

**FISME's views on  
Demands for Grants (DDG) (2012-13) for Ministry of MSME**

**1. Efficacy of Performance & Credit Rating scheme is inconclusive; allocation for schemes needs to be kept in abeyance**

Benefits of credit rating schemes have not accrued to MSMEs so far because the rating given by the agencies are much inferior to those given by their own lender banks, causing avoidable problems for the MSMEs. Besides the agencies have yet to develop an evaluation system which can unearth the hidden potential of MSMEs and present their strengths and weakness relevant to the needs of the financial assistance extended. It is for the reason that vast majority of MSEs who went for Credit rating using subsidy did not renew their rating in the following years as they did not see any value.

***Suggestion:***

As such the amount should be kept in abeyance until a way out is found or utilized under more useful heads of expenditure.

**2. Allocation not sufficient; equal emphasis needed on implementation:**

To give impetus to MSMEs, some very innovative heads of expenses have been proposed in the XII plan. A matching innovative approach may be followed in implementations of these schemes.

***Suggestions:***

- i. As strongly advocated in the 12th plan deliberations, a close and on going interaction between the industry and the government may be maintained from the stage of planning to working out strategizing and prioritizing implementation, monitoring and evaluation. It is expected that this method may increase efficiency of the resources very substantially. e g the objectives, content and structure may be decided in collaborations of SME associations
- ii. All outlays by each agency/entity may be put on their websites for perusal by the beneficiaries.
- iii. Every new program must be implemented on pilot scale before committing the entire corpus. This will allow course corrections and if need be abandonment of the scheme(s) and thus help save valuable national resources.
- iv. The beneficiaries need to be continuously kept in the loop to decide the exact nature of intervention that can truly help them grow.
- v. Quality must be stressed above of numbers. e g Skill development programs must be of a quality which is acceptable to the industry for which the trainees will acquire the skill-sets.

