

**Strategic Action Plan**  
**of**  
**Ministry of Micro, Small and Medium Enterprises**

1. **CONTEXT**

1.1 The role of micro, small and medium enterprises (MSMEs) in the economic and social development of the country is well established. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes 8 per cent of the country's GDP, 45 per cent of the manufactured output and 40 per cent of its exports. The MSMEs provide employment to about 60 million persons through over 26 million enterprises producing over six thousand products. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than in the large industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion. It would be an understatement to say that MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. Cutting across all sections of production and services, MSME sector is truly a strategic asset for the economy of the country.

1.2 On one hand, we have the village and rural industries including Khadi industry. Locationally, they are primarily in the rural landscape and provide an important ingredient of the local economic eco-system. In a significant number, they also are inter-related and inter-dependent on the agricultural/horticultural/other forest and non-forest produce. It adds wealth to the local economy and at the same time provides major employment and in the long run acts, as a bulwark against rural to urban migration. The challenge here is to provide grass-root and affordable technologies and ensure, at least primary processing at the village/cluster level to add value and reduce the costs of logistics. With the increase of educated youth power at the village level, the second challenge is to train them to set up their own rural level enterprises and

encourage them through policy as well as fiscal instruments. Diverting unproductive labour forces from agriculture sector to productive enterprises would add to rural economy and simultaneously reduce the disguised unemployment in agricultural sector.

1.3 On the other hand, in extreme contrast and the opposite side of the spectrum are the Micro, Small and Medium Enterprises who are producing an extremely wide ranging variety of goods which are exported as well as have to reach out to the domestic consumers, withstanding the removal of protectionist measures such as reservation for small scale as well as lowering of entry barriers for imported goods due to the WTO regime in place.

1.4 Withstanding such internal (from big domestic industries) and external competitions (imports) requires and necessitates them to be innately competitive whether in terms of design, manufacturing competence, marketing or market access.

1.5 A non-level playing field for MSME Sector, facing the odds like reluctance of banks/financial institutions for providing credit to MSMEs, lack of access to technology, inadequate marketing capabilities, etc., has pushed them towards the edge. Their threshold tolerance level to vicissitudes of markets and vagaries of banking system is so small that any adverse environment can have serious consequences leading to sickness or even closure.

1.6 With the addition of “Enterprises” as a definitional context of the ambit of the Ministry from 2006, (since the MSMED Act came into being) as also given the fact of the services sector growing at a far higher pace than the manufacturing sector, it poses completely different challenges for the Ministry for pro-active promotion of the Services Sector.

1.7 Given this extremely wide gamut of the constituency of the Ministry, the challenges are huge and exciting.

## 2. Vision, Mission, Objectives and Functions

2.1 The vision of the Ministry of Micro, Small and Medium Enterprises is to have a vibrant Micro, Small and Medium Enterprises (MSME) sector in India.

2.2 It is envisioned that the sector will have a healthy growth with a large number of enterprises being set up and their graduation by upscaling into small and medium enterprises. This would be accompanied by enhancement of their contribution to the GDP, manufacturing output, employment and exports. For those already established, their upward graduation to next higher levels of investments and market shares would be welcomed. On an organizational level, transition of the sector from a predominantly unorganized to the organized sector, would be welcomed.

2.3 The Mission of the Ministry is to promote growth and development of Micro, Small and Medium Enterprises, including Khadi, Village and Coir industries, in cooperation with concerned Ministries / Departments, State Governments and other stakeholders by providing support to existing enterprises and encouraging creation of new enterprises. Our avowed mission is to remove roadblocks that prevent the establishment and growth of MSME sector whether the roadblocks are internal (policy/fiscal/investment/faulty tax regimes) or external (misuse of WTO regime including dumping, lack of access to export markets, etc.).

2.4 Presently, the MSME sector is associated, in public perception, with low quality standards. It is envisioned that the MSME sector will be upgraded through modern and new technologies to achieve global quality standards. Niche markets will be identified and developed for MSME products, including khadi and coir products.

2.5 The objective of the Ministry is to support and develop existing MSMEs; creation of new enterprises; support to Khadi, Village and Coir industries. The gamut of these objectives is a wide spectra of support to entrepreneurship and skill development of

MSMEs and such other ancillary objectives so as to create a complete promotional eco system.

2.6 The functions of the Ministry include inculcation of entrepreneurial culture amongst youths, facilitation of credit flow to MSMEs, improving competitiveness of MSME, promotion of MSMEs through cluster-based approach, marketing support to MSMEs, creation of new Micro Enterprises through Prime Minister's Employment Generation Programme (PMEGP), support to Khadi and Village Industries (KVI) sector, support to Coir Industry, entrepreneurship and skill development.

