

**HARYANA GOVERNMENT
INDUSTRIES AND COMMERCE DEPARTMENT**

**State Awards
Scheme for lean manufacturing techniques
in Micro, Small and Medium Enterprises (MSME)
NOTIFICATION**

The 14th June, 2016

No. 49/43/2015-4IB1 - In pursuance to the provision under Chapter 12 of Enterprises Promotion Policy-2015 notified vide No. 49/43/2015-4IB1 dated 14th August, 2015, the Governor of Haryana is pleased to notify the Scheme of State Award for Lean Manufacturing Technique for Micro, Small and Medium Enterprises. The scheme will consist of the following provisions:

1. Background:

The Micro, Small and Medium Enterprises (MSMEs) in Haryana have undergone a vast development in the last four decades. The MSMEs have registered tremendous growth as also the progress in terms of quality production, exports, innovation, product development and import substitution, exceeding the expected objectives of setting up MSMEs in the State. Entrepreneurial efforts have made it possible to produce domestically number of items, which were earlier imported. In quite a few cases, new variants so produced with the help of local innovations also have additional attributes not present in the original versions and are capable of solving a multitude of user problems. All this has become possible owing to the ambitious and visionary spirit of entrepreneurs of MSMEs.

2. Objective:

The objectives of Lean Manufacturing Scheme are to increase the competitiveness of the MSME sector through the adoption of LM techniques with the objective of:

- Reducing waste;
- Increasing productivity;
- Introducing innovative practices for improving overall competitiveness;
- Inculcating good management systems; and
- Imbibing a culture of continuous improvement.

MSMEs implement the LM techniques for reducing their manufacturing costs through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time etc. Such LM techniques also help in improving the quality of the final product. The Indian

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entrepreneurs are very creative and implement the LM techniques to remain competitive in domestic and global market.

The State Government recognizes these entrepreneurs for their outstanding efforts for implementing LM techniques for reducing their manufacturing costs and by conferring awards to motivate and encourage them.

3. Quantum of Award and category:

08 State Awards of Rs. 3.00 lakh shall be given for adopting lean manufacturing techniques in Micro, Small and Medium Enterprises engaged in service/ manufacturing of Agro and Food processing, Automobiles and auto parts, Textiles, Engineering, Footwear, Defence, Electrical & Electronics, Miscellaneous. The unit once selected for award shall not be considered again during next 5 years.

4. Periodicity & Eligibility

The Awards will be given for every calendar year to deserving entrepreneurs managing Micro, Small and Medium Enterprises having permanent SSI registration /have filed Entrepreneurs Memorandum Part II/ Udyog Aadhar Memorandum (UAM) with the respective District Industries Centre in accordance with the provisions contained in the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. The MSMEs should have been in continuous production/services for last three years.

5. Criteria

The evaluation for Award is to be done on the basis of and on the Criteria & Performa for Evaluation and Awarding Marks (Form LM) specifically designed for the purpose. The critical areas include:

- (i) Adopting 5S system.
- (ii) Implementing Standard Operating Procedures (SOPs)
- (iii) Implementing Enterprise Resource Planning (ERP) system
- (iv) Implementing Energy Conservation Techniques
- (v) Implementing Poka -Yoke instructions
- (vi) Reward scheme introduced for employees for suggesting Lean manufacturing
- (vii) Training to staff on LM Techniques
- (viii) Pollution Control Measures
- (ix) Welfare Measures
- (x) Growth rate of Investment in Plant & Machinery.
- (xi) Growth rate of Turnover.
- (xii) Growth rate of Net Profit
- (xiii) Technology

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- (xiv) Implementing Bar Code System
- (xv) Practicing ISO 9001/14001.
- (xvi) Any other area that the Principal Secretary to Govt. Haryana, Industries & Commerce department may decide from time to time before applications are sought.

6. Composition of District Level Scrutiny Committee

The District Level Scrutiny Committee will consist of following:

Sr. No.	Description	Status
1.	The Joint Director/ Deputy Director, District Industries Centre of the respective District	Chairman
2.	Deputy Director/ Assistant Director Quality Marking Centre	Member
3.	Assistant Director, MSME-DI, Karnal	Member

It will scrutinise the applications received and would award the marks on various parameters.

