



PAO

109

ABSTRACT

Micro, Small and Medium Enterprises Department – New Announcement for the Year 2018-2019 – Reimbursement of charges for acquiring Quality Certification (Q-Cert) – Orders - Issued.

MICRO, SMALL AND MEDIUM ENTERPRISES (F) DEPARTMENT

G.O. (Ms) No.35

Dated 15.05.2019

விகாரி வருடம், வைகாசி 1

திருவள்ளூர் ஆண்டு 2050

Read:

From the Principal Secretary / Industries Commissioner and
Director of Industries and Commerce letter
Rc.No.12983/LC3/2018, dated 21.05.2018.

ORDER:

The Hon'ble Minister (Rural Industries) has made an announcement on 07.06.2018 on the floor of the Assembly while moving the demand No.44 for the year 2018-2019 as follows:-

“குறு சிறு மற்றும் நடுத்தரத் தொழில் நிறுவனங்களின் சர்வதேச போட்டித்தன்மையினை மேம்படுத்தவும், உலகளாவிய சந்தையுடன் ஒருங்கிணைந்து செயல்படுவதற்கு ஏதுவாக இந்நிறுவனங்கள் ISO 9001/ISO 14001/HACCP/BIS/ZED உள்ளிட்ட சர்வதேச தரச்சான்றிதழ்கள் பெற செலுத்தும் கட்டணத்தில் ஒவ்வொரு சான்றிதழுக்கும் 100 விழுக்காடு அதிகப்பட்சமாக ரூ.100 இலட்சம் வரை ஈடு செய்யும் திட்டம் செயல்படுத்தப்படும். இந்நிதியாண்டில், இத்திட்டத்தினை ரூ.200 இலட்சம் நிதியுடன் செயல்படுத்தப்படும்.”

2. Based on the above announcement, the Principal Secretary / Industries Commissioner and Director of Industries and Commerce has submitted a proposal vide reference cited above to introduce a new scheme by name Q-Cert to encourage MSMEs to acquire quality standards/certifications for process and product, such as ISO 9000/ISO 14001/ISO 22000/Hazard Analysis and Critical Control Point (HACCP)/ Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP) Certifications, BIS Certification, Zero Defect and Zero Effect (ZED) Rating or any other international quality certification recognized in India by a competent authority with the following features to implement the Scheme.

I. Awareness Creation:

The scheme will aim at taking up an extensive drive to create proper awareness amongst MSMEs about quality certification and ZED manufacturing practices with the following objectives:-

- i. Developing an Ecosystem for quality consciousness among MSMEs.
- ii. To promote adaptation of Quality tools/systems and Energy Efficient Manufacturing.
- iii. To enable MSMEs to manufacture quality products.
- iv. To encourage MSMEs to constantly upgrade their quality Standards in products and processes.
- v. To drive manufacturing units to adopt Zero Defect production which are environment friendly.

II (a) Incentives by the Government to obtain Q-Cert:-

The Scheme envisages reimbursement of charges incurred by the MSMEs for acquiring ISO 9000/ISO 14001/ Hazard Analysis and Critical Control Point (HACCP), ISO 22000 Good Hygienic Practices (GHP) / Good Manufacturing Practices (GMP) which include payment towards Accreditation fee, Consultation fee, Training and Calibration charges (till the unit get the certificate) and the cost (for purchase of testing equipments as approved by BIS, Consultancy, Training and Calibration Charges). The norms of reimbursement will be as follows:-

Sl. No.	Components eligible for Subsidy	Eligible Subsidy
1	Payments made to Consultancy & Certification Agency (excluding travel & hotel expenses & Surveillance charges)	Full Amount (subject to a maximum of Rs.1,00,000/-) (Rupees one lakh only)
2	Investment in Plant and Machinery: (applicable only to GMP, GHP, ISO 14001, ISO 22000 & HACCP) Payments made to plant and machinery, Technical Civil Works (TCW) (This includes equipment required for up-gradation of Hygiene, Quality Control testing facilities such as in-house Food Testing Laboratory etc. Any other expenses as per the requirement of GMP, GHP, ISO 14001, ISO 22000 & HACCP. Details of Plant & Machinery should be duly certified by the consultant and their relevance to HACCP/ ISO 22000, ISO 14001/GHP/GMP with full justification in support of cost claimed.	50% (subject to a maximum of Rs. 2,00,000/-) (Rupees two lakh only)

II(b) Incentive for acquiring Bureau of Indian Standards (BIS) Certification:

Bureau of Indian Standards is the National Standard Body of India established under the BIS Act 1986 for the harmonious development of the activities of standardization, marking and quality certification of goods. Bureau of Indian Standards undertakes Product Certification. Product Certification is the process of certifying that a certain product has passed performance tests and quality assurance tests and meets qualification criteria stipulated in pre-determined specifications. The norms of reimbursement will be as follows:-

Sl. No.	Components eligible for Subsidy	Eligible Subsidy
1	Payments made to Consultancy & Certification Agency (excluding travel & hotel expenses & Surveillance charges) Payments made towards Calibration of equipment	Full Amount (subject to a maximum of Rs.1,00,000/-) (Rupees one lakh only)
2	Investment in Plant and Machinery: Payments made to plant and Machinery, Technical Civil Works (TCW) (This includes equipment required for up-gradation of Hygiene, Quality Control testing facilities such as in-house Food Testing Laboratory etc.,) Any other expenses as per the requirement of BIS. Details of Plant & Machinery should be duly certified by the consultant and their relevance to BIS with full justification in support of cost claimed.	50% (subject to a maximum of Rs.2,00,000/-) (Rupees two lakh only)

II(c) Incentive for acquiring Zero Defect and Zero Effect (ZED) Certification:

ZED offers a wide variety of benefits to an organization. The quality standards are applicable to companies which come under the section of MSME's who are seeking to improve their internal management and operational system. Some of the benefits to ZED rated MSMEs are easy access to loans, credible & reliable vendor database, reducing negative effect on our environment, aligning with best practices, global competitiveness and visibility & brand recognition. The norms of reimbursement will be as follows:-

Sl. No.	Components eligible for Subsidy	Eligible Subsidy
1.	Cost of plant and machinery incurred for acquiring ZED rating, leading to a graduation from a lower rating to a higher rating.	50% of the expenses incurred on the plant and machinery/Testing equipments for obtaining the certification under ZED (subject to a maximum of Rs. 15,00,000/-) (Rupees fifteen lakhs only) If an MSME go for reassessment of their

		ZED rating, and graduates to a higher level, then the MSME is eligible for 50% subsidy. If the reassessment does not result in graduation of the ZED rating, then the MSME is not eligible for the subsidy on the investment made by it.
--	--	--

III. Components of expenditure ineligible for Subsidy:

- i. Travel expenditure,
- ii. Expenditure on Hotel accommodation, food & beverages, other refreshment charges, etc.
- iii. Surveillance charges

IV. Procedure for filing application under the Q-Cert Scheme:

(a) Eligible Micro, Small and Medium Manufacturing Enterprises shall file the application in the prescribed format along with the documents mentioned in the format to the respective General Managers of District Industries Centre/ Regional Joint Director, Chennai.

(b) The eligible MSMEs shall file their application to avail the above mentioned incentives within 1 year from the date of certification to the respective General Managers of District Industries Centre / Regional Joint Director, Chennai.

(c) MSMEs are eligible for reimbursement for acquiring quality certification for one or more than one unit(s), separately for each location.

(d) MSMEs are eligible for reimbursement for each of the following certification, separately.

- i. ISO 9000
- ii. ISO 14001
- iii. ISO 22000
- iv. HACCP
- v. GMP
- vi. GHP
- vii. BIS
- viii. ZED
- ix. Any other international quality certification recognized in India by a competent authority.

(e) In case a certificate is obtained jointly for main and branch units by a MSME (having a separate Udyog Aadhaar Memorandum (UAM) Certificates) under the Corporate/group of Industries category, each unit will be eligible to get the maximum amount separately.

(f) MSMEs acquiring certification from certifying bodies, registered with National Accreditation Board for Certification Bodies (NABCB) alone will be eligible to obtain incentives under the scheme.

V. Anticipated Outcome:

- (a) Quality standards will improve in the MSMEs sector
- (b) Competitiveness among MSMEs will increase
- (c) Quality Certification will lead to good demand for their products, thereby prosperity in MSMEs. This will result in the MSMEs going in for expansion projects, which will result in increased employment generation.
- (d) Quality Certification will ensure sustainability of the unit.

VI. Financial Implications:

The annual financial implication anticipated for the 1st year has been pegged at Rs.2.00 Crore. For the 2nd year, projected expenditure is Rs.2.57 Crore and for the 3rd year it is proposed to allocate Rs.3.07 Crore. The break-up of the same is furnished in the following table.