### 3. Assessment of the Situation

#### 3.1 External Factors

3.1.1 As MSMEs are an integral part of the overall manufacturing and services value chains, both at the domestic and global level, several factors have a bearing on the growth of the sector. Any adverse policy regime may have a cascading disastrous impact on the MSMEs or a specific sub-sector. This is because of the low threshold of tolerance levels, which characterize MSMEs. These include:

- (i) The availability (or rather the lack of it) of adequate budget provision for implementation of the said policy.
- (ii) The State Governments who shape various Government policies and take initiatives are also a major external factor. Merely a simple political act of diverting power from industrial units to agricultural sector effectively shuts down units (A very familiar trend). It has also been observed that even though the clusters of MSME pay a very high percentage of taxes, their infrastructural conditions are in an extremely poor shape because the plough-back by the State Government does not take place. Thus, populism is in an adversary to the development of healthy clusters of MSMEs.

3.1.2 The economic externalities which affect the sector are the following:-

- (i) Overall domestic and global growth trends;
- (ii) Domestic tax regime, particularly advent of Goods and Service Tax and Direct Tax Code;
- (iii) Policies governing the credit flow to the sector;
- (iv) Trade policies, including free trade agreements with other countries;
- (v) Labour policies, particularly multiplicity of labour laws and procedures for compliance of various labour regulations;
- (vi) Availability of infrastructure facilities, including power, water, roads, etc.;
- (vii) Availability of critical raw material at competitive prices;
- (viii) Availability of skilled manpower for manufacturing, services, marketing, etc.

3.1.3 The demographics as have been affected by the political landscape in the past provide another interesting externality which can adversely impact. Thus, in the States where there has been a history of migration due to low economic activity, new units find it very difficult to find skilled man-power. On the other hand, if investment is made in skilling the man-power, post empowerment, it leads to migration once again due to lack of opportunity. North- Eastern States, Bihar, Jharkhand etc. suffer from this handicap. Up scaling the skill, infusion of new skill and entrepreneurship orientation are the major challenges before the Ministry.

3.1.4 The role of technology, as an external factor, is very significant.

3.1.5 Information Technology is a thread which runs through the entire sector. Access to information technology enabled services at an affordable cost would bring the MSME sector on a level playing field with bigger players. Various enabling software from designing to customer management and sales management are still beyond the reach of the MSME due to their higher cost. The challenge before the Ministry is to effectively

enable trends in cloud computing which (as per Gartner) have reached a maturity level, within the reach of MSME.

3.1.6 Innovation being the strength of the MSME sector, it would be important to provide financial support to promote innovation and upscale them to withstand global competitions.

3.1.7 Various productivity improvements through application of industrial engineering concepts as well as technological upgradation of the MSMEs, whether through purchase of new technologies as well as machines, would be another challenge. The creation of a Technology Upgradation Fund enabling the MSME, (which generally suffer from low level of technology) to access world class technology would minimize external risks to tolerable levels.

3.1.8 With the TRIPS regime as well as the WTO regime, the legal contexts have suddenly become very important. The complexity can defy comprehension by average MSME, remedy can be beyond affordability and both together can translate into serious threat and in-conducive functional environment.

### 3.2. Stakeholders

3.2.1 The sector has a wide range of stakeholders including the regulators, facilitators and the beneficiaries. These stakeholders are listed below:

- (i) MSMEs (both existing and prospective) and their Associations;
- (ii) Large enterprises including multinationals (as procurer of goods and services);
- (iii) State/UT Governments;
- (iv) Central Ministries/Departments;
- (v) Banks/Financial Institutions;

- (vi) Entrepreneurship and Skill Development Institutions, both in the public and private sector;
- (vii) Research and Development Institutions;
- (viii) Educational Institutions;
- (ix) Organisations under administrative control of the Ministry.

3.2.2 The role of the most major stakeholder i.e. MSME is obvious as they are The Client Group. But they have to be helped in gaining a momentum of their own after which they would become a juggernaut. The other stakeholders which are in the Government space, through various policies can make life difficult and may hinder in letting the MSME gain this critical mass and momentum. A small Notification permitting the import of a specific item, ostensibly under WTO regime can give a problem to the entire sub-sector. Therefore, the need is to be extra-cautious.

### 3.3 Strengths and Weaknesses

3.3.1 The MSME sector is often driven by individual creativity. A major strength of the sector is its potential for greater innovation both in terms of products and processes. An inherent strength of the sector is that these enterprises can be set up with very small amounts of investments and have the locational flexibility to be located anywhere in the country. Their employment potential is higher compared to large enterprises and are presently estimated to employ 6 crore persons. They are amenable to ancillarisation and thus have natural linkages with large enterprises.

