

कार्यालय विकास आयुक्त  
(सूक्ष्म, लघु और मध्यम उद्यम)

सूक्ष्म लघु और मध्यम उद्यम मंत्रालय

भारत सरकार

निर्माण भवन, सातवीं मंजिल

मौलाना आजाद रोड, नई दिल्ली-110 108



MICRO, SMALL & MEDIUM ENTERPRISES

सूक्ष्म लघु और मध्यम उद्यम

OFFICE OF THE  
DEVELOPMENT COMMISSIONER

(MICRO, SMALL & MEDIUM ENTERPRISES)

Ministry of Micro, Small & Medium Enterprises

Government of India

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Dated the 24th Jan., 08

**Revised**

To

All Major Women Associations

**Sub: Schemes for the development and promotion of women entrepreneurs – regarding.**

**Dear Madam,**

According to the Third All India Census of Small Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. As per the latest available estimates, the number of women owned and women managed enterprises is 12.99 lakh and 12.15 lakh respectively.

In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India.

It appears that we have not been able to get across these schemes to the intended audience. Therefore, I take this opportunity to enclose a short note on some of the important schemes that are made specifically at women or give special benefits to women.

**1. TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD)**

With a view to encourage women in setting up their own ventures, government launched a Scheme, namely, "Trade Related Entrepreneurship Assistance and Development (TREAD) during the 11th Plan. The scheme envisaged economic empowerment of women through the development of their entrepreneurial skills in non-farm activities. There are three major components of the scheme;

- (i) Gol grant upto 30% of the total project cost to the Non-Government Organisations (NGOs) for promoting entrepreneurship among women. The remaining 70% of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project.
- (ii) Gol grant upto Rs.1 lakh per programme to training institutions / NGOs for imparting training to the women entrepreneurs.
- (iii) Need-based Gol grants upto Rs.5 lakh to National Entrepreneurship Development Institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules etc.

### **Operationalisation of the Scheme**

The scheme envisages that Women Associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and submitted to the bank, which are signatories to participate in the scheme, namely, Syndicate Bank, State Bank of India, Canara Bank and Allahabad Bank. A copy of the proposal submitted to the bank should be endorsed to DC (MSME). Bank examines the proposal and issues approval. On the basis of the approval proposal considered by M/o MSME and 30% of the loan amount is sanctioned as grant and made available to the bank.

## **2. MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)**

### **a) Existing Clusters:**

A cluster is defined as a group of enterprises, normally 20 or more producing same/similar products/services. The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc. the delivery, assimilation and diffusion of the identified technology from its producers to the recipient user/cluster of small enterprises.

Type of interventions

**I) Soft Interventions** – capacity building activities in the cluster where no fixed assets is acquired or formed. Soft interventions, inter alia, include

- i. Diagnostic study
- ii. Forming association-Trust building & Developing Identity

- iii. Capacity building,
- iv. Organising workshops, seminars,
- v. Training & Exposure visits,
- vi. Market development,
- vii. Launch of Website,
- viii. Common procurement,
- ix. Common/complementary sales and branding;

In the past depending upon the type of cluster, assistance available for soft interventions has varied in the range of Rs.25 – 35 lakh per cluster. Currently we have an internal ceiling of Rs.10 lakh for soft intervention under this Scheme, which we are trying to bring upwards. Clusters of women's enterprises are entitled up to 90% assistance for soft interventions.

**II) Hard Interventions** – These are tangible “assets” like

- i. Setting up of Common Facility Centre (CFCs),
- ii. Mini Tool Rooms,
- iii. Design Centres,
- iv. Testing Facilities,
- v. Training Centre,
- vi. R&D Centres,
- vii. Common Raw Material Bank/Sales depot, etc.

There can be other tangible assets that could be set up by the women's Clusters, as long as they are put to common use. For hard interventions, it is necessary to form a Special Purpose Vehicle (SPV) which could be a registered society, or a cooperative society, or company, or a trust or any other legal entity — in which at least 20 to 30 members of the Cluster contribute and participate. Other Cluster members who do not join this SPV could also sign up as Users.

The Common Facility Centre that is set up by the SPV as a hard intervention is entitled to the highest level of assistance from the MSME Ministry i.e. upto 90% of the Project Cost. This covers the cost of machinery, plant, equipment, laboratory and other tangible assets. The balance 10% of the project cost would have to be contributed by the SPV or by the State government or the Local government. But land and building are not covered under this “Project Cost” and will have to be provided by the SPVs of the Women's Enterprises Clusters or by the State government or by some other agency.

**III) Infrastructure Assistance**

Infrastructure assistance includes the construction of basic amenities like power, approach roads, drainage, water supply and storage and the like. MSME Ministry's assistance for this component is presently limited to 40% of the total cost — though we are trying to increase this level.

Only one element of Infrastructure Assistance i.e. Display or Exhibition Centres (which could consist of show-rooms with attached stores) are entitled to a higher level of assistance in so far as Women's Clusters are concerned, i.e. 90%. This Display/Exhibition Centre could be built by the Women's Clusters, SPV within the Cluster, or near the Cluster or even in adjoining Markets of Towns — as long as they exhibit and market the products manufactured by the Women's Clusters.

