REPORT ON THE EVALUATION STUDY ON IMPLEMENTATION OF THE VENDOR DEVELOPMENT PROGRAMMES IN MICRO, SMALL AND MEDIUM ENTERPRISES

SPONSORED BY

DEVELOPMENT COMMISSIONER, MICRO, SMALL AND MEDIUM ENTERPRISES,
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REPORT ON THE EVALUATION STUDY ON IMPLEMENTATION OF THE VENDOR DEVELOPMENT PROGRAMMES IN MICRO, SMALL AND MEDIUM ENTERPRISES
PREFACE

The shift from agrarian to industrial to post-industrial knowledge based economies in majority of affluent nations both in the Occident and the Orient during the course of the last millennium had become possible not only through the large industries but through the initiatives taken by the entrepreneurs from the Micro, Small and Medium enterprises inspired by their impeccable creativity.

A study made by the US Department of Commerce has identified that the bulk of the inventions that revolutionized human life in the twentieth century have come from the independent small firms. The future lay with the small enterprises that can respond quickly to customer needs. I feel that it is the micro and small enterprises that not only create new products and services but also ideas and most important employment. Increasingly the Public Sector Enterprises and Large Private Enterprises are realizing that they must in effect create and support micro and small enterprises in their overall structure if they want to remain competitive.

In spite of their inherent weaknesses, MSMs, over the past six decades, emerged as a vibrant sector of the Indian economy. The sector could also make a significant dent in the exports arena after the Liberalization, Privatization and Globalization and permitting Foreign Direct Investment.

The sector, due to the Purchase and Price Preference Policies of the Ministry of MSME, has emerged as a vital partner in providing products, machinery and equipment, parts, components and services to Public Sector Enterprises and major Government Departments like Defence, Railways and Communications. The Schemes like Single Point Registration, Sub-Contracting, Exchanges and Vendor Development Programmes had been of immense help to thousands of MSEs throughout the country in establishing marketing linkages with PSUs and Government Departments. The Vendor Development Programmes in particular have become the main instruments in providing the platform for MSEs to showcase their capabilities to the PSUs.

However, the full potential of these markets is yet to be tapped by the MSEs due to various reasons.

To enable the MSEs to realize full potential, the Ministry of MSME has formulated Public Procurement Policy which mandates the PSUs and Government Departments to procure minimum 20% of their total purchases from the MSEs. The Public Procurement Policy 2012 is a landmark measure in the annals of the MSME Development Programmes of the Independent India directed to MSE Vendors in the country.

To take the full advantage of the Procurement Policy many of the MSEs will come forward to tap the vast market potential of the PSUs. The vendor development programmes need to be more productive in creating awareness among the MSEs and PSUs on Public Procurement Policy so that they gear to comply with the policy requirements. There is a need to Organise Vendor Development Programmes in close collaboration with all stakeholders. The Office of the Development Commissioner (MSME) through the network of MSME-DIs has planned number of Vendor Development Programmes in the coming years. They need to be planned well so that the buyers find suitable vendors and the MSE Vendors their buyers.

While the success of the VDPs for providing marketing linkages among PSUs and MSEs is laudable and needs to be continued as a plan scheme for achieving the objectives set in the Public Procurement Policy and to provide maximum opportunities to MSEs in Government purchases.
AKNOWLEDGEMENTS

Making an evaluation of this nature is in many ways a partnership. Several people provided support, advice and guidance in our undertaking the task assigned by the Government of India. It gives me pleasure to acknowledge the contributions.

I express my sincere gratitude to Shri Amaredra Sinha, IAS, Development Commissioner,(MSME)Government of India, and Shri Ramesh K. Pandey Joint Development Commissioner(MSME) for entrusting the task of evaluation of Vendor Development for Ancillarisation Scheme to ni-msme.

I express my sincere thanks to all other officers concerned of the O/o of the Development Commissioner, MSME for their having lent us a helping hand when sought for.

I place on record my appreciation for the co-operation and suggestions given by the Directors of MSME-DIs

I also thank the Officials of the ME-DIs, the Presidents and other Office Bearers of the MSE Associations Confederation of Indian Industry and the Officials of the PSUs and the entrepreneurs for having provided us required information.

I thank our Director-General, Prof. M. Chandrasekhar Reddy, for his valuable suggestions given at different stages during the course of the study.

I thank Dr.G.U.K.Rao and Dr. G. Vallab Reddy and for their suggestions at different stages of this study.

Untiring efforts made by our Faculty and Consultants Prof.B.S. Sudhakara Rao, Prof. Dibyendu Choudhury, Prof.Upendra Maurya, Prof.Glory Swarupa, Dr. Chandrasekhar Reddy and Prof.V.Viswas Rao and rest of ni-msme’s family directly or indirectly in undertaking the evaluation study deserve appreciation.

I thank Shri K.Nagaraju, Consultant, ni-msme for assisting in the data entry and in the preparation of the report.

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CHAPTER 1

STUDY TEAM

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Vendor Development Programmes: Significance

1.1 Initiatives of the Ministry of MSME for Enhancing the Competitive Edge of the MSMEs

Micro, Small and Medium Enterprises (MSMEs) Sector has emerged as a highly vibrant and dynamic sector of the Indian Economy over the last 60 years. MSMEs are complimentary to the PSUs/LSEs as ancillary units. The sector contributes significantly to manufacturing output, employment and exports of the country. There are more than 6,000 products ranging from Traditional Products to high-tech items which are being manufactured by the MSMEs in India. It is estimated to employee about 70 million persons are employed in over 26 million units throughout the country. The Indian MSMEs also have acquired global competitiveness in different manufacturing and services sectors. The successive policies persuade by the Government of India for promotion of MSMEs emphasized the need to integrate this sector with PSUs and LSEs. The focus of these policies has been to improve the competitive edge of the MSMEs. Special arrangement for marketing through the provision of services such as product standardization, quality control and market survey were accorded top priority.

After the liberalization of the economy during 1990s, the Government’s policy of MSME sector changed and the emphasis has been on increasing the competitive strength owing to:

Liberalization of the investment during 1990s favouring FDI

Formation of WTO in 1995 forcing its member countries to drastically scale down quantitative and non-quantitative restriction on imports and

Domestic economic reforms

The MSMED Act 2006 came in to being in order to increase the competitive edge of the MSMEs vis-à-vis the multination corporations. The challenges faced by the MSME sector in today’s competitive environment are:

- Access to technology
- IPR related issues
- Product designs
- Low market penetration
- Quality assurance / certification
Key initiatives taken by the Ministry of MSME for enhancing competitiveness are:

- National Manufacturing Competitiveness Programme (NMCP)
- Cluster Development Programmes (MSE-CDP)
- Credit Linked Capital Subsidy Scheme (CLCSS)
- Performance and Credit Rating Scheme (PCRS)
- Market Development/Assistance
- Encouraging for taking ISO 9000/18000, 14000 etc certification
- Subsidy for MSMEs to acquire national as well as international certification of products
- e-marketing through e-catalogues/cluster websites
- Vendor Development Programmes (VDPs) for ancillarisation and marketing hubs for B2B meets.

1.2 Marketing Support for MSE Products

Marketing is one area where MSMEs face more challenges than opportunities. Compared to Large Enterprises, MSMEs face several constraints in the marketing and procurement areas due to lack of market information. With the increasing global economic integration, the domestic market has become much wider for the MSEs. Globalization and WTO norms make profound impact on the existence as well as marketing for MSMEs. The domestic market is also expanding due to rising incomes in urban as well as rural India. The marketing of products and services of MSEs mostly depends up on the market forces and the promotional efforts of the enterprises. The Ministry of MSME and its organisations have been playing a catalytic role in promoting marketing opportunities for MSEs. They have been formulating several innovative programmes of assistance in providing marketing opportunities for MSMEs in domestic and international markets.

1.3 Government’s Purchase Preference Policy

Realizing that MSMEs face the problem of marketing their products at remunerative prices, Government stores purchase programme was initiated to assist MSMEs in obtaining fair share of the total purchases made by the Government and its Departments. Bulk and departmental buyers such as Railways, Defence and Communication Ministries and PSUs under them are invited to participate in buyer-seller meets to enrich the information of the MSMEs on terms and conditions of purchase, tendering and vendor registration procedure, product/services requirements, quality standards and specifications and other details required by them. Under this policy 409 items of stores were reserved for exclusive purchase from KVIC/Women’s Development Corporations and MSEs in 1989. This list was reviewed and revised in February 2004 by the Committee set up for this purpose and 358 items were approved after deleting items having common nomenclature and addition of some new ones. This list also includes 8 handicraft items reserved for purchase from the Handicraft Sector. (Annexure-9)
1.4 Price Preference Policy for Marketing MSE Products

Assistance under Government Stores Purchase Programme in the form of reservation of products for exclusive purchase from MSE sector and price preference is the major instruments for providing marketing support to the MSEs. These facilities include:

- Price preference up to 15% in case of select items
- No registration fee.
- A consortium to canalize and identify markets for the products of MSEs both domestic and international markets.
- Besides, the following benefits are made to accrue to the MSEs through registration under the Single Point Registration Scheme of the National Small Industries Corporation (NSIC)
- Availability of Tender sets free of cost.
- Exemption on payment of Earnest Money Deposit.
- Exemption on payment of Security Deposit up to the monitory limit for which the unit is registered.
- Price preference up to 15% over the lowest quotation of the Large Scale Units (on merits).

The units registered with NSIC under this scheme are given a registration certificate indicating items for which registered and monitory limit up to which registered. The Policy of the Price Preference up to 15% has been of immense benefit to MSME Sector. This benefit is being continued for MSEs to provide relief to the disadvantageous situation encountered by them due to lack economies of scale, comfortable resource base, access to raw materials and access to market opportunities as compared to large enterprises.

The NSIC, from time to time, has been bringing out All India SSI Directory covering the marketing support under this programme in e-format highlighting the salient features of this programme. The Directory has gone a long way in establishing the linkages between the Government buyers and over 23640 units registered for supplying to over 7000 stores in various Government Departments and Public Sector Undertakings. These products include some of the items reserved under purchase preference policy and many of them are the components used in high-tech Defence Aero Space applications. The subcontracting and vendor development programmes has been practiced by Large Private Sector Enterprises in the areas of drugs and pharmaceuticals personal care products and food processing industries. The other schemes formulated and implemented by the Ministry of MSME are: Subcontracting Exchanges for Ancillary Development and Single Point Registration Schemes implemented by the National Small Industries Corporations.
1.5 Public Procurement Policy

The Government has notified a Public Procurement Policy for goods produced and services rendered by Micro & Small Enterprises (MSEs) order, 2012 effective from 1st April, 2012.

The policy mandates that all the Central Ministries/Departments/CPSUs shall procure minimum of 20% of their annual value of goods/services required by them from Micro and Small Enterprises. Further, policy has earmarked a sub-target of 4% procurement out of this 20% from MSEs owned by SC/ST Entrepreneurs.

The policy has been circulated by the Secretary (MSME) to all the Central Ministries / Departments / CPSUs for success and effective implementation and the policy along with other related documents is available on the office website. All the Chief Ministers of State Governments have been requested by the then Central Minister, MSME to formulate similar policy for Micro and Small Enterprises in their state as per the provisions in MSMED Act, 2006. Queries / doubts raised by the Ministries / Departments / CPSUs for implementation of the policy are clarified form time to time. Acceding to available data, 32 CPSUs have made procurement, more than 20 percent from MSEs in 2012-13.

For developing MSE Vendors, all the Ministries / Departments / CPSUs have been requested to organise Vendor Development Programmes (VDP) and buyer-seller meets between MSE-suppliers and government-procuring agencies. In 2012-13, 51 CPSUs organized 299 VDPs for MSEs. The Office of Development Commissioner (MSME) through its field offices i.e. Micro, Small and Medium Enterprises – Development Institutes has planned for the year 2013-14 to organise over 50 National Vendor Development Programmes and 350 State Vendor Development Programmes throughout the country in order to develop MSE vendors with a budget allocation of Rs.5.00 crore for 2013-14

1.6 Consortium Marketing

A SSI unit in its individual capacity faces problem very often to procure & execute large orders, which inhibits and restricts the growth of SSIs. NSIC accordingly adopted Consortia Approach and built groups/consortia of units manufacturing same products, thereby easing out marketing problem of SSIs. The Corporation explores market and secures orders for bulk quantities. These orders are then farmed out to small units in tune with their production capacity. Testing facilities are also provided to enable units to improve and maintain the quality of their products conforming to the standard specifications.

1.7 Benefits of the Scheme

Participation and Procurement of Orders for bulk quantities

SSIs capacity of participating in large tenders enhanced

Support testing facility provided by NSIC

Financial assistance for Raw Material, Bill discounting etc. provided by NSIC.

Wherever required, equipment is also financed to the SSI on priority.

Help in developing /designing of new products and quality enhancement of SSI products.
ELIGIBILITY

SSI units having valid SSI registration certificate from Directorate of Industries/District Industries Centers and producing the same product.

TERMS AND CONDITIONS

Service charges are also payable by the consortium members @ 0.25% for first 30 days and 0.08% per week subsequently, on the investment amount, till the deal is complete, if Bills are discounted through NSIC.

Application processing fee is 0.1% of tender value.

A service charge 1% is charged once the order is procured.

Application Forms are Available at:

NSIC - Zonal Office

NSIC - Branch Offices

1.8 Vendor Development Programmes

The Scheme on Vendor Development Programmes (VDPs) for Ancillarisation was started in the year 1995 as a Plan Scheme. The Scheme of VDPs is being implemented by the Office of the Development Commissioner – Micro, Small and Medium Enterprises (DC-MSME) and are organized by the Micro, Small and Medium Enterprises Development Institutes (MSME-DIs) throughout the country. The main objective of the VDPs is to reduce and progressively eliminate the capital investment by the PSUs and LSEs under the Ministries like Defense, Railways and other LSEs to put-up captive facilities for manufacturing components/parts, products which can be outsourced from the Micro and Small Enterprises.
One of the areas of the Vendor Development programme is subcontracting and ancillarisation. In this process, capable and potential MSMEs are identified which have the necessary infrastructure and facilities and expertise to play a supporting role to the large and medium industries and public sector industries for supplying various components and services needed by them. This would enable a balanced economic growth and is expected to improve the operating efficiency of the large and medium Enterprises and public sector enterprises. VDPs are also result in eliminating the expenditure on establishment of captive facilities, especially for those out-sourceable products and services.

The main objective of the VDP is to establish business linkages between MSEs and PSUs/LSEs of the Ministry of Defence, Indian Railways and other Large Scale Enterprises. Vendor Development Programmes are expected to bring MSMEs, large industrial houses, Government Departments, PSUs and other large industries on a common platform for promotion of business linkages between them. The objectives of VDP are:

To provide marketing opportunities for the products, components, machinery and technological services of MSMEs.

To enable large organisations to identify competitive vendors

To provide an insight in to the modern technological developments

To show case the strengths and benefits of working in industrial consortia

The areas of Vendor Development are subcontracting and ancillarisation, B2B meetings, Buyer Seller Meet (BSM) and Sub Contract Exchange. Parent organisations apply stringent criteria for selection, development and evaluation of vendors from MSEs. The most important factor considered for identifying vendors relates to the type and quality of the products to be developed. These products are thoroughly analyzed in the areas of design parameters, process of manufacture, machinery and equipment and capacity to produce quality products.

With the above information, the PSUs, Government Departments and large scale industries interact with sizeable number of companies and units with requisite facilities, and assess their capabilities and competency to manufacture such items and components identified, and also the level of backup support needed for development. The critical analysis includes organisation structure, process and production, equipments available, design and developmental faculties' like R&D facilities, level of technology absorption and adoption capabilities, quality control and laboratory facilities, etc. Features such as manufacturing capacity, production planning and control, availability of adequate utilities – like power, water, skills, etc. testing facilities, are also considered. After identifying vendors, the vendor units are provided with necessary logistic supports like raw material specifications and source, design parameters and development, testing parameters, procedures, and equipments, packaging details, etc. in addition to necessary technological support.
1.9 Salient Features

Two types of VDPs are being organized by MSME-DIs – National Level VDPs – cum – Exhibitions and State Level VDPs. In National Level VDPs of 3 days duration, Public Sector Enterprises such as BEL, Coal India Ltd, Defence PSUs, BHEL, TELCO, BSNL, IOC, Establishments of Indian Railways, and NTPC etc. interact with MSEs in identifying suppliers for their product/component requirements from the participating MSMEs. In these National Level and State Level VDPs, an exhibition is also put up for displaying the products of MSMEs and the product/service requirements of PSUs. The participating PSU Representatives and MSME Entrepreneurs or their Representatives interact with MSMEs (vendors) in the Buyer-Seller Meets. Business enquiries ranging from Rs.5 crore to Rs.20 crore per VDP are being generated through National Level VDPs.

1.10 Need for the Evaluation Study of VDP

Vendor Development Programmes are being conducted over the last two decades and the number of MSMEs and their Associations and PSUs had been participating in them. It is necessary to review the progress of the Scheme, its impact and also whether the intended benefits are felt by the stakeholders. With the announcement of the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order on 1st April, 2012, making the overall procurement of 20% mandatory from 1st April, 2015, the PSUs are expected to take all the possible steps to review their procurement processes and make the required revisions. There is also an urgent need to make the Vendor Development Programmes sponsored by the Ministry of MSME and Vendor Development Programmes conducted by the PSUs and LSEs on their own through making them more focused and result oriented. The Public Procurement Policy also specifies 4% procurement from MSEs owned by the SC/ST entrepreneurs and what steps need to be taken in this regard by the organizers of VDPs. Other Schemes like Single Point Registration and Sub-Contracting Exchanges are being implemented in order to augment the procurement from MSEs. As VDPs, Single Point Registration and Sub-Contracting Exchanges are highly complimentary in nature directed towards ensuring and continuous improvement of procurement from MSEs by the PSUs/LSEs, there is a need to study how these schemes are beneficial to MSEs.

The Government’s efforts are focused more on improving the competitive edge of the MSMEs and develop them as complimentary to large and Public Sector Enterprises for improving the employment potential and balanced economic growth. The Public Procurement Policy for MSEs 2012 in which 20% of the annual purchases of CPSUs should made from MSMEs. This has generated an opportunity to showcase their capability in terms of quantitative and qualitative suppliers to PSUs and other Government Departments. The Vendor Development Programmes were being organized for the last 20 years and there is a need to review the implementation and the outcome. Since VDPs are seen as main instruments for providing linkages between MSEs and PSUs, the achievement of the scheme ever since it became operational in 1995 need to be evaluated. Other schemes like single point registration, subcontracting exchange programmes are also being implemented for promoting marketing assistance for MSEs. With the advent of Public Procurement Policy (PPP) which is being made mandatory from the 1st April 2015, there is need to review the synergy between different marketing assistance schemes and to make them more effective by incorporating suitable modifications based on past performance. It is also necessary to identify what support services are given by the PSUs/LSEs in the process of development of MSE vendors.
1.11 Objectives of the Evaluation Study

The objective of the Evaluation Study on Implementation of VDPs in MSEs

The main objectives of the Evaluation Study are:

- To study the impact of the VDPs in improving business relations between large scale industries and MSEs, including their success rate and benefits of vendor registration.

- To enumerate the back-up support services provided by parent units, the rates offered for products and services and the impact of delayed payments on MSEs.

- To gauge the awareness of VDP among different stakeholders.

- To study the existing features of the scheme and suggest the required modifications in respect of recovery rate, actual expenditure and other aspects.

- To study the benefits of registration of MSEs under sub-contracting exchange and single point registration.

- To list out steps needed to make VDP to play a proactive role in accomplishment of the objectives of Public Procurement Policy for MSEs.

