

Unit-1



Marketing Institutions and Assistance

Learning Objectives

After reading the block, you will:

1-Understand the role of Marketing and Technical Consultancy Institutions in central and state sectors which promote industry/businesses development and export of products.

2-Know how to take advantage of their schemes.

Structure

3.1-Introduction .

3.2-National Small Industries Corporation (NSIC).

3.3- Small Industries Development Organisation (SIDO).

3.4- Khadi and Village Industries Commission (KVIC)

Coir Board

3.5-State Small Industries Corporation (SIC).

3.5.1-State Financial Corporation (SFC).

3.6-State Industries Development Corporation (IDC).

3.7-Technical Consultancy Organisations (TCO).

3.8- Marketing Assistant Scheme

3.9-Supporting Institutions in Odisha.

3.10-Let us sum up.

3.11- Key Terms.

3.12 Self- Assessment Questions.

3.13- Further Readings.

3.14- Model Questions.

3.1-Introduction:-

➤ Marketing is about-

- Product Mix : Service, Brand, Package, Design ,Warranty etc..
- Price Mix : Price policy, Terms of credit , Discount etc..
- Promotion Mix: Personal Selling, Advertisement, Publicity , Sales Promotion etc.



- Place Mix: Distribution channels - Wholesaler , retailers ,agents, transport, inventory, warehousing.

The success of marketing depends on well- established institutional set up and financial, technical and organisation assistance in time. With this end in view, let us know the institutions which are of help to the entrepreneurs.

3.2- NSIC (National Small Industries Corporation):-

- The National Small Industries Corporation Ltd. (NSIC) was set-up by the Government of India in 1955 with the objective of promoting and developing small-scale industries in the country.

FUNCTIONS:-

- Supply and distribution of indigenous and improved raw materials.
- Supply of both indigenous and imported machine on easy hire-purchase terms.
- Marketing of Small Industries products within the country.
- Export of Small Industries products and developing export.
- Developing prototypes of machines, equipment and tools which are then passed on to Small-Scale Units for commercial production.
- Technical training in several industrial trades
- Development and up-gradation of technology and implementation of modernisation programmes.
- Providing of Common Facilities through Prototype Development & Training Centres.
- Setting-up Small-Scale Industries in other developing countries on turnkey basis.
- Facilities are available to the Small-scale unites registered with NSIC under the Single Point Registration Scheme under the Government Store Purchase Programme.
 - I. Issue of tender sets free of cost;
 - II. Exemption from payment of Earnest money;
 - III. Waiver of Security Deposit into the monetary limit for which the unit is registered;
 - IV. Price preference up to 15% over the large-scale unit.
- To develop industrial estates and testing facilities in the industrial areas.NISC, an ISO9001-2008 certified Govt of India enterprise operates through countryside network of office and 8 Technical centres in Chennai, Howrah, Hyderabad, New Delhi, Rajkot, Rajpura, Ramnagar and Aligarh. The technical centres have different focus areas:



Centre	Focus Area
Chennai	Leather footwear
Howrah	General Engineering
Hyderabad	Electronic & computer application
New Delhi	Machine Tools
Rajkot	Energy Audit
Rajpura	Domestic electrical appliances
Ramnagar	Electronic and computer hardware application
Aligarh	Lock cluster & Die & tool making

NSIC help in organising supply of raw material by mediating with Government companies like Coal India Ltd, (CIL), Steel Authority of India Ltd (SAIL), by taking orders from Govt of India owned enterprise and by setting up incubation centres.

3.3- Small Industries Development Organisation(SIDO) .

- The Organisation provide marketing assistance to small-scale units by promoting ancillarisation, marketing intelligence and information, establishing trade centres, encouraging small entrepreneurs to participate in the purchase programmes of the Central and State Governments, organising exhibitions, seminars and trading programmes in marketing and publishing information booklets etc. They promote ancillary industries to help marketing of the products of the small-scale sector in collaboration with Bureau of Public Enterprises (BPE) and other Central Government agencies. The Small Industries Services Institutes are actively engaged in identifying and promoting new times for ancillarisation, besides rendering technical and managerial assistance to the existing ancillaries. Seminars, exhibition and buyer-seller meeting are arranged to promote mutually beneficial relationship between small and large industries through ancillarisation.
- They help in securing sub-contracting jobs from large and medium undertaking; SIDO established 16 sub-contracting exchanges at the SISIs. The main function of these sub-contracting exchanges are:
 - To invite small-scale units to register their capacity.
 - To approach large industries to find out items which may be manufactured in small-scale units;
 - To render technical assistance to small-scale units in creating new capacity for specific processes or for the manufacture of item/stores which are required by large –scale undertaking; and



- To furnish information on firms from whom enquiries can either secure orders to meet their requirements or on sub-contract their requirements.

Co-ordination activity:

- To co-ordinate various programmes and policies of various State Governments pertaining to SSI.
- To maintain relation with the Central Industries Ministry, Planning Commission, State Level Industries Ministry and Financial Institutions.
- **Industrial development activities:**
- To give essential support and guidance for the development of ancillary units.
- To provide guidance to SSI units in terms of countering market competition and to encourage them to participate in the Government Stores and Purchase Tenders.
- **Management activities:**
- To provide training, development and consultancy services to SSI to develop their competitive strength.
- To provide marketing assistance to various SSI units.
- To assist SSI units in selection of plant and machinery, location, layout design and appropriate process.