3.3.2 There exists a strong institutional structure at the State and Central level for the promotion and development of the sector. There is a well-spread network at the National, State and the local level for providing a comprehensive range of support services under marketing, technology, finance, infrastructure and skill development. The existing schemes/programmes of the Central and State Governments span across major areas of operations of MSMEs. These are administered by a workforce who are qualified but can be upgraded with additional inputs. An apex consultative body has

been set up at the national level, namely, National Board for MSMEs, comprising of representatives of all sections of stakeholders for providing guidance/inputs in policy formulation and programme implementation.

3.3.3 Having said so, the sector suffers from a number of constraints and weaknesses. Of the 2.6 crore enterprises, a predominant number is in the unorganized sector, often located in non-conforming urban zones. The sector is heterogeneous with pockets of high technology enterprises but majority suffering from low technology base resulting in low productivity and poor quality of products. The units being small in size also have poor access to equity and credit.

Most of the time, the equity is coming from savings and loans from friends and relatives rather than through banking systems. Very often, the credit is coming from operations or domestic savings rather than established systems of cheap banking credit for working capital. This problem is particularly acute for the village industries as well as the lower end of micro industries.

While we have large pool of human resources, this sector continues to face shortage of skilled manpower due to lack of paying capacity and poor managerial capabilities. Another major weakness is absence of marketing channels and brand building capacity.

3.3.4 The present structure also suffers from poor delivery of services at the field level. The schemes and programmes have limited outreach with a large number of very small schemes. There is a lack of coordination among the various organisations involved in the promotion of MSMEs, including organisations of the State/UT Governments and poor linkages with the institutional stakeholders in the private sector. Absence of a suitable exit mechanism is a major constraint for the higher end entrepreneurs of the MSME sector.

The lack of reliable and updated data base is another area of concern as it inhibits monitoring of development initiatives and formulation of appropriate schemes to meet the differential needs of the heterogeneous profile of the beneficiaries.

3.3.5 A major systemic weakness noticed is the duplication of same/similar programmes run by various Ministries/Departments for the same target groups. Thus whereas the Coir Board is situated in the ambit of the Ministry of MSME, other Departments also invest in programmes for promotion of coir industry. Similar issues are found for village industry sector where major investments, which are not fully coordinated, are taking place from the Handicrafts Institutions as well as Rural Development set up. Similar issues are being faced in various micro and small enterprise based sectors such as leather, handicrafts, etc. A coordinated effort can significantly reduce the risk of duplication and the confusion it causes in the client group.

3.3.6 A major weakness is a heritage weakness. Due to the protectionist, subsidy-driven, reservation based regime, the mindset of the sector continues to demand similar legacy treatments. It is interesting to note that this tendency is gradually dying out in the newer generation of entrepreneurs but the thought leaders from this newer generation are yet to emerge. We can term it as a major weakness but also a transient weakness, which may require extensive workshops/success story based approach for changing this mindset and overcome this problem.

3.3.7 Credit availability remains one of the most major concerns. Whereas, the Government of India has taken several steps to increase the lending of this Sector, this remains even now the most difficult problem faced by the MSME.

3.3.8 There is a cyclical nature of availability of funds to the MSME sector. This is determined by larger issues of international and domestic monetary policies, fiscal policies and other parameters beyond the pale of the sector. In times of a liquidity crunch, lack of liquidity in the financial system, even though caused by external factors,

can quite dry up the flow of credit to the sector. The most major dependence of the sector is for the working capital requirement which directly impacts their production cycle. As stated elsewhere, the tolerance threshold levels of this sector are very low. Hence, any liquidity crunch has an immediate and disastrous impact. During the last global economic crisis, this was seen to be a major problem area, affecting the MSME for their day-to-day requirement of working capital. The MSME thus need to be insulated from such credit squeezes in times of adverse monetary conditions.

### 3.4 Need to Learn

3.4.1 The strengths and weaknesses provide learning for the future strategy.

Thus the learning agenda is at several levels. It would be in the creation of insular layers to protect the MSME from the vagaries of global/financial markets and misuse of WTO/TRIPS regimes. There is also need to learn from best of the breed international practices both in technology and marketing. On another level, creation and professionalization of efficient organizational systems even at the lowest level and promoting innovations at grass root level, knowing full well that the success of some of them is only an enigma *in futuris*.

## 4. Outline of the Strategy

### 4.1. Potential Strategies

4.1.1 At a macro level there is need for a strategy for a horizontal geographical spread of the various outreach programmes for balanced growth. On the other hand, there is also a need to emphasize the inclusive nature of any strategy to target women entrepreneurs and other weaker sections of the society. It is only by such horizontal and vertical inclusiveness that we can attain the objectives of this mission with equity.