7. Composition of State Level Scrutiny Committee

The State Level Scrutiny Committee will consist of following:

Sr. No.	Description	Status
1.	The Director, Industries & Commerce, Haryana	Chairman
2.	Two Joint Directors, District Industries Centre in the State,	Member
3.	Representative of Managing Director, HSIIDC, Panchkula not below the rank of DGM	Member
4.	Deputy Director, BIS, Sector-34, Chandigarh	Member
5.	Deputy Director, MSME-DI, Karnal	Member
6.	Additional Director of Industries & Commerce Haryana	Member-Secretary

8. Composition of State Award Selection Committee (SASC)

The State Level Selection Committee will consist of following:

Sr. No.	Description	Status
1.	The Administrative Secretary, Industries & Commerce Department, Haryana	Chairman
2.	Director of Industries & Commerce Haryana	Member
3.	Director, MSME-DI, Karnal	Member
4.	Director, National Institute of Technology, Kurukshetra	Member
5.	Managing Director, HSIIDC, Panchkula	Member
6.	Director, BIS, Sector-34, Chandigarh	Member
7.	Representatives of one State Level MSME Associations	Member
8.	Additional Director of Industries & Commerce Haryana	Member-Secretary

8.1 The State Level Scrutiny Committee after proper screening is to select eligible MSME in order of merit for the consideration of the State Award Selection Committee.

8.2 For the purpose of evaluation by the State Award Selection Committee, the Evaluation forwarding marks (Form LM) is enclosed.

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- 8.3 The Awardees should not be considered for the same Award in the subsequent 5 year(s).
- 8.4 State Award Selection Committee before approving the names for State Awards would institute such inquiries as may be necessary that the entrepreneur has been abiding by all statutory requirements in vogue, is maintaining the proper documentation and is also not involved in any economic/other offence for which enquiry/legal action is pending. The MSE status of the enterprise for the Award year be specifically verified and certified keeping in view the investment limit permissible in Plant & Machinery as also other norms in vogue and in accordance with the provisions contained in the Micro, Small and Medium Enterprises Development (MSMED) Act. 2006.
- 8.5 A Committee consisting of the Joint Director, DIC, Representative of Director, MSME DI Karnal and In-charge of the Quality marking centre in the respective district shall visit the MSME to verify the information furnished in the application form including details of technology, performance, quality, MSE status, growth rate/trend etc. and prepare a report for consideration of SASC.
- 8.6 SASC will select the awardees on the basis of merit and its decision will be final.
- 9. How to apply and Methodology:**
- For purposes of selecting MSME for consideration for awards, the following procedure will be observed:-
- (i) The eligible Enterprises will apply in the prescribed Performa on the web portal of the department to the Joint/ Deputy Director, District Industries Centre of the concerned District.
 - (ii) State Award Selection Committee will select MSME for the Award and award marks on the Criteria Performa (**Form LM**) enclosed.

Devender Singh
Principal Secretary to Government of Haryana,
Industries and Commerce Department

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(Application Form to be submitted in duplicate - Lean Manufacturing)

PART-I

Sr. No.	Description			
1.	Name of Entrepreneur			
2.	Name and address of Enterprise			
3.	District			
4.	State			
5.	Pin code			
6.	STD code & Telephone numbers			
7.	Aadhaar card number			
8.	Mobile no.			
9.	Fax no.			
10.	Email ID			
11.	Educational/Professional Qualification of Entrepreneur (If required use separate sheet and attach the documentary proof)			
12.	Type of Enterprises			
13.	Permanent MSE Registration no./EM Part-II/ UAM of Enterprise			
14.	Date of commencement of production/Services			
15.	Name of Products manufactured (enclosed photos/Leaflets also)			
16.	Please give an affidavit on non-judicial stamp paper duly attested by Notary that you have cleared your income tax dues and that Enterprise/entrepreneur is not involved in any Economic or other offence for which legal action/enquiry is pending			
17.	Last 3 Financial years audited balance sheets:			
	Items	1 st F.Y.	2 nd F.Y.	3 rd F.Y.
	Original investment in Plant & Machinery/ Equipment(Rs. in lakh) cumulative upto 31st March			
	No. of Employees as on 31st March			
	Value of Annual Sales of Products/Services/			
	Job Work(Rs.in lakh)			
	Net Profit (after taxes) (Rs. in lakh)			
	Export-Direct /(Rs.in lakh)			

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PART-II

1. Whether Enterprise has adopted 5S system?. Please give details with documentary evidence.

Enclose as Annexure-1

2. Whether Enterprise has implemented Standard Operating Procedures (SOPs)? Please give details with documentary evidence.