3.4.1 Khadi and Village Industries commission (KVIC)

KVIC, a statutory body helps in creation of employment opportunities with focus on women and weaker sections of society. Along with state directorates, State Khadi and village industries Board (KVIB) and District Industrial centres in rural areas, it implements Prime Minister Employment Generation Programme (PMEGP). The maximum cost of the project admissible under manufacturing sector is Rs.25 lacs and under business/service sector is Rs.10 lacs. The beneficiary contributes 10 % of cost (5 % in case of SC/ST, women, minorities etc), KVIC gives 15 % to 25 % subsidy (35 % in case of special categories), the balance is provided by banks DIC is the coordinating centre for receipt and appraisal of loan applications. Banks take credit decision and cannot insist on collateral security for projects involving Rs.10 lacs. In this respect, awareness camps are organised by KVIC. The cost of training-course materials, lodging, boarding expenses of trainees for 2 to 3 weeks etc - is borne by KVIC.

KVIC conducts, workshop with PMEGP beneficiaries and maintain Data Bank regarding products produced, service/business activity details. It provides marketing support to them in their sales outlets. It organises exhibition at National, State and District levels and helps beneficiaries in participating in International Exhibitions.



KVIC helps village industries in which per head investment of an artisan or worker does not exceed Rs. 1 lac in plain area (and Rs. 1.5 lakh in hilly area) for promotion of cluster, Rural industry service centre (RISC) has been set up They

- i) Provide testing facility to ensure quality of products.
- ii) Provide improved machinery equipments .
- iii) Provide attractive packaging facilities for better marketing.

The industries covered are Khadi weaving, edible oil, Honey, leather, bio-fertilizer, potteries, woodwork etc.

SFURTI (Scheme of Fund for Regeneration of Traditional Industries) is promoted by KVIC in respect of Khadi and village industries. 76 clusters have come up.

Mahatma Gandhi Institute for Rural industrialisation has been set up by KVIC and IIT, Delhi at Maganwadi (Wandha) to support, upgrade and accelerate the process of rural industrialisation. It has major divisions:

- Khadi and textile industries.
- Bio processing and herbal based industries.
- Chemical industries.
- Rural crafts and engineering division.
- Rural infrastructure and energy.
- Management and systems division.

The projects are directed to interfacial working groups. There are 14 interfaces now and another 25 interfaces will be added during the next 5 years to crease a wide network in the country.

3.4.2. Coir Board (1953)

Coir Board is engaged in development of coir industry through research and development, quality improvement, modernisation and training, market promotion and welfare of all those who are engaged in the coir industry.

29 showrooms made a combined sale of Rs. 19.8 core (2014-15). They are to be upgraded as coir connects (CC). The movement of consignment sales through dedicated depots has not been fruitful. E-commence mode is being experimented to yield turnover of Rs.500 cores during the next 1000 days by showcasing their visibility and marketability.

3.5- State Small Industries Corporation (SIC).

The State Small Industries Development Corporations(SSIDCs) established under the Companies Act,1956, are State Government undertaking, responsible for catering to the needs of the small, tiny and cottage industries . SSIDCs enjoy operational flexibility and can undertake a variety of activities for development of small sector. At present, 18 SSIDCs are in operation.

Functions:-

- Procurement and distribution of scarce raw materials.



- Supply of machinery on hire-purchase basis,
- Providing assistance for marketing of the products of small-scale units,
- Extending seed capital assistance on behalf of the State Governments, and
- Construction of industrial estates/sheds, providing allied infrastructure facilities and their maintenance,
- Providing management assistance to production units.

3.5.1 State Financial Corporation(SFC):-

State Financial Corporation (SFCs),operating at the State-level, function with the objective of financing and promoting small and medium enterprises for achieving balanced regional socio-economic growth, generating greater employment opportunities. At present, there are 18 SFCS in the country.

Functions:-

- To provide terms loans for the acquisition of land, building, plant and machinery, pre-ops and other assets.
- To promote self-employment.
- To promote industry by the rural and urban artisans.
- To encourage new and technically/professionally qualified women entrepreneurs in setting up industrial project.
- To finance expansion, modernisation and upgradation of technology in the existing units.
- To provide financial assistance for transport vehicles strictly for captive use , depending on the requirement of the projects.
- To provide Interest subsidy for self-employment of young persons, adoption of indigenous technology in small and medium sector.

3.6. State Industries Development Corporations (IDC).

The State Industries Development Corporations (SIDCs) were established under the Company Act, 1956 in the sixties and early seventies as wholly-owned State Government undertaking for promotion and development of medium and large industries. SIDCs act as catalysts for industrial development and provide impetus to further investment in their respective states; The SIDCs are agent of IDBI and SIDBI for operating its seed capital scheme.

Functions:

- Grant of financial assistance to industrial units by way of loans, and guarantees.
- Providing risk capital to entrepreneurs by way of equity participation and seed capital assistance.
- Administering incentive schemes of Central/State Governments;



- Promotional activities such as identification of projects ideas through industrial potential surveys, preparation of feasibility reports, selection and training of entrepreneurs; and
- Developing industrial areas/estates by providing infrastructure facilities.