4.1.2 The potential strategies would mainly rest on five pillars, as it were, concurrently. They are (not in order of priority):

- i) Skill development
- ii) Markets
- iii) Technology
- iv) Infrastructure
- v) Credit availability

4.1.3 There are individual analyses and proposed actions which are listed below including new knowledge-driven initiatives and actions which can leverage our strength and lower the susceptibility of the MSME to external threats.

4.1.4 The Ministry would focus on its efforts for giving financial assistance for Entrepreneurship Development Training Programmes (EDPs), Skill Development Training Programmes (SDPs), Entrepreneurship-cum-Skill Development Training Programmes (ESDPs) and Training of Trainers Programmes. Centre for Excellence would be set up at national level for standardization of training curriculum, training of trainers etc. Financial assistance to States/UTs for their efforts to set up Entrepreneurship Development Institutes would be enhanced with more focus on naxalite affected areas, hilly areas of Jammu & Kashmir, Himachal Pradesh and Uttarakhand, North Eastern Region and difficult areas e.g. Andaman & Nicobar group of Islands, Lakshadweep group of Islands, etc. MSME Development Institutes would be converted into autonomous organisations to provide handholding and advisory services to the MSME. All training institutions of Ministry of MSME would be brought under single umbrella, in terms of standardized syllabi, updated course content and market sensitive training. Depending upon the individual strength, the national level institutions would endeavour to develop into separate Centres of Excellence in their chosen areas.

4.1.5 Study would be conducted to see the impact of “Assistance to Training Institutions Scheme” of the Ministry and the efficiency of private/Government Partner Institutions empanelled by national level Institutions.

4.1.6 Database of the trained persons would be created and linked to Job Exchange to give the benefit of training to the trainees and the industry. Industry would be enabled to access the database of trained manpower.

4.1.7 The employment generation is another area where MSMEs play a pivotal role. Keeping this in view, Prime Minister's Employment Generation Programme (PMEGP) a national level credit linked subsidy scheme, was introduced in August 2008. The Ministry of MSME would take initiatives for further improving the performance under PMEGP through implementing IT-enabled application tracking system and related data collection. A special effort would be made by creating a web-portal as one-stop shop for multitude of products of PMEGP units to facilitate buyer-seller interaction.

4.1.8 Marketing is one of the critical areas where MSMEs face problems. In the global arena, they do not have the strategic tools and the means for their business development, unlike the large enterprises. Constant changes in the market dynamics due to technological changes and globalization have had a profound impact on the competitiveness of the MSMEs. The whole gamut of marketing strategy for any product is required to be addressed whether it is product differentiation, incremental feature of the product, branding issue, customized and tailor-made services, clientele building, post sale servicing etc. The existing scheme of support requires to be harmonized and rationalized to have a focused approach. The existing marketing support institutions would also be revisited with a view to strengthening the marketing infrastructure for the MSME sector and mainstream it to the major consuming areas and patterns.

4.1.9 E-Commerce has emerged as a powerful tool world over for reaching out to buyers in business as well as consumers worldwide. Territories/borders have been obliterated with the advent of this new technology. For giving better access to MSME sector to the market, Ministry has already promoted a Business-to-Business (B2B) Portal in NSIC. Now the endeavour would be to have a robust and inclusive, best of the breed, Business-to-Consumer (B2C) Portal in addition to the above. The challenge

would be to create a logistics supply chain and standardization of the products to service the customers.

The National Small Industries Corporation Ltd. (NSIC) would be strengthened by providing more equity support for their efforts to create market for products of MSMEs. KVIC would be strengthened to provide market to village industries. The schemes of the Ministry to provide financial assistance to MSMEs for participation in domestic and international exhibitions/ trade fairs would continue in the XII Plan also with more outlay.

4.1.10 A policy has been formulated, awaiting Cabinet approval, to ensure that 20% of the procurement by the different Ministries/ PSUs is made from MSME sector mandatorily. Challenge here would be to upscale the technical capabilities of MSMEs to meet quality standards and delivery schedules.

4.1.11 The cluster development approach can make the industry more competitive. This is the tool to enable them to take on the onslaught of competitive marketing strategy of large scale sector as well as multinationals. The Cluster Development Scheme of the Ministry of MSME addresses all the sectors of MSE clusters across the country. The awareness about the scheme would be increased among various stakeholders including State Governments. More clusters will be undertaken for soft and hard interventions including diagnostic study, infrastructure development and Common Facility Centre projects.

