs of MSMEs.

V. The study analyzed the BMOs on the following eight parameters:

- Membership and coverage
- Commitment and vision of leadership
- Management of projects
- Exposure to trade issues
- Advocacy
- Financial strength
- Infrastructure
- Quality of staff

VI. However, there is an important caveat. The associations are not randomly picked. Most of them are above average organziations having fair amount of resourcefulness. Nonetheless, the study throws interesting insights:

- Clarity of vision comes out to be an important condition for a BMO to have strong membership, financial strength or good infrastructure. The vision alone however does not guarantee improvement in these factors. It is a necessary though not sufficient condition for BMO to be successful.
- Half of even these good 'associations' have below average capability to implement projects and in case of more than one third it is 'low'. In light of poor record of implementation of MSME support schemes (even of those schemes where their specific role is envisaged), this clearly calls for capacity building measures in augmenting their implementation capabilities.

- Almost two third of them have 'low' exposure on trade issues i.e. ability to internalize external threats and take proactive measures. Almost everybody needs support in this dimension. This ability is crucial to have long term sustainability of their membership and also of theirs.
- The study reinforces the weak correlation between advocacy capability and financial strength of BMOs. Advocacy is considered a 'public good' and such efforts suffer from 'free rider' phenomenon.
- Another very important finding is that quality of staff employed is found to be 'low' in almost half of BMOs. The malice is far greater in MSME dominated associations. This highlights another weak area of MSME associations and limits their ability to plan and deliver BDS.

Table 11: Mapping of 19 BMOs on the scale of 1 to 3 on 8 parameters

	Visi on	Mem be-rship	Trade Expos ure	Project Capab -ility	Financial strength	Infra-struct ure	Adv. Capab ility	Staff Quali ty	Total
AFMEC	1	1	1	1	1	1	1	1	8
ALEAP	3	2	2	3	3	2	3	1	19
AWAKE	3	2	1	3	3	2	3	1	18
BIPCC	3	1	1	3	1	3	2	2	16
BIA	2	2	1	1	2	3	3	2	16
ELCINA	3	2	2	3	3	3	3	3	22
FOSMI	2	2	1	1	2	2	2	2	14
FAPSIA	2	3	1	1	1	1	2	1	12
FSIA	3	2	1	3	2	1	3	1	16
GSIA	3	1	1	3	3	3	3	1	18
ICC	2	3	1	1	3	2	3	1	16
IIA	2	3	1	2	3	2	3	2	18
KASSIA	3	3	1	3	3	3	3	2	21
KSIA	2	3	1	1	2	2	2	1	14
MPLUS	2	3	1	1	2	1	3	1	15
MAWE	3	1	2	3	1	1	2	1	14
TANSTIA	3	3	2	2	3	2	3	1	19
VIA	3	3	1	2	3	3	3	2	20

3. Capacity Building Needs of MSME dominated Indian BMOs:

From the two studies discussed earlier and also from the discussions held during stake holders workshops, the following capacity building needs of BMOs emerge:

a. Orientation towards need to have clarity or purpose: vision and mission
b. Effective and democratic management of BMOs
c. Expansion of their resource base (revenue based on membership and through provisioning of Business Development Services)
d. Development of professional secretariat; training and staffing
e. Ability to plan, execute and monitor externally funded MSME development projects (including projects sponsored through MSME support schemes from Government of India)
f. Networking with institutions and external knowledge resources

BMOs : Major Categories, their membership and focus of activities

TYPE	Est. No.	Prominent BMOs	Membership	Remarks
NATIONAL				
National Level (Corporate)	3	FICCI, CII, ASSOCHEM,	Mainly large business and chambers	▪ Very resourceful organizations ▪ Extremely brand conscious and revenue oriented ▪ FICCI and CII have large service provision set up.
National level (MSME)	7	FASII, FISME, LUB	Local, regional, state level associations and MSMEs	▪ Apex organisations of MSMEs at national level; engaged in advocacy & intervention at macro policy ▪ FISME implemented several SME development project at national level
Gender based	6	SEWA, CWEI, FIWE, Women Wings of FICCI, IMC etc	Women Entrepreneurs	▪ With exception of SEWA, most are weak; presence is localized; women wing of Corporate associations struggle for identity;
Sectoral National Level (Vertical)	400	ACMA , SIAM , ELCINA , PMA,BDMA, AEMA,CITI	Mixed membership of MSMEs and large scale enterprises,	▪ Sectors, where there is a presence of the large-scale sector are strong and have a focused agenda (e.g. chemicals, fertilizers, auto, pharmaceuticals etc.) compared to where the sector is dominated by MSMEs, the associations are week (e.g. garments, metal working, handicrafts etc.)
REGIONAL/ STATE LEVEL				
State level Chambers	30	KCCI, BCCI, IMC	Chiefly of large corporates and traders, some MSME representation	▪ Comparatively more resourceful than state level MSME associations but lesser penetration in MSME segment ▪ Lobbying and some service provision
Regional (Verticals)	200	Kerala Plastic Mfrs Assn; Gujarat Dyestuffs Mfrs	Mixed membership but	▪ Formed in response to state public procurement; specific regulatory policy or common problem of raw

		Assn; Karnataka Small Scale Transformers Mfrs Assn	chiefly of MSMEs	material
Regional Formation**	6	PHD Chamber of Commerce and Industries	Regional networks	▪ Address concerns of the regions e.g. Northern region states
Gender based	6	AWAKE, ALEAP, MAWE etc	State or regional presence	▪ Fairly strong in some states and engaged in remarkable women empowerment projects
State level MSME associations	30	TANSTIA, KASSIA, AWAKE,GSSIF, MPLUS,	Local, District, Regional level associations and MSMEs;	▪ Lobbying for MSME interest at state level; Networking with national level federations ▪ Some e.g TANSTIA, KASSIA have evolved into strong bodies and with elaborate service set up
DISTRICT/ CLUSTER/ INDUSTRIAL AREA				
District level *	600	SIDC, Cannanore, CODISSIA, Madurai District Tiny & Small Industries Association, etc	MSMEs operating at the district level , but a few have large industries too	▪ Act as a link between the bureaucracy and its members; some have quite large membership ▪ Some e.g CODISSIA also into service provisioning, has built up its own exhibition complex
Location/Industrial Estate base	1200	Vapi Industries Association (Gujrat), Peenya Industries Association, Bngalore etc.	Predominantly MSMEs but also include large	▪ The industrial estate based SIAs are the strongest and the most successful ▪ The Synergy between large and small industries strengthens the SIA financially and professionally
Cluster based*	800	Rajkot Engg. Assn.(Gujarat), Tirupur Exporters Association,	Largely MSMEs	▪ Represent the interest of entrepreneurs in a particular product line rather than specific size ▪ Active in technology development & market (esp. export) and pollution control

* Often there is over lap of district &cluster level associations;

** Regional formations fill the gap of state level associations for example PHD for Punjab, Haryana, Delhi and Himachal

4. Case Studies

Case 1: Vatva Industries Association, Ahmedabad

a. Background

Set up by Gujarat Industrial Development Corporation (GIDC) in 1960s, the Vatva Industrial Estate is one of the largest and oldest estates in India. It is spread over 560 hectares of land and houses more than 1800 units in engineering and chemical sector. The estate employs more than 1 lac people and total turnover of the estate is estimated at Rs 15000 crores out of which approx Rs 700 crores is exports. Vatva Industries Association (VIA) formed in 1971 represents industrial units of Vatva Industrial Estate. Presently it has about 2000 members.

b. Problems in the Industrial estate:

   I. Years of neglect ruined 56 km of road and 50 kms length of water supply lines. The estate had no sewerage system and all the units used septic tanks There was no storm water drainage mechanism either and every monsoon resulted in massive water logging

   II. The GIDC and later Ahmedabad Municipal Corporation (AMC) were responsible for maintenance of the estate. AMC collected octroi and property tax to the tune of Rs 65 crores and Rs 4.5 crores annually.

c. The initiatives

   I. VIA took the initiative of addressing these gaps by implementing an infrastructure project of the size of Rs. 401 Cr to upgrade/ establish the Sewage system, Common Effluent Treatment Plant (ETP), Secured landfill and a centre of excellence.

d. Schemes used for addressing gaps:

   I. Industrial Infrastructure Upgradation Scheme (IIUS), GoI

   II. Critical Infrastructure Upgradation Scheme (CIPS), Government of Gujarat

e. Challenges encountered:

I. Social

- Legacy: while the individual units prospered, the shared infrastructure decayed. The entrepreneurs failed to figure out how to collectively address the issue.
- There were issues related to who should take a lead? Which association? How would the initiatives be managed? Who would own the assets? How to ensure participation?

II. Administrative

- The Industrial Areas fell into jurisdiction of Ahmedabad Municipal Corporation and they considered it as their property.
- AMC was neither too much inclined to upgrade the infrastructure nor ready to part with the revenue collected for needed upgradation

III. Financial

- The IIUS required initial investment for preparing DPR without surety of approval
- Financial closure required a lot of funds to be raised. It was not possible to make the industries contribute with force. Raising Loans from banks was difficult without assets and a solid revenue stream.

f. Finding a way out through innovative means:

I. Several things coincided: announcement of the two schemes- IIUS and CIPS; presence of well run associations VIA having a long standing; taking over of VIA by a visionary leader as President Mr. Kirit Parekh who inspired rank and file in VIA to take up the lead and ownership of projects; readiness of State government to accommodate the aspirations of VIA.