Enclose as Annexure-2

3. Whether enterprise has implemented Enterprise Resource Planning (ERP) System? Please give details with documentary evidence.

Enclose as Annexure-3

4. Whether enterprise implemented Energy Conservation Techniques. Please give details with documentary evidence.

Enclose as Annexure-4

5. Whether enterprise implemented Poka -Yoke instructions? Please give details with documentary evidence.

Enclose as Annexure-5

6. Whether enterprise implemented Bar Code System?. Please give details with documentary evidence.

Enclose as Annexure-6

7. Whether enterprise has ISO 9001/14001. Please give details with documentary evidence.

Enclose as Annexure-7

8. Any reward scheme introduced for employees for suggesting Lean manufacturing. Please give details with documentary evidence.

Enclose as Annexure-8

9. Whether enterprise provides training to its staff on LM Techniques? Please give details with documentary evidence.

Enclose as Annexure-9

10. Whether enterprise has implemented Pollution Control Measures?. Please give details with documentary evidence.

Enclose as Annexure-10

11. Whether enterprise has implemented Welfare Measures i.e. ESI, CPF, Bonus etc.? Please give details with documentary evidence.

Enclose as Annexure-11

12. Whether enterprise has adopted Technology / Strategy for LM Techniques given by approved consultant or self developed?. Please give details with documentary evidence.

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Enclose as Annexure-12

13. Give details of Investment in Plant & Machinery for three years certified by CA.

Enclose as Annexure-13

14. Give details of Turnover for three years certified by CA.

Enclose as Annexure-14

15. Give details of Net Profit (after Taxes) for three years certified by CA.

Enclose as Annexure-15

16. Please give write up of not more than 300 words about yourself, your enterprise and the products(s) manufactured/service(s) rendered by indicating your achievements to justify as to why your application deserves to be considered for the award.

Enclose as Annexure-16

I certify that the above information furnished by me is correct. I undertake to refund the cash prize, return the trophy and certificate, if awarded to me, in case it is ever found that the information furnished above was incorrect. Further I may also be liable for any action under the law of the land for any false declaration.

**SIGNATURE OF THE ENTREPRENEUR
SEAL OF THE ENTERPRISE**

Place:

Date:

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(Form - LM Criteria & Performa for Evaluation and Awarding Marks - Lean Manufacturing)

Note: For Evaluation and awarding marks , achievements for last Three Financial Year or as specified in the application form for all points should only be considered. Marks should be awarded on the basis of documentary evidence.

A. Name of the Enterprise_____

B. Products_____

C. Type of Enterprise (Micro, Small or Medium)

D. District

Part-I (Weight age-70%)

S. No.	Parameters for Awarding Marks	Maximum Marks	Marks allotted by District Level Scrutiny Committee	Marks allotted by State Level Scrutiny Committee	Marks allotted by State Level Selection Committee
(1)	(2)	(3)	(4)	(5)	(6)
1	Whether Enterprise has adopted 5S system (Ref. Annex-1)	12			
	i. Yes, up to 5S level - 12 Marks				
	ii. Up to 2S level - 8 Marks				
	iii. No initiative-0 Mark				
2	Whether Enterprise has implemented Standard Operating Procedures (SOPs) (Ref. Annex-2)	12			
	i. For all processes - 12Marks				
	ii. Partially for some processes - 8 Marks				
	iii. No initiative - 0 Mark				
3	Whether enterprise implemented Enterprise Resource Planning (ERP) system (Ref. Annex-3)	12			
	i. For all processes - 12 Marks				
	ii. Partially for some processes - 8 Marks				
	iii. No initiative - 0 Mark				
4	Whether enterprise Implemented Energy conservation Techniques (Ref. Annex-4)	6			
	i. Excellent Techniques, supporting with Certified Energy Audit report - 6 Marks				