4.1.12. The critical factor that drives growth in MSME sector is technology. In the present economic scenario of globalised competitiveness, it is the technological edge that will determine the winners. In view of this reality, the Ministry of MSME is initiating a number of programmes and schemes for technology development of the sector. It has recently introduced 10 innovative schemes under the National Manufacturing Competitiveness Programme (NMCP) covering entire gamut of manufacturing in the sector aiming to develop global competitiveness among Indian MSMEs. These ten schemes are:

- i. Marketing Support/Assistance to MSMEs (Bar Code)
- ii. Support for Entrepreneurial and Managerial Development of SMEs through Incubators
- iii. Enabling Manufacturing Sector to be competitive through Quality Management Standard & Quality Technology Tools (QMS/QTT)
- iv. Building Awareness on Intellectual Property Rights (IPR) for MSME
- v. Lean Manufacturing Competitiveness Scheme for MSMEs
- vi. Mini Tool Rooms (MTR)
- vii. Design Clinic Scheme for design expertise to MSMEs Manufacturing sector (DESIGN)
- viii. Marketing Assistance & Technology Upgradation Scheme in MSMEs.
- ix. Technology and Quality Upgradation Support to MSMEs
- x. Promotion of ICT in MSME Manufacturing Sector (ICT)

4.1.13 These schemes under NMCP would get priority of the Ministry and would provide competitive edge to the MSME units in future.

4.1.14 In addition, the Ministry is also implementing Credit Linked Capital Subsidy Scheme for Technology Upgradation with the aim to facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy on institutional finance availed by them for induction of well-established and improved technology in approved sub-sectors/products.

4.1.15 These schemes would not only continue in the XII Plan but outlay would be enhanced to make MSMEs more competitive.

a) The existing administrative structures seem to be reasonably adequate to meet the challenges. However, delivery systems sometimes suffer due to clogging of the pipelines. For a more coordinated institutional framework for the promotion and development of the MSME sector, the Ministry will undertake a comprehensive

diagnostic study. Besides analyzing the existing institutional framework, the study will also look into the best international practices in this regard. A sensitized mechanism would be put in place which sends alerts for de-clogging of the delivery pipelines. Involvement of private sector, wherever feasible, as well as strengthening of District Industries Centres (DICs) of States are other possible strategies.

b) Strengthening and empowering the MSME Associations, to be appropriate delivery channel can be a supplemental strategic tool for better targeting of schemes and data collection.

c) For expanding the outreach of the schemes/programmes, the Ministry will take a comprehensive review of all the existing schemes/programmes. The schemes/programmes with overlapping objectives will be merged and those that have outlived their utility will be weeded out. In place of implementing a number of small schemes, the Ministry will provide focused attention on few large schemes to have a discernible impact on the beneficiary group.

d) Leveraging the benefit of public-private partnership (PPP) approach in a cluster has been recognized as one of the best instruments for effective policy intervention. The existing Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) including Industrial Infrastructure Development Scheme would be pursued more vigorously with renewed guidelines under PPP mode to cover as many as possible clusters all over the country for all round sustainable growth of the MSMEs.

e) The Ministry would take steps, including amendments, to effectively implement the MSMED Act, 2006.

f). Facilitate start-ups through appropriate schemes for handholding and credit support.

- g). Provide network of testing facilities to ensure quality standards of MSME products.
- h). Separate funding window for MSME sector through banking channels by bringing a new scheme;
- i). Ministry undertakes a Census of MSME industries on a five year basis. For converting this into a dynamic and reliable data base, the Ministry will undertake an annual sample survey for the MSME sector, to keep relevant its Census of MSME industry. This would also be helpful for trend-spotting and trend analysis. It would also be a powerful tool for any mid-course correction of the strategy, if required. It would be agreed that this strategy would also be shaped by global and domestic trends. Hence no MSME strategy can be a frozen fixity but has to be dynamic and evolving in nature.

## 5. Engaging with Stakeholders

5.1 The draft Strategic Plan was discussed in MSME Board meeting. It was also circulated to all members of the MSME Board, MSME Associations, Principal Secretary/ Secretary (Industries) of States and Ministries of Government of India and subordinate organisations of the Ministry. The engaging of stakeholders would be continued by ensuring regular meetings through the existing mechanism of National Board for MSMEs and the governance structures laid down under individual schemes. Institutionalizing annual meetings with State/UT Governments, MSME Associations and Banks/ Financial Institutions and establishing coordination would be done.

5.2 Since, the stakeholders' engagement is a constant and continuous process apart from the above mentioned institutional mechanism, new innovative web-based interactivity would also be established which would give such interaction and engagement a far more dynamic meaning. It is also envisaged that greater involvement of training and R&D Institutions and large enterprises will be built into the schemes and programmes. An interactive website and an IT-enabled grievance redressal mechanism will be introduced for public feedback.

## 6. Knowledge and Capability

6.1 The knowledge and capabilities will be built up through proper documentation, introduction of a Management Information System (MIS) in all major schemes, regular training of programme officers and capacity building of MSME Associations.