II. Leveraging the social capital of VIA build over the years, VIA created two SPVs simultaneously: Novel Infrastructure Limited for IISU and VEL for CIPS, to tap resources of complementary schemes.

III. To raise funds from banks needed to meet shortfall for financial closure, VIA needed a revenuie stream. It tried to convince AMC to share part of the property tax revenue collected from Vatva GIDC area for the development of the estate. After two years of pursuance, AMC agreed to sign a MOU for sharing 75% of the property tax collected and transfer it into an Escrow Account with a bank. The funds could be utilized by the SPV created by VIA for the purpose of infrastructure development in

GIDC Vatva, for repayment of loan or advances received from the Bank/financial institution or to pay margin money for getting grant/aid/subsidy/loan from State/Central Government or from any other institution.

IV. VEL needed to raise debt to achieve the financial closure. Unique financing structure was worked out and VEL has obtained sanction of Rs 20 crores term loans and Rs 2 crores bridge loan (required because State Govt grant was back ended). The term loan was sanctioned only on the basis of securitizing hypothecation on property tax receipts

V. The total cost of the project was Rs 82.61 cr and its means of financing was as under:
   - Grant under IIUS : Rs 29.29 cr
   - Grant under the scheme of the Government of Gujarat : Rs 16.77 cr
   - Users contribution : Rs 6.60 cr
   - Direct users contribution : Rs 14.95
   - Bank loan : Rs 15.00 cr

g. Present status

I. The first phase of the project is nearing completion. VIA intends to implement Phase II of the project and become a model industrial estate by 2010.

h. Lessons learnt

Successful execution of the scheme highlights the following:

I. Presence of social capital thanks to an industry association (VIA) of long standing having good membership base. Due to better governance structure of the association and periodic change of leadership, a visionary leader could come at the helm when schemes were in vogue.

II. The resourceful association could commit funds upfront and engage a professional agency (IL&FS) for Project Management support to develop DPRs and implement the project on ground.

III. Advocacy capability of VIA and eventual acquiescence of the State government to allow sharing of revenue collected from the estate with the association (a critical step).

IV. For the scheme to have been taken up flexibility was essential either at the level of central government (IIUS schemes) or at the sate level (parting of revenue).

Case 2: Consortium of Textile Exporters, Jaipur

a. Background

I. Bagru and Sanganer (near Jaipur) are famous artisan clusters for hand block printed textiles. The products are famous for their distinct styles - Sanganeri print, containing Sanganeri “Chintz” and Bagru for Palm tree and Fadat prints. In ancient times these clusters were promoted and patronized by royal families but in subsequent period both the clusters witnessed an uneven growth trajectory. On account of distinctive styles and innovations carried out by the exporters, products have wide acceptance in local, national and export market. The main drivers of the clusters are small exporters who place orders on artisans and purchase their produce for export.

II. In 1990s, the cluster faced difficult times on account of, especially, strict enforcement of pollution norms. In 1997, UNIDO started its cluster development initiative in both the clusters by organizing artisans and other stake holders for putting these clusters on growth path.

III. As exporters were drivers and important stakeholders, UNIDO facilitated formation of the association so that collective actions are taken by them to address common problems. Consortium of Textile Exporters (COTEX) was registered in 1998 under Societies Act with 7 founder members which now have increased to 26. In the initial stages, members of COTEX took collective actions in the area of participation in international and domestic fairs etc. Encouraged by impact on profitability and increased business, in 2007 they conceptualized a project for attaining sustained growth.

b. Problems of exporters

I. Enforcement of pollution control norms made production erratic causing delay in meeting delivery schedules of buyers

II. Coordination , quality control and management of supply chain was difficult on account of decentralized mode of production

III. Quality of products was inconsistent leading to dissatisfaction among buyers leading to cancellation of orders

c. The initiative

I. COTEX took the initiative of setting a green field integrated textile park housing individual units of its members and also having common facilities like display centre, common effluent treatment plant, processing centre and physical infrastructure as roads, storm water drainage, water supply etc. The park would have 20 units doing block printing, making garments, screen printing and industrial printing.

d. Schemes used for addressing gap

I. The COTEX by creating a special purpose vehicle of its members addressed the above gaps by availing assistance under “Scheme of Integrated Textile Park” of the Ministry of Textiles, GoI. They developed a project of setting an integrated park for its members having a project cost of about Rs 45 cr.

e. Challenges encountered **:**

I. Being an association of 26 small exporters, there was lurking suspicion that members would not be able to mobilize requisite contribution for availing the grant under the scheme. Due to lack of experience in project management, COTEX was hesitant to undertake such big project.

f. Finding a way

I. To address their shortcoming lack of expertise, they engaged IL&FS a professional agency to help them conceptualize the project, handhold them through the process, prepare the project report and help them execute it.

II. COTEX successfully developed the project costing Rs 45.28 Cr with following means of financing:

- Member’s contribution: Rs 9.06 cr
- Grant form GoI : 18.11. cr
- Term loan : Rs 18.11 cr

g. Present status

I. The project has been approved by the Ministry. COTEX has mobilized contribution of their members and purchased land and constructed boundary wall and civil work is in progress. The ministry has also released Rs 1.8 Cr as first instalment of grant and sanction of bank loan is in final stage.

h. Learning

Success of this project underscores the following factors:

I. Visionary leadership: During entire period of its evolution, there persons took extra pain to move along and provided sustained leadership and direction

II. Abundance of social capital: COTEX is very selective in enrolling membership. Their underlying principle is that only like minded people should be taken as members. This value system has created a reservoir of social capital in the association and that lead to hassle free implementation.

III. Proactive role of support institutions: This project may not have been conceived and implemented in the absence of ground work done by UNIDO in creating the social capital over many years, on which a professional agency like IL&FS could develop the project.

Chapter - IV

1. Observations

For this current study, firstly all the MSME support schemes of Government of India were scanned. Secondly, 41 such schemes were identified that envisaged a major role for industry associations/ BMOs in design and implementation. Thirdly, out of 41 such schemes, data were collected on seven schemes, five of which were further compared on a set of parameters. Fourthly, two schemes namely MSECDP and IIUS were analyzed in detail. The preliminary information on the schemes was collected from secondary sources chiefly publications of respective Ministries and specific data sets were created through an elaborate exercise by filing RTI applications. Discussions were held with associations and two cases were studied and presented. Based on the discussions of previous chapters some key observations are being explained under two heads:

a. Supply side constraints: problems in schemes or processes of proposing agencies
b. Demand side constraints: weaknesses among associations/ BMOs

a. Supply side constraints:

The supply side constraints largely stem from the change that role of the government had undergone in the post liberalization process during the last decade. From being ‘protector’ of the sector and ‘provider’ of support services to that of a facilitator for creation of market based solutions in partnerships with private sector. There is a conflict, however, in the legacy systems in Ministries (central and state) and the new role they are expected to play. The issue has not drawn enough attention and is resulting into following weaknesses:

I. *No structured need assessment:* One cross cutting feature of almost all schemes has been that a structured need assessment exercise was seldom undertaken before proposing the schemes. Usually the schemes flowed from the recommendation of an advisory committee or an expert group or an internal note within the Ministry. Perhaps, it is one of the chief reasons that while most schemes fair well at strategic level, aiming wholly desirable objectives like competitiveness, addressing gaps of critical infrastructure etc, they tend to falter on specifics and detailing.

Analysis of seven important schemes (Chapter-3) namely MSECD, SITP, IIUS, SFURTI, International Cooperation Scheme, Capacity Building scheme and scheme for studies, brings out that none of them have undertaken any structured need assessment before proposing the schemes. However, the mistake was addressed somewhat in a few schemes after the review exercise. But precious time was lost as review is undertaken generally towards the end of the planned period.

II. ***Weak stake holder discussions on proposed schemes:*** The weakness of not having undertaken the need assessment while proposing a scheme is further exacerbated in absence of participatory discussions with stake holders especially the ones expected to implement the scheme. Whenever a feedback is taken at all, discussions were held with select groups in a casual manner. The exercise is seldom undertaken in public domain and the draft scheme is almost never put on the websites to elicit response from larger audience. In none of the schemes analyzed, the record of such an exercise if undertaken or minutes of the discussions held with stake holders is available. What is astonishing is that even the review report on the performance of a scheme is seldom made public, denying a chance for a say of stakeholders in course correction. This is in stark contrast with the approach that Ministries such as Finance or Commerce or institutions such as RBI and SEBI are increasingly adopting the habit, while finalizing an important policy, to routinely put them on the internet for wider response from stake holders.

In most cases, the major flaws come to light when the scheme becomes public and would have already passed approval and guideline formation stage. At this juncture, alteration in the scheme components or proposed processes would become arduous and hugely time consuming because of involvement of several levels of decision making within Ministry, Planning Commission and sometimes of other Ministries. This is an important reason for delay in implementing of schemes.

III. ***Human Resource and administrative constraints :*** Most of the schemes in vogue are of post reform period envisaging a very different role for the officials in designing and managing development schemes based on PPP models. Historically they did controlling functions or delivery of subsidies. In most Ministries, the prevailing attitude as well processes of the pre-reform period still remain deeply entrenched. Somehow the endeavour is to maintain 'secrecy' from the design stage to the approval process to actual outcomes. There remains a strong bias against associations particularly among the lower and middle officials of the Ministries. Perhaps much of it this stems out of the lack of interactions between them leading to a huge gap of understanding between the two.

