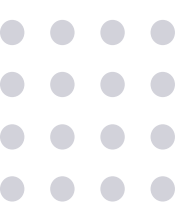


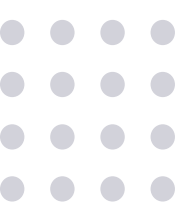


**Draft Strategic Investment Plan (SIP), Himachal Pradesh under
the Raising and Accelerating MSME Performance (RAMP)
Programme**

Submitted by: Directorate of Industries, Himachal Pradesh
Submitted to: Ministry of Micro, Small & Medium Enterprises
(MoMSME), Government of India



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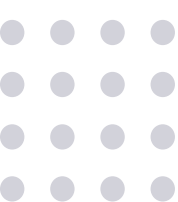
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Ernst & Young LLP
EY offices, Unit No. B-613 & 614
6th Floor, Plot No- 17B-17BA,
Industrial & Business Park, Phase-I,
Chandigarh - 160002

Tel: +91 172 671 7800
ey.com/en_in

To,

The Director,
Directorate of Industries,
Majitha House, Shimla
Himachal Pradesh - 171002

Subject: - Submission of Draft Strategic Investment Plan (SIP), under the RAMP programme in Himachal Pradesh

Dear Sir,

This is in accordance with the contract document dated 11th August 2023 signed between Directorate of Industries, Government of Himachal Pradesh and Ernst & Young LLP, for Preparation of Strategic Investment Plan (SIP) under Raising & Accelerating MSME Performance (RAMP) in Himachal Pradesh. I would like to thank you for providing us this opportunity.

We hereby submit the Draft Strategic Investment Plan (SIP) Report for the aforementioned assignment for your suggestions & kind perusal.

We appreciate the cooperation and assistance provided to us during the preparation of this report and look forward for your continuous support and guidance. If you have any questions, please contact the undersigned.

Yours sincerely,



Shobhit Mathur,
Partner - Business Consulting
Ernst & Young, LLP,
Email: Shobhit.Mathur@in.ey.com
Telephone: +91 124 4434663

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List of Abbreviations

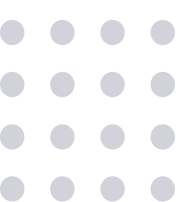
AI	Artificial Intelligence
AICTE	All India Council for Technical Education
aSIA	Social Impact Assessment
ASPIRE	A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship
BOLT	Build Operate Lease Transfer
BPOs	Business Process Outsourcing
CFC	Common Facility Centre
CGTMSE	Credit Guarantee Trust for Micro and Small Enterprises
COO	Chief Operating Officer
CPPP	Central Public Procurement Portal
CPSEs	Central Public Sector Enterprises
CPSUs	Central Public Sector Units
DICs	District Industries Centres
DLI	Disbursement Link Indicator
DPR	Detail Project Report
DSPs	Digital Service Partners
EDP	Electronic Data Processing
ELN	Entrepreneurship Leadership Network
EPIC	Export Promotion and Intelligence Cell
ETP	Effluent Treatment Plant
FDIs	Foreign Direct Investments
FFPOs	Fish Farmer Producer Organisations
FGDs	Focus Group Discussions
FPOs	Farmer Producer Organisations
GDP	Gross Domestic Product
GeM	Government e Marketplace
GI	Geographical Indication
GIS	Geographical Information System
GMDIC	General Manager District Industries Centre
GOI	Government of India
GSDP	Gross State Domestic Product
GVA	Gross Value Added
HPMSEFC	Himachal Pradesh Micro and Small Enterprises Facilitation Council
HPSIDC	Himachal Pradesh State Industrial Development Corporation Limited
HPU	Himachal Pradesh University
HUF	Hindu Undivided Family



IBPS	Institute of Banking Personnel Selection
ICAR	Indian Council of Agriculture Research
ICT	Information and Communication Technology
ID	Infrastructure Development
IIT	Indian Institute of Technology
IOT	Internet of Things
IPFC	Intellectual Property Facilitation Centre
IPR	Intellectual Property Rights
KRA	Key Result Area
KVIBs	Khadi and Village Industries Board
KVICs	Khadi and Village Industries Commission
LBIs	Livelihood Business Incubators
LSPs	Loan Source Platforms
MoMSME	Ministry of Micro Small Medium Enterprises
MSE-CDP	Micro Small Enterprise Cluster Development Programme
MSEFC	Micro and Small Enterprises Facilitation Council
NABARAD	National Bank for Agriculture and Rural Development
NBFCs	Non-Banking Financial Company's
NBFCs	Non-Banking Financial Institutions
NCVET	National Council for Vocational Education and Training
NDDDB	National Dairy Development Board
NGOs	Non-Government Organisations
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NHML	National Highways Logistics Management Limited
NIC	National Informatics Centre
NIDHI	National Integrated Database of Hospitality Industry
NIFT	National Institute of Fashion Technology
NIT	National Institute of Technology
NIT	National Institute of Technology
NMC	National MSME Council
NMPB	National Medicinal Plants Boards
NPMU	National Programme Management Unit
NSDC	National Skill Development Corporation
NSDF	National Skill Development Fund
NSIC	National Small Industries Corporation
NSQF	National Skill Qualification Framework
NSSO	National Sample survey Office



NSSO	National Sample Survey Office
NSTIs	National Skill Training Institutes
NSWS	National Single Window System
OCEN	Open Credit Enablement Network
ODOP	One District One Product
ODFP	One District Five Products
ODR	Online Dispute Resolution
OHS	Occupational Health and Safety
PAP	Project Assessment Panel
PIU	Project Implementation Unit
PMAC	Project Monitoring and Advisory Committee
PMEGP	Prime Minister Employment Generation Programme
PMFME	Pradhan Mantri Formalization of Micro Food Processing Enterprises
PMFME	Prime Minister Formalisation of Micro Food Processing Enterprises
PMKSY	Pradhan Mantri Kisan Sampada Yojana
PMMSY	Pradhan Mantri Matsya Sampada Yojana
PMU	Project Management Unit
PPP	Public Private Partnership
PSEs	Public Sector Enterprises
QCBS	Quality and Cost Based Selection
R&D	Research and Development
RAMP	Raising and Accelerating MSME Performance
RBI	Reserve Bank of India
RFP	Request for Proposal
RISC	Rural Industries Service Centre
RMBs	Raw Material Banks
RPC	RAMP Programme Committee
RTDC	Ropeway and Rapid Transport System Development Corporation
RXIL	Receivable Exchange of India Limited
SAMPADA	Scheme for Agro-Marine Processing and Development of Agro-
SC	Schedule Castes
SEO	Search Engine Optimization
SEZ	Special Economic Zone
SFURTI	Scheme of Fund for Regeneration of Traditional Industries
SHGs	Self Help Groups
SIDBI	Small Industries Development Bank of India
SIP	Strategic Investment Plan
SIP	Strategic Investment Plan

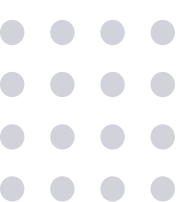


SLBC	State Level Bankers Committee
SLDB	Secondary Lighting Distribution Board
SME	Small and Medium sized Enterprises
SNA	State Nodal Agency
SPIU	State Project Implementation Unit
SPV	Special Purpose Vehicle
SPVs	Special Purpose Vehicles
SRPC	State RAMP Programme Committee
SSCs	Sector Skill Councils
ST	Schedule Tribes
SWCS	Single Window Clearance System
SWOT	Strength Weaknesses Opportunities and Threats Analysis
T&P	Training and Placement cell
TBI	Technology Business Incubator
TBI	Technology Business Incubations
ToR	Term of Reference
TUS	Technology Upgradation Scheme
UAM	Udyam Aadhar Memorandum
UDAN-2	Ude Desh Ka Aam Nagrik-2
UGC	University Grants Commission
UNIDO	United Nations Industrial Development Organization
VDPs	Vendor Development Programmes
WHO	World Health Organization
ZED	Zero Effect Zero Defect



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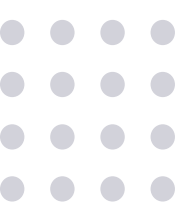


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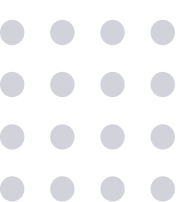


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Chapter-1

Executive Summary



1 Executive Summary

1.1 Overview of Raising and Accelerating MSME Performance (RAMP) Programme

Himachal Pradesh is home to an estimated 3.29 Lakh MSMEs through which it provides employment to over 6.4 lakh people in the state.¹ The Gross State Domestic Product (GSDP) of Himachal Pradesh at current prices or nominal GSDP has exhibited an impressive growth rate of 10.9 per cent in 2022-23 over 2021-22. The Industry Sector (manufacturing) at constant (2011-12) prices as per the advance estimates for the FY2022-23 is expected to register a growth rate of 6.7 percent and is estimated at ₹43,625 crore as against ₹40,898 crore in FY2021-22(FR).²

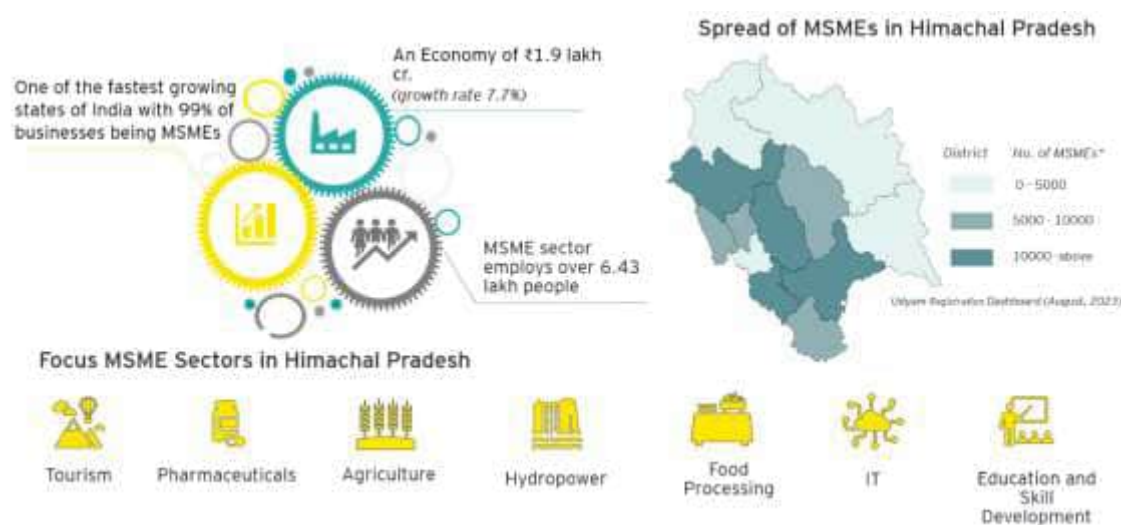


Figure 1: MSME Ecosystem in Himachal Pradesh

Despite being a geographically challenged State, Himachal is a classic example of transformation from a backward to a relatively advanced State of India. The state has come a long way from being a poorly industrialized state to now being a hub to some major industries in the country. Himachal Pradesh has attracted investments in the pharmaceuticals, IT and engineering industries. The favorable shift in the industrial policies by the Himachal Pradesh government in the last few years brought eloquent and unparalleled accomplishments in its industrial sector. Post 2003, Himachal Pradesh received a sustained inflow of investments, paving way for the state's growth and prosperity on account of industrial package, infrastructure developments and a pro-industry policy shift. With a mere 5% contribution of Manufacturing sector to State GDP in 1971- 72, today this Sector boasts of contributing 30%. In the FY 2003, the total exports from the State were at INR 550 Cr., and in FY 2022 it reached INR16,009 Cr.³

¹ Ministry of MSME Annual Report 2022-23

² Economic Survey of Himachal Pradesh 2023

³ Directorate of Industries, Government of Himachal Pradesh



Some of the key reforms undertaken by the state include the Introduction of the Single Window Clearance System, Launching Online Portal for permissions to purchase land under Section 118, Implementation of the HP MSME (Facilitation of Establishment and Operation) Act, 2019 to name a few.

The MSME sector is one of the most challenging sectors in terms of business growth and policy delivery, more so after the Covid-19 pandemic adversely affecting Indian MSMEs' survival and growth opportunities. This is evident from their declined share of Gross Value Added (GVA) in All India Gross Domestic Product (GDP) during the pandemic years. The sector's contribution to GDP fell to around 27% in FY21 and is on a path of slow recovery with a rate of contribution of 28% in FY22.⁴

Specifically for Himachal Pradesh, it is undeniable that developments and reforms in the state is extremely vulnerable and susceptible to varied disasters and calamities including Covid-19 and the recent floods and landslides in the state.

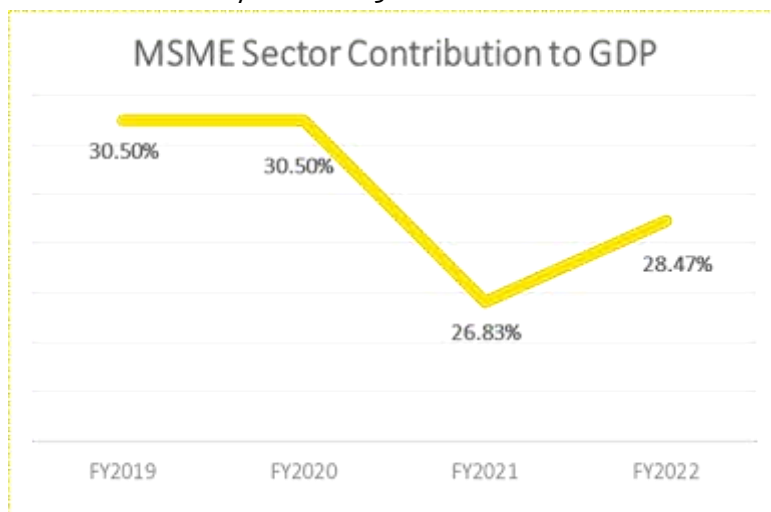


Figure 2: Contribution of MSME Sector in India's GDP

To aid the sector's recovery from the pandemic, the Ministry of MSME has launched a new World Bank supported Central Sector Scheme; Raising and Accelerating MSME Performance (RAMP) which will support the overall COVID resilience and growth of MSMEs in India. The RAMP programme is a 5-year programme which aims at strengthening institutions and governance at the center and state levels, improving center-state linkages and partnerships, improving MSMEs' access to market and credit, addressing MSMEs issues of delayed payments and greening of MSMEs in India. The RAMP programme being a part of the Program-for-Results of the World Bank seeks to address COVID related and other challenges faced by the MSME sector, through enhancing results of existing MSME schemes with a focus on their competitiveness.



Figure 3: Ramp Programme Snapshot

As part of the RAMP programme all participating states have to submit a long-term roadmap; the “Strategic Investment Plan (SIP)” which will lay out a holistic MSME support programme for the State with the vision of overcoming current challenges and boosting the growth of the sector. The SIP is the instrument based on which selection of projects for implementation in respective states and allocation of funds for states would be performed.

1.2 Summary of HP’s Strategic Investment Plan

1.2.1 Key Findings from Diagnostic Study

As part of the Himachal Pradesh MSME Diagnostic Study 2023-24, EY RAMP Team conducted FGDs and stakeholder consultations in 12 locations across 11 districts of Himachal Pradesh and interacted with over 150 MSME entrepreneurs to gauge geographical, sectoral and industry specific challenges, good practices and insights in the MSME ecosystem. Insights from these discussions brought out real time inputs from MSMEs on the current situation of the ecosystem in the state, sector wise and geography wise.

Moreover, the report takes a granular approach in assessing Himachal Pradesh's MSME landscape, considering district, sector, and sector-level factors. By drawing on a wide range of data sources and conducting primary investigations, it assembles a comprehensive



Figure 4: Sources of Primary Research



picture of the challenges and opportunities in the state. The report's findings are foundational for creating a robust State Strategic Investment Plan (SIP), guiding the prioritization of sectors and strategies. This thorough and structured evaluation process serves as a key resource for formulating effective and targeted interventions to propel the growth and resilience of Himachal Pradesh's MSME sector.

As of August 2023, Himachal Pradesh had a total of 1,05,619 MSMEs registered on the Udyam Registration Portal. A state level factsheet: Himachal Pradesh MSME Factsheet was prepared basis analysis of Udyam data, Economic Survey and NSSO data which is provided below:

Table 1: Himachal Pradesh MSME Statistics Factsheet

Himachal Pradesh MSME Statistics Factsheet 2022-23		
1	No. of MSMEs in Himachal Pradesh	1.05 lakhs (Udyam Registration) 3.92 lakhs (73 rd Round of NSSO)
2	Total MSME Split by Medium, Small & Micro	Medium - 0.3% Small - 2.89% Micro - 97%
3	Per Capita MSME Spread	0.01 (Udyam Registration) 0.05 (NSSO data)
4	Growth Rate of overall MSMEs over past 5 years	29%
5	Growth Rate for Manufacturing MSMEs over past 5 years	33.8%
6	Growth Rate for Services MSMEs over past 5 years	58.3%
7	Growth Rate for employment generated by overall MSMEs over past 5 years	47.59%
10	Total employment generated by MSMEs Split by Medium, Small & Micro	Medium - 7% Small - 11% Micro - 82%
11	Growth Rate for employment generated - Medium, Small & Micro MSMEs over past 5 years	Medium - (-19.28%) Small - (-17.26%) Micro - 58.8%
12	Total no. of MSMEs Split by Social Category	General Category - 74% OBC - 8% SC - 14% ST - 4%



# Himachal Pradesh MSME Statistics Factsheet 2022-23		
13	Growth Rate for no. of MSMEs - By Social category over past 5 years	General Category - 55.18% OBC - 70.19% SC - 90.3% ST - 107.41%
14	Total no. of MSMEs Split by type of organization	Sole proprietorships - 80% Partnerships - 4% Private Ltd. Companies - 1.96% Public Ltd. Companies - 0.1% Self-help Groups - 0.3% Societies - 0.3% Trusts - 0.1% Limited liability partnerships - 0.4% Hindu Undivided Family (HUF) - 0.9% Co-operatives - 0.09% Others - 11.9%
15	Growth Rate for no. of MSMEs - By Organization Type over past 5 years	Sole proprietorships - 4.28% Partnerships - 6.71% Private Ltd. Companies - 18.59% Public Ltd. Companies - 30.07% Self-help Groups - 39.48% Societies - 12.29% Trusts - 30.01% Limited liability partnerships - 10.69% Hindu Undivided Family (HUF) - 18.06% Co-operatives - 10.44% Others - 60.85%

The diagnostic primarily focuses on the following key areas focused under the RAMP programme:

1. MSME Capabilities
2. Access to markets
3. Access to credit



4. Environmental and occupational health and safety standards compliance and "greening of MSMEs"
5. Gender Gaps
6. Infrastructure constraints
7. Technical Support

However, owing to varied geographies, levels of industrialization, presence of focus industries and other major factors; the needs and challenges of districts were also varied basis their level of industrialization. Hence, EY Team through the FGDs conducted, adopted a **two-pronged approach** in identifying gaps and challenges with respect to **facilitating competitiveness improvement, resilience, and sustainability for the mainstream industry segment** in the industrialized districts and **industrial infrastructure development and other thematic interventions/requirements for upliftment of the rural traditional industry sectors** in the less industrialized districts.

The key challenges and findings in the Himachal Pradesh MSME ecosystem through the State Diagnostic Study 2022-23 were as follows:

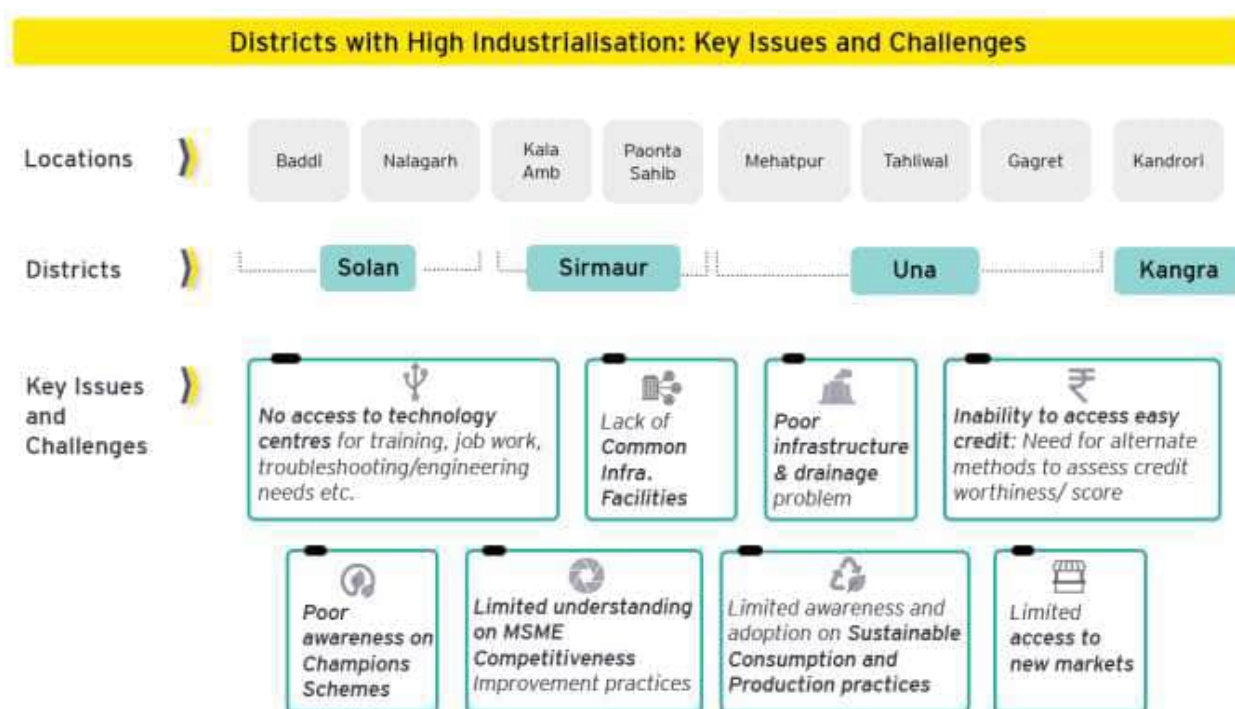


Figure 5: Key issues and challenges of districts with high industrialisation

For districts without major industrialisation and with potential for development of rural industries the following key observation and challenges were recorded:

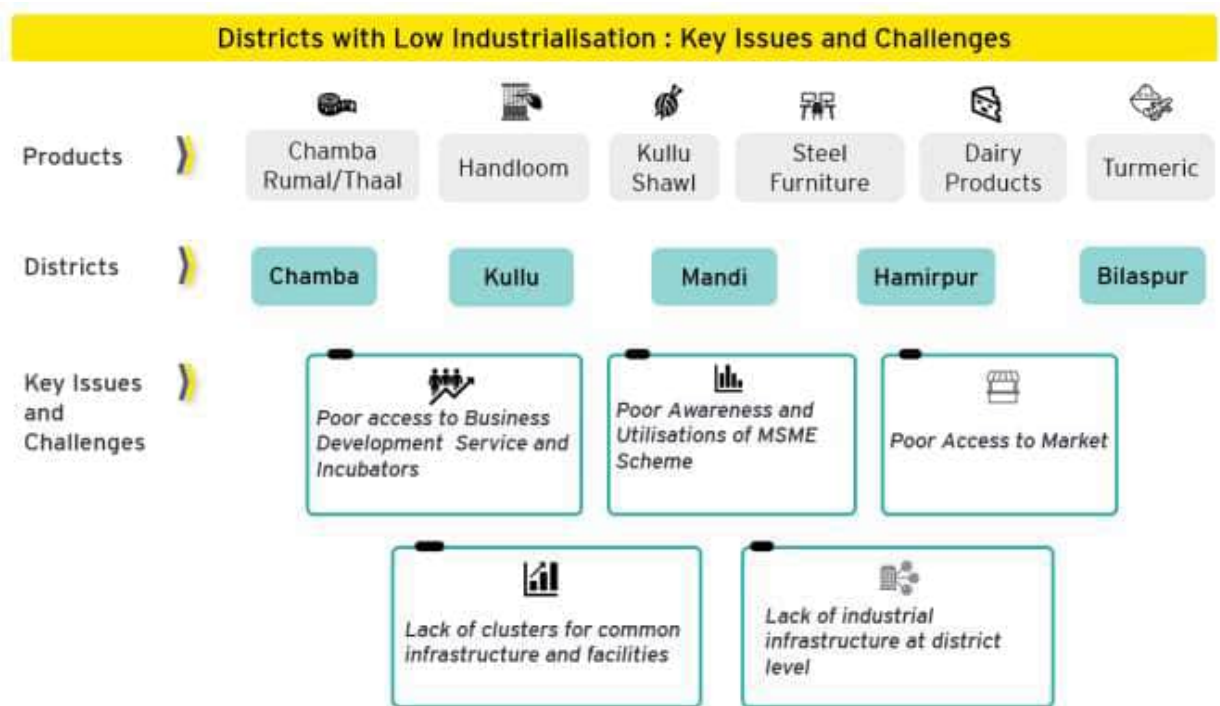


Figure 6: Key issues and challenges of districts with low industrialisation

1.2.2 Key Recommendations Proposed

1. Recommendation 1: Quality Champion Ecosystem

The competitiveness of Micro, Small and Medium Enterprises (MSMEs) is influenced by factors like manufacturing quality, resource utilization, operational efficiency, environmental sustainability, workplace safety, technology upgradation, and standard management practices. The ZED (Zero Effect Zero Defect) program addresses these aspects, potentially enhancing MSME competitiveness, improving brand value, and unlocking new markets. However, its adoption in Himachal Pradesh's MSMEs has been minimal due to various challenges.

Similarly, the implementation of LEAN tools and techniques can enhance MSME competitiveness by reducing rejections, optimizing costs, space, and resource utilization, and fostering continuous improvement, profitability, and innovation. Despite central-level efforts since 2009, Himachal Pradesh lacks a significant number of clusters/MSMEs benefiting from the LEAN scheme, indicating a substantial gap and untapped potential.

The proposed project aims to address these issues through two focus areas: Quality Champions Ecosystem Development and LEANing MSME Operations. The project will involve awareness creation, capacity building, training of trainers, creating a database of trained experts, knowledge management, handholding and facilitation for MSMEs for implementation, and promoting state incentives for Quality Infrastructure in MSMEs. This approach could potentially enhance the competitiveness of MSMEs in Himachal Pradesh and improve their brand value and market reach.



2. Recommendation 2: InnoBoost HP- Fostering Innovation for MSME Competitiveness

The project aims to foster innovation for MSME competitiveness in Himachal Pradesh. It addresses the lack of robust linkages between the industrial sector and academic institutions, limited understanding of Intellectual Property Rights (IPR), and insufficient resources for design and innovation. The project's primary objective is to strengthen MSMEs by offering a comprehensive platform to enhance their competitiveness and encourage creativity and entrepreneurship. The project focuses on four areas:

1. Bridging Academia and Industry for MSME Excellence
2. Design for Innovation and MSME Growth
3. Safeguarding Patents in Himachal Pradesh
4. Fostering Innovation and Entrepreneurial Potential through Pre-Incubators

The estimated impact includes the creation of 40+ new innovative start-ups, an increase in the number of MSMEs under the Design scheme, registration of 60 new Intellectual Properties, development of 96 pre-Incubators, and advancement of new and innovative products in the state. This initiative aims to transform the MSME landscape in Himachal Pradesh, turning challenges into opportunities for growth and innovation. It seeks to foster a vibrant and dynamic MSME sector, capable of driving economic growth and contributing to the overall development of the region.

3. Recommendation 3: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling

The recommendation aims to enhance the competitiveness of MSMEs in Himachal Pradesh through skill development and the creation of Technology Extension Centers. It addresses the critical technology needs of micro-scale MSMEs and persistent skill gaps in various sectors. The key components include:

1. Enhancing MSME Competitiveness through establishing Technology Centres
2. Mapping the Skills Landscape: A Comprehensive Skill Gap Analysis in Himachal Pradesh

The project is expected to have a significant impact, including enhancing the skills and technological advancement of over 15,000-20,000 MSMEs, establishing 4 new Technology Extension Centres, and aligning skills with industry demands. This will lead to increased production, competitiveness, productivity, innovation, and investment, while reducing the dependency on external talent. The initiative aims to foster a resilient and competitive MSME ecosystem in the state, propelling them towards sustained growth.

4. Recommendation 4: Improving MSMEs Access to Markets in HP

The recommendation aims to enhance MSMEs' access to markets. MSMEs in Himachal Pradesh face challenges in developing business partnerships, exploring new markets, and expanding their customer base due to limited resources, complex procedures, and lack of awareness. They struggle to meet the expectations and requirements of larger companies, establish strong supply chain linkages, gather accurate market information, and maintain product or service quality.



The proposed project includes building stronger MSME market linkages, empowering MSMEs for global success through Export Connect, developing a state MSME procurement policy, and implementing the Market Assistance Programme.

The project aims to support over 8000 MSMEs for market linkage readiness, assist more than 5000 MSMEs through hand-holding initiatives, help around 1000 MSMEs establish new business linkages, sensitize more than 5000 MSMEs on procurement portals, secure new orders for 1000 MSMEs through these platforms, and sensitize 3000 MSMEs on different e-commerce portals for industrial goods.

5. Recommendation 5: Samadhan Portal Enhancement: Bridging Resolution Gaps

The recommendation discusses enhancing the Himachal Pradesh Samadhan Portal and Dispute Resolution System of MSMEs. The MSME Samadhan Portal allows MSEs to register cases regarding delayed payments. However, 93% of applications from Himachal Pradesh are incomplete due to lack of training on using the portal. Since 2021, Himachal Pradesh has a separate Single Window portal for applications. As of October 4, 2023, 1166 cases were received through offline methods and the SWCS portal. The MSME ecosystem has low awareness of the grievance redressal mechanism for delayed payments. MSMEs perceive the resolution of delayed payments as a time-consuming process with high turnaround time for communication, poor efficiency of the resolution system, logistical concerns due to a centralized MSEFC, and low probability of recovering payments. The associations have requested for easier handling of complaints related to delayed payment and resolving the issues at the district level for timely resolution.

The proposed interventions for the Samadhan Portal Enhancement Project include development of sub-MSEFC councils at the district level (4 Nos.), enhancing the technological setup of MSEFCs for ODR platform accessibility, upgradation and linking of Single Window Portal with Samadhan Portal, capacity building and training of internal stakeholders, and awareness & training for MSMEs. These interventions aim to improve the efficiency and effectiveness of the dispute resolution system for MSMEs in Himachal Pradesh.