- To bring out any other relevant points for efficient achievement of the objective of the policy through discussion with stakeholders

1.12 Scope

The scope of the study is to conduct the overall assessment of the VDP in all its aspects by contacting the MSME-DIs, MSE Associations, promotional and financial institutions and parent units. The report will give information on the success rate of VDPs, awareness of VDPs among stakeholders, modification required for expenditure pattern and recovery rate and to suggest measures for making VDP a tool to achieve the objectives of Public Procurement Policy more effectively.

1.13 Methodology and Data Collection

Primary data and secondary data were collected from the different stakeholders through separate questionnaires and perusal of the relevant records to completely cover all the objectives set for the study based on the ToR. The data on implementation of the Vendor Development Programmes by the MSMEDIs for 3 year period of the 11th Plan period is considered for the study. As most of the information to be collected is qualitative, Personal interviews / discussions were held with the Directors/ Officials concerned of MSME-DIs, Office Bearers of MSE Associations and Select PSU Officials, Entrepreneurs and, Promotional Organizations and select large organisations. We covered 10 PSUs from the Ministry of Defence and Ministry of Railways and organisations like BHEL, BEL, BSNL, Indian Airlines, NMDC, DRDO. The primary data, the secondary data and the points highlighted during the discussions with stakeholders have been analysed to draw meaningful conclusions.
1.14 Sample Size

As suggested by DC-MSME, 9 MSME-DIs were being covered in the study. We contacted MSME-DIs located at Hyderabad, Bangalore, Chennai, Kolkota, Kanpur, Patna, Mumbai, Guwahati and Ahmedabad.

45 Micro and Small Entrepreneurs were covered under the study. 13 MSE Associations in the states of Andhra Pradesh, Assam, Tamil Nadu, West Bengal, Uttar Pradesh, Maharashtra and Gujarat have been included in the study.

4 MSE Promotional organisations and financial institutions were contacted to solicit their views and to identify their role.

10 parent units from the Ministry of Defence and Ministry of Railways and organisations like BHEL, BEL, BSNL, Indian Airlines, NMDC, DRDO, and two large scale industries from Private Sector.

Other organisations and Officials based on their participation in the VDP.

1.15 Terms of Reference (TOR)

- To assess the impact of the Vendor Development Programmes in development of Vendors vis-à-vis vendor registration benefits and assess the success rate of the VDPs organized by MSME-DIs
- To assess the awareness of the VDP among MSMEs/Associations/Clusters/Promotional agencies/department and financial institutions
- To assess the rates offered for the products and services to MSEs by parent units, the effectiveness of the backup support provided by Parent Units, both technical and managerial to their Vendors and the impact of delayed payments by buyer organizations to MSEs
- To study the adequacy of recovery rate/norms from actual expenditure of the programme and to assess the possibilities of reducing the recovery rate to make the programmes more attractive to the organizers/participants without compromising on the quality
- To assess the usefulness of registration MSEs under Sub-contract exchange with MSME-DIs/Associations and effectiveness of Single Point Registration (SPR) with NSIC for vendor registration.
- To study how a VDP can play a pro active role to fulfill objective of public procurement policy for MSEs.
- Any additional activity/parameter to be covered which may emerge during discussions/interaction in the Course of above work.
1.16 Limitations

The evaluation study has been faced with certain practical limitations such as: Difficulties encountered in establishing contacts with officials concerned of the MSME-DIs, PSUs and MSE Associations covered in the study.

Personal Interviews were conducted along with structured questionnaires because of the expected low response from the stake-holders and complex nature of the issues involved.

The complex nature of the data and its distribution among the MSME-DIs and PSUs.

In view of the above scenario the study perforce to relay on what ever information provided by the stake-holder organisations which may not be complete; but the study does have enough information to base its finding and conclusions leading to specific recommendations in order to make the scheme more proactive.
CHAPTER -2

Impact of the VDP With Reference to the Objectives

2.1 Progress in Implementation of the VDP Scheme

The main objective of the VDPs is to develop Indian MSMEs as competitive manufacturers and suppliers of products and services required by PSUs/LSEs through establishment of appropriate marketing linkages. VDP is one of the innovative schemes to stimulate capabilities of the MSMEs as suppliers. As per the VDP guidelines PSUs/LSEs are required to work in close partnership with their associated MSMEs. Through VDPs, MSMEs are expected to gain better understanding of the products/components required by the PSUs, defence establishments, railways and other large buyers from the Government Departments. These are also extended to meeting product specifications, delivery schedules and quality requirements. PSUs/LSEs are required to give MSME entrepreneurs the required support to enhance their technical knowledge in respect of supply procedures, product specifications and quality.

During the 10th Plan, 156 VDPs were conducted by MSME-DIs in different parts of the country comprising 56 National Level VDPs and 100 State Level VDPs. The number of MSEs and PSUs/LSEs participated in these programmes are 5794 and 782 respectively. As a result of these VDPs, business enquiries and negotiations worth Rs.250 crores were accomplished.

During 2008-09, 28 VDPs were organized by MSME Development Institutes. These Programmes attracted participation of 3039 MSMEs and 488 PSUs/LSEs.

During 2009-10, 26 VDPs were organized by MSME-Development Institutes. These programmes attracted 2376MSEs and 291 PSUs/LSEs.

During 2010-11, 34 VDPs were organized by the MSME-Development Institutes.

Table-1

VDPs Conducted by the MSME-DIs during 3years of 11thPlan Period

<table>
<thead>
<tr>
<th>Year</th>
<th>Nos. of VDP Conducted</th>
<th>National Level</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>State Level</th>
<th>No. of SSI</th>
<th>No. of LSEs</th>
<th>Total of Patrice-pants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>29</td>
<td>09</td>
<td>94</td>
<td>20</td>
<td>3743</td>
<td>182</td>
<td>3925</td>
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<tr>
<td>2008-09</td>
<td>28</td>
<td>20</td>
<td>88</td>
<td>08</td>
<td>3039</td>
<td>488</td>
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<td>106</td>
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<td>2376</td>
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<td>50</td>
<td>288</td>
<td>33</td>
<td>9158</td>
<td>961</td>
<td>10119</td>
</tr>
</tbody>
</table>

17 ni-msme
During the study period of 3 years (2008-09 to 2010-11) of the 11th Plan, 50 National Level VDPs and 33 State Level VDPs were conducted by all the MSME-DIs in the Country. Total number of enterprises participated include 9158 MSMEs and 961 PSUs/LSEs. These VDPs are being conducted in association with the Local PSUs or Local Branches of the PSUs, Industry Associations /MSME Associations and Promotional Organisations. During the VDPs, Seminars / Workshops are being conducted by MSME-DIs and number of presentations by the participating PSUs, NSIC, MSME-DI and other prominent organisations. Some VDPs also include panel discussions between PSUs and MSEs. Participating PSUs usually display their product requirements and MSEs display their capabilities in manufacturing products and rendering services. The seminar presentations include the product/component requirements of PSUs, terms and conditions for participating in PSU tenders, Vendor registration procedures and MSE products.

For Developing MSE Vendors, all the Ministries, Departments and CPUSs have been requested by the Office of the Development Commissioner to organize Vendor Development Programmes and buyer –seller meets between MSE –Suppliers and Government Procuring Agencies. In 2012-13, 51 CPSUs organized 299 VDPs for MSEs. This effort clearly indicates that the VDPs hence forth will be more focus with PSUs taking the lead role. The role of PSUs and Government Departments should be more proactive in Vendor Development efforts. As per the available data, 32 PSUs have exceeded the 20% procurement target for the year 2012-13 indicates that the things started moving in the right direction. The implementation and the monitoring of the same need to be very effective in order to sustain and improve this trend. The Office of the Development Commissioner through its network of MSME-DIs has planned to organise over 50 National Level VDPs and 350 State Level VDPs throughout the country for the year 2013-14 with Rs.5.0 Cr Budget and are progressing towards achieving the results. The idea is to develop MSE Vendors and provide maximum contact opportunities between PSUs and MSEs.

2.2 Business Linkages and Vendor Registration

Registrations up to 10% of the participating MSEs are being achieved partially during the VDPs and in subsequent periods. The primary objective of creating a platform for PSUs and MSEs to come together and to provide the marketing opportunities is being achieved through the VDPs conducted by the MSME-DIs. Some on the spot Vendor Registrations are also being done during the VDPs. Some registrations may also take place during future dates in the course of time after appropriate dialogue between PSUs and MSEs. Some MSEs who are already registered as vendors during the VDPs conducted earlier are also participating in the subsequent VDPs in order to know the technological developments in their product lines. Some of the participating MSEs are participating in the product exhibitions in order to gain publicity for their products as each VDP is also attracting number of visitors.

The NSIC has prepared a Directory covering the marketing support under single point registration scheme in a modern computerized concise format highlighting the salient features of the single point registration. The Directory has gone a long way in establishing the linkages between the Government buyers and over 23640 units registered for supplying to over 7000 stores in various Government Departments and Public Sector Undertakings. The part of this success of the registrations under this scheme may be due to the awareness created during VDPs. Through the data on the exact registration is not being documented by the MSME-DIs or PSUs. It is felt by the associations, that vendor registrations can take place at any time after VDPs completed.
2.3 Benefits of VDPs

The PSUs are able to highlight the requirement of products and services to the MSEs by displaying data on required items and their specifications. All the PSUs contacted felt that the participation in VDPs helped in improving the business relations with MSEs.

The MSME-DI Directors and other officials, the MSE Associations and the MSEs had expressed that the VDPs, both National Level and State Level are very useful in providing a platform for PSUs and MSEs to meet leading to business linkages. The PSUs while agreeing that the VDPs are useful, wanted the MSME_DIs to organize more focused VDPs. The benefits of VDPs mentioned by the respondents are:

List of items, their specifications and quality are being displayed by the PSUs and disclosed to the MSE Sector through the VDPs.

The Vendor Development Scheme gets publicity among all stake holders. It also gives information about the Purchase Preference Policy of Government to the PSUs and based on the Policy Guidelines, the PSUs are Procuring from the MSEs. The Procurement Policy, Vendor Registration Procedure are clarified very clearly to the SME Sector which was main barrier to SME Sector for getting Vendor Registration with the PSUs.

This programme helps to MSME sector to chalk out the business planning on long-term basis.

VDPs help to PSUs to make a wide vendor list. Due to this they are able to purchase the items more easily at competitive prices and getting better quality products.

It also helps for better inventory control. This programme also achieves development of import substitute products. VDPs if properly organized in a more focused approach will in turn result in more effective implementation of the Public Procurement Policy.

The interactive sessions and seminars and panel discussions between PSUs and the MSEs have contributed a lot for improving the relations between PSUs and MSEs. These units are able to exchange information through presentations and are able improve personal relations.

It is providing opportunities for the MSMEs to get purchase orders from the PSUs.

The MSMEs are able to improve and expand their business by strengthening relations with buyers and market opportunities.

VDPs are eliminating the doubts with regard to vendor registrations.

MSEs are registered with PSUs/LSEs because of participation in VDPs

2.4 Participation of Public Sector Enterprises and MSEs

The number and range of PSUs participated in the VDPs organized by the MMSME-DIs is quite impressive. Almost all major PSUs of Nvaratna and Mini-Navaratna Category had participated in the VDPs. The PSUs participated include: Bharat Heavy Electricals Limited, National Mineral Development Corporation Limited, HPCL, Indian Oil Corporation, Bharat Electronics Ltd, BSNL, Hindustan Aeronautics Limited, Bharat Dynamics limited, Shipping PSUs, PSUs of MoD, ALIMCO, Different Regional Wings of Indian Railways, PSUs of Ministry of Steel, National Small Industries Corporation, Different Divisions of Coal India, Garden Reach Ship Builders Ltd etc.
In all, MSEs participated and displayed their products in VDPs conducted by MSME-DIs are Apart from the entrepreneurs displayed their products, almost an average of 2000 visitors are visiting each Vendor Development Programme. The MSEs are displaying wide range of products including common products required in industrial supplies to highly sophisticated Engineering products, components, plastics and composites and engineering plastics, printing and packaging equipment, fabrication, tools and jigs, Conveyor roller and belts, high end CNC machined products, food processing etc.

We have contacted 13 MSE and industry Associations. All of them were associated with Organizing VDPs at different points of time. (Please Refer Annexure: All these associations felt that the VDPs conducted by the MSME-DIs are useful in many respects but suggested some modifications/ improvements in respect of implementation methodology which is discussed in subsequent chapters.

In accordance with the opinions expressed the PSUs, MSME-DIs, the Office Bearers of the MSE Associations, MSE Representatives and the Executives of PSUs, the Vendor Development Scheme provides an excellent platform for the MSEs to showcase their capabilities to the PSUs, Government Departments and other LSEs. We may conclude that the VDP scheme is highly useful for providing marketing support to the MSEs and provides marketing opportunities for the products, components, machinery and technological services of MSMEs. Through VDPs the large organisations and PSUs identify competitive vendors. VDPs also enable participants to have an insight in to the modern technological developments and show case the strengths and benefits of working in industrial consortia. Base on the opinions expressed by all the stakeholders, the objectives of conducting VDPs have been achieved to a great extent. Each year, 50,000 to 75,000 people are getting exposed to many of the products manufactured by the MSEs and the awareness on Public Procurement policy is also increasing since one year.
2.5 Benefits of Vendor Registration

The PSUs and LSEs generally register vendors in order to develop a comprehensive database of vendors for procurement of quality goods / Consultancy Services/Works including Works Contracts, Annual Maintenance / Rate Contracts. The registration process in most of the PSUs is an online process were in vendors are required to fill the requisite fields and submit the application. No documents need to be submitted at this stage. The required forms and information is also made available in hard copies to the MSE Vendors who display their products in VDPs.

Most of the PSUs and LSEs are made information and relevant forms and instructions available on-line and receiving applications on-line. The MSMEs after initial discussion during VDPs with the representatives of the PSUs may submit on-line applications providing all the particulars required. After examine the particulars. All MSMEs who have obtained EM – part-1 and part-2 can registered with relevant PSU based on the products manufacture. Generally the PSUs prefer MSMEs having proven track record, technical and financial soundness, Established Quality Systems and Standards (ISO:9000), Safety Systems and Standards (OSHA:18000), Environmental Management Systems and Standards (ISO:14000), Good Corporate Governance and Social Responsibility and Compliance to all statutory regulations and requirements. However the registration procedures difference slightly from PSU to PSU and need standardization. Most of the MSMEs and the Associations contacted have preferred a uniform procedure to be followed all PSUs in order to simplify the registration.

Get e-mail alerts regarding notice inviting tenders/corrigendum in preferred category / sub category and region
MSMEs are able to download softcopies of tender documents from PSU/LSEs.
They can get user ID and password to enable participation in e-procurement tenders after verification of documents
Be able to update time related data
Get e-mail alert for advertisement regarding empanelment as a vendor
Creating a market between MSMEs and PSUs/LSEs/ local companies/MNCs through industrial linkages
Technical and financial assistance to increase the MSMEs(vendor) capacity building
Creating confidence to other large scale companies/MNC and creates more market opportunities for the SMEs
Those vendors companies are more bankable to get facilities from the financial institutions.
Creating better opportunities to vendor companies to penetrate local market and international market
Identification of suppliers from SC/ST in order to conform to purchase of 4% under Public procurement Policy.
The Vendor registration provided by the one branch of the PSUs for specific items will be useful in getting orders from other branches.

Assess to meet PSUs officials and to have direct interaction with them to understand their needs.

Through registration MSEs can know the procurement policies, procedures and terms of payment.

15% price preference over the L1 of the other medium and large enterprises.

The procurement policy, vendor registration procedure are clarified very clearly to the MSMEs which was main barrier to vendor registration.

It also helps development of import substitutes and inventory control.

Vendor registration will facilitate the achievement of the objectives of implementing the public procurement policy effectively.

2.6 Analysis of Data Provided by the Sample MSME-DIs

The VDPs conducted by the MSME_DIs at Bangalore, Guwahati, Kolkata, Patna, Mumbai, Hyderabad and Kanpur have attracted number of PSUs ranging from Oil companies,(IOL, HPCL etc) Bharath Heavy Electrical Limited, PSUs under Ministry of Defence (MoD), Bharat Dynamics Limited, Directorate of Indigenization of MoD, Different Divisions of Indian Railways, SteelPSUs, Different Divisions of Coal India Limited, National Mineral Development Corporation, NSIC, Government Departments and several other PSUs participated. MSEs participated include different sectors like chemicals, plastics, engineering, automobile, pressing engineering, machine tools, fabrication, metal finishing, machine tools and other sectors in the VDPs conducted by these sample MSME_DIs.

Table-2A

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery (Rs. in Lakhs)</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>Bangalore</td>
<td>8,45,000</td>
<td>7,75,000</td>
<td>110</td>
<td>7</td>
<td>117</td>
</tr>
<tr>
<td>2009-10</td>
<td>Bangalore</td>
<td>8,35,000</td>
<td>8,80,000</td>
<td>130</td>
<td>5</td>
<td>135</td>
</tr>
<tr>
<td>2010-11</td>
<td>Bangalore</td>
<td>5,01,000</td>
<td>7,15,000</td>
<td>100</td>
<td>3</td>
<td>103</td>
</tr>
<tr>
<td>2011-12</td>
<td>Mysore</td>
<td>3,00,000</td>
<td>4,50,000</td>
<td>122</td>
<td>5</td>
<td>127</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>2,481,000</td>
<td>2,820,00</td>
<td>462</td>
<td>20</td>
<td>482</td>
</tr>
</tbody>
</table>
The MSME-DI, Bangalore provided data of VDPs conducted during 4 years for the 11th plan (Table-2A) which includes 4 National Level VDPs attracting 482 numbers of units comprising 362 MSEs and 20 LSEs/PSUs. The average participation per National Level VDP was 115 and 5 LSEs/PSUs. The recovery rate is impressive in the case of National Level VDPs conducted by the MSME-DI, Bangalore.

Table -2B

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>Tumkur</td>
<td>20,000</td>
<td>49,980</td>
<td>45</td>
<td></td>
<td>45</td>
</tr>
<tr>
<td>2011-12</td>
<td>5-Bangalore, Kankanpura, Haripura, Sagara &amp; Tumkur</td>
<td>69,500</td>
<td>2,36,762</td>
<td>144</td>
<td>5</td>
<td>149</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>89,500</td>
<td>286,742</td>
<td>189</td>
<td>5</td>
<td>194</td>
</tr>
</tbody>
</table>

The numbers of State Level VDPs conducted by the MSME-DI, Bangalore in the 2 years period as shown in the Table -2B are 6 in different locations in which 189 MSEs and 5 PSUs/LSEs participated. The average participation of LSEs at the State Level is 31 MSEs per VDP which seems to be low in comparison to the participation in National Level VDPs. The recovery is also low in State Level VDPs.

Table -3A

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>Guwahati &amp; Shilong</td>
<td>92,000</td>
<td>8,14,979</td>
<td>56</td>
<td>21</td>
<td>77</td>
</tr>
<tr>
<td>2009-10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
As per the data provided for the 3 years (Table-3A) the MSME-DI, Guwahati conducted 4 National Level VDPs in which 199 MSEs and 47 LSEs/PSUs participated. The recovery rate seems to be low in respective of these VDPs. The participation of PSUs is quite impressive in terms of numbers as well as the type of PSUs. The average participation of MSEs and PSUs is 50 and 12 respectively per VDP.

