



GOVERNMENT OF INDIA

GUIDELINES

Technology and Quality Upgradation Support to Micro, Small and Medium Enterprises

A Component of
**National Manufacturing
Competitiveness Programme**

Development Commissioner
Micro, Small & Medium Enterprises
Government of India
Nirman Bhawan, New Delhi-110 108





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May, 2010

माधव लाल

अपर सचिव एवम्
विकास आयुक्त

MADHAV LAL

Additional Secretary &
Development Commissioner



सत्यमेव जयते

MSME
MICRO, SMALL & MEDIUM ENTERPRISES

भारत सरकार
सूक्ष्म, लघु एवं मध्यम उद्यम मन्त्रालय

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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PREFACE

The Ministry of Micro, Small and Medium Enterprises has launched the National Manufacturing Competitiveness Programme (NMCP) to improve the competitiveness of the Micro, Small and Medium Enterprises (MSME) sector. The initiatives under the NMCP aim at increasing productivity, upgrading technology and conserving energy in the manufacturing processes, as well as expanding domestic and global market share of Indian MSME products. Under the Programme, 10 components have been conceptualised, namely:-

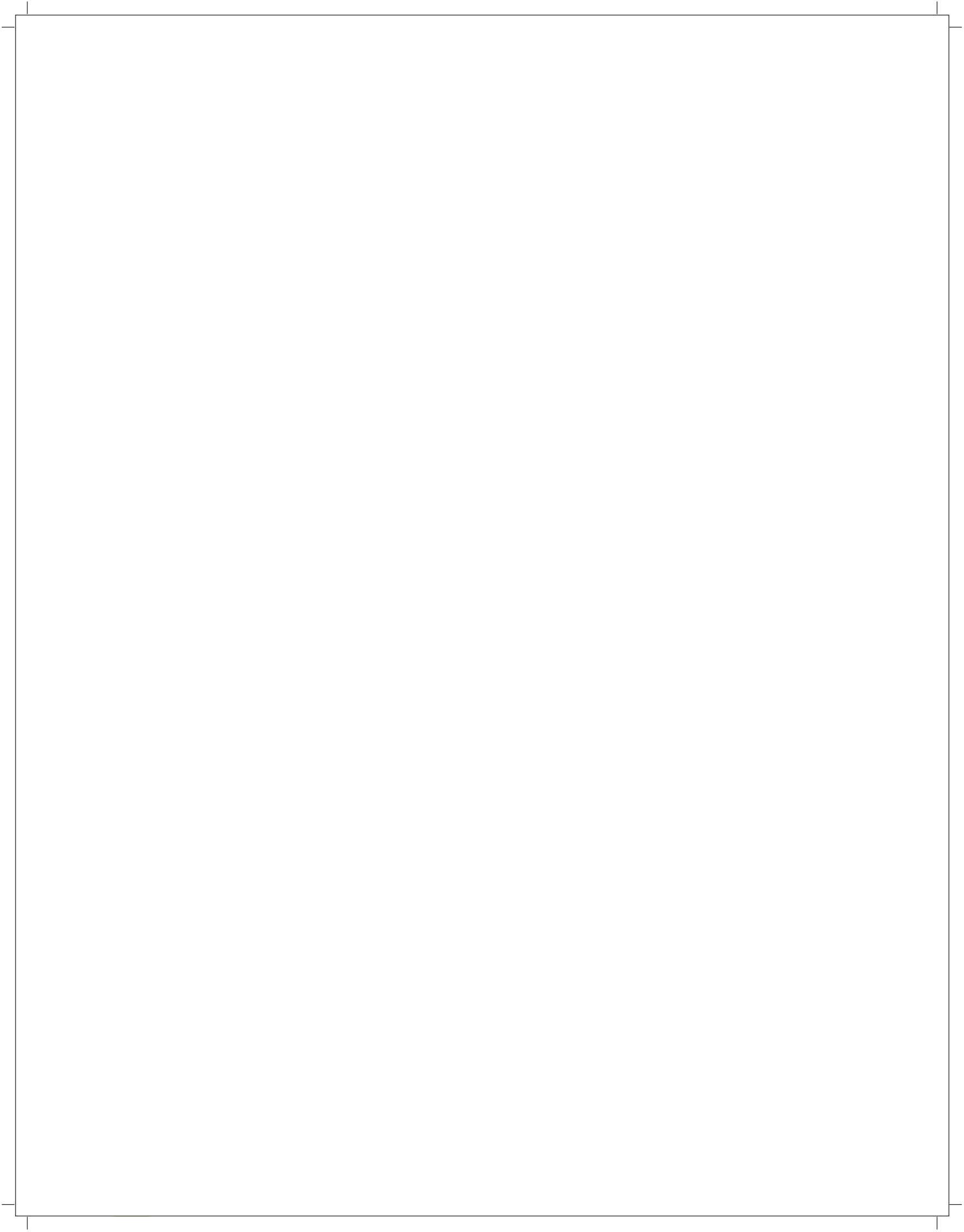
- Lean Manufacturing Competitiveness Scheme
- Enabling manufacturing sector to be competitive through Quality Management Standards/Quality Technology Tools (QMS/QTT)
- Promotion of ICT (Information & Communication Technology) in MSME sector.
- Technology and Quality Upgradation Support to MSMEs (TEQUP)
- Marketing Assistance and Technology Upgradation Scheme
- Marketing Support/ Assistance to SMEs (Bar Code)
- Design Clinic Scheme for Design Expertise to MSME sector
- Setting up of Mini Tool Rooms
- National campaign for building awareness on Intellectual Property Rights (IPR)
- Support for Entrepreneurial and Managerial Development of SMEs through Incubators

This booklet contains the guidelines for the scheme on "Technology and Quality Upgradation Support to MSMEs (TEQUP)". The main objective of the scheme is to sensitize the Indian MSMEs to upgrade their manufacturing processes towards usage of energy efficient technologies so as to reduce cost of production and emission of Green House Gases. The second objective is to improve the product quality of MSMEs towards becoming globally competitive.

The success of NMCP depends on the active support and involvement of the State Governments, Industry Associations and other stakeholders such as technical institutions and professionals.

It is hoped that publication of the guidelines in the form of handy booklets will facilitate easier dissemination of information about the objectives of the schemes and the role and procedure envisaged for different stakeholders.

(Madhav Lal)



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ABBREVIATIONS

CCA	–	Carbon Credit Aggregation Centre
CDM	–	Clean Development Mechanism under UNFCCC
CER	–	Certified Emission Reduction under UNFCCC
DC(MSME)	–	Development Commissioner (Micro, Small & Medium Enterprises)
DIC	–	District Industries Centres of State Govt./ Union Territories
DPR	–	Detailed Project Report
EET	–	Energy Efficient Technologies
ESCO	–	Energy Service Companies
GEF	–	Global Environment Facility, World Bank
GHG	–	Green House Gases
GOI	–	Government of India
NMCC	–	National Manufacturing Competitiveness Council
NMCP	–	National Manufacturing Competitiveness Programme
MSME	–	Micro, Small & Medium Enterprises
MSME-DI	–	MSME-Development Institutes under DC(MSME)
PCRA	–	Petroleum Conservation Research Association
RE	–	Renewable Energy
SIDBI	–	Small Industries Development Bank of India
SPV	–	Special Purpose Vehicle
SSC	–	Scheme Steering Committee
TERI	–	The Energy and Resources Institute
UNFCCC	–	United Nations Framework Convention for Climatic Control
UNIDO	–	United Nations Industrial Development Organization

SCHEME FOR TECHNOLOGY AND QUALITY UPGRADATION SUPPORT TO MICRO, SMALL AND MEDIUM ENTERPRISES

INTRODUCTION

- 1.1 Quality and Technology Upgradation have emerged as the two important elements for enhancing competitiveness of any manufacturing industry. The large industries have both adequate information about the global markets and access to funds, which enable them to implement strategies for continuous technology and quality upgradation. On the other hand, MSMEs, with limited information and access to funds, typically think short term. They tend to minimize capital investment with the objective of keeping the cost low. This approach has brought many Indian MSME suppliers to the lower end of the global value chain and ultimately made them uncompetitive as the suppliers of stand-alone products. The present scheme aims to address the quality and technology aspects of manufacturing in MSMEs.
- 1.2 Cost of energy is an important component of the cost structure in any manufacturing process. As such, to reduce production costs and remain competitive, MSMEs need to focus on economising on energy use. To conserve the crucial energy resources, the Government of India enacted the Energy Conservation Act, 2001. The Act brought every sector of the economy under the purview of energy conservation and efficient management. While the major consumers of energy, namely, the large companies and undertakings have been mandated to report the extent of conservation of energy achieved in their annual reports, the small and medium enterprises have no such statutory mandate. An important goal of the present scheme is to encourage and support energy efficiency by the Micro, Small & Medium Enterprises.
- 1.3 Besides curtailing the cost of energy, which is a significant component in the cost structure of almost any manufacturing/production activity, energy efficiency also reduces global warming. As more than 90% of energy consumption originate from fossil fuels, this involves generation of huge quantity of Green House Gases (GHG) leading to change in the global atmosphere.