6. Recommendation 6: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive

The recommendation aims to enhance the penetration of the Trade Receivables Discounting System (TReDS) in Himachal Pradesh. MSMEs and PSEs in the region have low presence on TReDS due to lack of awareness, incentives, and high discounting fees. Himachal Pradesh contributed only 0.3% of the overall volume of trade discounted on TReDS in FY23. Major causes of low TReDS penetration include low levels of digitization, lack of awareness about its benefits, and lack of trust in digital financial transactions platforms. Stakeholders requested a cap on the maximum discounting rate that financiers can charge on the platform.

The proposed interventions for enhancing TReDS penetration include incentivizing MSMEs to do their first transaction on TReDS, establishing a Facilitation Desk for sensitization and onboarding MSMEs on TReDS, using social media for information dissemination, conducting workshops and trainings for MSMEs and PSEs, and implementing a TReDS Discount Subvention Scheme.



The project aims to achieve 4000+ transactions on TReDS by the end of four years, onboard MSMEs and PSEs on the TReDS platform through aggressive awareness sessions, sensitize 2400+ MSMEs on TReDS and provide facilitation support for onboarding 1400+ MSMEs on TReDS, and provide discount subvention at 3% for bills discounted on TReDS to around 1200 MSMEs.

7. Recommendation 7: Catalysing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network

The recommendation aims to improve MSMEs' access to finance in Himachal Pradesh through CGTMSE and the Open Credit Enablement Network. MSMEs struggle to access collateral-free loans due to poor awareness, accounting standards and low credit bureau rankings. Bankers, with limited risk-taking capacities and lack of awareness about MSMEs, are selective in providing collateral-free credit. As of June 2023, the loan outstanding to the MSME sector was ₹1738.41 crores.⁵ There's a general lack of awareness about credit guarantee schemes among MSMEs. Stakeholders report unsatisfactory implementation of the CGTMSE scheme, with banks not approving loans despite meeting conditions. The proposed interventions include:

1. Innovation and Development of MSME funding ecosystem through interest subvention on OCEN platforms, conclaves etc.
2. Financial Literacy Camps for MSMEs.
3. Training Programme on MSME Finance for Bankers.
4. Insurance Coverage on CGTMSE for Banks.

These interventions aim to increase coverage to banks for 10% risk component in credit lending for MSMEs under the CGTMSE scheme, provide interest subvention to 11500 MSMEs to access credit through OCEN, increase awareness of MSME finance for Bankers, and achieve financial literacy for 1200 MSMEs.

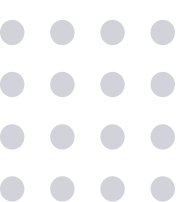
8. Recommendation 8: Green MSME Innovative cluster growth

The recommendation proposes a Green MSME Innovative Cluster Growth initiative in Himachal Pradesh. It addresses the lack of inclusion of MSMEs in national programs for cleaner production, and limited grassroots interventions. The initiative aims to balance economic growth, environmental conservation, and social equity, while overcoming challenges such as inadequate infrastructure, environmental degradation, and disparities in economic opportunities.

The key components include:

1. Empowering MSMEs on the Path to Green Growth through awareness and capacity building, portal to support and monitor greening of MSMEs and RECP studies in MSMEs etc.

⁵ State Level Bankers Committee, HP



2. Pioneering Sustainable Innovation Clusters for Progress through need assessment, exposure visits, project designing and implementation

The estimated impact includes training over 100 experts and auditors on EE/Green financing, training over 50 bankers on financing green projects, making more than 500 progressive MSMEs aware of carbon markets and trading mechanisms, and implementing greening interventions and investments in more than 3500 MSME units. The initiative also aims to identify 10 projects, relevant stakeholders, increase confidence building among stakeholders, and complete project design and configuration. This initiative seeks to ensure a sustainable future for Himachal Pradesh by developing context-specific strategies that integrate environmental conservation, social inclusivity, and climate resilience.

9. Recommendation 9: SMART MSMEs- Navigating Success through SMART MSME Development

MSMEs that have not adopted technology face growth limitations. Despite the increased adoption of digital technologies due to Covid, most MSMEs are far from achieving digital transformation in industrial operations. This is primarily due to their limited financial capabilities and lack of digital literacy. To overcome these challenges, MSMEs need to prioritize the implementation of digital tools and technologies.

Several issues hinder this process, including a lack of awareness about the type and benefits of technology solutions, limited resources, and capacity to understand and adopt these solutions, cost sensitivity, and lack of awareness about government initiatives supporting digitalization. Simplifying access to government schemes and sharing success stories from similar businesses can help overcome these challenges.

The proposed project aims to enhance the quality, efficiency, and competitiveness of MSMEs in the manufacturing sector through digital transformation. The project includes identifying digital service providers, conducting awareness sessions, developing digital solutions, performing detailed feasibility analysis at MSMEs, implementing the project in MSMEs, and integrating an MSME portal. This approach can help MSMEs help improve operational efficiency by real time data monitoring and evidence-based decision making hence improving the overall profitability and cost competitiveness and resource use optimization.

10. Recommendation 10: Sustainable Waste Management and Circularity in Industrial Operations

The recommendation proposes a comprehensive waste management system for the industrial sector in Himachal Pradesh. It addresses the lack of streamlined processes, awareness, and infrastructure for efficient disposal and recycling of industrial scrap, leading to environmental pollution, occupational health and safety concerns, and potential losses of valuable resources.

The key components include:

1. Scrap Smart: Innovating Solutions for Industrial Region's Waste Management
2. Sustainable Waste Solutions: Pioneering Eco-Friendly Waste Processing Infrastructures



The estimated impact includes optimizing the utilization of resources within the MSME ecosystem, facilitating technological progress by incentivizing the replacement of outdated machinery with modern, automated, and Industry 4.0-compliant equipment, and attaining efficiency and sustainability of MSMEs. The initiative also aims to promote the principles of a circular economy by emphasizing waste reduction, reuse, and recycling through the establishment of mini recycling plants. This initiative seeks to ensure optimal resource utilization, reduced environmental impact, and improved public health outcomes in the region.

11. Recommendation 11: Rural Industrialisation in Himachal Pradesh

The recommendation focuses on rural industrialization in Himachal Pradesh, which currently faces challenges such as inadequate infrastructure, limited market access, a shortage of skilled labour, and technological gaps. The absence of a comprehensive Rural Advancement Policy for Industrial Development has resulted in uncompetitive micro and small enterprises, restricted economic diversification, and a lack of rural employment opportunities.

The traditional arts and crafts industry also faces hurdles, including challenges in procuring quality raw materials, a declining pool of skilled artisans due to migration, and insufficient common facilities like training centers. These industries have not effectively utilized schemes like SFURTI designed to support MSMEs and artisans in rural traditional sectors.

Addressing these issues requires a strategic focus on the establishment of SFURTI clusters and Livelihood Business Incubators (LBIs). These initiatives play a pivotal role in enhancing market linkages, skill development, and technological capabilities, thereby revitalizing rural industrialization in Himachal Pradesh and ensuring the sustainable growth of traditional industries.

The proposed project focuses on three areas: RISE-Himachal, which supports entrepreneurship in traditional and rural industries; "Cultural Quotient Clusters", which propels traditional industry clustering for Himachal's rural economic resurgence; and RAPID-HP, a Rural Advancement Policy for Industrial Development in HP. The intervention is expected to benefit 60,000+ MSMEs across eight districts, sensitize 1600 artisans through trainings, workshops, and awareness programs, directly link 3000 artisans to the SFURTI scheme in four years, develop ten new SFURTI clusters in the state, benefit 350 MSMEs from the scheme, enable incubation facilities for entrepreneurs in eight districts, enable Business Development Services in rural areas, and improve marketing, branding, and promotions of these MSMEs.

12. Recommendation 12: Social Catalyst for Inclusive MSME Development

The recommendation highlights the need for inclusive MSME development in Himachal Pradesh, where only 18% of MSMEs are women-owned, and entrepreneurs from Scheduled Castes (SC) and Scheduled Tribes (ST) categories are significantly underrepresented. Barriers for women entering entrepreneurship include social and cultural norms, lack of funding, limited awareness, skills, networking opportunities, and access to technology.

The proposed project focuses on two areas: "We-Lead-HP", which promotes women entrepreneurship leadership, and "Inclusive Growth for SC-ST entrepreneurs in HP", which



catalyzes SC-ST entrepreneurship. The “We-Lead-HP” initiative includes an incubation program for women-owned micro enterprises, growth facilitation for women-led MSMEs, a funding mela for women-owned MSMEs, a state-level Women Entrepreneurship Leadership Networking (ELN) Summit, and skill training for rural women entrepreneurs.

The “Inclusive Growth for SC-ST entrepreneurs in HP” initiative includes an SC-ST facilitation helpdesk, an extended capital subsidy of 15% for SC-ST entrepreneurs, an expansion of the reimbursement program to include non-governmental platforms, and an SC-ST Entrepreneurs Stakeholder Conclave.

The expected impact includes the establishment of 4,000 new women-led MSMEs, migration support for 200 women-led MSMEs, incubation opportunities for 960 women-led MSMEs, increased funding support for 720 women-led MSMEs, and an increase in the number of SC-ST owned MSMEs with the establishment and creation of 3,000 new SC-ST owned MSMEs in HP. This approach aims to create a more inclusive entrepreneurial ecosystem in the state, fostering economic growth and innovation.

13. Recommendation 13: Enhancing Infrastructural Development

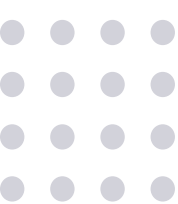
The recommendation proposes enhancing infrastructural development in Himachal Pradesh. The state's industrial ecosystem is poised for expansion, but it faces challenges such as the need for common infrastructural development, the need for plug and play facilities for manufacturing and service sector MSMEs, and the lack of fire protection in manufacturing clusters.

The proposed project focuses on three areas: enhancing operational sustainability through common infrastructure development, facilitating plug and play development in HP through flatted factories, and sustainable fire protection in HP manufacturing clusters.

The expected impact includes support for 10 already identified infra projects and 5 upcoming infra projects to enhance operational sustainability. The scheme is poised to substantially enhance the efficiency of MSME operations in Himachal Pradesh, leading to cost reductions and improved product quality. Enhanced manufacturing facilities and processes will stimulate economic growth by providing Himachal Pradesh's MSMEs with the necessary infrastructure to scale their operations and broaden their market presence. The project also aims to create safety CFC in industrial areas, conduct awareness sessions for the optimal utilization of fire safety structure or equipment, and assist small level entrepreneurs in maintaining safety protocols. This approach aims to foster an environment conducive to economic growth and investor confidence in the state.

14. Recommendation 14: Sectoral Interventions in Himachal Pradesh

The recommendation proposes sectoral interventions in agriculture, sericulture, toys, souvenirs, and other products in Himachal Pradesh. The state faces multifaceted challenges, including limited infrastructure, raw material availability, skilled labor and technical expertise, market access and distribution, quality control and safety standards,



environmental sustainability, institutional coordination and support, and awareness and training.

The proposed project focuses on four areas: developing toy and souvenir clusters leveraging MSE-CDP and SFURTI scheme; development of agricultural sectors through leveraging schemes such as PMMSY, PMFME, MSE-CDP; boosting the sericulture industry in HP through leveraging MSE-CDP scheme; and implementing a “One District Five Product” approach.

The estimated impact includes the development of infrastructural components in the respective sectors, such as 5 toy and souvenir clusters, 2 sericulture technical training institutes, 5 fisheries clusters, 5 meat processing clusters, dairy and milk processing clusters, and beekeeping clusters. This will lead to economic growth through technology adoption, streamlined supply chains, infrastructure development, wider market reach, and export opportunities. It will also result in increased employment, income generation, and enhanced economic well-being for entrepreneurs across sectors. Additionally, the project aims to identify 36 new unique products in the states and develop 12 exhibition centers.

15. Recommendation 15: Empowering Himachal Pradesh MSMEs through Institutional Revamping and Strengthening

The recommendation proposes an initiative for Empowering Himachal Pradesh MSMEs through Institutional Revamping and Strengthening. It addresses the need for comprehensive support to MSMEs, emphasizing the crucial role of strengthened implementing institutions for its success. The project identifies the necessity for a comprehensive training program to enhance the leadership and staff acumen within the Directorate of Industries. The key components include:

1. Strengthening State Institutions through Training and Capacity Building, Industrial Survey, IT infrastructure enhancement, digitization of industrial records and incentivising DICs
2. Driving Economic Transformation: Ensuring inclusive MSME growth through revamping key institutions in HP through need and gap analysis, implementation of strategic interventions, skilling, trainings and knowledge enhancement.

The estimated impact includes strengthened institutional capabilities for MSME facilitation and support, elevated program facilitation for MSMEs, informed decision-making and comprehensive MSME data access, boosting digital capacities for enhanced DIC coordination, optimized operational efficiency, process refinement and technological advancements, and promotion of innovation. This initiative seeks to ensure optimal resource utilization, reduced environmental impact, and improved public health outcomes in the region.



1.2.3 Summary of Proposed Budget

1.2.3.1 Recommendation wise Budget

Table 2: Recommendation wise Budget

S. No.	Name of Recommendation	Gap Financing required through RAMP (₹ crores)	Convergence of existing Gol scheme financing (₹ crores)	Convergence of existing GoHP scheme financing (₹ crores)	Contribution from respective SPV (₹ crores)	Total
1	Quality Champion MSMEs	₹ 19.24	₹ 12.74	₹ 4.00	₹ 0.00	₹ 35.98
2	InnoBoost HP: Fostering Innovation for MSME Competitiveness	₹ 38.88	₹ 13.75	₹ 3.40	₹ 0.00	₹ 56.03
3	Skill Up & Scale Up through creation of Technology Extension Centers and Skilling	₹ 5.20	₹ 40.00	₹ 0.00	₹ 0.00	₹ 45.20
4	Improving MSMEs Access to Markets	₹ 62.95	₹ 0.00	₹ 0.00	₹ 0.00	₹ 62.95
5	Samadhan Portal Enhancement: Bridging Resolution Gaps	₹ 5.09	₹ 0.00	₹ 0.60	₹ 0.00	₹ 5.69
6	Enhancing TReDS Penetration through Adoption Amplification Drive	₹ 21.04	₹ 0.00	₹ 0.00	₹ 0.00	₹ 21.04
7	Catalysing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network	₹ 66.35	₹ 0.00	₹ 5.00	₹ 0.00	₹ 71.35
8	Green MSME Innovative cluster Growth	₹ 130.91	₹ 140.00	₹ 60.00	₹ 30.00	₹ 360.91
9	SMART MSMEs- Navigating Success through SMART	₹ 109.39	₹ 0.00	₹ 0.00	₹ 0.00	₹ 109.39



S. No.	Name of Recommendation	Gap Financing required through RAMP (₹ crores)	Convergence of existing Gol scheme financing (₹ crores)	Convergence of existing GoHP scheme financing (₹ crores)	Contribution from respective SPV (₹ crores)	Total
	MSME Development					
10	Sustainable Waste Management and Circularity in Industrial Operations	₹ 16.50	₹ 0.00	₹ 0.00	₹ 0.00	₹ 16.50
11	Rural Industrialisation	₹ 57.80	₹ 30.00	₹ 0.00	₹ 0.00	₹ 87.80
12	Social Catalysts for Inclusive MSME development	₹ 41.90	₹ 0.00	₹ 0.00	₹ 0.00	₹ 41.90
13	Infrastructural Development	₹ 32.23	₹ 237.57	₹ 84.42	₹ 15.00	₹ 369.22
14	Sectoral Interventions	₹ 18.17	₹ 161.00	₹ 26.75	₹ 7.25	₹ 213.17
15	Empowering MSMEs through Institutional Revamping and Strengthening	₹ 122.01	₹ 0.00	₹ 6.00	₹ 0.00	₹ 128.01
16	Operational Cost of SPIU	₹ 16.88	₹ 0.00	₹ 0.00	₹ 0.00	₹ 16.88
TOTAL		₹ 765.14	₹ 635.06	₹ 190.17	₹ 52.25	₹ 1,642.62

1.2.3.2 Budget basis type of intervention

Table 3: Budget basis Intervention

S. No.	Budget head as per type of intervention	Total in Rs. Cr.	Total in %age
1	Facilitation of Capacity and Awareness Building Sessions	₹ 167.4	21.9%
2	Innovative recommendations and incentive schemes	₹ 121.34	16.0%
3	Conduct Resource Efficient and Cleaner Production (RECP) Studies	₹ 100.25	13.1%



S. No.	Budget head as per type of intervention	Total in Rs. Cr.	Total in %age
4	Enhancement of IT Infrastructure and other components	₹ 86.47	11.3%
5	Digitisation and technological advancement of institutions	₹ 72.95	9.5%
6	Facilitation of technical components such as DPR preparation, scoping and feasibility studies	₹ 66.55	8.7%
6	Conduct Vendor Development Programmes and Enterprise Development Programmes	₹ 31.32	4.1%
7	Facilitation Resources/ Implementing Agency	₹ 27.10	3.5%
8	Facilitate Exhibitions and Trade Fairs	₹ 19.20	2.5%
9	Facilitate Workshops and Training of Trainers Programmes	₹ 17.96	2.4%
10	Exposure Visits	₹ 17.10	2.2%
12	Knowledge Management: Content Development for training, sensitisation and awareness building	₹ 11.65	1.5%
13	Marketing MSMEs through virtual pavilion, market connects and linkages	₹ 10.30	1.3%
14	Integrated portal for MSMEs in HP	₹ 7.55	1.0%
15	Partnerships and Linkages with Private and Public Players	₹ 5.50	0.7%
16	Establishment of Export Promotion and Intelligence Cell	₹ 2.50	0.3%
TOTAL		₹ 765.14	100.0%



Chapter-2

SIP Evaluation Criteria as per RAMP



2 SIP Evaluation Criteria as per RAMP

2.1 Quantitative Evaluation Criteria

Table 4: Quantitative Evaluation Criteria

S. No.	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this SIP
a)	No. of MSMEs registered on UDYAM portal in proportion to total MSMEs as per the 73 rd Round of National Sample Survey (NSS)	As on 25-August-23, 1.05 lakh MSMEs have been registered on Udyam. This is 26.94% of the total 3.92 lakh MSMEs in Himachal Pradesh, as per the NSS 73 rd Round, 2015-16.	15	15	Section 4.4
b)	Position of State in the latest EoDB Rankings	Himachal Pradesh, recognized among the "Top-Achievers," has demonstrated outstanding progress in Ease of Doing Business, achieving a commendable 94.13% implementation of reforms and elevating its ranking from 17 th in 2015 to an impressive 7 th in 2019.	15	15	Section 5.6.1
c)	Proportion of latest State Budget allocated to MSMEs	The budgetary allocation for Industries in the fiscal year 2023-2024 amounts to INR 1580.54 lakhs.	5	5	Section 4.3.1
d)	Contribution of MSMEs to State GDP	Himachal Pradesh's industry sector contributes 43.07% of the Gross Value Added (GVA), with the services sector contributing 43.55%.	5	5	Section 4.3.2



S. No.	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this SIP
e)	Percentage of MSMEs as per the 73 rd Round of National Sample Survey onboarded on TReDS	294 MSMEs have been onboarded onto the TReDS platform (0.075%), as on October 2023.	5	5	Section 5.2.3
f)	Percentage of State Public Sector Enterprises onboarded on TReDS	2 SPSE have been onboarded on TReDS	5	5	Section 5.2.3
g)	Persons employed in MSMEs which are registered on Udyam Portal of the Ministry (2021-22) (percentage of employees in MSMEs as per the 73 rd Round of National Sample Survey (NSS))	6.47 lakh persons are employed in Himachal Pradesh in the Udyam-registered MSMEs (as on August 2023). 6.43 lakh persons are employed in MSMEs in Himachal Pradesh as per the 73 rd NSS (0.57% in India's total employment generation by MSMEs).	5	5	Section 4.4.1
h)	Contribution of MSMEs to total tax revenue of the State	-----	5	--	--
i)	Percentage of women-led enterprises to total MSMEs on UR	18,926 MSMEs out of the total 1,05,619 MSMEs (17.91%) registered on Udyam are led by women as on 25 th August, 2023.	5	5	Section 4.4.2
j)	Citizen Charter for DICs is notified in the State	The Government of Himachal Pradesh's Department of Industries released the "Office Manual", detailing the roles, responsibilities, powers, and duties of various positions within the department, including General Managers,	5	5	Section 9.1.5



S. No.	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this SIP
		Managers, and all other members of the District Industries Centers (DICs).			
k)	Percentage of cases resolved with respect to total cases registered in MSEFCs	As of October 4, 2023, the Directorate of Industries, HP, recorded 1166 cases through offline methods and the SWCA portal. Among them, 4% were resolved amicably, while 40% received awards from arbitrators	5	5	Section 5.2.3
l)	Growth in the total volume of digital payments done (Y-o-Y basis)	-----	5	--	--
Total			80	70	



2.2 Qualitative Evaluation Criteria

Table 5: Qualitative Evaluation Criteria

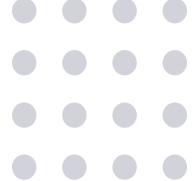
S.No	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this document for details
1	Identification of gaps in access to Finance, Market and Technology MSME Sector of the State/ UT	Himachal Pradesh, in its diagnostic study undertaken for the formulation of the SIP under RAMP project, has identified a spectrum of challenges faced by MSMEs. These challenges encompass hurdles in accessing finance, markets, technology, skilling, infrastructure, employees, promoting gender inclusivity, and facilitating formalization within the MSME sector. The pinpointing of these challenges is integral for devising targeted strategies and policy interventions to fortify the MSME landscape in the region	20	20	Section 5
2	State Policy on MSME	The Himachal Pradesh Industrial Investment Policy of 2019 offer 16 incentives exclusively to Micro, Small, and Medium (MSM) enterprises, few of them are elaborated below: 1. Assistance for access to Technology, Competitiveness, Innovation and Quality Certification: 2. Access to Finance for MSMEs:	50	50	Section 5.5



S.No	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this document for details
		3. Assistance to encourage water conservation, compliances of Environment, Health and Safety Standards: 4. Purchase Preference			
3	Vision/ Roadmap for improvement in business environment for MSMEs in the State with requisite interventions and availability of Outcome - Output Framework for the schemes supported by the RAMP Programme: (Specific Schemes- TReDS, MSME Champions Scheme, CGTMSE, etc)	Himachal Pradesh has identified 16 projects/ Recommendation as the roadmap for the development and improvement in the business environment for MSMEs. These projects are aligned to the overall outcomes and outputs (including the KRAs and DLIs) as required by RAMP. Specific projects/ interventions for TReDS, MSME CHAMPIONS Scheme, and CGTMSE have also been proposed under RAMP.			Section 6 & 7
	Short Term (0-1) years				
	Medium Term (2-3) years				



S.No	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this document for details
	Long Term (4th year onwards)				
4	Extent of participation in various Central MSME schemes	7 out of 16 projects/recommendations under RAMP have linkages to various Schemes of Ministry of MSME.	10	10	Section 6 & 7
5	Details of activities carried out by Development Centres & District Industries Centres/Sub District Industries Centres in the State and strategy to strengthen its eco-system	District Industries Centres (DICs) play a crucial role in the development and promotion of industries within their respective states. Established by the State Government in each district, DICs serve as the cornerstone for the promotion of Micro, Small, and Medium Enterprises (MSMEs) in the district.	10	10	Section 9
Total			90	90	



2.3 Distinguishing Factor

Table 6: Distinguishing Factor

S.No	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this document for details
1	Distinguishing Factor 1: Facilitating MSMEs through Digital MSME Facilitation Services	The enhancement of a Single Window Portal, the creation of an MSME Integrated Portal, and the digitization of all recommendations represent a significant stride towards streamlining and modernizing the business environment. These initiatives aim to simplify administrative processes by consolidating various services into a centralized platform. The Single Window Portal ensures a seamless and efficient interface for entrepreneurs, facilitating ease of doing business. The development of an MSME Integrated Portal serves as a comprehensive digital hub, offering a one-stop solution for MSME-related information and services. Additionally, the digitization of recommendations enhances accessibility and transparency, fostering a more agile and technology-driven ecosystem for the promotion and growth of Micro, Small, and Medium Enterprises.	10	10	Section 6.9 (Project 9)



S.No	Evaluation Criteria	Himachal Pradesh's Response	Max Score as per PIM	HP's Self Assessed Score	Reference in this document for details
2	Distinguishing Factor 2: Transforming sectors through Industry Transformation Maps (ITMs)	The State has proposed the integration of Industrial Areas Maps through the digitization of industrial records and the incorporation of state-level GIS mapping with Google Maps signifies a sophisticated approach to spatial data management. This convergence leverages GIS technology to transform traditional industrial maps into dynamic, digital formats.	10	10	Section 6.15 (Project 15)
3	Distinguishing Factor 3: Marketing MSMEs through a virtual pavilion	The creation of the Brand Himachal Portal signifies a strategic initiative aimed at promoting and showcasing a diverse range of MSME products, encompassing industrial, heritage, and artisan-based offerings. This dedicated online platform serves as a virtual marketplace, consolidating a curated collection of products that embody the unique essence of the Himalayan region. From industrially manufactured goods to heritage-rich items and artisan-crafted treasures, the portal aims to highlight the rich tapestry of offerings from MSMEs in the Himalayan region	10	10	Section 6.4 (Project 4)
Total			30	30	

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Chapter-3

Overview of RAMP Programme



3 Overview of RAMP Programme

3.1 Project Overview of RAMP Himachal Pradesh

Raising and Accelerating MSME Performance (RAMP) is a World Bank supported Programme, supporting the Ministry of Micro, Small, Medium Enterprises (MoMSME), Government of India (GoI) in operationalizing its overarching “Implementing MSME Competitiveness Programme - post Covid Resilience and Recovery Programme (MCRRP)”.

This is aimed at strengthening schemes that focus on improving market access, access to credit, strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships, addressing issues of delayed payments, and greening of MSMEs.

RAMP supports this overall Programme and focuses primarily on building capacity of National and State level agencies, build platforms for provision of critical services to MSMEs and enhancing outcomes from competitiveness related schemes. RAMP seeks to support States to develop and implement strategic programmes for MSMEs. A brief snapshot of the RAMP programme is presented below:



Figure 7: RAMP Programme Snapshot



Under RAMP, Himachal Pradesh is conducting a comprehensive state and district diagnostic exercise which will throw light at the current challenges and gaps present in the MSME sector in the State. Further to this, the programme will allow the development of a State Strategic Investment Plan (SIP) defining priorities for intervention and use of existing National and State schemes (including convergence of non-MSME schemes), and critical actions that need financing through the RAMP Programme

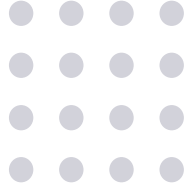
Largely, the Strategic Investment Plan will >>



The SIP is an evidence-based plan for addressing the main challenges for MSME growth in the State, listing priority sectors and geographies for intervention, and including outcome goals over the next five years. All RAMP Programme interventions in the State will be based on the SIP.

RAMP benefits to MSMEs includes:

- ▶ Institutional Support: Supporting MSMEs through improved, state, and central coordination, inclusive policy support and integrated M&E functions
- ▶ Market: Enhancing MSME capabilities and access to markets through adoption of ZED/LEAN/and other competitive Programmes.
- ▶ Finance: Strengthening the receivables financing market through supporting MSMEs in undertaking transaction through TREDs platform and increase in volume of MSME term loans under the CGTMSE umbrella.
- ▶ Technology upgradation & quality certification: Promoting MSMEs in adopting technologies and using green energy sources
- ▶ Addressing Payment-related Issues: Expanding access of MSMEs to Online Dispute Resolution Mechanism (ODR)



3.2 Tracks under the Scope of Work of RAMP Himachal Pradesh

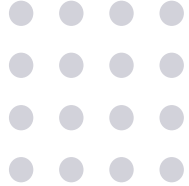
As part of the SIP preparation under Raising and Accelerating MSME Performance (RAMP) scheme, a comprehensive analysis through diagnostic studies and stakeholder consultations would be held to gather data and insights regarding the MSME sector in the State. This will serve as the foundation for developing the detailed Strategic Implementation Plan (SIP) that outlines specific interventions, desired outcomes, implementation schedules, budget considerations, and a monitoring and evaluation framework.

The key components of the SIP will include the following:

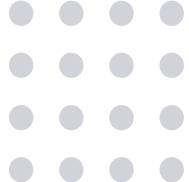
- ▶ Part A- Baseline Assessment of SIP
- ▶ Part B- Preparation of SIP

Table 7: Tracks under the Scope of Work

Scope of Work		Details
Part A: Baseline Assessment of SIP		
A.1	Identification of MSME/ stakeholder participants for consultations and diagnostics exercise	Scoping and identification of all stakeholders across MSMEs, industry associations, clusters, technical and government institutions, academia etc. for: Workshops Focus Group Discussions Baseline Survey Study Stakeholder consultations
A.2	Planning and Implementation of Focus Group Discussions with relevant stakeholders	Organizing Focus Group Discussions with relevant stakeholders across all districts.
A.3	Mapping of MSME ecosystem with relevant parameters	Parameters include number and growth of MSME and clusters, geographies, industries, women-led units, performance analysis of MSMEs, utilization and access to credit, technology, R&D, quality control measures.



A.4	SWOT analysis of MSME ecosystem	Identify Strength, Weaknesses, Opportunities and Threats of the state's MSME ecosystem.
A.5	Mapping of MSMEs with potential Champion Schemes	Identify MSMEs in the state basis targets, which can be matched against the three Champion Schemes respectively.
Part B: Preparation of SIP		
B.1	Diagnostic Study- Overview of state MSME sector, Identification of key constraints, and gaps in interventions in priority sectors	Baseline Profiling Benchmarking of Best Practices Stakeholder Consultations Need Assessment and Gap Study Plan of Action: For Proposed Intervention
B.2	Outreach plan- For identification and mobilization of MSMEs	Develop strategy for targeted communication outreach Prepare outreach plan for identification and mobilization of MSMEs including communication strategy Facilitate partnerships with Industry Associations, anchor companies and other relevant Government bodies
B.3	Output-Outcome Framework	Recommend intermediate and development-level outcome goals - matched with baseline numbers and programme goals over a 4-year period, for total number of MSMEs to be supported through RAMP
B.4	Budgeting & prioritization of interventions	Prepare budgetary requirements for identified projects and prioritization and funding strategies for their implementation across the 4-year period.