For example while the schemes clearly intend that associations/ BMOs should take up implementation as in case of 41 schemes identified, the prevailing attitude is of suspicion and discouragement about associations. Under the IPR scheme, there is a provision of grant of Rs. 1 lac for seminars under which 50% is disbursed after approval and 50% after the programme. An agency having 'track record of assisting SMEs', first needs to get approval of the proposal, apply in a detailed format with item wise budget, cost break-ups with 'justifications', details of funding from other sources, choose experts, provide certified copies of expenses by CA etc. One cycle takes months to pass through several layers. For another programme, one has to repeat the same cycle. Worth the effort for programme sponsorship of Rs. 1 lac ?

To address this systemic bias, many successful schemes have taken the route of appointing specialized agencies as Project Management Agencies (e.g. IIUS, SITP, AYUSH etc). The move has substantially improved the design, implementation and impact of the schemes.

IV. ***Too many layers of decision making:*** Generally the schemes have multilevel decision making in Steering Committees; Project Implementation Committees; Apex Monitoring and Evaluation Committee, Operational staff etc resulting into severe time over-runs. The periodicity of the meetings of the committees does not follow a time table and are generally held ad hoc, making it difficult for willing implementing agencies to plan their activities.

V. ***Too rigid and too straight jacketed:*** Development interventions do not follow a straight trajectory and the conditions at ground differ widely in states. Rigid provisions or practices in the schemes such as involvement of state agencies makes it extremely difficult for the scheme to take off for wont of a willing and sensitive state partner.

For example, the mandatory involvement of state agencies even if there is no role for them in the project implementation. Or for example in the IPR scheme of DC-MSME while separate associations could apply for establishing IPR stations at different places, the proposal cannot be considered if they form a consortium to avoid duplicity of efforts.

VI. ***Conceptual flaws:*** Most schemes of the Xth and XIth FYPs are modelled along the lines of **PPPs**. In practice, while the risk is shared between the 'Public' and 'Private' entities, the assets cannot be: they are to wrest firmly with 'public' only. It becomes a deterrent for the private sector to come forward and take up these schemes and also for the Banks/ FIs to invest in assets they cannot own.

Secondly, there is another catch phrase in many schemes- **Viability Gap Funding (VGF)**. The idea, primarily originated for infrastructure projects, is that public money should only go to the extent needed to make the market work. Most of the schemes especially the ones designed on the PPP framework maintain that the funding provided under them is of the nature of viability gap funding. However in practice developmental projects aim to make an impact in an unknown area for which assessing the viability is only a guess game.

For example while setting up of a Common Facility, it is estimated that so many numbers of enterprises will take up the services of the facility. It is much more complex than estimating the number of vehicles likely to pass through a road. Therefore, there is ample subjectivity in deciding the extent of support needed which enhances the risk perception of the project developer.

Thirdly, an equally grey area is related to **land.** While, there are schemes which allow land to be a part of the project cost when the quantum of assistance is calculated (e.g. SITP, AYUSH, MSECDP etc), many other Schemes land is not considered part of the project cost such as IIUS etc. Many of the Schemes require the beneficiary units to bring in land upfront as their contribution even before the project has been given a go ahead! This means that the group of enterprises/ SPV/ industry association have to undertake huge financial risk without having any comfort of even an in-principle approval in hand. This deters the potential enterprises to participate in the project.

VII. ***Weak information systems*** **:** The weaknesses of unavailability of information on the schemes, their real operational steps and outcomes is a cross cutting issue. While thanks to the RTI Act it is mandatory to disclose information about the schemes, most of the disclosures are kept at bare minimum and are un-updated. The information if at all is available on 'what' and almost never on 'how to'. While planning the schemes, there is seldom a budget provision for advertising, training the officials of the Ministries or of the potential implementing agencies.

b. Demand side constraints

The larger set of demand side constraints, especially of associations and BMOs, also stem from the same root as in the case of Ministries: change of role. During the licensing quota regime prior to 1991, domestic markets were protected and all industry associations were engaged in lobbying for a larger share for their members in the pie of the productive resources which were firmly in Government control such as steel, copper, coal, finance etc. Secondly, at the level of industrial areas and clusters, negotiating with regulatory excesses particularly in domain of taxation was another big activity that associations were occupied with. A paradigm shift has since taken place: factors of production are largely market driven and taxation regime stands overhauled (FERA has been repealed, Income Tax rates are at par with most competing economies; Excise regime liberalized to ModVAT to VAT and is now on its way to GST)). The classical roles of associations therefore became largely redundant.

The single biggest challenge before the industry in the era has been of dealing with global competition. As the competitiveness was influenced by several hard and soft factors beyond control of individual MSME, collective initiatives and public support for such initiatives were needed. That is the role that associations are expected to play. However, studies point out, that associations, particularly MSME associations, suffer from some serious weaknesses which come to fore when they are to implement collective initiatives.

I. ***Lack of clarity of Vision:*** The majority of MSME associations suffers from clarity of vision with regards to their role vis a vis the needs and demands of their members. Because of the prevailing confusion they lose focus and their energies are dissipated in non-core activities resulting in erosion of value in their services to their members. More than what is to be done, clarity of vision is critical for them to know what is not to be done to guard against diffusion of efforts.

II. ***Poor governance structure:*** To command credibility among peers and external audience and to be effective to achieve their objectives, it is essential that they retain their democratic character, be representative of the segment and follow transparency. However, quite a large number of associations become tools in the hands of a few people who use them to serve their narrow agenda thereby losing credibility and sustainability. Such a setting, where leadership does not change periodically, negates the possibility of attracting more dynamic and visionary leaders. Without attracting new blood the associations become static and eventually fade away.

III. ***Weak in Resources:*** Most MSME associations in India suffer from a classical vicious cycle: weak resources lead to lesser activities which lead to fewer members to further weakness in resources. Most of them fail to generate revenue from sources other than membership.

IV. ***Weak secretariat:*** Largely as a result of all the three reasons mentioned above, most associations fail to set up a strong and empowered secretariat to carry out core functions of associations and also fail to take up MSME development projects. This also limits their ability to hire professionals for conceiving, planning and executing development projects.

Chapter - V

1. **Suggestions and Recommendations**

   a. India is confronted with huge challenge of generating employment for more than 100 mn people coming out of agriculture every year. There are no two opinions that sustained rapid growth of private sector is critical to provide meaningful engagement to such a large number of people. As the UNDP Report put it succinctly, 'the challenge is to capitalize on advances in macroeconomic stability and democracy and to launch reforms that bring about further changes in institutional frameworks to unleash and foster the private sector'[3]. It further states that 'the private sector has tremendous potential to contribute to development through its knowledge, expertise, resources and relationships'.

   b. The discussions in the preceding chapters brings out clearly that there is a strong desire among policy makers to support MSMEs. The number of schemes in vogue for the purpose and substantial allocation of funds reinforces this commitment. Also having realized problems in delivery, efficacy and outreach of public support schemes, Government has been trying to partner private sector and community organizations such as BMOs to improve delivery since 1990s. However, the performance indicators of the schemes point out to low off take levels of the schemes. The experience of partnerships with the BMOs and private sector is also not very encouraging.

   c. The detailed analysis in Chapters- II, III and IV, helps us identify the problem areas and brings us closer to possible solutions. Based on the analysis, the report attempts to present recommendations on how the major actors- governments and public development institutions on the one hand, and the private sector, associations, civil society organizations and BMOs on the other- can modify their actions and approaches to significantly improve the impact of MSME support initiatives thereby enhancing growth of MSMEs in India.

   d. The recommendations are divided into two groups:

      – For improving the efficacy of MSME support schemes envisaging BMO involvement

      – Capacity building of BMOs to improve their own functions and also positively influence the outcome of MSME support initiatives

[3] 'Unleashing Entrepreneurship: Making Business Work for Poor", UNDP Report (2004)

I. Improving the efficacy of the schemes and programmes require us to focus on both the process and the content. The study recommends a four stage process to be adopted for the schemes:

Table 12: Proposed steps for an effective scheme design and implementation

Stage-1	**Stage-2**	**Stage-3**	**Stage- 4**
Preparation & Design	***Dissemination & Marketing***	***Execution & Implementation***	***Monitoring & Evaluation***
Process ▪ Structured need assessment; engagement of external experts ▪ Wider consultation with stake holders; implementing agencies; Funding agencies ***Content*** ▪ Clarity on objectives, beneficiaries; scope & coverage; role and function of implementing agency; ▪ Budget: for advertising; technical assistance to BMOs ; Admin./ tech services for DPR; should cover all relevant components ▪ Clarity on asset ownership; ▪ Concepts like VGF be avoided	***Process*** ▪ Dedicated site for each scheme ▪ Advertisement ▪ Web based alert mechanism to disseminate info ▪ Direct mailers ▪ Partnership with BMOs/ ad in journals ***Content*** ▪ detailed printed/ e- booklet with formats annexure ▪ 'Keep it simple' – simple to communicate and understand. ▪ Present process flow; Indicate a time-frame;	***Process*** ▪ Should not have more than two layers of decision making: Strategic/ approval level and Implementation level ▪ Implementation to be outsourced to Project Mgt Units; creation of PMU monopolies to be avoided ▪ Strategic/ approval level should have wider representation (Public and private bodies) ▪ Flexibility: should be allowed to be exercised on operational issues ***Content*** ▪ Entry barriers like upfront financial commitments be avoided; track record & credit worthiness be relied Or a two stage approval; in principle approval & final approval ▪ Release of funds: disbursement schedule be specified; 'trust but verify'. Instead of 'don't trust, specify every thing'	***Process*** ▪ M&E function should be outsourced ▪ Real time status be available via scheme web site ▪ Midcourse correction after two years of operation ***Content*** ▪ Standard formats of reporting for all schemes

II. We have seen in previous chapter that BMOs perform many important functions. Not only do they allow their member MSMEs to collectively organize what they cannot individually – a function widely known, but also help induce and increase \ accountability in the system, something not appreciated much. Though, the latter is a core part of the work of civil society organizations. The failure of BMO, therefore, is not just felt on the individual MSMEs of the area but also is reflected in poor governance and unresponsive support structures around. In the case of MSMEs- which are largely unorganized and suffer from a range of disabilities in India, from absence of infrastructure to failure of markets, mere provision of support schemes cannot address these problems. Presence of strong and effective BMOs becomes a *sin qua non* for development and growth of MSMEs.

