

**F.16(2)/2016- SME
Government of India
Ministry of Micro, Small and Medium Enterprises
(SME Section)**

**Udyog Bhawan, New Delhi-110011
Dated: 25.07.2016**

OFFICE MEMORANDUM

The undersigned is directed to inform that the Ministry of MSME has approved the scheme for setting up of National Schedule Caste and Schedule Tribe Hub to provide professional support to SC & ST entrepreneurs to fulfil the obligation under the Central Government/ procurement policy for micro and small entrepreneurs order 2012 adopt and applicable business practice and leverage to stand up India initiative. A copy of the guidelines of the scheme is enclosed for necessary action.

2. This issues with the approval of Hon'ble Minister (MSME).


Dr. P.G.S.Rao

Director

Tel. No. 23063198

Encl: As above

1. Finance Secretary and Secretary, Department of Expenditure, North Block, New Delhi.
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi
3. Secretary, Ministry of Skill Development & Entrepreneurship, Shivaji Stadium, Connaught Place, New Delhi.
4. Secretary, Ministry of Social Justice & Empowerment.
5. Secretary, Ministry of Tribal Affairs, Shastri Bhawan, New Delhi
6. CMD, NSIC, Okhla, New Delhi.

Copy to AS&FA/ AS/ DC/ JS(ARI)/ JS(SME)/ PPS to Secretary (MSME)


Dr. P.G.S.Rao

Guidelines for the creation of National Schedule Caste and Schedule Tribes Hub in the Ministry of Micro Small & Medium Enterprises

1. Title of the Project/Scheme

'National Scheduled Caste and Scheduled Tribe (SC/ST) Hub'

The National SC/ST Hub (herein after referred to as the Hub) is set up to provide professional support to Scheduled Caste and Scheduled Tribe Entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, adopt applicable business practices and leverage the Stand Up India initiatives

The objective of the announcement clearly is to promote "enterprise culture" amongst the SC / ST population. This would also enable Central Public Sector Enterprises (CPSEs) to fulfill the target, which the Government has kept for procurement by them. It has been laid down in the Public Procurement Policy 2012 that 20% of 20% i.e. 4% of procurement shall be done by Ministries, Departments and CPSEs from the enterprises owned by SC / ST. In addition, the Hub would also enable the Government to develop entrepreneurship among SC/ST population, which at present, is at very low level.

2. This scheme would be implemented by the Ministry of MSME through National Small Industries Corporation (NSIC), a public sector undertaking under the administrative control of this Ministry.
3. The scheme is proposed to be applicable from the date of sanction till 31/3/2020
4. Total project cost is proposed to be Rs. 490 crore for the period from 2016-17 to 2019-20.

5. Justification for the Project

The Public Procurement Policy for Micro and Small Enterprises Order, 2012 of the Government of India provides that 20% of total procurement of goods and services by Central Ministries and CPSEs shall be made from the Micro and Small Enterprises (MSEs). 20% of such procurement from MSEs, i.e 4% of total procurement of goods and services shall be made from Micro and Small Enterprises owned by SC & ST entrepreneurs.



Presently, less than 0.5% of total procurement of goods and services of CPSEs is made from enterprises owned by SC/ST. The purpose of the National SC/ST Hub is to enable SC/ST owned enterprises to participate more effectively in public procurement. The Hub would also enable the Government to develop entrepreneurship among SC/ST population.

The first task would be to gather data about SC/ST Enterprises. The SC/ST Hub would work with the CPSEs, industry associations and SC/ST Enterprises to effectively participate in public procurement. There is a need for networking, mentoring, handholding and provide soft interventions for SC/ST enterprises to enable them to supply to Government and CPSEs. The National SC/ST Hub in association with industry associations, incubators, mentors and CPSEs would work in this regard. The National SC/ST Hub Scheme would enable this task to be carried out effectively.

6. Structure of the National SC/ST Hub

A special cell would be created in NSIC with about 20 staff. This would be the core of SC/ST Hub. NSIC may also engage technical and managerial consultants to provide it support. The National SC/ST Hub would be working with industry associations, incubators, mentors, MSME – Development Institutes (MSME-DIs), District Industry Centres (DICs) and CPSEs to provide support to SC/ST enterprises. Additionally, 5 professionals/retired personnel/consultants would also be hired in the Ministry to support the Hub. They would, also however, be paid by NSIC and would part of NSIC Cell as such.

A High Powered Monitoring Committee is proposed with participation from industry associations, incubators, mentors and other experts to monitor and guide the National SC/ST Hub. An Advisory Committee with an experienced industry representative as chair would work under this High Powered Committee.

7. Functions of National SC/ST Hub:

The National SC/ST Hub would carry out the following functions:

- (i) Collection, Collation and Dissemination of information regarding SC/ST enterprises and entrepreneurs. The work could start immediately by capturing the data in MSME Data Bank. As regards, dissemination, help would be taken from MSME DIs & NSIC offices and various industry associations, especially DICCI.

