

# Schemes of National Small Industries Corporation Limited–An Overview

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## Abstract:

*This paper reveals that the schemes of National Small Scale Industries Limited (NSIC) and its salient features/benefits to Micro Small Medium Enterprises (MSMEs) in India. This is a descriptive study. The important schemes are market support, material sourcing support, B2B portal, credit support, financing assistance, buyer and seller meet etc. Secondary data has been used. The practices that are followed by Public Sector Enterprises (PSEs) are referred. The various approaches that are practiced by NSIC also brought out in this paper. Further empirical study is needed to evaluate the effectiveness of each schemes. The paper also suggests the direction for further study.*

**Key words:**b2b portal, marketing intelligence, credit, financial assistance, material sourcing.

## Introduction

National Small Industries Corporation (NSIC), is an ISO 9001-2015 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country. NSIC operates through country wide network of offices and Technical Centres in the Country. In addition, NSIC has set up Training cum Incubation Centre managed by professional manpower. NSIC is facilitating the growth of small enterprises since 1955.

NSIC facilitates Micro, Small and Medium Enterprises with a set of specially tailored scheme to enhance their competitiveness. NSIC provides integrated support

services under Marketing, Technology, Finance and other Support service.

The vision and mission of NSIC are stated below:

**Vision:** "To be a premier Organization fostering the growth of Micro, Small and Medium Enterprises (MSMEs) Sector".

**Mission:** "To promote and support Micro, Small & Medium Enterprises (MSMEs) Sector by providing integrated support services encompassing Marketing, Technology, Finance and other services."

## Main objectives of the study

The main objectives are as mentioned below:

- i. To understand the various schemes of NSIC in MSMEs growth and development
- ii. To know the new initiatives of NSIC towards the development of MSMEs.
- iii. To describe the salient features of schemes of NSIC

## Research Methodology

The study is descriptive in nature. The data has been collected from secondary sources such as company's website, articles published in journals & newspapers and brochures & company reports.

## Schemes of NSIC

NSIC facilitates Micro, Small and Medium Enterprises with a set of specially tailored scheme to enhance their competitiveness. NSIC provides integrated support services under Marketing, Technology, Finance and other Support service. The various schemes of NSIC are listed below:

## Role of MSMEs in India's Development

### i. Marketing Support

Marketing has been identified as one of the most important tool for business development. It is critical for the growth and survival of MSMEs in today's intensely competitive market. NSIC acts as a facilitator and has devised a number of schemes to support enterprises in their marketing efforts, both domestic and foreign markets. These schemes are briefly described as under:

#### Consortia and Tender Marketing

Small Enterprises in their individual capacity face problems to procure & execute large orders, which deny them a level playing field vis-a'-vis large enterprises. NSIC forms consortia of Micro and Small units manufacturing the same product, thereby pooling in their capacity.

NSIC applies the tenders on behalf of single MSE/ Consortia of MSEs for securing orders for them. These orders are then distributed amongst MSEs in tune with their production capacity.

### ii. Single point Registration for Government Purchase

The units registered under Single Point Registration Scheme of NSIC are eligible to get the benefits under "Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012" as notified by the Government of India, Ministry of Micro Small & Medium Enterprises, New Delhi vide Gazette Notification dated 23.03.2012.

- a. Issue of the Tender Sets free of cost;
- b. Exemption from payment of Earnest Money Deposit (EMD),
- c. In tender participating MSEs quoting price within price band of L1+15 per cent shall also be allowed to supply a portion upto 20% of requirement by bringing down their price to L1 Price where L1 is non MSEs.
- d. Every Central Ministries/Departments/PSUs shall set an annual goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs. Out of annual requirement of 20% procurement from

MSEs, 4% is earmarked for units owned by Schedule Caste /Schedule Tribes (as per PPP Order dated 23.03.2012 overall procurement goal shall be mandatory w.e.f. 01/04/2015)

- e. In addition to the above, 358 items are also reserved for exclusive purchase from SSI Sector. All PSUs are governed by these regulations. Besides this, the PSUs are advised by the concerned ministries to submit their returns / reports on quarterly, half-yearly and annual basis to the ministry and also a copy to the Development Commissioner MSMEs, Ministry of MSMEs, Govt. of India (HAL Annual Report 2017-18 and BEL Annual Report 2017-18). All PSUs have appointed / nominated the Nodal Officers to coordinate and report to DC-MSMEs on purchases from MSMEs.

### iii. MSME Global Mart B2B Web Portal for MSMEs

With increase in competition and melting away of international boundaries, the demand for information is reaching new heights. NSIC, realizing the needs of MSMEs, is offering Infomediary Services which is a one-stop, one-window bouquet of aids that will provide information on business & technology and also exhibit the core competence of Indian MSMEs. B2B Web portal is offering following benefits to the members of Infomediary Services.