III. We have also seen that majority of MSME dominated BMOs suffer from weaknesses - inherent or acquired. In the current study the focus had been on three types of roles:

- Ability of BMOs to service their members
- Capability to positively influence the external environment affecting MSMEs
- Capability to plan and execute MSME development projects

As a matter of fact, all the three roles are inter-related. Without effective service, membership would remain low leaving limited resources at disposal to effectively carry out the other two functions. Therefore, capability of BMOs to plan and execute MSME development projects cannot be fortified in isolation. This makes the issue of BMO capacity building more complex and requires a systems approach to be adopted.

What is surprising is that in spite of presence of large number of BMOs, precarious condition presently they are in and criticality of their effective management in MSME development context, there is no institutional frameworks to assist build the capacities of BMOs in India. In view of the fact, their own role and the role that the Government agencies expect from BMOs have changed fundamentally during last decade, BMOs are in need of institutional support to rise to the occasion.

The study proposes setting up of such an institutional framework: '**Capable- Center for Excellence'**. Firstly, such an institution should work on leadership development in BMOs and help them build their vision and mission. Secondly, it should provide professional services to BMOs and also to public agencies in the area of project execution and management. Thirdly, it should also conduct studies and research in areas of need assessment and cluster development / value chain issues. Finally, it should evolve as a continuous learning center.

The scope of activities to be covered under the center is being given in accompanying table:

Table 13: 'Capable': Center of Excellence

Scope and Activity Profile			
Strategic	***Professional Services***	***Research & Studies***	***Learning Center***
For BMOs ▪ Leadership dev; Training for Vision/ Mission building; ▪ Training for staff functions/ project management ***For Policy Makers*** ▪ Training for project/ scheme dev.& mgt ▪ M&E techniques ▪ Communication	***For BMOs*** ▪ DPR preparation ▪ Professional hand-holding support to BMOs for project execution ***For Policy Makers*** ▪ Project Mgt function for Govt. ▪ M&E of schemes for Govt. ▪ Feedback	***For BMOs*** ▪ Need assessment ▪ Studies on clusters/ Value chains/ LED studies ***For Policy Makers*** ▪ Impact assessment studies	***For BMOs*** ▪ Short and long term modular programmes/ academic courses (online/ on ground) for BMOs/ staff/ MBAs ▪ e-learning platforms ***For Policy Makers*** ▪ e-learning platform for sharing best practices

2. Structure of the CAPABLE Centre:

The Centre could be a distinct legal entity registered under the Society or the Company's act. Following could be the possible promoter partners of CAPABLE centre:

a. Public Sector partner: Concerned Ministry having mandate for MSME development

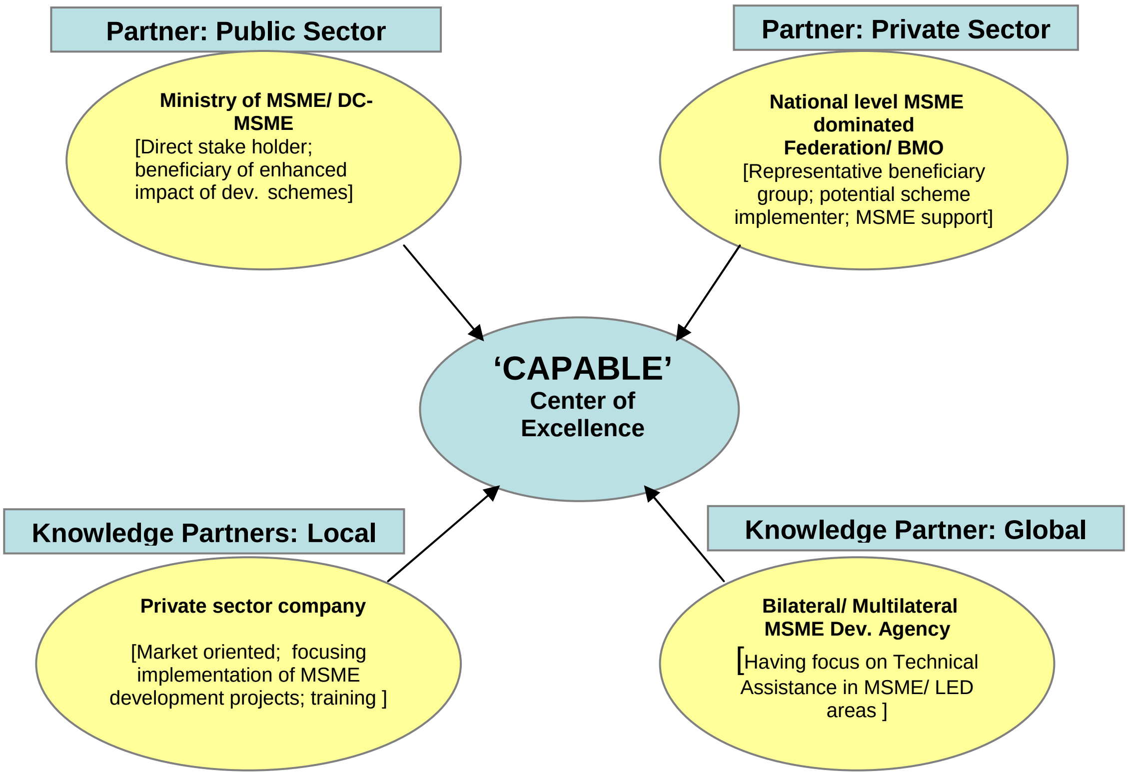
b. Private Sector Partner: A National level industry association/ federation having considerable knowledge of the sector and good outreach.

c. Local knowledge partner: A private institution with exposure of Government run PPP based MSME Schemes and their implementation mechanisms along with experience in handholding projects, training programmes

d. Global Knowledge partner: A bilateral/ multilateral institution having MSME sector development as their objective

Though the Centre would aspire to be a self sustaining institution in the long run, considering the developmental focus it could be supported initially by one time grant in aid by GoI/ donor agencies. The support could be towards capital expenditure in setting up the Centre or towards manpower/ staffing etc.

Figure 2: Proposed Institutional Framework



The Centre would have an advisory board to advise on strategic issues, drawing expertise from public as well as private sphere. The Centre would have strong networking/ liaisoning with all stakeholders in the sector including technical agencies, financial institutions, other CSOs etc. The Centre would also come out with regular publications such as bulletins/ newsletters etc to keep the stakeholders abreast of the latest developments. The Centre would be adequately staffed with professionals with experience of managing PPP based Schemes and also the nature of the sector to be able to work closely with multiple stakeholders.

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Annexure

Synopsis of Schemes envisaging role for BMOs

Annexure-A

PROJECT CAPABLE: SYNOPSIS OF SCHEMES WITH BMOs AS IMPLEMENTING AGENCIES

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
Ministry of MSME					
1	**Scheme of Fund for Regeneration of Traditional Industries (SFURTI)** through KVIC and Coir Board Mr. Angshuman Dey Deputy Secretary Ministry of MSME Udyog Bhavan New Delhi – 110 011 Tel: 011 - 23062745	2005	– Technology Upgradation – Setting up of Common Facility Centres (CFCs) – Development of new products & designs – New/improved packaging, etc. – Market promotion activities – Capacity building activities – Other activities identified by the Implementing Agency (IA) as necessary for the development of the cluster	Non-Government organisations (NGOs), institutions of the Central and State Governments and semi-Government institutions with suitable expertise to undertake cluster development assisted by Technical and Nodal agencies	75% for CFC, technology upgradation, product development and 100% for Capacity building, market development with component wise ceiling
2	**Scheme of Surveys, Studies and Policy Research** Mr. Arun Kumar Jha Director Room No: 254 Ministry of MSME Udyog Bhavan	–	– Data collection on various aspects and features of MSME – Study and analysis of constraints and challenges faced by the MSME Usage of the results of surveys and analytical studies for policy research and designing appropriate strategies and measures of intervention by the Government –	Panels of expert/academic/research/professional organisations/institutions of repute Associations/federations of MSME	Open ended: no specific limit stipulated