- (ii) Capacity among existing and prospective SC/ST entrepreneurs through skill training and EDPs.
 - (iii) Vendor Development involving CPSEs, NSIC, MSME-DIs and industry associations including DICCI.
 - (iv) Promoting participation of SC/ST entrepreneurs in exhibitions and organizing special exhibitions for this purpose.
 - (v) Mentoring and hand holding support to SC/ST entrepreneurs involving ex-bankers, industrialists, industry associations and other bodies for mentoring on the lines of similar scheme in NITI Aayog. This mentoring would involve support in marketing, quality improvement, etc.
 - (vi) Working with States as well as other organisations for SC/ST entrepreneurs so that these enterprises can benefit from all of them. The States and other Central Government organisations would continue to work in their existing areas of activities for development of SC/ST entrepreneurs. Policy advocacy with states for public procurement and development schemes.
 - (vii) Facilitating SC/ST entrepreneurs participating in public procurement, e- platform of DGS&D and monitoring the progress.
 - (viii) Facilitating credit linkages for SC/ST entrepreneurs.
 - (ix) The High Powered Monitoring Committee could include any other functions for the Hub.
8. This is a new scheme. As the scheme evolves, the requirement of funds for various activities would emerge and change. Therefore, each activity, proposals would be submitted and forwarded by various organisations including NSIC to the Empowered Project Approval Committee chaired by Secretary, MSME for approval.
9. The National SC/ST Hub would begin operations as a Special Cell in NSIC. To begin with the following specific schemes/tasks would be undertaken by SC/ST Hub:-
- (i) A Special Credit Linked Capital Subsidy Scheme (CLCSS) with 25% capital subsidy and overall investment ceiling of Rs.1 crore would be implemented for SC/ST enterprises. The additional investment would be on the same lines as the present CLCSS but without restriction on the sectors or machinery & technology.

(ii) A Marketing Assistance Scheme for SC/ST enterprises would be started. It would have the following components:-

- (a) Assistance for participation in international events outside India.
- (b) Assistance for participation in domestic trade fairs.
- (c) Assistance to trade fairs, events, buyer-seller meet, etc., especially focused on SC/ST enterprises.
- (d) Other activities to support marketing for SC/ST enterprises.

(iii) National Manufacturing Competitiveness Programme would have special focus on SC/ST enterprises with full grant for various activities for SC/ST enterprises.

(iv) A special drive would be launched with industry associations, NSIC, MSME-DIs and States for registration of SC/ST enterprises with MSME Data Bank. Certain funds may be provided for this purpose.

(v) For CPSEs undertaking annual procurement above Rs.500 crore, specific industry associations and mentor would be nominated for providing hand holding support to SC/ST enterprises. Review meeting of each of such CPSEs would be held in two months.

(vi) There are a large number of incubators set up in various Government institutions with grant from Government of India. All such incubators would be requested to include at least two new SC/ST enterprises.

(vii) Existing SC/ST enterprises, which are present suppliers of good and services to CPSEs or large private industry and have turnover above Rs.10 lakhs, would be shortlisted to provide intensive mentoring and capacity building support.

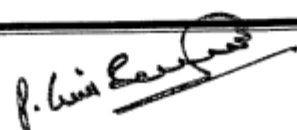
(viii) NSIC would make effort for registering SC/ST enterprises in their Single Point Registration Scheme for providing certification. No fee would be charged from SC/ST enterprises. Any SC/ST enterprise that would like to obtain mentoring support by a specific CPSE would need to apply to NSIC online on the Data Bank. An evaluation of the unit would be carried out by NSIC and the concerned CPSE. Based on these evaluations, the unit could be selected and provided intensive mentoring support by the SC/ST Hub and the concerned CPSE.

(ix) ST enterprises face multiple challenges in supplying goods and services to CPSE. Often their size is quite small, making it difficult for CPSEs to undertake supplies from them. An effort in aggregating such ST enterprises for undertaking supplies to CPSE needs to be made. To begin aggregation, it could be done by Tribal Cooperative Marketing Development Federation of India Limited (TRIFED). State Governments would be encouraged to nominate their organizations dealing with tribals to undertake such aggregation. Necessary support to such organizations would be provided by the SC/ST Hub in that aggregation activity.

10. High Powered Monitoring Committee

A High Powered Monitoring Committee would be formed with Minister for MSME as Chair. This Committee would provide guidance, review and monitor the work being done by the SC/ST Hub and various Ministries and organizations in the Government for SC/ST entrepreneurship development. The Committee would have the following members:

- a) Secretary, MSME
- b) Secretary, Department of Social Justice & Empowerment
- c) Secretary, Ministry of Tribal Affairs
- d) CEO, NITI Aayog or his representative
- e) Secretary, Department of Public Enterprises or his representative
- f) Secretary, Department of Financial Services or representative
- g) Two representatives of All India Industry Bodies
- h) A representative of Dalit Indian Chamber of Commerce and Industry (DICCI)
- i) Three representatives, one each of the three MSME associations
- j) AS&DC, MSME
- k) CMD, NSIC
- l) CMD, SIDBI or his representative
- m) Two representatives of State Governments.
- n) Four prominent SC/ST Entrepreneurs nominated by M/oMSME
- o) CEO, National Skill Development Corporation (NSDC)
- p) CMD, National Scheduled Caste Finance and Development Corporation (NSFDC)
- q) CMD, National Scheduled Tribe Finance and Development Corporation (NSTFDC)
- r) ED, RBI dealing with MSME credit.



11. **Structure of the Advisory Committee**

An Advisory Committee would be set up to work under the Monitoring Committee. It will be constituted by the Chairman of the High Powered Monitoring Committee with an experienced industry representative as chairperson.

12. **Empowered Project Approval Committee**

The Ministry of MSME would implement the scheme through the National Small Industries Corporation (NSIC). NSIC would carry out various activities under the scheme through a special Cell.

The applications/proposals for seeking the financial assistance under the scheme would be submitted to the Ministry. These proposals will be placed before the Empowered Project Approval Committee headed by Secretary MSME for approval. The members of the Empowered Project approval Committee would be:

AS&FA, AS&DC, JS(SME), one representative each of NITII Aayog, Department of Expenditure, Department of Social Justice and Empowerment and Ministry of Tribal Affairs.

13. Proposals/projects for activities of the scheme should be submitted to the Office of Chairman-cum-Managing Director, NSIC, Okhla Industrial Area, New Delhi or directly to office of Joint Secretary, SME Division, Ministry of MSME, Udyog Bhawan, New Delhi.