Table -3B

State Level VDPs conducted by the MSME-DI, Guwahati

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery (Rs. in Lakhs)</th>
<th>Expenditure</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>Guwahati</td>
<td>30,950</td>
<td>50,000</td>
<td>16</td>
<td>04</td>
<td>20</td>
</tr>
<tr>
<td>2010-11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2011-12</td>
<td>Tura</td>
<td>13,500</td>
<td>47,990</td>
<td>25</td>
<td>04</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>44,450</td>
<td>97,990</td>
<td>41</td>
<td>8</td>
<td>49</td>
</tr>
</tbody>
</table>

For the 2 State Level VDPs conducted the number of MSEs/PSUs participated is 41 and 8 respectively.
Table -4A

National Level VDPs conducted by the MSME-DI, Hyderabad

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/ PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>Hyderabad</td>
<td>-</td>
<td>295</td>
<td>5</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>2009-10</td>
<td>Hyderabad</td>
<td>-</td>
<td>165</td>
<td>15 including promotional organisations</td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>2010-11</td>
<td>Hyderabad</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>110</td>
</tr>
<tr>
<td>2011-12</td>
<td>Hyderabad</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>650</td>
</tr>
</tbody>
</table>

According to the Data provided by the MSME-DI, Hyderabad, 4 National Level VDPs were conducted during 4 years period as per the Table -4A. The number of MSEs and PSUs participated in these National Level VDPs are 650 including 20 PSUs. The average participation of about 157 MSEs per VDP seems to be impressive but the average number of PSUs participated is only 5 per VDP. However the data with regard to expenditure and recovery has not been provided by the MSME-DI, Hyderabad.

Table - 4B

State Level VDPs conducted by the MSME-DI, Hyderabad

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/ PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>8 different locations</td>
<td>440</td>
<td>20</td>
<td>440</td>
<td></td>
<td>440</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>440</td>
</tr>
</tbody>
</table>

The data has been provided for one year (Table-4B) in which 8 State Level VDPs were conducted and 440 MSEs and 20 PSUs/LSEs have participated.
Table -5A

National Level VDPs conducted by the MSME-DI, Kanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery (Rs. in Lakhs)</th>
<th>Expenditure</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>Kanpur</td>
<td>2,63,000</td>
<td>3,78,925</td>
<td>79</td>
<td>10</td>
<td>89</td>
</tr>
<tr>
<td>2010-11</td>
<td>Kanpur</td>
<td>1,50,000</td>
<td>2,72,547</td>
<td>20</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>2011-12</td>
<td>Kanpur</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2</td>
<td>4,13,000</td>
<td>99</td>
<td>13</td>
<td>109</td>
</tr>
</tbody>
</table>

The data was provided for 2 years by the MSME-DI, Kanpur in which 99 MSEs and 13 PSUs/LSEs participated. The number of 49 MSEs per National Level VDP seems to be low. The recovery rate is impressive.

Table -5B

State Level VDPs conducted by the MSME-DI, Kanpur

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery (Rs. in Lakhs)</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>1</td>
<td>1,50,000</td>
<td></td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>2011-12</td>
<td>9</td>
<td>2,18,000</td>
<td>-</td>
<td>191</td>
<td></td>
<td>191</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>368,000</td>
<td>191</td>
<td>208</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

During the 2 year period given in the about table (table-5B) the MSME-DI, Kanpur, conducted 10 State Level VDPs in which 191 MSEs, PSUs and Promotional Organisations participated.
Table -6A

National Level VDPs conducted by the MSME-DI, Kolkata

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>Kolkata</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>107</td>
</tr>
<tr>
<td>2010-11</td>
<td>Kolkata</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>123</td>
</tr>
<tr>
<td>2011-12</td>
<td>Burdwan</td>
<td>2,40,000</td>
<td>4,28,000</td>
<td>96</td>
<td>8</td>
<td>96</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>2,40,000</td>
<td>4,28,000</td>
<td></td>
<td></td>
<td>326</td>
</tr>
</tbody>
</table>

During the 3 years period according to the data provided by the MSME-DI, Kolkata (Table-6A), 3 National Level VDPs in which 326 MSEs, PSUs/LSEs and Promotional Organisations participated. The list of PSUs provided by the MSME-DI includes prominent PSUs including the sectors of Ship Building, Railways and Others. The data provided on expenditure is not complete.

Table -6B

State Level VDPs conducted by the MSME-DI, Kolkata

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>Kolkata</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>2010-11</td>
<td>Kolkata</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>2011-12</td>
<td>7-different locations (Kolkata, Birbhum, Kolkata, Malda, Murshidabad, Meidnipur, Burdwan)</td>
<td>1,54,000</td>
<td></td>
<td></td>
<td></td>
<td>286</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>1,54,000</td>
<td></td>
<td></td>
<td></td>
<td>386</td>
</tr>
</tbody>
</table>

The data has been given for three years in which 9 State Level VDPs were conducted with a participation of 386 units including Public Sector Enterprises.
Table -7A

National Level VDPs conducted by the MSME-DI, Patna

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11 Patna</td>
<td>3,45,000</td>
<td>3,45,000</td>
<td>95</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2011-12 Patna</td>
<td>3,45,000</td>
<td>6,25,000</td>
<td>90</td>
<td>5</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,90,000</td>
<td>9,70,000</td>
<td>185</td>
<td>10</td>
<td>195</td>
<td></td>
</tr>
</tbody>
</table>

The data was provided by two years during which 2 National Level VDPs were conducted (Table-7A). The total number of MSEs and PSUs participated in these two VDPs were 185 and 10 respectively. The average number of MSEs participated are 92 and the recovery rate seems to be impressive.

Table -7B

State Level VDPs conducted by the MSME-DI, Patna

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11 6 in 6 locations</td>
<td>1,65,000</td>
<td>3,00,000</td>
<td>427</td>
<td>5</td>
<td>432</td>
<td></td>
</tr>
<tr>
<td>2011-12 Patna (6nos)</td>
<td>1,65,000</td>
<td>3,00,000</td>
<td>245</td>
<td>5</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>3,30,000</td>
<td>600,000</td>
<td>672</td>
<td>10</td>
<td>687</td>
</tr>
</tbody>
</table>

As per the data provided in Table number 7B, 12 State Level VDPs were conducted in which 246 MSEs and 5 PSUs had participated. The average participation is 56 MSEs per VDP. The recovery rate is also good.
The data provided for 2 to 3 years by the MSME-DIs of Bangalore, Guwahati, Hyderabad, Kolkata, Kanpur and Patna indicate that each National Level VDPs attracted an average of 90 to 100 MSEs and 5 to 12 PSUs. The examination of the actual list of participants and the proceeding of the VDPs indicated that the MSME-DIs in all these places could involve a range of MSEs pertaining to different sectors. Most of the prominent PSUs located in the areas where the VDPs were conducted have participated. Some of the Navaratna and Mini - Navaratna category PSUs also participated in the VDPs. As indicated by the Officials of PSUs, MSE Associations and Entrepreneurs, there is a need to organise the VDPs in a more focused way involving the MSEs manufacturing the products required by the PSUs. The recovery rate can also be increased if the requirements of PSUs and MSEs are matched properly. The financial details provided are not complete in order to make conclusions with regard to expenditure and recovery rates. However, as per the information given by the MSME-DIs, Associations and the MSEs, there is a need to reduce the recovery rate in all the 3-types of VDPs to be conducted. Most of the MSME-DI officials contacted indicated that the number of State Level VDPs and the VDPs in C Category cities may be reduced. Irrespective of the location and the type of VDP, there is a need to increase the focus of the VDPs in terms of requirements of PSUs and the products of MSMEs displayed. The allocation of funds for conducting National Level and State Level VDPs has been increased to about 4.90 crores for the year 2013-14 for all the MSME-DIs. The MSME-DIs may take steps to conduct in a planned way by giving advance information in respect of participating MSEs to PSUs and vice-versa, in order to increase the productivity. Each MSME-DI need to maintain a separate database for the VDP implementation and the information on dates and locations of VDPs conducted, the details of MSEs and PSUs participated and the details of follow-up may be entered for ready reference.
Chapter 3

Backup and Support Services Provided by PSUs / LSEs

3.1 Need for Back-up Support by PSUs/LSEs

Vendor Development has been a cooperative endeavour between a buying firm and its suppliers to upgrade suppliers’ various capabilities in the areas of quality, cost cutting, delivery and technology development. VDPs are also seen as an effort of a buying firm with a supplier to increase the performance and/or capabilities of a supplier and to meet the buying firms short and long term supply needs. Supplier management has attracted the interest of researchers and practitioners who had recognized that supplier plays a vital role in improving the manufacturing performance of the products. This is because; effective supplier management reduces costs, enables long term relationship with PSUs. Other benefits include better delivery performance and support for new product development, effecting technological developments in the existing suppliers both of which lead to competitive advantage. The development of long term collaborative relations with other operating partners in the supply chain represents one of the fundamental elements of good business management systems. The process of partnership between the buyers and vendors can improve profitability and competitive advantage of all parties. The environment in which high degree of cooperation exists between buyers and vendors maximizes the efficiency of the whole supply chain in which they operate. Some of the vendor development programmes are being initiated by the large private enterprises and PSUs with or without Governments initiation. The VDPs initiated by the Ministry of MSME are mainly to assist the MSEs in enhancing their marketing efforts. Substantial business relations already exist between MNCs/LSEs and MSEs in the areas like drugs and pharmaceuticals, personal care products, food processing, engineering and automobile industries mostly due to the lead taken by the Large enterprises in vendor development. The MNCs and Large Private Enterprise also provide several back-up support services and give an assured and continuing marketing opportunity for the MSEs.

The Vendor Development Programmes conducted by the MSME-DIs are mainly attracted by the MSEs who face lot of marketing problems. The PSUs have been extending all possible backup support services for the MSEs who were empanelled through VDPs and Single Point Registration. Some PSUs are also playing catalytic role in giving support and all the back-up services to develop a cluster of ancillaries. The example of BHEL, Thiruchirapally illustrates the point to a great extent.
3.2 Outsourcing Activities & Vendor Development

The Turnover from the BHEL facility in Trichy, as of year FY2012 was an approximate of Rs. 14,000 crores. Due to an unprecedented demand in the power sector, BHEL in Trichy is outsourcing some part of its work to vendors in and around Trichy area. In order to ensure quality of output from its vendors, BHEL has put an appropriate framework for vendor development in place. Some of the key activities undertaken by BHEL in this context are as follows:

Vendor Selection Process

BHEL has developed stringent vendor selection criteria, so as to ensure quality of their vendors output, as it in turn is contingent on product quality of BHEL. The vendors are selected on the basis of the minimum standards of plant and machinery level and also on the basis of manpower.

Vendor Development Process

On selection of a particular vendor, BHEL would provide job work opportunities to them, at conversion rates acceptable to both parties. BHEL would provide the vendor with the raw material required for the job. Designs will also be provided by BHEL. The technical staff of BHEL will provide all inputs to vendors for carrying out the job work. Through this process, BHEL is able to maintain desired quality for its inputs.
Conclusion

While BHEL has attained the status of undisputed leader in the Indian utility industry, given the competencies it has developed over the past decades, it is well poised to continue to grow in the years to come. Given the power supply and demand situation in India, choices are very limited for all companies in the power sector (including BHEL), except to expand rapidly.

Having put best practices in place for selection and development of vendors, BHEL can garner lot of SME units in and around its plants for outsourcing its requirements. These vendors, as they go along, apart from supplying to BHEL also have the option to cater to requirements across other similar sectors. By becoming vendors for BHEL, the SME units would be exposed to manufacturing best practices, which would be most suitable and acceptable to clients across other related industries. This phenomenon would result in better business opportunities for SME units in and around Trichy area.
3.3 Structure of Trichy Fabrication Industry

The Trichy fabrication cluster has developed historically as a support system for the Trichy manufacturing hub consisting of the Bharat Heavy Electricals Ltd facility (BHEL). The Trichy fabrication cluster consists of nearly 1000 small medium and large units which do various types of job works for BHEL as well as other manufacturing units.

The industrial profile of Trichy is dominated by engineering and fabrication industry, particularly boiler industry. BHEL is the largest industry near Trichy. Large industries in the private sector are Rane Group, Sanmar Group, Cethar Vessels, Dalmia Cements, GB Engineering, SRF, Jothi Malleables, MM Forgings etc. In addition, the Indian Railways has its Golden Rock workshop and there are several defence production units near Trichy.

The manufacturing of power generation and distribution related equipments is the largest industry in Trichy. The main product categories include:

- Boilers, Pressure parts and Structural
- Structural for Wind Energy
- Electrical Panels
- Distribution infrastructure
- Micro Electronics
Other product categories include equipments for the Engineering industry (CNC related components) and for the construction industry.

The tariff range in this industry is very wide and cannot be quantified for a particular job, as it involves different stages with varying tariffs.

The presence of large & healthy engineering industry has spawned a number of ancillaries. It is estimated that about 50% of BHEL’s production is outsourced to these ancillaries. Similarly over 50% of India’s wind tower manufacturing is done in Trichy. Other large private industries have also established a well developed ancillary network.

Output: The Trichy fabrication cluster produces job works worth Rs. 6,500 crores annually. Excluding the value of raw materials used for production, the total production value of the output of the industry stands at Rs. 3,500 crores. The break-up of the same is given below:

<table>
<thead>
<tr>
<th>Turnover of the Trichy Fabrication Hub:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of Job Work</td>
</tr>
<tr>
<td>Job Works outsourced by BHEL</td>
</tr>
<tr>
<td>Non BHEL job works</td>
</tr>
<tr>
<td>Other job works</td>
</tr>
<tr>
<td>Total value of job work output</td>
</tr>
<tr>
<td>Total Value of Output (Excl raw materials)</td>
</tr>
</tbody>
</table>

Most of the units in Trichy are small and medium. The distribution of manufacturing units as per their turnover is as follows:

<table>
<thead>
<tr>
<th>Distribution of Units by Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Rs in crores)</td>
</tr>
<tr>
<td>Upto 2</td>
</tr>
<tr>
<td>2-5</td>
</tr>
<tr>
<td>5-10</td>
</tr>
<tr>
<td>&gt;10</td>
</tr>
</tbody>
</table>
The Ministry of Defence and Railways also have been extending number backup support services for the MSEs empanelled as vendors. The VDPs conducted by MSME-DIs are providing a very useful platform for initiating business linkages between PSUs/LSEs and MSEs. The Ministry of Defence, Government of India is having the potential and capacity to provide vendor development services for MSMEs. The policy of the Ministry of Defence has been to increase the business linkages with MSMEs and to provide the required backup support services. Some excerpts of the articles appeared in the Defence ProAc Biz News, Issue No.6, November – December 2013 illustrate the point.

3.4 Business Opportunities for the MSMEs in the Defence Sector

The Defence budget allocation of the three armed forces and DRDO and Ordnance factory is divided into capital and revenue expenditure. The budget allocation for the financial year 2013-14 is Rs. 203672.12 and expected to grow by at least 10% every year growth. Out of the total budget the revenue allocation is pegged at 1693.40 crore for the current year.

In case of revenue procurements, the Defence Procurement Manual (DPM) on the other hand gives the leverage to the private industry, MSMEs/ Agents/Distributors / Authorized Representative as well to participate thus paving way for the business opportunities for private sector. The DPM clearly emphasize on indigenization by providing, more scope and provision to the private industry for revenue procurement. At present 358 items that have been reserved for MSMEs and micro and small enterprises under the DPM which caters to the revenue. Realizing that indigenization is important for armed forces to build reliable supply chains the Government has been emphasizing on indigenization.

Opportunities for MSMEs in Defence Procurements

India is anticipated to spend over Rs2000000 crores (Excluding pay and allowances) in the next 15 years on revenue procurements which definitely entail a huge opportunity for the MSMEs to tap. Amongst the revenue procurements especially the buying of stores, which forms a substantial and important portion of expenditure for assemblies/sub-assemblies / spare parts/components/lubricants/upgrades /maintenance would provide ample business opportunities to the MSMEs. Projections depict that India would be spending an amount of about Rs.720000 crores on stores itself in the next 15 years. Also with the MoD giving due consideration to the indigenization, and realizing the fact that without private sector contribution this would not be possible, there definitely seems to lie plethora of business opportunities for the private industry especially the MSMEs. The MoD is expected to come out with more reforms in favour of private sector in near future.
Kelkar Committee Recommendations

Some of the recommendations of the Dr. Vijay Kelkar Committee (2005) to promote MSME participation in the defence production are:

MoD should create a fund called the “Defence Technology Development Fund” with the Departments of Defence Production (DDP) which is to be used for providing funds to MSMEs to carry out design and development work either directly or through industry champions/Defence PSUs/OFs.

It would be desirable to develop parameters for prioritization of various R&D proposals and allocation of budgetary resources between DRDO, the proposed Defence Technology Development Fund and the proposed placement of funds for R&D work with the Service HQs without any overlap to facilitate budget provisions accordingly.

A Scheme to be proposed by the Development Commissioner(MSME) in collaboration with DDP to increase awareness amongst MSMEs and to provide institutional support in tendering / contracting, etc, for Defence supplies.

Encourage "Make" and "Buy & Make" categories. Wherever the prime contractor faithfully follows the Code of Practice prescribed for sub-vendors of the Champion, the MSMEs associated in the backward linkage should get access to the “Defence Technology Development Fund” on priority.

A Strategic Defence Industry Fund (SDIF), on the lines of the North-East Development Fund, where a non-lapsable pool of resources is utilized exclusively for the “Make” category of products, has been recommended, which would make it immediately operative.

Access to Information and Business Development Services

A large number of MSMEs are not aware of the opportunities and procurement requirements of Defence establishments. Therefore, there is a need to enhance the level of awareness among them and provide them institutional support in tendering and winning contracts for defence supplies. There is need to enhance the level of awareness amongst the MSMEs with respect to the requirements of Armed Forces and other stakeholders like the DPSUs, OFs and DRDO Labs.

MoD should chalk out a Roadmap for the greater involvement of MSMEs in the Defence Production and Procurement.

Technology Development Fund

Technology Development Fund as envisaged under Kelkar Committee should be made operational. Given the current financial scenario, the corpus should be made at least INR 1000 crores.

DRDO and other government funded laboratories developed technologies should be made available to MSMEs.
DPSUs and larger private sector companies should also develop their supply chain.

Promote innovation Culture in the MSME. Innovation should be encouraged at all levels.

Now, it’s the time for the private sector to stand up to this challenge by leveraging its expertise, knowledge and networks from other industry sectors such as the automotive and the information technology. MSMEs would form a critical component of this exercise of building up a robust supply chain for the aerospace and defence industry.

All procurements under the “Buy Indian” category of procurement must also mandate a minimum procurement of at least 20% from the MSMEs. This will ensure that the large system integrators, both public and private, who wish to participate in defence procurements, are guided and motivated to actively engage MSMEs as part of inclusive growth.

In conclusion, the MSME sector needs a definite focus from the MoD, which must be addressed as part of inclusive growth, if India lives in villages, the industry lives in MSMEs.

3.5 Scope for Micro, Small and Medium Enterprises (MSMEs) for Providing Materials to Oil India Limited

In Oil India Limited (OIL) is a Govt. of India undertaking and is a premier Oil Company engaged in the business of exploration, production and transportation of Hydrocarbons. It is one of the major industries in the North East of India. Incorporated as a private limited company in 1959, OIL has been present in the Indian Oil & Gas Exploration and Production industry for over five decades. Apart from drilling and production operations, it has one LPG Plant and 1157 KM long Pipeline for transportation of crude oil to the refineries. In addition to its own activities, OIL recognizes its responsibility for development of the region and upliftment of quality of life and its commitment to the society. OIL has always been making its sincere efforts for development of local entrepreneurs, sourcing of materials and services from within the region to the maximum extent possible and creation of employment avenues. For carrying out drilling, production, transportation of crude oil and natural gas and other activities, OIL needs a wide range of equipments, accessories, plant and machineries, spares and consumables both from indigenous and imported origin. Most of the equipments used in drilling and production operations are highly sophisticated and specialized and hence need to be imported. However, over the years, some of these items have been developed indigenously through continuous and sustained efforts. Process for development of more and more items, through indigenous sources is regularly carried out and special endeavour is being made to develop various items through MSME Units.
situated in this part of the country by extending all benefits as per Government guidelines.

