

# **MARKETING ASSISTANCE SCHEME EFFECTIVE W.E.F. 10.2.2009**

## **1. BACKGROUND**

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and contribute enormously to the socio-economic development of the country.

Fast changing global economic scenario has thrown up various opportunities and challenges to the MSMEs in India. While on the one hand, many opportunities are opened up for this sector to enhance productivity and look for new markets at national and international level, it has also, on the other hand, put an obligation to upgrade their competencies to meet the competition as new products are launched at an astonishing pace and are available world wide in short time. Micro, Small & Medium Enterprises do not have any strategic tools / means for their business/ market development as available with large industries. In the present competitive age, Marketing is one of the weakest areas wherein MSMEs face major problems.

## **2. MARKETING ASSISTANCE SCHEME**

Marketing, a strategic tool for business development, is critical for the growth and survival of micro, small & medium enterprises. Marketing is the most important factor for the success of any enterprise. Large enterprises have enough resources at their command to hire manpower to take care of marketing of their products and services. MSME sector does not have these resources at their command and thus needs institutional support for providing these inputs in the area of marketing.

Ministry of Micro, Small & Medium Enterprises, inter-alia, through National Small Industries Corporation (NSIC), a Public Sector Enterprise of the Ministry, has been providing marketing support to Micro & Small Enterprises (MSEs) under Marketing Assistance Scheme.

Emergence of a large and diverse services sector in the past years had created a situation in which it was no longer enough to address the concerns of the small scale industries (SSI) alone but essential to include the entire gamut of enterprises, covering both SSI Sector and related service entities, in a seamless web. There was a need to provide space for the small enterprises to grow into medium scale enterprises, for that is how they will be able to adopt better and higher levels of technology and remain competitive in a fast globalizing world. Thus, as in most developed and developing countries, it was necessary that in India too, the concerns of the entire range of enterprises – micro, small and medium, were addressed and the sector was provided with a single legal framework. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 addresses these issues and also other issues

relating to credit, marketing, technology upgradation etc concerning the micro, small and medium enterprises. The enactment of MSMED Act 2006, w.e.f. from 2nd October, 2006 has brought medium scale industries and service related enterprises also under the purview of the Ministry, accordingly the name of Ministry has also been changed.

The need of the hour presently is to provide sustenance and support to the whole MSME sector (including service sector), with special emphasis on rural and micro enterprises, through suitable measures to strengthen them for converting the challenges into opportunities and scaling new heights. Thus although the medium enterprises are also proposed to be included as the target beneficiaries in the scheme, special attention would be given to marketing of products and services of micro and small enterprises, in rural as well as urban areas.

### **3. OBJECTIVES:**

The broad objectives of the scheme, inter-alia, include:

- 3.1. To enhance marketing capabilities & competitiveness of the MSMEs.
- 3.2. To showcase the competencies of MSMEs.
- 3.3. To update MSMEs about the prevalent market scenario and its impact on their activities.
- 3.4. To facilitate the formation of consortia of MSMEs for marketing of their products and services.
- 3.5. To provide platform to MSMEs for interaction with large institutional buyers.
- 3.6. To disseminate/ propagate various programmes of the Government.
- 3.7. To enrich the marketing skills of the micro, small & medium entrepreneurs.

### **4. MARKETING SUPPORT TO MSMEs**

Under the Scheme, it is proposed to provide marketing support to Micro, Small & Medium Enterprises through National Small Industries Corporation (NSIC) and enhance competitiveness and marketability of their products, through following activities:

#### **4.1 Organizing International Technology Exhibitions in Foreign Countries by NSIC and participation in International Exhibitions/Trade Fairs:**

International Technology Expositions / exhibitions may be organized by NSIC with a view to providing broader exposure to Indian micro, small & medium enterprises to facilitate them in exploring new business opportunities in emerging and developing markets. These exhibitions may be organised in consultation with the concerned stakeholders and industry associations etc. The calendar for these events may be finalised well in advance and publicised widely amongst all participants/stakeholders. The calendar of events would also be displayed on the Web-site of NSIC. Such expositions showcase the diverse technologies, products and services produced/rendered by Indian MSMEs and provide them with excellent business

opportunities, besides promoting trade, establishing joint ventures, technology transfers, marketing arrangements and image building of Indian MSMEs in foreign countries. In addition to the organisation of the international exhibitions, NSIC would also facilitate participation of Indian MSMEs in the select international exhibitions and trade fairs. Participation in such events exposes MSMEs to international practices and enhances their business prowess. These events provide a platform to MSMEs where they meet, discuss, and conclude agreements on technical and business collaborations.