3.3 Objectives

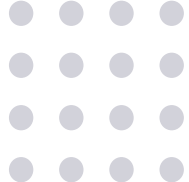
RAMP encourages the MSMEs to accelerate their performance through building agility and self-reliance. The main areas of focus for RAMP Scheme are:

- ▶ Institutional strengthening through MSME Council, digital portals, policy, and M&E functions.
- ▶ Convergence of relevant state-level schemes and support Programmes through Strategic Investment Plans (SIPS).
- ▶ Firm competitiveness schemes including technology upgradation and quality certification, marketing support schemes; capacity building for technology centers.
- ▶ Strengthening of the receivables financing market for MSMEs.
- ▶ Enhancing the effectiveness of the Credit Guarantee Trust for Micro and Small Enterprises for greening investments and investments in women owned businesses.
- ▶ Addressing delayed payments through online dispute resolution.



Chapter-4

MSME Ecosystem of Himachal Pradesh



4 MSME Ecosystem of Himachal Pradesh

4.1 History of MSME development in Himachal Pradesh

The number of small-scale industries in Himachal Pradesh has been steadily growing. Industrialization in the state has gained momentum over the past two decades, thanks to infrastructure development and ongoing efforts from both the state and national governments. The national government's industrial package for Himachal Pradesh, implemented in January 2003, has given a significant boost to industrialization in the state. Many MSMEs have emerged in Himachal Pradesh, particularly in the districts of Solan, Sirmour, and Una. As a result, they have substantially transformed the state's industrial landscape. Historically, Himachal Pradesh's economy was predominantly agrarian during the period of independence. Most basic household products were imported. In the 1990s, the growth rate remained relatively consistent, with an average annual growth rate of 5.7 percent, comparable to the national average. The pace of industrial development has accelerated following the national government's special incentives package for setting up industries in Himachal Pradesh, announced in 2003, and the state government's industrial policy incentives. Consequently, there has been significant investment in MSEs and medium and large-scale industries.

Prior to 1991, Himachal Pradesh had only 20,545 micro and small units registered, with a total investment of 15054 lakhs and employing 86,227 people. Unit registrations saw a decline until 2003-2004 when the central government provided special incentives to the state. After the implementation of the incentive package, there was a notable increase in the registration of small-scale units. Additionally, many leading entrepreneurs began investing in the state, resulting in a surge in units from 3708 lakhs in 2003-2004 to 37419 lakhs in 2014-2015. Following the incentive package, most of the units registered with the state's industries section were categorized as unclassified products. Other businesses included food processing, mechanical engineering, packaging, electrical, electronics, pharmaceuticals, plastics, chemicals, automobiles, footwear, and more. However, this trend changed with the modification of industries' descriptions due to the MSMED Act.

4.2 The Current MSME landscape in Himachal Pradesh

As per the latest Annual Report 2022-23 published by the MoMSME, there are currently 3.92 lakh MSMEs in Himachal Pradesh. However, this data was mined during the 73rd NSSO Survey and needs to be updated. Drawing from the current Udyam Registration Data, Himachal Pradesh has 1.05 lakh (As of August 2023) registered MSMEs. This is majorly from the registrations done from the launch of the Udyam Portal in June 2020. Himachal Pradesh has witnessed remarkable growth in Micro, Small, and Medium Enterprises (MSMEs) registrations in the past three consecutive years since the introduction of the Udyam registration. In the financial year 2020-21, Himachal Pradesh registered 10,898 MSMEs. The following year, in 2021-22, there was an impressive growth of approximately 46.26%, with 15,940 MSME registrations. Continuing this upward trend, Himachal Pradesh experienced significant growth in the financial year 2022-23, registering 20684 MSMEs.

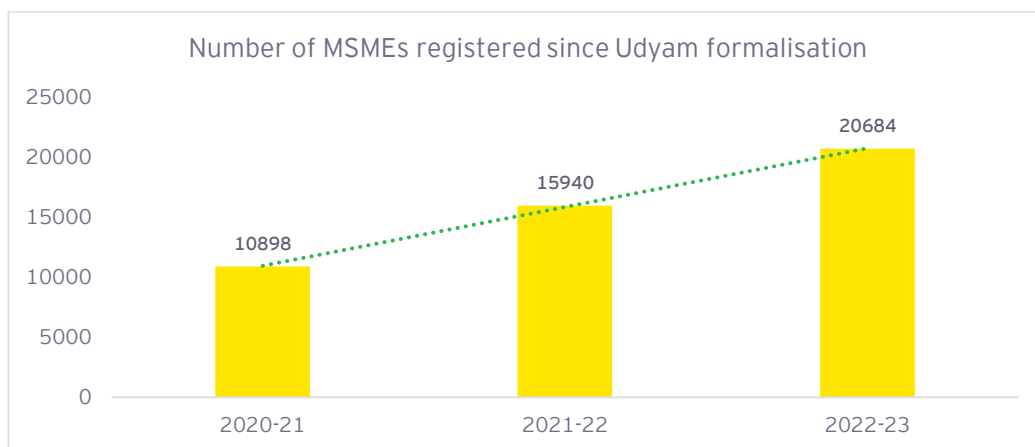


Figure 8 Number of MSMEs registered since Udyam Formalization

The data reveals that Himachal Pradesh Pradesh has successfully onboarded 1.05⁶ lakh units on the Udyam registration platform. This signifies a commendable effort by the state in facilitating the registration process for Micro, Small, and Medium Enterprises (MSMEs). In terms of Udyam onboarding, Himachal Pradesh secures the 7th rank among all northern states in India.

4.3 MSME and its contribution to the Himachal Pradesh Economy

4.3.1 MSME share in Himachal Pradesh State Budget

In the financial year 2022-2023, the allocated budgets for the Industries Department and Village and Small Industries were INR 1674.4 lakhs and INR 15116.23 lakhs, respectively. However, the revised estimates for the same period indicate an increase, with the Industries Department receiving INR 3840.29 lakhs and Village and Small Industries obtaining INR 21011.86 lakhs.

Looking ahead to the fiscal year 2023-2024, the projected budgetary allocations are INR 1580.54 lakhs for the Industries Department and INR 14808.75 lakhs for Village and Small Industries. These figures suggest a shift in financial focus, with potential implications for the development and support of both large-scale industries and smaller enterprises in the upcoming fiscal year. It would be crucial to monitor how these budgetary changes align with the government's economic priorities and developmental objectives.

4.3.2 Contribution in state's GDP

4.3.2.1 Industry Sector

In general, the secondary sector consists of construction, power, gas, and water delivery, as well as industry (both organized and unorganized). According to preliminary estimates for FY2022-23, the secondary sector's GVA is projected to reach ₹ 60,444 crore, up from ₹ 56,408 crore for FY2021-22(FR) at constant (2011-12) prices, representing an increase of 7.2% over the prior year. According to the advance projections for the FY2022-23, the Industry Sector (Manufacturing) at Constant (2011-12) Prices is predicted to increase by

⁶ Data as on August, 2023



6.7% and be worth 43,625 crores as opposed to 40,898 crores in FY2021-22(FR). The sectors of electricity, gas, water, and water supply have shown outstanding growth rates of 7.2%. Construction sector is expected to register a growth rate of 9.5 per cent and is estimated at ₹9,124 crore as against ₹8,335 crore in FY2021-22 (FR).

4.3.2.2 Services Sector

A sizeable and rapidly increasing portion of the State GVA is made up of the services sector. Trade, hotels and restaurants, other modes of transportation and storage, supra-regional industries (railways, communications, banking, and insurance), real estate, ownership of dwellings & professional services, public administration, and other service sectors are all included in the service sector. The advance estimates for the Services Sector for the FY2022-23 at Constant (2011-12) Prices are estimated at ₹ 49,527 crore as opposed to ₹ 46,350 crore in the FY2021-22(FR), representing a growth rate of 6.9% over the prior year. Trade and Repair services (2.3 per cent), Hotels and Restaurants (26.8 per cent) jointly registered a growth rate of 6.7 per cent, Transport, Storage, and Communications registered a growth rate of 10.3 per cent, Banking, Real Estate & Ownership of Dwellings and Public Administration registered a growth rate of 4.5 per cent, 3.4 per cent respectively.

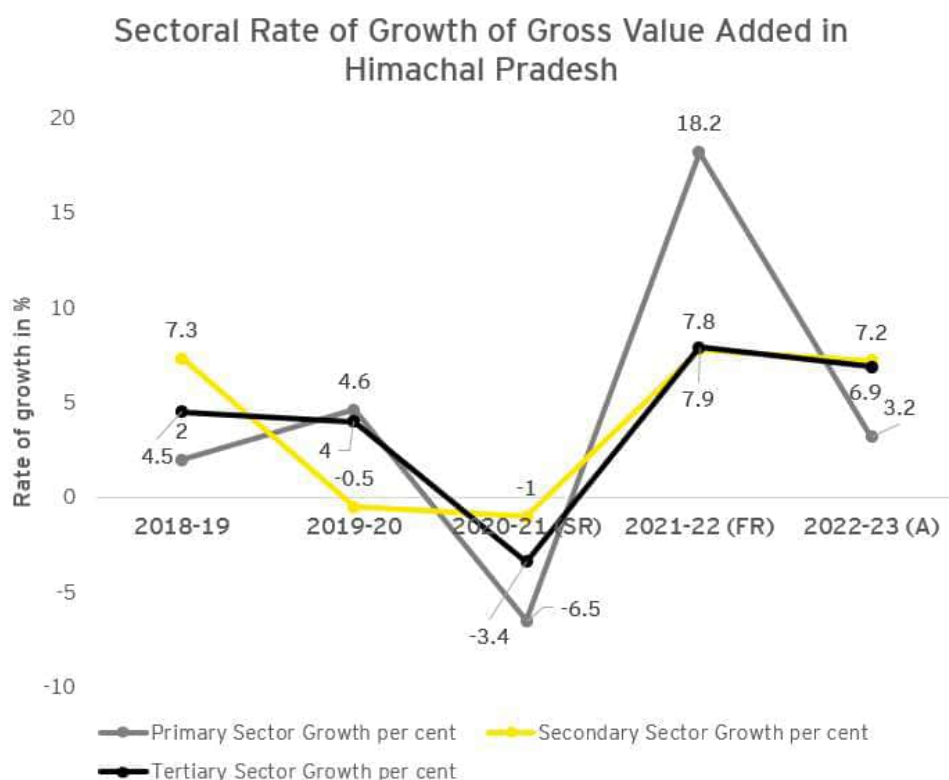


Figure 9 Sectoral growth rate of GSVA in Himachal Pradesh

4.4 Formalisation: Performance and Overall Number of MSMEs

Formalization refers to the procedure by which a Micro, Small, and Medium Enterprise (MSME) is incorporated into the government's official registration system, granting them access to structured assistance and services. Presently, the primary mechanism for formalizing MSMEs in India is the Udyam registration provided by the Government of India.

As per the latest Annual Report 2022-23 published by the MoMSME, there are currently 3.92 lakh MSMEs in Himachal Pradesh. However, this data was mined during the 73rd NSSO Survey



and needs to be updated. Drawing from the current Udyam Registration Data, Himachal Pradesh has 1.05 lakh (As of August 2023) registered MSMEs. This is majorly from the registrations done from the launch of the Udyam Portal in June 2020.

Table 8 Formalisation of MSMEs in Himachal Pradesh

Total Number of MSMEs in Himachal Pradesh (In lakhs)	Source
3.92	73 rd Round of NSS (2015-16)
1.05	Udyam Registration

4.4.1 Number of MSMEs and growth in numbers over time; MSMEs in the State as a share of MSMEs in India

There are 1.05 lakh registered MSMEs in Himachal Pradesh providing employment to more than 6.4 lakh people in the State, this is as per the Udyam portal as on August 2023. During the period from July 2020 to August 2023 there has been a steady growth in the number of enterprises and employment, registered on the Udyam portal. Since the onset of the Udyam registration portal, Himachal Pradesh has witnessed a growth of ~29 per cent increase in the registrations from 15940 units in 2021 to 20684 units in 2022.

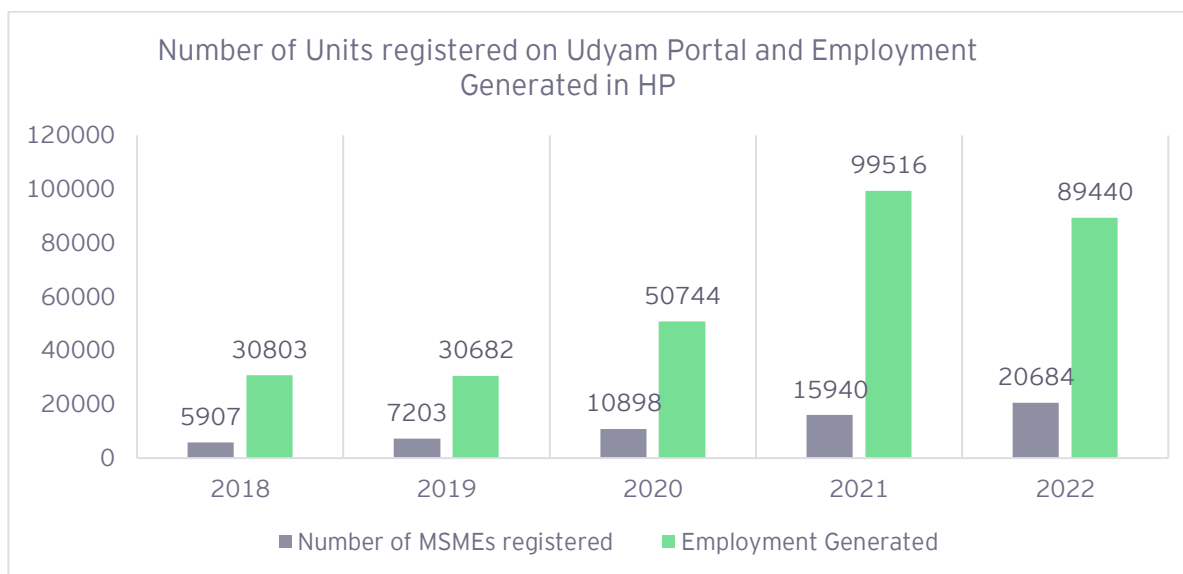


Figure 10: Number of Units registered on Udyam Portal and Employment Generated in HP

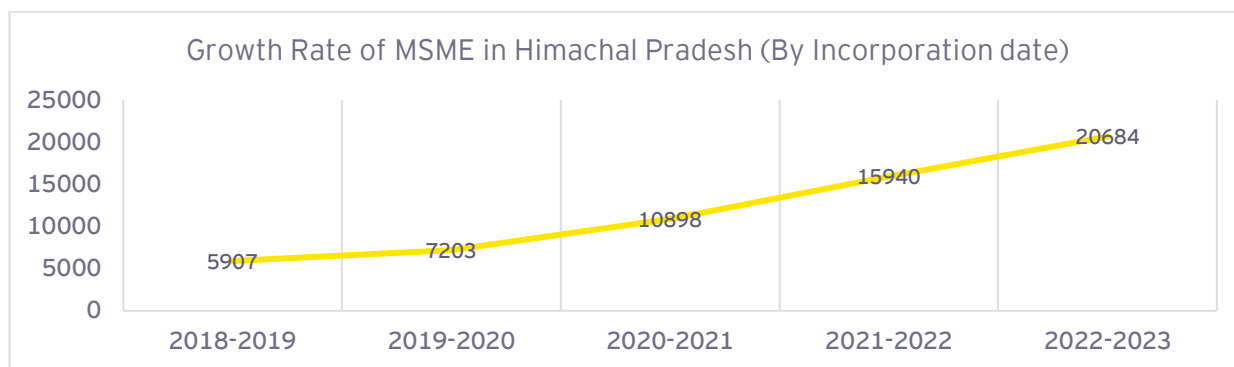


Figure 11: Growth rate of MSMEs in Himachal Pradesh

Employment generated according to the 73rd round of NSS is 6.43 lakhs in Himachal Pradesh. A major drawback while estimating the growth of the MSME Sector in India, is that the 73rd Round of the NSS was conducted in 2015-16. Thus the 6.43 lakh number has been static since 2015-16. This holds true for other statistics like employment generated, share of medium, micro and small among others. This generates a fallacy that the MSME Statistics in the country have remained stagnant. However that is not the case, the MSME sector has been growing after experiencing some shrinkage during the COVID years, as is evident from its overall GDP Contribution statistics provided earlier. This necessitates the requirement of establishing a updated metric for determining the growth rate of MSMEs in India.

Scrutinizing India-level Udyam registration data gives us a fair estimate of the growth rate for MSMEs in India. While there is a formalization gap still, growth rates can be extrapolated from the available data. As per our analysis, growth rate for the MSME sector in the country is around 12.9%. The number of registrations in India⁷ and Himachal Pradesh are highlighted below⁸:

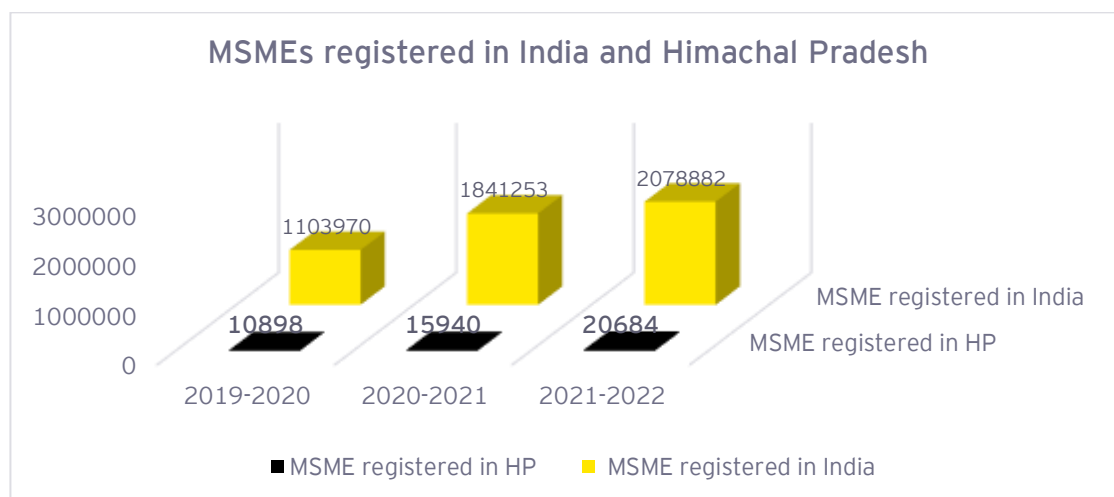


Figure 12: MSMEs registered in India and Himachal Pradesh

7 <https://pib.gov.in/PressReleasePage.aspx?PRID=1884735>

8 URM data as on August 2023



4.4.2 Classification of MSMEs

4.4.2.1 Classification of MSMEs by type of Enterprise

In terms of composition, MSMEs are dominated by micro enterprises with a share ~96.70% (102197 units)⁹ in the total number of registered enterprises and more than 81% share (527499) in the total employment of the MSME sector. This is followed by small and medium enterprises, with ~2.8% and 0.3 % of share in the total number of registered MSMEs. Figure below shows the number of units and employment registered on Udyam Portal in Himachal Pradesh during the period July 2022 to August 2023.

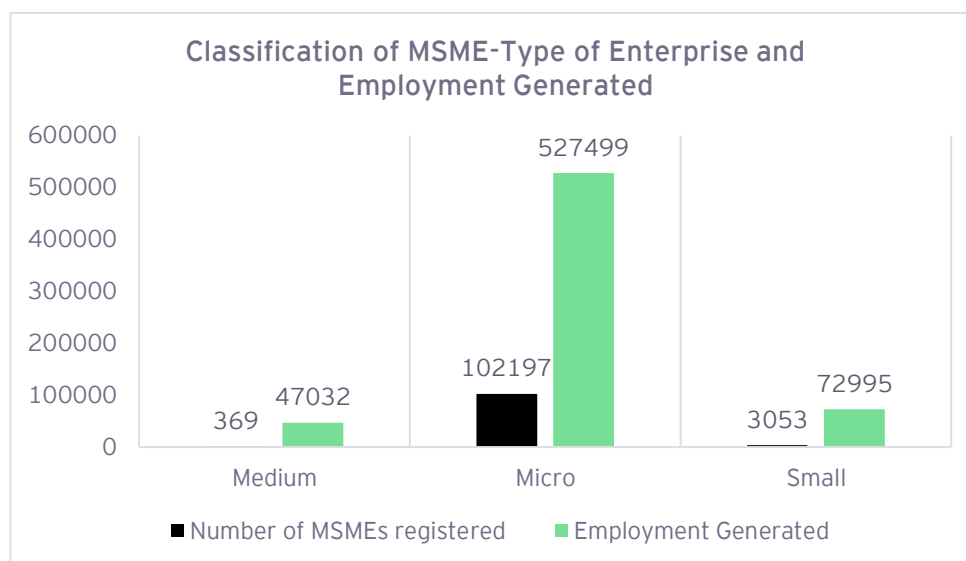


Figure 13: Classification of MSME: type of Enterprise

4.4.2.2 Classification of MSMEs by type of Services

Of the total number of MSMEs registered¹⁰, 17.31% are engaged in manufacturing activities, 40.32% are engaged in activities pertaining to services and 42.33% were engaged in activities pertaining to Trading. Around 18 thousand units are registered in manufacturing activities employing 2.1 lakhs people, i.e., 17.3% of the total number of people employed in MSMEs. Similarly, around 42 thousand units are registered in services-related activities employing around 2.6 lakhs of people, i.e., 40.31% of the total number of people employed in MSMEs and around 44 thousand units are registered in Trading related activities employing 1.6 lakhs of people i.e., 25.4% of the total number of persons employed.

⁹ ibid

¹⁰ URM data as on August 2023

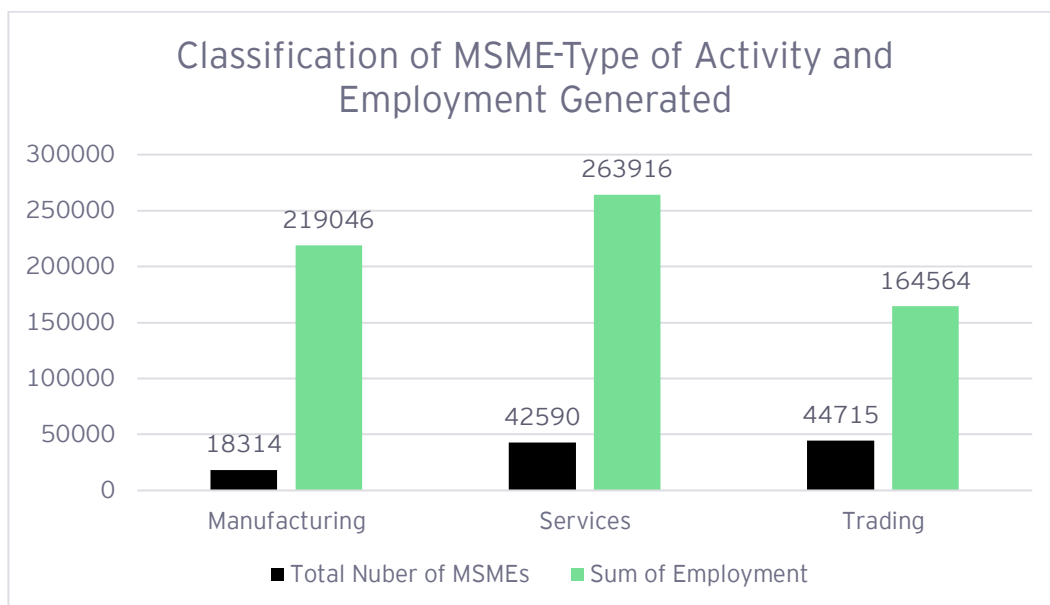


Figure 14: Classification of MSME: type of activity

4.4.2.3 Classification of MSMEs by Gender

Among the registered enterprises in the state¹¹, women-led enterprises make up 15%, accounting for 18,926 enterprises. These enterprises collectively provide employment to approximately 80,000 individuals. When considering Himalayan states, Himachal Pradesh ranks fifth¹² in terms of MSME registrations¹³

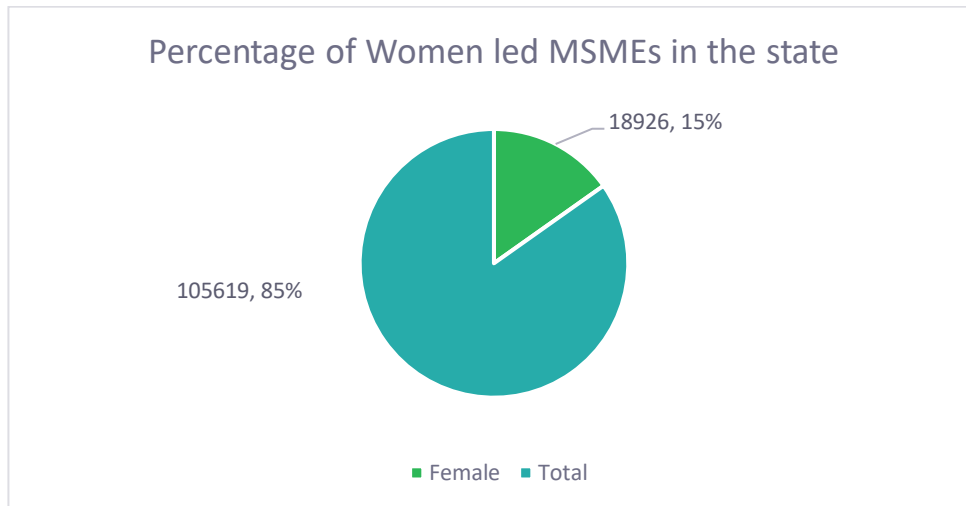


Figure 15: Percentage of Women led MSMEs in the state

¹¹ URM data as on August 2023

¹² Data as on March 2023

¹³ <https://pib.gov.in/PressReleasePage.aspx?PRID=1907502#:~:text=As%20per%20Udyam%20Registration%20Portal,50%2C018%20and%2027%2C75%2C390%20respectively.>

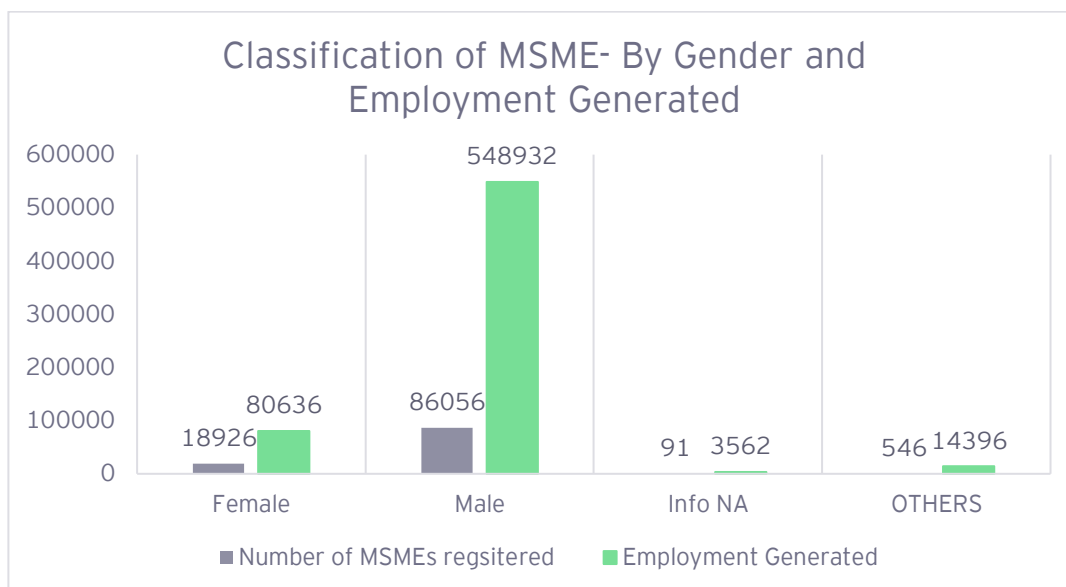


Figure 16: Classification of MSME- By Gender and Employment Generated

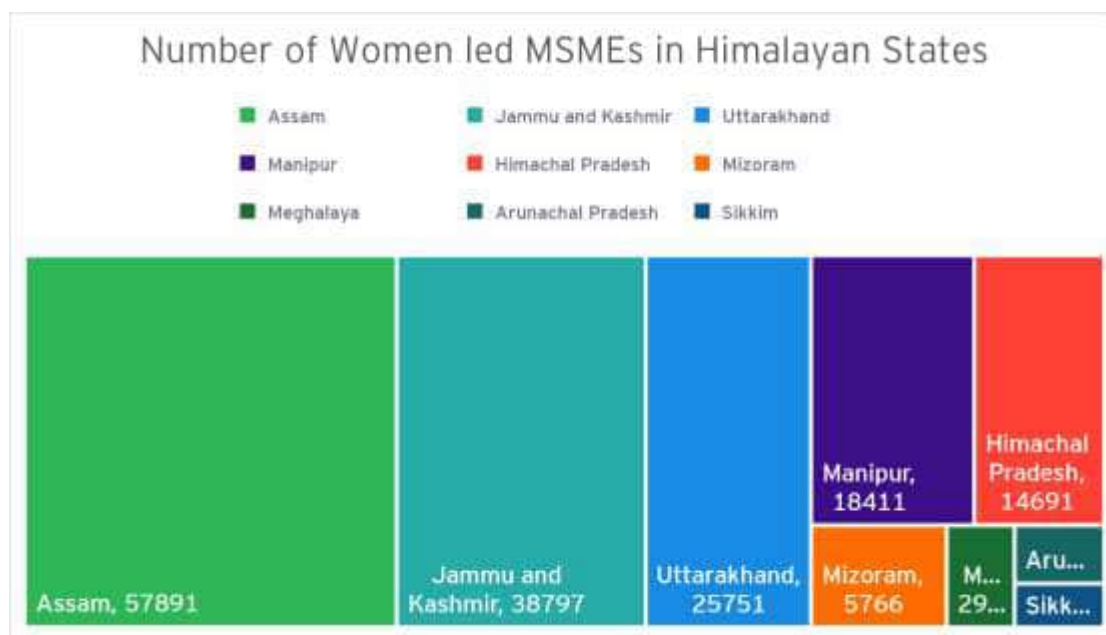


Figure 17: Number of Women led MSMEs in Himalayan States

4.4.2.4 Classification of MSME by Size Distribution of enterprises - Number (and share) of MSMEs

Over half of the state's registered MSMEs, have 2-5 employees in their enterprises. Following this, 31% of MSMEs employ only one worker, while 8.7% of MSMEs have 6-9 workers, and 5.1% of MSMEs have 10-19 employees.