Apart from the items requiring high degree of technical expertise, OIL requires various items which can be manufactured by MSME industries. Some of the items have wide spread use in other industries in this region, thereby having the possibility of widening the market with better margin of profit. For certain items the requirement of OIL itself may not be economically viable even though it is possible to manufacture the same by the local entrepreneurs. In case of such items, particularly of general nature, OIL can be one of the many buyers.

Considering the requirements of OIL and other industries situated in the North East, there is scope for further development of MSMEs. OIL would like to extend all possible help in this regard. Some items which can be manufactured by the MSEs are identified by OIL. List of such items with the estimated annual requirement is open to MSEs . Often it is difficult to identify the potential items which require in-depth knowledge of the resources available or can be made available for development of the same. OIL always welcomes the entrepreneurs to visit its office at Duliajan so that OIL can assist them to study its activities, identify its requirements and extend all the help and guidance. However, OIL would welcome entrepreneurs with ideas who can venture into items untapped so far in this region.

Since OIL is a Government of India undertaking, it has certain rules and regulations to be followed for procurement of materials. It is considered necessary for the entrepreneurs to know the same broadly. Normally, for purchases valued over Rs. 25 Lakhs, offers are invited through press advertisement, whereas procurement below Rs. 25 Lakhs are made through limited tenders from selected vendors. For the purpose of development of any new product/source, initially samples are invited, and then trial orders are placed for small quantities. On successful first trial, order for a larger quantity is placed for extensive field trials. Once the performance of the product is found to be satisfactory, the manufacturer's name is enlisted for that product.
OIL has been making its continuous efforts for development of ancillary industries in association with the Industries Department of the Govt. of Assam. M/s. North Eastern Cables, Jorhat for electrical cables, M/s. Manas Leathers, Tinsukia and M/s. Hira Industries, Duliajan for leather hand gloves and M/s. Premier Cryogenics, Guwahati for Liquid Nitrogen are the four such local industries who have been given ancillary status by OIL. OIL procures major part of its requirement from them.

In the changed scenario arising out of globalization in the country, it has become very important on the part of the entrepreneurs to be competitive to face the challenges ahead of them. The entrepreneurs must focus on maintaining quality of their products and delivering the goods as per their commitment which will lead them to a greater success. OIL provides all possible help and technical guidance including testing facilities to the entrepreneurs so that they can deliver the best quality goods. OIL sincerely invites the upcoming—especially the young entrepreneurs to join their hands with it to bring in more and more industrialization in the North East. Interested entrepreneurs may contact Materials Departments of OIL at Duliajan for supply of goods.

3.6 Back-up Support Services

The parent units participated in the VDP on invitation. They highlight the list of items, specification and quantity being purchased by them. They also focused the future demand of the various items; motivate the MSME sector for quality improvement and producing import substitute product. They describe their vendor registration procedure and the key person to be contacted for vendor registration. Some of the PSUs are agreed to conduct VDO at their premises as per Procurement Policy and are interested to implement the Public Procurement Policy in assistance with MSME-DIs.

The parent unit generally provides services for purchasing of raw materials by MSEs and purchase of final products from MSEs. Because of this the quality and technology of MSEs will be improved.

Parent units offer quality related training programme and facilitate to get certification

- Designs and concept drawing support
- Technical support
- Registration
Requirement of products and components with specifications.

Establishment of VDP cell in PSUs

PSUs have elaborative websites containing information on various aspects of the registration and procedures

Support and guidance in terms of technical know how

Special grade raw materials are also being provided by some PSUs

MSEs are given purchase preference by PSUs. MSEs registered with proper authority quoting price with in 15% of lowest eligible price for purchase preference for 20% of order quantity provided the MSEs are the L1.

Graphs and photos of equipment and operational details are being displayed

Tender documents and procedure to participate in tenders are being provided only to the units registered with NSIC.

Some associations suggested that they are being offered technical support and also requested the Ministry of MSME to take up the matter to PSUs to place trial orders to judge the capabilities in case of new units.

Component standardization and supplier certification

Collaboration with supplier

Involvement of supplier in the buyers’ new product development process

Intensive information exchange with suppliers

It seems necessary for the PSUs and LSEs that are lagging behind in respect of providing the required technical and other back-up support services to their MSE Suppliers to benchmark their efforts with the best in the industry. Good networking and relations ensure high degree of complementarity between PSUs and MSEs and result in achieving synergy between them. There are number of good and healthy practices available in the Public as well as Private Sectors. Without such good relations and back-up support services it will be very difficult to realize the objectives set in the Public Procurement Policy.

3.7 Rates offered and effect of delayed payments

By and large the study reveals that the rates offered by the PSUs conform to the norms. Most of the stakeholders felt that the rates/prices are based on market forces and not based on the VDP. They felt that the provisions under the relevant sections of the MSMED Act, 2006 are of great help to the MSEs in getting the remunerative rates. Out of the 13 MSE Associations contacted, only 2 associations mentioned that they got representations from the two MSEs relating to delayed payments. Some of the Associations and the MSEs have reflected that PSUs are
stipulating unnecessary conditions like turnover, minimum quantity orders which become deterrent for new entrants. Some MSME-DIs felt that the rates are market driven and will be decided by the tender. It was also said that some MSEs are given the 15% price preference. However, MSEs are also required to take steps to adhere to the time schedules and quality norms in order to maintain good relations. If they follow the agreed upon terms and conditions in respect of their supplies they can minimize the grievances related to Delayed Payments and Rates. The situation in this respect is likely to improve once the Public Procurement Policy becomes mandatory with effect from 1st April 2015.
Chapter 4

Awareness and Publicity

4.1 Awareness on VDPs by the Stakeholders

The MSME-DIs, PSUs and MSME Associations are making lot of efforts for increasing awareness of various marketing schemes including the Vendor Development Programme. However, the awareness seems to be low in rural areas and the micro enterprises. The bigger small scale manufacturing and service enterprises are having very good knowledge about the government schemes and the vendor development programmes. The associations are also involved in making efforts to create awareness among its members. All the 13 associations have been associated with MSME-DI in organizing the national level as well as state level VDPs. All the 45 MSEs felt that there is a need to create more awareness among the Micro level entrepreneurs. All the respondents from MSEs, MSE Associations felt that the Awareness level in respect of Public Procurement Policy need to be done by the MSME-DIs, DICs and other State Government Departments to improve the participation of the State Government Departments.

The following approaches for creating awareness by the PSUs and MSMEs and MSE Associations are being practiced.

MSME-DIs

Preparation of brochures for each VDP and circulating it to the stakeholders.

Meeting the Executives of PSUs and apprising them with regard to the units likely to be invited for participation in VDPs.

Involvement of the Associations and requesting them to create awareness among their members.

Releasing newspaper advertisements

Involving promotional agencies

Associations

Publication in house journals

Display banners and notices

Sending e-mails and letters to MSMs

Circulars and telephonic messages

Executive Committee meetings

Announcements during Seminars and workshops

F.M Radio
Posters and pamphlets

Public Sector Units

Website display of complete information on Vendor Registration Procedure, material requirements including relevant forms, receiving online applications and processing.

Participation in VDPs with publicity materials and display of the requirements of products and services

Special campaigns for registration of Vendors through publication of expression of interest.

The awareness level of VDPs among the different stakeholders seems to be very good in particularly cities and urban areas. The MSMEs located in rural areas are not having much awareness. The time lag between the date of release of advertisement and the date of VDP is less than 15-days in most of the VDP Announcements. Some of the PSUs contacted said that the products displayed are not relevant to them. The members who participated in the VDPs felt that they are not getting enough enquiries. The publicity should also aim at targeting the messages to the relevant PSUs and MSEs. All the Associations and PSUs contacted mentioned that the MSME-DIs should conduct a pre-survey in order to identify which PSUs are participating and what products and services are required by them and then involve the MSMEs who manufacture the same products. By doing so, we can increase the discussions and one to one meetings among the PSUs and MSEs leading to improvement in the number of registrations and business transactions. The announcement of VDPs in a given year may be done once in a year in the form of a calendar of events giving locations and dates and other particulars. The VDPs may also be publicized through the T.V. advertisements. The awareness of Vendor Development in rural areas needs improvement and proper targeting of awareness campaigns in order to increase the effectiveness.
Chapter -5

The present features of the programme and suggested modifications

5.1 Present features of the VDPs

The Vendor Development Programmes are being conducted to bring a closer linkages and effecting business transactions between the MSEs and PSUs. One of the areas of VDP is subcontracting and ancillarization. In this process, capable and potential industries are identified which have the necessary infrastructure to take up a supporting role to the PSUs and LSEs for balanced economic growth. LSEs / PSUs and MSEs were also expected to improve the operational efficiency through transfer of technology and managerial expertise between them. Some of the parameters consider by the PSUs are:

- Organisation / Management
- Design and the Developmental Capabilities
- Production capacity
- Quality Control and Standardization, and
- Other supporting logistics

Two types of VDPs are being organized by the MSME-DIs National Level VDPs exhibitions and State Level VDPs. The National Level VDPs is of 3-days duration. Public Sector Organisations such as BHEL, TELCO, BSNL, NTPC etc. interact with MSEs identifying the potential vendors. An exhibition is also put up for displaying the products of MSMEs and the product/service requirements of PSUs and large organisations. The State Level VDPs are also being organized in the District level and the smaller cities. Only 1 or 2 buying large scale organisations functioning in the state participates in the programme and interacts with MSMEs in the buyers seller meets.

Business enquiries ranging from Rs.5 crore to Rs.20 crores are expected to be generated through National Level VDPs. Product specific VDPs and Cluster based VDPs are also being conducted.
5.2 Allocation of funds for organizing VDPs

On the basis of the classification of cities, the funds are allocated for conducting the Vendor Development Programmes (VDPs). Minimum percentage recovery of the programme expenditure is again based on the classification of the cities as shown below:

<table>
<thead>
<tr>
<th>SI No</th>
<th>VDP</th>
<th>A-Class Cities</th>
<th>B-Class Cities</th>
<th>ALL Other Cities Except A&amp;B Class in Column (6)</th>
<th>N. Estates/J&amp;K</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Max Expenditure allowed (Rupees in Lakhs)</td>
<td>Min % of recovery</td>
<td>Max Expenditure allowed (Rupees in Lakhs)</td>
<td>Min % of recovery</td>
</tr>
<tr>
<td>1</td>
<td>National level vendor development programme</td>
<td>9.00</td>
<td>70</td>
<td>6.25</td>
<td>55</td>
</tr>
<tr>
<td>2</td>
<td>State level vendor development</td>
<td>0.50</td>
<td>70</td>
<td>0.50</td>
<td>55</td>
</tr>
</tbody>
</table>

As per the data provided by the MSME-DIs and the opinions expressed by the PSUs and the Associations and majority of MSEs, the level of participation is very good. The products and product information displayed by them is also very useful. But all the Associations and the PSUs say that the degree of relevance and match between the requirements of the PSUs and the products displayed by the MSEs participated is very less. The PSUs feel that the focus of VDPs should be to identify the requirements of PSUs and are looking for MSEs making those products. The Associations also have expressed similar views. 3-days National Level VDPs should be planned well by contacting the PSUs to know their requirements. This information is also available in the websites of PSUs. Once the requirements are known, the MSEs manufacturing those products can be invited to participate. Many MSEs also keep the products information in the website. The collection of information and matching the requirement of the PSUs with the MSEs Products will enhance value and productivity of the VDPs. Such steps will also generate more B2B meeting and may result in more vendor registrations and may ultimately more business linkages among the PSUs and LSEs. Since the National Level VDPs are of 3-days duration, second and third days may devoted to one to one meeting between the representatives of the PSUs and LSE entrepreneurs. It was also mentioned by the associations that the officials
from the PSUs may include technical as well as marketing departments. Now, since the Public Procurement Policy has become operational, the MSE Associations also suggest that clear guidelines for ensuring the participation of PSUs may be given to them. If proper vendor registration and identification is done the PSUs are getting lot of advantages in terms of conforming to the policy, continued materials supply, data bank of suppliers and contributing their share of effort for development of MSMEs in the country. Therefore, the MSME-DIs may also explore conducting the VDPs in close association with limited number of PSUs or PSUs in the same industry in case of State –level VDPs to ensure the success. The vendors may be drawn from different states for a given VDP as such approach will be the first step to improve the competitiveness of MSEs.

The views expressed by the MSE Associations and Officials of the MSME –DIs and the respondents the MSEs on different aspects of the VDP scheme are as follows:

**Recovery rate:**

All the MSME-DIs and Associations preferred nominal recovery rate and suggested that the Recovery Rate should be revised to 25% in all categories/ cities. Getting sponsorship is becoming difficult as the promotional organisations are having limited budget for sponsoring the VDPs. The SIDBI Official and the SBI Officials contacted have told that they can provide only nominal sponsorship for this purpose. On the other hand the MSE Associations and the MSEs contacted are of the view that the participation fee should be reduced.

**Expenditure**

The cost of implementing National Level of VDPs is increasing because of the substantial increase in the Accommodation hire charges. The present limit of maximum expenditure of Rs.9 lakhs for A Class cities, 6.25 lakhs for B Class cities and 4.5 lacks for C-class cities needs revision as told by all the MSME-DIs and MSE Associations.
The following revision is being suggested based on the response of the MSME-DIs and MSEs Associations and Entrepreneurs.

A- Class cities - Rs.15 Lakhs  
B- Class cities - Rs.10 Lakhs  
Other than A&B - Rs.6.50 lakhs

3. Increasing the Participation of the PSUs/LSEs

All the MSME-DIs participated had suggested that more focused VDPs in association with select PSUs having similar product lines may be conducted under state level category. The MSE Associations and entrepreneurs suggested that more State Level VDPs may be conducted in order to increase the marketing facilities for the MSMEs. These VDPs may involve the PSUs located in the state and the MSMEs located in different states. With the Public Procurement Policy in place, more and more PSUs will explore all the avenues to conform to the policy including participation in VDPs. The participation in VDPs will result in wider vendor base for the PSUs and better options for negotiation in respect of quality and price. Regional or State Level workshops for the executives of PSUs/LSEs on implementation of Public Procurement Policy may be conducted. Alternatively these workshops may be made part of VDPs. In order to increasing the participation of the PSUs, strict guidelines under the Public Procurement Policy may be given to the PSUs.

It is also observed during the study that all the PSUs approached by us have been making necessary efforts to conform to the provisions under the Policy and to achieve the target of 20% procurement from MSEs including 4% procurement from MSMEs of SC/ST Entrepreneurs. The PSUs may also coordinate their efforts with organisations like DICCI in order to achieve 4% procurement from SC/ST Vendors.

4. Improving B2B Meetings

To increase the Business to Business relations and subcontracting, e-procurement and e-marketing facilities, PSUs are providing e-marketing facilities by giving full information in website. Facilitation of data collection on implementation of Public Procurement Policy from the PSUs and quick redressal of grievances from MSEs and to guide MSEs on all matters relating to the procurement policy, a State Level monitoring body in each state may be constituted involving stakeholders. The State Level Monitoring Body may work under the guidance of the Monitoring Committee constituted under Public Procurement Policy.

Each PSU may be asked to conduct atleast two VDPs in a year in Association with MSME-DIs involving MSEs manufacturing products required by it and other stakeholders as vendor development also leads to cost reduction and improvement of productivity in PSUs. The results of these VDPs may be documented. PSUs may also benchmark their efforts with best efforts of other PSUs as is being done by some of them at present.
All the VDPs should include provision for conducting follow-up after 3 months of the date of conducting a given VDP.

Follow-up of the results and hand-holding support to the vendors for further contacts with PSUs

5. **Effective Implementation of Public Procurement Policy:**

State level Monitoring Body involving stakeholders monitoring body will work in close coordination with the Monitoring Committee constituted in the policy under the Chairmanship of the Secretary, Ministry of MSME, and Government of India. He State Level Monitoring Body may be constituted involving the Officials from MSME-DI, DIC, MSE Associations and Promotional Organisations.

More involvement of PSUs

Strict adherence to preparation of Annual procurement goals maintenance of separate records on actual procurement. More awareness on the provisions provided in PPP to all stakeholders

Awareness workshops may be organized to the purchase executives of PSUs and MSE Entrepreneurs by the MSME-DIs during the VDPs. This process has already been initiated by them in the year 2012-13 and may be continued in future as well.
Chapter-6

Benefits of Registration of MSEs under Subcontracting Exchange and Single Point Registration

6.1 Sub Contracting for Ancillary Development

The importance of MSMEs towards the industrialization process was observed by UNIDO (1995); that successful programmes of industrialization are those, which move towards absorption capabilities of MSMEs to make them attractive to large enterprises. A strong MSME sector is vital to a buoyant economy and country's long-term growth.

An MSME faces lot of problem to procure and execute large orders which will come in the way of its development in to bigger enterprise. National Small Industries Corporation accordingly adopted Consortia Approach and built Groups/Consortia of MSEs manufacturing same products. Such a step will improve marketing capacity of the MSEs removing any capacity and finance related problem. The NSIC explores markets for different products/services and secures orders for bulk quantities. These orders are then framed out to MSEs based on their production capacity. Testing facilities are also provided to enable units to improve and maintain the quality of their products conforming to the standard specifications.

6.2 Benefits of Consortium Marketing

Participation and procurement of orders for bulk quantities

The capacity of MSEs to participate in large tenders is enhanced

Support in providing testing facilities and other quality related issues is provided by the NSIC

Financial Assistance for raw material, bill discounting etc. are provided by NSIC

Based on the need, finance for equipment is also arranged on priority.

Help is also provided in respect of designing and developing new products and improvement of quality for MSE products.

Information on marketing intelligence

Because of Sub contracting exchange some MSEs are able to do business with Defense, Railways and other big PUSs.

Dissemination of market information

MSEs are also getting the benefit of publicity for their products and services.
6.3 Single Point Registration Scheme

Other services

The National Small Industries Corporation enlists small scale units as competent to undertake supply of various items to the Government.

The registered units are extended various facilities so as to promote their participation, and consequently enhance the share in Government purchases.

NSIC’s registration scheme has been in operation for the last 37 years and was remodelled in May 1976, and is now called the Single Point Registration Scheme.

The rationale of this Scheme is to avoid multiplicity of registration with various Government agencies and to ensure that the units registered with NSIC are considered at par with those registered directly with the purchasing agency. Bonafide Directorate of Industries / District Industries Centres are enlisted under this Scheme.

Their technical and commercial competence is verified in advance and this makes their registration with NSIC more meaningful in relation to purchasing agencies.

Though, initially the Scheme was aimed at securing larger share of orders from DGS&D, effective recognition is given to the units registered with NSIC by the Railways, Defence, P&T, and several Public Sector Enterprises. Automatic registration is given to units which are enlisted with NSIC.

The units registered under this scheme are manufacturing a broad spectrum of products involving high technology and sophisticated production processes and have become a formidable source of supplies to the Government both at the Centre and States besides Public Sector Undertakings, etc.

Benefits

The units registered with NSIC, under the Single Point Registration Scheme are given the following facilities:

Issue of tender sets Free of Cost

Advance intimation of tenders issued by DGS&D

Exemption from payment of earnest money

Waiver of security deposit up to the monetary limit for which the unit is registered.

Issue of competency certificate in case the value of an order exceeds the monetary limit, after due verification.

Besides, the units get other facilities which are available to small scale sector such as consideration of price preference upto 15% on merits over the price quoted by large units and procurement as per the reserved lists.
**Procedure for Registration**

The unit has to apply on the prescribed application form available from NSIC, New Delhi and its Regional and Branch Offices. Application forms are also available from Small Industries Service Institutes (SISI) and District Industries Centers (DIC).

The Application form, duly filled in and with the requisite documents, in triplicate along with a processing fee of Rs.250/- is to be submitted to the concerned office of NSIC, who, in turn, will forward one copy to the concerned SISI for a capacity report. Based on the reports, and completion of documentation, the unit is given registration. The procedure has recently been simplified, and guidelines attached with the application form provide a checklist for the documents that are required to be submitted along with the application.