#### 4.1.1 Scale of Assistance:

<b>A. Organizing Technology Exhibitions in Foreign Countries:</b>		
<b>S. No.</b>	<b>Eligible Items</b>	<b>Scale of Assistance</b>
1.	<b>Space rent</b> (Built up stall)	<p><b>For General Category Entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises</b> : 75% of the actual charges</li> <li>• <b>Small Enterprises</b> : 60% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 25% of the actual charges</li> </ul> <p><b>For the Enterprises belonging to NE Region/ Women/ SC/ST entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises</b> : 95% of the actual charges</li> <li>• <b>Small Enterprises</b> : 85% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 50% of the actual charges</li> </ul>
2.	<b>Freight charges</b> for the goods transported to the events.	Actuals subject to maximum of 25000/- (Rs. 37500/- for Latin American countries), each way per entrepreneur.
3.	<b>Air fare :</b>	<p><b>For General Category Entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises :</b> <ul style="list-style-type: none"> <li>- 85% of the economy class return fare (for one representative from one enterprise).</li> <li>- 85% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> <li>• <b>Small Enterprises</b> <ul style="list-style-type: none"> <li>- 75% of the economy class return fare (for one representative from one enterprise).</li> <li>- 75% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> <li>• <b>Medium Enterprises:</b> <ul style="list-style-type: none"> <li>- 25% of the economy class return fare (for one representative from one enterprise).</li> <li>- 25% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> </ul>
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		<p><b>For the Enterprises belonging to NE Region/ Women/ SC/ST entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises:</b> 95% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Small Enterprises:</b> 85% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Medium Enterprises:</b> 50% of the economy class return fare (for one representative from one enterprise).</li> </ul>																								
4.	<p><b>Maximum amount of Assistance towards air fare, space rental &amp; shipping / transportation charges:</b></p>	<p><b><u>General Category</u></b></p> <table border="1"> <thead> <tr> <th></th> <th>Latin America</th> <th>Other countries</th> </tr> </thead> <tbody> <tr> <td>Micro Enterprises</td> <td>Rs. 2.40 lakh</td> <td>Rs. 2.00 lakh</td> </tr> <tr> <td>Small Enterprises</td> <td>Rs. 2.10 lakh</td> <td>Rs. 1.75 lakh</td> </tr> <tr> <td>Medium Enterprises</td> <td>Rs. 1.25 lakh</td> <td>Rs. 1.00 lakh</td> </tr> </tbody> </table> <p><b><u>Enterprises belonging to NE Region/ Women / SC/ST category</u></b></p> <table border="1"> <thead> <tr> <th></th> <th>Latin America</th> <th>Other countries</th> </tr> </thead> <tbody> <tr> <td>Micro Enterprises</td> <td>Rs. 2.70 lakh</td> <td>Rs. 2.25 lakh</td> </tr> <tr> <td>Small Enterprises</td> <td>Rs. 2.40 lakh</td> <td>Rs. 2.00 lakh</td> </tr> <tr> <td>Medium Enterprises</td> <td>Rs. 1.60 lakh</td> <td>Rs. 1.25 lakh</td> </tr> </tbody> </table>		Latin America	Other countries	Micro Enterprises	Rs. 2.40 lakh	Rs. 2.00 lakh	Small Enterprises	Rs. 2.10 lakh	Rs. 1.75 lakh	Medium Enterprises	Rs. 1.25 lakh	Rs. 1.00 lakh		Latin America	Other countries	Micro Enterprises	Rs. 2.70 lakh	Rs. 2.25 lakh	Small Enterprises	Rs. 2.40 lakh	Rs. 2.00 lakh	Medium Enterprises	Rs. 1.60 lakh	Rs. 1.25 lakh
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5.	<p>Advertisement, publicity and theme pavilion</p>	<p>20% of the total subsidy admissible under the above four sub-heads subject to a maximum of Rs. 20 lakhs.</p>																								
<p>Normally, in such events, at least 20 or more MSMEs should participate. However, the Screening Committee may also consider proposals of organising international technology exhibitions, wherein less than 20 MSMEs are participating, after recording reasons thereof. The Screening Committee shall also recommend the number of representatives of NSIC to be deputed for organising such events, keeping the number to the minimum possible. The Screening Committee would submit the proposal, with proper justification and recommendation, to CMD NSIC for approval. However, in case where budgetary support for an event exceeds Rs. 50 lakhs, the approval of the Administrative Ministry would be required.</p>																										