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Tel: 011 - 23063198				
3	**International Cooperation Scheme** Mr. Arun Kumar Jha Director Room No: 254 Ministry of MSME Udyog Bhavan Tel: 011 - 23063198		Components as airfare, venue/ stall/ space rent, local travel, publicity/ advertisements, resource persons etc for the following activities: – Deputation of MSME Business Delegations to foreign countries – Participation in International Exhibitions/Trade Fairs/Buyer-Seller Meets – Participation in International exhibitions/ trade fairs held in India – Organisation of International Conferences/ Seminars in India	– State/Central Government Organisations; – Industry/Enterprise Associations; and – Registered Societies/Trusts and Organisations associated with the MSME.	The quantum of financial assistance will be decided on the basis of the budget estimate & the eligible items of expenditure subject to the following limits in respect of international and domestic events: – International Events: Rs. 25 lakh per event Domestic Events: Rs. 12 lakh per event *Financial assistance restricted to two events in a financial year*
Development Commissioner (MSME)					
4	**Scheme for capacity building, strengthening of database and advocacy by Industry/Enterprise Associations** and for holding Seminars/Symposiums/Workshops by the	–	– Secretarial and advisory/extension services to selected national Associations – Modernization of the facilities and equipment and training of personnel, etc – Holding Seminars/ Symposiums/Workshops on various issues concerning the	National/Regional/State/ Local Level Industry Associations, which are registered for at least 3 years, having a regular charter, list of members and audited accounts	50% of the cost of modernization and equipments with a ceiling of Rs. 5 lakhs (association is required to provide the regular manpower and office space at their own cost)

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Associations. Mr. Deepak Goyal Director (S&D) O/o. the Development Commissioner (MSME) I Floor, E – Wing, AGCR Building IP Estate New Delhi – 110 002 Tel: 011 - 23702346		MSME Sector *Association to provide regular manpower, office space and make equivalent contribution*		Rs. 2 lakhs for organizing seminars etc for national level and Rs. 1 lakh for regional associations
5	**Micro & Small Enterprise Cluster Development Programme (MSECDP)** Shri H.S. Meena Joint Development Commissioner Office of DC(MSME) 7th Floor, Udyog Bhawan New Delhi Tel: 011-23062694	2003	– Technology upgradation – Quality upgradation and certification – Credit facilitation – Marketing support – Collective capacity building of cluster units – Common Facility Centres – Testing and Training Centres – Organized procurement and marketing – Continuous skill upgradation *Government grant to be utilized towards plant and machinery only and other components to be funded from SPV's contribution*	Special Purpose Vehicles (SPV) consisting of the actual/likely cluster beneficiaries organised in any legal form	– Developmental CFCs : break even beyond 3 yrs (testing lab, design centre, R&D centre etc)- 70% of Project cost not exceeding Rs 7 Cr – Quasi Developmental CFCs: individual gains nor clearly perceived (CETP, SCX, Common logistics centre etc)- 50% of Project cost not exceeding Rs. 5 Cr – Commercial CFCs: immediate commercial viability(marketing/ selling centre, raw material depot, common

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
					processing centre etc)- 30% of Project cost not exceeding Rs. 3 Cr Additional 10% grant for all women/ village or micro/ small or artisan enterprise based clusters Rs. 10 lakh for softer interventions
6	**Market Development Assistance Scheme for SSI exporters (SSI-MDA)** Dy. Director (Marketing Assistance) Ph. 011-23062992 Fax. 23061430 Email: adatta@nic.in	2001	– Airfare, space rent, shipping cost of exhibits for participation in international trade fairs	MSME exporters	– 75% of air fare with a ceiling of Rs.40,000/- (Rs.60,000/- for Latin American Countries) for small manufacturing enterprises and 90% with a ceiling of Rs.40,000/- for Micro manufacturing enterprises. – 60% subsidy on space rent. – Subsidy of Rs. 15,000/- for the shipping cost of exhibits for display. *Total subsidy not to exceed Rs. 1.25 lakh for manufacturing and Rs. 1.50 lakh for micro manufacturing enterprises*

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
		–	– commissioning specific market studies	MSME Association	– Rs. 2 lakhs
		–	– initiating/ contesting anti-dumping cases	MSME Association	– Rs. 1 lakh or 50% of the cost whichever is lower
7	**Integrated Infrastructure Development (IID) subsumed under MSECDP)** Shri H.S. Meena Joint Development Commissioner Office of DC(MSME) 7th Floor, Udyog Bhawan New Delhi Tel: 011-23062694	–	– Setting up new clusters/ industrial estates – 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 back up services etc	State/ Union Territory Governments or a good NGO having a sound financial position	Rs. 2 Cr or 40% of the Project cost (excluding land) whichever is lower
NMCP Schemes Implemented by DC(MSME)					
8	**Building awareness on Intellectual Property rights** Shri H.S. Meena Joint Development Commissioner Office of DC(MSME) 7th Floor, Nirman Bhavan New Delhi	–	– Awareness/ Sensitisation Programmes – Pilot Studies – Interactive Seminars / Workshops – Short term/ long term Specialized Training. – Patent/ GI Registration. – Setting up of ‘IP Facilitation Centre for MSME’. – Interaction with International	**Eligibility varies component wise:** MSME Units, MSME Organisations (Industry Association, Societies /Cooperatives/ Firms/Trust, NGOs, Research/ Technical & Educational Institutions, Universities etc), Competent Agencies	– Awareness/ Sensitisation Programmes: Rs. 1 lakh – Pilot Studies: Rs. 2.5 lakhs – Interactive Seminars / Workshops: Rs. 2 lakhs – Short term Specialized Training: Rs. 6 lakhs – long term Specialized Training: Rs. 45 lakhs

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Tel: 011-23062694		Agencies. • Domestic Intervention • International Exchange Programme	(Consultancy Organisations/ individuals, Research Institutes, Expert Agencies such as TIFAC,NRDC etc, IPR Facilitating Agencies (Quasi Government or Government Aided Bodies , Private units sponsored by MSME Industry Associations.	– Patent/ GI Registration: Rs. 0.25 lakhs for domestic patent, Rs. 2 lakhs for foreign patent and Rs. 1 lakh for GI registration – Setting up of 'IP Facilitation Centre for MSME': Rs. 65 lakhs – Interaction with International Agencies. – Domestic Intervention: Rs. 5 lakhs – International Exchange Programme: Rs. 7.50 lakhs
9	**Setting up of New Mini Tool Rooms under PPP Mode** Mr. R.K. Rai Director Office of DC-MSME 7th Floor, Nirman Bhavan New Delhi Tel: 011 - 23062561	–	– Tool Room facilities – Tool room related training facilities This shall include cost of land, buildings, equipment etc	A distinct legal entity formed by any of the following: – Individual enterprises – Consortium of enterprises – Industry Association – Enterprise(s)/ Industry Association jointly with the State Government	A maximum of 40% of the Project cost not exceeding Rs.9.00 crore.

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
10	**Enabling Manufacturing Sector be competitive through Quality Management Standards and Quality Technology Tools** Mr. Vijay Kumar Director (NMCP) Office of DC-MSME Nirman Bhavan New Delhi Tel: 011- 23062237		a. Introduction of Appropriate Course Modules For Technical Institutions b. Organizing Awareness Campaigns for Micro And Small Enterprises c. Organising Competition – Watch(C-Watch) d. Implementation of Quality Management Standards And Quality Technology Tools In Selected Micro And Small Enterprises e. Monitoring International Study Missions	– Quality Council of India/ competent organization having QMS expertise for component a. – MSMEs for components b, c, d. – Organisations including industry associations who have been engaged in similar activities for the last 2 years for components b, c, d and e	– For component a: Rs. 425 lakh/ yr (composite for all sub activities) – For component b: Rs. 1.25 lakh per programme (75% for micro and 50% for SMEs resp) – For component c: o Study: Rs. 2.5 lakh o Exposure visit: Rs. 7.5 lakh (75% of cost) o Procurement of samples: Rs. 2.5 lakhs (50% of cost) o Product development: Rs. 5 lakhs (~ 60% of cost) o Popularisation of improved product: Rs. 1.5 lakhs (75% of cost) – For component d: Rs. 2.5 lakh/ unit (100 units to be assisted)- (75% for micro and 50% for SMEs resp) – For component e: Rs.