**Other Services**

NSIC, acts as a link between various purchasing agencies and small scale units. NSIC screens indents to be issued by DGS&D in advance to mark out such items as can be supplied by small scale industries. Intimation of these requirements are sent to registered small units.

Tender enquiries from other government departments, as and when received, are also sent to registered units, to enable them to participate in the tenders.

NSIC issues competency certificates in respect of small scale units to the concerned purchasing agency for waiver of security deposit and extension of other facilities.

NSIC undertakes, on a continuous basis, a study of the purchase pattern of DGS&D and recommends items for inclusion in the reserved lists.

Items are recommended for inclusion in the reserved lists with data on exact specifications of stores, total number of manufacturing and their installed / actual capacity, total purchases made by the Government departments during the last three years and performance shown by small scale units in executing order without any difficulty / delays.

NSIC organizes Institutional Group Meetings in the States for apprising Government Departments and Public Sector Enterprises of the facilities to be given to units enlisted with NSIC.

NSIC organizes Intensive Campaigns in the States for apprising small scale units of the facilities that are available under the Government Stores Purchase Programme, and enlists them more often on-the-spot under its Single Point Registration Scheme.

NSIC compiles specifications of stores as are required by the Government departments out of the reserved Groups. These are then sent to MSME-DIs and DICs for reference by MSEs.

The Corporation has been bringing out periodically the All India MSE Directory covering the marketing support under this programme, in a computerized concise format, highlighting the salient features of this programme. The Directory has gone a long way in establishing the
linkages between the Government buyers and over 23640 units registered for supplying to over 7000 stores in various Government Departments and Public Sector Undertakings.
Chapter 7

Making Vendor Development Programmes more Proactive in Accomplishment of the Objectives of the Public Procurement Policy

7.1 VDPs and Public Procurement Policy

The Public Procurement Policy was notified by the Central Government with effect from 1st April, 2012. The Public Procurement Policy is based upon the core principles of competitiveness, adhering to sound procurement practices and following a fair system of supply of goods and services. It is aimed at effective achievement of purchase and price preference policies in respect of products and services by MSMEs from time to time.

The important aspect the policy is that all the Central Ministries, Departments and PSUs shall set an annual goal of overall procurement of minimum 20% of total annual purchases of products produced and services rendered from MSEs.

Vendor Development programmes play a crucial role in effective implementation of Public Procurement Policy. Conducting Vendor Development Programmes also facilitate closer relations between buyers and sellers through productive interactions and information exchange between them and lead to linkages and business tie-ups. Through VDPs, the sensitization of buyers and sellers is also aimed. These programmes will be helpful in providing the information to PSUs on the capabilities of the MSEs and will increase the relations and bonding between the buyers and sellers. The PSUs can share the information on the products and services required by them, the quality specifications and vendor selection criteria with the MSEs. It will also enhance the product base of MSEs and their commercial success and sustenance.

Role of Stakeholders

All the MSE Associations, MSE Representatives and MSME-DIs contacted had mentioned that the PSUs/LSEs should take more proactive approach to participation in the VDPs to achieve higher success of the scheme. PSUs have to participate more actively in the VDPs as the Vendor Development is one of the important vendor management tools in the hands of the purchase executives. Conscious Vendor Development efforts are being done by all the PSUs contacted but these efforts need to be directed to the MSEs to conform to the provisions of the procurement policy. The PSUs need to review their present material requirements, prepare lists of products which can be sourced from MSEs, which of the imported products/components /Equipment can be developed indigenously and transferred to MSEs through R&D. Some PSUs need highly specialised equipment and machinery which only can be supplied by the Large Enterprises and the expenditure on such items forms substantial portion of their annual purchases. Such PSUs may find it difficult to meet the 20% procurement target and will have to take all the steps necessary to meet the target through purchases from revenue items. PSUs of Public Utility Services like should be in a position to meet the 20% procurement target from MSEs in a comfortable manner. We may even organise exclusive VDPs for the PSUs and Departments in Public Utility Services. The Research and Development efforts of the PSUs, National Laboratories, and DRDO and other Departments need to be directed towards development of products imported at present and transfer the technology to the MSEs through licensing system.
The results of such R&D efforts of PSUs, National Laboratories and other organizations and Institutions may also form part of National and State Level Vendor Development Programmes.

The objectives of the Public Procurement Policy are aimed at building competitiveness among the Indian MSEs and 20% Procurement become mandatory after 1st April, 2015. Vendor Development Programmes are the main instruments in providing a platform for showcasing the strengths of the Indian MSEs. They need to process the information provided by the PSUs in websites and Tender Advertisements and prepare a list of aspects on which they need clarifications from PSUs. The PSUs need to prepare before they participate in VDPs and bring and display their precise requirements along with all technical details. They also may display a list of imported items which are open for indigenization. The MSME-DIs, need to do more planning and preparation to ensure the participation of the MSEs matching to the products/services required by PSUs resulting in More B2B meetings. Documentation of the details of participating PSUs and MSEs and details of representing people in the B2B meetings and the outcome of discussions would enhance the effectiveness of VDPs. These steps, in all probability, will make the Vendor Development Programmes effective instruments for successful implementation of the Public Procurement Policy creating a synergy between MSEs, PSUs and other stakeholders and contribute for the overall economic development and employment generation.

7.2 Suggestions for making VDPs more proactive

MSME-Ds will have to develop a detailed database system on VDPs which will provide details on location wise VDPs conducted participation of MSEs and PSUs, MSEs products and PSU Requirements displayed, B2B Meetings conducted and their outcome, Vendor Registrations during and after VDPs. This database should provide ready information on number and location of VDPs, PSUs, LSEs and MSEs participated, Registration Fees Collected, total expenditure incurred along with Vendor registrations.

The PSUs must know before attending the VDP as to which MSEs are going participate and what products they are likely to be displayed. The productivity of the VDPs will increase if proper match is achieved between PSU requirements and MSE products displayed. National Level and State Level VDPs should also provide opportunities and physical facilities for conducting B2B meetings under the supervision of senior officials. The proceeding of the B2B meetings should be documented. The MSME-DIs also may launch vigorous follow-up in order to document the results of each VDP in order to create database of number vendor registrations and subsequent empanelment of vendors resulted out of each VDP.

In order to enhance the results of VDPs separate dedicated cells may be constituted in each MSME-DIs and PSUs and the same may be made accountable for the results. Two MSME-DIs suggested that the VDPs may be organized through outsourced event management firms.

List of MSE vendors with respect to each of the 358 items reserved for procurement should be given to all PSUs, Defence establishments, Semi Government organisations in both soft and hard copies, so that buyer can directly contact the relevant vendors from these lists. A separate directory on Items reserved for exclusive procurement from MSEs needs to be brought out and some publishers specialised in publishing Industrial Directories.
The PSUs may be directed through the Department of Public Enterprises to take more proactive role in the VDPs and provide full information to the MSEs with regard to products and backup support services. The PSUs may provide information with regard to their intentions and information to procure from MSEs in websites and in displays done during VDPs. The results of the R&D efforts for indigenization of PSUs may be made accessible in select (permitted) product lines to the MSEs during VDPs. The results of product development and successful import substitution efforts of national research laboratories may also be displayed during VDPs.

Special efforts and highly focused VDPs may be designed and conducted for tapping potential of revenue procurement from Defence, Railways, Steel and Coal PSUs etc. Similarly special VDPs for PSUs in the Public Utility Services may be organized as the potential of these PSUs is very high in meeting the target set under Procurement Policy.

Some PSUs have already started issuing EoIs for identifying and registering the Vendors for buying products from the MSMEs to conform to the Procurement Policy. Representatives from MSME-DIs and DICs may also participate in the meetings held by PSUs with the applicants responded to EoIs.

State Level Monitoring/Coordination Committees may be constituted involving all stakeholders to enhance the follow-up with regard to VDPs and implementation of the public procurement policy.

PSUs may benchmark best efforts done by other PSUs in this direction.

The database pertaining to the single point registration done by NSIC may be shared to all the stakeholders.

MSME-DIs may try to involve as many MSMEs in a given Vendor Development Programme to provide opportunities to good vendors on all India basis. Though some MSE Associations suggested that PSUs should give preference to MSEs located within the State, it must me ensured that competitive MSEs are given opportunity in Purchase Preference by PSUs.

Each MSME-DI may prepare a calendar/annual schedule of VDPs to be conducted and the same may be circulated to as many relevant MSEs as possible.

There is a direct relationship between the Public Procurement Policy and the MSE Vendor Development. Actually, majority of MSE Associations, Entrepreneurs requested the Government to initiate appropriate steps to monitor the implementation of the Public Procurement. As the monitoring efforts of the Government increase, more and more PSUs will look for competitive Vendors from MSEs and VDPs will become main platforms. List of SME units prepared item wise and service wise. Details with full contact particulars may be given in advance to PSUs and ensure their presence.
List of vendors with respect to each of the 358 items should be given to each PSU/government departments/buyers in both hard and soft copies so that they can directly approach those listed/recommended MSMEs.

Full technical details of materials, manufacturing programme quality specifications, drawings, accuracy and tolerance limits etc of PSUs should be given to the identified vendors during VDPs.

Government may consider enhancing the upper limits in respect expenditure for different VDPs as the cost of accommodation, publicity and other expenditure to organizing VDPs have increased substantially.

The awareness on VDPs is good at present among the Government Departments, Promotional Organisations, MSE Associations and PSUs. The awareness seems to be good among small scale enterprises located in urban areas. They are also receiving communications with regard to VDPs from the MSE Associations. The awareness seems to be low among micro enterprises particularly those located in districts. Publicity in electronic media and increasing the number of VDPs at District level is likely result in more awareness.
Findings and Conclusions of the Study

8.1 Impact of the VDPs

All the stakeholders contacted had agreed that the Vendor Development Programmes conducted by the MSME-DIs are very useful. Prominent PSUs and a range of MSEs are participating in the VDPs. Vendor Registrations up to 10% are taking place during VDPs. However, VDPs are the stepping stones for subsequent empanelment as Vendors and developing long-term business linkages with PSUs. The focus of VDPs is less as 5 of the PSUs contacted mentioned that they are not getting vendors. The funding has been increased for conducting more VDPs during 12th Plan in order to create more awareness on the Public Procurement Policy.

There are number of benefits of Vendor Registration, Sub-Contracting Exchange, and Single Point Registration.

8.2 Back-up Support Services

Back-up support services are necessary in order to create more productive relations among the PSUs and MSEs. Number of back-up support services are being given by the parent units to their MSE Vendors. Some major buyers are also providing business opportunities leading to the ancillary status and making the MSEs as suppliers to other LSEs. These back-up services include technical/technological issues to managerial issues.

An average of 100 MSEs and 5 to 10 PSUs are participating in each National Level VDP and an average of 50 MSEs and 2 to 5 PSUs are participating in State Level VDPs.

The data base and availability of data in respect of VDPs already conducted by the MSME-DIs is found to be inadequate and the required data in respect of National Level and State Level VDPs conducted and the expenditure details could not be obtained from the MSME-DIs.

8.3 Modifications in the Scheme of VDPs Upper Limit in the Expenditure

It has been found that the cost of conducting the VDPs has increase sharply due to increase in hire charges for accommodation and other services. There is a need to increase the upper limit of all categories of VDPs.

Recovery Rate

The recovery rate in respect of National Level VDPs is satisfactory in the case of 75% of MSME-DIs. However the recovery rate in respect of State Level VDPs is less than the norm. 81% of the MSE Entrepreneurs contacted requested to reduce the participation/Registration charges for the VDPs.
Increasing the Participation of PSUs

There is a need to plan the VDPs well in advance to increase the participation of MSEs manufacturing the products required by the PSUs. Facilities for holding B2B meetings and documentation of the proceedings of these meetings will improve the success rate of VDPs.

Effective Implementation of the Public Procurement Policy

PSUs have already started taking steps to conform to the Procurement Policy to the maximum extent possible. State Level Monitoring of the implementation of Public Procurement Policy is very much required as per the suggestions of the most of the MSEs and Associations. Action Plans need to be prepared by the PSUs in order to conform to the procurement policy by establishing dedicated cells. The PSUs have been providing the all the information necessary for Vendor Registration in their websites. They are also providing number back support services to the MSEs. With the advent of the Public Procurement Policy, the PSUs are gearing up to meet the minimum procurement norm set out in the Public Procurement Policy. In order to achieve this PSUs are issuing exclusive Expression of Interest in the Mass Media.

Benefits of Sub-Contracting Exchange and Single Point Registration

All the MSEs and MSE Association contacted felt that the Vendor Registration, Single Point Registration and Sub Contracting Exchange are highly complimentary schemes and are useful to MSEs in many ways.

Publicity and Awareness

Though lot of efforts for publicity is being done by all the stakeholders, it needs improvement and more target oriented, the MSME-DIs should give more relevant information with respect to participating MSEs and more advance intimation to PSUs. The MSEs of different state may also be involved through publicity to broaden the Vendor Selection of PSUs.

Industry Associations have been getting associated with the VDPs and taking necessary steps to publicize the events. The Principal MSE Associations in each state may be involved more in monitoring the results of VDPs and implementation of Public Procurement Policy.

Rates and the Impact of Delayed Payments

Though two Industry Associations out of the 13 contacted mention that delayed payments causing lot of hardships in the functioning of the MSEs by citing two examples, further analysis and discussion with PSU indicated that the problems relating to delayed payments arise non conforming with quality requirements, delivery schedules and communication gap between PSUs and MSEs. All PSUs and MSEs contacted, mentioned that the rate offered are comparative. The MSEs said that the rates offered are competitive and based on market forces and tenders.

Making VDPs more Proactive

In order to make the VDPs proactive to achieve the objectives of Procurement Policy the following suggestions are made by the respondents:
More planned and focused VDPs with follow up of the results in order to get correct information on Vendor Registrations and on empanelment.

More proactive role should be taken by the PSUs in Vendor Registration, providing full information.

Product directories of MSEs and 358 reserved items for procurement may be made available to the PSUs both soft and hard copies.

Specialised VDPs in respect of big buyers like Defence, Railways, Cole India, Petroleum companies (IOL, HPCL etc) may be planned by the MSME-DIs.

8.4 Conclusions

In line with the objectives set forth, the VDPs for Ancillarisation scheme is found to be useful in that all the stakeholders gave positive response on its usefulness in providing business linkages between PSUs and LSEs.

The 6 MSME-DIs contacted had conducted all the National Level VDPs and State Level VDPs allotted to them over the years. There is a need to centralize the data and a database need to be developed and maintained by the MSME-DIs. There is an urgent need to develop a centralized Database for VDPs in each MSME-DIs for further follow-up and facilitation of data retrieval when required.

The MSMEs and MSE Associations felt that number of benefits is being accrued to the MSEs due to Vendor Registration, Sub-Contracting Exchanges and Single Point Registration and mentioned they are complimentary in nature.

There is a need to reduce the recovery rate and increase the maximum limit of expenditure for the VDPs.

PSUs need to take more active role in identification of vendors from MSEs in order to accomplish the procurement objectives set forth in the Public Procurement Policy. As per the available data and the information given by the Executives of PSUs contacted, the efforts had already been initiated and PSUs are gearing by making required adjustments.

The awareness level needs to be improved among the stakeholders in the Districts and rural areas. All the stake holders are making their efforts for creating awareness on VDPs among MSEs through media. The publicity for a VDP need to be started much in advance and more targeted in order to increase the match between the participating PSUs and MSEs.

The PSUs and the Parent Union Ministries are making the required efforts to extend support and back-up services to MSEs. These efforts need to be continued and improved to provide more marketing opportunities to MSEs thereby increasing the competitiveness of both PSUs and MSEs. The results of the Research and Development of the PSUs, list of presently imported products open for downloading to MSEs may also be informed to the MSEs during VDPs or
Specialised VDPs.

The more focused VDPs and matching the requirements of PSUs and the Products displayed during VDPs will lead to effective achievement of the objectives of the Public Procurement Policy.

Involvement of as many MSE vendors as possible in product specific or PSU specific VDPs is necessary to improve the linkages.

There is a need to make available the Directories of Products Reserved for exclusive purchase to the PSUs and the Directory of PSU Product Requirements to the MSEs.

The MSEs are satisfied with respect to rates offered as the rated depend mostly on tenders. The delayed payments can be minimized if MSEs follow guidelines in respect of quality specifications and delivery schedules.

There is a need for developing a State Level Monitoring Body for implementing the Public Procurement Policy which will work in Coordination with National Level Advisory and Monitoring Committee under the Chairmanship of the Secretary, Ministry of MSME.

There is a need to plan and organise specialised VDPs on the lines of Defense Expo for tapping the potential of big PSUs like Coal India Ltd, PSUs under SAIL, Railways, Petroleum PSUs, BHEL, NMDC and other Government Departments.
Chapter-9

Recommendations

After considering and objective analysis of the information given by the MSME-DIs, Industry and MSE Associations, Executives of the PSUs, Entrepreneurs and Promotional Organisations, the following Recommendations for the consideration of the Government are being made on the implementation of the Vendor Development Programmes. These recommendations are based on the views expressed by the stakeholder organisations contacted and our own analysis and interpretation.

The Vendor Development Programmes for Ancillarization organized by the MSME-DIs have been successful in achieving the objectives set for Preferential Procurement Policies of the Ministry of MSME. They have been of immense significance in providing the meeting ground for the MSMEs and PSUs, Vendor Registration and Subsequent empanelment, increasing MSEs participation in PSUs/Government purchases, getting more technical and other guidance from PSUs and increased share of MSEs to PSUs, Government Departments.

The recovery rate need to be reduced and the maximum permissible expenditure for different types of VDPs need to be increased. We are recommending that irrespective of the location the recovery rate may be reduced to 30%. The maximum expenditure allowed may be increased to Rs.15.00, Rs 9.00 and 6.5 Lakhs respectively for A-class cities, B-class cities and cities other than A&B class.

The MSME-DIs should strive to increase the degree of relevance between the participating PSUs and their requirements and the products displayed by the MSEs. This can be achieved by prior identification of the Requirements of the participating PSUs and inviting the MSEs which are manufacturing those products irrespective of their location.

More and more VDPs specific to a PSU or a group of PSUs and Government Departments having good purchase potential need to be conducted.

PSUs need to take more proactive approach towards the Public Procurement Policy. While they should continue their support and back-up services to the MSEs, PSUs which have the potential for import substitution need to develop and transfer technology to MSEs on Payment of Royalty Basis or Licensing.

Each MSME-DIs should launch a database to store the data on the outcome of each VDP immediately after its completion. This data will be useful for further analysis and follow-up of the cases which have the potential to become vendors.

Each VDP should provide required facilities and support to allow the B2B meetings under the supervision of an experienced Officer and document the outcomes of these meetings for further follow-up.

Dedicated cell may be established in each MSME-DI to implement the Vendor Development Programmes. A State Level Monitoring Committee involving stakeholders may be formulated to monitor the implementation of the Public Procurement Policy and this Committee will work in close coordination with the Dedicated Cell mentioned above.
The list of MSEs together with their product details as per the single point registrations record/directory may be sent to each PSU.