<b>B. Participation in International Exhibitions/Trade Fairs held in Foreign Countries:</b>		
<b>S. No.</b>	<b>Eligible Items</b>	<b>Scale of Assistance</b>
1.	<b>Space rent</b> (Built up stall)	<p><b>For General Category Enterprises:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises</b> : 75% of the actual charges</li> <li>• <b>Small Enterprises</b> : 60% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 25% of the actual charges</li> </ul> <p><b>For the Enterprises belong to NE Region/ Women/ SC/ST entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises</b> : 95% of the actual charges</li> <li>• <b>Small Enterprises</b> : 85% of the actual charges</li> <li>• <b>Medium Enterprises:</b> 50% of the actual charges</li> </ul>
2.	<b>Freight charges</b> for the goods transported to the events	Actuals subject to maximum of Rs.15000/- (Rs. 20000/- for Latin American countries) per entrepreneur.
3.	<p><b>Air fare :</b></p> <ul style="list-style-type: none"> <li>- In case of Latin American Countries</li> <li>- In case of other countries</li> <li>- In case of Latin American Countries</li> <li>- In case of other countries</li> <li>- In case of Latin American Countries</li> <li>- In case of other countries</li> </ul>	<p><b>For General Category Enterprises:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises :</b> <ul style="list-style-type: none"> <li>- 85% of the economy class return fare (for one representative from one enterprise).</li> <li>- 85% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> <li>• <b>Small Enterprises</b> <ul style="list-style-type: none"> <li>- 75% of the economy class return fare (for one representative from one enterprise).</li> <li>- 75% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> <li>• <b>Medium Enterprises:</b> <ul style="list-style-type: none"> <li>- 25% of the economy class return fare (for one representative from one enterprise).</li> <li>- 25% of the economy class fare (for one representative from one enterprise).</li> </ul> </li> </ul> <p><b>For the Enterprises belong to NE Region/ Women/ SC/ST entrepreneurs:</b></p> <ul style="list-style-type: none"> <li>• <b>Micro Enterprises:</b> 95% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Small Enterprises:</b> 85% of the economy class return fare (for one representative from one enterprise).</li> <li>• <b>Medium Enterprises:</b> 50% of the economy class return fare (for one representative from one enterprise).</li> </ul>

4.	Maximum amount of Assistance towards air fare, space rental & shipping / transportation charges:	<b>General Category</b>		
			Latin America	Other countries
		Micro Enterprises	Rs. 1.75 lakh	Rs. 1.50 lakh
		Small Enterprises	Rs. 1.50 lakh	Rs. 1.25 lakh
		Medium Enterprises	Rs. 1.00 lakh	Rs. 0.75 lakh
		<b>Enterprises belonging to NE Region/ Women / SC/ST category</b>		
			Latin America	Other countries
		Micro Enterprises	Rs. 2.00 lakh	Rs. 1.75 lakh
		Small Enterprises	Rs. 1.75 lakh	Rs. 1.50 lakh
		Medium Enterprises	Rs. 1.25 lakh	Rs. 1.00 lakh
5.	Advertisement, publicity and theme pavilion, etc.	20% of the total subsidy admissible under the above four sub-heads subject to a maximum of Rs. 5 lakhs.		
	<p>(i) Normally, in such events, at least 5 MSMEs should participate. In case of participation of up to 10 MSMEs, 1 representative each from the Ministry of MSME and the NSIC may accompany the participating MSMEs. However, in case of participation of more than 10 MSMEs, the Screening Committee may consider a proposal for deputing 1 additional NSIC official for such event depending upon the requirement. The Screening Committee, with proper justification and recommendation, would submit the proposal to CMD, NSIC for approval.</p> <p>(ii) The maximum net budgetary support for participating in an international exhibition/trade fair would normally be restricted to an overall ceiling of Rs. 20 lakh per event (Rs. 25 lakh for Latin American countries). In cases where budgetary support for an event exceeds Rs. 20 lakhs (Rs. 25 lakh for Latin American countries), the approval of the Administrative Ministry would be required.</p>			