2.0 OBJECTIVE

- 2.1 The present scheme is one of the ten components of the National Manufacturing Competitiveness Programme (NMCP). While the other nine components of NMCP and other Government schemes address other aspects of competitiveness of MSMEs, the present scheme focuses the two important aspects, namely, enhancing competitiveness of the MSME sector through Energy Efficiency and Product Quality Certification. The present scheme will also deal with the issue relating to reduction in emission of Green House Gas (GHG) by the MSME sector, through energy efficiency.
- 2.2 The first objective of the present Scheme is to sensitize the manufacturing MSME sector in India to the use of energy efficient technologies and manufacturing processes so as to reduce cost of production and the emissions of GHGs.

- 2.3 The scheme also focuses on additional spin-offs for the MSME sector through clean development mechanism (CDM). While the large manufacturers/users of energy in India are deriving additional income through CDM by trading with the buyers from developed economies, the MSME sector is not able to do so in the absence of suitable mechanism for aggregation. An innovative concept of cluster-based carbon credit aggregation centres (CCAs) has been planned under the scheme to initiate MSMEs to CDM benefits.
- 2.4 The second objective will be to improve the product quality of MSMEs and to encourage them towards becoming globally competitive. In spite of their diverse manufacturing capability and low manufacturing costs, the products of the Indian MSMEs could not move up the value chain in the global market basically due to the concerns about their quality. Certification of products to national and international standards is an important tool to enhance the product value of Indian MSMEs. Moreover, in many international markets, consumer products cannot be sold without compulsory certification, namely, CE marking. In India also, certain products like bottled drinking water, electrical appliances, etc., cannot be marketed without Indian Standard Certifications. In the area of energy efficiency also, the energy star ratings initiated by BEE is not compulsory but will surely motivate consumer preference.

3.0 MAJOR ACTIVITIES UNDER THE SCHEME

The above objectives of the Scheme will be achieved through the following major activities:

- (i) Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards.
- (ii) Implementation of Energy Efficient Technologies (EET) in MSME units.
- (iii) Setting up of Carbon Credit Aggregation Centres (CCA) for introducing and popularising clean development mechanism(CDM) in MSME clusters.
- (iv) Encouraging MSMEs to acquire product certification/licences from National/International bodies and adopt other technologies mandated as per the global standards.
- (v) Study of Impact of the scheme, administrative and other miscellaneous items.

3.1 MAJOR ACTIVITY NO. 1

Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Mechanism

- 3.1.1 *Objective:* The primary objective of this Activity is to handhold the MSME clusters in adopting energy efficient processes. Under the activity, the following initiatives will be taken up:
- (i) Conducting awareness programmes in MSME clusters on
 - energy efficient technologies;
 - availability of energy efficient equipments; and
 - the need for energy efficiency and cash benefits from Energy Efficient Technologies (EET) and Clean Development Mechanism (CDM).
 - (ii) Supporting energy audits in sample units (3 Nos. in each cluster representing the micro, small and medium enterprises respectively) in energy intensive clusters. The related activities will be identification of energy efficient technologies for typical

production units and preparation of model Detailed Project Report (DPRs) for cost effective, bankable energy efficient projects. The recommendations in the model DPRs will be used with the cluster based MSMEs for demonstrating the scope, need and financial benefits from EET projects.

- (iii) Promoting replication of model EET projects in the cluster based MSMEs and subsidizing the preparation cost of the DPRs for the EET projects taken up by the individual MSMEs.

The expected outcomes from the Activity are:

- (i) Enhanced Awareness on energy efficiency in manufacturing processes,
- (ii) Energy audits of MSMEs, and
- (iii) Adoption of energy efficient technologies by MSMEs.

3.1.2 Implementation: Office of the the Development Commissioner (MSME) will identify MSME clusters for conducting the awareness programmes on Energy Efficiency Technologies (EET), Clean Development Mechanism (CDM), etc., on the basis of the responses received from the MSME-DIs, cluster based associations, NGOs and technical institutions. The awareness programme will normally be of one day duration with the participation of at least 30 MSMEs.

Based on responses received from the cluster / industry stakeholders or through advertisement and keeping in view the energy conservation potential in the cluster identified as part of the awareness programmes, MSME Clusters will be shortlisted by the Steering Committee for identifying the need and scope for the energy conservation/efficiency as well as the appropriate technology in the clusters through preparation of Detailed Project Reports (DPRs)/Energy Audit Reports. For this purpose, 3 MSMEs in each of the shortlisted cluster (preferably one micro, one small and one medium) will be selected. These DPRs will be presented before the cluster stakeholders as model DPRs for replication. The spillover from one sector to another may be considered by the steering committee if sufficient numbers of enterprises are not available in a particular category.

Based on the data available in respect of energy efficiency exhibited in the model DPRs/ Energy Audit Reports, the interested MSMEs from the respective clusters will be invited to prepare their own Detailed Project Reports (DPRs)/Energy Audit Reports to facilitate the implementation of the energy efficient technologies (EET). As the manufacturing processes and technology in a cluster are near identical at a particular scale of operation, it is expected that the availability of the model DPRs will reduce the cost and time for preparation of enterprise level EET DPRs. Cash support will be provided to the MSMEs for the preparation of enterprise level DPRs. These DPRs may be further used under the Major Activity No. 2 of this scheme for funding the EET projects.

The Awareness programmes will be conducted through expert organizations like PCRA, BEE, TERI, IITs, NITs etc. or State Govt. agencies like MITCON, GEDA etc., besides the autonomous bodies of Central/State Govt. The selection of agency will be done by inviting expression of interest (EOI), subject to technical suitability, duly adopting procedure issued by the Department of Expenditure. The selected agency is expected to acquaint themselves with the target Clusters before conducting the programme so as to have the knowledge about the level of Energy Consumption and the prevailing technology among the enterprises in the cluster. While preparing

the model DPRs, energy audits of MSME units will be conducted and appropriate technology(ies) will be recommended for enhancing energy efficiency in each segment. The set of EETs standardized for a cluster during the energy audit studies and the model DPRs will become a guideline for other cluster based MSMEs and will help to minimize the cost and time required for implementation of EETs. The enterprise level DPRs shall be bankable, i.e., acceptable to the banks and financial institutions for financing the projects.

3.1.3 Deliverables: The Energy Audit Reports/DPRs will provide information in the following areas for the selected Clusters:

- Existing pattern of energy usage;
- Economies of adopting Energy Efficiency measures;
- Energy Efficient Technologies (EET) suitable for MSME sector;
- Investment requirements in EET and their payback period; and
- Clean Development Mechanism (CDM) and pay-offs from investment in Energy Efficiency Technologies through Carbon Credits.

3.1.4 Components of Grant: Towards organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure, subject to maximum Rs. 75,000/- per programme (Average cost of one programme is expected to be Rs. 80,000). The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts and their course material, travel and lodging expenses, other miscellaneous expenses, etc.

The maximum allowable expenditure for conducting the cluster level energy audits and model DPRs (for three selected enterprises) will be Rs. 9.0 lakh per cluster. (Average cost of preparation of one model DPR is expected to be Rs. 6.0 lakh). Out of this, 75% of the actual expenditure will be provided by Gol and the balance 25% is to be contributed by the respective MSMEs selected for preparation of the model DPRs.

Towards preparation of subsequent detailed project reports (DPRs) for individual MSMEs on EET projects, the government grant will be 50% of the actual expenditure subject to maximum Rs.1.5 lakh per DPR. (Average cost of preparation of one EET DPR is expected to be Rs. 2.0 lakh). The balance amount is to be contributed by the MSME concerned.

3.1.5 Implementation Schedule and Funding Pattern: As part of the Scheme about 60 Awareness Programmes will be conducted. The preparation work for model DPRs will be taken up in 30 clusters (total 90 MSME units). Thereafter individual DPRs for about 300 MSME units from the same clusters/sectors will be prepared for implementing EETs.

In case of Awareness Programme and model DPRs, the Gol assistance will be released in 2 instalments. Initially, 50% of the sanctioned amount from Gol will be released after approval of the proposal and subject to proportionate contribution by the private units. The balance Gol contribution will be released after receiving the remaining contribution from the private units and based on the receipt of the Invoice (or audited statement of expenditure for cases related to Grants-in-aid) and after acceptance of the final report.

In case of subsequent DPRs for individual MSME units, the initial 50% of the sanctioned GoI amount will be released after approval of the proposal and after proportionate contribution by the private units. The second instalment will be released only after sanction of loan for the EET project by SIDBI/ Bank /Financial Institution.

- 3.1.6 *Eligibility:* Expert organizations like PCRA, BEE, TERI, IITs, NITs, etc, State Govt. agencies like MITCON, GEDA, etc, Cluster/Industry based associations of MSMEs, NGOs and Technical Institutions interested in application of Energy Efficient Technologies (EET) are eligible to apply. Tool Rooms and other autonomous bodies under Ministry of MSME can also apply for participation. Individual MSMEs of identified clusters/sectors can apply for seeking support/subsidy in preparation of enterprise level EET DPRs.