3.7- Technical Consultancy Organisations (TCO):-

Objective:-

- Carrying out industrial potential surveys, identification of project ideas, project formulation;
- Evaluation of projects referred to them;
- Preparation of project profiles, feasibility studies;
- Preparation of project reports and where called upon, to render turn-key services in project implementation;
- Conduct Entrepreneurship Development Programmes, entrepreneurship awareness camps, SEEU training programmes;
- Identifying the potential entrepreneurs and providing them with technical and management assistance.
- Undertaking market research and surveys, for specific products;
- Undertaking energy audit and energy conservation assistants;
- Project supervision;
- Undertaking export consultancy and export oriented projects based on modern technology.

17 TCOS have been sponsored by financial institution such as IDBI, IFCI and ICICI.

IDBI	IFCI	ICICI
KITCO, 1972 NEITCO,1973 BITCO,1974 UPICO,1974* APITCO,1976 ORTICO,1976 J & KITCO.1977 WEBCON,1979 NECON,1979	HIMCON,1977 RAJCON,1978 MPCON,1979 NITCON,1984 HARDICON,1985	GITCO,1978 ITCOT,1979 MITCON,1982



3.7.1 National Institution of Design (NID,1970) along with Indian Institution Technology,

Mumbai Industrial Design Centre developed courses for industrial design to serve the needs of industries. The candidates selected from backgrounds in engineering, architecture and applied art have become new cadre of fully trained Indian designers. Programme on khadi, Garment Design, cane, bamboo, leather, glass bell metal and wider range of plastics have reduced cost, saved on materials and increased productivity of enterprises.

3.7.2 Science and Technology Entrepreneurship Park (STEP)

Function:-

- Conducts entrepreneurship Development programme (EDP).
- Sets up institute- Industry linkage scale.
- Sets up database and information Canter for needs of particular Industry or a cluster of units nearby.
- Provides infrastructure including Central work shop and nursery sheds e.g. Tiruchilapali NIT supported STEP.
- Develops Special process, computer added designs e.g. Harcoat Butler Technological institute, Kanpur developing fibre reinforced spun pipes made out cement .

3.8 MARKETING ASSISTANCE SCHEME

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:

- To enhance marketing capabilities & competitiveness of the MSMEs.
- To showcase the competencies of MSMEs.
- To update MSMEs about the prevalent market scenario and its impact on their activities.
- To facilitate the formation of consortia of MSMEs for marketing of their products and services.
- To provide platform to MSMEs for interaction with large institutional buyers.
- To disseminate/ propagate various programmes of the Government.
- 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.



A. Organizing Technology Exhibitions in Foreign countries.		
S.No	Eligible Items	Scale of Assistance
1.	Space rent (Built up stall)	<p>For General category Entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: 75% of the actual charge • Small Enterprises: 60% of the actual charge • Medium Enterprises: 25% of the actual charge <p>For the enterprises belonging to NE Region/ Women/SC/ST entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: 95% of the actual charges • Small Enterprises: 85% of the actual charges • Medium Enterprises: 50% of the actual charge.
2.	Freight charges for the goods transported to the events.	Actual subject to maximum of 25000/- (37500/- for Latin American Countries), each way per entrepreneur.
3.	Air Fare:	<p>For General Category entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: -85% of the economy class return fare (for one representative). • Small Enterprises: 75% of the economy class return fare (for one representative from one enterprise). • Medium Enterprises: 25% of the economy class return fare (for one representative from one enterprise). <p>For the enterprises belonging to NE Region/ Women/SC/ST entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: 95% of the economy class return fare (for one representative from one enterprise). • Small Enterprises: 85% (as above) • Medium Enterprises: 50% (as above).



4.	Maximum amount of Assistance towards air fare, space rental & shipping / transportation charges:	<p>General Category</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>Enterprises belonging to NE Region / Women/ SC/ST category</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
	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																								
5.	Advertising , publicity and theme pavilion.	20% of the total subsidy admissible under the above four subheads subject to a maximum of Rs 20 lakhs.																								
<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 the 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. Participation in International Exhibitions /Trade Fairs held in Foreign Countries		
S. No	Eligible Items	Scale of Assistance
1.	Space rent (Built up stall)	<p>For General category Enterprises:</p> <ul style="list-style-type: none"> • Micro Enterprises: 75% of the actual charges • Small Enterprises: 60% of the actual charges • Medium Enterprises: 25% of the actual charges <p>For the Enterprises belong to NE Region/ Women/SC/ST entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: 95 % of the actual charges • Small Enterprises: 85% of the actual charges • Medium Enterprises: 50% of the actual charges
2.	Freight Charges for the goods transported to the events	Actuals subject to maximum of Rs 15000/- (Rs 20000/- Latin American Counties) per entrepreneur.
3.	Air fare:	<p>For General Category Enterprises:</p> <ul style="list-style-type: none"> • Micro Enterprises: 85% of the economy class return fare (for one representative from one enterprise) • Small Enterprises: 75% of the economy class return fare (for one representative from one enterprise). • Medium Enterprises: 25% of the economy class return fare (for one representative from one enterprise). <p>For the Enterprises belong to NE Region/ Women/SC/ST entrepreneurs:</p> <ul style="list-style-type: none"> • Micro Enterprises: 95% of the economy class return fare (for one representative from one enterprise) • Small Enterprises: 85% of the economy class return fare (for one representative from one enterprise). • Medium Enterprises: 50% of the economy class return fare (for one representative from one enterprise).