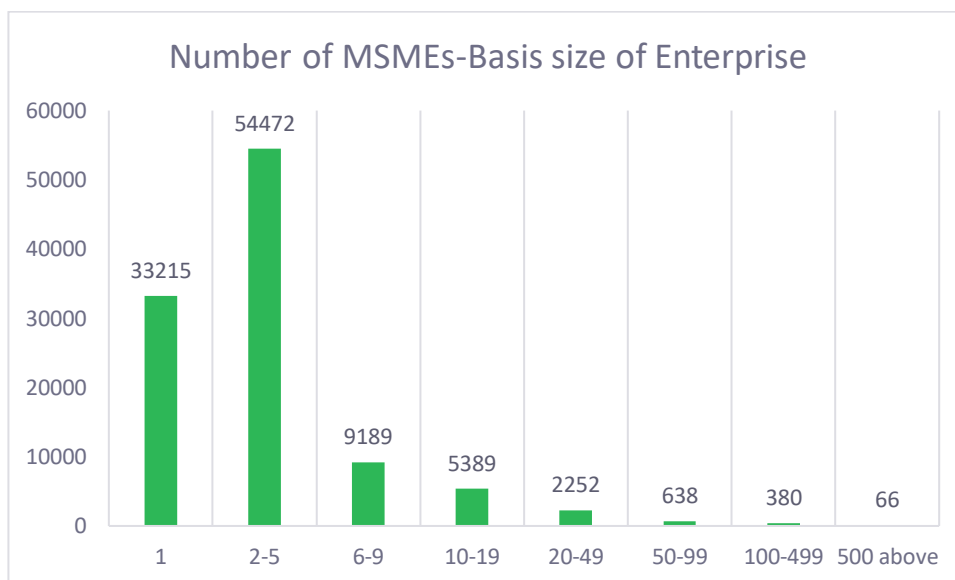


Figure 18: Number of MSMEs -Basis type of Enterprise

4.4.2.5 Growth Rate of employment generated by MSMEs in Himachal Pradesh

Taking the date of incorporation into consideration, employment generated by MSMEs in Himachal Pradesh has grown at a rate of 47.59% over the last 5 years (2017-2022).

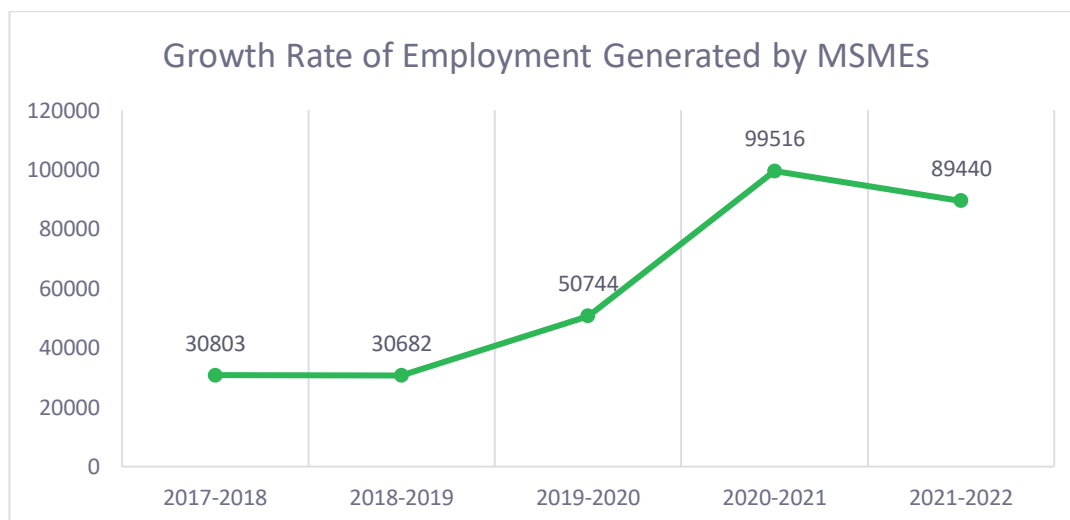


Figure 19: Growth rate of Employment Generated by MSMEs

Figure 20 Growth Rate of Employment generated by MSME in Himachal Pradesh (By year of Incorporation)

4.4.2.6 Growth rate of employment generated by MSMEs in Himachal Pradesh - Medium, Small & Micro Split

Taking incorporation year as the base, in the last 5 years (2017-2022), employment generated by medium enterprises and small enterprises encountered a negative growth rate of 19.28% and 17.26%. Growth rate of employment generated by micro industries was prolific, encountering a growth rate of 58.81%.

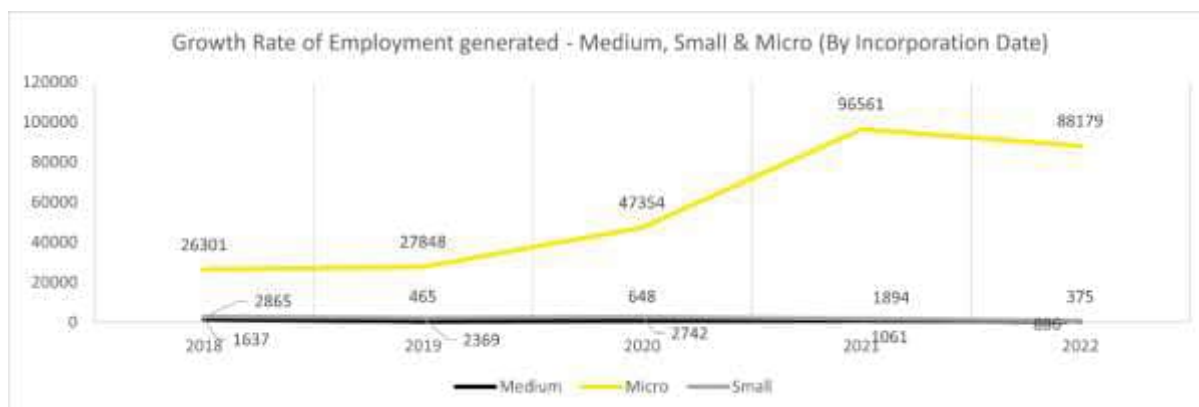


Figure 21: Growth Rate of Employment Generated -Micro, Small & Medium Enterprises (By Year of Incorporation)

4.4.3 Geographical Spread of MSMEs

In Himachal Pradesh, the distribution of Micro, Small, and Medium Enterprises (MSMEs) exhibits variation across different districts. Solan emerges as a notable hub with 19,713 MSMEs, followed closely by Kangra with 18,360 enterprises. The capital city, Shimla, contributes significantly to the state's economic landscape with 13,800 MSMEs, while Mandi and Kullu districts host 12,122 and 8,760 enterprises, respectively. Una, Sirmaur, and Hamirpur demonstrate considerable MSME activity with 7,749, 7,180, and 6,173 enterprises, respectively.

At a macro level, the spread of MSMEs across Himachal Pradesh are shown in the map below.

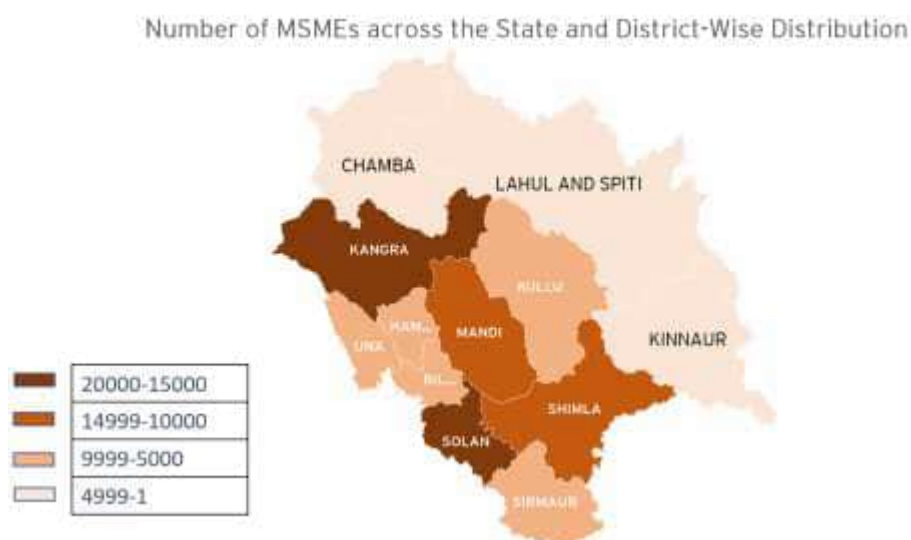


Figure 22: Number of MSME: District wise distribution

4.4.3.1 Cluster by Sector

As per the Ministry of MSME, Government of India, clusters possess essential features such as uniformity or mutual compatibility in production methods, quality control, testing, energy consumption, and pollution control. They also exhibit similar levels of technology, marketing strategies, communication channels, shared markets and skill requirements, as well as common challenges and opportunities. In Himachal Pradesh, clusters spanning various



sectors operate in various districts. The government supports these clusters by financing the infrastructure expenses of their Common Facility Centers (CFCs). These CFCs, exclusive to a particular cluster and its products/services, serve as shared facilities benefiting all cluster members.

A snapshot of the different clusters currently funded under the different programmes of the Govt. of India and the Govt. of Himachal Pradesh, has been given below:

Name of the Project	Project Cost
General Engineering Cluster, Tahlial, Una	GIA from GOI: 1259.93 HP govt Share: 173.21 SPV share: 298.91 Total: 1732.05 (lakhs)
Up-gradation of Infrastructure development, Sector-2, Industrial Area, Parwanoo	GIA from GOI: 757.85 HP Govt share: 456.65 Total: 1214.50 (Lakhs)
Up-gradation of industrial Infrastructure (Roads, Drain & Street Light) In Industrial area at Jeetpur, Behri, in Tehsil Distt. Una	GIA from GOI: 800 HP Govt. Share: 423.59 Total=1223.59 (Lakh)
Up-gradation of Industrial Infrastructure (Roads & Drains) in Industrial area Khadeen Distt. Solan	GIA from GOI: 791.55 HP Govt. Share: 213.76 Total: 1005.31 (Lakh)
Up-gradation of Industrial Infrastructure (Roads & Drains) in Industrial area Phase-1, Gondpur, Distt. Sirmour	GIA from GOI: 748.38 HP Govt. Share: 257.39 Total: 1005.77 (Lakh)

Figure 23 A snapshot of the different clusters currently funded under the MSE-CDP

Himachal Pradesh is home to several clusters that have been identified and recognized by various ministries and organizations. These clusters have received recognition from entities such as the Ministry of Textile¹⁴, UNIDO¹⁵ (United Nations Industrial Development Organization), and SFURTI¹⁶ (Scheme of Fund for Regeneration of Traditional Industries).

The list of identified clusters is given below:

Table 9 List of clusters in Himachal Pradesh

S.no	Name of the Cluster	District	Product/ Service
1	Food Processing Cluster	Kullu	Food Processing
2	Food Processing Cluster	Sirmaur	Food Processing

14 http://www.craftclustersofindia.in/site/Cluster_Directory.aspx?mu_id=3&idstate

15 <https://centralbankofindia.co.in/sites/default/files/LIST-OF-MSME-CLUSTER.pdf>

16 https://sfurti.msme.gov.in/SFURTI/Reports/DPR_Functional_Upto.aspx



S.no	Name of the Cluster	District	Product/ Service
3	Stone Crushing Cluster	Kangra	Stone Crushing
4	Engineering Equipment	Solan	Engineering Equipment
5	Gondla Cut Flower Cluster	Lahaul & Spiti	Handicraft
6	Shansha Cut Flower Cluste	Lahaul & Spiti	Handicraft
7	Triloki Enriched Composting/ Vermi Composting Cluster	Sirmaur	Agro
8	Pharmaceuticals Cluster	Solan	Medicines
		Sirmaur	
		Kangra	
		Una	
9	Textile Cluster	Kullu	Kullu Handspun,Angora,Dari Pala
			Big Palla Woolen Shawl, Kullu Handspun,Yak and Angora
			Kullu Cap,Woolen Shawl,Sheep Wool Throw
			Ladies Bag,File Cover,Table Mat
			Yak and Sheep Wool,Pure Wool Kingri with Dori,Chasham Dori
			Chasham Dori,Semi Angora Mandlu Design,Traditional Kinnauri Cap
			Yakrabbit Wool, Marino Wool Kinnauri Pattern With Doru, Lahauli Cap
			Sheep Wool Shawl, Traditional Kullu Pattu, Acrailic
			Angora Wool Shawl, Kullu Shawl, Kullu Shawl Four Side Border
			Yak Wooleen Shawl, Sheep Wooleen Gaun, Kullu Traditional Cap
			Angora(Rabbit Wooleen) Shawl, Sheep Wooleen Gaun, Rabbit Wooleen Socks
			Kullu Cap, Sheep Wool Throw, Acrailic Lahauli Socks
			Sheep Wool Throw, Kullu Cap, Acrailic Lahauli Socks
			Shawl
			Chamba Ruml
10	Cane and Bamboo Cluster	Kangra	Designer Bamboo Basket, Designer Bamboo Decorative, Designer Wooden Ends
			Bamboo Hanging Lamp, Designer Bamboo Utility Containers



S.no	Name of the Cluster	District	Product/ Service
			Basket, Container
11	Cane and Bamboo Cluster	Kullu	Round Chasham, 3 Patti Big Kinnauri Dor, Lehar Dor
12	Wood Custer	Lahaul & Spiti	Showpiece, Box
13	Carpet Cluster	Lahaul & Spiti	Carpet
14	Textile Cluster	Lahaul & Spiti	Shawls

4.4.3.2 Cluster by Geography

In addition to the geographical diversity of the MSMEs of Himachal Pradesh, they also exist across multiple sectors. The same has been detailed in the forthcoming section. The details as requested in pages 78 of the PIM document, have been provided below:

Table 10 Overview of MSMEs in Himachal Pradesh by geography

S.no	District	Number of MSMEs	Number of women MSMEs	Proportion of women MSMEs	Main Sectors in district
1	Bilaspur	5268	1036	19.7%	Retail Trade Except of Motor Vehicles and Motorcycles, Transport and storage , Other service Activities, Wholesale Trade Except of Motor vehicle and motorcycles , Accommodation and Food Services
2	Chamba	4553	739	16.2%	Retail Trade Except of Motor Vehicles and Motorcycles, Transport and storage , Accommodation of Food Service , Administrative and Support Service Activities , Wholesale Trade Except of Motor vehicle and motorcycles
3	Hamirpur	6173	1306	21.1%	Retail Trade Except of Motor Vehicles and Motorcycles, Other service Activities, Wholesale Trade Except of Motor vehicle and motorcycles, Transport and Storage, Accommodation of Food Service



S.no	District	Number of MSMEs	Number of women MSMEs	Proportion of women MSMEs	Main Sectors in district
4	Kangra	18360	3245	17.6%	Retail Trade Except of Motor Vehicles and Motorcycles, Other service Activities, Wholesale Trade Except of Motor vehicle and motorcycles, Transport and Storage, Accommodation of Food Service
5	Kinnaur	1366	268	19.6%	Retail Trade Except of Motor Vehicles and Motorcycles, Transport and Storage, Accommodation and food Service, Other Service and Activities, Wholesale Trade Except of Motor Vehicles and Motorcycles
6	Kullu	8760	1744	19.9%	Retail Trade, Accommodation Service, Land Transportation, Food and Beverage Service Activities, Travel Agency Tour Operator and other Reservation Service and Activites
7	Lahaul & Spiti	575	96	16.6%	Accommodation and Food Service Activities, Retail Trade Except of Motor vehicles and Motorcycles, Transport and Storage , Adminstrative and Support service activities, Accommodation and Food Service
8	Mandi	12122	1948	16.0%	Retail Trade Except of Motor vehicles and Motorcycles, Transport and Storage, Other Service Activities, Wholesale Trade Except of Motor Vehicles and Motorcycles, Accommodation and Food Service
9	Shimla	13800	2488	18.0%	Retail Trade Except of Motor vehicles him Motorcycles, Transport and Storage, Accommodation and Food Service Activities, Other Service Activities, Wholesale Trade Except of Motor Vehicles and Motorcycles



S.no	District	Number of MSMEs	Number of women MSMEs	Proportion of women MSMEs	Main Sectors in district
10	Sirmour	7180	1199	16.6%	Retail Trade Except of Motor Vehicles and Motorcycles, Transport and Storage, Wholesale Trade Except of Motor Vehicle and Motor Cycles, Accommodation and Food Services, Administrative and Food Service
11	Solan	19713	3413	17.3%	Transportation and Storage, Wholesale & Retail Trade, Manufacturing, Other Service Activities, Accommodation and Food Service
12	Una	7749	1444	18.6%	Retail Trade Except of Motor Vehicles and Motorcycles, Transport and Storage, Transport Trade Except of Motor Vehicles and Motorcycles, Other Service Activities, Accommodation and Food Service

4.4.3.3 Aspirational District

Launched in 2018, the Aspirational Districts Programme is a key initiative of the Government of India designed to facilitate the progress of industrially disadvantaged districts nationwide. In its inaugural phase, 117 districts¹⁷ were chosen, with Chamba named as Aspirational district from Himachal Pradesh. The ranking of these districts is determined by their performance in five overarching socio-economic categories: Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development, and Infrastructure. The program aims to strategically address developmental challenges in these areas, fostering comprehensive growth and upliftment in the selected districts.

Chamba District occupies a distinctive geographical position. To its northwest, it shares boundaries with Jammu and Kashmir, while the northeastern and eastern borders connect with the Ladakh region of Jammu and Kashmir and the Lahaul and Bara-Bangal region of Himachal Pradesh. On the southeastern and southern fronts, it is adjacent to Kangra District of Himachal Pradesh and Gurdaspur district of Punjab. With a population density of 80 per square kilometer, Chamba is home to approximately 5.19 lakh residents. The district exhibits a favorable gender ratio, boasting 986 females for every thousand males, surpassing both the state average of 972 and the national average of 940. The average literacy rate in the district

¹⁷ <https://nfdb.gov.in/PDF/List%20of%20AD.pdf>



stands at 72.1%, comprising a male literacy rate of 82.59% and a female literacy rate of 61.67%.

Chamba hosts a total of 4,553 Micro, Small, and Medium Enterprises (MSMEs), with 739 being led by women entrepreneurs. Within this framework, Micro MSMEs make up 98%, Small MSMEs constitute 2%, and Medium Enterprises contribute 1% to the overall count of registered enterprises in the district. Notably, Micro enterprises contribute significantly to employment, constituting 96% of the workforce, while small enterprises contribute a 4% share, and Medium enterprises contribute less than 1% to the total employment generated by registered MSMEs in the state. The cumulative employment generated by these enterprises in Chamba is nearly 20,000.¹⁸

Breaking down ownership demographics, 67% of MSMEs in the district are owned by entrepreneurs from the General category, followed by 19% from the Scheduled Tribe category, 10% from the Scheduled Caste category, and 2% from the Other Backward Classes category.

Table 11: MSME statistics in Chamba H.P

MSME statistics in Chamba	
Parameter	District
Number of Udyam Registrations	4553
Number of Women Lead MSMEs	739
Employment Generated	19997

As per the monthly Delta ranking released by NITI Aayog as part of the Aspirational District Programme, **Chamba's composite score decreased from 56.6 in August to 55.8 in September 2023.** In the Delta rank for September 2023, Chamba holds the 110th position overall.¹⁹ Breaking down the scores across key sectors, **the Health and Nutrition Score stands at 75.1, securing the 60th Delta Rank.** In **Education**, Chamba achieved a score of 68.4, earning the 11th Delta Rank. However, in **Agriculture and Water Resources**, the district scored 12.2, placing it at the 110th Delta Rank. The **Financial Inclusion and Skill Development Score** is 26.5, with a 62nd Delta Rank, while the **Basic Infrastructure Score** is 76.7, securing the 36th Delta Rank. These rankings and scores provide insights into Chamba's performance across various developmental parameters under the Aspirational District Programme.

¹⁸ Data as on August 2023

¹⁹ <http://103.210.73.67/dashboard>

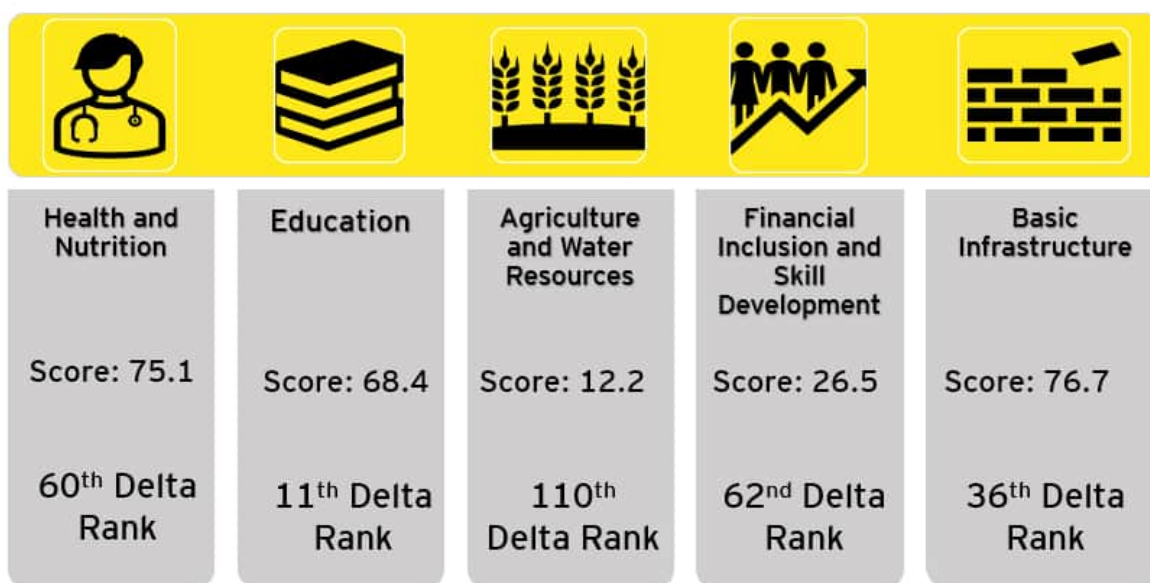


Figure 24: Chamba Delta Rank September 2023, Niti Aayog

4.4.3.4 One District One Product

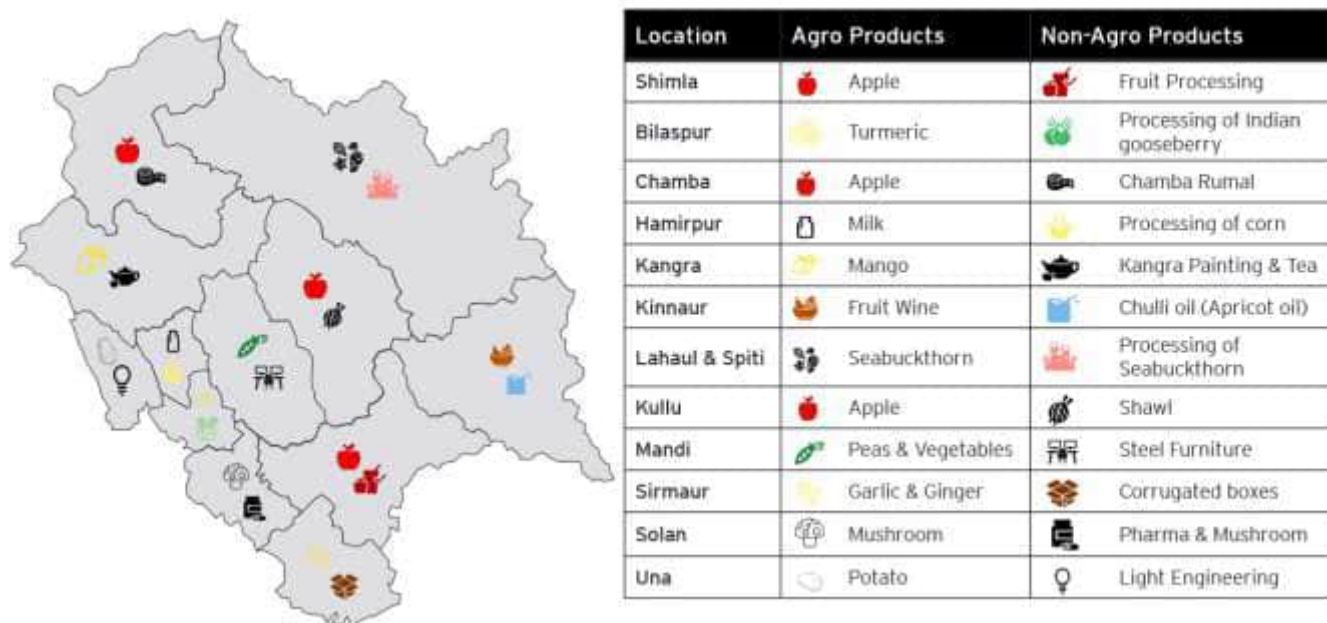
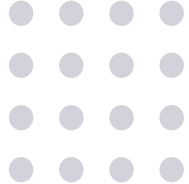


Figure 25: District wise ODOP products

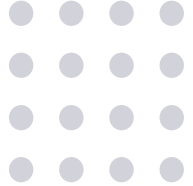
An analysis of ODOP products of every district was also conducted to understand product specific markets, challenges faced and potential for development of these. Above figure captures Agro and Non-Agro products of all districts.

Under agro products, apple and fruit wine were products where production level challenges were low. However, the **potential to develop quality, value addition and processing, forward market linkages, infrastructural support etc.** were considerably high. On the other hand, products such as Seabuckthorn, Turmeric, Milk, Potatoes etc. were products with a low scale of production and market size. Hence the need to develop scale and capacity of production, capital investments in cultivation, backward market linkages seemed priority



focus areas. Alongside the districts should focus on improved market access, value addition and quality of produce to develop these markets to desirable standards.

In non-agro products, the industry in pharmaceuticals, corrugated boxes, light engineering etc. were core industries in the state with considerable quantities of production and size of market in the state. However, these industries required focus in **quality of production, adoption of resource efficient cleaner production technologies, market linkages and access, common infrastructural facilities, improved cost advantages in national markets** etc. Whereas products in Food Processing (Gooseberry, Corn) and artisan-based traditional industries such as Chamba Rumal, Kangra Painting and Tea, Shawl etc. were products **which required ample focus in development of production, GI tagging, access to inputs such as artisans, raw materials, infrastructure etc., quality of products, forward market linkages, common facility centers, etc.**



4.4.4 Sectorial Spread of MSMEs

Table 12: Sectorial Spread of MSMEs in H.P

Industry Name	Number of MSMEs	Proportions of MSMEs in Total MSMEs in the State	Proportion of Women entrepreneurs in the sector	Geographic Clusters	Employment in sector (number and share in total)	Total output/value added (value and share in total)	Exports (INR ₹)
Manufacturing (Allied Services) Secondary Sector	18314	5.7%	5.1%	Clusters of Major sectors are available in the table below	219046 33.82%	78848Cr. 43.07%	14419.35 Cr
Services (Tertiary Sector)	42590	2.4%	2.7%		263916 40.75%	80379Cr. 43.55%	167.62 Cr



Table 13: Sectoral Spread of MSME basis NIC code classification

NIC 2 Digit code	Industry Name	Number of MSMEs	Proportions of MSMEs in Total MSMEs in the State	Proportion of Women entrepreneurs in the sector	Geographic Clusters	Employment in sector (number and share in total)	Exports
10	Agriculture & Food processing	2911	2.7%	20.9%	Food Processing clusters (Kullu /Sirmour)	18628(2.8%)	185.35 Cr
32	Sports goods & other consumer goods	2497	2.3%	21.8%		18986(2.9%)	80.87 Cr
13,14	Textiles	2256	2.1%	47.0%	Textile cluster (Kullu /Kangra /Lahaul Spiti)	26537(4.0%)	1519.47Cr
41,42,43	Construction	3392	3.2%	10.8%	Stone Crushing Cluster (Kangra)	30781(4.7%)	306.63Cr
21	Pharmaceuticals	929	0.8%	11.80%	Pharmaceuticals Clusters (Solan/Sirmour/Kangra/Una)	33098(5.1%)	11251.67 Cr
16,31	Forestry and Timber	1875	1.7%	14.0%		9129(1.4%)	13.93 Cr

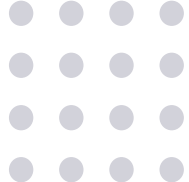


NIC 2 Digit code	Industry Name	Number of MSMEs	Proportions of MSMEs in Total MSMEs in the State	Proportion of Women entrepreneurs in the sector	Geographic Clusters	Employment in sector (number and share in total)	Exports
17	Forestry and Timber	850	0.8%	23.7%		9191(1.4%)	506.63 Cr
23,24,25	Hand tool metallurgy	2085	1.9%	16.5%		19568(3.0%)	421.27 Cr
19,20,22	Petrochemicals	1488	1.4%	19.4%		16153(2.4%)	48.05 Cr
26,27	IT,ITeS,ESDM	800	0.7%	12.5%		14133(2.1%)	989.39 Cr
28	Industrial and Non-industrial Machinery	383	0.3%	20.8%		3332(0.5%)	
29,30	Automobiles	463	0.4%	6.2%		4774(0.7%)	167.94 Cr
15	Footwear & Leather	226	0.2%	19.4%		1116(0.1%)	8.89 Cr.
11	Agri & Food processing	137	0.1%	18.2%	Triloki Enriched Composting/ Vermi Composting Cluster(Sirmour)	1386(0.2%)	19.11 Cr
1	Agriculture & Food processing	984	0.9%	13.6%	Gondla Cut Flower , Shansha Cut Flower Cluster (Lahaul & Spiti)	5151(0.7%)	7.06 Cr
71	Architecture Engineering activities	463	0.4%	12.0%	Engineering Equipment (Solan)	3527(0.5%)	



Chapter-5

**Key Findings:
Diagnostic study of
MSMEs in HP**



5 Key Findings: Diagnostic Study of MSMEs in HP

5.1 Overview

The Himachal Pradesh MSME Diagnostic Study 2023-24 has been developed using a rigorous mix of primary data collection & analysis, secondary research & analysis supported by extensive stakeholder interviews, focus group discussions and a questionnaire-based interactions to collect data on the key intervention areas of the RAMP Programme.

The study has executed an as-is analysis of the existing MSME ecosystem in the state, encompassing the manufacturing, services, and utilities sectors. The study covers analysis of the current situation and development of the MSME ecosystem across the state in the last 5 years with focus on rural-urban industrialization, focus sectors in the state, export potential, infrastructural ecosystem, benchmarking with other states etc.