Annexure-I

### MSME-DIs Contacted

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<tr>
<th>Sl. No</th>
<th>Official contacted</th>
<th>Address &amp; Phone &amp; Fax numbers</th>
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<tr>
<td></td>
<td>Shri S.K. Basu</td>
<td>MSME-DI, 111&amp; 112, B.T.Road, Kolkata – 700108 Phone: 033-25770595/0597/0598 033-25100524 Fax: 033-25100524</td>
<td><a href="mailto:dcdi-kolkata@dcmsme.gov.in">dcdi-kolkata@dcmsme.gov.in</a></td>
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<td>Shri Shirish Asthana</td>
<td>MSME-DI, Bamunimaidam, Guwahati – 781021 Phone: 0361-2550052</td>
<td><a href="mailto:dcdi-guwahati@dcmsme.gov.in">dcdi-guwahati@dcmsme.gov.in</a></td>
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<tr>
<td></td>
<td>Shri S. N. Rangaprasad</td>
<td>MSME-DI, Rajajinagar Industrial Estate, Bangalore - 560044 Phone: 080-23151581/82/83 Fax: 080-23151581</td>
<td><a href="mailto:dcdi-bang@gov.in">dcdi-bang@gov.in</a></td>
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<td></td>
<td>Shri Pradeep Kumar</td>
<td>MSME-DI, Patliputra, Industrial Estate, Patna – 800013 Phone: 0612-2262186 Fax: 0612-2262719</td>
<td><a href="mailto:Dcdi_patna@dcmsme.gov.in">Dcdi_patna@dcmsme.gov.in</a></td>
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<td>Shri S.N. Ranga Prasad</td>
<td>MSME-DI 65/1, GST Road, Guindy, Chennai – 600032</td>
<td>dc当地<a href="mailto:-chennai@dcmsme.gov.in">-chennai@dcmsme.gov.in</a></td>
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<td>Phone: 044-22501011&lt;br&gt;Fax: 044-22501014</td>
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<td>Shri R.B. Gupte</td>
<td>MSME-DI 107, Industrial Estate, Kalpi Raod, Kanpur, Uttar Pradesh - 208012</td>
<td>dc当地-kanp当地<a href="mailto:r@dcmsme.gov.in">r@dcmsme.gov.in</a></td>
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<td>Phone: 0512-2295070, 2295071, 2295073&lt;br&gt;Fax: 0512-2240143</td>
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<td>Shri G.R. Akadas</td>
<td>MSME-DI, Ministry of MSME, Government of India, Kurla Andheri Road, Sakinaka, Mumbai-400072</td>
<td>dc当地<a href="mailto:-hyd@dcmsme.gov.in">-hyd@dcmsme.gov.in</a></td>
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<tr>
<td></td>
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<td>Phone: 022-28576090 / 28573091 / 28574305&lt;br&gt;Fax: 022-28578092</td>
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<td></td>
<td>Shri G.R. Akadas</td>
<td>MSME-DI, Narsapur Cross Roads, Balanagar, Hyderabad – 500037</td>
<td>dc当地<a href="mailto:-hyd@dcmsme.gov.in">-hyd@dcmsme.gov.in</a></td>
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<td>Phone: 040-23078131 – 133&lt;br&gt;Fax: 040-23078857</td>
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<td></td>
<td>MSME-DI Harsidd Chambers, 4th Floor Ashram Road, Ahmedabad – 380014</td>
<td>dc当地-ahmb当地<a href="mailto:d@dcmsme.gov.in">d@dcmsme.gov.in</a></td>
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<tr>
<td></td>
<td></td>
<td>Phone: 079-27543147, 27544248, 27540339&lt;br&gt;Fax: 079- 27540619</td>
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### PSUs Contacted

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<tr>
<td>1.</td>
<td>Shri K.V.R. Hara Gopal</td>
<td>Communication Systems Group, ECIL, Hyderabad – 500062 Phone:040-27121471</td>
<td><a href="mailto:cndmmd@ecil.co.in">cndmmd@ecil.co.in</a></td>
</tr>
<tr>
<td></td>
<td>Deputy General Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Shri S. Banerjee</td>
<td>Garden Reach Shipbuilders &amp; Engineers Ltd, 43/46 Garden Reach Road, Kolkata – 700024 Phone: 033-24698100-13 Fax: 033-24698150/24893591</td>
<td><a href="mailto:mtl.pur.agm@grse.co.in">mtl.pur.agm@grse.co.in</a></td>
</tr>
<tr>
<td></td>
<td>Addl. General Manager</td>
<td></td>
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<td>3.</td>
<td>Shri G. r. Chetty</td>
<td>Engine Factory, Ordnance Factory Board, Min-of Defence Avadi, Chennai – 600054 Phone: 044-26845000 Fax: 044-26840437</td>
<td><a href="mailto:efa.ofb@nic.in">efa.ofb@nic.in</a></td>
</tr>
<tr>
<td></td>
<td>Joint General Manager</td>
<td></td>
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<tr>
<td>4.</td>
<td>Shri Nirupam Raizada</td>
<td>Indian Oil Corporation Ltd,5th Floor, Lok Nayak Jai Prakash Bhawan,Dak Bungalow Chowk, Patna-800001Phone:0612-2234754,2211629</td>
<td><a href="mailto:jaibirmishra@indianoil.co.in">jaibirmishra@indianoil.co.in</a></td>
</tr>
<tr>
<td></td>
<td>State Retail Sales Manager</td>
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<td>5.</td>
<td>Shri Ram Singh</td>
<td>Indian Railways LCK Hajipur</td>
<td>ni-msme</td>
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<td></td>
<td>Deputy Chief Material Manager</td>
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| 6.     | Shri H.N. Sharma                        | ALIMCO  
G.T. Road, Kanpur – 209217  
Phone: 0512-2770614, 2770687, 2770818  
Fax: 0512-2770617, 0870, 0137  | alimco_bq@vsnl.net                                                                         |
| 7.     | Shri C. N. Mukhopadhyya                  | Hindustan Aeronautics Limited  
Transport Aircraft Division  
Chakeri, Uttar Pradesh – 282008  
Phone: 0512-2452154  | outsourcing.knp@hal-india.com                                                              |
| 8.     | Shri S. Banerjee                        | Garden Reach Shipbuilders & Engineers Ltd  
43/46 Garden Reach Road, Kolkata – 700024  
Phone: 033-24698100-13  
Fax: 033-24698150-3591  | mtl.pur.agm@grse.co.in                                                                   |
Phone: 044-26289134, 26147811  
Fax: 044-26261829  |                                                                         |
| 10.    | Shri Syamalender Banerjee               | Garden Reach Shipbuilders & Engineers Limited  
43/46 Garden Reach Road, Kolkata – 700024  
Phone: 033-24618100-13  
Fax: 033-24698150, 24893591  | mtl.pur.agm@grse.co.in                                                                   |
| 11.    | Shri Sam Koshy                          | Southern Railway  
New Joint Office, Ayanawaram, Chennai – 600023  
Phone: 044-26748214  |                                                                         |
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<tr>
<td>1.</td>
<td>Shri K. Sai Sathya Kumar, Vice President</td>
<td>Ambttur Industrial Estate Manufacturers Association  1st Main Road, SIDCO AIEMA Tower, Ambattur Industrial Estate, Chennai – 600058  Phone : 044-26258619/26258731  Fax: 044-26250489/26520814</td>
<td><a href="mailto:aiematech@gmail.com">aiematech@gmail.com</a></td>
</tr>
<tr>
<td>2.</td>
<td>Shri C.K. Mohan, Hon. General Secretary</td>
<td>Tamil Nadu Small and Tiny Industries Association  10, G.S.T. Road, Guindy, Chennai – 600032</td>
<td><a href="mailto:tansiaorg@gmail.com">tansiaorg@gmail.com</a></td>
</tr>
<tr>
<td>3.</td>
<td>Shri Mahesh K. Desai, Chairman for MSMEs (CII)</td>
<td>H. No. 1 - 11 - 252 / 9  Plot No. 7, Regal House Motilal Nehru Nagar, Begumpet Hyderabad 500016  Phone : +91-40-27765964/67/33  Fax :+91-40-27766116</td>
<td><a href="mailto:Knvnmurthy@cii.in">Knvnmurthy@cii.in</a></td>
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<tr>
<td>9.</td>
<td>Shri Soumen Kumar Neogi President</td>
<td>Cottage &amp; Small Scale Industries Association South 24 PGS, West Bengal – 700148 Phone: 033-27015387 Fax: 033-24779320</td>
<td><a href="mailto:cssiasouth24pgs@hotmail.com">cssiasouth24pgs@hotmail.com</a></td>
</tr>
<tr>
<td>10.</td>
<td>Shri B.P. Shashidhar KASSIA President</td>
<td>KASSIA AN ISO-9001-2008 Certified Organisation 2/106, 17th Cross, Magadi Chord Road, Vijayanagar, Bangalore - 560040 Phone: 080-23353250, 23358698</td>
<td><a href="mailto:kassia1949@kassia.com">kassia1949@kassia.com</a></td>
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<tr>
<td>11.</td>
<td>Shri S. Baruah Sagarika Complex, Near Doordarshan, Ground Floor, R G Baruah Road, Guwahati – 781024 Phone: 09854447386 Fax: 0361-2459136</td>
<td><a href="mailto:nessia-assam@rediffmail.com">nessia-assam@rediffmail.com</a></td>
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<td>12.</td>
<td>Shri D.P. Nag Bengali National Chamber of Commerce &amp; Industry Secretary BNCCI House, 23, R.N.Mukherjee Road, Kolkata – 700001 Phone: 033-22482951 Fax:033-22487058</td>
<td><a href="mailto:bncci@bncci.com">bncci@bncci.com</a></td>
<td></td>
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<tr>
<td>13.</td>
<td>Shri Anil Kumar Sinha Secretary Bihar Industries Association Industry House, Sihna Library, Patna – 800001 Phone: 0612-2221200/2226642 Fax: 0612-2226642</td>
<td><a href="mailto:biapatna@yahoo.co.in">biapatna@yahoo.co.in</a> <a href="mailto:biapatnam@gmail.com">biapatnam@gmail.com</a></td>
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<tr>
<td>14.</td>
<td>Shri Sunil Vaish Indian Industries Association (IIA), Kanpur Vice President (State) Chapter, CF-2, Panki Site-5 Udyog Kunj, Kanpur – 2080022 Phone: 0512-2215454/3255758 Fax: 0512 – 2215354</td>
<td><a href="mailto:iiakanpur@gmail.com">iiakanpur@gmail.com</a> <a href="mailto:kanpur@iiaonline.in">kanpur@iiaonline.in</a></td>
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<td>No.</td>
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<td>15.</td>
<td>Shri J.P. Agarwal</td>
<td>President</td>
<td>Laghu Udyog Bharati, 19, Industrial Estate, Kalpi Road, Kanpur – 208022</td>
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<tr>
<td></td>
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<td>Phone: 09415126316</td>
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<td>16.</td>
<td>Shri Balraj Kapoor</td>
<td>President</td>
<td>Patna Industrial Area &amp; Eastate, Road No.9, C-16-17, Pathipra Industrial Area, Patna – 800013</td>
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<td>17.</td>
<td>Ms P. Soudamini</td>
<td>President</td>
<td>Confederation Of Women Entrepreneurs Address: H. No. 6-3-657/F1, Kapadia Lane, Somajiguda, Hyderabad 500 082, India</td>
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<td>Phone:040-23333448, 66136495</td>
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<td>18.</td>
<td>Shri T. Sujatha</td>
<td>Assistant Director</td>
<td>The Federation of Andhra Pradesh Chambers of Commerce and Industry</td>
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<td></td>
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<td>Federation House 11-6-841, Red Hills, FAPCCI Marg, Hyderabad 500004</td>
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## MSEs Contacted

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| 1.    | Shri Jagadeesh. S.V., Manager-Projects-Engineering | Pushpak Products India Pvt Ltd
No.303, Pushpak MES Ring Road, Jalahalli, Bengaluru – 560013
Phone: 080-28382031/
4644/9090
Fax: 080-28384644 | sales1@pushpak.com |
| 2.    | Shri A. K. Srivastav, Assistant General Manager | State Bank of India
Local Head Office, North Eastern Circle,
G.S. Road, Dispur, Guwahati – 781006
Phone: 0361:2237533
Fax: 0361-2237532 | agmpne.lhoguw@sbi.co.in |
| 3.    | Shri V. Srinivas, Manager Marketing | M/s. Shivaani Alloy Steel Castings Ltd
01-17, Shanthi Shikara Apartments, Raj Bhavan Road, Somajiguda, Hyderabad – 500082
Phone – 040-23400942 | sales@shivaanialloys.com |
| 4.    | Shri A. Sambasiva Rao, Managing Director | ARTIC Aircon Private Limited
# 120/5, Phase II, I.D.A. Cheralapally, Hyderabad – 500051
Phone: 40-27261661 / 27263012
Fax: 040-27263012 | info@articaircon.com |
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| 5     | Shri S. B. Ali             | A.B. Engineering
Plot No.20, Phase-III, IP, Cherlapally, Hyderabad – 500051
Phone: 98496584111                                              | abnff_casting@yahoo.co.in                   |
| 6     | Shri Anjaneyulu Desu      | Anjana Food Products
153, Papa Rayudu Nagar, Kukatpally, Hyderabad – 500072
Phone: 040-64633888
919246270243                                                  | anjaneyulu_desu@yahoo.com                    |
| 7     | Shri K. Pavan Kumar       | Daksha Engineers
Plot No. 20, Prashanth Nagar, Land mark near Ayyanna Building,
Kukatpally, Hyderabad-500072
Phone: 040-64566544                                              | dakshaeng@gmail.com                          |
| 8     | Shri Nazan Sultana        | Blue Sea Industries
Plot No.6-3-142, Behind Bharath petrol pump Narsapur ‘x’,
Road, Balanagar, Hyderabad - 500037, AP
Phone: 040-23872323/ 23770323
Fax: 040-4040160783                                              | info@blueseaindustries.com                   |
| 9     | Shri B. Appaiah            | S.K.M. Technologies Pvt Ltd
D-5, Road No.7, IDA Kukatpally, Gandhi
(Comml/Admn.)
Nagar, Hyderabad – 500037
Phone : 040-23077859/23074913
Fax: 040-2320294                                                 | comml@skmtechnologies.com                    |
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<tr>
<td>10.</td>
<td>Shri Pranav Kumar</td>
<td>Proprietor</td>
<td>Rangoli Living Style Kavi Raman Path, Boring Road, Patna – 800001</td>
<td><a href="mailto:rangolilivingstyle@gmail.com">rangolilivingstyle@gmail.com</a></td>
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<td>11.</td>
<td>Shri Nitu Kumari</td>
<td>Chairman</td>
<td>Aayush Vikas Samiti Patna – 800001</td>
<td>–</td>
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<td>12.</td>
<td>Shri Parimal</td>
<td></td>
<td>Magadh Advertising Bureau S.P. Verma Road, Patna – 800001</td>
<td><a href="mailto:magadhindia@gmail.com">magadhindia@gmail.com</a></td>
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<td>13.</td>
<td>Shri Bal Raj Kapoor</td>
<td>Managing Director</td>
<td>M/s. Deepak Paints (p) Lrd Road No.9, C-16-17, Patliputra D. Area, Patna – 800013</td>
<td><a href="mailto:deepakpaints.tail@rediffmail.com">deepakpaints.tail@rediffmail.com</a></td>
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<td>14.</td>
<td>Shri Sanjay Srivastava Pankaj Mani</td>
<td></td>
<td>Essan International, C-29, Site-5, Road No.8, Udyog Kunj Ranki, Kanpur – 208022</td>
<td><a href="mailto:info@essavinternational.com">info@essavinternational.com</a></td>
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<tr>
<td>15.</td>
<td>Shri Ashish Agarwal</td>
<td>General Manager</td>
<td>Anil Steels 84/20, Fazal Ganj, J.K. Iron Compound, Kanpur - 208001, Uttar Pradesh</td>
<td><a href="mailto:anilsteel@me.com">anilsteel@me.com</a></td>
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<td>Shri J.P. Agarwal</td>
<td>J.P. Engineers S-25, Panaki Industrial Area, Site-IV, Kanpur – 208022 Phone: 0512-2691341 Fax: 0512-2691854</td>
<td><a href="mailto:aeaknp@gmail.com">aeaknp@gmail.com</a></td>
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<td>17</td>
<td>Shri Avdhesh Bajpat</td>
<td>Swastika Moulders, Kanpur</td>
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<td>Proprietor</td>
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<td>Shri V.K. Setty</td>
<td>Support organization Bank of Baroda Kanpur</td>
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<td>AGM SMELF</td>
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<td>9160180673</td>
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<td>19</td>
<td>Shri Rajesh Sharma</td>
<td>Plot No E/54, Pune Ahmednagar Road, Tal Shirur, Ranjangaon Industrial Area MIdc, Near Yashinne Hotel, Bhosari MIDC, Pune, 411026 Phone: 9822548806</td>
<td><a href="mailto:dishaequipment@rediffmail.com">dishaequipment@rediffmail.com</a></td>
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<td></td>
<td>Proprietor</td>
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<tr>
<td>20</td>
<td>Shri Siddhartha Ghosh</td>
<td>Ultra Ink Industries C/o. M.L. Ghosh &amp; Co. 29, R N Mukherjee Road, Kolkata, West Bengal – 700001 Phone: 033-22420583 Fax: 033-22485760</td>
<td><a href="mailto:siddhartha1946@yahoo.co.in">siddhartha1946@yahoo.co.in</a></td>
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<td>21.</td>
<td>Shri Sohan Jaiswal</td>
<td>Mini Iron &amp; Alloys Pvt Ltd 202, Bentinck Chambers, 37A, Bentinck Street, Kolkata – 700069 Phone: 033-22482817 Fax: 033-30222817</td>
<td><a href="mailto:miniiron@gmail.com">miniiron@gmail.com</a></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Shri Hiranmay Ganguly</td>
<td>Federation of Small &amp; Medium Industries 23, R.N. Mukherjee Road, Kolkata – 700001 Phone: 033-22485114 Fax: 033-22104075</td>
<td><a href="mailto:fosmi@cal3.vsnl.net.in">fosmi@cal3.vsnl.net.in</a></td>
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<td>23.</td>
<td>Shri Bithal Das Bhatta</td>
<td>L.D. Bhattar &amp; Co. 21/B, Rajab Ali Lane, Kolkata – 700023 Phone: 033-24496386/7401 Fax: 033-24497401</td>
<td><a href="mailto:idb@cal.vsnl.net.in">idb@cal.vsnl.net.in</a></td>
<td></td>
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<tr>
<td>24.</td>
<td>Shri Ajit Kumar Jain</td>
<td>Avon Springs &amp; Accessories (P) Ltd 7, Swallow Lane, 1st Floor, Kolkata – 700001 Phone: 033-22300002 Fax: 033-22300002</td>
<td><a href="mailto:aronsprings@yahoo.co.in">aronsprings@yahoo.co.in</a></td>
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<td>25.</td>
<td>Shri Sukumar Ghosh</td>
<td>M/s. Amar Ghosh &amp; Co 75, N.S. Road, Harinavi, Kolkata – 700148 Phone: 033-24779431/9830591787 Fax: 033-24779431</td>
<td><a href="mailto:amargeo@yahoo.com">amargeo@yahoo.com</a></td>
<td></td>
</tr>
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</table>