4.	Maximum Amount of Assistance towards air fare, space rental & shipping / transportation charges:	<p>General Category</p> <table border="1" data-bbox="734 273 1316 667"> <thead> <tr> <th></th> <th>Latin America</th> <th>Other Countries</th> </tr> </thead> <tbody> <tr> <td>Micro Enterprises</td> <td>Rs 1.75 lakh</td> <td>Rs 1.50 lakh</td> </tr> <tr> <td>Small Enterprises</td> <td>Rs 1.50 lakh</td> <td>Rs 1.25 lakh</td> </tr> <tr> <td>Medium Enterprises</td> <td>Rs 1.00 lakh</td> <td>Rs 0.75 lakh</td> </tr> </tbody> </table> <p>Enterprises belonging to NE Region/Women /SC/ST Category</p> <table border="1" data-bbox="734 833 1316 1198"> <thead> <tr> <th></th> <th>Latin America</th> <th>Other Countries</th> </tr> </thead> <tbody> <tr> <td>Micro Enterprises</td> <td>RS 2.00 lakh</td> <td>Rs 1.75 lakh</td> </tr> <tr> <td>Small Enterprises</td> <td>Rs 1.75 lakh</td> <td>Rs 1.50 lakh</td> </tr> <tr> <td>Medium Enterprises</td> <td>Rs 1.25 lakh</td> <td>Rs 1.00 lakh</td> </tr> </tbody> </table>		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		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
	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																								
	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 subheads 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 MSMEs and 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 America 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.

4.2.2 "Techmart" exhibition by NSIC

NSIC has been organising "Techmart" exhibition every year during India International Trade Fair (IITF) in the month of November. This is an international exhibition



showcasing the best MSME products, technologies and services of India. No subsidy would be available to General Category entrepreneurs participating in this exhibition. Upto 30% of the total area 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 rates of subsidy available on space charges for the Special category would be as under:-

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

The total budgetary support for organizing "Techmart" would normally be restricted to Rs. 75 lakhs only. The proposal exceeding this limit would require approval of the Administrative Ministry.

4.3 Support for Co-sponsoring of Exhibitions organized by other organisations/ industry associations/agencies:

Support may be provided to various institutions, industry associations and organisations engaged in promotion & development of MSMEs, for organizing exhibitions/ fairs within the country for the benefit of MSME sector. This support would be in the form of co-sponsoring of the event by NSIC. In order to apply for co-sponsoring of an event by NSIC, the applicant organisation/agency must fulfil the following criteria/conditions:

- (a) The applicant organization / industry association / institution should be engaged in the development of MSMEs for at least three years and should be able to demonstrate sufficient experience and capability for holding such events.
- (b) The event to be organized should have at least 5000 sq ft covered area exclusively for stalls/shops and must have participation from at least 50 MSME units. The organizer shall be required to submit a blueprint / layout of the proposed exhibition along with his application.
- (c) The organizer would provide a stall of at least 100 sq. ft. to NSIC, to disseminate information about the promotional and other schemes of the Ministry and its organisations.
- (d) The name of event would be prefixed with 'NSIC' and also display prominently that the event is for the 'MSMEs' and supported by Ministry of MSME.
- (e) The names of NSIC and Ministry of MSME would be prominently displayed in all publications, literature, banners, hoardings etc. of the event.

4.3.1 Scale of Assistance:

The scale of assistance to the applicant organisation/agency for co-sponsoring of an exhibition/trade fair would depend on the place of the event. The budgetary support towards partially meeting the expenditure on hiring of exhibition ground/hall, erection of stalls, publicity etc. for co-sponsoring the event and would be limited to 40 % of the net expenditure (gross expenditure - total income), subject to maximum amount of -

Rs. 5 lakh in case of 'A' class cities.

Rs. 3 lakh in case of 'B' class cities.

Rs. 2 lakh in case of 'C' class cities.

Rs. 1 lakh in case of rural areas.

The assistance towards co-sponsoring the event shall be provided to the applicant organisation on reimbursement basis after the event, on submission of event report and other relevant documents.



4.4 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 organised 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.

4.4.1 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.

4.5 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.

4.5.1 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.

4.6 Other Support Activities:

Under the Scheme, the following activities for supporting the marketing efforts of MSMEs may be undertaken by NSIC:

- Development of Display Centres, Show windows and hoarding etc. for promoting products and services of MSMEs.
- Printing of Literature, Brochures and Product-specific Catalogues and CDs etc. and preparation of short films for disseminating information
- Development of website/portal for facilitating the marketing of MSME products and services.
- Development and dissemination of Advertising and Publicity material about various programmes / schemes for MSME sectors and events.
- Preparation and Upgradation of MSME Manufacturers/Suppliers /Exporters Directory.
- Documentation of the success stories of MSMEs.
- Conducting studies to explore and assess new markets/businesses and product ranges for both domestic & International markets.
- Hosting international delegations and networking events.

The maximum amount of budgetary support for such activities would be limited to 5% of the total annual budget for the scheme and for an individual proposal, the maximum permissible limit for any of the above event/activity would be Rs. 5.00 lakh only.

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 utilisation 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.