Need for a Diagnostic Exercise

Despite having dedicated data mechanisms in place from the Central Government in the form of Udyam Registration Certificate, reliable and verifiable data has been a constant challenge in taking informed decisions for MSMEs for Himachal Pradesh. Further, Udyam Registration Portal being a recently launched initiative, does not holistically capture the entire MSME ecosystem of Himachal Pradesh. It focuses on enhancing formalization of MSMEs in the state but fails to capture micro-level, sectoral and geographical ecosystem of MSMEs thoroughly.

In addition, as can be seen through the National Sample Survey (73rd Round) there has been poor focus on provisioning updated data samples and estimates for MSME sector in India. The study estimates that there are 3.92 lakh MSMEs in Himachal Pradesh since June 2016 and has failed to update this estimate ever since. This furthers the case to have a thorough study of MSMEs in the state.

Unlike other states, Himachal Pradesh's MSME ecosystem has till date not conducted a thorough study of its MSME sector to understand the current situation, challenges, and good practices of the sector. Considering the adverse impact of COVID-19 on MSMEs, excessively on sectors such as tourism and services, manufacturing etc., the objective of RAMP Programme makes an ideal case to analyze the sectoral ecosystem with a focus on post-COVID impact. The programme through its component of Diagnostic Study Exercise requisites states to conduct extensive exercises of diagnosis including stakeholder consultations, focus group discussions, surveys and interviews to key challenges faced by MSMEs in the following spheres:

1. MSME Capabilities
2. Access to markets
3. Access to credit
4. Environmental and occupational health and safety standards compliance and "greening"
5. Gender Gaps
6. Infrastructure constraints
7. Technical Support



Methodology for Diagnosis Exercise

Conducting the state-wide diagnostic study as a primary data collection exercise under the RAMP SIP Preparation Program is pertinent to arrive at a clear picture of what the Himachal Pradesh MSME ecosystem looks like today; its challenges and good practices, how it has evolved over time, what sectors are prominent today and what the focus and sunrise sectors are for the coming years. It will give a fresh perspective on the specific needs and challenges faced by entrepreneurs in the state, across sectors and districts of operation. Further, given RAMP's focus on designing interventions through a greening and gendered approach, state-wide data collection becomes the first step towards establishing a baseline and building interventions basis the analyzed data.

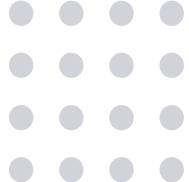
This diagnostic exercise was conducted by leveraging a mix of primary and secondary research tools, including but not limited to one-on-one interviews, focus group discussions and workshops on ground.

Primary Data Collection

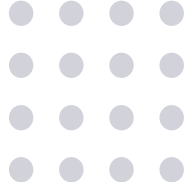
As part of the Himachal Pradesh MSME Diagnostic Study 2023-24, EY RAMP Team conducted FGDs and stakeholder consultations in 12 locations across 9 districts of Himachal Pradesh and interacted with over 150 MSME entrepreneurs to gauge geographical, sectoral and industry specific challenges, good practices and insights in the MSME ecosystem. The details of the FGDs conducted are given below.

Table XX Focus Group Discussions in Himachal Pradesh

S. No.	Location of FGD	No: of Participants	Industry Associations involved	Major Sectors covered
1	Kala Amb, Sirmaur	13	<ul style="list-style-type: none"> ▶ Kala Amb Chamber of Commerce ▶ Laghu Udyog Bharti, Kala Amb ▶ Pharma Association, Kala Amb 	<ul style="list-style-type: none"> ▶ Pharmaceuticals
2	Paonta Sahib, Sirmaur	23	<ul style="list-style-type: none"> ▶ Himachal Chamber of Commerce and Industries, Paonta Sahib 	<ul style="list-style-type: none"> ▶ Pharmaceuticals and Healthcare ▶ Engineering and steel manufacturing ▶ Tyre and battery manufacturing
3	Baddi-Nalagarh, Solan	10	<ul style="list-style-type: none"> ▶ Baddi Barotiwala Nalagarh Industries Association ▶ Laghu Udyog Bharti, Himachal Pradesh 	<ul style="list-style-type: none"> ▶ Pharmaceuticals



4	Mehatpur, Una	6	<ul style="list-style-type: none"> ▶ Mehatpur Industries Association 	<ul style="list-style-type: none"> ▶ Biotechnology ▶ Pharmaceuticals ▶ Plastics Manufacturers
5	Tahliwal, Una	14	<ul style="list-style-type: none"> ▶ Tahliwal Industries Association ▶ Haroli Block Industries Association 	<ul style="list-style-type: none"> ▶ Glass manufacturers ▶ Pharmaceuticals ▶ Auto Parts ▶ Food Processing
6	Gagret, Una	10	<ul style="list-style-type: none"> ▶ Tahliwal Industries Association ▶ Haroli Block Industries Association 	<ul style="list-style-type: none"> ▶ Plastic/Polymer ▶ Packaging Boxes
7	Chamba	10	<ul style="list-style-type: none"> ▶ Leather Chamba Chappal Cluster ▶ Chamba Thal Metal Works ▶ Chamba Rupal and Embroidery ▶ Silver Jewellery ▶ Local MSMEs 	<ul style="list-style-type: none"> ▶ Manufacturing ▶ Traditional Industrial Sector ▶ Artisan Based Sectors
8	Kangra	22	<ul style="list-style-type: none"> ▶ Damtal Industries Association, Kangra ▶ Sansarpur Terrace Industries Association 	<ul style="list-style-type: none"> ▶ Pharmaceuticals and health care ▶ Renewable energy parts ▶ Manufacture ▶ Brick manufacturing ▶ Packaging ▶ Agro -Processing ▶ Fibre and Sustainable Consumer Products
9	Hamirpur	6	<ul style="list-style-type: none"> ▶ Hamirpur Industries Association 	<ul style="list-style-type: none"> ▶ Milk Production
10	Bilaspur	6	<ul style="list-style-type: none"> ▶ Bilaspur Industries Association 	
11	Kullu	24	N.A.	<ul style="list-style-type: none"> ▶ Agro - Food Processing ▶ Speciality Chemical (Ayush/ Wellness) ▶ Handloom



				<ul style="list-style-type: none"> ▶ IT ▶ Flour Mills
12	Mandi	14	<ul style="list-style-type: none"> ▶ Ratti Industries Association, Distt. Mandi HP ▶ Mandi Industries Association, Distt. Mandi HP 	<ul style="list-style-type: none"> ▶ Steel Industry ▶ Agro-Processing ▶ Food Processing ▶ Silk and Handloom ▶ Steel fabrication ▶ Colour PV Sheets



Figure 26: Focus Group Discussions

Secondary Data Collection

In addition to the extensive FGDs conducted the following data sources were also analyzed:

- ▶ Udyam Registration Data
- ▶ National Sample Survey
- ▶ Economic Survey of India 2022-23
- ▶ Economic Survey of Himachal Pradesh 2022-23
- ▶ Annual Survey of Industries 2019-20
- ▶ Periodic Labour Force Survey 2021-22
- ▶ Multiple other India and Himachal Pradesh research reports
- ▶ Government data, policies, and gazettes
- ▶ Reports and compendium.

The data from the primary and secondary data collected went into the Himachal Pradesh State Diagnostic Report for analyzing and generating the following studies and findings:

- ▶ Key Findings and Challenges in the state MSME Ecosystem
- ▶ Benchmarking study of Himachal Pradesh's MSME ecosystem with other states
- ▶ District Diagnostic Report



- ▶ Analysis of Focus Sectors in the state
- ▶ Analysis and identification of Priority & Sunrise Sectors in the State
- ▶ Analysis of Infrastructural Support System in the state
- ▶ Assessment of Environmental and Social System and its performance

5.2 Key Challenges

Analysing the history of industrialization in Himachal Pradesh reveals that lower lying districts in the state such as Solan, Una, Sirmaur etc. have witnessed more than 90% of industrialization that has happened in the state. These districts have received impetus and focus in terms of developing industrialization and infrastructure.

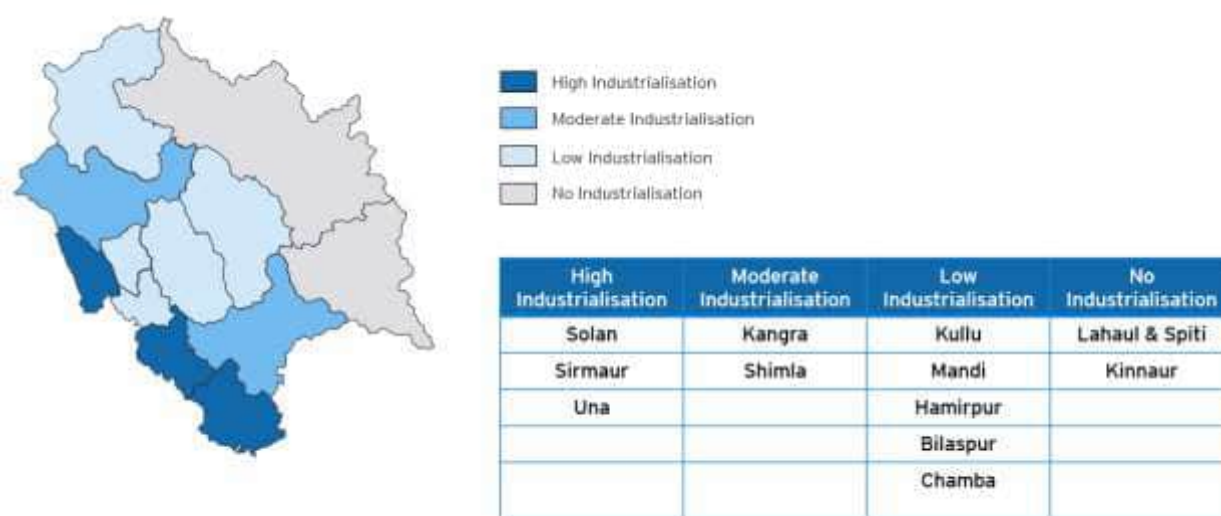


Figure 27: Industrialization spread in Himachal Pradesh

Districts lying farther from the plains and in higher altitudes have witnesses very low levels of industrialization and still can be classified as agrarian districts with low contribution from industries. These districts however hold immense potential for industrialization which can be explored with the support of RAMP project. Districts such as Chamba, Kullu, Mandi, Hamirpur hold potential especially in development of their traditional industries and artisan-based crafts alongside unexplored products such as Haldi, Dairy etc. However, lack of focus and channeled initiatives to develop these industries have lead to poor industrialization of these rural and traditional industries.

Owing to varied geographies, levels of industrialization, presence of focus industries and other major factors, the needs and challenges of districts were also varied basis their level of industrialization. Hence, EY Team through the FGDs conducted, adopted a two-pronged approach in understanding the key challenges, roadblocks and good practices adopted by MSMEs in the respective districts. The following were the key inputs received from the districts with high industrialization:

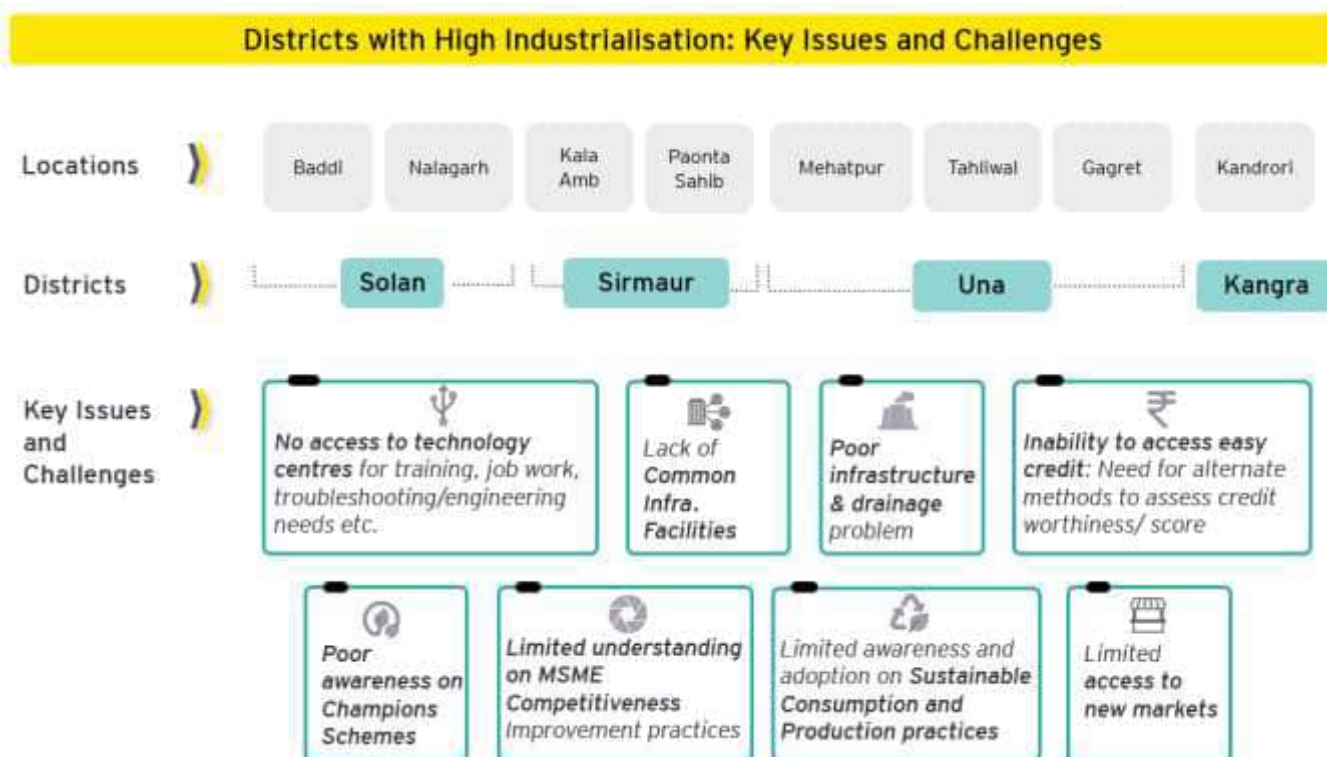


Figure 28: Key Issues and Challenges of districts with high Industrialization

For districts without major industrialization and with potential for development of rural industries the following key observation and challenges were recorded:

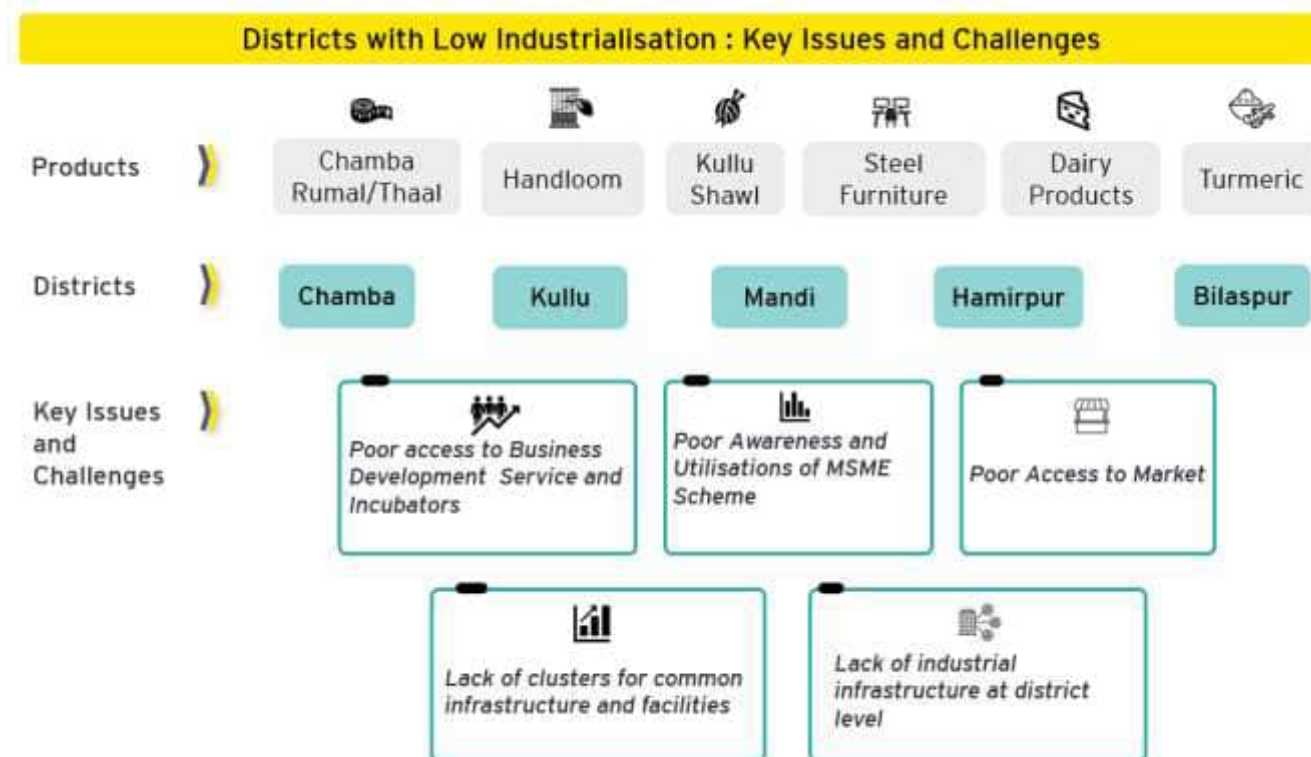
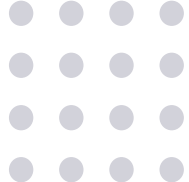


Figure 29: Key Issues and Challenges of districts with low Industrialization



5.2.1 Limited Prevalence of MSME Competitiveness Measures, Sustainability, Energy-Efficient Business Practices (MSME Champions ZED, LEAN, Innovation etc.)

It is a common observation that large and mega industrial enterprises are the ones causing the maximum harm to the environment. While this holds largely true, at the national level, the MSME sector's energy consumption is about 20-25% of the energy consumed by India's large industries sector. Further, depending on the nature of business, some sectors have extremely high energy needs than others, especially when they are operating with obsolete technologies and non-renewable energy. For instance, MSMEs operating in pharmaceuticals, engineering, textile sectors, metal works, and other industrial processes will have much higher energy expenditures than the ones in the traditional arts or service sectors.

Through our stakeholder consultations, it has been observed that at large the awareness about sustainability in the MSME sector is very low. Moreover, benchmarking done across states in the country also reveals poor focus by the Himachal Pradesh state across greening initiatives such as industrial zoning and common facilities, pollution control, transition to renewable energy, wastewater management and water and energy conservation.

Himachal's MSMEs do not fare well on Ministry of MSME's ZED and LEAN Scheme as well. This is primarily owing to a lack of awareness on the operational benefits and advantages of LEAN and ZED manufacturing practices followed by major gaps in information on ZED and LEAN Certification and its benefits.

Poor Adoption of Champions Scheme

As per official statistics as of September 2023, in Himachal Pradesh, there are currently:

- ▶ **MSMEs with Gold Certification under ZED: 0**
- ▶ **MSMEs with Silver Certification under ZED: 3**
- ▶ **MSMEs with Bronze Certification under ZED: 496**

Interactions with MSMEs revealed that awareness on Champions Scheme and its various certification components and benefits was poor across districts. While the more industrialized districts had some level of awareness on the scheme there was no considerable uptake of these schemes.

While MSMEs were aware of ZED certifications and had applied and received the entry level certification, in some cases, they did not find the certification useful and was unaware of benefits which could be availed using this certification. MSMEs also lacked awareness on the incentives provided by central government to encourage taking up these certifications.

Himachal Pradesh has only one LEAN Manufacturing certified cluster in total which is the Baddi Machine Tools Cluster in Solan. LEAN manufacturing practices for competitiveness and productivity improvements at unit level barely held any awareness amongst industry association or members. The members not only expressed their limited understanding on the certification part but also on the operational benefits and importance of LEAN manufacturing techniques and practices.

It was understood through interactions that MSMEs required awareness sessions and facilitation support for availing these certifications and benefits.



Low awareness and need for green initiatives and technology

As per the State Energy efficiency Index 2021-22, by the Bureau of Energy Efficiency Himachal has been ranked as an aspirant state (lowest category) in its overall performance in energy efficiency.

Himachal Pradesh when benchmarked with other states have performed poorly in terms of its focus on green initiatives and technology. It fares poorly across sectors such and focus on renewable energy, institutional capacity for energy efficiency, and other parameters.

Total Final Energy Consumption in the Industry Sector in Himachal showed a negative progress of 18% in 2021 as against 2020.

While states like Maharashtra had 59 awards in energy conservation awards for industrial units across state/national/industry association awards, to tope the charts, Himachal Pradesh ranked the last with just one energy conservation award prevalent.²⁰

Given the spread of the sector, MSMEs can play an instrumental role in ensuring sustainability, greening, cost effective operations, compliant quality products and energy efficiency across sectors and geographies. However, as is the case with all sustainable practices, there's hardly any observed impact (positive or detrimental) that can be attributed to current period's activities. This is largely because working examples and regional/ cluster case studies are instrumental alongside awareness programmes/workshops and together they help in greater confidence building in MSMEs. However, such an ecosystem of cluster leaders or champions is not equally present in the districts to help MSMEs understand real benefits accrued by adopting these manufacturing practices and their sustainability mechanism. During the FGDs it was put out by MSMEs that since Himachal Pradesh produces a lot of hydroelectricity, electricity there is inexpensive, making it difficult for the sector to persuade consumers to switch to greener and sustainable products.

Despite being a sector of national and state focus, the following barriers inflict the sector restricting adoption of green & sustainable production practices:

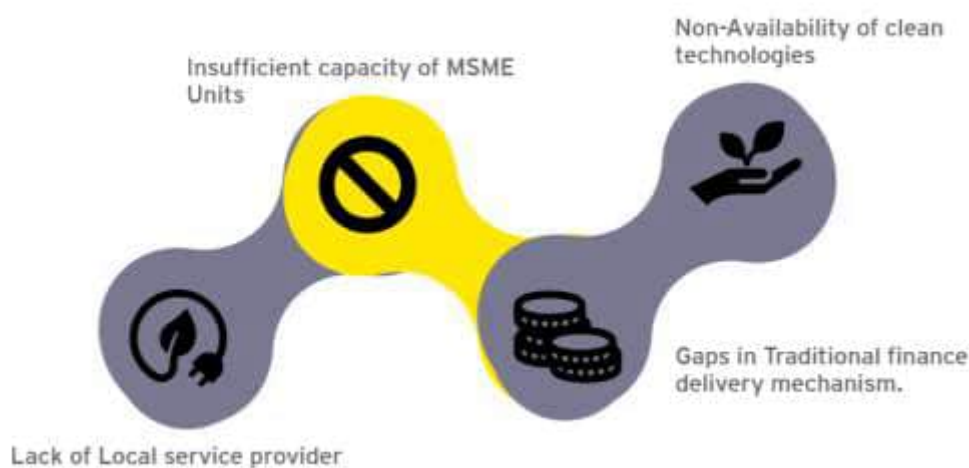
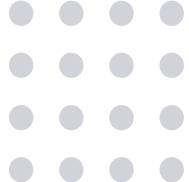


Figure 30: Barriers restricting the adoption of green and sustainable production practices.

Further compounding the problem, MSME predominantly being an unorganized sector, majority of MSMEs do not monitor their energy uses and hence there is little reliable data to work with. Thus, there is an opportunity and pressing need to help MSMEs recognize how they

²⁰ State Energy efficiency Index 2021-22



green transition themselves, improve competitiveness and resilience in manufacturing operations.

Poor policy support and incentives available for green initiatives

Taking into consideration the vulnerability of the state towards natural calamities and atrocities, it makes a pertinent case for the state and the MSME ecosystem to focus on sustainability and greener practices for its industries. The vast and elaborate endowment of natural landscape and resources in the state ought to be sustained to ensure protection and viability across sectors and spheres for the years to come. This is where sound policy and support system becomes important and essential to ensure sustainable and sound practices among industries and MSMEs.

Benchmarking with other states reveals that Himachal Pradesh has poorly incentivized and encouraged MSMEs for shifting to greener practices and techniques.

As per the State Energy Efficiency Index 2021-22, even though Himachal Pradesh had a government authority to enforce EC/EE regulations or measures for industry, entity to develop capacity and provide technical expertise on EE in industry for its relevant stakeholders. The state also did not have an assigned budget allocation for government authorities for EE activities.

Basis EY team's understanding of the viability of Rooftop Solar PV for MSMEs, the LCOE form Solar PV has reduced over the last decade due to increased deployment and the projects are not subsidised anymore.

Upon interactions with the industry members, they responded positively on the viability part and suggested that the EMI for such projects shall consider only the monthly revenue generated through the PV plant and being a proposition aligned to National interest should not increase the liability on the entrepreneur.

5.2.2 Access to Markets

A significant number of MSMEs have a local market presence and lack the resources to widen their consumer base beyond a geographical radius. One pertinent cause of this limitation is the lack of necessary resources and know-how to leverage marketing tools to their business advantage. In addition, it is fitting to note here the fact that a considerable number of manufacturing units in Himachal Pradesh produce high quality products at par with internationally competitive firms, but due to inadequate branding & 'brand-building' capabilities, these products are not as well received by the markets as their counterparts.

Consultations with stakeholders revealed that the type and scale of marketing varied considerably with each sector and with the scale of the enterprise. Mostly, enterprises were barely allocating any budget or resources towards marketing purposes and ran purely on existing regular customers or fixed channels of customers. None of the enterprises consulted had a dedicated marketing team or budget allocation which worked focused on targeting new markets and acquiring new customers.

Such programmes would help MSMEs identify markets in the industrial proximity which subsequently would help in improving the cost effectiveness in product delivery.



Stakeholder consultations also revealed that the adoption of quality standards and certifications is very low especially in Micro enterprises which is primarily due to lack of awareness on benefits of such certifications and limited resources available with MSMEs

Enterprise Participated in Trade Fair/Exhibition
/Vendor Development Programme

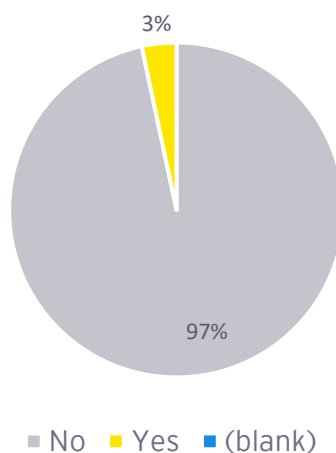


Figure 31 MSME participation in Trade Fairs/exhibitions etc

Based on the MSME survey conducted during the project, it was noted that MSMEs predominantly depend on personal contacts and repeat customers for selling their products/services. Consequently, engaging in opportunities such as trade fairs, exhibitions, buyer-seller meets, and vendor development programs becomes essential for attracting new customers. The survey findings, depicted in the figure above, highlight that approximately 97% of enterprises in the state have not been involved in any trade fairs, exhibitions, buyer-seller meets, and similar events.

Need for increased awareness, handholding, or incentives for Certifications and Quality Standards

Certifications and quality standards play a pivotal role in enhancing MSMEs (Micro, Small, and Medium Enterprises) access to markets, both domestically and internationally. They serve as tangible indicators of an MSME's commitment to maintaining specific standards, ensuring product/service quality, safety, and reliability. Through RAMP interventions MSMEs shall be facilitated through increased awareness on certifications and quality standards, capacity building handholding support and linkages with service providers and capacity building of industry associations. The MSME policy of the state may also incentivize micro enterprises for adoption of quality compliance and obtaining mandatory certifications.



Awareness of ZED, LEAN Certification

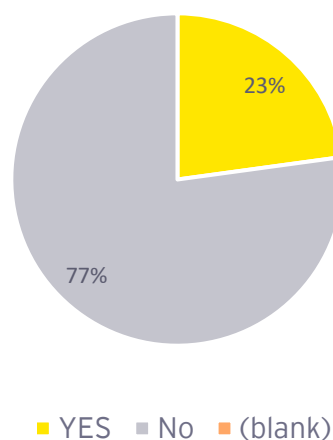


Figure 32 MSME awareness of CHAMPION Scheme

According to the MSME survey conducted as part of the project, a mere 23% of MSMEs are knowledgeable about certifications, while a substantial 77% lack awareness regarding certifications. This significant lack of awareness serves as a major hindrance to the limited onboarding of MSMEs onto the ZED/Lean Platform.

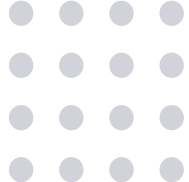
Need for Procurement Policy

MSMEs through Focus Group Discussions across districts have revealed that there is no provision to promote procurement of goods and services from local MSMEs in the State. The MSMEs struggle to compete with large suppliers and other state MSME supplying goods since there is no relaxation in eligibility condition to MSMEs from the Himachal Pradesh. It was suggested that policy provision shall be made to give priority to local MSMEs when the state government or its agencies procure goods and services. This call for an urgent need for a state MSME Procurement Policy, to help MSMEs in the state meet eligibility conditions in public procurement/tendering process within the state and ensure that MSMEs are given preference when bidding within the State. As on date only 12.8% of total procurement done by PSUs in the state is done from MSMEs.²¹

Need for increased awareness, handholding, or incentives for Export Promotion

Himachal Pradesh ranks 15th in the country in the Index of Export Preparedness Report by NITI Aayog 2022. In the Himalayan states it ranks second after Uttarakhand. According to the report the state has a robust policy ecosystem and a decent business ecosystem which features single window clearance, zero power deficit, satisfactory internet coverage, and cold storage facilities. The state has a dedicated area under Export Promotion Zones, along with Agri-export zones. In order to improve its position, the state should focus on key areas which impact export growth. The state government shall draft an export promotion policy for the state. Having a clear roadmap facilitates action by the government and improves efficiency. Himachal Pradesh can also work on improving the industrial presence in the state by declaring

²¹ my.msme.gov.in/MyMsme/Procurement/Com_DashBoardDetailReport.aspx?st=1
Himachal Pradesh: Strategic Investment Plan



dedicated zones with incentives and adopting a cluster-oriented approach to mitigate its low cluster strength.

From the MSMEs point of view a two-pronged approach would be essential to promote exports within:

- ▶ Already industrialized districts with already existing export of pharmaceuticals: The state should focus on supporting the industry to capture better markets through provision of state-of-the-art infrastructure in its pharmaceutical belts, enabling proper quality, compliance to relevant international certifications & standards and maintenance and focus on improving competitiveness through optimizing costs and challenges faced by industries.
- ▶ Districts with lower levels of industrialization but immense potential in products of traditional crafts: There is a need for increased awareness and support from the government side for market assistance in the form of workshops, awareness programs on available schemes facilitating all of this in the traditional sector specifically. Creation of Local Business Incubators at district level would also help in facilitating these services to the traditional and sunrise sectors and may also extend consultancy services or the awareness of empaneled consultants especially for the export promotions or the assistance in getting the export level certifications or the list of export buyers for the specific products.