It would be preferred that the agency conducting the awareness programme in a cluster also takes up the work of preparation of the cluster level EET audit reports and/or model DPRs and further economically provide the services for preparation of enterprise level DPRs. However, the condition will not be binding and other agencies can take up the above activities separately. An essential condition of eligibility of an agency or an enterprise for any of the above activities is availability of qualified and experienced Energy Manager/Auditor for conducting the activity(s).

- 3.1.7 *How to Apply:* The application format for conducting the awareness programmes is given at Annexure-I. The implementing agencies interested in preparing the cluster level model DPRs and the enterprise level DPRs are required to submit the details of their technical competencies and credentials in the format given at Annexure I-A.

3.2 MAJOR ACTIVITY NO. 2

Implementation of Energy Efficient Technologies and Other Technologies Mandated as per the Global Standards in MSMEs

- 3.2.1 *Objective:* The basic objective of this Activity is to encourage MSMEs in adopting energy efficient technologies. For this purpose, bankable DPRs for the implementation of energy efficient technologies will be invited from the MSMEs. To facilitate the initiative, MSMEs in the identified clusters will be supported in preparation of bankable DPRs under the major activity No.1. It is expected that the initiatives under the major activity No.1 will provide a shelf of bankable DPRs for financing by SIDBI/other financial institutions. DPRs on energy efficiency projects developed under the SME support schemes of BEE, PCRA or other expert agencies will also be eligible for support. Individual MSMEs may also submit their DPRs (prepared by competent agency) to the banks and financial institutions. Under the present Activity, MSMEs will be assisted in implementation of the projects through loans from SIDBI/banks/financial institutions for which subsidy upto 25% of the cost of the project will be provided.

- 3.2.2 *Implementation:* This Activity will be implemented through SIDBI who will function as the Implementing Agency. After finalization of the DPR, the concerned MSME units can approach SIDBI directly or through their Bankers for seeking loan/subsidy for implementation of the Projects. Both technical and bankability appraisal by SIDBI/Bank will be taken into consideration prior to the sanction of the assistance in the form of grants. The sanction of financial assistance under the Scheme will be accorded by the Steering Committee. The decision would be

conveyed to SIDBI and the respective sponsoring Bank under intimation to the applicant within 10 days of the decision of the Steering Committee.

SIDBI would release proportionate amount of GOI assistance to the beneficiary units. The total GOI assistance released will not exceed the amount eligible as per the scheme.

The funds will be released to SIDBI after receiving the claims on periodic basis for the cases sanctioned by the SIDBI. The Steering Committee would periodically review the requirement of assistance as well as release of funds to SIDBI. A Memorandum of Understanding (MoU) between SIDBI and office of DC(MSME) will be signed for this purpose, which will also stipulate time frame for each subactivity under this component of the scheme.

3.2.3 Deliverables: It is expected that under the Activity about 390 MSMEs will be supported in enhancing their energy efficiency. Besides, reducing the energy cost, the Activity will also enable the implementing enterprises in obtaining carbon credits, which are tradable. The specific achievements from the Activity are expected to:

- develop a holistic package on energy conservation in MSME sector;
- create demonstration effect in the MSME sector for adopting energy efficient technologies;
- reduction in energy consumption in the selected MSMEs; and
- enhance profitability of the implementing MSMEs by reducing energy costs and also through possible income from carbon credits.

3.2.4 Components of Grant: The Government of India will provide financial support to the extent of 25% of the project cost for implementation of Energy Efficient Technologies (EET), as per the approved DPR. The maximum amount of GOI assistance from the scheme will be Rs.10 lakhs (Average subsidy for one EET project is estimated to be Rs. 5.0 lakh). The project cost may include cost of machines, sales and excise tax, transportation and transit insurance cost, import related duty etc. (which will be limited to the maximum cost of machine at F.O.R factory? of the beneficiary).

While 25% of the project cost will be provided as subsidy by the Government of India, the balance amount is to be funded through loan from SIDBI/banks/financial institutions. The minimum contribution as required by the funding agency, will have to be made by the MSME unit.

3.2.5 Implementation Schedule and Funding Pattern

About 390 units will be supported for implementing EETs in MSMEs in potential clusters under this activity.

The Bank/SIDBI will get an agreement executed on behalf of Government of India with the MSME unit prior to disbursement of financial assistance. The GOI financial assistance under the scheme will be released by the concerned banks/SIDBI after the installation of new machinery and equipment at site and after execution of the agreement on behalf of the Government of India. SIDBI shall furnish Utilization Certificate to the Office of the Development Commissioner (MSME) for the amount disbursed (under the Scheme) against individual projects. While submitting the Utilization Certificate to DC(MSME) office, SIDBI will also enclose a certificate from competent agency/Energy Auditor certifying that the new machinery and equipment installed are capable of giving 15% energy savings.

3.2.6 *Eligibility:* Any MSME unit who has filed an Entrepreneurial Memorandum with the appropriate authority or who has erstwhile DIC registration will be eligible for support under the Scheme. The general eligibility conditions are:

- (i) The MSME should have been audited for energy consumption and have developed a Detail Project Report on EETs.
- (ii) The DPR should be prepared by a qualified Energy Manager/Auditor.
- (iii) Enterprises in the clusters intervened under the Activity 1 or identified by PCRA/BEE or any other expert agency will be given preference for support under this Activity.
- (iv) The project should primarily focus on energy efficiency for the applicant MSME units and must lead to at least 15% reduction in the energy consumption by the enterprise. For this purpose the baseline and the projected energy consumption reflected in the approved DPR will be taken into consideration.
- (v) Investments in new plant, machinery and equipments focused towards enhancing energy efficiency shall only be eligible for subsidy under the scheme.
- (vi) The Government financial assistance cannot be utilized for purposes other than for which it has been sanctioned. The amount released by the Government will not be utilized towards adjustment of default in repayment of principal and payment of interest by the borrower.
- (vii) After completion of the EET project, the industrial unit will be required to submit a completion certificate to SIDBI in the prescribed format (to be approved by the Steering Committee).
- (viii) From the date of completion, up to two years, the industrial unit availing the Government financial assistance will be required to submit operational and performance details to SIDBI who would apprise the Steering Committee of the same.
- (ix) In case the industrial unit becomes non-operational within two years of the receipt of Government financial assistance, it will be liable to refund the financial assistance availed, along with the interest to be charged from the date of closure till the date of refund at the prime lending rate of SIDBI (as the case may be). In case of non-compliance, the Bank concerned will take necessary legal action.
- (x) At any time if it is found that financial assistance from Government has been availed on the basis of any false information, the industrial unit shall be liable to refund the amount of Government financial assistance, along with interest to be charged from the date of disbursement to date of refund. The rate of interest shall be the prime lending rate of the Bank concerned at the time of invoking this penal clause.

3.2.7 *How to Apply:* Any MSME unit interested to implement EET and has a Project DPR prepared by an eligible agency may apply for assistance under the Scheme. The interested MSME unit shall apply first to SIDBI/Banks/Financial Institutions for sanction of loan for the project on the basis of the DPR. After appraisal of the Project by SIDBI/Banks/Financial Institutions, the application in the format given at Annexure-II is to be submitted, in triplicate, through SIDBI/Banks/Financial Institution concerned. If the loan application has not been submitted through SIDBI, two copies of the Application will be forwarded by the concerned Bank/Financial Institution to SIDBI along with a copy of the loan sanction letter and project viability report.

SIDBI will submit the proposals to the Steering Committee for necessary approval. The decision of the Steering Committee will be conveyed to SIDBI with a copy to the applicant

MSME for necessary action. After sanction of assistance under the scheme, the MSME unit concerned shall sign an agreement with the SIDBI/Bank/Financial Institution sanctioning the loan in the prescribed format.