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
					2.5 lakh/ unit (20 units to be assisted) (75% for micro and 50% for SMEs resp)
11	**Support for Entrepreneurial and Managerial Development of SMEs: Through Incubators** Dr. Amarnath Assistant Director Office of DC – MSME 7th Floor, Nirman Bhavan New Delhi – 110 108 Mobile: 9810990314		Technology fee, common facilities and hiring/lease of machinery for setting up of Business Incubators	– Indian Institutes of Technology (IITs) – National Institutes of Technology (NITs) – Engineering Colleges – Technology Development Centres, Tool Rooms, etc – Other recognised R&D&/or Technical Institutes/Centres, Development – Institutes of DIP&P in the field of Paper, Rubber, Machine Tools, etc. *Industry associations part of the Monitoring committee*	– Rs. 62.5 lakh per Business incubator (15-25% of the cost of intervention to be borne by MSEs)
12	**Lean Manufacturing Competitiveness Scheme under NMCP** Mr. Vijay Kumar	2009	– Awareness programmes – Implementation of lean manufacturing techniques (primarily cost of consultant)	– An SPV constituted by 10 enterprises	80% of the cost incurred on Lean manufacturing consultant in 4 equal installments released as reimbursements

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Director (NMCP) Office of DC-MSME Nirman Bhavan New Delhi Tel: 011- 23062237				
Ministry of Textiles					
13	**Scheme for Integrated Textiles Park (SITP)** Shri A.N.Saran Director Udyog Bhawan, Rafi Marg, New Delhi	2005	– Physical infrastructure – Buildings for common facility centres – Factory buildings	Special Purpose Vehicle (a legal entity formed under Companies Act) *Scheme envisages the role of a PMC to handhold the projects through their implementation process*	Limited to 40% of the project cost subject to a ceiling of Rs. 40 crore
14	**Integrated Handloom Cluster Development Programme** Mr. Manoj Jain Deputy Director Office of DC – Handlooms Ministry of Textiles Udyog Bhavan	–	– Common facility Centre – Setting up of Showroom. – Organisation/participation in Exhibitions/Fairs , Buyer-Seller Meets – Publicity – Developing FAQs – Declaring the Cluster as Legal entity	Institutions of the Central and State Govts, Semi-Govt institutions, NABARD, EDI, NHDC and NGOs *Scheme has scope for a National Resource Agency (NRA) to perform the functions of*	Budget per cluster is Rs.2 crore by way of 100% Central grant *The administrative charges, which would include fee of both NRA as well as IA will not exceed 7% of the project cost.*

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	New Delhi Tel: 011 - 23061643		– Capacity building & networking – Strengthening of local associations – Backward – forward linkages – Brand Building – Organization of at least 20 workshops and seminars, demonstrations – Market Research & Technical Consultancy – Engaging Designer – Institutional cost of implementing agency, – Enterprise up-gradation programme, cluster visits, development of consortium, personal counseling, intervention in the areas of occupational health/ergonomics etc.	*training, advisory, monitoring etc*	
15	**Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY)** Sh. P.Mallikarjunaiah, Deputy Director (CC) Office of Development Commissioner, Handicrafts,	–	– Organization of artisans clusters into SHGs/ Cooperatives. – Skill upgradation through design and technology intervention. – Infrastructure support for improved quality and productivity – Credit facilitation – Marketing support	Through the reputed NGO's / Cooperatives / Trusts / Central / State agencies etc. registered under proper statute *There is scope for guiding and monitoring agencies (GMA)*	Upto 100% for most of the components with specific ceiling for each of the component.

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	West Block VII, R.K.Puram New Delhi, India. Tel: 011-26178607				
16	**Special Handicraft Training Project**		Raw material, wage compensation, fee and boarding lodging of trainer, tool kits	Reputed and experienced NGOs/Voluntry agencies/Co-op./Apex Co-op. Societies/Central & State Dev. corporations/Trust/Institutions and other related Govt. Corporations/Agencies, Federation of NGOs/SHGs consortium, DRDA etc involved in development and promotion of handicrafts sector under or any other statutory act	Rs. 3.85 lakh for a 6 month training to 10 artisans
Ministry of Commerce (including Department of Industrial Policy & Promotion)					
17	**Assistance to States for developing Export Infrastructure and Allied Activities (ASIDE)**	–	– Creation of new Export Promotion Industrial Parks/Zones (including Special Economic Zones (SEZs)/Agri-	– Public Sector undertakings of Central/ State Governments	In case of non- government agency, funding for project to be on cost sharing basis

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Mr. A.K Bamba Director Ministry of Commerce and Industry Room No: 225 Udyog Bhavan New Delhi Tel: 011 - 23062109		Business Zones) and augmenting facilities in the existing ones. – Setting up of electronic and other related infrastructure in export conclave. – Equity participation in infrastructure projects including the setting up of SEZs. – Meeting requirements of capital outlay of EPIPs/EPZs/SEZs – Development of complementary infrastructure such as roads connecting the production centres with the ports, setting up of Inland Container Depots and Container Freight Stations, – Stabilising power supply through additional transformers and islanding of export production centres etc. – Development of minor ports and jetties of a particular specification to serve export purpose. – Assistance for setting up common effluent treatment facilities for which guidelines are placed at Annexure **I.**	– Other agencies of Central/ State Governments – Export Promotion Councils/ Commodity Boards – Apex Trade bodies recognised under the EXIM policy of Government of India and other apex bodies recognised for this purpose by the Empowered Committee – Individual Production/ Service Units dedicated to exports.	Extent of assistance not specified

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
			– Projects of national and regional importance.		
18	**Industrial Infrastructure Upgradation Scheme (IIUS)- recast** Mr. Shashi Ranjan Kuamr Director Department of Industry and Promotion (DIPP) Ministry of Commerce and Industry Udyog Bhavan New Delhi Tel: 011 -23062318	2009	– Physical infrastructure – Common Facilities for fuel/ gas supply system – Effluent treatment – Solid waste disposal – Product design – Captive power generation – Information and Communication Technology Infrastructure – R&D infrastructure – Quality Certification and Benchmarking Center – Common Facilities Center – Information dispersal/ international Marketing Infrastructure – ICT-induction & process re-engineering & management consultancy service center – any other physical infrastructure	Special Purpose Vehicle (Section 25 Company)	75% of the project cost subject to a ceiling of Rs.60 crore *Grant for road, drainage & water supply system to be restricted to 25% of the total grant* *Administrative Expenses to be restricted to 5% of the total grant*
19	**Revised Market Access Initiative Scheme** Mr. Ravinder B. Joshi Deputy Secretary Ministry of Commerce and	2007	– Undertaking marketing projects abroad – Capacity building – Support for Statutory Compliances – Market/Export Potential/ WTO/ RTA related studies	– Departments of Central Government and Organisation of Central/ State Governments including Indian Missions abroad	The components are further divided into several sub components and funding assistance could be anywhere in the range of 50-100% with absolute ceilings.

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Industry Room No: 224-d Udyog Bhavan New Delhi Tel: 011 - 23063691		– To generate focussed projects leading to substantial improvement in market access – Developing Foreign Trade Facilitation web Portal (data bases and systems for dissemination of information (electronic or otherwise to Indian Exporters); – To support Cottage and handicrafts units;	– Export Promotion Councils – Registered Trade Promotion Organisation 2 – Commodity Boards – Apex Trade Bodies recognized under Foreign Trade Policy of Government of India – Recognised Industrial & Artisan Clusters – Individual Exporters (only for statutory compliance etc.) – National Level Institutions (e.g. Indian Institute of Technologies (IITs), Indian Institute of Management (IIMs), National Institute of Designs (NIDs), NIFT etc.) Research Institutions/ Universities/Recognized laboratories, etc.	The eligible/ beneficiary organizations have to bear the remaining cost for each intervention
20	**Market Development**	Revised	– Export promotion activities	– Exporters	Assistance for most of the

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
	Assistance Scheme Mr. Ravinder B. Joshi Deputy Secretary Ministry of Commerce and Industry Room No: 224-d Udyog Bhavan New Delhi Tel: 011 - 23063691	guidelines w.e.f. 2006	abroad – Export promotion activities within India – Focus export promotion programmes in specific regions abroad like FOCUS (LAC), Focus (Africa), Focus (CIS) and Focus (ASEAN + 2) programmes. – Marketing promotion efforts abroad.	– Export Promotion Councils (EPCs) – Approved organizations/trade bodies	components is around 60% of the total cost with absolute ceilings. Part of airfare, stall rentals, publicity, buyer seller meets, seminars, studies etc are eligible for funding
21	**HRD Mission for Leather** Mr. R.K. Malik Director Department of Industrial Policy & Promotion Ministry of Commerce and Industry Room No: 252 Udyog Bhavan New Delhi Tel: 011 - 23061951		**Training under the following three categories:** **Primary** – Flaying – Preservation – Tanning – Finishing – Waste Treatment – Footwear – Leather Garments – Leather Goods **Secondary** – vocational qualification **Tertiary** – Management training	Industrial/ Govt (institution)	Total project cost to be co shared between GoI and the industrial/ Govt (institution) partner in the ration 85:15 in case of secondary and tertiary training. GoI share limited by following condition: Per person cost of investment of GoI funds over three years should not exceed Rs. 400, Rs. 1000 and Rs. 2500 with an over all cap of Rs. 4 Cr, Rs. 4.5 Cr and Rs0.5 Cr for primary, secondary and tertiary trgs. Hardware cost in case of

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					govt/ established institutions only will be funded with learner strength >20
Ministry of Labour (Including Director General Employment & Training)					
22	**Modular Employable Skills (MES) under Skill Development Initiative Scheme (SDIS)** Shri Kesai R No. 520, 5th Floor Shram Shakti Bhawan New Delhi	2007	Training cost	– Institutes (including autonomous institutes) set up by Central Government / State Governments / UT Administrations. – Private Institutes of repute affiliated/ accredited to a Board / University / Council (NCVT, AICTE etc.)	The following fee structure stands: Rs.500 per module for modules having duration upto 90 hrs, Rs.1000 per module for modules having duration from 91 to 180 hrs, Rs.1500 per module for modules having duration from 181 hrs to 270 hrs and Rs.2000 per module for modules having duration more than 270 hrs. – SC/ST to be given 25% concession in fee – Fee to successful candidates will be refunded – For each candidate trained VTP will get Rs. 15/ per hr of trg One time of advance of Rs. 3 lakh will also be given to VTP