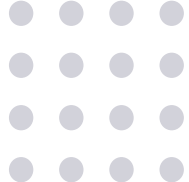
Need for and awareness on Government Schemes

Government initiatives and the marketing assistance programs offered by the government are not well known among industries. For the MSMEs to participate actively in exhibits, booths, shows, or other similar events, there is a need for widespread exposure. In addition, there is a need for widespread publicity for the financial support for the same. These days, digital marketing is beneficial, but government assistance is needed for its implementation or for training.

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5.2.3 Access to Finance

Although it continues to be a major barrier to MSME development in India, access to finance is essential for MSMEs to expand their businesses. Due to complicated collateral requirements, burdensome processes, delays in funds being disbursed, an unstandardized project appraisal system for term loans, etc., many entrepreneurs encounter difficulties with this. MSMEs are not aware of all the financial incentives and products that are available to them. Furthermore, MSMEs find it challenging to choose which solution is best for them due to the abundance of options. Due to financial limitations, MSMEs wish to grow their firm but are unable to do so. Due to a lack of knowledge about the bank's financing framework and an unstandardized project appraisal procedure for term loans, MSMEs encounter difficulties in using financial products and are unable to benefit from them.



Awareness on Access to Finance

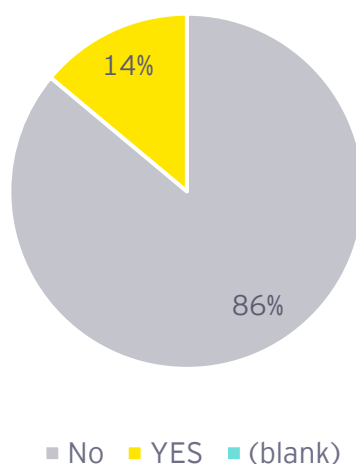
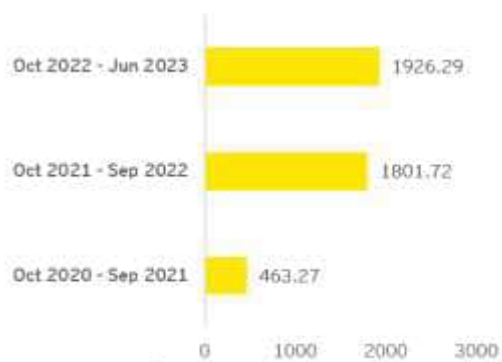


Figure 33 MSME awareness on Access to Finance

According to the MSME survey conducted during the project, it was observed that the limited uptake of bank loans among MSMEs is attributed to a lack of awareness about government schemes. Within the sampled MSMEs, only 14% are cognizant of these schemes, while a substantial 86% remain uninformed about them

As per data shared by the HP state SLBC Committee (provided in Annexures) the total loan outstanding to MSME sector as on June 2023 stood at ₹1738.41 crores. Year on year calculation for credit extended to MSMEs is provided in the figure above with the overall credit from October 2021 to September 2022 stood at ₹1801.72 crores. The average size of lending as observed from total outstanding and total number of MSMEs who benefitted stood at ₹4.78 lakhs for micro enterprises ₹48.26 lakhs for small enterprises and ₹158.53 lakhs for medium enterprises.

Credit Advanced to MSME in Rs. Crores



Credit advanced to MSMEs in HP (as on September 2023)

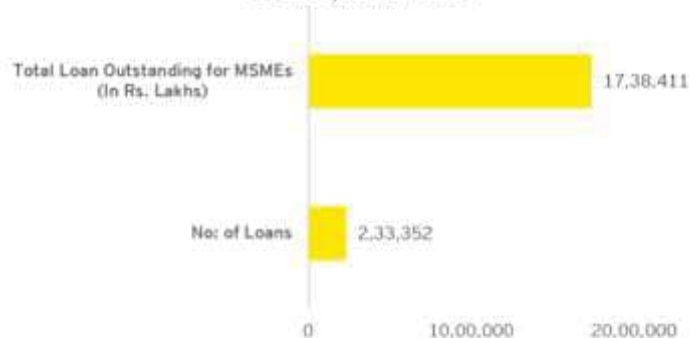


Figure 34: Credit advanced to MSMEs in HP



As on September 2023 total of formal credit advanced to MSMEs stood at Rs. 17,38,411 lakhs across 2,33,352 MSMEs in the state.

District wise: Total Loan Outstanding for MSMEs (In Rs. Lakhs)

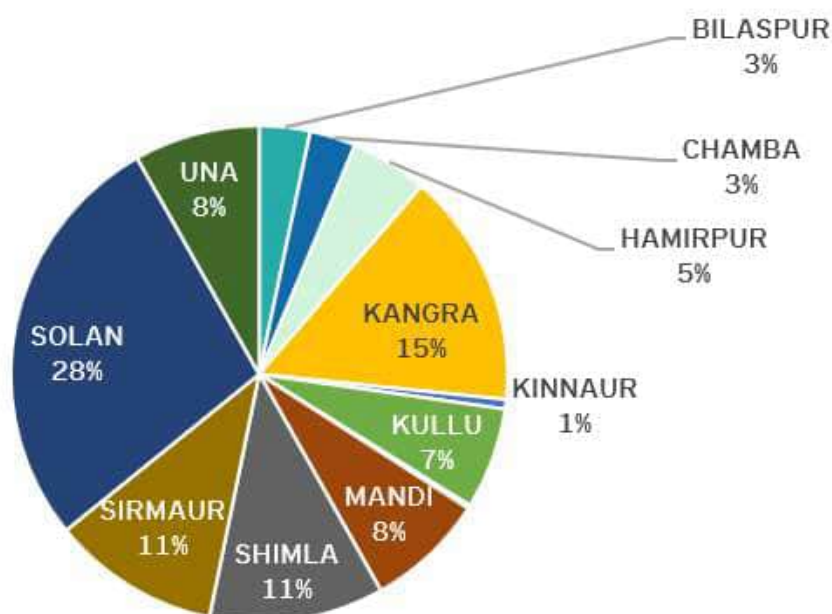


Figure 35: District wise: Total loan outstanding for MSMEs

District wise distribution of credit advance also shows that the highly industrialised districts such as Solan, Sirmaur and Una constitute around 47% of the total MSME credit advances availed. Followed by the districts moderately industrialised and populated by MSMEs such as Kangra, Shimla with 26%. Kullu and Mandi together follows with a total share of 15%. The rest of the districts comprise just 12% of the overall credit advanced.



Did you require collateral for getting Finance from the Financial Institutions

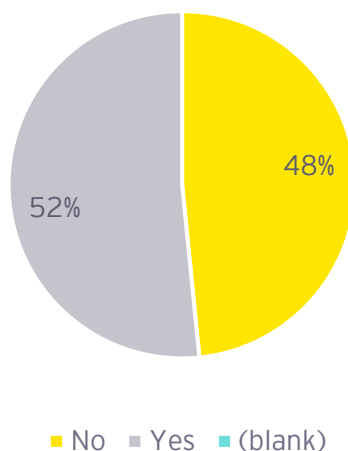


Figure 36 MSME requirement for collateral

As indicated by the MSME survey conducted during the project, the necessity of collateral for securing a loan emerged as a significant concern. Survey results show that approximately 52% of respondents affirmed that collateral is a prerequisite when seeking financial support from institutions. In contrast, around 48% confirmed that collateral is not necessary when submitting a loan application for financial assistance from these institutions.

Long resolution periods for cases of delayed payments and low uptake of the MSME Samadhaan Portal

As per the MSMED Act 2006, a buyer has to make payment to the MSE supplier for the goods/services within 45 days of the day of acceptance of the goods/service or the deemed day of acceptance. If not, then the buyer is liable to pay compound interest (on monthly basis) to the supplier on the amount delayed at three times of the bank rate notified by Reserve Bank. This legislation protects MSEs against delayed payments. This legislation protects MSEs against delayed payments.



The Government of India has launched MSME Samadhaan Portal for MSEs to directly register their cases regarding delayed payments by Central Ministries/Departments/CPSEs/state governments and other buyers. The state governments have also been mandated to establish MSE Facilitation Council (MSEFC) for settlement of delayed payment related disputes. MSEFC hold meetings regularly and delayed payment cases have to be decided within a period of 90 days. However out of the 872 applications filled by MSMEs in Himachal Pradesh 93% of the applications are incomplete.

Status of delayed payment cases registered on HP-SWCA as on October 2023

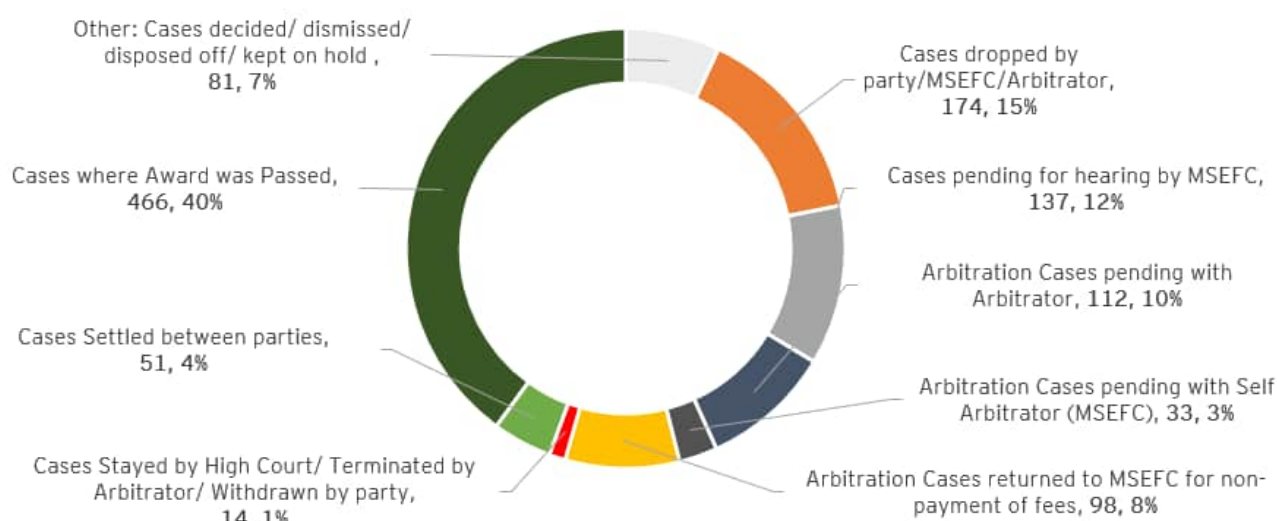
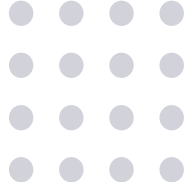


Figure 37: Status of Delayed Payments



Issue of Delayed Payments

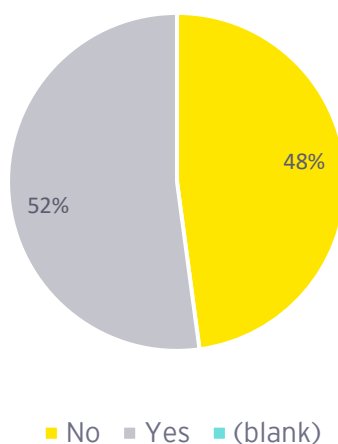


Figure 38 Issues of delayed payment

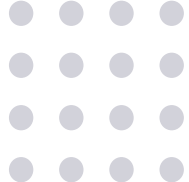
According to the MSME survey conducted during the project, a noteworthy finding is that a majority of MSMEs (52%) experience challenges related to delayed payments. Stakeholder consultations further indicate that MSMEs lack awareness of any existing programs aimed at addressing this issue.

Interactions with the MSEFC of Himachal Pradesh revealed that despite several requests to the Ministry of MSME for trainings on using the Smaadhaan Portal, they were not capacitated to use the portal, owing to which the council is not actively using this portal. Until 2021, HP-MSEFC was receiving all applications for cases of delayed payments through offline means. Since 2021, the state has set-up a separate portal on the Single Window Clearance System, which is streamlined and facilitates the needs of the MSEFC for receiving applications, sending intimations etc. As per the data provided by the Directorate of Industries, HP, 1166 cases were received through offline methods and the SWCA portal until 4th October 2023. Out of which: in 4% of cases were settled among parties, 40% cases were rewarded an award by the arbitrator, 12% cases were pending hearing by MSEFC, 10% cases were pending hearing by arbitrator and 3% cases were pending for self-arbitration by MSEFC and remaining cases were classified in other categories as shown in figure herewith.

The MSME Ecosystem has moderate awareness of the provision of a grievance redressal mechanism for Delayed Payments, the MSME Samadhaan Portal which is a Delayed Payments Monitoring System released in 2017. The industry raised questions on effectiveness of the MSME Samadhaan Portal in solving cases and questioned about interventions of the State Government on the same, as they were facing recurring issues regarding delays in the release of funds from buyers.

Upon conversing with MSMEs it was understood that:

- ▶ Resolving delayed payments was seen by the industry as a time consuming and delayed process, resulting in low satisfaction on the intervention.
- ▶ High turn-around time for communication on cases between respondent and government, which results in low trust on government processes in conflict resolution.



- ▶ Poor efficiency of the Resolution System: The MSEFCs verdict does not mandate the buyer to pay the amount, giving them the option to going to court which ultimately defeats the purpose of having an MSEFC
- ▶ Logistical concerns of a centralized MSEFC with sittings only in Shimla makes it difficult for MSMEs from farther districts to participate in the resolution process and hearings.
- ▶ Low probability of recovering payments owing to implementation challenges.

The associations requested that process of handling of complaints related to delayed payment may be made easier and resolving the issues related to payment delay at district level itself for so that timely resolution can be provided. The payments issues related to export overseas may also be considered.

Low awareness on government funded credit guarantee schemes

Extensive stakeholder consultations revealed that, across all districts, there was a general lack of awareness on credit guarantee schemes available to MSMEs for access to finance, especially amongst small and micro enterprises. Government of India schemes such as the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

Stakeholders who were aware of the CGTMSE scheme informed that the implementation of the scheme at ground level is not up to the mark and that the banks do not approve loans under CGTMSE despite all the conditions being satisfied. Stakeholders responded by saying that banks seldom justify rejections with reasons.

Limited offtake and infusion via Institutional financing, especially for smaller enterprises and new entrants

The loan offtake and margin money/subsidies provided by the lending institutions to MSMEs in the state have only been satisfactory despite the fact that numerous government initiatives and the priority sector lending mandates have been operationalized.

During interactions it was put up by MSMEs in Handlooms Sector that although they were aware of schemes such as CGTMSE they were looking for soft loans with lower interest rates so that the industries will have more money to spend on marketing, promoting, or managing the artisans (Handloom).

Bankers are increasingly selective in giving collateral free credit to MSME units. Several stakeholders stated that due to the greater credit risk outlook associated with MSMEs, which operate at thin margins and with floating capital bases, banks are reluctant to provide credit as they are concerned about viability of the investment in the longer term. This creates a vicious circle where smaller MSMEs are pushed out of business viability, unable to withstand challenges from the economy and their sector. Even new entrants face the same issue, facing stringent financial audits before being able to access finance, even when applying under credit guarantee schemes. Even without the schemes, the lack of widespread knowledge especially amongst the smaller MSME units leads to their unintentional financial exclusion, as their loan applications are rejected repeatedly. Several small entrepreneurs have highlighted this scrutiny as a major hurdle in scaling up their business.



Despite follow-ups, a significant chunk of banking loans applied under PMEGP/CGTMSE were not availed to MSMEs. Business Loans were denied without proper explanations and adequate reasoning of the application's flaws. Corrective actions are seldom provided which can allow reconsideration of the application.

Growth in Allocation of Target Credit in HP's Annual Credit Plan over 2021-22 and 2022-23

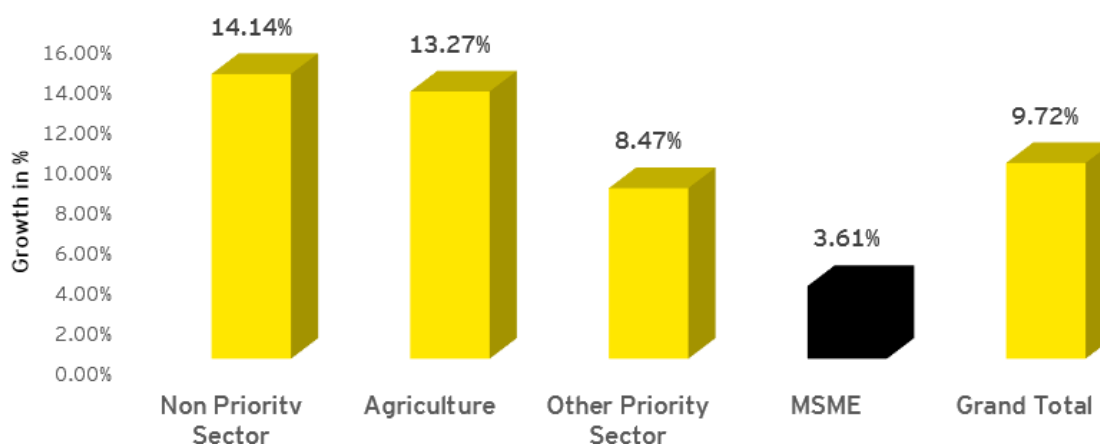


Figure 39: Growth in allocation of target credit in HP's Annual Credit Plan

Poor interest by the formal financial banking industry to lend to MSMEs can also be seen in the growth in allocation of target credit in HPs Annual Credit Plan 2022-23. While non-priority sectors and agricultural sector received 13-14% increment in the credit allocation MSME sector saw a meagre growth of 3.61%. Interactions with MSMEs also revealed an increasing preference for borrowing credit from Non-Banking Financial Services and informal sources owing to ease of availability and low processing challenges.

Need for awareness and improved adoption of TReDS Platform

Table 14: High-level of discounting on TReDS Platforms leading to operational losses in MSMEs

Particular	Total HP	Total- All India	HP as a % of overall total
No: of MSMEs registered on TReDS from HP	294	50,000	0.6
Total Buyer registered from HP State	18	-	-
Central Public Sector Units (CPSUs) registered on TReDS from HP	2	195	1.0
Companies from HP with over 500 crore turnover registered on TReDS	7	1,673	0.4



No: of Invoices from HP discounted on TReDS in FY 2022-23	2853	-	-
Volume of trade from HP discounted on TReDS in FY 2022-23 (In Rs. Crore)	261.96	76,500	0.3

Analysis conducted by the EY Team revealed that Himachal Pradesh fares very poorly in the overall performance and uptake of TreDS in the country. With just 294 MSMEs and 18 buyers registered across the three major platforms (TReDS, RXIL and M1xchange) Himachal Pradesh contributed 0.3% of the overall volume of trade discounted on TreDS.

Low awareness on the TReDS Platforms was a major issue which was highlighted across multiple districts, which has been discussed in detail in Access to Markets. Major causes of low penetration of TReDS amongst MSMEs are low levels of digitization, lack of awareness and knowledge about its benefits, lack of trust on digital financial transactions platform. Additionally, it is observed that buyers do not have any incentive to register and transact through TReDS.

While only selected few enterprises were aware of the platform, those who were aware or had used the facility faced challenges in invoicing, getting buyers onboard, time delays etc. Stakeholders highlighted that to create a lucrative marketplace for buyers, the financiers present within the platform offer high receivable discounting rates, which makes MSMEs progressively lose money on transactions and operations executed through these platforms. The stakeholders requested that the government should cap the maximum discounting rate that the financiers can charge on the platform.

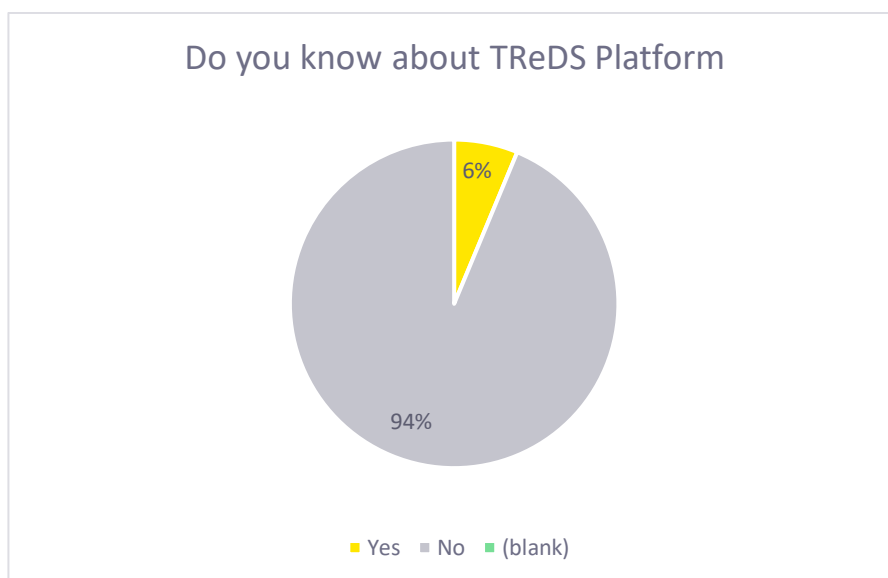
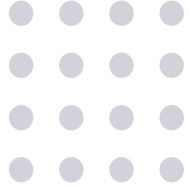


Figure 40 MSME awareness about TReDS platforms

Based on the MSME survey conducted during the project, it was noted that a mere 6% of MSMEs are familiar with TReDS platforms, designed for receivables financing to mitigate delayed payment issues. Among those aware, only a small fraction have been onboarded onto



TReDS portals such as RXIL, M1exchange, and Invoice Mart. The MSMEs that are onboarded have not engaged in substantial transactions on these platforms, citing limited familiarity with the system and a scarcity of buyers, predominantly from Government Departments. This underscores a lack of awareness among State MSMEs regarding how to address delayed payment issues, and even when they possess awareness, they struggle with the onboarding process. Therefore, initiating an awareness campaign for such platforms could significantly enhance adoption rates and encourage more buyers, particularly from the government sector, to join these platforms..

5.2.4 Access to infrastructure in industrialized districts

Access to Physical Infrastructure

Consultations with industry associations in the industrialized districts of Solan, Sirmaur and Una revealed that there was a dire need for development of infrastructure in the state including roads, electricity and water requirements, common facility system etc. Industry Associations raised that the lack of facility for proper infrastructure including roads, common facilities, advanced manufacturing technology etc. was a major problem that they faced. Most of these needs pertain to upgradation of infrastructure and infra creation in the scattered industrial areas (Road access, sewerage system, potable and industrial water supply, street lighting and others). It is found that the present need in the state is of enabling infrastructure to facilitate MSMEs establishment.

The requirement for Common facility Centres would meet present requirements related to engineering tools rooms (small scale), Effluent Treatment plants, Waste management, disposal, and sustainable handling of biodegradable waste in Industrial areas. Considering the futuristic green and clean fuel energy demand, biogas, Bio CNG projects shall also be supported under the MSE CDP scheme. The following were the categories across which infrastructural development need were classified:

- ▶ **Poor Infrastructure and Drainage problems:** The leaders highlighted the problem of inadequate infrastructure and drainage system problems in the region, affecting the overall infrastructure and operations of multi-industry and pharmaceutical industry in Baddi.
- ▶ **Common Infrastructure Development for Roads and Drainage:** Industry leaders suggested including road development and Drainage Development under common infrastructure projects in notified industrial areas to improve transportation and connectivity and to ensure better drainage facility
- ▶ **Establishment of Common Fire Extinguisher/Hydrant System:** A common fire extinguisher/hydrant system should be established, mandated for all industries to enhance safety measures, which shall be explored under the "Safety and Disaster Risk Reduction Equipment" component of the CFCs under MSE - CDP scheme. The case for need of proper roads was highly emphasized as it kept away opportunities and increased transportation difficulties and costs for the industries. They also shared failed experience of applications under the MSE-CDP scheme. There was lack of clarity and awareness on why their requests were not approved and dissatisfaction with the policy.

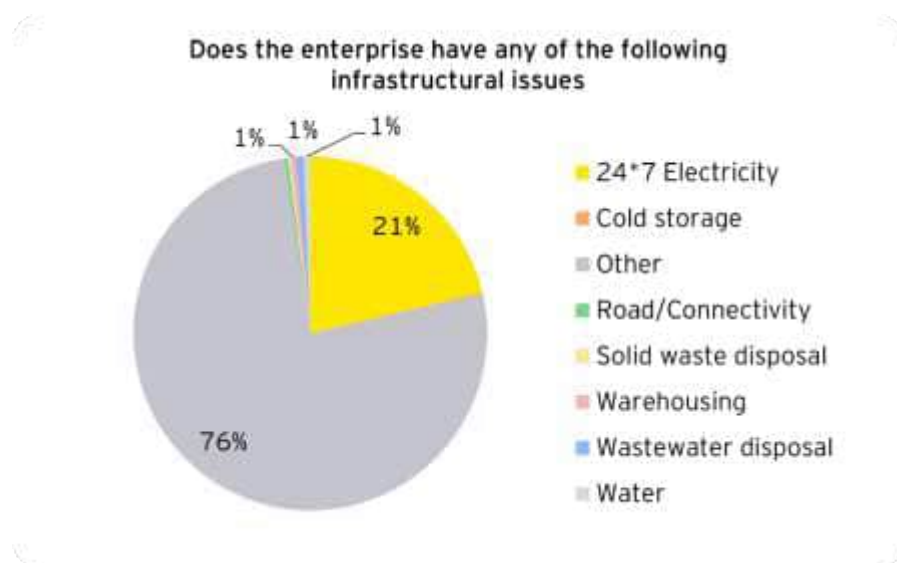


Figure 41 issues related to infrastructure in MSMEs in HP

According to the MSME survey conducted during the project, it was noted that MSMEs face various infrastructural challenges, with electricity issues being the most prominent at around 21%. Other concerns include wastewater disposal problems (0.1%) and cold storage issues (0.1%).

Lack of Technology Centers

Himachal Pradesh currently has one Technology centre in its most industrialised district of Solan at Baddi which is home to 19713 MSMEs as per the URC data. This was set up by the Ministry of MSME under its flagship programme Technology Centers Systems Programme (TCSP) under which 15 such centres were set up across the country. TC Baddi has in house facility for production, design, advanced technology/ machines support, skill development, technological trainings & academic purpose (ITI/certificate/diploma/maturs/pg courses). The centre currently serves as an avenue for services such as skilling, tools room facility, job works, and other engineering work support extension to MSMEs. Considering this is the only Technology Centre in the state the centre facilitates support to MSMEs in nearby districts including Sirmaur, Shimla and Bilaspur.

Looking at Himachal's journey of industrialisation till date it is understood that districts in addition to Solan including Sirmaur and Una have also industrialised considerably to attract major industries in the sectors of pharmaceuticals, corrugated boxes, light engineering etc. around areas such as Mehatpur-Tahliwal-Gagret in Una and Kala Amb-Poanta Sahib in Sirmaur. While Una is home to 7749 MSMEs in the state Sirmaur holds around 7180 MSMEs paving the way for considerable enhancements in the level of industrialisation in these districts. Similarly, Kangra as observed from URC registration is home to 18360 MSMEs in the state which comprise 16% of the total MSMEs registered in manufacturing sector in the state. Moreover, Kangra being an industrialised district that adjoins lower industrialised districts such as Chamba and Hamirpur it becomes a potential avenue from geographical perspective.



Proposed locations for extension of technology centres

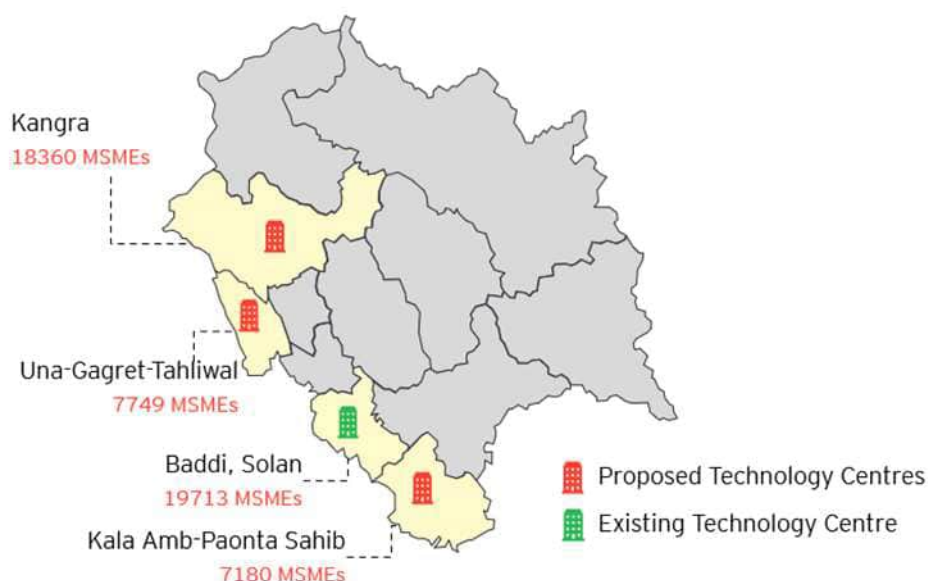


Figure 42: Proposed location for extension of technology centres

However, despite enhancement in industrialisation and MSMEs in these districts they still do not have advanced facilities of technology centres in the district making them dependent on neighbouring districts or even states to avail facilities and services related to engineering, product development & standardisation, automation support, tool rooms and job works etc. FGDs with MSMEs in Una and Kangra revealed that they currently have to rely on the technology centre in Ludhiana, Punjab for all sorts of job work encountered in the manufacturing process increasing their cost of manufacturing. This results in an increased cost disadvantage for the MSMEs in these districts and reduces their cost competitiveness in the industry. Hence, Una, Sirmaur and Kangra can be classified as districts with high levels of industrialised without adequate support ecosystem for MSMEs in Himachal Pradesh. This makes a strong case for extension of Technology Centers to these districts to assist MSMEs avail increased support and benefits.

Additionally, the Technology Centre currently operational in Himachal Pradesh primarily offers services around skilling and engineering facilities and fails to offer services for the holistic and sustainable development of MSMEs which includes the following:

Consultancy Services: MSMEs often require expert guidance and consultancy to address specific challenges or seize growth opportunities. These include consultancy across technical matters, sustainability and greening challenges, accessing benefits from government schemes etc. Technology centers offer consultancy services that assist businesses in overcoming hurdles and making informed decisions.