- a. Interactive database of MSMEs
- b. Self -web development tool
- c. National Tenders on email
- d. Centralized mail system
- e. Popular Products Section
- f. Unlimited global Trade Leads
- g. Trust Seal of NSIC
- h. MSME Web Store
- i. Multiple Language Support
- j. Discussion Board
- k. Call Centre Support & Live Chat
- l. Other Value added Services
- m. Payment Gateway for membership subscription

## Role of MSMEs in India's Development

### iv. Marketing Intelligence

Collect and disseminate both domestic as well as international marketing intelligence for the benefit of MSMEs. This cell, in addition to spreading awareness about various programmes / schemes for MSMEs, will specifically maintain database and disseminate information.

### v. Exhibitions and Technology Fairs

To showcase the competencies of Indian SSIs and to capture market opportunities, NSIC participates in select International and National Exhibitions and Trade Fairs every year. NSIC facilitates the participation of the small enterprises by providing concessions in rental etc. Participation in these events exposes SSI units to international practices and enhances their business prowess.

### vi Buyer-Seller Meets

Bulk and departmental buyers such as the Railways, Defence, Communication departments and large companies are invited to participate in buyer-seller meets to enrich small enterprises knowledge regarding terms and conditions, quality standards, etc required by the buyer. These programmes are aimed at vendor development from MSMEs for the bulk manufacturers. NSIC conducts exhibitions / putting stalls in Defence-Exhibition regularly.

### vii Credit Support

NSIC facilitates credit requirements of small enterprises in the following areas:

Financing for procurement of Raw Material (Short term)

NSIC's Raw Material Assistance Scheme aims at helping Small Enterprises by way of financing the purchase of Raw Material (both indigenous & imported). The salient features are:

- a. Financial Assistance for procurement of Raw Materials up to 90 days.
- b. Bulk purchase of basic raw materials at competitive rates.

- c. NSIC facilitates import of scarce raw materials.
- d. NSIC takes care of all the procedures, documentation & issue of letter of credit in case of imports.

NSIC conducts a survey for raw material requirements of MSMEs in each state for both manufacturing and construction sectors. This facilitates NSIC sourcing of raw materials at competitive prices.

### viii. Finance through Syndication with Banks

In order to ensure smooth credit flow to small enterprises, NSIC is entering into strategic alliances with commercial banks to facilitate long term / working capital financing of the small enterprises across the country. The arrangement envisages forwarding of loan applications of the interested small enterprises by NSIC to the banks and sharing the processing fee.

### ix Technology Support

Technology is the key to enhancing a company's competitive advantage in today's dynamic information age. Small enterprises need to develop and implement a technology strategy in addition to financial, marketing and operational strategies and adopt the one that helps integrate their operations with their environment, customers and suppliers.

NSIC offers small enterprises the following support services through its Technical Services Centres and Extension Centres:

- a. Advise on application of new techniques
- b. Material testing facilities through accredited laboratories
- c. Product design including CAD
- d. Common facility support in machining, EDM, CNC, etc.
- e. Energy and environment services at selected centres
- f. Classroom and practical training for skill up gradation

## Role of MSMEs in India's Development

NSIC -Technical Support Centres conduct short term training programmes for the needy people. It is learned from their success stories that people got employment with a decent salary after their successful completion of training ([www.nsic.co.in/success stories](http://www.nsic.co.in/success_stories)).

### x. Software Technology Cum Business Parks

NSIC has established Software Technology cum Business Parks at New Delhi and Chennai for providing the space to small and medium enterprises in software development and to IT/ITES/MSME units not regd. with STPI or the units that are falling under the overall definition of MSME as per the guidelines of Ministry of Micro, Small and Medium Enterprises. Units other than MSME such as Banks/PSUs/Financial Institutions, corporate sector etc. would also be considered for allotment on a case-to-case on merit with the approval of Competent Authority.

### Direction for further study

This paper is more of concept level one. Further, it is suggested to conduct empirical study on each scheme and its effectiveness. Data should be collected from MSMEs for analysis and interpretation.

### Conclusion

This paper has highlighted the various schemes of NSIC towards the growth and development of MSMEs in India. NSIC helps MSMEs in identifying the markets

for their products and services. NSIC applies the tenders on behalf of single MSE / Consortia of MSEs for securing orders for them. Single Point of Registration for Government Purchases is yet another scheme, wherein 'Public Procurement Policy for MSMEs has been evolved. i.e preferential buying from SSIs. The salient features of this scheme also highlighted in this paper. B2B Web Portal for MSMEs is offering the host of benefits to MSMEs. This is also highlighted. Marketing intelligence, exhibitions and technology fairs, buyer-seller meets, credit support and financial assistance from banks, technology support, and training programmes were discussed in this paper. This paper also suggested to conduct empirical studies on various schemes and its effectiveness.

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