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23	**Upgradation of Government ITIs through Public Private Partnership** Mr. Hukum Singh Joint Director Director General of Employment Training Ministry of Labour Room No: 524 Shram Shakti Bhavan Rafi Marg New Delhi Tel: 011 - 23711642	–	– upgradation of ITI as a whole – State owned ITI and infrastructure is used Setting up of state steering committee and state implementation cells and their expenses – Salaries and wages to be borne by state Government	Institute management Committee (IMC). IMC will be an industry led society with State Govt representatives on board	– Interest free loan upto Rs. 2.5 Cr – Though not mandatory industry partner could contribute either financially or through machinery – Loan has a moratorium period of 10 yrs after which has to be paid in equal annual installments over twenty yr time period
Coir Board					
24	**Rejuvenation, Modernisation and Technology Upgradation of the Coir Industry** Special Cell Coir Board, Coir House, MG Road, Kochi – 682016 Kerala	2007	– Work sheds and motorized rats for the spinning sector and mechanized looms for the weaving sector	SHGs: A group of 8 for the spinning sector and a group of 6 for the weaving sector	– 40% or Rs. 80,000 per unit for spinning unit – 40% or Rs. 2,00,000 per unit for tiny/ household weaving unit
Department of AYUSH					

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25	Scheme for Development of AYUSH Clusters Shri D D Sharma Director Department of AYUSH 1st Floor, Red Cross Building Red Cross Road, New Delhi Tel: 01123327669	2007	Cost of Buildings, Physical infrastructure, plant and machinery for undertaking: – Core Interventions such as those related to setting up of common facilities for testing, certification, standardization, quality control and other capacity building measures – Add On Interventions such as those related to marketing/ branding, provision of general infrastructure to support production units etc – *Testing laboratory is a mandatory component*	Special Purpose Vehicle formed by at least 15 AYUSH GMP certified enterprises located in an existing cluster	The assistance would be restricted to 60 % of the Project Cost subject to a maximum of Rs 10.00 crores
26	**Assistance for Exchange Programme / Seminar / Conference / Workshop on AYUSH** Director, E&C Section, Department. of *AYUSH*, Indian Red Cross Society Building , Red Cross road New Delhi-110 001		a. National conference / Workshops / Seminar organized by Department of AYUSH b. National Conference / Workshop / Seminar organized by the State Government c. National Seminar organized by NGOs d. National Seminars or Workshops/ Conference by eminent Institutions / University	– State Governments. – Autonomous bodies functioning under the Department. – Central / State Government Institutions involved in the promotion of the cause of AYUSH. – Reputed NGOs and individuals (Indian & Foreign) involved in the dissemination of proven results of	– For component a: Rs. 3.00- Rs. 5 Lakhs – For component b: Upto Rs. 3 Lakhs – For component c: Upto Rs.1 Lakhs – For component d: Upto Rs. 2 Lakhs

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				AYUSH, promotion & development of AYUSH and having at least 3 years experience in the field. – f) Apex / recognized associations of trade and industry working in the field of AYUSH. –	
Ministry of Food Processing Industries					
27	**Mega Food Parks Scheme** Mr. A L Meena, Joint Secretary, Room No. 211, Ministry of Food Processing Industries, Panchsheel Bhawan, August Kranti Marg, New Delhi -110049 Tel: 011-26492476 Fax: 011-26492863	2008	– Core Processing Facilities (Farm Proximate Collection centers and Primary processing centres) – Factory Buildings – Enabling Basic Infrastructure – Non Core Infrastructure – Project Implementation Expenses	– SPV, a corporate body under the Companies Act with atleast five legally independent entrepreneurs/ business units *The Scheme has provision for Project Management Agency at National and Project Management Consultant at SPV level*	One time capital grant of 50% of the Project cost subject to a maximum of Rs. 50 Crores in general areas and 75% of the Project cost subject to a maximum of Rs. 50 Crores in difficult and hilly areas including North East *Project cost is exclusive of land cost*

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	Mr. Awadhesh Kumar Director Tel: 011-26492113 Fax: 011-26492863 Email: awadhesh.kumar@nic.in				
28	**Scheme for Cold Chain, Value Addition and Preservation Infrastructure** Mr. A L Meena, Joint Secretary, Room No. 211, Ministry of Food Processing Industries, Panchsheel Bhawan, August Kranti Marg, New Delhi -110049 Tel: 011-26492476, Fax: 011-26492863 Mr. Awadhesh Kumar Director Tel: 011-26492113 Fax: 011-26492863 Email: awadhesh.kumar@nic.in		a. Minimal Processing Centre at the farm level and this centre is to have facility for weighing, sorting, grading waxing, packing, pre-cooling, CA / MA cold storage, normal storage and IQF. b. Mobile pre-cooling vans and reefer trucks. c. Distribution hubs with CA /MA chambers/cold storage /Variable Humidity Chambers ,Packing facility, CIP Fog treatment, IQF and blast freezing. d. Irradiation facility Any two of the components from a, b or c should necessarily be set up as part of the project	Individuals or groups of entrepreneurs	50% the total cost of plant and machinery and technical civil works in General areas and 75% for NE region and difficult areas (North East including Sikkim and J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs 10 Crore

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29	**Scheme for Setting up/ up gradation of food testing laboratories** Mr. K. Rajeswara Rao, Joint Secretary Ministry of Food Processing Industries, Room No. 207 Panchsheel Bhawan, August Kranti Marg, New Delhi -110049 Tel 011-26494032 Fax 011-26492176 Capt. Sanjay Gahlot, Director Telefax 011-26497635 Sanjay.gahlot@nic.in		– Laboratory equipments – Civil works	– Domestic industry, exporters, Small and medium – Enterprises – Existing academic & research institutions – Food standards setting bodies – Government	– 100 % of equipment cost and 25% of the cost of technical civil works for general areas and 33% for difficult areas in case of Central/State Government and its organizations /Universities (including deemed universities) – In case of all other implementing agencies/private sector organizations : 50% of cost of laboratory equipments and 25% of the cost of technical civil works for general areas and 70% of cost of lab equipment and 33% of technical civil works for difficult areas *Grant is inclusive of cost of Programme Management Agency (5%)*
30	**Scheme for Promotional Activities**	a.	b. Seminars/ workshops c. Studies/ surveys d. Exhibitions/ fairs	– Government/ academic bodies – Industries	– For component a: 50% of the cost upto Rs. 3 lakhs

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	Shri Sanjay Kumar Singh Under Secretary Ministry of Food Processing Indistries Room No. 215, Panchsheel Bhawan August Kranti Marg New Delhi – 110049 Tel 011-26493680		e. Study tours	Association/ NGOs – Cooperatives etc	– For component b: 50% of the cost upto Rs. 3 lakhs – For component c: 25% of actual rental space with a ceiling of Rs. 20 lakhs for Govt organizations. For others assistance for common item of expenditure as space rentals, construction of stall, publication etc will be given. For organizing a fair, assistance shall be decided on merit – For component d: no specific pattern mentioned
Department of Rural Development					
31	**Special Projects under Swarnjayanti Gram Swarozgar Yojana (SGSY)** Dr. Amar Singh Joint Secretary / Mr. Amajit Banga Director (DRDA) Ministry of Rural	1999	Projects aimed at increasing competitiveness of MSMEs such as skill upgradation, entrepreneurship development, production related infrastructure, testing, processing, packaging etc *Projects should target rural BPL families*	– State Government – Panchayati Raj Institutions – Semi Government Organisations – National/ international level organisations	75% of the Project cost would be funded by Department (the Project cost should be in the range of Rs. 1 Cr- Rs. 15 Cr)

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	Development Department of Rural Development Room No. 249 G Wing Krishi Bhavan New Delhi – 110001 Tel 011-23382313 Fax 011-23387536 Email dramar@nic.in				
Department of Science and Technology					
32	**Instrument development Programme (IDP)** The Adviser & Head (IDP) Instrument Development Programme Department of Science & Technology Technology Bhawan, New Delhi – 110016 TeleFax No: (011) 26963695 E-mail: laxman@nic.in		Programmes leading to indigenous development and up gradation of instruments in the following thrust areas: – Analytical / Optical Instrumentation ; – Medical Instrumentation; – Industrial Instrumentation; – Sensors ; – Imaging Techniques and Instrumentation *No support is provided towards creating basic infrastructure and building*	– Scientists/engineers/ technologists working in universities and other academic institutions; – R&D institutions /laboratories having adequate infrastructure and facilities to carry out R&D work in collaboration with industry	Assistance towards project staff salaries, equipment , consumables, domestic travel and other miscellaneous items Open ended, assistance not specified
33	**International S&T Cooperation(ISTC)**	–	– R&D Projects Scheme – Joint workshop/Exhibition/ Seminar	– Scientists/faculty members working in regular capacity in	– Support for equipment, consumables and exchange visit