73 ni-msme
<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Address</th>
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</tr>
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<tbody>
<tr>
<td>26</td>
<td>Shri T. K. Ghosh</td>
<td>WIN POWER 106, Nilachal Complex, 7th Row, Narendrapur, Kolkata – 700103</td>
<td><a href="mailto:Win.power@live.com">Win.power@live.com</a></td>
</tr>
<tr>
<td></td>
<td>Proprietor</td>
<td></td>
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</tr>
<tr>
<td>27</td>
<td>Shri Soumen Kumar Neogi</td>
<td>Moonlight Engineering Co. 2, Kumarpara Road, Rajpur, Kolkata – 700149</td>
<td><a href="mailto:support@moonlighting.co.in">support@moonlighting.co.in</a></td>
</tr>
<tr>
<td></td>
<td>Senior Partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Shri Biswanath Sardar</td>
<td>A.B. Enterprise Kalitala, Hindustan Forgrig Compound, Makardah Road, Howrah, Kalitala, Kolkata – 711106</td>
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<tr>
<td>29</td>
<td>Shri Kamal Raj</td>
<td>Plus Mech 62/D-11, J.N. Mukherjee Road, Ghusuri, Kolkata- 711107</td>
<td><a href="mailto:plusmech@yahoo.com">plusmech@yahoo.com</a></td>
</tr>
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</tr>
<tr>
<td>30</td>
<td>Shri Snigdha Sarkar</td>
<td>Sarkar Enterprises 5B, Dr.Suresh Sarkar Road Kolkata – 700014</td>
<td><a href="mailto:sarkarenterprise_1@rediffmail.com">sarkarenterprise_1@rediffmail.com</a></td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Sl. No</td>
<td>Official contacted</td>
<td>Address &amp; Phone &amp; Fax numbers</td>
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</tr>
</tbody>
</table>
| 31.   | Shri H.V. Prakash  | Sree Engineers  
#11, 3rd Main, 4th Cross, 4th Phase, 7th Block, Banashankari 3rd Stage, Bangalore – 560085  
Phone: 080-26695857  
Fax: 080-26797895 | sreeeng@vsnl.net |
| 32.   | Shri Gopal Krishna .P.S.R  
Project Manager | Maple Software Pvt Ltd  
Sun Towers, Waltair Main Road, Visakhapatnam – 530002  
Phone: 0891-6539231 | gk@maple-software.com |
| 33.   | Shri Rajesh .T  
Senior Executive Marketing | Siricom Technology  
#675, Sri Krishna Prowess, 14th Cross, 8th Main, 2nd Phase, J.P. Nagar, Bengaluru – 560078  
Phone:080-26592222,2221, 2218  
Fax: 080-26592220 | Sales2@sirimomindia.com |
| 34.   | Shri Anil Mediratta  
Manager Marketing | Himalaya Engineering works Pvt Ltd  
Phase –I, Plot No.30, Near Thirumala Weigh Bridge, IDA, Jeedimetla, Hyderabad – 500055  
Tel fax: 0712-2451602/2464411 | anil@girivar.com |
| 35.   | Shri Pramod J. Simon  
V.P. Operations | Alloys Engineers (P) Ltd  
SIDCO Industrial Estate | vpoerations.alloys@gmail.com |

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<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Company/Position</th>
<th>Address</th>
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<tr>
<td>36</td>
<td>Shri Mohammed Mohsin</td>
<td>Designer</td>
<td>Umayanalloor, Kollam – 691589</td>
<td>Phone: 0474-2535229, 3257972 Fax: 0474-2531481</td>
<td><a href="mailto:response@involuteautomation.com">response@involuteautomation.com</a></td>
</tr>
<tr>
<td></td>
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<td>Involute Automation (P) Ltd D-3, Phase –Iv, Extn: IDA, Jeedimetla,</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Hyderabad – 500055</td>
<td>Phone: 040-23090058/23090022 Fax: 040-23090020</td>
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<tr>
<td>37</td>
<td>Shri Stephen .K. Thomas</td>
<td>Director</td>
<td>Fabrimech Engineers Pvt Ltd 32, SIDCO Industrial Estate</td>
<td>Phone: 044-26523364/42077716 Fax: 044-26252039</td>
<td><a href="mailto:fme@fabrimech.com">fme@fabrimech.com</a></td>
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<td>Ambattur, Chennai – 600098</td>
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<td>38</td>
<td>Shri A.N. Sijeesh</td>
<td>Proprietor</td>
<td>Sri Hari Industries 136/469, SIDCO Industrial Estate</td>
<td>Phone: 044-26255228/26256204</td>
<td><a href="mailto:sriharichn@gmail.com">sriharichn@gmail.com</a></td>
</tr>
<tr>
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<td>Pattravakkam, Chennai – 600098</td>
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<tr>
<td>39</td>
<td>Shri M. V. Pereira</td>
<td>Proprietor</td>
<td>D.S.P. Enterprises C-22, Cooperative Industrial Estate</td>
<td>Phone: 040-23875876, 40073008</td>
<td><a href="mailto:dompneumatics@yahoo.com">dompneumatics@yahoo.com</a></td>
</tr>
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<td></td>
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<td>1st Floor, Balanagar, Hyderabad – 500037</td>
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<tr>
<td>40</td>
<td>Shri K. Mallesh Yadav</td>
<td>Business Development &amp;</td>
<td>UNIC CHEM Technologies EWS-1, Qtr No..107, Gangaputra colony, Parsigutta,</td>
<td></td>
<td><a href="mailto:unicchemtechnologies@gmail.com">unicchemtechnologies@gmail.com</a></td>
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<tr>
<td>41.</td>
<td>Shri C. Gangadhar</td>
<td>ELICO Ltd</td>
<td><a href="mailto:mechoptronix@elico.co">mechoptronix@elico.co</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Senior Executive – Marketing</td>
<td>B-90, A.P.I.E, Sanathnagar, Hyderabad – 500018</td>
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<tr>
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<td>Fax: 040-44451284</td>
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<tr>
<td>42.</td>
<td>Shri V. Gowtham Kumar</td>
<td>S.G.K. Industries</td>
<td><a href="mailto:office@sgkindustries.com">office@sgkindustries.com</a></td>
<td></td>
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<td></td>
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<tr>
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<td>Fax: 040-40071980</td>
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</table>
Annexure - V

National Institute for Micro, Small and Medium Enterprises
(An organization of the Ministry of MSME, Govt. of India)
Yousufguda, Hyderabad – 500 045

EVALUATION OF THE VENDOR DEVELOPMENT PROGRAMME (VDP) OF THE MINISTRY OF MSME, GOVERNMENT OF INDIA

Questionnaire for MSME-DIs

Name and address of the MSME-DI

Pin code

Phone No

Fax No

E-mail

Name of the Director

Phone No

Mobile No

E-mail
Name of the officer

Incharge of VDP

and the designation

Please give the details on National Level VDPs conducted

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/ PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
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</tbody>
</table>
Please give the year-wise (2008-09 to 2012-13) list of Large Scale Enterprises (LSEs)/ Public Sector Unit (PSUs)/Government Departments like Railways, Defense participated

Please give the list MSMEs participated (2008-09 to 2012-13)

Years wise details B2B meetings and Business meets conducted

<table>
<thead>
<tr>
<th>Year</th>
<th>Location of National VDP conducted</th>
<th>B2B meeting held</th>
<th>Other business meet conducted</th>
<th>Quantum of Business inquiry made in Rupees</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
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</table>
Actual business relations established giving details of Vendor and Buyer organisations

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs conducted giving location wise details</th>
<th>Total amount collected as recovery</th>
<th>Expenditure (Rs. in Lakhs)</th>
<th>No. of MSEs participated</th>
<th>No. LSEs/PSUs participated</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
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<td>2009-10</td>
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</table>

Please give the details on State Level VDPs conducted
<table>
<thead>
<tr>
<th>Year</th>
<th>LSEs/PSUs/Government Departments</th>
<th>MSMEs</th>
</tr>
</thead>
<tbody>
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<td>2008-09</td>
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<tr>
<td>Total</td>
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</tbody>
</table>

Please give the list of Large Scale Enterprises (LSEs)/ Public Sector Units (PSUs)/Government Departments like Railways, Defense participated (2008-09 to 2012-13)

Please give the list MSMEs participated (2008-09 to 2012-13)
Years wise details B2B meetings and Business meets conducted

<table>
<thead>
<tr>
<th>Year</th>
<th>Location of National VDP conducted</th>
<th>B2B meeting held</th>
<th>Other business meet conducted</th>
<th>Quantum of Business inquiry made in Rupees</th>
</tr>
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<tr>
<td>Total</td>
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</tbody>
</table>

Please give details of actual business relations established, details of Vendor Buyer organisations and Quantum of Business done (2008-09 to 2012-13)
In your State/Jurisdiction please mention atleast Five Ongoing business relations started due to vendor development or purchase preference among LSEs/PSUs and MSEs

Please mention the names of other MSEs supplying to LSEs / PSUs

Do you believe that the VDP helped to improving business relation between MSEs and LSEs/PSUs, if so please describe how?

Please mention the benefits of Vendor registration, subcontracting exchange and single point registration
<table>
<thead>
<tr>
<th>Scheme</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>VDP</td>
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<tr>
<td>Subcontracting Exchange</td>
<td></td>
</tr>
<tr>
<td>Single point registration</td>
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</tr>
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</table>

What backup support services are provided by parent units

Are the rates offered for products and services by the parent units competitive please give details and please mention specific cases if any

Did you receive any representations in this regard from MSEs.
Please mention the awareness level of VDP among different stakeholders

LSEs/ PSUs

MSEs

Industry associations

Government Departments and

Promotional organisations

Other stakeholders

What measures being taken by your organisation to improve the awareness of VDP among stakeholders

What modifications do you suggest to the existing features of VDP
<table>
<thead>
<tr>
<th>Feature</th>
<th>Suggested modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery rate</td>
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<tr>
<td>Expenditure</td>
<td></td>
</tr>
<tr>
<td>Increasing the participation of LSEs and MSEs</td>
<td></td>
</tr>
<tr>
<td>Increasing the B2B and Business relations and Sub-Contracting</td>
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<tr>
<td>To conform to public procurement policy</td>
<td></td>
</tr>
<tr>
<td>Any other aspects</td>
<td></td>
</tr>
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</table>

Is the expenditure for conducting VDP is completely met by the Ministry of MSME/DC-MSME/MSME-DI

Please mention the Registration Fee or any other charges made to LSEs/PSUs and MSEs, if so please give details
Please give your suggestions/steps needed to make VDP more proactive in accomplishment the objectives of public procurement policy for MSEs

Other suggestions to strengthen the relations between PSUs, LSEs and MSEs.
Signature __________________

Name _______________________

Designation _________________

Organisation ________________
EVALUATION OF THE VENDOR DEVELOPMENT PROGRAMME (VDP) OF THE MINISTRY OF MSME, GOVERNMENT OF INDIA

Questionnaire for MSE Associations

Name and address of the MSE Association

Pin code

Phone No

Fax No

E-mail

Name of the President/
Head of the Office

Phone No

Mobile No
What measures you have taken for publicity of VDPs among your members

Are you aware of the Vendor Development Programmes (VDPs) being conducted by the Micro, Small and Medium Enterprises Development Institute during the last five years?
Please give the list of your member MSEs participated in the VDPs

Please give the list of your member MSEs doing business / subcontracting/Ancillary unit /participated in public procurement with large scale enterprises or public sector enterprises

In your opinion what are the benefits of VDPs
Please mention the MSEs of your association benefited most from the VDPs conducted

In your State/Jurisdiction please mention at least five ongoing business relations started due to vendor development or purchase preference among LSEs/PSUs and MSEs

In your opinion what is the level of awareness of VDP among your members
Are you making any special effort in creating awareness of Vendor Development Programmes of the Ministry of MSME among your members

What modifications do you suggest to the existing features of VDP

<table>
<thead>
<tr>
<th>Feature</th>
<th>Suggested modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery rate</td>
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<tr>
<td>Expenditure</td>
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<tr>
<td>Increasing the participation of LSEs and MSEs</td>
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<tr>
<td>Increasing the B2B and Business relations and Sub-Contracting</td>
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<tr>
<td>To conform to public procurement policy</td>
<td></td>
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<tr>
<td>Any other aspects</td>
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</tbody>
</table>

Please give your suggestion/steps needed to make VDP more proactive in accomplishment of the objectives of public procurement policy for MSEs
Other suggestion to strengthen the relations between PSUs, LSEs and MSEs.

signature

Name

Designation

Organisation
Annexure – VII

National Institute for Micro, Small and Medium Enterprises
(An organization of the Ministry of MSME, Govt. of India)
Yousufguda, Hyderabad – 500 045

EVALUATION OF THE VENDOR DEVELOPMENT PROGRAMME (VDP) OF THE MINISTRY OF MSME, GOVERNMENT OF INDIA

Questionnaire for LSEs/PSUs

Name and address of the Organisation PSU/LSE

Pin code

Phone No

Fax No

E-mail
Name of the Chief Executive

CEO’s Office Phone No

Fax No

E-mail

Name of the Contact person

with mobile number and email

Name

Fax No

E-mail

Please give the details on National Level VDPs in which your organisation participated

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs participated giving location wise details</th>
<th>Registration / Participation Fee paid</th>
<th>Any business relation established with MSEs</th>
<th>B2B meetings held with MSEs</th>
<th>Value of business / services done with MSEs</th>
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<tr>
<td>2008-09</td>
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<td>2009-10</td>
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</table>

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Please give the list of MSEs with which you have established business relations after participation in VDP (2008-09 to 2012-13)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs participated giving location wise details</th>
<th>Registration / Participation Fee paid</th>
<th>Any business relation established with MSEs</th>
<th>B2B meetings held with MSEs</th>
<th>Value of business / services done with MSEs</th>
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<td>2008-09</td>
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</table>

Please give the details on State Level VDPs your organisation participated
Please give the list of MSEs with which business relations established with details (2008-09 to 2012-13)

<table>
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<tr>
<th>Year</th>
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<tbody>
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<td>Total</td>
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</table>
Please give the details of product / services wise value of business done, with MSEs by your organisation for the last five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Products</th>
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<tr>
<td>2012-13</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Do you believe that the VDP helped to improving your business relations with MSEs / helped to identify Vendor / Suppliers you required please give details
Please mention the benefits of Vendor registration, subcontracting exchange and single point registration

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>VDP</td>
<td></td>
</tr>
<tr>
<td>Subcontracting Exchange</td>
<td></td>
</tr>
<tr>
<td>Single point registration</td>
<td></td>
</tr>
</tbody>
</table>

What backup/ support services are provided by your organisation to your MSE suppliers/Vendors

Are the rates offered by you for products and services competitive please give details, are you giving any price preference to MSEs, if so please mention the details
Please mention the awareness level of VDP among different stakeholders

LSEs/ PSUs

MSEs

Industry associations

Government Departments and

Promotional organisation

Other stakeholders
What modifications do you suggest to the existing features of VDP

<table>
<thead>
<tr>
<th>Feature</th>
<th>Suggested modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery rate</td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
</tr>
<tr>
<td>Increasing the participation of LSEs and MSEs</td>
<td></td>
</tr>
<tr>
<td>Increasing the B2B and Business relations and Sub-Contracting</td>
<td></td>
</tr>
<tr>
<td>To conform to public procurement policy</td>
<td></td>
</tr>
<tr>
<td>Any other aspects</td>
<td></td>
</tr>
</tbody>
</table>

Please give your suggestions/steps needed to make VDP more proactive in accomplishment the objectives of public procurement policy for MSEs

Other suggestions to strengthen the relations between PSUs, LSEs and MSEs.
Annexure – VIII

National Institute for Micro, Small and Medium Enterprises
(An organization of the Ministry of MSME, Govt. of India)
Yousufguda, Hyderabad – 500 045

EVALUATION OF THE VENDOR DEVELOPMENT PROGRAMME (VDP) OF THE MINISTRY OF MSME, GOVERNMENT OF INDIA

Questionnaire for MSEs

Name and address of the
Enterprise
Pin code

Phone No

Fax No.

E-mail

Name of the Proprietor/
Partner/Managing Director

Phone No

Mobile No

E-mail

Enterprise Category  -  Manufacturing / Service
Please give the details on National Level VDPs in which your organisation participated

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of National Level VDPs participated giving location wise details</th>
<th>Registration / Participation Fee paid</th>
<th>Any business relations established with LSEs/PSUs</th>
<th>B2B meetings held with PSUs/LSEs</th>
<th>Value of business / services done with LSEs/PSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td></td>
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<tr>
<td>2009-10</td>
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<td>2010-11</td>
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<td>2011-12</td>
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<td>2012-13</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Please give the list of Large Scale Enterprises (LSEs)/ Public Sector Units (PSUs) (2008-09 to 2012-13)/Government Departments with which you are doing business supplying components
Please give the details on State Level VDPs your organisation participated

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of State Level VDPs participated giving location wise details</th>
<th>Registration / Participation Fee paid</th>
<th>Any business relation established with LSEs/PSUs</th>
<th>B2B meetings held with PSUs / LSEs</th>
<th>Value of business / services done with LSEs/PSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
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<tr>
<td>Total</td>
<td></td>
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</tr>
</tbody>
</table>
Please give the list of Large Scale Enterprises (LSEs)/ Public Sector Units (PSUs) (2008-09 to 2012-13)/Government Departments like Railways, Defense with which you are doing business/supplying components /services / supplying as ancillary unit

Please give details of actual business relations established, details of Vendor Buyer organisations and Quantum of Business done

Please mention if you know some of the prominent MSEs supplying to LSEs in your area /industrial estate /industrial area / city
Do you believe that the VDP helped to improving business relation between your enterprise and the MSEs and LSEs/PSUs, if so please give details

Please mention the benefits of Vendor registration, subcontracting exchange and single point registration

<table>
<thead>
<tr>
<th>Scheme</th>
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<tr>
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<td></td>
</tr>
</tbody>
</table>

What backup support services are provided by parent units (LSEs/PSUs)
Are the rates offered for products and services by the parent units competitive please give details and specific cases and general trend

Please mention the awareness level of VDP among different stakeholders

LSEs/ PSUs

MSEs

Industry associations

Government Departments and

Promotional organisation

Other stakeholders

What modifications do you suggest to the existing features of VDP
<table>
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Please give your suggestions/steps needed to make VDP more proactive in accomplishment the objectives of public procurement policy for MSEs.

Other suggestions to strengthen the relations between PSUs, LSEs and MSEs.

Signature  ___________________

Name  ___________________

Designation  ___________________

Organisation  ___________________
Ministry of Micro, Small and Medium Enterprises
Office of Development Commissioner (MSME)

New Delhi,
The 23rd March, 2012

ORDER

Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012

Whereas, the Central Government Ministries, Departments and Public Sector Undertakings shall procure minimum of 20 per cent of their annual value of goods or services from Micro and Small Enterprises;

And whereas, the Public Procurement Policy shall apply to Micro and Small Enterprises registered with District Industries Centers or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation or Directorate of Handicrafts and Handloom or any other body specified by Ministry of Micro, Small and Medium Enterprises;

And whereas, the Public Procurement Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods or services in accordance with a system which is fair, equitable, transparent, competitive and cost effective; and
And whereas, for facilitating promotion and development of micro and small enterprises, the Central Government or the State Government, as the case may be, by Order notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or Departments, as the case may be, or its aided institutions and public sector enterprises.

Now, therefore, in exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Central Government, by Order, notifies the Public Procurement Policy (hereinafter referred to as the Policy) in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries, Departments and Public Sector Undertakings.

2. Short title and commencement. -

This Order is titled as ‘Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012’.

It shall come into force with effect from 1st April 2012.

3. Mandatory procurement from Micro Small and Enterprises. –

(1) Every Central Ministry or Department or Public Sector Undertaking shall set an annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 per cent, of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of three years.

(2) Annual goal of procurement also include sub-contracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries Corporation.

(3) After a period of three years i.e. from 1st April 2015, overall procurement goal of minimum of 20 per cent shall be made mandatory.

(4) The Central Ministries, Departments and Public Sector Undertakings which fail to meet the annual goal shall substantiate with reasons to the Review Committee headed by Secretary
(Micro, Small and Medium Enterprises), constituted in Ministry of Micro, Small and Medium Enterprises, under this Policy. 4. Special provisions for Micro and Small Enterprises owned by Scheduled Castes or Scheduled Tribes. — Out of 20 per cent target of annual procurement from Micro and Small Enterprises, a sub-target of 20 per cent (i.e., 4 per cent out of 20 per cent) shall be earmarked for procurement from Micro and Small Enterprises owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs. Provided that, in event of failure of such Micro and Small Enterprises to participate in tender process or meet tender requirements and L1 price, 4 per cent sub-target for procurement earmarked for Micro and Small Enterprises owned by Scheduled Caste or Scheduled Tribe entrepreneurs shall be met from other Micro and Small Enterprises.