3.9 Supporting institutions in Odisha:

Odisha supports MSME through 5 RICS and 26 DICS operating in the state. District Industries Centres established in all districts perform the under noted functions:

- Identification of entrepreneurs.
- Motivation and training of youth for setting up of MSME.
- Facilitating clearances through a single window system.
- Extending support to enterprises including administration of incentives.
- Implementation of cluster specific development programmes .
- Implementation of coir, salt and Khadi and Village Industries development schemes in potential districts.
- Managing Panchayat Samiti Industries.
- Arranging exhibition, fair and publicity and visit of industrialist to different industries in the state.
- Solving the problems of the industrial units at the district level.

The following state government organisations help MSMEs.

1. Industrial promotion and Investment corporation of ODISHA (IPICOL).
Promotes large and medium scale industries in the state.
2. Industrial Infrastructure Development Corporation of ODISHA (IDCO).
Nodal agency for providing industrial infrastructure to entrepreneurs.



3. Orissa State Financial Corporation (OSFC).
It extends terms loan upto Rs. 1.5 core far acquiring fixed assets and provides working capital assistance under single window scheme.
4. Orissa Small Industries Corporation (OSIC)
Provides marketing and raw material assistance.
5. The Agricultural Promotion and Investment Corporation of ODISHA Ltd C (APICOL)
Provides assistance to agricultural enterprises and investors to begin, process, expand and modernise the enterprise.
6. Orissa Cooperative Coir Corporation.
Promotions industrial fibres such as sisal, jute, keora leaf etc for marketing decorative and utility products.
7. Odisha Khadi and Village Industries Board.
A statutory body promoting Khadi and village industries.
8. Directorate of export promotion and marketing (DEPM)
Promoting export of goods from the state and providing marketing assistance to SSI units of the state by way of registration of industrial units, conclusion of rate contracts and controlling quality of products through testing and inspection.

The activities of some leading institutions are given as under:

IDCO: IDCO with 20 Divisional offices have set up.

- 105 industrial estates
- Industrial growth centres at Kalinganagar, Jhasuguda, Chhatrapur and Kesinga.
- IID Centres at Khurda, Paradeep and Raayagada,
- Infocity (1 & 2), Bhubaneswar

Single window:

It enables single window industrial clearances.

Investment less than or equal to Rs 50 crores at district level- chaired by District collector.

Investment \geq Rs 1000 crores chaired by Chief Minister.

It has reduced time and cost of establishing/operating industries and improved investment climate.

Land Acquisition:

It identifies project site and acquires land on behalf of project. A GIS based land information and management system is being developed.

OSFC (1956):

It provides loan assistance to MSME. OSFC can sanction loan upto Rs.10 crores to companies and corporative societies and Rs.4 corers to proprietors/ partnership concerns as on 31 March 2015 it has sanctioned Rs 1317.17 crore loan.

OSIC (1972):



OSIC is the corporation exclusively engaged in the development of MSME. It provides quality raw materials to MSMEs and arranges marketing of their produce. It provides brand marketing e.g Oditech brand for supply of agricultural implements, Odifood brand for supply of iodized salt etc. It performs product marketing: Execution of bulk orders of Government Department / Corporations, supply of pig lead and lead wood, supply of toolkits etc. Its turn over is Rs.552 crores during 2015-16

IPICOL (1973):

Functions:

- Acts as a single window contract for information relating to setting up of large and medium industries.
- Operating state incentive schemes to large and medium industries.
- Assistance in technology outsourcing and for technology up gradation.
- Providing merchant banking services.
- Proving financial and management support for revival of risk units.
- IPICOL is associated with 285 units in the state generating an investment over Rs 3700 crore and creating employment opportunity for about 40,000 people.

3.10- Let us sum up:-

The success of marketing depends on institutional set up for promotion of domestic sale and export. National Small Industries Corporation (NSIC), Small Industries Developments Organisation (SIDO), state level Small Industries Corporation and Industrial Development Corporations etc. lend assistance in this direction.

Technical Consultancy Organisation provide total consultancy as a package under single roof .

Supporting institutions in Odisha are DIC, IPICOL, IDCO, OSFC, OSIC, APICAL, OCCO, OK & VI and DEPM

3.11-Key Terms:-

National Small Industries Corporation (NSIC):- The National small Industries Corporation Ltd. (NSIC) was set-up by the Government of India in 1955 with the objective of promoting and developing small-scale industries in the country.

Small Industries Developments Organisation (SIDO):- The Organisation provide marketing assistance to small-scale units by providing promoting ancillarisation, marketing intelligence and information, establishing trade centres, encouraging small entrepreneurs to participate in the purchase programmes of the Central and

State Governments, organising exhibitions, seminars and trading programmes in marketing and publishing information booklets etc.



Technical Consultancy Organisation (TCO):-TCO provide total Consultancy services_ market survey, feasibility report, project report, and study of sick units for their rehabilitation.

IPICOL- Promoters large and medium industries.

IDCO- Nodal agency for providing industrial infrastructure to entrepreneurs.

OSIC- Provides marketing and raw material assistance.

OSFC- Provides term loan and working capital assistance under single window scheme.

APICOL- Provides assistance to agricultural entrepreneurs and investors

3.12-Self_Assessment Questions:-

1. How is the role of NSIC is different from that of SIDO?

Ans. _____

_____.

2. State the functions of Technical Consultancy Organisation?

Ans, _____

_____.

3. Write short notes on

: _____
1.IDICO _____

2. APICOL _____

3.IPICOL _____



3.13- Further Readings

- I. Desai V, The Dynamics of Entrepreneurial Development and Management, Himalaya, Mumbai.
- II. Badi R.V & Badi N.V, Entrepreneurship, Vrinda, New Delhi.
- III. Website MSME in Odisha.