Enhanced Competitiveness of MSMEs: These technology centers empower MSMEs by providing them with access to advanced technologies and expertise. This enables these businesses to upgrade their processes, improve product quality, and become more competitive in the market. These facilities provide a direct

Entrepreneurship Development: The technology centers actively support aspiring entrepreneurs by providing entrepreneurship development services. This includes mentoring, training, and resources to help individuals start and manage their own businesses.



Focus Group Discussions and Infrastructural Analysis showed scope for extension of the Technology Centre in the following locations in the state basis industrialization and need of industries:

1. Una: Mehatpur-Gagret-Tahliwal
2. Sirmaur: Kala Amb- Poanta Sahib
3. Kangra



Districts	Areas Identified
Bilaspur	Bilaspur, Bhadrog and Barsand
Chamba	Sultanpur and Parel
Hamirpur	Jahu, Rit
Kangra	Nagri, Kandrori -II, Kangra- IE, Chanour, Sansarpur Terrace
Kullu	Shamshi
Mandi	Pandoh, Sauli Khad
Shimla	Jais
Sirmour	Kala Amb
Solan	Kripalpur and Plassra
Una	Thahal, BBT, Saluri, Gagret, Tahliwal and Amb

Figure 43: Potential areas identified for upgradation and industrial infrastructure development

5.2.5 Low scale of industrialization in districts

Traditionally, districts like Shimla, Solan, Una have witnessed high level of industrialization with more than 50% of industrial units concentrated around these districts alone. Districts lying farther from the plains and in higher altitudes have witnesses very low levels of industrialization and still can be classified as agrarian districts with low contribution from industries. These districts however hold immense potential for industrialization which can be explored with the support of RAMP project. The state's industrialization strategy should have a two-pronged approach: (i) to facilitate competitiveness, resilience and sustainability for the mainstream industry segment in the industrialized districts and (ii) to uplift the rural and traditional industry segments in the higher/less industrialized districts. Himachal Pradesh is predominantly a rural state with over 90 per cent of its population residing in rural area (total of 6,176,050 of rural population as per 2011) makes a good case for strengthening the rural/traditional industrial ecosystem.



Himachal has the potential to build its industries across districts and products as follows:



Figure 44: Potential industrial products

Provided below are some major issues making the case for rural industrialization in HP stronger:

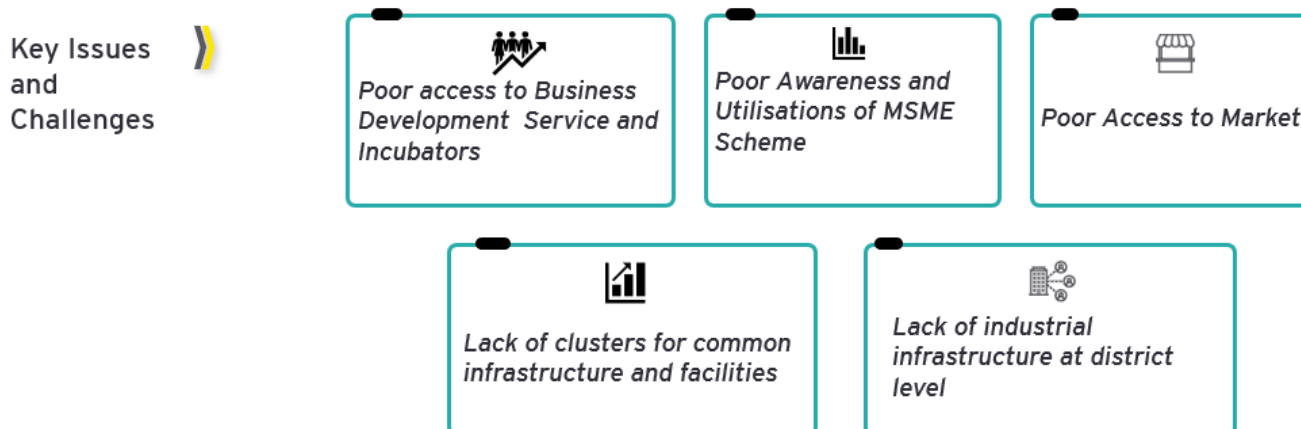


Figure 45: Key issues and challenges for rural industrialisation

Lack of Business Incubators at district level for entrepreneurship promotion

Himachal Pradesh as a state has immense potential in developing its traditional arts and crafts industry through focusing on the variety of products such as: Kullu Shawls, Chamba Rumaal, Pottery & Painting, Metal and Stone craft etc. in addition, good potential exists for agro and horticulture produce processing in these districts.

However, the industry faces challenges across multiple levels which includes procuring quality raw material at competitive prices, availability of artists owing to exodus of artists, poor industrialization and infrastructure development in rurals, lack of common infrastructure (training centers etc.), lack of access to markets outside the state and country, lack of branding and marketing capabilities, etc.

This is where Livelihood Business Incubator's (LBIs) play a crucial role. It fosters rural entrepreneurship by providing support and guidance to individuals or groups looking to start businesses in various sectors. They offer mentorship, training, access to markets, and financial resources to help aspiring entrepreneurs develop viable business models and create livelihood opportunities in rural areas. This directly contributes to economic growth and poverty reduction by empowering rural communities to tap into their potential and resources.

Interaction with artists and entrepreneurs revealed the need for district level business incubators to support traditional industry segments for business growth through better



linkages, designs, and product improvisation. The units also expressed the need to have improved marketing capabilities which is not only limited to digital marketing avenues but also improved marketing linkages, better packaging, quality, and certifications to enable increase products reach.

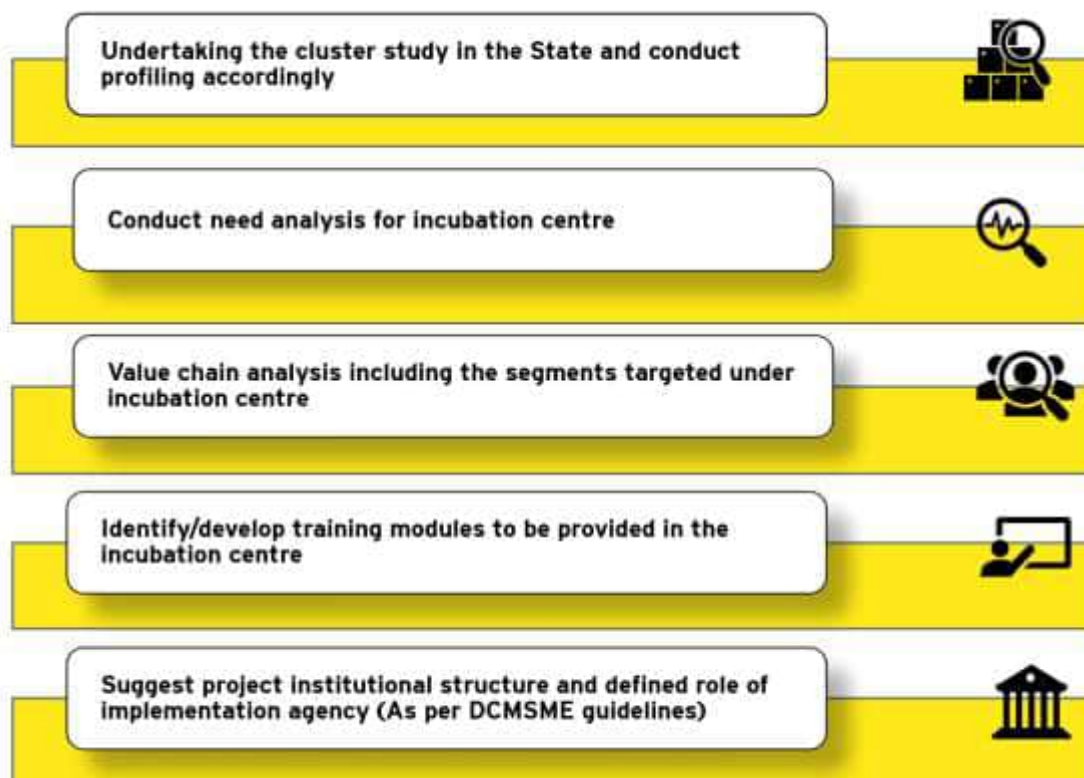


Figure 46: Cluster and common facility based model

Need for cluster development in traditional industries

The cluster and common facility based model of development of traditional arts and crafts is a successful model which helps facilitate the following benefits for artists and craft clusters:

- ▶ **Economies of Scale:** Clustering traditional craft industries allows artisans and producers to share resources and infrastructure, reducing individual production costs. Common facility centers can house shared equipment, raw materials, and workspace, enabling artisans to access these resources at a lower cost, thus improving cost-efficiency.
- ▶ **Market Access:** It helps artisans and producers collectively market their craft products, access larger markets, participate in trade fairs, and leverage e-commerce platforms to increase sales.
- ▶ **Technology Access:** Common facility centers can provide access to modern tools and technologies that individual artisans or small enterprises might not be able to afford on their own. This access can lead to increased productivity and the adoption of innovative techniques, enhancing the quality of craft products.
- ▶ **Quality Control:** By sharing best practices and through access to better technology and infrastructure, artisans in clusters can collectively enforce quality standards.



This ensures that craft products meet higher quality benchmarks, making them more competitive in the market

- ▶ **Innovation Hub:** The cluster can serve as an innovation hub, encouraging artisans to experiment with new designs, materials, and techniques to keep their crafts relevant and competitive.
- ▶ **Infrastructure Development:** The establishment of common facility centers often requires the development of necessary infrastructure, such as roads, electricity, and sanitation facilities. This infrastructure development benefits not only the craft industry but also the entire local community.

The SFURTI scheme was launched by the GoI in 2005 and revamped in 2014 with the similar objective to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment, to enhance marketability of products of such clusters, to equip traditional artisans of the associated clusters with the improved skills, to make provision for common facilities and improved tools and equipment's for artisans, to build improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.

However, the scheme from its origin has functionalized 336 clusters out of which only a mere 3 clusters are from the state of Himachal Pradesh.

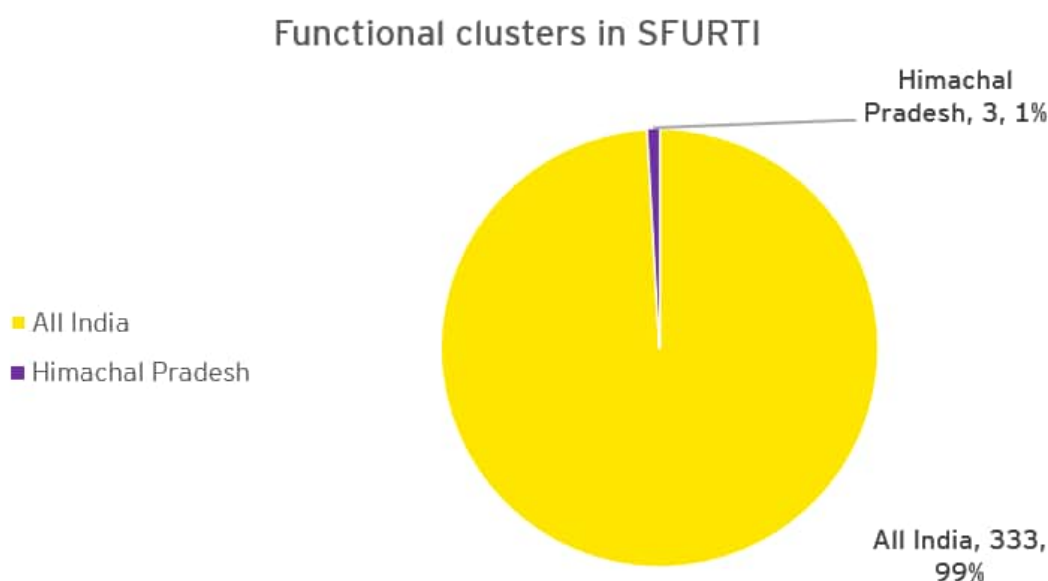


Figure 47: SFURTI clusters in HP

Poor development of services sector in rural HP

Growth in India is led by the services sector with a contribution to GVA (2020-21) of Rs. 96.54 lakh cr. which accounts for 53.89% of total India's GVA. On the contrary growth in Himachal Pradesh's is led by the Industries sector with a share of Rs. 60444 cr. in the states GSVA (2022-23) and a growth rate of 7.2%. This followed by the services sector with a share of Rs. 48527 cr. in the states GSVA (2022-23) and a growth rate of 6.9% The services sector



enterprises in HP mainly comprise of Trade and Repair Services, Hotels and Restaurants, Transportation, Financial Services etc. Unlike the rest of the country the services sector in the state has still scope for expansion through sectors such as IT&ITEs and BPOs.

Himachal Pradesh has traditionally been one of the leading States in terms of literacy rates with districts like Hamirpur and Una having a sizeable rural but literate working age population, which makes them suitable for absorption in IT&ITEs and BPOs. The prospects of strengthening the IT&ITEs sector and creation of rural BPOs are reinforced by a thriving ecosystem for education in the State (very high numbers of ITIs, polytechnics, engineering colleges such as NIT, Poly techniques, HPU). Baddi and Shimla have already benefitted under the scheme with BPO's having been operationalized in these two locations by private agencies. The entry of the Government under the IBPS is bound to create even greater opportunities for the youth in the State of Himachal Pradesh.

Poor policy framework and support for rural industrialization in the state

A major problem at hand for the state of Himachal Pradesh is the lack of a comprehensive Rural Industrialization Policy, which hinders the harnessing of the demographic dividend and emerging economic opportunities. This absence results in limited economic diversification, uncompetitive micro and small enterprises, and inadequate rural employment generation. Moreover, traditional industry sectors in various districts face challenges related to insufficient infrastructure, limited market access, inadequate skill development, and

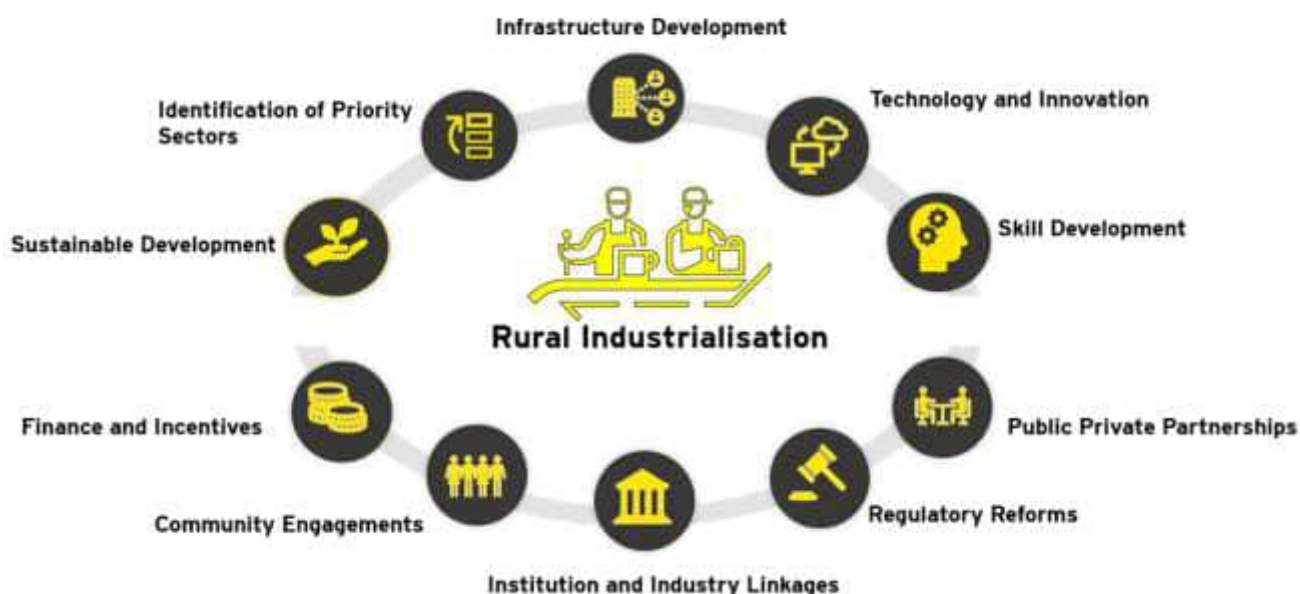


Figure 48: Guiding contours for formulation of Rural Industrialization Policy

technological gaps, further exacerbating the issue. Following are the broad guiding contours for formulation of such policy:

Poor Awareness and Facilitation support on rural entrepreneurship and micro financing schemes

A key takeaway from Focus Group Discussions conducted by EY with Industry Associations, MSMEs and representatives from DICs was that there was poor penetration of government



schemes in the state. This according to the stakeholders was primarily owing to poor awareness on central and state level schemes.

As a critical step to aid MSMEs artisans and craft clusters, there is a need to propagate/disseminate awareness about these above schemes followed by regular engagement with nodal GoI departments, ground level stakeholders for facilitating implementation. The success of the State Government's vision for rural industrialization will depend largely upon availing grants from GoI and utilizing them effectively along with swift on- ground implementation.

5.3 Sector Specific Constraints

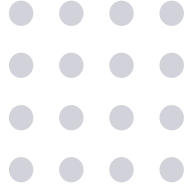
5.3.1 Snapshot of Constraints by Sector

Table 15: Sector Specific Constraints in H.P

Sr No	NIC Code	Sector Name	Constraints
1	15	Leather	The main concerns of this segment relate to different parts of the product value chain from procurement of raw material to skilling, infra and technology access and the marketing assistance
			The sector concern also relates to skilling and technology needs, with the sector exploring multiple marketing platforms to sell the products the increased demand would need some of the operations to be mechanized.
			Limited availability of skilled labor
			The technology need is linked to availability of skilled hands required to operate the machines. At the moment, the sector required a Laser Cutting Machine and Quality Stitching machines alongside better packaging techniques for improved shelf life and attractive display
			Difficulty in marketing of products
2	32	Silver /Jewelry	Die making is a recurring expense and given the wide variety of designs, need for end of life and new die manufacturing exists at any given time. At present the die making for jewelry sector is limited to certain parts particularly in Maharashtra, which poses a dependability and logistic cost for the entire sector



Sr No	NIC Code	Sector Name	Constraints
3		Handloom	The handloom industry has the potential to produce a high-quality product to meet the needs of the expanding Fashion industry of the country, there is a need to create special assistance for the handloom industry in terms of exhibitions, stalls, or especially in export or bringing the fashion industry in the region for the market to grow in the region
			Special support in Export promotion of handloom Products
			Need for institutional Linkage for Artisan-based Segments
			Incomplete information on Govt Scheme
			Lack of Awareness
			The limited market reach of their handloom products.
			High Logistic cost
4		Sea-buckthorn	Enhance local production
			Need for institutional Linkage for Artisan-based Segments
			Reducing Reliance on imports from China
5	26,27	IT	There is a substantial demand for robust IT infrastructure. Such infrastructure would play a vital role in enabling MSMEs in the district to sustain their marketing and sales efforts, particularly during the winter months when physical access is severely limited
			This digital connectivity can be a game-changer, allowing businesses to transcend geographical barriers and maintain their operations year-round.
6	13	Carpet weaving	The potential benefits of establishing a common infrastructure for a carpet cluster. Such a move is anticipated to yield several advantages for the industry and the region as a whole.
7	26,27	Electronics	The need for strengthening the electrical infrastructure to ensure a reliable power supply for industries.
8	49	Logistics	Due to Poor Road infrastructure
			Unionization of Road Transport
9	21	Pharmaceutical	Lack of awareness on MSME Champions Scheme of Govt
			Limited access to MSME Development Schemes
			Awareness and use of green technology
			Need for institutional strengthening of industry associations

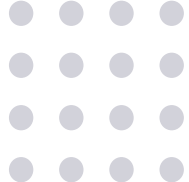


5.4 Geography Specific Constraints

5.4.1 Snapshot of Constraints by Geography

Table 16: Geography Specific Constraints in H.P

Sr No	District /Geographical cluster	Constraints
1	Upper Lying District (Chamba, Kinnaur, Lahaul & Spiti, Kullu)	Upper lying districts can pose challenges in developing and maintaining infrastructure. This includes transportation networks, power supply, communication facilities, and access to markets.
		Transportation of raw materials and finished goods challenging and expensive.
		The upper lying districts may face a scarcity of skilled labor due to limited educational opportunities and outmigration of the younger population to urban areas.
		These districts can result in limited access to larger markets, transporting products to distant markets can be costly and time-consuming.
		Infrastructure development, including roads, bridges, and transportation networks, to support industries and facilitate access to markets. Inadequate infrastructure can make logistics and connectivity challenging for businesses operating in these areas.
		These districts may be seasonal in nature, such as tourism or agriculture-related activities
		Die making is a recurring expense and given the wide variety of designs, need for end of life and new die manufacturing exists at any given time. At present the die making for jewellery sector is limited to certain parts particularly in Maharashtra, which poses a dependability and logistic cost for the entire sector
		These districts have limited connectivity to major markets. This can result in challenges related to transportation costs, reaching customers, and accessing wider distribution networks for industries located in these areas.
2	Middle Lying District (Shimla, Mandi, Kangra)	Middle lying districts may have limited land suitable for industrial development due to factors such as terrain, land-use patterns, or environmental regulations



Sr No	District /Geographical cluster	Constraints
		Transportation and connectivity infrastructure may still be suboptimal. Limited road networks, inadequate public transportation, and lack of proper connectivity with major markets can pose challenges for industries in terms of logistics and market access.
		Need for institutional Linkage for Artisan-based Segments
		Incomplete information on Govt Scheme
		Small and medium-sized enterprises (SMEs) in the middle lying districts may face challenges in accessing finance and capital for business expansion and investment.
		Special support in Export promotion of handloom Products
		Competition from larger industries and access to limited market demand may pose challenges for smaller or emerging industries.
3	Low Lying District (Sirmour, Solan, Bilaspur, Una, Hamirpur)	Unionization of High Transportations cost in these districts
		Industries may face challenges in attracting skilled labor due to the limited availability of trained workforce in low lying districts.
		Low lying districts may have limited land suitable for industrial development due to factors such as topography, agricultural land use, or environmental regulations.
		Need for institutional strengthening of industry associations
		The need for strengthening the electrical infrastructure to ensure a reliable power supply for industries.







5.4.2 District Profile Snapshots of Himachal Pradesh

5.4.2.1 Solan




District Overview

Solan district, known as the Gateway to Himachal was formed on 1st September, 1972 as a result of reorganization of erstwhile Shimla and Mahasu districts. The district Solan is bounded by Shimla in the north, Ropar district of the Punjab and Ambala district of Haryana in south, Sirmaur district in the east and Bilaspur district in the west. The total geographical area of the district is 1936 sq. km which is 3.49 percent of the total area of the state.

For Administrative purpose, the district has been divided into 6 tehsils, namely Solan, Kandaghat, Kasauli, Nalagarh, Arki, Baddi and three sub-tehsil namely Krishangarh, Darlaghat & Ramshahar. There are five blocks in the district namely Solan, Kandaghat, Dharmpur, Nalagarh and Kunihar. There are 211 panchayats in the district covering 2383 villages.

	Tehsils	6
	Blocks	5
	Panchayats	211
	Villages	2383

With a population density of 300 persons per square kilometer, Solan has a population of about 5.80 lakh, 82.5% of which resides in the rural areas. It constitutes approximately 8.45% of the total population of Himachal Pradesh. The district has a female to male ratio of 880 females per thousand males, which is significantly lower than the state average of 972 and the national average of 940. Average literacy rate of the district is 93.02% with a male literacy rate of 94.01% and female literacy rate of 91.86%.

	Population	5.80 lakh
	Sex Ratio	880/1000
	Literacy Rate	93.02%

Export Scenario

Total Exports from Solan for the FY 2023 amounted to ₹1427.62 cr. **Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Solan comprised**



81% of overall exports from Himachal making it the district with highest exports in the state. ²²

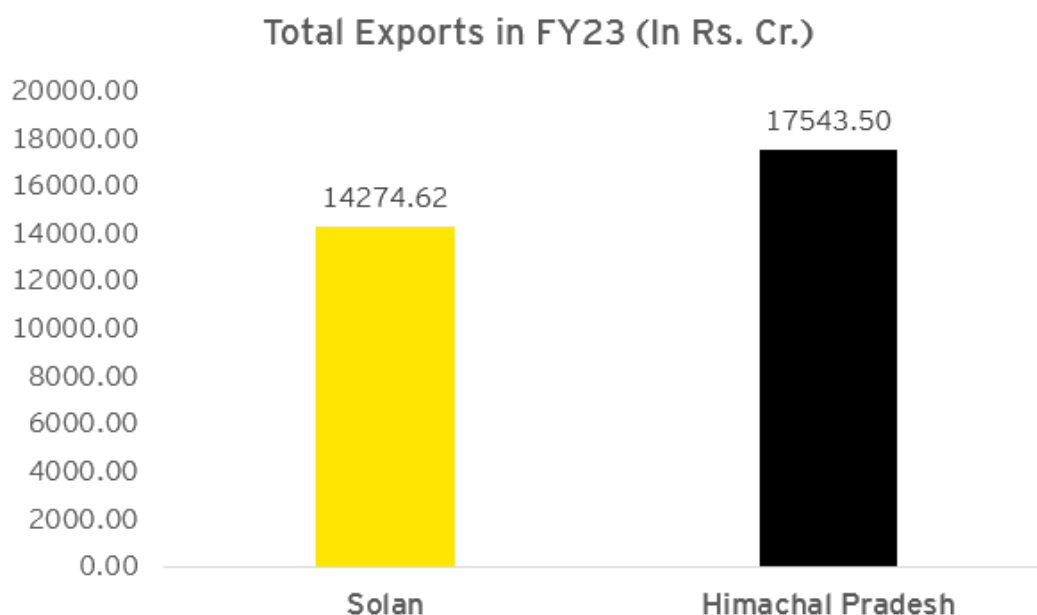
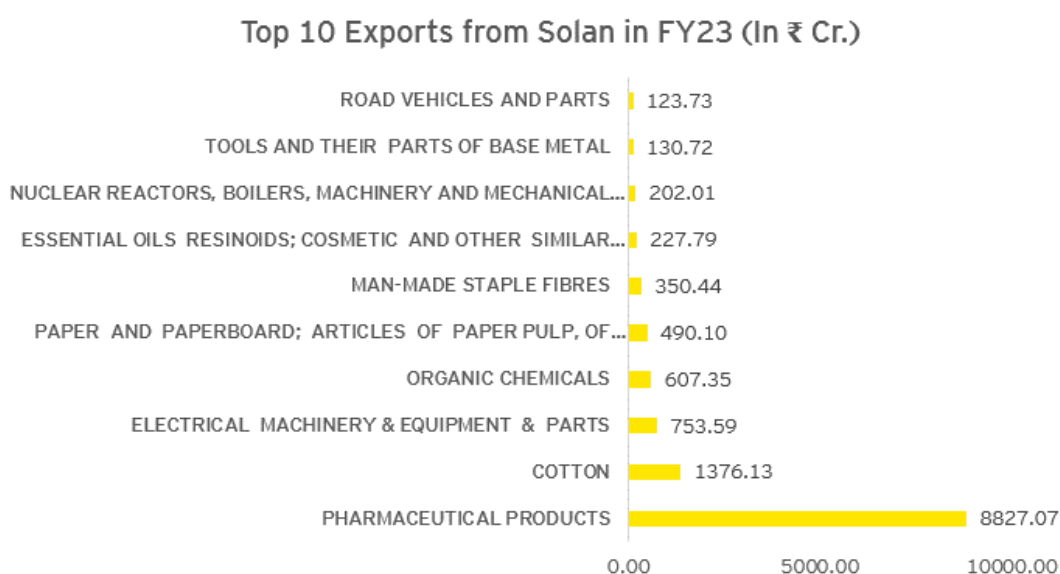


Figure 49 Export scenario of Solan as compared to Himachal Pradesh

From the overall exports in Solan in FY23, **Pharmaceutical products** constituted 61% of the total exports worth an amount of ₹8827.07 cr. Other major products exported from the district included Cotton (10%), Electric Machinery, Equipment's and Parts (5%) and Organic Chemicals (4%).



²² Directorate General of Commercial Intelligence and Statistics

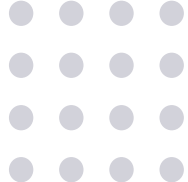


Figure 50 Top 10 exports from Solan

MSME Ecosystem Overview

Solan: Distribution of MSME basis type of enterprise

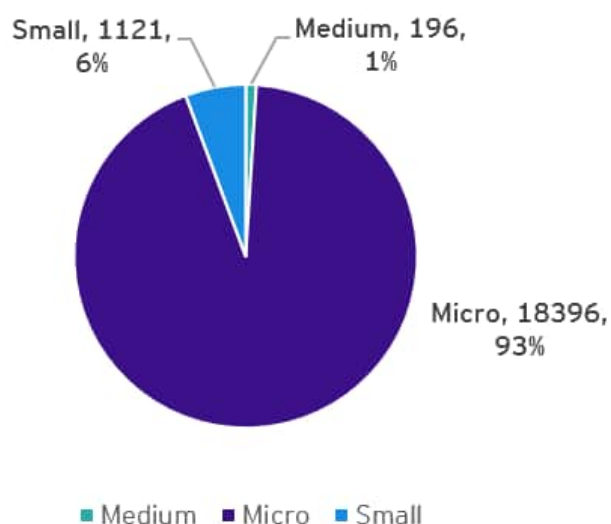


Figure 51 Solan: Distribution of MSME basis type of enterprise

In Solan, as per the Udyam Registration Certificate data, there were a total of 19713 MSME registered which constituted 18% of total MSME registrations in the state.²³ Of these, Micro MSMEs constituted 93%, Small MSMEs constituted 6% and Medium enterprises constituted 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 67% employment generated, Small enterprise contributed 18% share in the employment generated and Medium enterprises contributed 15% employment generated by registered MSMEs in the state.