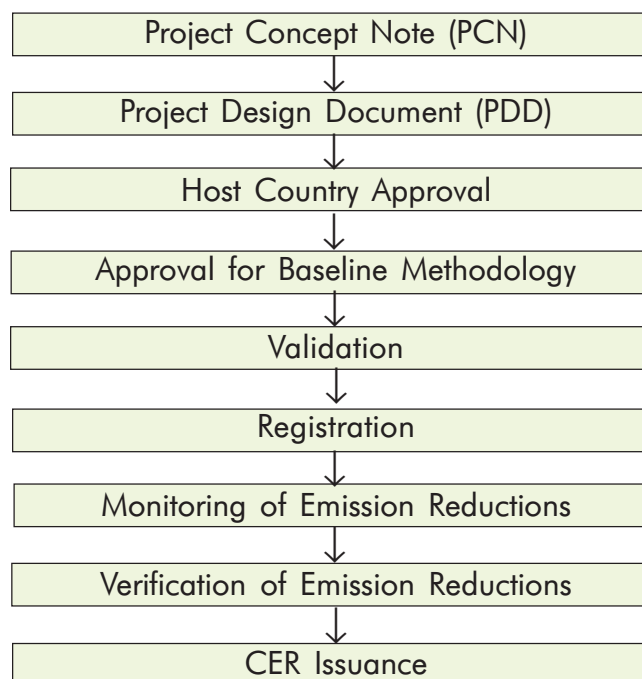
3.3 MAJOR ACTIVITY NO. 3

Setting Up of Carbon Credit Aggregation Centres (CCA) for Introducing and Popularizing Clean Development Mechanism (CDM) in MSME Clusters

- 3.3.1 *Objective:* The Activity will focus on market transformation of the results of energy efficiencies. The concept of Clean Development Mechanism (CDM) through reduction and management of carbon footprints have been introduced under Kyoto Protocol for reduction of emission of Green House Gases like carbon dioxide, which is a common emission from industries using coal and petroleum products. United Nations Framework Convention on Climatic Change (UNFCCC) have introduced the concept of CDM under which industries in developed countries producing additional green house gases (GHG) can purchase carbon credits from industries in developed countries using energy efficient technologies as well as renewable energies thereby reducing the 'Carbon Footprints'.

A procedure has been laid down for documentation of such projects from developing countries to ascertain reduction of Carbon Footprints (tons of carbon dioxide emitted). The 'Carbon Credit' released as CERs (Certified Emission Reductions) are tradeable in National & International Commodity Exchanges. Under this Activity, CCA Centres will be set up in 16 clusters over the XI plan period to assist MSMEs in registering GHG reduction projects for allocation of Certified Emission Reduction (CER). Since the CERs of a typical Indian MSME unit may not be adequate for economic trading in Exchanges, it has been envisaged that the CCAs will make effort in aggregation of Carbon Credits obtained by individual MSMEs in a cluster into bulk - for trading. A typical CDM project flow is given below:

CDM APPROVAL PROCESS (TYPICAL)



3.3.2 Implementations: Under the present Activity, the potential Clusters having adequate number of EET/Renewable Energy (RE) based projects will be identified for setting up of the CCA centres. The CCA centres will be set up as special purpose vehicles (SPVs) with participation from cluster based associations, technical institutions, NGOs, etc. The participation of State Governments in the SPVs is also permitted. The initial handholding/implementation of the CCA centres will be carried out by an expert Agency and they will be transferred to the SPVs in due course.

Clusters for setting up of the CCA centres, will be identified on the basis of the CDM implementation potential in the cluster or applications received from the stakeholders. Clusters where energy efficient technologies or renewable energy projects are being implemented under the present scheme or other schemes of the Ministry of MSME or other schemes of Government of India/State Governments will be given priority. While setting up the CCA centres, the Government of India support will be towards setting up of the basic facilities, preparation of the cluster based Project Concept Notes (PCN) as well as PDD for CDM. The Gol assistance under the scheme will be limited to the subsidization of activities till the stage of obtaining Gol approval for the CDM (host country approval of PDD).

3.3.3 Deliverables: The expected deliverables of the Activity are:

- Creating awareness among the MSMEs within and around the identified Clusters about Market Transformation of Energy Efficiency, Carbon Credit Trading, etc.
- Identification of Clusters having adequate number of ongoing or emerging GHG/CDM projects for setting up of the CCAs.
- Facilitate setting up of Carbon Credit Aggregation Centres in identified clusters by the cluster-based associations, technical institutions, NGOs, etc.

3.3.4 Component of Grant: The Govt. of India will provide financial support to the extent of 75% of the actual expenditure, subject to a maximum Rs.15 lakh for establishing each of these centres. (Average cost of setting up of one CCA is expected to be Rs. 15.0 lakh). The remaining expenditure will have to be met by the implementing agency/SPV through collection of users' charges. While setting up of these centres, no liability will be created for the Gol. It is expected that assets and operation of the offices will ultimately be taken over by the SPV for running them on self – sustainable basis. However, the assets purchased out of the Gol grant shall not be disposed off without the prior permission of the Office of the Development Commissioner (MSME).

3.3.5 Implementation Schedule and Funding Pattern:

Under the Scheme it is proposed to set up about 16 Nos. of Carbon Aggregation Centres (CCAs) for obtaining CERs in MSME clusters.

The Gol assistance will be released in 5 instalments. Initial 20% of the sanctioned amount will be released after approval of the proposals and the balance instalments will be released based on the project milestones defined in the proposal and as approved by the Steering Committee.

3.3.6 Eligibility: Cluster-based MSME associations, Technical Institutions and ESCOs engaged in implementation of EET and other renewable energy projects, which can be registered under

CDM, are eligible to apply. The initiatives shall be cluster based rather than enterprise focused so that maximum number of cluster members (MSMEs) could be benefitted. Activities which could be assisted under the Scheme may include:

- Organizing Workshops/Seminars for Cluster Stakeholders/MSMEs on CDM.
- Hiring of Consultant for preparation of CDM Project Concept Note (PCN).
- Conducting training programmes on CDM.
- Preparation of Project Design Document (PDD).
- Validation of the CDM Project through external auditors.
- Remunerations of the CCA executives and expenditure on their TA/DA upto one year (Max.).
- Holding of meetings of the executives and governing bodies, etc.
- Miscellaneous expenditure on telecommunication, stationery, etc. upto one year (Max.)

The above list is only indicative and the Steering Committee shall decide on eligible activities which may be assisted for a particular CCA centre.

3.3.7 *How to Apply:* Eligible applicants can apply in the format at Annexe – III. They will also have to submit a brief project proposal containing details, targets, deliverables, etc., of the Project.

3.4 MAJOR ACTIVITY NO. 4

Encouraging MSMEs to Acquire Product Certification Licenses from National/ International Bodies

3.4.1 *Objective:* The primary objective of this Activity is to provide subsidy to MSME units towards the expenditure incurred by them for obtaining product certification licenses from National Standardization Bodies (like BIS, BEE, etc.) or International Product Certifications (CE, UL, ANSI, etc.). The purpose of the 'Standard Marking' of the products is to assure product quality to the users/consumers. Certification of MSMEs products to International Standards, CE, ANSI, UL, Energy Star, etc. would also enhance acceptability of the products in the export market.

Under the present Activity, eligible MSMEs will be provided financial support for obtaining national and international product certificates. To encourage a wider coverage of MSMEs to obtain licenses of such product standards of national and international agencies, subsidy will be provided to the applicants only towards the first product being licensed.

3.4.2 *Implementation:* Under this activity following initiatives will be taken up:

- (i) To conduct Awareness programme in identified MSME clusters on product quality certification, energy star rating, procedure for certification to International Standards, etc. Total 60 Nos. of programmes will be conducted on the awareness generation on product certification through implementing agencies like BIS, Indian Institute of Quality Management, Jaipur or any other expert body in the relevant field. The agencies will be selected through a procedure defined in the manual issued by Department of Expenditure.
- (ii) Provide financial assistance to MSMEs in obtaining product certification to National and International standards. The Activity will be implemented through MSME-DIs functioning under the Office of the DC (MSME). Total 3,000 product certification on National Standards and 1,000 on International Standards are proposed to be reimbursed under the scheme.

3.4.3 *Deliverables:* This Activity is expected to enhance the acceptability of the products of the MSME sector in the National and International market by enhancing the consumers/users confidence in product quality. Marking to National/International Product Standards will also streamline the quality systems of the MSMEs, ensure safety of the product in use and enhance product/process efficiency. The significant contributions of the Activity will be:

- Increased adoption of National /International Product Certification standards by the MSME sector;
- Enhancing Customers' confidence for the products manufactured by MSMEs;
- Assuring conformity to compulsory product standards like CE by MSMEs;
- Ensuring energy efficiency of the consumer durables by BEE/EU/USA Energy Star ratings; and
- Bringing manufacturers of consumer items (involving high safety requirements) under a system of quality surveillance through the licensing system.

3.4.4 *Component of Grant:* Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure, towards licensing of product to National/International Standards. The maximum GoI assistance allowed per MSME is Rs. 1.5 lakh (Average Rs. 0.75 lakh) for obtaining product licensing/Marking to National Standards and Rs. 2.0 lakh (Average Rs. 1.50 lakh) for obtaining product licensing/Marking to International standards. One MSME unit can apply only once under the scheme.

The subsidy will be available generally for the following components of the expenditure:

- ✓ Application fee
- ✓ License fee
- ✓ Product Testing charges as required for licensing
- ✓ Inspection fee of the certification body

However, the Steering Committee may decide to modify the list of eligible components. The Steering Committee can also decide maximum expenditure allowable under any or all of the above sub-heads for calculating the total amount of expenditure eligible for subsidy.

Towards organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure subject to maximum of Rs. 45,000 per programme. (Average cost of conducting one programme is expected to be Rs. 50,000). The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts, their course material, travel and lodging expenses, other miscellaneous expenses, etc.