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	The Head International Division Department of Science & Technology Technology Bhawan, New Delhi-110016 T el. No: (011) 26590438 Fax: (011) 26862418 E.mail: mkmishra@.nic.in		– exchange visit of scientist – inter Institutional Linkages – fellowship – organisation of visit of thematic scientific and composite (scientific and industrial) delegations. – transfer of Technology to Indian industry	Universities, – National R&D laboratories/institutes – Private R&D institutes – Iindustry	Extent of assistance not specified
34	**Joint Technology Projects under STAC/IS-STAC** Adviser IS-STAC Ministry of Science & Technology Technology Bhawan New Mehrauli Road New Delhi – 110 016 Tel. No: (011) 26960203 Fax. No: (011) 26960203 E-mail: mig@alpha.nic.in		Joint Technology project between the user Ministry and DST proposed by implementing agency for: – R&D in thrust areas – Research Development & Demonstration (RD&D) Projects demonstrated on industrial scale – Studies on topics relating to technology assessment and/or development of new technology – Organizing Inter-Sectoral Workshops *Building and any major infrastructure creation not allowed*	– An industry – R&D Laboratory – Academic institutions	– Equipment, salaries, consumables, domestic travel, overheads, contingencies etc – Financial support from user ministry expected Extent of assistance not specified
35	**State Science & Technology Programme(SSTP)** Adviser & Head	–	– Establishment and supporting State Councils for S&T – Organization of meeting/workshops on specialized S&T topics	– State & Central Institutions – State S&T Councils – Non-Governmental Organisations	– Equipment, salaries, consumables, contingencies, domestic travel, overheads etc

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	(Technology Development and Transfer Division) Department of Science & Technology Technology Bhawan, New Mehrauli Road New Delhi – 110 016 Telefax: (011) 26510686 E-mail: laxman@nic.in		– Carrying out studies/surveys – Identification of science and technology programme for development of weaker sections of the society. – Location specific research and technology development programmes – Undertaking Science and Technology demonstration projects in States *Vehicles, buildings, any other major infrastructure item not allowed*	(NGOs)	Extent of assistance not specified
Department of Scientific and Industrial Research (DSIR)					
36	**International Technology Transfer Programme** Technology Bhavan New Mehrauli Road New Delhi - 110 016. Phone: 011-26866123, 26567373; E-Mail: ashwani@alpha.nic.in	–	– Organization of technology based trade fairs – Participation of technology intensive organizations in such fairs – Setting up of “Technology Trade Facilitation Centres”, – Organization of “Training-cum-Awareness Programmes for Overseas participants” – Organization of area-specific buyer-seller meets in India and abroad	– Government supported bodies and agencies – Public funded institutions – Industry associations and chambers – UN bodies – Reputed consultancy organizations – NGOs	Partial support generally covering costs towards documentation, professional charges, travel, office equipment and stationery, computerisation, preparation and printing of documents, reports, invitation cards, banners etc., and consumables in pilot plants or working models

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37	**Consultancy Promotion Programme** The Head Consultancy Promotion Division Department of Scientific and Industrial Research Ministry of Science and Technology, Technology Bhavan, New Mehrauli Road New Delhi 110016 Tel (Direct) : 26518103 (EPABX) : 26590404, 26567373, 26962819, 26562134 Fax` : 26960629, 26518103 E-mail : rajkumar@nic.in	2007	a. Consultancy Promotion Programme for : o Strengthening consultancy capabilities such as R&D efforts, studies, surveys, skill upgradation, venture capital etc o Development of Consultancy for SMEs such as setting up of consultancy clinics, consultancy parks, commercialization of technologies etc o Documentation of experiences / information dissemination, etc o Support to consultancy promotion organisations / institutions o International Cooperation & Export of Consultancy Services b. Setting up of Consultancy clinics c. Setting up Design Engineering Service centres	Consultancy promotion organisations / institutions and related agencies	– Extent of assistance not specified for component a. – Partial support of about 70 - 80% of the total estimated cost for setting up consultancy clinics – 60% support of total budget of the project mainly services & experts/ consultants, capital equipments, salary of core staff, traveling, office expenditure, advertisement or any other relevant expenditure excluding space for setting up of Design and Engineering service centres
38	**Technology Information Facilitation Programme**	2005	a. Development of endogenous capacities	– Institutions receiving annual recurring grants from the	Financial support (partial or full) and technical guidance (components as Manpower,

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	Department of Scientific and Industrial Research Technology Bhavan, New Mehrauli Road New Delhi - 110 016 Telefax: 91-11-26516078, Tele: 91-11-26565329 Email: alh@nic.in , srv@nic.in		- Promotion of content development - Industrial trend reports - Information support for industrial clusters b. Digital and indigenous knowledge base - National websites/ servers - Indian digital library of theses and R&D publications - Documentation of traditional knowledge and folk wisdom - Information for community – digital provide and opportunities c. Establishing knowledge net - Promotion of information access and sharing - Virtual systems - Electronic publishing of selected Indian S&T materials - Open archive initiatives – a web alternative to scholarly communications d. Mapping of national S&T productivity e. Education, training and R&D - Surveys and R&D studies - Manpower development programme f. International activities	Central or State Government Agencies including the Council of Scientific and Industrial Research, Indian Universities, academic institutions, R&D institutions, Public Sector Undertakings, etc. – Institutions registered as professional societies under the Societies Registration Act. – Institutions incorporated under the Companies Act, and – Professional & industry Associations.	Equipment, Consumables, internal travel and other miscellaneous expenditure

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			Foreign Travel not permissible		
39	**Technology Development & Utilization Programme for Women** Department of Scientific and Industrial Research Technology Bhavan, New Mehrauli Road New Delhi - 110 016 Telefax : 91-11-26516078, Tele:91-11-26565329 Email: srv@nic.in, priya@nic.in	2007	– Studies/ surveys for the assessment of technology related information needs of women in different walks of life. – Documentation and content development on the following aspects: – Technologies useful for production activities, personal care and community management including food procesing, water conservation, waste disposal, maintenance of health and hygiene, etc. – Best practices in the use of technology to strengthen competitiveness of gainful activities by women. – Contribution of women innovators/entrepreneurs. – Contribution of women scientists/ technologists working in various Scientific laboratories. – Technologies and products beneficial to women. – Establishing Consultancy Cells for imparting technical	Organisations working on areas related to development of technologies for women such as: – Institutions receiving annual recurring grants from the Central or State Government Agencies including the Council of Scientific and Industrial Research, Indian Universities, academic institutions, R&D institutions, Public Sector Undertakings, etc. – Institutions registered under the Societies Registration Act. – Institutions incorporated under the Companies Act, – Professional & industry	Financial support (partial or full) and technical guidance (components as Manpower, Equipment, Consumables, internal travel and other miscellaneous expenditure

S No	Scheme	Year of Launch	Components for funding	Implementing agency	Funding Support to the Extent of
			knowledge on adoption of latest technologies. – Awareness creation and training of women in technologies useful for production activities, personal care, community management, including food processing, water conservation, waste disposal, etc.. – Case studies of successful R&D, Technology Development and business women *No support will be provided for basic infrastructure and buildings*	Associations – Trusts registered under Indian Trusts Act.	
40	**R&D Grants For New Product / Process Development** Ms S Ravindran Scientist 'G' and Head (TPDU) Technology Bhavan, New Mehrauli Road, New Delhi-11O 016. Ph: 26516078 srv@nic.in	2003	– R&D Project for development of a new/ improved product resulting in Prototype development and ending with demonstration in commercial environment. – R&D Project for development of a new / improved process resulting in establishment of process know-how, development of process equipment and demonstration of yield, efficacy etc in a Pilot plant	– Industrial units either on their own or jointly with national research /educational institutions, international bodies/ companies, individuals,	Partial funding support towards cost of: – Exclusive personnel for the project – Consultancy services used exclusively for the research activity, including bought-in research, technical knowledge, patents, etc); – Patenting ; – Running costs – Cost Testing, trials &

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			Cost of following activities not supported : – *Pre-project activities (including preliminary literature survey and patent search) ,* – *Permanent employee costs* – *Travel costs of industry personal,* – *Industry overheads,* – *Contingency provisions,* – *Payments for technology received from commercial organisations,* – *Infrastructure facilities like land, building,* – *Production and production test equipment,* – *Standard quality control equipment.*		certification
41	**Technology Management Programme** Head, Technology management Programme DSIR, technology Bhawan New Delhi-16 Tel: 011-26960098, 26567373 Email: jsabhat@nic.in	2005	– Compilation and analysis of data on foreign collaboration approvals – Analytical, technology status and development studies – Studies on technology and management issues – Targeted research studies on specific issues in technology transfer, technology & innovation management	– Industry and Industry associations – Consultancy organizations – Research Institutions – Universities and Academic Institutions – State and Central	Extent of assistance not specified

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			– Case studies covering technology management aspects – Resource centres on technology management – Information dissemination – Training, Interaction meets, Seminars/ management development programmes – Student paper contest – Pedagogic tools – Technology management audit exercises	Govt or International Agencies/ bodies	
Ministry of Finance					
42	**Viability Gap Funding** Mr Govind Mohan Joint Secretary (I&I), Department of Economic Affairs Room No: 67-B, North Block, New Delhi - 110001 Tel: 011-23093881 Fax 011-23092024 Email: govindmohan1@yahoo.com Ms. Aparna Bhatia	2005	– Roads and bridges, railways, seaports, airports, inland waterways; – Power; – Urban transport, water supply, sewerage, solid waste management and other physical infrastructure in urban areas; – Infrastructure projects in Special Economic Zones – International convention centres and other tourism infrastructure projects;	– Private Sector Company (a company in which 51% or more of the subscribed and paid up equity is owned and controlled by a private entity) and will be selected through open competitive bidding	Viability gap funding to the extent of 20% of the Project cost

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	Director Tel: 23094443 Email: aparna.bhatia@nic.in				