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	ii. Good Techniques - 3 Marks				
	iii. No initiative- 0 Mark				
5	Whether enterprise implemented Poka - Yoke instructions (Ref. Annex-5)	12			
	(i) For most of production process - 12Marks				
	(ii) Just introduced - 8 Marks				
	(iii) No initiative - 0 Mark				
6	Obtaining/Maintaining ISO -9001/14001 (Ref. Annex-7)	10			
	i. 3 years and above - 10 Marks				
	ii. Less than 3 years - 5 Marks				
	iii. No certification - 0 Marks				
7	Any reward scheme introduced for employees for suggesting Lean manufacturing (Ref. Annex-8)	6			
	i. Yes , with supporting documents - 6 Marks				
	ii. No - 0 Mark				
8	Whether Enterprise provides training to its staff on lean manufacturing techniques (Ref. Annex-9)	6			
	i. Yes, with supporting documents by external experts - 6 Marks				
	ii. Yes, with supporting documents by internal experts - 3 Marks				
	iii. No - 0 Mark				
9	Technology/Strategy adopted for lean manufacturing (Ref. Annex-12)	10			
	(i) By approved consultant - 10 Marks				
	(ii) Self - 5 Marks				
10	Growth rate of Average Turnover of 3 years. (Ref. Annex-14)	8			
	(i) Average growth rate up to 10% - 2 Marks				
	(ii) Average growth rate above 10% up to 20% - 4 Marks				
	(iii) Average growth rate above 20% up to 30% - 6 Marks				
	(iv) Average growth rate above 30% - 8 Marks				
	(v) No growth - 0 Marks				

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11	Using/having Bar Code (If not Applicable, full marks to be given (Ref. Annex-6)	6			
	i. 3 years and more - 6 Marks				
	ii. Less than 3 years - 3 Marks				
	iii. Not practicing - 0 Marks				
	Total	100			

Part-II (Weight age: -30%.)

S. No.	Parameters for Awarding Marks	Maximum Marks	Marks allotted by District Level Scrutiny Committee	Marks allotted by State Level Scrutiny Committee	Marks allotted by State Level Selection Committee
(1)	(2)	(3)	(4)	(5)	(6)
1	Value of Average Annual Sales of 3 years (Ref. Annex-14)	20			
	(i) up to Rs.500 lakh - 4 Marks				
	(ii.) above Rs.500 lakh & up to Rs.1000 lakh-8 Marks				
	(iii) above Rs.1000 lakh & up to Rs.1500 lakh-12 Marks				
	(iv) above Rs.1500 lakh - 20 Marks				
2	Pollution Control Measures - 20 Marks Note:(Full marks may be given if these measures are not applicable to this industry subject to presentation of relevant NOC from the Competent Authority/ Enterprise exempted by State Govt. (Ref. Annex-10)	20			
	i. Yes - 20 Marks				
	ii. No- 0 Marks				
3	Welfare Measures (Ref. Annex-11)	20			
	(i) ESI - 8 Marks				
	(ii) CPF - 8 Marks				
	(iii) Bonus-4 Mark				
4	Growth rate upon Investment in Plant & Machinery (Ref. Annex-13)	20			
	(i) Rising - 20 Marks				
	(ii) Stable +10% -12 Marks				
	(iii) Erratic - 6 Marks				
	(v) Falling - 0 Marks				
5	Growth rate of average Net Profit (after Taxes) of 3 years (Ref. Annex-15)	20			

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(i) Average growth rate up to 10%- 5 Marks				
(ii) Average growth rate above 10% & upto 20%- 10 Marks				
(iii) Average growth rate above 20% & upto 30%- 15 Marks				
(iv) Average growth rate above 30%- 20 Marks				
(v) No growth - 0 mark				
Total	100			

Weight age: Part-I - 70%, Part-II -30%.

Example : Average growth rate =

	Ist year	II year	III year
	Rs. 10.00 Lakh	Rs. 12.00 Lakh	Rs. 20.00 Lakh

Average turnover of three years = $\frac{10 + 12 + 20}{3} = 14$

Average growth rate = $\frac{14 - 10}{10} \times 100$

=

$\frac{400}{10} = 40\%$