3.4.5 *Funding Pattern:* The subsidy will be released, for product certification, on reimbursement basis, i.e., after obtaining the relevant product certification license by the applicant enterprise and incurring the actual expenditure against which the subsidy has been claimed.

In case of Awareness Programme, the GoI assistance will be released in 2 instalments. Initially, 50% of the sanctioned amount from GoI will be released after approval of the

proposal and subject to proportionate contribution by the private units. The balance Govt contribution of 50% amount will be released after receiving the remaining contribution from the private units and based on the receipt of the audited statement of expenditure, etc.

- 3.4.6 *Eligibility:* All the Micro, Small & Medium Enterprises in the manufacturing sector who have submitted valid Entrepreneur Memoranda (EM) and who are first time applicants for National/International Product Standard Licenses are eligible to apply. Licensing of only one product as per the definition of the relevant standards will be subsidized under the Activity. The testing charges and calibration charges will be subsidized only if they are carried out by approved/recognized Testing Laboratories. The items which are under compulsory product certification will stand excluded from the purview of the scheme.

For organizing the Awareness Programmes in a cluster, associations of MSMEs, NGOs and Technical Institutions working in the area of quality certification in the cluster are eligible to apply.

- 3.4.7 *How to Apply:* The MSMEs interested in availing assistance for obtaining product certification under the scheme may forward application in the specified format, as given at Annexure-IV (A to F), to the MSME-Development Institute (MSME-DI) concerned, alongwith the required documents, receipts, reports, etc. A Screening Committee at the MSME-DI will scrutinize the applications and the decisions of the Committee will be communicated to the applicants within 45 days of the receipt of the application.

3.5 MAJOR ACTIVITY NO. 5

Impact Study of the Scheme, Evaluation, Administrative and Other Activities

- 3.5.1 *Objective:* The main objective of these activities will be to ensure regular monitoring of the implementation of the Scheme vis-à-vis the action plan prepared. Impact studies, evaluations of the present Scheme as well as mid-term reviews, etc., which is necessary as per the existing Government instructions, will also be covered under this activity. Administrative expenditures including fees, etc. to be paid to the implementing or other agencies, if not included elsewhere in the scheme, may also be sanctioned from the budget allocated under this activity.
- 3.5.2 *Implementation:* Offers will be invited, as per the decisions taken by the Steering Committee, for conducting various studies and evaluations of the - Scheme. Fees to be paid to the implementing and other agencies will be released as decided by the Steering Committee. The agencies will be engaged as per the procedure stipulated by the Department of Expenditure.
- 3.5.3 *Deliverables:* The impact and evaluation studies will bring out the achievements under the Scheme vis-à-vis the action plan targets. The mid-term reviews will indicate the required fine tuning of the Scheme to enhance the achievements.
- 3.5.4 *Component of Grant:* The fee for carrying out the above activity will be decided by the Steering Committee, as and when required, depending upon the scope of work involved.
- 3.5.5 *Eligibility:* The eligibility criteria of the agencies to be selected for the above activity will be detailed in the 'Expression of Interest', as and when issued.
- 3.5.6 *How to Apply:* The procedure for application, qualification, etc. for participation in the above activity will be detailed in the 'Expression of Interest', as and when issued.

4.0 SCHEME STEERING COMMITTEE (SSC)

A Scheme Steering Committee (SSC) under the chairmanship of the Additional Secretary & Development Commissioner (MSME) will be the apex decision making body for the Scheme. The Steering Committee will provide overall guidance and directions for the implementation of the Scheme and will have the following constitution:

- (i) Additional Secretary & Development Commissioner (MSME), Chairman
- (ii) Joint Secretary NMCC, Member
- (iii) Joint Secretary, Ministry of Environment and Forests, Member
- (iv) Country Head, Global Environment Facility (GEF), Member
- (v) Director General, BEE (or his representative), Member
- (vi) Executive Director, PCRA (or his representative), Member
- (vii) Director General, BIS (or his representative), Member
- (viii) CMD, SIDBI (or his representative), Member
- (ix) Director General, TERI (or his representative), Member
- (x) Officer-in-charge of the Scheme, in office of DC(MSME), Member Secretary

Representative of Internal Finance Wing, Ministry of MSME nominated by the Additional Secretary & Finance Advisor may also be invited to attend the SSC meeting.

- 4.1 The major role and responsibilities of SSC will include:
 - (a) Selection of clusters for Awareness Programme and DPRs under Activity 1.
 - (b) Approving proposals for EET implementation based on the DPRs and SIDBI recommendations.
 - (c) Acceptance of the project proposals for setting up of CCAs including decision for the funding pattern, milestones, etc.
 - (d) Selecting clusters for Awareness Programme under Activity 4.
 - (e) Overall monitoring and direction for scheme implementation.
 - (f) Any other issue related to scheme objectives.
- 4.2 The Committee may co-opt representatives from Industry Associations, Leading Energy Efficiency Consultants, ESCOs and other stakeholders as Special Members or Invitees.
- 4.3 The Scheme Steering Committee may also decide to constitute Activity level sub-committees for the day-to-day implementation and monitoring of the respective Activities and recommending approval of specific proposals within the overall framework of the guidelines. The Activity level sub-committee will monitor the progress of the scheme (for the specific activity) in respect of selection of implementing agencies, clusters, EETs and product certifications.

FORMAT FOR APPLICATION FOR GRANT OF
FINANCIAL ASSISTANCE
TOWARDS ORGANIZING AWARENESS PROGRAMMES
ON ENERGY EFFICIENT TECHNOLOGIES AND
APPLICATION OF RENEWABLE ENERGY SOURCES INCLUDING
CLEAN DEVELOPMENT MECHANISM (CDM)
IN MSME MANUFACTURING SECTOR

1. Name of the organization with complete postal address, Telephone No., Fax No. and E-mail ID.
2. Whether registered or approved under any Act or Regulation (to be specified), and the date thereof (please enclose a copy of the Registration Certificate).
 - (i) Particulars of the present members of Executive Body/Board of Management, date on which it was constituted and tenure.
 - (ii) Name of the person and his/her designation nominated/authorized to act on behalf of the organization.
 - (iii) Name of the professional expert, certified as an Energy Manager/Auditor.
3. A brief note on work done in EET and/or RE areas for the benefit of MSME manufacturing sector, if any.
4. Details of the target Group, its geographical coverage and expected benefits.
5. Tentative date and Venue for organizing the programme.
6. Is it proposed to receive grant/grants from any other source for the same purpose or Activity to which this application pertains? If so, details thereof.
7. Information relating to the grants received/or likely to be received from this office for any other Activity. (If any grant had been received in the past, details thereof with file/letter No. of the Commission – Copy).
8. Additional information, if any.
9. List of documents to be attached:
 - (i) Certified copy of Registration Certificate, if applicable.
 - (ii) Certified copy of Memorandum & Articles of Association, where applicable.
 - (iii) Certified copy of Audited Statement of Accounts/Annual Report for the last two years.
 - (iv) *Details of Expenditure* — Document giving an undertaking to conduct the Programme as per scheme guidelines and objectives and in case the programme is not organized, to return the cheque/refund the advance given.

Signature & Designation
(With Seal/Stamp)

TERMS AND CONDITIONS

- (i) The financial assistance under the scheme will only be used for organizing the event/ Activity approved under the scheme.
- (ii) The assistance will be released in two instalments. 50% of the sanctioned amount will be released after the proposal is approved on receipt of write-up on programme, venue, item-wise budget estimates, likely number of participants and relevant documents.
- (iii) The balance amount will be released after the submission of the : (i) Utilization certificates from the Chartered Accountant, (ii) Statement of Accounts, (iii) Report of the Resource Persons of the programme, and (iv) List of participants, which is to be submitted in a month's time from the date of organizing the Awareness Programme.
- (iv) No equipment/asset will be purchased out of the assistance.
- (v) Unspent portion of the assistance will be refunded.
- (vi) In the event of violation of any of the terms and conditions of sanction, the organization will have to refund the entire sanctioned amount on demand or such part thereof along with penal interest as per the Government rates.
- (vii) For private agencies, the requisite bond as per Rule 209 6(ix) of GFR- 2005, will have to be executed.

APPLICATION FOR CONDUCTING ENERGY
AUDIT/PREPARATION OF
DETAILED PROJECT REPORT (DPR) FOR
MSME CLUSTERS/UNITS

1. Name of the Institute/Organization.....
2. Full particulars of the Institute/Organization:
 - (i) Constitution
 - (ii) Ownership
 - (iii) Organizational structure
3. Main activities of the prospective consultant (including details of full time professionals)
4. Annual reports or audited accounts (for the last two years)
5. Name and short CVs of the full time & part time researchers proposed to be involved in the work.
(The CVs would need to be backed by written commitments of the persons about the availability of his/her service).
6. Details of major assignments of similar nature undertaken during the last five years.
7. Details of the cluster of Industries/Group of Industries where the Energy Audit Study/DPR is to be made including the information related to MSME units.
8. List of documents to be attached:
 - (i) Certified copy of Registration or Equivalent Certificate
 - (ii) Certified copy of memorandum Articles of Association or Rules/Regulations, as applicable.
 - (iii) Certified copy of Audited statement of Accounts/Annual Report for the last two years.
 - (iv) *Details of Expenditure* — Document giving an undertaking to properly conduct the study and in case the study is not conducted, to return/refund the advance received.