6.2 The MSME in the country need to learn the best of breed manufacturing and marketing practices from across the world. Thus, whether it is a cluster cohesiveness and competitiveness of the Italian industrial districts, availability of mentoring and technical advice as prevailing in Japan, or, institutional context of the Small Business Administration of USA, they have a significant learning contribution to give to India.

6.3 The second important learning is envisaged to be peer group learning. Best practices in, say, Vaniyambadi (of effluent treatment) (Tamil Nadu) needs to be replicated also in Tengara (West Bengal). Today, there is no such institutionalized mechanism for such sharing of experiences. Institutionalized mechanisms would be built for the same. The Ministry would organize it through field offices such as the Office of the Development Commissioner (MSME) and other instrumentalities of the Ministry.

## 7. Priority Areas

7.1 For quantifying the initiatives and give weightage, the following is the relative weightage:-

- i) Marketing as listed above : 20
- ii) Skill Development : 20
- iii) Technology upgradation : 20  
(external factors apply  
Such as availability of  
budget and creation of  
technology upgradation  
fund which is in pipeline)
- iv) Infrastructure : 20  
(State Government, local  
authorities required to  
provide quality and adequate  
infrastructure to the MSME  
sector).
- v) Availability of Credit : 20  
(External factors impacting  
credit are banking and  
financial institutions,  
higher interest rate on credit,  
adverse attitude of bankers  
towards MSME sector etc.)

TOTAL : 100

7.2 Each of these priority areas is equally important for the MSME sector and therefore, strategic initiatives for each area have been given equal weightage. All the above five areas are suitably acceptable (as they are demand driven) as well as easy to implement.

## 8. Implementation Plan

8.1 The Implementation Plan would cover the following areas:

- (i) Strengthening Training Institutions and upscaling training facilitation especially in the rural and remote areas;
- (ii) Better marketing support to MSMEs and strengthening/creation of existing/new marketing support infrastructure/institutions;
- (iii) Technological support to MSMEs;
- (iv) Amendments in the MSMED Act, 2006 for providing an exit mechanism to the MSMEs, making the decision of the Facilitation Council binding and final, etc.;
- (v) Strengthening of District Industries Centres (DICs) with provision of modern IT-enabled communication facilities, across the country to improve the delivery of services at the field level;
- (vi) Cluster Development Programme would be strengthened. MSME Associations would be involved in Cluster Development Programmes;
- (vii) Strengthening of khadi institutions through implementation of the Khadi Reform and Development Programme;
- (viii) Introduction of a Public Procurement Policy for MSMEs for assisting the MSMEs in increasing their market share;
- (ix) Encouraging corporatisation of the MSME sector;
- (x) Introducing a scheme for supporting the States to set up Rehabilitation Funds and operationalise appropriate schemes for the rehabilitation of units temporarily rendered sick due to circumstances beyond their control;
- (xi) Up scaling existing schemes or evolving new schemes to assist MSMEs in acquisition, adaptation and innovation of modern clean technologies as

well as creation of a Technology Bank/product specific technology centres to enable them to move up the value chain;

- (xii) Encouraging innovations through setting up of large number of business incubators in educational institutions of repute;
- (xiii) Expanding the outreach of the major schemes/programmes of the Ministry, including National Manufacturing Competitiveness Programme (NMCP), Prime Minister's Employment Generation Programme (PMEGP), Scheme of Market Development Assistance (MDA) for Khadi, Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), Credit Linked Capital Subsidy Scheme (CLCSS), Credit Guarantee Scheme, etc.

8.2 The resources required for the same are reflected in the Draft Annual Plan 2011-12 as well as in the next proposed Five Year Plan. Detailed mile-stoning and review points have been worked for schemes as mentioned above and are available with each implementing line agency.

8.3 The proposed strategy would be met by revising the different Plan schemes of the Ministry after conducting evaluation studies of the schemes. Detailed resource requirements will be worked out after studying the report of evaluation studies of different schemes.

## 9. Linkage between Strategic Plan and Result Framework Document (RFD)

9.1 RFD for the future years would be prepared keeping in view the strategic plan of the Ministry.

## 10. Cross departmental and cross functional issues

10.1 Cross departmental and cross functional issues are addressed as under:

10.1.1 Linkage with Potential Challenges likely to be addressed in the 12<sup>th</sup> Plan

10.1.1.1 The following "Twelve Strategy Challenges" have been identified by the Planning Commission for preparation of the XII Five Year Plan:

- i. Enhancing the Capacity for Growth
- ii. Enhancing Skills and Faster Generation of Employment
- iii. Managing the Environment
- iv. Markets for Efficiency and Inclusion
- v. Decentralisation, Empowerment and Information
- vi. Technology and Innovation
- vii. Securing the Energy Future for India
- viii. Accelerated Development of Transport Infrastructure
- ix. Rural Transformation and Sustained Growth of Agriculture
- x. Managing Urbanization
- xi. Improved Access to Quality Education
- xii. Better Preventive and Curative Health Care

10.1.1.2 Out of above twelve Strategy Challenges, the Ministry has substantive role to play in the following areas:

- i. Enhancing the Capacity for Growth
- ii. Enhancing Skills and Faster Generation of Employment
- iii. Markets for Efficiency and Inclusion
- iv. Technology and Innovation

10.1.1.3 The linkage with the XII Plan in the above four areas would be brought out in the Plan document as per the details mentioned in the preceding paragraphs.