3.14-Model Questions

1. Write Short Notes on:
 - National Small Industries Corporation Ltd. (NSIC).
 - Technical Consultancy Organisations (TCO).
 - What are the institutions supporting industries in Odisha? How do they help industrial development.
 - How the objectives of IDCO and IPICOL are different?

Unit-2



Export Promotion

Learning Objectives

After reading this unit, you will learn

- I. Export promotion by State Trading Corporation (STC), Minerals and Metals Trading Corporation of India (MMTC) and other supporting agencies.
- II. Role of Export Houses, Trading Houses etc.
- III. The Role of World Trade Organisation in Export Promotion.

Structure

- 2.1 Export promotion
- 2.2 Institutional Assistance
- 2.3 Export House
- 2.4 World Trading Organisation
- 2.5 Let us sum up
- 2.6 Key Terms
- 2.7 Self-Assessment Question
- 2.8 Further Reading
- 2.9 Model Questions

2.1 Export Performance:

According to 4th census of MSME, there are 15.6 lakh MSMEs in manufacturing sector and 4.9 lakh MSMEs in service sector. They are responsible for 35% of India's exports. They also contribute 15% of exports indirectly through merchant exporters, trading houses and export houses. They may also be in the form of export orders from large units or production of parts and components for use for finished exportable goods.

Non-traditional exports account for more than 95% of MSME exports. The product groups are sports goods, readymade garment, woolen garments and knitwears, plastic products, processed food and leather products.



Export promotion is necessary for extension of market and profitability. It is important to know the role of institutions supporting export performance of MSMEs.

2.2 Institutional Assistance

The following organisations render institutional assistance to exporters.

1. Ministry of Commerce- Information relating to the potential market, commodity wise and territory wise.
2. Export Promotion Councils:- Helps exporter to get raw material at concessional rate, There are 28 such councils. They perform both advisory and executive functions. The councils are
 1. Apparel Export Promotion Council, Gurgaon
 2. Basic Chemicals, Pharmaceuticals and Cosmetics export Promotion council (CHEMEXCIL), Mumbai
 3. Carpet Export Promotion Council (CEPCI), Kollam (Kerala) cashew
 4. Chemicals and Allied Products Export Promotion Council, (CAPEXIL), Kolkata
 5. Council for Leather Exports, Chennai,
 6. Electronics and Computer Software Export Promotion Council (ESC), New Delhi.
 7. Engineering Export Promotion Council, (CEEPC, India) Kolkata
 8. Export Council for EOUS and SEZ Units, New Delhi.
 9. Export Promotion Council for Handicraft (EPCH), New Delhi.
 10. Gem and Jewellery Export Promotion Council (GJEPC), Mumbai.



11. Indian Oil Seeds and Produce Export Promotion Council, Mumbai.
12. Jute Products Development and Export Promotion Council, (JPDEPC), Kolkata.
13. Pharmaceutical Export Promotion Council (Pharmexcil) Hyderabad.
14. Powerloom Development and Export Promotion Council, (PDEXCIL), Mumbai.
15. Project Export Promotion Council of India (PEPC) New Delhi.
16. Services Export Promotional Council, Kolkata.
17. Sports Goods Export Promotion Council (SEPC), Gurgaon.
18. Shellar Export Promotion Council, (SHEFEXIL), Kolkata.
19. Sports goods Export Promotion Council, New Delhi.
20. The Cotton Textile Export Promotion Council of India, (Texprocil), Mumbai.
21. The Handloom Export Promotion Council, Chennai.
22. The Indian Silk Export Promotion Council, New Delhi.
23. The Plastic Export Promotion Council, Mumbai.
24. The Synthetic and Rayon Textile Export Promotion Council (SRTEPC), Mumbai.
25. Wool & Woolen Export Promotion Council, New Delhi.
26. Wool Industry Export Promotion Council, Mumbai.
27. Telecom Equipment and Services Export Promotion Council, (TEPC), New Delhi.
3. Commodity Boards: The boards provide information pertaining to potential market and customers. They also enable participation in exhibitions and fairs.

These are:



1. Coffee Board, Bangalore
2. Coir Board, Kochi, (Kerala)
3. Spices Board, Kochi (Kerala)
4. Tea Board, Kolkata
5. Tobacco Board, Guntur (AP)
6. Agricultural and Processed Food Products Authority (APEDA)
7. Marine Products Export Development, Authority (MPEDA), Kochi
8. Coconut Development Board, Kochi
9. The Rubber Board, Kottayam (Kerala)
4. Trade Development Authority:
 - Provides Information pertaining to potential market and customers.
 - Helps in product development.
 - Arranges supply of raw material at concessional rate
5. Export Inspection Agency:

Gives an inspection certificate.
6. Trade Fair Authority.

Participation in fairs/exhibitions.
7. Railway: Priority on transportation of export products.
8. Airlines: Airfreight subsidy for selected export products.
9. Indian mission abroad: Information regarding foreign market potential
10. Federation of Indian Chambers of Commerce & Industry (FICCI):

Information regarding export potential of markets/customers.



11. Federation of Indian Exporter Organizations (FIEO): Representing and assisting Indian entrepreneurs and exporters in a foreign market.