Signature & Designation
(With Seal/Stamp)

Annexure-II

APPLICATION FOR ASSISTANCE FOR IMPLEMENTATION OF ENERGY EFFICIENT TECHNOLOGY (EET) PROJECTS

1. Name of the Firm/Company
2. Constitution (Proprietary concern, partnership firm, Pvt. Ltd. Co., Public Ltd. Co., Co-op. Societies)
3. Name(s) of sole proprietor/partners/directors
4. Category of borrower (women entrepreneur, SC/ST, Physically handicapped, Ex-servicemen, etc.)
5. Registered Office Address

 Pin.....
 Phone No. Fax.....
 E-mail.....
6. Factory Address.....

 Pin.....
 Phone Fax.....
7. Location of factory – Backward or Non-backward area
8. Date of incorporation/commencement of production
9. Product(s)/Sub-sector.....
10. Installed capacity.....
11. Past Performance (for last three years on the basis of audited balance sheets – in respect of existing units. In respect of new units, projections for next three years may be given).

Sl. No.	Description	Financial Year (Y-1)	Financial Year (Y-2)	Financial Year (Y-3)
I	Total Sales			
II	Gross Profit (Before interest & depreciation)			
III	Depreciation			
IV	Interest			
V	Operating Profit			
VI	Net Profit (After tax)			

- 12. Total cost of EET Project as per DPR and approved by SIDBI/Bank/Financial Institution (Rs. in lakhs) (Enclose a copy of DPR)
- 13. Total Sources of funding (as approved by Bank/Financial Institution) (Rs. in lakhs)
 - Term Loan.....
 - Add share capital
 - Internal accruals.....
 - Capital Subsidy
- 14. Time frame for completion of the project.....
- 15. Incremental benefits from implementation of the project (indicate in terms of energy savings and any other benefits - give projected results quantitatively).
- 16. List of eligible new plant and machinery along with their detailed specifications, rates, quantities and total value for which subsidy is claimed.

DECLARATION

I/We, hereby declare that the information given above and the statement and other papers enclosed are to the best of my our knowledge and belief are true and correct.

Place:
Date:

Signature(s)
Name and Designation
Seal of the Company

Annexure-III

FORMAT OF APPLICATION FOR GRANT OF FINANCIAL ASSISTANCE FOR
SETTING UP OF CARBON CREDIT AGGREGATION CENTRE
IN MSME CLUSTER

1. Title of the proposed project
2. Name and Address of Organization/Institute
3. Activity of the Organization/Institute, number and size (also in terms of installed capacity) of units and number of units
4. Name of the chairperson and members of the organizing committee, if any
5. Category in which the organizing institution falls:
 - (i) Registered Society or similar body.
 - (ii) Academic Institution.
 - (iii) University, College/Technical Institutions.
 - (iv) Quasi-Government or Government aided body.
 - (v) Others (specify).
6. Details of Affiliates, if any (Attach statement).
7. Details of proposed project:
 - (a) Objectives.
 - (b) Duration.
 - (c) Target groups (including areas to be covered under the project).
 - (d) Major activities to be undertaken.
 - (e) Details of the Consultants / Experts to be associated with the Project (written agreement required).
 - (f) Is there any other organization providing similar facilities in the adjoining areas. If so, the details thereof and justification for setting up of similar facility.
 - (g) Project highlights (a brief project report may be submitted).
 - (h) Proposed costs and time frame (Activity-wise costing/expenditure).
 - (i) Structure of proposed SPV (users body) to be constituted.
 - (j) Previous track record of MSME initiatives pursued by applicant organization need to be highlighted with support documents.
 - (k) Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other to be specified).
 - (l) Project implementation schedule and completion period (enclose Bar/Pert Chart).
 - (m) Highlight the likely impact of the project on beneficiary enterprises particularly with regard to tradable Carbon Credits (CER).

- (n) Mechanism for monitoring the progress of the CCA centre in assisting MSMEs.
- 8. Any Additional Information giving justification for the project.
- 9. List of Documents attached:
 - (i) Certified copy of Registration or equivalent Certificate.
 - (ii) Certified copy of Memorandum Articles of Association or Rules/Regulations etc., if applicable.
 - (iii) Certified copy of Audited statement of accounts for the last two years, if applicable.
 - (iv) Annual Report for the last two years, if applicable.

Signature & Designation
(With Seal/Stamp)

TERMS AND CONDITIONS

- (i) The financial assistance will only be used for setting up of Carbon Credit Aggregation Centre.
- (ii) The assistance will be released in instalments depending on the progress of the centre. First instalment will be released after the proposal is approved on receipt of write-up on proposal, budget estimates item-wise, etc.
- (iii) The subsequent instalments will be released in accordance with funding assistance approved by the Scheme Steering Committee.
- (iv) Unspent portion of the assistance will be refunded to the Office of the DC(MSME).
- (v) Separate accounts of the Programme will be maintained and the same will be subjected to test check by any Govt. official.
- (vi) In the event of violation of any of the terms and conditions of sanction, the organization will have to refund the entire amount sanctioned, or such part thereof to the Government on demand along with penal interest as per the government rates.
- (vii) The office of the DC(MSME) may lay down any other condition prior to the release of the financial assistance.

**APPLICATION FORMAT FOR CLAIMING REIMBURSEMENT OF
PRODUCT CERTIFICATION CHARGES BY MSMEs FOR CERTIFICATION OF
PRODUCTS TO INDIAN AND INTERNATIONAL STANDARDS**

1. (a) Name and Address of the unit
[Office & Factory Location(s)]
- (b) Telephone No., Factory & Office
- (c) E-mail & Fax
2. Details of E.M. No. / D.I.C. Registration
(Enclose an attested copy of all pages of E.M. No.)
3. Whether SC/ST ?
4. Whether Women Entrepreneurship ?
5. Item(s) of manufacture/processing as indicated in the E.M. Certificate.
6. **Proof of MSME Status and Functional Status of the Unit as on the Date of Submission of Application. The following document(s) to be submitted:**

An Affidavit (in original) from Managing Director/Director/Proprietor/Partner of the MSME duly sworn before a Notary Public confirming MSME status and functional status of the unit at the time of acquiring Product certificate; and as on date (As per Format at Annexure–IV-B) accompanied by CA certificate of the total investment in plant & machinery as on date (original purchase value) (As per Format at Annexure – IV-C).
7. **Details of Product Certificate**

Name and address of Certification Agency; The Certificate must have address of the site/ location certified; Scope of certification, Certificate No, date of issue & period of validity (or date of expiry). (Enclose an attested copy of the Certificate)
8. Details of expenditure incurred in acquiring Product Certificate
[Furnish a CA certificate of expenditure (in original) giving the details (as per the Format at Annexure–IV-D)]
9. Details of reimbursement/grant/subsidy already received, if any, from Govt. of India State Govt./Financial Institution etc. for the Product Certification to BIS, BEE or International Standard (Furnish an Undertaking/Declaration (in original) from the Managing Director/Director/ Proprietor/ Partner sworn before Notary Public) (as per the Format at Annexure–IV E).
10. Pre-receipt to be furnished as per Format at Annexure–IV-F.

DECLARATION

I (Full name), S/o ofManaging Director/
Director/Proprietor/Partner of M/s. (complete Postal address) hereby
declare that the particulars given in the application are correct. In case any of the statement/
information furnished in the application/documents later found to be wrong or incorrect or

misleading, I do hereby bind myself and my unit to pay to the Government on demand the full amount received as reimbursement in respect of above mentioned Activity, within seven days of the demand being made to me in writing.

Name and Signature of Managing Director/
Director/Proprietor/Partner
(Full Name)

Note:

Copies of Entrepreneurial Memorandum (E.M.)/D.I.C. Registration, Product Certification Certificate must be attested by Chartered Accountant (with name of the signatory, CA Stamp, and CA Membership No.)

Annexure-IV-B

AFFIDAVIT*

I, _____
S/o _____
Managing Director/Director/Proprietor/Partner,** M/s. _____
with their Regd. Office at _____
& Factory located at _____
with E.M. No. _____ dt. _____
do hereby solemnly affirm and declare as under:

The Company/Firm/Establishment has been a Micro/Small/Medium Enterprise as per the Govt. of India definition; and has been functional & in production at the time of acquiring Product Certification No. _____ dated _____ .

- i. The Company/Firm/Establishment continues to be a a Micro/Small/Medium Enterprise and functional & in production as on date.
- ii. As per books of account, the total investment (original purchase value) in plant and machinery in the Company/Firm/Establishment as on _____ is Rs. _____ Chartered Accountant Certificate dated _____ to this effect is attached).