Sl. No.	Scheme component	:	I Year (2018-19)	II Year (2019-20)	III Year (2020-21)
1.	Awareness Program	:	Rs.40.00 lakhs	Rs.32.00 lakhs	Rs.32.00 lakhs
2.	ISO/HACCP/GHP/ GMP/BIS/ZED, etc. (assuming average cost per unit as Rs.1.00 lakh)	:	Rs.150.00 lakhs (150XRs.1.00 lakh)	Rs.200.00 lakhs (200 X Rs.1.00 lakh)	Rs.250.00 lakhs (250 X Rs.1.00 lakh)
3.	Contingency	:	Rs.25.00 lakhs	Rs.25.00 lakhs	Rs.25.00 lakhs
	Total	:	Rs.215.00 lakhs	Rs.257.00 lakhs	Rs.307.00 lakhs

3. The Government after careful examination accepts the proposal of the Principal Secretary/Industries Commissioner and Director of Industries and Commerce with the following modifications.

- I. Certification and consultancy charges will be paid to a MSME unit for one certification alone on reimbursement basis subject to a maximum of Rs.1 lakh.
- II. Fund allocation of Rs.32.00 lakhs for awareness creation will be restricted to one year alone.
- III. No fund allocation will be made for contingent expenditure.
- iv. Purchase of Plant and Machinery related to obtaining the required certification is not permitted.
- v. Necessary funds shall be provided under a new sub head of account by treating the expenditure as New Service.

4. Accordingly, Government sanction a sum of Rs.182.00 lakhs (Rupees One hundred and eighty two lakhs only) towards implementation of the scheme during financial year 2018-19 which includes Rs.150 lakh towards reimbursement of

certification charges and Rs.32 lakh towards conducting awareness programme only in the first year of implementation of the scheme.

5. The amount sanctioned in para-4 above, will be debited to the following head of account:-

2851 - 00 VILLAGE AND SMALL INDUSTRIES
102 Small Scale Industries State's Expenditure
NA Reimbursement – for acquiring Quality Certification (Q-Cert)
309 – Grants in Aid 03 – Grants for specific schemes

(DPC 2851 00 102 NA 309 03)

6. The expenditure sanctioned in para 4 above shall constitute an item of "New Service" and the approval of the Legislature shall be obtained in due course of time by an inclusion in the Supplementary Estimates for the year 2019-2020. Pending approval of the Legislature, the expenditure may be initially met by drawl of an advance from the Contingency Fund. The Principal Secretary / Industries Commissioner and Director of Industries and Commerce is directed to calculate the actual amount required for the period upto next Supplementary Estimates and apply for sanction of the same as advance from the Contingency Fund to Finance (BG.I) Department directly in Form "A" appended to the Contingency Fund Rules, 1963 along with a copy of this order. Orders for sanction of an advance from the Contingency Fund will be issued from Finance (BG.I) Department. The Principal Secretary / Industries Commissioner and Director of Industries and Commerce shall also send necessary draft explanatory notes for inclusion of this expenditure in the Supplementary Estimates for the year 2019-2020 appropriate time without fail.

7. This order issues with the concurrence of the Finance Department vide its U.O. No.15826/Finance (Industries)/2019, dated 10.05.2019 and ASL No.111 (One Hundred and Eleven).

(BY ORDER OF THE GOVERNOR)

**DHARMENDRA PRATAP YADAV
SECRETARY TO GOVERNMENT**

To
Dr. Rajendra Kumar, I.A.S.,
Principal Secretary / Industries Commissioner
and Director of Industries and Commerce,
Guindy, Chennai-32.

The Accountant General (Audit), Chennai - 18.

The Accountant General (A&E), Chennai - 18.

✓ The Pay and Accounts Officer, Chennai - 8.

Copy to:-

O/o. the Hon'ble Chief Minister, Chennai-9.

4 O/o. the Hon'ble Deputy Chief Minister, Chennai-9.

O/o. the Minister (Rural Industries), Chennai-9.

The Private Secretary to Chief Secretary to Government,
Chennai-9.

The Private Secretary to Secretary to Government,
Micro, Small and Medium Enterprises Department,
Chennai-9.

The Finance (Industries / BG.I/II) Department, Chennai-9.

The Micro, Small and Medium Enterprises (OP/Budget/D – for granting subsidy)
Department, Chennai – 9.

Sf/Sc (C.No.4646/F/2018).

//FORWARDED BY ORDER//

S. Srinivas
120519

UNDER SECRETARY TO GOVERNMENT

20/5/19
17/5/19