#### 4.2 Organizing Domestic Exhibitions and Participation in Exhibitions/ Trade Fairs in India:

In order to provide marketing opportunities to MSMEs within the country, certain theme based exhibitions / technology fairs etc. may be organized by NSIC, focused on products and services offered by MSMEs, including technologies suitable for employment generation, products from specific regions or clusters (like North Eastern Region, Food processing, Machine-tools, Electronics, Leather etc). Micro, Small & Medium Enterprises would be provided space at concessional rates to exhibit their products and services in such exhibitions/fairs. Apart from above NSIC may also facilitate participation of MSMEs in the exhibitions / trade fairs / events being organized by various State Government departments, industry associations and other institutions, all over the country to

exhibit their products and services. These exhibitions may be organised in consultation with the concerned stakeholders and industry associations etc. The calendar for these events may be finalised well in advance and publicised widely amongst all participants/stakeholders. The calendar of events would also be displayed on the Web-site of NSIC. Participation in such events is expected to help the MSMEs in enhancing their marketing avenues by way of capturing new markets and expanding existing markets. This would also help them in becoming ancillaries, partners in joint ventures and sub-contracting for large companies.

#### **4.2.1 Scale of Assistance:**

Built up space would be provided by the implementing agency i.e. NSIC, to MSMEs in various domestic exhibitions at subsidised rates to enable them to exhibit their products and services. The rates of subsidy available on space charges would be as under:

##### **General Category**

Micro Enterprises	:	75%
Small Enterprises	:	60%
Medium Enterprises	:	25%

##### **Enterprises belonging to NE Region/ Women / SC/ST category**

Micro Enterprises	:	95%
Small Enterprises	:	85%
Medium Enterprises	:	50%

The budget for organising the Domestic exhibition/trade fair would depend upon the various components of the expenditure, i.e. space rental including construction and fabricating charges, theme pavilion, advertisement, printing material, transportation etc. However, the budgetary support towards net expenditure for organising such exhibition/trade fair would normally be restricted to a maximum amount of Rs. 30 lakhs. The corresponding budgetary limit for participation in an exhibition/trade fair shall be Rs. 10 lakhs. In cases exceeding the above budgetary limits, the approval of Administrative Ministry would be required.

#### **4.3 Buyer-Seller Meets :**

Buyers-Sellers Meets are organized to bring bulk buyers / Government departments and micro, small & medium enterprises together at one platform. Bulk and departmental buyers such as the Railways, Defence, Communication departments and large companies are invited to participate in buyer-seller meets to bring them closer to the MSMEs for enhancing their marketing competitiveness. These programmes are aimed at vendor developments from micro, small & medium enterprises for the bulk manufactures. Participation in these programmes enables MSMEs to know the requirements of bulk buyers on the one hand and help the bulk buyers to know the capabilities of MSMEs for their purchases. These Buyers-Seller Meets may be organized in consultation with the concerned stakeholders, including industry associations and other agencies involved in industrial development, and the calendar for these events may be finalised well in advance and publicised widely.