Signed on this day of _____ dt _____

DEPONENT

VERIFICATION:

I do solemnly affirm that the contents of the Affidavit are true to the best of my knowledge & belief.

DEPONENT

Date: _____

Place: _____

(Note) ** Strike out whichever is not applicable.

- * On a Stamp paper (of Rs.10/- Min) in Delhi/amount as applicable in the respective State duly sworn before a Notary Public (duly affixed with Notarial Stamp; and with Notary Seal; and Notary Registration number) or First Class Magistrate.

Annexure-IV-C

CERTIFICATE FROM CHARTERED ACCOUNTANT ABOUT INVESTMENT IN PLANT & MACHINERY (ON C.A. LETTERHEAD)

To Whom It May Concern

Verified from the Books of Accounts of M/s. _____ with their Regd. Office at _____ and Factory located at _____ and E.M. / D.I.C. Registration No. _____ dt. _____ that the total investment in plant and machinery (original purchase value) of the company as on date* _____ stands as Rs. _____ (Rupees _____)

Name & Signature of the
Chartered Accountant with Stamp
and Membership Number

Place: _____

Date: _____

Annexure IV-D

CERTIFICATE FROM CHARTERED ACCOUNTANT IN RESPECT OF
PROOF OF EXPENDITURE INCURRED FOR
ACQUIRING PRODUCT CERTIFICATION (ON C.A. LETTERHEAD)

To Whom It May Concern

The documents & records of M/s. _____ with their Regd. office at _____ and factory located

at _____ and E.M. / D.I.C.
Registration No. _____ dt. _____ in respect of the
expenditure incurred by them in acquiring Product Certification have been verified; and it is certified
that the said company have incurred a total expenditure of Rs. _____
(Rupees _____) towards Application Fee/Product
Testing Fee to the relevant standards/Inspection Charges / Advance Licence Fee for the 1st year from
the Certification Agency, namely _____; as per the following
details of payments:

Details of Payments (Name of Certification Agency/Orgn.), Amount paid (in Rupees)

- a) Application Fee paid to _____
- b) Inspection Fee paid to _____
- c) Annual Licence Fee paid to _____
- d) Calibration charges paid to _____ Total _____

Place _____

Dated _____

(Signature of the Chartered Accountant
with Name, C.A. Stamp & CA
Membership Number)

Payments above should be supported by copies of receipts of payments made duly attested. The
payment receipts must indicate the purpose for which the payments have been made.

Annexure-IV-E

To be submitted by the Applicant on a Non-judicial Stamp paper of Rs. 50/-(Min.) in Delhi/amount as applicable in the respective State duly sworn before a Notary Public (duly affixed with Notarial Stamp; and with Notary Seal & Notary Registration number) or First Class Magistrate.

UNDERTAKING/DECLARATION

I, _____ S/o _____
 Managing Director/Director/Proprietor/Partner, M/s. _____
 with Regd. office at _____
 & factory located at _____
 and with E.M. No. _____ dt. _____ do hereby solemnly affirm and
 declare as under:

- (a) (i) That the aforesaid Company/Firm/Establishment(s) have not availed reimbursement/subsidy/grant/incentive for acquiring Product Certification under any Scheme operated by Central Govt. (including O/o DC(MSME), M/o MSME)/State Govt./Financial Institution etc.

OR

(ii) That the aforesaid Company/Firm/Establishment(s) have claimed & received reimbursement/subsidy/grant/incentive for acquiring Product Certification amounting to Rs. _____
 (Rupees _____
 from _____
 (Name of the Central Govt./State Govt Deptt./Financial Institution vide draft/
 cheque No. _____ dt. _____ of _____ Name of Bank).

- (b) (i) That the aforesaid Company/Firm/Establishment(s) have already applied to _____
 Name of the Central Govt. (other than O/o DC(MSME))/State Govt/Financial Institution) vide
 application dated _____ for reimbursement/subsidy/grant/incentive for acquiring Product
 Certification.

OR

(ii) That the aforesaid Company/Firm/Establishment(s) have not applied to any Central Govt./
 State Govt./Financial Institution (except O/o DC(MSME), Ministry of MSME), for reimbursement/
 subsidy/grant/incentive, for acquiring Product Certification.

- (c) That after availing reimbursement for Product Certification from Office of DC(MSME), Ministry
 of MSME, in respect of the said Company/Firm/Establishment(s), I shall disclose this fact on
 behalf of the said Company/Firm/Establishment(s) at the time of claiming/receiving
 reimbursement/subsidy/grant/incentive, if any, under any other similar scheme run by Central
 Govt./State Govt./Financial Institutions etc.
- (d) I hereby solemnly affirm that the information given above is correct. In case above declaration
 is found wrong or incorrect or misleading, I do hereby bind myself & my unit and undertake to
 pay to the Government on demand the full amount received as reimbursement in respect of
 above mentioned Activity, within seven days of the demand being made to me in writing.

Partner/Proprietor/Managing Director/Director

In the presence of:

(Full Name and addresses of the two witnesses also to be indicated along with signatures)

1.

2.

Note: The factual status as on date under the respective paras at (a); (b) & (c) above must be clearly indicated.

Annexure-IV-F

Name of the Industry : _____

Address : _____

Phone Number : _____

PRE-RECEIPT (in Triplicate)

Received a sum of Rs. _____ (Rupees _____ Stamp)

FOR OFFICE USE ONLY

Passed for the payment of

Rs. _____ (Rupees _____)

Vide Sanction No. _____ dated _____ from the Development Commissioner (Micro, Small & Medium Enterprises) towards the reimbursement of expenses incurred for obtaining Product Certification

Director

Rubber Stamp of the Unit
Signature of the Authorized Person (on Revenue
Micro, Small & Medium Enterprises, DI)

Place _____

Dated _____

INSTRUCTIONS

1. Please ensure you prepare the Annexure-IV in A-4 size paper only.
2. Please ensure you give Annexure-IV in triplicate.
3. Please type the name of your industry, full address and telephone numbers as indicated in the sample format, in the portion marked A.
4. Please do not fill in the amount in the pre-receipt. Leave the portion blank. The office of DC (MSME) will fill it up after calculating the amount due to you.
5. Please ensure the authorized person of your unit signs at the places indicated for signatures of the authorized person on revenue stamp.
6. Please type portion 'B' yourself in the A-4 size paper as indicated in the format.
7. Office of the DC (MSME) will fill up the amount and the sanction No. in the spaces provided for the same.
8. The Assistant Director concerned will sign at the place earmarked for his signatures.

Annexure-IV-G

Check List of documents to be annexed along with the Application for claiming reimbursement of expenses of Product Certification.

1. Copy of E.M./D.I.C. Registration No. duly attested by a Chartered Accountant (Name, Signature, Membership Number; and Seal)
2. An Affidavit (in original) on a non-judicial stamp paper of Rs. 10 (Min.) in Delhi/Amount as applicable in the respective State) duly sworn before a Notary Public as per Annexure-II (with Notary Seal, Notarial Stamp & Noatry Registration No.; and Chartered Accountant's Certificate of investment in Plant and Machinery as per Annexure-III.
3. Copy of Product Certification Licence duly attested by Chartered Accountant (Name, Signature, Membership Number and Seal).
4. Chartered Accountant's certificate of the details of the Expenses incurred by the unit in acquiring Product Certificate in Annexure-IV. The payments made to the Certification agency **must be supported by copies of Receipts duly attested**. (The payments directly made to the Certification Agency shall only be eligible for reimbursement). Invoices should be supported to Receipts.
5. Undertaking/Declaration of the Incentive/grant/subsidy already received, if any, in Annexure-V on a Non-judicial stamp paper of Rs. 50/- (Min.) in Delhi/Amount as applicable in the respective State with witnesses name & their addresses & signatures, Notary Seal, Notarial Stamp & Notary Registration Nos.)
6. Pre-receipt in Triplicate on Company's Letterhead with Company's Rubber Stamp and affixed with Revenue Stamp in Annexure-VI.
7. Certificate to be attached for SC/ST category.

(Any other documents annexed to be mentioned).

INDICATIVE TIMELINE FOR ACTIVITY NO. 2

Sl.No.	Activity	Time Frame
A.	APPROVAL OF PROJECT	
1.	Submission of Application by the units to SIDBI/Banks as per proforma along with DPR.	D
2.	Appraisal of DPR by SIDBI/Banks and forwarding to O/o DC (MSME)	D + 2 months
3.	Approval by SSC & communication to SIDBI	D + 4 months
4.	Disbursal of loan by SIDBI/Banks	D + 5 months
5.	Forwarding of claims by SIDBI to office of DC(MSME)	D + 7 months
6.	Transfer of GoI subsidy to SIDBI	D + 9 months
B.	DISBURSEMENT OF GoI ASSISTANCE	
7.	Procurement of machines as per DPR, after availing loan from SIDBI/Banks and installation by the unit at site	Y
8.	Disbursement of subsidy by SIDBI/Banks to the MSME unit	Y + 1 month
9.	Submission of Utilization Certificate by SIDBI to the office of DC (MSME)	Y + 3 months

- Note:** (1) In general 'Y' should not be more than 'D + 9' months.
(2) Scheme Steering Committee can relax above time frame in deserving cases.