10.1.2. Identification and management of cross departmental issues including resource allocation and capacity building issues

10.1.2.1 The draft Strategic Plan was discussed in MSME Board meeting, which is represented by various Central Ministries, State Governments, and MSME Associations etc. It was also circulated to Ministries of Government of India and Principal Secretary/ Secretary (Industries) of States. Thus, the Final Strategic Plan has been made after an extensive consultative process. However, this is not a static document but would evolve further and further consultative processes are already institutionalized in the form of MSME Board, and other consultative mechanisms.

10.1.2.2 The most major cross departmental issue is regarding resource allocation. The guidelines for making this Strategic Plan have an assumption that there is a coordinated merit-based approach for resource availability. Whereas structural and policy initiatives are possible which are non-resource linked, resource availability becomes a serious issue in spite of the critical nature played by this sector. As has been seen in the past, a stereo-typed approach through a percentage based increase in the Budget allocation may not be the best way to help the sector grow to its full potential.

10.1.2.3 Carbon Credit for MSMEs:

Reaping the benefits of the new instruments like carbon credit, environment and ecological balance have gained global significance and MSME sector is required to be empowered to face the future challenges while at cluster level the concern has started permeating the minds of the policy makers. The MSMEs and the environmentalists, civil activists in the sector of chemical and petro-chemical foundry, steel and iron roiling/forging industry etc. while Ministry of MSME has started implementing many of such technological improvement programmes but the benefits of the scheme like carbon credit have not yet been possible for the individual MSME. They would require

the help of experts from Government sector to help them to get the benefit of carbon credit. The system has already been established in the Ministry but the same is required to be strengthened out.

#### 10.1.3 Cross functional linkages within departments/ offices

10.1.3.1 There are a few activities within the Ministry, where functions overlap among various Divisions/Organisations. These functions are cluster development, training, participation in domestic/international exhibitions etc. Separate financial allocations are made activity-wise/ department-wise.

#### 10.1.4 Organisational Review and Role of agencies and wider public service

10.1.4.1 Separate strategic plan, result frame document and sevottam compliant citizen/client charter would be formulated for all the subordinate organisations/ responsibility centres of the Ministry and would be placed in the public domain. The Ministry would also initiate a Government Process Reengineering (GPR)/ Business Process Reengineering (BPR) exercise to review the schemes, the role of line agencies and organizational review to ensure effective public service. This would address the need for organisational review, role of agencies and wider public service.

### 11. Monitoring and Reviewing arrangements

11.1 The success will be monitored and measured through outcome parameters laid down for each scheme and their concurrent evaluation. Implementation will be monitored through a robust MIS and grievance redressal mechanism. The existing system of monitoring like periodical review of the schemes of divisional head, Secretary and Minister would be made more sharp and objective by making above mentioned MIS online. The other existing system i.e. RFD and Outcome Budget of the Ministry and its organizations would minimize the scope for errors and lapses. There is a scheme under the Ministry i.e. 'Surveys, Studies and Policy Research' under which burning

issues concerning MSMEs and any other factors impacting MSME sector are regularly studied. The schemes of the Ministry would be evaluated by independent agencies to assess their impact on MSMEs.

## 12. Subordinate organisations/ Responsibility Centres

12.1 The Ministry has following 25 subordinate organisations/ responsibility centres under it. These are as under:

Sl. No.	Responsibility Centre/ Sub-Ordinate Organisation	Landline Number	Email	Address
1	National Small Industrial Company Ltd	011-26926275, 26910910	info@nsic.co.in	Okhla Industrial Estate, Phase-III, New Delhi.
2	Khadi and Village Industries Commission, (KVIC),	022-26714320-25	dit@kvic.gov.in	“Gramodaya” <sup>3</sup> , Irla Road, Vile Parle (West), Mumbai - 400056,
3	National Institute for Entrepreneurship and Small Business Development (NIESBUD),	0120-2403051-54	info.niesbud@nic.in	A-23-24, Sector-62, Institutional Area, Phase-II, NOIDA-201301.
4	National Institute for Micro, Small and Medium Enterprises (NIMSME),	040-23608544-46	registrar@nimsme.org	Yousuf Gauda, Hyderabad – 500 045.
5	Indian Institute of Entrepreneurship (IIE),	0361-2302646, 2300994, 2300123	iiindia1@bsnl.in	37, NH Bypass, Lalmati, Basistha Chariali, Guwahati – 781