12. Indian institute of packaging : Training for packaging of exports.

13. Indian Institute of Foreign Trade:

- Training of personnel in International Trade, Organization of research, area survey, market survey etc.

- Information-sharing on research and market studies.

14. Export Credit Guarantee Corporation of India Ltd (ECGC): insures different types of credit risk involved in export trade.

15. EXIM Bank, India (1982):

- Project finance/ trade finance for entire range of export credit services such as suppliers credit.

- SME group to handle credit products for SMES

- Export Marketing Services Group enables Indian companies to establish their products in overseas market.

- Offers service from import of technology to export product development to pre-shipment and post shipment and overseas investment.

- Undertaking market and investment surveys.

16. Commercial Banks:

Export finance

Booking of forward contract.

17. Reserve Bank of India:

- Provides Foreign Exchange

- Registration of Agency Agreement.

- Issues guidelines on exports and services.



18. The Minerals and Metals Trading Corporation of India(MMTC)1963:-

The Minerals and Metals Trading Corporation of India was established by the Government of India on 1st October,1963.

- To broaden and enlarge export of Indian Minerals and ores .
- To arrange for the import of essential raw material for distribution to industrial units in the country. Iron ore, Fifth Largest foreign exchange earner of the country, is the principal item of the export handled by the MMTC. The other items of export handled by it are manganese ore , ferro-manganese, coal, silimanite, ferro-silicon and ferro-chrome.

19. -State Trading Corporation of India (STC,1956) :-

The State Trading Corporation Of India was set up in May 1956 as an autonomous corporation to implement the Government ‘s policies in regard to the promotion and diversification of foreign trade. The principal objectives of the STC are:

- To explore new markets for existing as well as new products.
- To diversify and consequently increase India’s export trade; and
- To promote long-term export operation and the sale of “difficult-to-sell items.”

The Corporation’s major export item are semi-processed leather, castor oil, art silk fabrics, rice, jute goods etc.

In addition, the STC has set up four subsidiaries, namely:-

- a. The Project and Equipment Corporation:
- b. Handicrafts and Handlooms Exports Corporation of India:
- c. The Cashew Corporation of India Ltd; and
- d. The State Chemicals and Pharmaceuticals Corporation Ltd.

to assist in designated areas.

2.3 Export House

There are 2514, recognized Export houses including Trade House and Star Trading House (As on Jan, 2016) They get additional benefits under EXIM policy.

Table-1



Category	Minimum Export Performance during the last 3 years.
Export House	Rs 15 crore
Trading House	Rs. 100 crore
Star Trading House	Rs. 500 crore
Super Star Trading House	Rs. 2000 crore

Export House is a registered exporter holding Export House Certificate issued by Director General of Foreign Trade in India.

Functions:

- To make available supplies of essential commodities to consumers at reasonable price on a regular basis.
- To ensure fair price for agricultural producers.
- To arrange for storage, transportation, packaging and processing.

Validity: For a period of 3 years.

Star Export House:

The following advantages are available for Star Export Houses:

- Authorisation and custom clearance for both imports and exports are allowed on self-declaration basis.
- Exemption from furnishing of bank guarantee.
- Exemption from compulsory negotiation of documents through banks.
- Two star and above export houses, are permitted to establish export warehouses.
- Three star and above Export Houses, are permitted to get benefits of Accredited Clients programme as per the guidelines of Central Board of Excise and Custom (CBSE).



- Status holders are entitled to preferential and priority treatment while handling of consignments by concerned agencies.
- They can self-certify their goods an origination from India.

Table-2

Category:	Export performance (Rs in crore)
One Star Export House	15
Two Star Export House	100
Three Star Export House	500
Four Star Export House	1500
Five Star Export House	5000

Export performance is calculated on the basis FOB (Free on Board) value of export earnings in the foreign exchange.

2.4 World Trade organization (1995)

WTO is an international organization set up in 1995 and is designed to play the role of watchdog in the areas of trading of goods, and services, foreign investment, intellectual property rights etc.

Functions:

- WTO will facilitate multilateral trade.
- It shall administer Trade Policy Review Mechanism
- It shall administer the understanding on Rules and Procedures governing the settlement of disputes.
- To achieve greater coherence in general economic policy making, it shall cooperate with International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) and its affiliated agencies.



Agreements affecting MSMEs:

Agreement on Agriculture:

It envisages 36 % reduction of tariff on agricultural products in the case of developed countries. The reduction is to be undertaken over 6 years in the case of developed countries and 10 years in the case of developing countries.

This affects agro based industry and business.

Agreement on Trade in textiles and clothing:

It phases out import quotas on textiles and clothing in 10 years i.e. by January, 2005.

Textile is an important items of our export. These need compete with goods in International Market.

Agreement on market access:

The members of WTO will cut tariff on industrial and farm goods by 37 % . The U.S.A. and the European Union will cut tariff by one-half.

With this clause on market access, MSMEs cannot enjoy preferences within the country. Goods from other countries are available freely and they have to compete with these in terms of quality and price.

Agreement on Services:

Banking, insurance, Travel, maritime transportation and mobility of labour etc are covered under this agreement .

With progressive liberalization, we should benefit by mobility of labour to the developed counties.

Disputes settlement body:

It is now made mandatory for settlement of dispute within 18 months.