5. Reporting of targets in Annual Report. — (1) The data on Government procurements from Micro and Small Enterprises is vital for strengthening the Policy and for this purpose, every Central Ministry or Department or Public Sector Undertaking shall report goals set with respect to procurement to be met from Micro and Small Enterprises and achievement made thereto in their respective Annual Reports.

(2) The annual reporting shall facilitate in better understanding of support being provided by different Ministries or Departments or Public Sector Undertakings to Micro and Small Enterprises.

6. Price quotation in tenders. — (1) In tender, participating Micro and Small Enterprises quoting price within price band of L1+15 per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprise and such Micro and Small Enterprise shall be allowed to supply up to 20 per cent of total tendered value.

(2) In case of more than one such Micro and Small Enterprise, the supply shall be shared proportionately (to tendered quantity).

7. Developing Micro and Small Enterprise vendors. — The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes or Buyer-Seller Meets and entering into Rate Contract with Micro and Small Enterprises for a specified period in respect of periodic requirements.

8. Annual Plan for Procurement from Micro and Small Enterprises on websites. — The Ministries or Departments or Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.
9. Enhancing participations of Micro and Small Enterprises including those owned by Scheduled Castes or Scheduled Tribes in Government procurements. — For enhancing participation of Scheduled Castes or Scheduled Tribes in Government procurement, the Central Government Ministries, Departments and Public Sector Undertakings shall take following steps, namely:

(a) Special Vendor Development Programmes or Buyer-Seller Meets shall be conducted by Departments/Public Sector Undertakings for Scheduled Castes or Scheduled Tribes;

(b) Outreach programmes shall be conducted by National Small Industries Corporation to cover more and more Micro and Small Enterprises from Scheduled Castes or Scheduled Tribes under its schemes of consortia formation; and

(c) National Small Industries Corporation shall open a special window for Scheduled Castes or Scheduled Tribes under its Single Point Registration Scheme (SPRS).

10. Reduction in transaction cost. — To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money, adopting e-procurement to bring in transparency in tendering process and setting up a Grievance Cell in the Ministry of Micro, Small and Medium Enterprises.

11. Reservation of specific items for procurement. — To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure 358 items (Appendix) from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. This will help in promotion and growth of Micro and Small Enterprises, including Khadi and village industries, which play a critical role in fostering inclusive growth in the country.

12. Review Committee. — (1) A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of Micro, Small and Medium Enterprises, for monitoring and review of Public Procurement Policy for Micro and Small Enterprises vide Order No. 21(1)/2007-MA dated the 21st June 2010 (Annexure).

(2) This Committee shall, inter alia, review list of 358 items reserved for exclusive purchase from Micro and Small Enterprises on a continuous basis, consider requests of the Central Ministries or Departments or Public Sector Undertakings for exemption from 20 per cent target on a case to case basis and monitor achievements under the Policy.

13. Setting up of Grievance Cell. — In addition, a ‘Grievance Cell’ will be set up in Ministry of Micro, Small and Medium Enterprises for redressing grievances of Micro and Small Enterprises in Government procurement. This cell shall take up issues related to Government procurement
raised by Micro and Small Enterprises with Departments or agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments or agencies that put Micro and Small Enterprises at a disadvantage.

14. Special Provisions for Defence Procurements. — Given their unique nature, defence armament imports shall not be included in computing 20 per cent goal for Ministry of Defence. In addition, defence equipments like weapon systems, missiles, etc. shall remain out of purview of such Policy of reservation.

15. Monitoring of Goals. — The monitoring of goals set under the Policy shall be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

16. Removal of difficulty. — Any difficulties experienced during the course of implementation of the above Policy shall be clarified by Ministry of Micro, Small and Medium Enterprises through suitable Press releases which would be kept on the public domain.

(AMARENDRA SINHA)
Additional Secretary and Development Commissioner (MSME)

Annexure

No. 21(1)/2007-MA
Government of India
Ministry of Micro, Small and Medium Enterprises
Office of the Development Commissioner (MSME)
ORDER

Subject: Constitution of a Committee for monitoring and review of the Public Procurement Policy for Micro and Small Enterprises

Pending approval of the new Public Procurement Policy for Micro and Small Enterprises (MSEs), a Committee is hereby constituted for looking into the applicability of some of the provisions of the proposed Policy in respect of select Central Ministries/Departments. The Committee will be chaired by the Secretary, Ministry of Micro, Small and Medium Enterprises.

2. The composition of the Committee will be as follows:

(i) Secretary, Ministry of MSME : Chairman

(ii) Secretary, Planning Commission : Member

(iii) Secretary, Department of Public Enterprises : Member

(iv) Director General (Supplies and Disposals), Department of Commerce, : Member

(v) Ministry of Commerce and Industry

(vi) Additional Secretary and Development Commissioner (MSME) : Member Secretary
3. The Committee will undertake the following functions:

Consider the requests of the Central Ministries/Departments/PSUs for exemption, on a case to case basis, from the 20% target;

Review the list of 358 items (as per Appendix) reserved for exclusive purchase from the MSEs based on the feedback received from the Central Ministries/Departments/PSUs;

Review the grievances received from MSEs regarding Government procurement, including imposition of unreasonable conditions in the tenders floated by the Government Departments/PSUs; and

Suggest special measures to be taken by the Central Ministries/Departments for enhancing their procurements from MSEs.

4. The Committee may co-opt any other Ministries/Departments of the Central Government as well as State Governments or invite any other expert/person associated/concerned with the MSMEs in its meetings, as and when required.

5. The Office of the Development Commissioner (MSME) will provide secretariat support to this Committee.

6. This issues with the approval of the Competent Authority.

Sd/-

(Praveen Mahto)

Additional Economic Adviser

Ph: 23062230, Fax: 23061611
To,

All Members of the Committee

Copy to:

1. Cabinet Secretariat (Shri V.P. Arora, Under Secretary), w.r.t. their O.M. No. 601/2/1/2009-Cab.III dated 24.02.2010

2. PS to Minister (MSME)

3. Sr. PPS to Secretary (MSME)

Appendix

LIST OF ITEMS RESERVED FOR PURCHASE FROM SMALL SCALE INDUSTRIAL UNITS INCLUDING HANDICRAFT SECTOR.

Sl No. Item Description

AAC/and ACSR Conductor upto 19 strands

Agricultural Implements
(a) Hand Operated tools and implements
(b) Animal driven implements

Air/Room Coolers

Aluminum builder’s hardware

Ambulance stretcher

Ammeters/ohm meter/Volt meter (Electro magnetic upto Class I accuracy)

Anklets Web Khaki

Augur (Carpenters)

Automobile Head lights Assembly

Badges cloth embroidered and metals

Bags of all types i.e. made of leather, cotton, canvas and jute etc. including kit bags, mail bags, sleeping bags and water-proof bag.

Bandage cloth

Barbed Wire

Basket cane (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)

Bath tubs

Battery Charger

Battery Eliminator

Beam Scales (upto 1.5 tons)

Belt leather and straps

Bench Vices

Bituminous Paints

Blotting Paper

Bolts and Nuts

Bolts Sliding

Bone Meal

Boot Polish
Boots and Shoes of all types including canvas shoes
Bowls

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Item Description</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Boxes Leather</td>
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<tr>
<td></td>
<td>Boxes made of metal</td>
</tr>
<tr>
<td></td>
<td>Braces</td>
</tr>
<tr>
<td></td>
<td>Brackets other than those used in Railways</td>
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<tr>
<td></td>
<td>Brass Wire</td>
</tr>
<tr>
<td></td>
<td>Brief Cases (other than moulded luggage)</td>
</tr>
<tr>
<td></td>
<td>Brooms</td>
</tr>
<tr>
<td></td>
<td>Brushes of all types</td>
</tr>
<tr>
<td></td>
<td>Buckets of all types</td>
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<tr>
<td></td>
<td>Button of all types</td>
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<tr>
<td></td>
<td>Candle Wax Carriage</td>
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<tr>
<td></td>
<td>Cane Valves/stock valves (for water fittings only)</td>
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<tr>
<td></td>
<td>Cans metallic (for milk and measuring)</td>
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<tr>
<td></td>
<td>Canvas Products :</td>
</tr>
<tr>
<td></td>
<td>(a) Water Proof Deliver, Bags to spec. No. IS - 1422/70</td>
</tr>
<tr>
<td></td>
<td>(b) Bonnet Covers and Radiators Muff. to spec. Drg. Lv 7/NSN/IA/130295</td>
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<tr>
<td></td>
<td>Capes Cotton and Woollen</td>
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<tr>
<td></td>
<td>Capes Waterproof</td>
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<tr>
<td></td>
<td>Castor Oil</td>
</tr>
<tr>
<td></td>
<td>Ceiling roses upto 15 amps</td>
</tr>
<tr>
<td></td>
<td>Centrifugal steel plate blowers</td>
</tr>
<tr>
<td></td>
<td>Centrifugal Pumps suction and delivery 150 mm. x 150 mm</td>
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<tr>
<td>Sl No.</td>
<td>Item Description</td>
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<td>--------</td>
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</tr>
<tr>
<td></td>
<td>Chaff Cutter Blade</td>
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<tr>
<td></td>
<td>Chains lashing</td>
</tr>
<tr>
<td></td>
<td>Chappals and sandals</td>
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<tr>
<td></td>
<td>Chamois Leather</td>
</tr>
<tr>
<td></td>
<td>Chokes for light fitting</td>
</tr>
<tr>
<td></td>
<td>Chrome Tanned leather (Semi-finished Buffalo and Cow)</td>
</tr>
<tr>
<td></td>
<td>Circlips</td>
</tr>
<tr>
<td></td>
<td>Claw Bars and Wires</td>
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<tr>
<td></td>
<td>Cleaning Powder</td>
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<tr>
<td></td>
<td>Clinical Thermometers</td>
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<tr>
<td></td>
<td>Cloth Covers</td>
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<td></td>
<td>Cloth Jaconet</td>
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<td></td>
<td>Cloth Sponge</td>
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<tr>
<td></td>
<td>Cotton Absorbent</td>
</tr>
<tr>
<td></td>
<td>Coir fibre and Coir yarn</td>
</tr>
<tr>
<td></td>
<td>Coir mattress cushions and matting</td>
</tr>
<tr>
<td></td>
<td>Coir Rope hawser-laid</td>
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<tr>
<td></td>
<td>Community Radio Receivers</td>
</tr>
<tr>
<td></td>
<td>Conduit pipes</td>
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<tr>
<td></td>
<td>Copper nail</td>
</tr>
<tr>
<td></td>
<td>Copper Napthenate</td>
</tr>
<tr>
<td></td>
<td>Copper sulphate</td>
</tr>
<tr>
<td></td>
<td>Cord Twine Maker</td>
</tr>
<tr>
<td></td>
<td>Cordage Others</td>
</tr>
<tr>
<td></td>
<td>Corrugated Paper Board and Boxes</td>
</tr>
</tbody>
</table>
Cotton Belts
Cotton Carriers
Cotton Cases
Cotton Cord Twine
Cotton Hosiery
Cotton Packs
Cotton Pouches
Cotton Ropes
Cotton Singlets
Cotton Sling
Cotton Straps
Cotton tapes and laces
Cotton Wool (Non absorbent)
Crates Wooden and plastic
(a) Crucibles upto No. 200
(b) Crucibles Graphite upto No. 500
(c) Other Crucibles upto 30 kgs.
Cumblies and blankets
Curtains mosquito
Cutters
Dibutyl phthalate
Diesel engines upto 15 H.P
Dimethyl Phthalate
Disinfectant Fluids
SI No. Item Description

Distribution Board upto 15 amps
Domestic Electric appliances as per BIS Specifications:-
- Toaster Electric, Elect.
- Iron, Hot Plates, Elect. Mixer, Grinders, Room heaters and convec tors and ovens

Domestic (House Wiring) P.V.C. Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and upto 10.00 mm sq. nominal cross section

Drawing and Mathematical Instruments

Drums and Barrels

Dust Bins

Dust Shield leather

Dusters Cotton all types except the items required in Khadi

Dyes:

(a) Azo Dyes (Direct and Acid)

(b) Basic Dyes

Electric Call bells/buzzers/door bells

Electric Soldering Iron

Electric Transmission Line Hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc

Electronic door bell

Emergency Light (Rechargeable type)

Enamel Wares and Enamel Utensils

Equipment camouflage Bamboo support

Exhaust Muffler

Expanded Metal

Eyelets

Film Polythene - including wide width film

Film spools and cans

Fire Extinguishers (wall type)

Foot Powder

French polish

Funnels
Fuse Cut outs
Fuse Unit
Garments (excluding supply from Indian Ordnance Factories)
Gas mantels
Gauze cloth
Sl No. Item Description

Gauze surgical all types
Ghamellas (Tesillas)
Glass Ampules
Glass and Pressed Wares
Glue
Grease Nipples and Grease guns
Gun cases
Gun Metal Bushes
Gum tape
Hand drawn carts of all types
Hand gloves of all types
Hand Lamps Railways
Hand numbering machine
Hand pounded Rice (polished and unpolished)
Hand presses
Hand Pump
Hand Tools of all types
Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
Harness Leather
Hasps and Staples
Haver Sacks
Helmet Non-Metallic
Hide and country leather of all types
Hinges
Hob nails
Holdall
Honey
Horse and Mule Shoes
Hydraulic Jacks below 30 ton capacity
Insecticides Dust and Sprayers (Manual only)
Invalid wheeled chairs.
Invertor domestic type upto 5 KVA
Iron (dhobi)
Key board wooden
Kit Boxes
Sl No. Item Description

Kodali
Lace leather
Lamp holders
Lamp signal
Lanterns Posts and bodies
Lanyard
Latex foam sponge
Lathies
Letter Boxes
Lighting Arresters - upto 22 kv
Link Clip
Linseed Oil
Lint Plain
Lockers
Lubricators
L.T. Porcelain KITKAT and Fuse Grips
Machine Screws
Magnesium Sulphate
Mallet Wooden
Manhole covers
Measuring Tapes and Sticks
Metal clad switches (upto 30 Amps)
Metal Polish
Metallic containers and drums other than N.E.C. (Not elsewhere classified)
Metric weights
Microscope for normal medical use
Miniature bulbs (for torches only)
M.S. Tie Bars
Nail Cutters
Naphthalene Balls
Newar
Nickel Sulphate
Nylon Stocking
Nylon Tapes and Laces
Oil Bound Distemper
Sl No. Item Description
Oil Stoves (Wick stoves only)
Pad locks of all types
Paint remover
Palma Rosa Oil
Palmgur
Pans Lavatory Flush
Paper conversion products - paper bags, envelops, ice-cream cup, paper cup and saucers and paper plates
Paper Tapes (Gummed)
Pappads
Pickles and Chutney
Piles fabric
Pillows
Plaster of Paris
Plastic Blow Moulded Containers upto 20 litre excluding Poly Ethylene Terephthalate (PET) Containers
Plastic cane
Playing Cards
Plugs and Sockets electric upto 15 Amp
Polythene bags
Polythene Pipes
Post Picket (Wooden)
Postal Lead seals
Potassium Nitrate
Pouches
Pressure Die Casting upto 0.75 kg
Privy Pans
Pulley Wire
PVC footwears
PVC pipes upto 110 mm
PVC Insulated Aluminium Cables (upto 120 sq. mm) (ISS:694)
Quilts, Razais
Rags
Railway Carriage light fittings
Rakes Ballast
Razors

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<tr>
<th>Sl No.</th>
<th>Item Description</th>
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<tbody>
<tr>
<td></td>
<td>RCC Pipes upto 1200 mm. dia</td>
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<td>RCC Poles Prestressed</td>
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<td>Rivets of all types</td>
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<td>Rolling Shutters</td>
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<td>Roof light Fittings</td>
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<td>Rubber Balloons</td>
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<td>Rubber Cord</td>
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<td>Rubber Hoses (Unbranded)</td>
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<td></td>
<td>Rubber Tubing (Excluding braided tubing)</td>
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<td></td>
<td>Rubberised Garments Cap and Caps etc</td>
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<td></td>
<td>Rust/Scale Removing composition</td>
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<td>Safe meat and milk</td>
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<td>Safety matches</td>
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<td>Safety Pins (and other similar products like paper pins, staples pins etc.)</td>
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<td></td>
<td>Sanitary Plumbing fittings</td>
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<td></td>
<td>Sanitary Towels</td>
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<td>Scientific Laboratory glass wares (Barring sophisticated items)</td>
</tr>
</tbody>
</table>
Scissors cutting (ordinary)
Screws of all types including High Tensile
Sheep skin all types
Shellac
Shoe laces
Shovels
Sign Boards painted
Silk ribbon
Silk Webbing
Skiboots and shoes
Sluice Valves
Snapfastner (Excluding 4 pcs. ones)
Soap Carbolic
Soap Curd
Soap Liquid
Soap Soft
Soap washing or laundry soap
Soap Yellow

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<tr>
<td></td>
<td>Socket/pipes</td>
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<td>Sodium Nitrate</td>
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<td>Sodium Silicate</td>
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<td>Sole leather</td>
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<td>Spectacle frames</td>
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<td>Spiked boot</td>
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<td>Sports shoes made out of leather (for all Sports games)</td>
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</tbody>
</table>
Squirrel Cage Induction Motors upto and including 100 KW440 volts 3 phase
Stapling machine
Steel Almirah
Steel beds stead
Steel Chair
Steel desks
Steel racks/shelf
Steel stools
Steel trunks
Steel wool
Steel and aluminium windows and ventilators
Stockinet
Stone and stone quarry rollers
Stoneware jars
Stranded Wire
Street light fittings
Student Microscope
Studs (excluding high tensile)
Surgical Gloves (Except Plastic)
Table knives (Excluding Cutlery)
Tack Metallic
Taps
Tarpaulins
Teak fabricated round blocks
Tent Poles
Tentage Civil/Military and Salitah Jute for Tentage
Textiles manufactures other than N.E.C. (not elsewhere classified)
Tiles

Sl No. Item Description

Tin Boxes for postage stamp
Tin can unprinted upto 4 gallons capacity (other than can O.T.S.)
Tin Mess
Tip Boots
Toggle Switches
Toilet Rolls
Transformer type welding sets conforming to IS:1291/75 (upto 600 amps)
Transistor Radio upto 3 band
Transistorised Insulation - Testers
Trays
Trays for postal use
Trolley
Trollies - drinking water
Tubular Poles
Tyres and Tubes (Cycles)
Umbrellas
Utensils all types
Valves Metallic
Varnish Black Japan
Voltage Stabilisers including C.V.T's
Washers all types
Water Proof Covers
Water Proof paper
Water tanks upto 15,000 litres capacity
Wax sealing
Waxed paper
Weighing Scale
Welded Wire mash
Wheel barrows
Whistle
Wicks cotton
Wing Shield Wipers (Arms and Blades only)
Wire brushes and Fibre Brushes
Wire Fencing and Fittings
Wire nails and Horse shoe nails
Sl No. Item Description

Wire nettings of gauze thicker than 100 mesh size
Wood Wool
Wooden ammunition boxes
Wooden Boards
Wooden Box for Stamps
Wooden Boxes and Cases N.E.C. (Not elsewhere classified)
Wooden Chairs
Wooden Flush Door Shutters
Wooden packing cases all sizes
Wooden pins
Wooden plugs
Wooden shelves
Wooden veneers
Woolen hosiery
Zinc Sulphate
Zip Fasteners

HANDICRAFT ITEMS

Cane furniture Handlooms
Bamboo file tray, Baskets, Pencil stand, side racks etc.
Artistic Wooden Furniture
Wooden paper weight, racks etc
Glass covers made of wood and grass jute
Jute furniture
Jute bags, file cover
Woolen and silk carpets

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