				029, Assam.
6	Coir Board	0484-2351807, 2351788	coirboard@vsnl.com	“Coir House”, M.G. Road, Ernakulam, Kochi-682016, Kerala
7	Mahatma Gandhi Institute of Rural Industrialisation	07152-253512	director.mgiri@gmail.com	Maganwadi, Warda-442001, Maharashtra
8	MSME-Tool Room, (Indo German Tool Room)	0240 2486832, 2482593, 2470541	gm@igtr-aur.org	P-31, MIDC, Chikalthana Indl. Area, Aurangabad 431 006
9	MSME-Tool Room, (Indo German Tool Room),	079 25840966, 25841963	gm@igtrahd.com	Plot-5003, Phase-IV, GIDC Vatva, Mehmedabad Road, Ahmedabad 382 445 (Gujarat).
10	MSME-Tool Room, (Indo German Tool Room),	0731 4210700/03/0 4 4210701	indigtr@sancharnet.in	Plot No.291/B - 302/A, Sector- E, Sanwer Road, Industrial Area, Indore 452 003 (MP).
11	MSME-Tool Room (Central Tool Room),	0161 2670057, 2670058, 2670059, 2676166	info@ctrludhiana.com	A-5, Focal Point, Ludhiana 141 010 (Punjab).
12	MSME-Tool Room (Central Tool Room & Training Centre)	033 25771492, 25771068	cttckolkata@vsnl.com	Bonhooghly Indl. Area, Kolkata 700 108 (W.B.).
13	MSME-Tool Room, (Central Tool Room & Training Centre),	0674 2742100, 2743349, 3011700	cttc@satyam.net.in	B-36, Chandaka Indl. Area, P.O. Patia.

				Bhubaneswar 751 024 (Orissa).
14	MSME-Tool Room (Indo Danish Tool Room)	0657 2201261/62, 2200507	reach@idtrjamshe dpur.com	M-4 (Part) Phase-VI, Tata Kandra Road, Gamharia, Jamshedpur 832 108 (Jharkhand) .
15	MSME-Tool Room (Tool Room & Training Centre)	0361 2655542	trtc_ghy@rediffmai l.com	Amingaon Industrial Area, North Guwahati Road, Amingaon, Guwahati 781 031
16	MSME-Tool Room, (Central Institute of Hand Tools),	0181 2290226, 2290225, 2290196	institute_jld@data one.com	G.T. Road, Bye Pass, Jalandhar- 144008 (Punjab).
17	MSME-Technology Development Centre (Institute for Design of Electrical Measuring Instruments),	022 24050301/2/3/ 4	idemi@vsnl.net	S.T. Tope Marg, Chunabhathi Sion, P.O. Mumbai- 400022.
18	MSME-Technology Development Centre (Electronics Service & Training Centre)	05947 251201, 251530, 255951	pd_estc@sanchar net.in	Kaniya, Ramnagar, Dist. Nainital- 244715, Uttarakhand.
19	MSME-Technology Development Centre, (Process cum Product Development Centre)	0121 2511779	info@ppdcmeerut. com	Sports Goods Complex, Delhi Road, Meerut- 250002 (U.P.).

20	MSME-Technology Development Centre, (Process and Product Development Centre)	0562 2344006, 2344673	ppdc@sancharnet.in	Foundry Nagar, Agra-282006 (U.P.).
21	MSME-Technology Development Centre, (Central Footwear Training Institute ),	044 22501529	cfti@vsnl.net	65/1, G.S.T. Road, Guindy, Chennai-600032
22	MSME-Technology Development Centre, (Central Footwear Training Institute),	0562 2642005, 2642004	info@cftiagra.org.in	C – 41& 42, Site 'C', Sikandra, Industrial Area, Agra-282007 (U.P.).
23	MSME-Technology Development Centre. (Fragrance & Flavour Development Centre),	05694 234465, 234791	ffdcknj@sancharnet.in	Industrial Estate, GT Road, P.O. Makrand Nagar, Kannauj, - 209726 (U.P.).
24	MSME-Technology Development Centre, (Centre for Development of Glass Industry),	05612 232293	cdgifzbd@sancharnet.in	A-1/1, Industrial Area, Jalesar Road, P.O. Muiddinpur, Firozabad-283203 (U.P.).
25	MSME-Tool Room (Central Institute of Tool Design)	040 23774536, 23772748	hyd1_citdhyd@sancharnet.in	A-1 to A-8 APIE, Balanagar, Hyderabad 500 037 (A.P.)

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