**b) Creation of physical infrastructure:**

This Ministry implemented the IID Scheme to provide developed sites with infrastructural facilities like power distribution network, water, telecommunications, drainage and pollution control facilities, roads, exhibition/display centres, raw materials, storage and marketing outlets, common service facilities and technological back-up services, etc. This scheme has been subsumed in the MSME-Cluster Development Programme. All the features of IID Scheme have been retained.

To create physical infrastructure exclusively for women enterprises central grant of 40% of the project cost subject to a maximum of Rs.2 crore is available. The Ministry of MSME is making efforts to enhance the quantum of grant to 80% in a project of Rs.10 crore.

**Operationalisation of the Scheme**

- i) A Cluster Development Executive (CDL) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME-DI officer/retired expert or even hired person from Non-Government Sector.
- ii) The hard interventions in a cluster and creation of physical infrastructure require to set up a users body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

**3. CREDIT GUARANTEE FUND SCHEME**

The Government introduced the Credit Guarantee Fund Scheme for Small Industries in May, 2000 with the objective of making available credit to SSI units, particularly tiny units, for loans up to Rs. 25 lakh without collateral/ third party guarantees. The Scheme is being operated by the Credit Guarantee Fund Trust for Small Industries (CGTSI) set up jointly by the Government of India and SIDBI. The Scheme provides for collateral free credit facility (term loan and / or working capital) extended by eligible lending institutions to new and existing SSI units/ Small Scale Service and Business (industry related) Enterprises (SSSBEs) including Information Technology and Software Industry up to Rs. 25 lakh per borrowing unit. In the case of women enterprises, the guarantee cover is up to 80% of the credit subject to maximum guarantee limit

of Rs. 20 lakh. The member lending institutions (MLI) availing of guarantee from the Trust have to pay a one-time guarantee fee of 1.5% of the credit facility (comprising term loan and / or working capital) sanctioned by the lending institution to the borrower and annual service fee of 0.75% per annum on the amount of credit facility extended by the MLI, which is covered under the scheme.

#### **Operationalisation of the Scheme**

The entrepreneurs whose bank finance is approved by the lending bank may ask the bank to obtain guarantee from the Credit Guarantee Trust Fund. This facility is available online to the lending banks and clearance from the Trust is conveyed in a day or two.

#### **4. SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT**

MSME DIs regularly conduct EDPs/MDPs for existing and prospective entrepreneurs and charge fee for such courses. To encourage more entrepreneurs from among the SC/ST, women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees but, instead paid a stipend of Rs.500/- per capita per month. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro & Food Processing, Pharmaceutical, biotechnology etc. through specialized courses run by MSME DIs. 20% of courses conducted by these Institutions shall be exclusively for women.

#### **5. EXHIBITIONS FOR WOMEN UNDER PROMOTIONAL PACKAGE FOR MICRO & SMALL ENTERPRISES APPROVED BY CCEA UNDER MARKETING SUPPORT**

DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small & Micro manufacturing units owned by women in their efforts at tapping and developing overseas markets, to increase participation of representatives of small/micro manufacturing enterprises under SIDO stall at International Trade Fairs/Exhibitions, to enhance export from such units. Under this scheme participation of women entrepreneurs in 25 international exhibitions is envisaged during the 11<sup>th</sup> Plan.

For the year 2007-08 a good number of prominent women entrepreneur associations have been requested to sponsor their members for participation in 5 international exhibitions scheduled during the months of Jan.-March, 2008. An advertisement has also been released in this regard in daily newspaper.

You will be happy to know that with a view to encourage women entrepreneurs to participate in the International Exhibitions it has been decided to:

- i) provide rent free space in the exhibitions

- ii) reimburse 100% economy class air fare for one representative
- iii) reimburse shipping cost upto Rs.15,000/-  
The overall ceiling shall however be Rs. 1.25 lac.

Office of DC(MSME) is participating in the following International Exhibitions / Fairs during February/ March 2008.

<b>Name of Fair</b>	<b>Date &amp; Duration</b>	<b>Name of specific Product</b>	<b>Name of Organiser</b>
Cairo International Fair Egypt	March 15-25, 2008	Multi Product Show	ITPO
World International Hardware Fair, Cologne, Germany	March 9-12, 2008	Hand Tools & Engineering Items	ITPO
INDEE, St. Petersburg Russia	Mar.11 - 14, 2008	Engineering Items	EEPC

We find that in spite of the provisions available in the above mentioned schemes, the existing as well as the prospective women entrepreneurs have not derived much benefit. I would, therefore, request you to inform your members, prepare and submit suitable proposals to take as much benefit as possible. In case you require any further information or details of these schemes, you are welcome to get in touch with the MSME-DI in your state, check our website: [www.smallindustryindia.com](http://www.smallindustryindia.com) or send an email to me ([jawharsircar@yahoo.co.in](mailto:jawharsircar@yahoo.co.in)).

**Yours sincerely,**

**(Jawhar Sircar)**  
**Additional Secretary & Development Commissioner**