#### **4.3.1 Scale of Assistance:**

No subsidy would be available to General Category entrepreneurs participating in such meets. However, the entrepreneurs belonging to North-East/women/SC/ST category, would be provided space at subsidized rates for participation in Buyer-Seller Meets as per the rates mentioned hereunder:-

Micro Enterprises	:	95%
Small Enterprises	:	85%
Medium Enterprises	:	50%

Upto 30% of the total area in such Buyer-Seller Meets may be allocated for the entrepreneurs belonging to the Special Category i.e. Entrepreneurs belonging to NE Region/ Women / SC/ST category, keeping in mind the instructions and guidelines issued in this regard from time to time.

The budget for organising the Buyer-Seller Meet would depend upon the various components of the expenditure, i.e. space rental, interior decoration, advertisement, printing material, transportation etc. However, the net budgetary support for the Buyer-Seller Meet would be subject to the following limits:-

Rs. 5 lakh in case of the meet is held in 'A' class cities.

Rs. 3 lakh in case of the meet is held in 'B' class cities.

Rs. 2 lakh in case of the meet is held in 'C' class cities.

Rs. 1 lakh in case of the meet is held in rural areas.

#### **4.4 Intensive Campaigns and Marketing Promotion Events:**

Intensive Campaigns and Marketing Promotion Events are conducted all over the country to disseminate information about the various schemes for the benefit of the micro, small & medium enterprises. They are also facilitated to enrich their knowledge regarding latest developments, quality standards etc. and improve the marketing potential of their products and services.

##### **4.4.1 Scale of Assistance:**

Expenditure incurred for organizing Intensive Campaigns and Marketing Promotion Events would be met out of the budgetary support provided by the Government under the Scheme, subject to a maximum limit of : -

Rs. 80,000 in case of 'A' class cities.

Rs. 48,000 in case of 'B' class cities.

Rs. 32,000 in case of 'C' class cities.

Rs. 16,000 in case of rural areas.

No financial assistance would be given to the participating units for attending the event. The participating MSMEs have to attend these programmes at their own cost.

## **5. PROCEDURE FOR IMPLEMENTATION OF THE SCHEME:**

Ministry of MSME shall implement the scheme through National Small Industries Corporation (NSIC), which shall carry out the various activities under the Scheme through its offices located all over the country. Funds for implementing the scheme shall be placed at the disposal of NSIC, which shall be wholly responsible for proper utilization of the same and submission of Utilisation Certificates and other reports as required.

The applications/proposals for seeking assistance under the scheme shall be submitted directly to NSIC, with full details and justification. The consolidated proposal shall be put up before the Screening Committee, set up under para 6 of the scheme, for consideration. The Screening Committee shall examine and consider the proposals, keeping in view the eligibility conditions and other criteria laid down under the scheme. While processing the proposals preference shall be given to participants/units who have not availed of the benefits under this scheme or other such schemes of the Ministry earlier. The proposals, after processing by the Screening Committee, shall be put up for approval by the Chairman-cum-Managing Director of NSIC alongwith its recommendations. The proposals requiring approval of the Administrative Ministry shall be forwarded by CMD, NSIC, with proper justification, for consideration and approval of the Ministry, in consultation with IFD. The assistance shall be released to the concerned applicant organisation on reimbursement basis on receipt of the event report and other prescribed documents, including feedback from the participants.

## **6. SCREENING COMMITTEE**

The proposals received under the Marketing Assistance Scheme shall be examined by a Screening Committee headed by Director (Planning & Marketing), NSIC which shall also include representatives from Finance and Exhibitions divisions. The Screening Committee shall meet at least once every month or as and when required.

## **7. ADMINISTRATIVE EXPENDITURE**

NSIC is the nodal agency for implementing the Marketing Assistance Scheme of Ministry of MSME. The administrative expenditure to the tune of 10% of the total expenditure of the Marketing Assistance Scheme shall be reimbursed to NSIC for implementing the scheme. The administrative expenditure includes overheads as well as the cost of the manpower and efforts put in by the NSIC for implementation of the scheme.

## **8. MONITORING AND EVALUATION**

The progress of the scheme shall be reviewed and monitored by NSIC as well as Ministry of MSME from time to time and periodic reports on the progress shall be submitted to the Ministry. The impact and benefits of the scheme shall also be evaluated through internal studies, sample surveys, feedback reports etc. as well as study by an independent agency.