Critical review:

1. Intellectual property Rights (IPR)

WTO supports IPR, Protection of IPR is anti-competition and anti-liberalisation and goes against the spirit of opening of world economy. It amounts to legalising the monopoly of MNCs.



Muchkund Dubey calls it as a unequal treaty in his book.- An Unequal treaty: World order after GATT. Most of the developing countries were debt ridden and were requesting for rescheduling of debts. So, the developed countries exploited the situation by breaking their unity.

Agriculture:

Agro-based industries should have got support from developed countries. But 50% of support to farmers in USA and European union are exempted from reduction commitments in major agricultural products like cereals, meat, sugar, milk, cheese, cotton, tobacco etc suffer from their high tariff barrier.

2. Labour:

Mobility of labour should have been an advantage. Developed countries raise two issues-child labour and environmental issues. So, under the guise of multilateral trade, the developed countries have built up an international economic order which serves their interests more than the developing countries.

Linking trade with environment is undesirable. As Jagdish Bhagwati has argued, drinking water is a major environmental issue for developing countries, not automobile pollution. So, they cannot divert resources from water quality to air pollution.

Trade facilitation Agreement:

TFS makes it easier for professionals and skilled workers to move across border for short term work. Similarly, the discussion on public stockholding for food security purposes, commitment to abolish export subsidies for farm exports are discussed, last in ministerial conference in 2015. The EU gives 265% of export subsidy. Brazil 60%, Pakistan 30%. No consensus has been achieved, regarding phasing out of subsidies.

Adjudication:



India filed a case in WTO for US imposing increased fees on applications for HIB and LI Visa categories. This move impacts IT professionals.

America is increasingly becoming place for Americans in Trump era. This is the first case on immigration laws violating WTO norms. Movement of natural persons supplying services should not be discriminated against or between non-U.S. providers. Similarly, Japan has filed a dispute against India which has raised duty for protection of its steel industry from Japan and Chinese steel export, U.S., European Union as also India do not agree on China a market economy. If MES (Market Economy Status) is given to China, technically anti-dumping duties cannot be imposed on unfairly priced Chinese products Adjudication of these cases will lead to better world trade order.

India has consistently advocated like other developing countries that labour and environment are non-trade issues and should be settled by ILO and UN frame work for Climatic Changes. Western nations, for their own interest, link it to WTO. They raise these issue to check flow of labour to their regions. A decision on this issue is also overdue.

Thus, the issues relating to labour practices, environmental standard, e-commerce, transparency in government procurement , Special Safeguard Mechanism etc. have been discussed in Doha Round for several years without reaching a consensus.

2.5 Let us sum up

MSMEs contribute 35% of Indian's exports. Export promotion is necessary for extension of market and profitability.

There are various institutions promoting exports- Ministry of Commerce, 28 Export Promotion Councils, 9 Commodity Boards Trade Development Authority, Railways, Airlines, FICCI, FIEO, IIFT, ECGC, EXIM Bank, Commercial Banks, RBI, MMTC STC etc.

Export House, and Star Trading Houses are categorised on the basis of minimum export performance during the last 3 years.



WTO is the international watchdog in the area of trading of goods and services Foreign investment, intellectual property rights etc. The Agreements on Agriculture, Agreements on Trade in textiles and clothing, Agreement on Services etc. pertain to MSMEs. Western nations imposing labour and environmental standard, no consensus on Special Safeguard Mechanism and Food security are some of the critical issues confronting WTO,

2.6 Key Terms

WTO- World Trade Organisation is an International watchdog body in the area of trading of goods, services and foreign investment, intellectual rights etc.

Special Safeguard Mechanism (SSM)

Developing countries want the Mechanism to protect farmers in developing countries and for a permanent solution to the public stock holding of food programs.

Mobility of Labour: Developed countries check mobility of labour by raising child labour and environment issues- non trade issues in facilitation of trades.

Commodity Board:

Provides information pertaining to potential markets and customers.

Export promotion council (EPC):

Performs both advisory and executive functions regarding export promotion.

Trade Development Authority: Provides Information regarding potential market and customers.

Export Credit Guarantee Organization: Insures different types of credit risks involved in export finance.

EXIM Bank: Project finance/ trade finance for entire range of export credit services.

STC (1956).

- Explores new market for existing / new products.

- Promotes/diversifies foreign trade.
- MMTC (1963)
- To broaden and enlarge export of Indian minerals and ores.
- To arrange for import of essential raw material for distribution to industrial units in the country.



Category	Minimum Export Performance during the last 3 years.
Export House	Rs 15 crore
Trading House	Rs. 100 crore
Star Trading House	Rs. 500 crore
Super Star Trading House	Rs. 2000 crore

2.7 Self- assessment questions

1. What is Export House How is it different from Trading House.
2. What is the role of State Trading Corporation in promoting exports relating to MSME.
3. Write short notes on:
 - i) Commodity Board
 - ii) Export promotion
 - iii) Council EPC

2.8 Further Readings

1. Desai V, The Dynamics of Entrepreneurial Development and Management, Himalaya, Mumbai.
2. Puri V.K. and Misra S.K., Indian Economy, Himalaya, Mumbai.

3.9 Model Questions:

1. Describe the roles of STC and MMTC in promotion of exports of MSMEs.



2. Write short notes on :

i) Commodity Brand

ii) Star Trading House.

iii) Export Promotion.

iv) EXIM Bank

3. What is the impact of WTO on promotion of exports of MSMEs?