(To be published in the Gazette of India, Part-1, Section 1)

Government of India
Office of the Development Commissioner
(Micro, Small & Medium Enterprises)
Ministry of Micro, Small & Medium Enterprises
'A' Wing, 7th Floor, Nirman Bhavan,
New Delhi-110108

No. 41(10)/TEQUP/2010

12th February, 2010

NOTIFICATION

The Central Government has approved a scheme, "Technology Quality Upgradation (TEQUP), Small & Medium Enterprises sector" under the National Manufacturing Competitiveness Programme (NMCP) with a total budget of Rs.140.98 crores (including Government of India contribution of Rs 65.73 crores) to be implemented during the 11th Plan period. The objective of the scheme is to enhance competitiveness of the MSME sector in the global markets by adopting energy efficient technologies in their manufacturing processes and to encourage them towards acquiring product quality certification to national / international standards.

2. The details of the scheme and guidelines are available on the official website of the office of DC (MSME) i.e. www.dcmsme.gov.in.


(Abhay Bakre)

Joint Development Commissioner

The Manager
Government of India Press
(Bharat Sarkar Press), FARIDABAD

Copy for information to:-

1. Chief Secretary (States/UTs)
2. All Commissioner /Director of Industries (states/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary (MSME), Ministry of MSME, Udyog Bhawan, New Delhi
5. Secretary, Ministry of Power, New Delhi
6. Planning Commission (PAMD, VSE)
7. JS, NMCC, Vigyan Bhawan, New Delhi
8. AS & FA, M/o MSME, Udyog Bhawan, New Delhi
9. Chief Controller of Accounts, DIPP, Udyog Bhawan, New Delhi
10. Budget & Accounts Section, O/o the DC (MSME)
11. Director General, Bureau of Energy Efficiency, Sewa Bhawan, New Delhi.
12. Members of Project Monitoring and Advisory Committee (PMAC)
13. All Directors, MSME-DIs/Director, MSME Testing Centres/All Branch DIs
14. Internal Circulation in the O/o DC (MSME) as per standard list.


(Abhay Bakre)

Joint Development Commissioner

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No. 41(10)/TEQUP/2010

12th February, 2010

OFFICE MEMORANDUM

Subject: Scheme for Technology and Quality Up-gradation support to Micro, Small and Medium Enterprises (MSME) sector under the National Manufacturing Competitiveness Programme (NMCP).

1.0 INTRODUCTION

The Government has decided to implement the "Scheme for Technology and Quality Up-gradation support to Micro, Small and Medium Enterprises (MSME) sector" as part of National Manufacturing Competitiveness Programme (NMCP) during the 11th Plan Period, with a total cost of Rs.140.98 crore (including proposed Government of India contribution of Rs. 65.73 crore).

The first objective of the Scheme is to sensitize the manufacturing MSME sector in India to the use of energy efficient technologies (EET) and manufacturing processes so as to reduce cost of production and the emissions of Green House Gases (GHGs).

The scheme also focuses on additional spin-offs for the MSME sector through clean development mechanism (CDM). While the large manufacturers/users of energy in India are deriving additional income through CDM by trading with the buyers from developed economies, the MSME sector is not able to do so in the absence of suitable mechanism for aggregation. An innovative concept of cluster-based carbon credit aggregation centres (CCAs) has been planned under the scheme to initiate MSMEs to CDM benefits.

The second objective of the scheme is to improve the product quality of MSMEs and to encourage them towards becoming globally competitive. Certification of products to national and international standards is an important tool to enhance the product value of Indian MSMEs.

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2.0 MAJOR ACTIVITIES UNDER THE SCHEME

The above objectives of the Scheme will be achieved through the following major activities:

2.1 Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards

The primary objective of this activity is to handhold the MSME clusters in adopting energy efficient processes. The following initiatives will be taken up:

- a) Conducting awareness programmes in MSME clusters on
 - energy efficient technologies;
 - availability of energy efficient equipments; and
 - the need for energy efficiency and cash benefits from energy efficient technologies (EET) and Clean Development Mechanism (CDM).

Under the scheme, for organizing the awareness programmes, the Government of India will provide financial support to the extent of 75% of the actual expenditure, subject to maximum Rs.75,000/- per programme. The balance amount is to be contributed by the participants, Cluster associations, etc. The Government grant shall be utilized towards meeting the expenditure on technical inputs from faculties/experts and their course material, travel and lodging expenses, other miscellaneous expenses, etc.

- b) Supporting energy audits in sample units (3 Nos. in each cluster representing the micro, small and medium enterprises) in energy intensive clusters. The related activities will be identification of energy efficient technologies (EET) for typical production units and preparation of model Detailed Project Report (DPRs) for cost effective, bankable energy efficient projects. The recommendations in the model DPRs will be used with the cluster based MSMEs for demonstrating the scope, need and financial benefits from EET projects.

The maximum allowable expenditure for conducting the cluster level energy audits and model DPRs (for three selected enterprises) will be Rs.9.0 lakh per cluster. Out of this, 75% of the actual expenditure will be provided by GoI and the balance 25% is to be contributed by the respective MSMEs selected for preparation of the model DPRs.

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- c) Promoting replication of model EET projects in the cluster based MSMEs and subsidizing the preparation cost of the DPRs for the EET projects taken up by the individual MSMEs.

Under the scheme; for preparation of subsequent detailed project reports (DPRs) for individual MSMEs on EET projects, the government support will be 50% of the actual expenditure subject to maximum Rs.1.5 lakh per DPR. The balance amount is to be contributed by the MSME concerned.

2.2 Implementation of Energy Efficient Technologies (EET) in MSME units.

Under this activity, MSMEs will be assisted in implementation of the energy efficient technology (EET) projects through loans from SIDBI/banks/financial institutions for which subsidy up to 25% of the cost of the project subject to a maximum of Rs. 10.0 lac will be provided.

2.3 Setting up of Carbon Credit Aggregation (CCA) Centres for introducing and popularising clean development mechanism (CDM) in MSME clusters.

Under this activity, the potential Clusters having adequate number of EET/Renewable Energy (RE) based projects will be identified for setting up of the CCA Centres. These centres will be set up as special purpose vehicles (SPVs) with participation from cluster based associations, technical institutions, NGOs, etc. The participation of State Governments in the SPVs is also permitted. The initial handholding/implementation of the CCA centres will be carried out by an expert Agency and they will be transferred to the SPVs in due course.

Under the scheme, financial support will be provided to the extent of 75% of the actual expenditure, subject to a maximum Rs.15 lakh for establishing each of these centres. The remaining expenditure will have to be met by the implementing agency/SPV through collection of user charges.


2.4 Encouraging MSMEs to acquire product certification/ licences from National/International bodies.

The purpose of the Standard 'Marking' of the products is to assure product quality to the users/consumers. Under this Activity, MSME manufacturing units will be provided subsidy to the extent of 75% of the actual expenditure incurred by them for obtaining product certification licenses from National Standardisation Bodies (like BIS, BEE, etc.) or International Product Certifications (viz., CE, UL, ANSI, etc.). Certification of MSMEs products to International Standards, viz., CE, ANSI, UL, Energy Star, etc. would enhance acceptability of the products in the export market.



The maximum assistance allowed under the scheme per MSME is Rs.1.5 lakh for obtaining product licensing/Marking to National Standards and Rs.2.0 lakh for obtaining product licensing /Marking to International standards.

- 2.5 A Scheme Steering Committee (SSC) under the chairmanship of Additional Secretary & Development Commissioner (MSME) will be the apex decision making body for the Scheme. The Steering Committee will provide overall guidance and directions for the implementation of the Scheme and will have responsibilities for selection of clusters for awareness programme and DPRs, approving proposals for EET projects for implementation, acceptance of the project proposals for setting up of CCA centres, etc.
- 3.0 The guidelines of the scheme has been approved by the competent authority and are enclosed. These guidelines are also available on the official website of the office of Development Commissioner (MSME) www.dcmsme.gov.in



(Abhay Bakre) 12/2/10

Joint Development Commissioner

Encl: Scheme Guidelines

Copy for information to:-

1. Chief Secretary (States/UTs)
2. All Commissioner /Director of Industries (states/UTs)
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary (MSME), Ministry of MSME, Udyog Bhawan, New Delhi
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8. AS & FA, M/o MSME, Udyog Bhawan, New Delhi
9. Chief Controller of Accounts, DIPP, Udyog Bhawan, New Delhi
10. Budget & Accounts Section, O/o the DC (MSME)
11. Members of Scheme Steering Committee (SSC)
12. All Directors, MSME-DIs/Director, MSME Testing Centres/All Branch MSME-DIs
13. Internal Circulation in the O/o DC (MSME) as per standard list.


(Abhay Bakre) 12/2/10

Joint Development Commissioner



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