²³ Udyam Registration Certificate Data as on August 2023



Solan: Emploment Generated by MSMEs basis type of enterprise

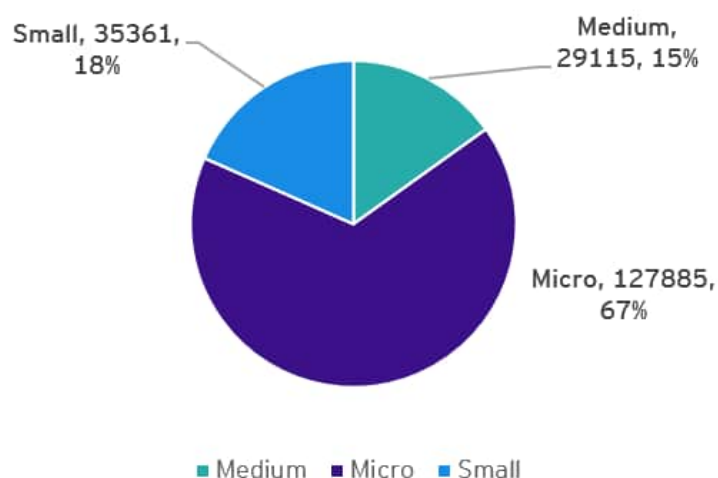


Figure 52 Solan: Employment generated by MSMEs-type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 18% of the total female entrepreneurs in the state belonged to Solan. In Solan district alone, 17% of the MSME owners were reported to be women, which constituted a total of 3413 enterprises in the district.

Percentage of women entrepreneurs in Himachal Pradesh from Solan district

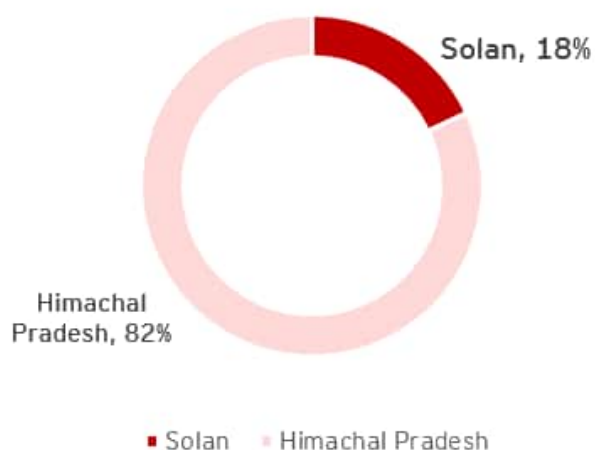


Figure 53 Percentage of women lead MSMEs in Solan as compared to HP



Solan: Gender wise Disctribution of MSMEs

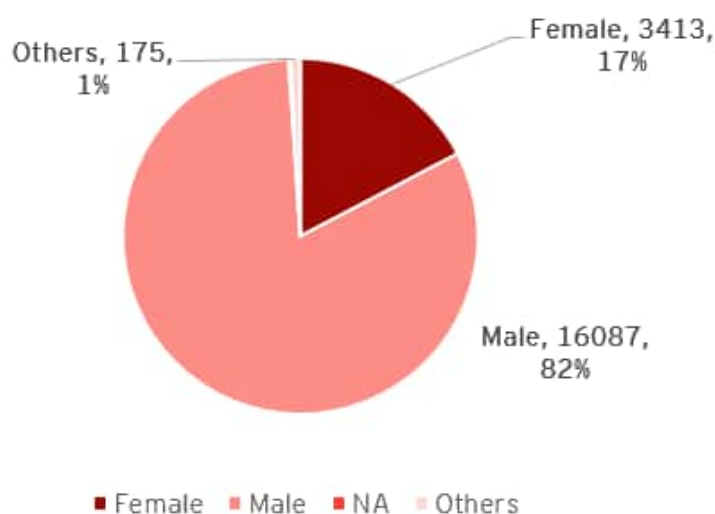


Figure 54 Gender wise distribution of MSMEs in Solan

Analyzing across the activities these enterprises were involved in, it was found that 45% enterprises registered were involved in services, 33% in trading and 22% in manufacturing.

Solan: Distribution of MSME basis type of activity

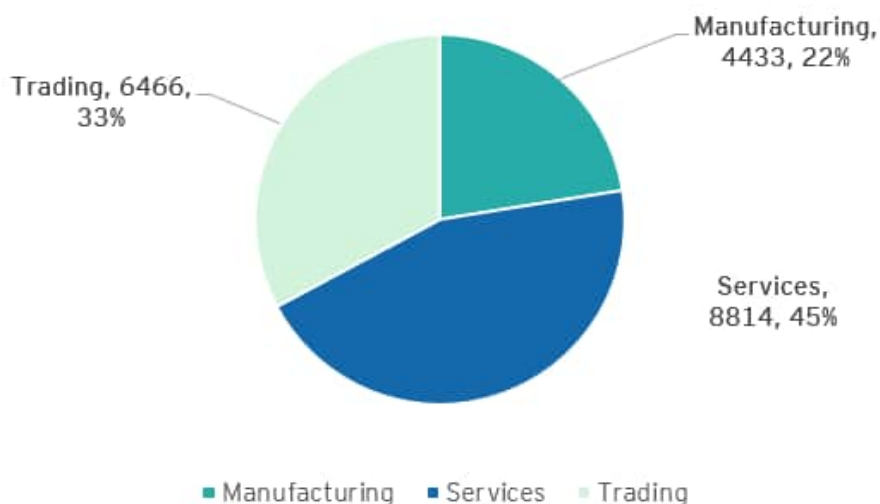







Figure 55 Solan: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Solan, the sectoral analysis showed that 24% belonged to Transportation and Storage, 22% to Wholesale and Retail Trade, 21% to Manufacturing (Pharmaceuticals, Rubber, Plastics, Food Products, Paper, Fabricated Metal), 6% to Accommodation and Food Services and another 6% to Other Service Activities. The division and breakup for the sectoral division is given in the table below:



Table 17 Sector wise analysis-Solan

#	Sector (as per NIC Classification)	Inclusions	No: of registered MSMEs
1	 Transportation & Storage	Land Transport and Transport Via Pipelines (4028 MSMEs)	4699
2	 Wholesale & Retail Trade	Trading enterprises across all categories	4318
3	 Manufacturing	Pharmaceuticals, Rubber, Plastics, Food Products, Paper, Fabricated Metal	4286
4	 Other Service Activities	Personal Service Activities	1309
5	 Accommodation and Food Services	Hotels, Lodges, Restaurants, Bars Catering	1195

In Solan district, 80% of MSMEs were owned by entrepreneurs belonging to the General category, following which 10% belonged to Scheduled Caste category, 7% to Other Backward Classes category and less than 3% to Scheduled Tribe category.

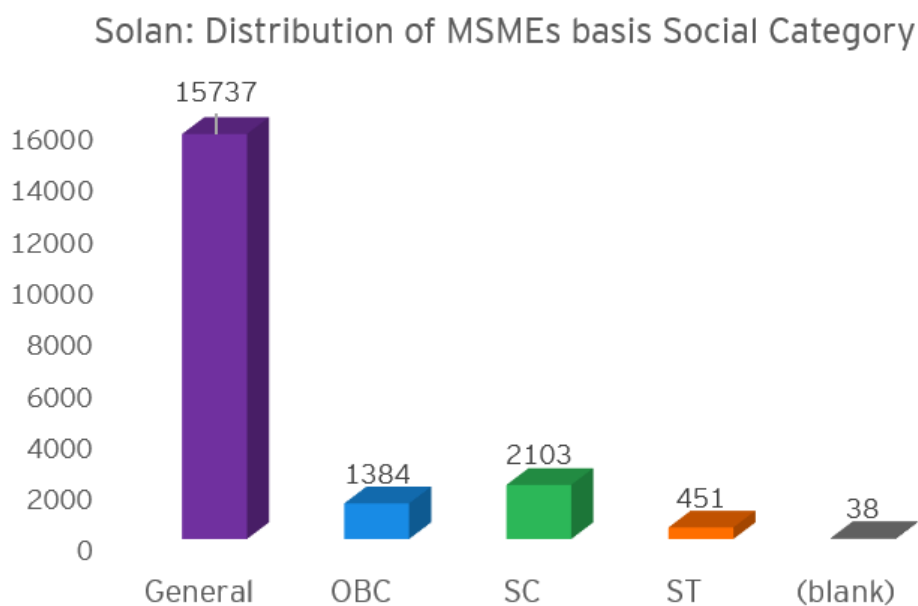


Figure 56 Solan: Distribution of MSME basis social category



Regarding the type of enterprise set up, almost 70% of the enterprises registered in FY23 were sole proprietorships, a meagre 7% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

Solan: Distribution of MSMEs basis type of ownership

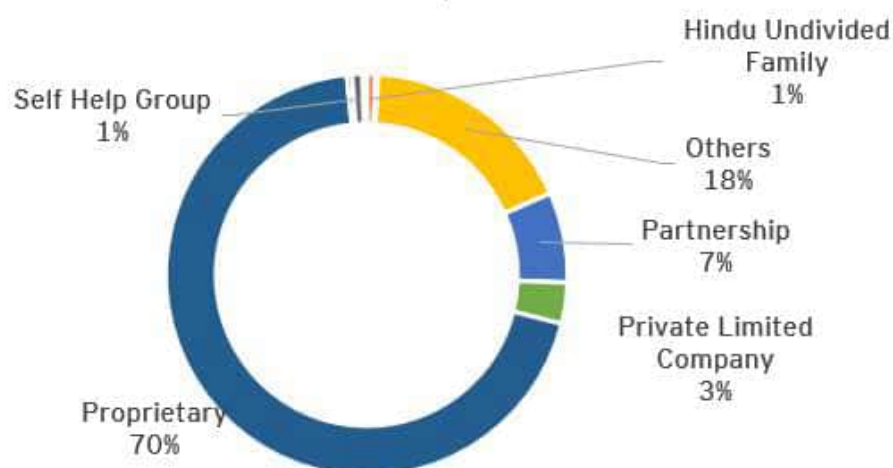


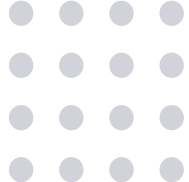
Figure 57 Solan: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Solan under the One District One Product Programme:



Figure 58 Solan: Products under ODOP Scheme



► Agro Product-Mushroom

Mushroom cultivation represents a transformative avenue from waste to wealth. Solan, with its ideal altitude and climate conditions, provides a fertile ground for mushroom farming. Any region situated at an elevation of approximately 2000 feet above Mean Sea Level (MSL), characterized by a temperature range of 10 to 30 degrees Celsius, and boasting a humidity level between 75-85%, holds immense potential for successful mushroom cultivation. Numerous locales within the state, such as Chail, Solan, Kandaghat, and their surrounding areas, meet these specific criteria. Consequently, Solan district proudly earns the title of the "Mushroom City of India." Mushroom cultivation is a labor-intensive endeavor in Solan district. The primary participants in this industry are the local residents of Solan, who primarily engage in mushroom cultivation for self-sufficiency and personal consumption. Additionally, some individuals within the district choose to sell their mushroom harvests in the local markets.

At present, the market for four local mushroom varieties, namely **White Button Mushroom, Oyster Mushroom, Milky Mushroom, Paddy Straw Mushroom, and Shiitake Mushroom**, primarily caters to local consumers in areas such as Solan, Bilaspur, Haryana, Chandigarh, Punjab, and Shimla. The primary buyers in this market segment are hotels and restaurants, many of which also source exotic vegetables.

However, it's worth noting that one specific mushroom variety, *Cordecyps Militaris*, enjoys international market access and is exported to countries like the United Kingdom and Ethiopia.

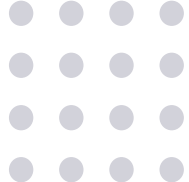
Even though Solan has earned the title of the "Mushroom City of India", it currently lacks any notable mushroom-related brand that truly exemplifies this recognition. Consequently, the marketing efforts in the region are primarily confined to the local sphere, with minimal attention given to packaging, labeling, or the development of forward linkages in the mushroom industry.

► Non Agro Product-Pharmaceuticals

Baddi or BBN belt is known to be Asia's biggest hub for pharmaceutical formulation industry. According to the representatives of Himachal Drug Manufacturers Association, every third medicine available in market is produced in this area.

The Baddi-Barotiwala Nalagarh (BBN) industrial belt, has experienced significant benefits attributed to several factors:

1. **Tax Incentives:** The introduction of tax incentives in 2003 has played a pivotal role in fostering industrial growth in the region.
2. **Favourable Terrain:** The geographical landscape of the area has been conducive to industrial development.
3. **Proximity to Key Cities:** BBN enjoys close proximity to the tricity region of Chandigarh, Mohali, and Panchkula, as well as easy accessibility to Delhi.
4. **Adequate Power Supply:** Reliable power supply infrastructure has supported uninterrupted industrial operations.
5. **Peaceful Environment and Low Crime Rate:** A peaceful and secure environment, coupled with a low crime rate, has contributed to a conducive business atmosphere.



6. **Low Capital Costs and Affordable Land:** The region offers low capital costs and affordable land, making it an attractive destination for businesses.
7. **Minimal Labor Unionization:** The extent of labor unionization in the area is relatively low, fostering labor-management cooperation.
8. **High Phone and Mobile Density:** Access to robust telecommunication infrastructure, characterized by high phone and mobile density, facilitates connectivity and communication.

Pharmaceuticals and corrugated boxes enterprises have benefitted the most due to tax incentives and miscellaneous chemical, mechanical and electronics units have been the largest employers. In fact, **this small town alone accounts for over 80 percent of investment of Himachal Pradesh. Baddi's share in state's total number of MSMEs as well as persons employed is also of equivalent proportion.**

The region is home to several prominent pharmaceutical giants, including Abbott, Cipla, Cadila, Unichem, Dr. Reddy, Torrent, and Glenmark. In Solan alone, there are more than 350 pharmaceutical manufacturing units, with approximately 300 of them located in the Baddi-Barotiwala Nalagarh (BBN) area. Additionally, around 50 units in BBN are dedicated to cosmetic production, featuring renowned names such as Colgate, Godrej, Hindustan Unilever, Wipro, and L'Oreal India.²⁴

In Solan, a host of opportunities beckons the pharmaceutical industry, from establishing a modern drug testing laboratory to the creation of Common Facility Centres (CFCs) and the implementation of cluster development and promotion schemes. These initiatives have the potential to boost local entrepreneurship, reduce production costs, and foster growth in the pharmaceutical sector. However, the region must remain vigilant against infrastructural bottlenecks that could deter potential investors and address the challenges posed by the mandatory compliance with USFDA norms and environmental pollution, ensuring they do not undermine the sector's promising prospects. A strategic and holistic approach is essential to harness these opportunities and mitigate the associated threats, sustaining the pharmaceutical industry's growth in Himachal Pradesh.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Solan include but are not limited to:

²⁴ https://eaindustry.nic.in/ddp/Solan_FINAL_Report.pdf

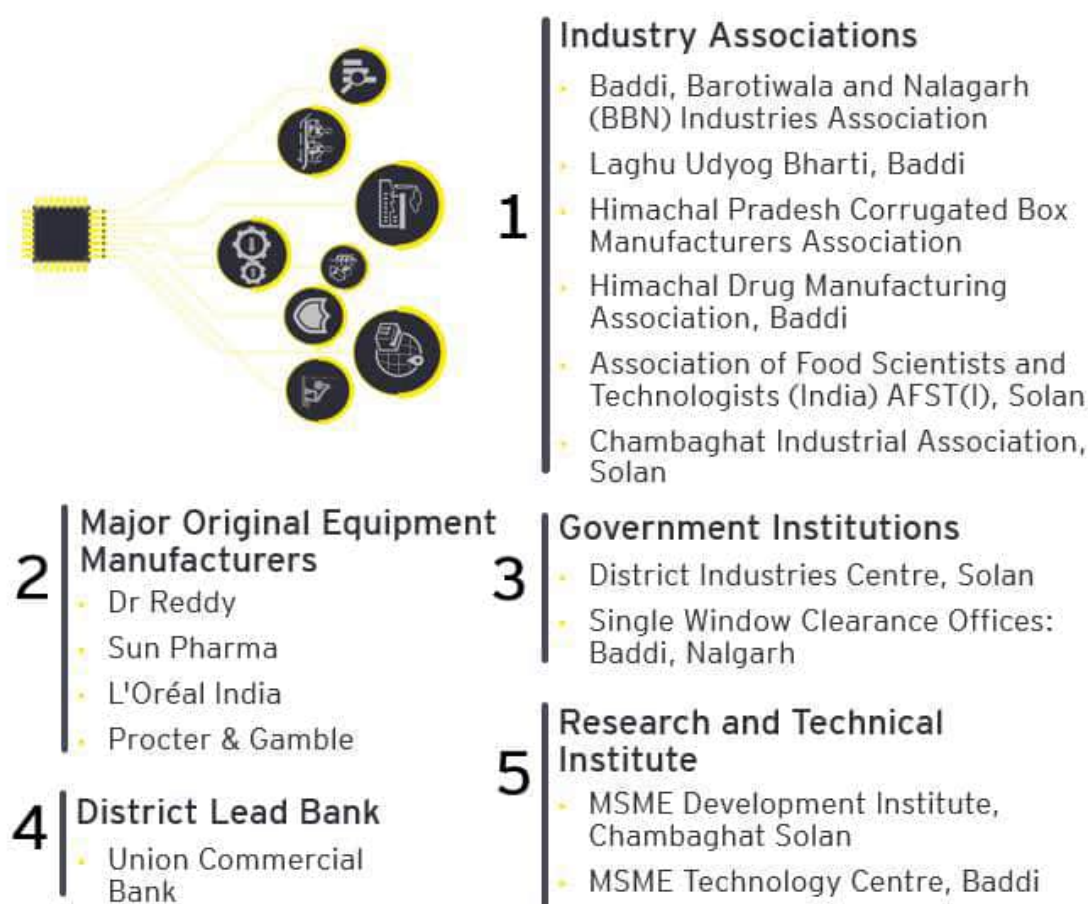


Figure 59 Solan: Key District Stakeholders

District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders in Baddi and Nalagarh on August 2nd, 2023.

The discussion was held in the Solan district with leading MSMEs and Industries Associations in the region to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.





Figure 60: Interaction with MSMEs and Industry Associations in Solan

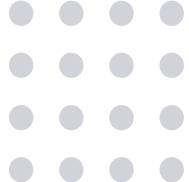
Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business.

District MSME Enablers & Disablers

Through our detailed discussion and stakeholder feedback, MSME growth catalyzing and constraining factors were recognized and analyzed an enablers and disablers respectively.

Table 18 Solan: MSME disablers and enablers

 Enablers	 Disablers
High level of Industrialization: Industrial Hub of HP	Low uptake of Competitiveness Schemes, Samadhan Portal
Low lying district: Geographical Advantage	Need or Common Infrastructural facilities (Road access, sewerage system, water supply, street lighting etc.)
Competitive advantage in pharmaceuticals and engineering production	High Logistic Costs due to Unionization of Road Transport
	Low sensitization on green technology & greening of MSMEs

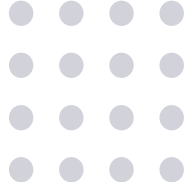


MSME Development Potential

Prospective Sectors for Development for MSME



- Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
- Access to Capital
- Promotion of FDI







5.4.2.2 Shimla

District Overview

The Shimla District is situated within the geographical coordinates of approximately 77°-0" to 78°-19" east longitude and 30°-45" to 31°-44" north latitude. It is geographically bordered by the districts of Mandi and Kullu to the north, Kinnaur to the east, the Sirmaur district to the West and Uttarakhand on South-East. The district exhibits a wide range of elevations, spanning from 300 to 6000 meters above sea level. Present day Shimla District comprises of 19 erstwhile hill states mainly Balson, Bushahr, Bhaji and Koti, Darkoti, Tharoch & Dhadi, Kumharsain, Khaneti & Delath, Dhami, Jubbal, Keothal, Rawingarh, Ratesh, Sangri.




The topography of Shimla district is characterized by its rugged and challenging terrain. It gets its name from the town of Shimla, which was originally a small village. The current configuration of Shimla district was established on September 1st, 1972, as part of a broader restructuring of districts within the state.

The Shimla District covers a total land area of 5,131 square kilometers which is 9.21 percent of the total area of the state and encompasses a variety of administrative units. Within its boundaries, there are 10 major towns, which include the municipal corporation of Shimla, two municipal committees (Rampur and Theog), six notified area committees (Narkanda, Sunni, Choupal, Jubbal, Kotkhai, and Rohru), as well as one cantonment board located in Jutogh. The district is further divided into 7 sub-divisions, 12 tehsils, and 6 sub-tehsils for administrative purposes. These revenue sub-divisions are Shimla (Rural), Shimla (Urban), Theog, Rampur, Rohru, Chopal, and Dodra Kwar.

 Tehsils	17
 Blocks	11
 Panchayats	424
 Villages	3217

With a population density of 159 persons per square kilometer, Shimla has a population of about 8.14 lakh, 75.26% of which resides in the rural areas. It constitutes approximately 8.45% of the total population of Himachal Pradesh. The district has a female to male ratio of 915 females per thousand males, which is significantly lower than the state average of 972 and the national average of 940. Average literacy rate of the district is 83.64% with a male literacy rate of 89.59% and female literacy rate of 77.13%.



	Population	8.14 lakh
	Sex Ratio	915/1000
	Literacy Rate	83.64%

Export Scenario

Total Exports from Shimla for the FY 2023 amounted to ₹66.49 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. **Exports from Shimla comprised 0.37% of overall exports from Himachal Pradesh.** ²⁵



Figure 61 Export scenario of Shimla as compared to Himachal Pradesh

From the overall exports in Shimla in FY23, **Cereals, flour and other associated products constituted 49% of the total exports worth an amount of ₹32.85 cr.** Other major products exported from the district included Organic Chemicals (18%), Essential oils (14%) and Paper and Paper Boards (6%).

²⁵ Directorate General of Commercial Intelligence and Statistics
Himachal Pradesh: Strategic Investment Plan

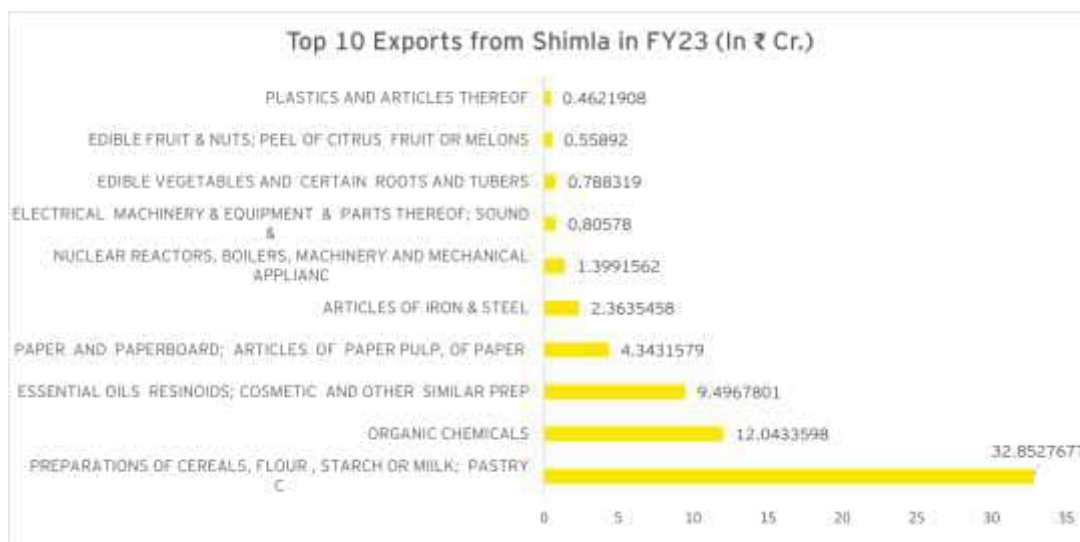


Figure 62 Top 10 exports from Shimla

MSME Ecosystem Overview

Shimla: Distribution of MSME basis type of enterprise

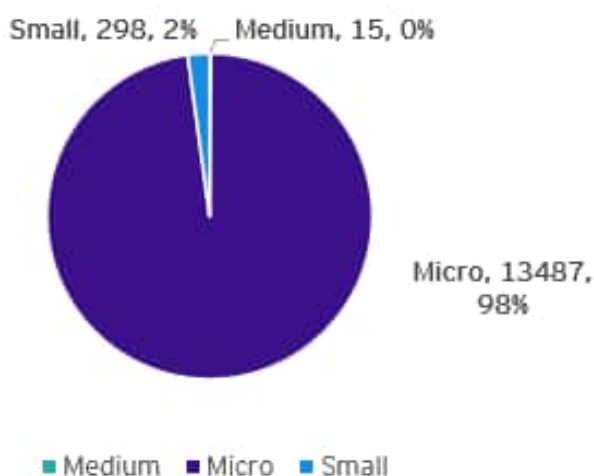


Figure 63 Shimla: Distribution of MSME basis type of enterprise

In Shimla, as per the Udyam Registration Certificate data, there were a total of 13800 MSME registered which constituted 13% of total MSME registrations in the state.²⁶ Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and Medium enterprises constituted 0.1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 89% employment generated, Small enterprise contributed 10% share in the employment generated and Medium enterprises contributed 1% employment generated by registered MSMEs in the state.

²⁶ Udyam Registration Certificate Data as on August 2023
Himachal Pradesh: Strategic Investment Plan



Shimla: Employment Generated by MSMEs basis type of enterprise

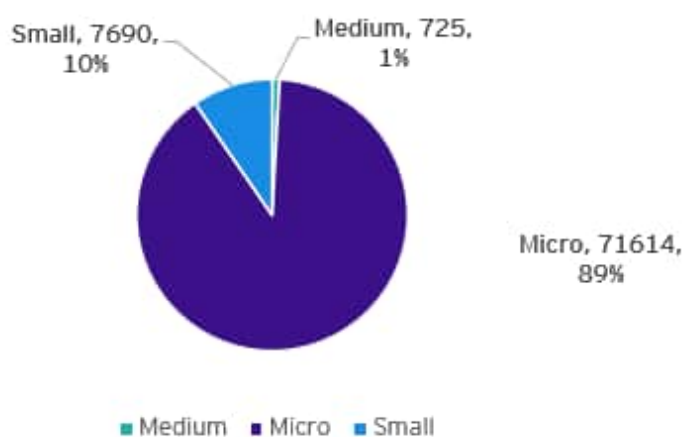


Figure 64 Shimla: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 13% of the total female entrepreneurs in the state belonged to Shimla. In Shimla district alone, 18% of the MSME owners were reported to be women, which constituted a total of 2488 enterprises in the district.

Percentage of women entrepreneurs in Himachal Pradesh from Shimla district

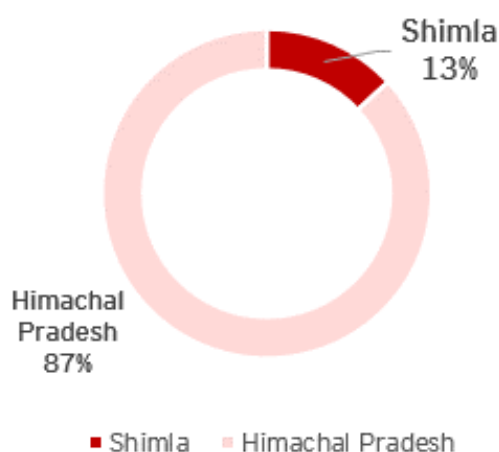


Figure 65 Percentage of women lead MSMEs in Shimla as compared to HP



Shimla: Gender wise Disctribution of MSMEs

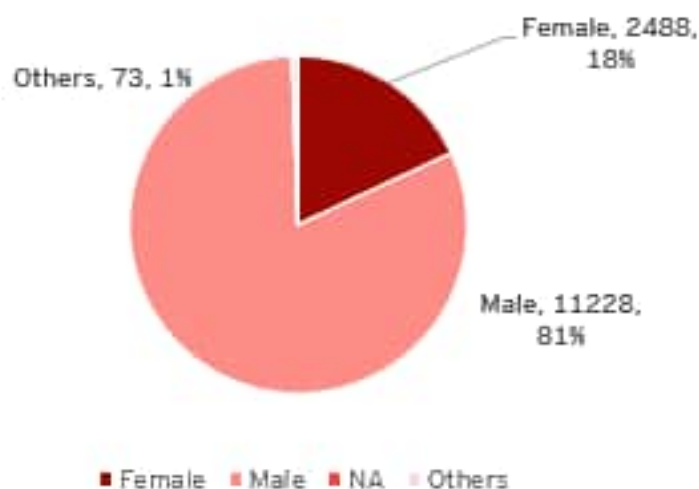


Figure 66 Gender wise distribution of MSMEs in Shimla

Analyzing across the activities these enterprises were involved in, it was found that 48% enterprises registered were involved in trading, 39% in services and 12% in manufacturing.

Shimla: Distribution of MSME basis type of activity

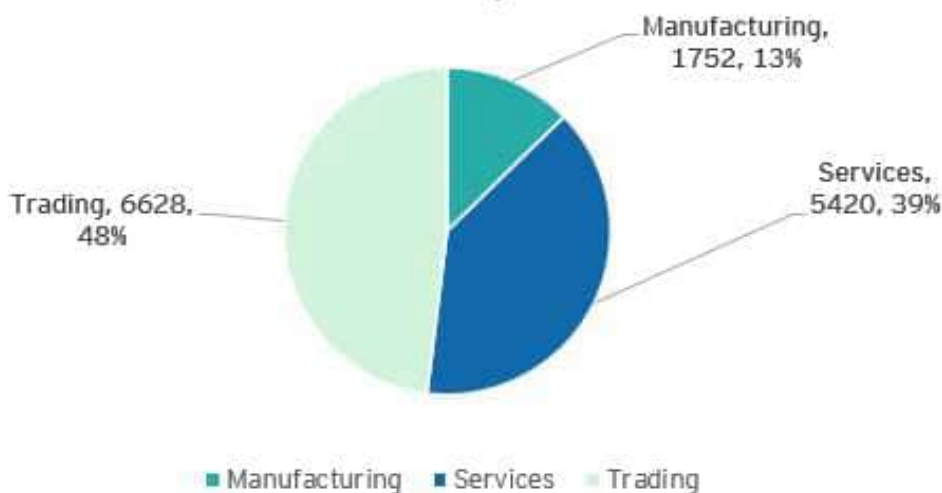







Figure 67 Shimla: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Shimla, the sectoral analysis showed that 22% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 7.8% to Land Transport and Transport Via Pipelines, 6% to Food and Beverage Service Activities and another 6% to Other



Personal Service Activities. The division and breakup for the sectoral division is given in the table below:

Table 19 Sector wise Analysis-Shimla

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	3113
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	1080
3.	 Accommodation and Food Service Activities	Food and Beverage Service Activities	894
4.	 Other Service Activities	Other Personal Service Activities	858
5.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	794

In Shimla district, 84% of MSMEs were owned by entrepreneurs belonging to the General category, following which 13% belonged to Scheduled Caste category, 1% to Other Backward Classes category and less than 1% to Scheduled Tribe category.

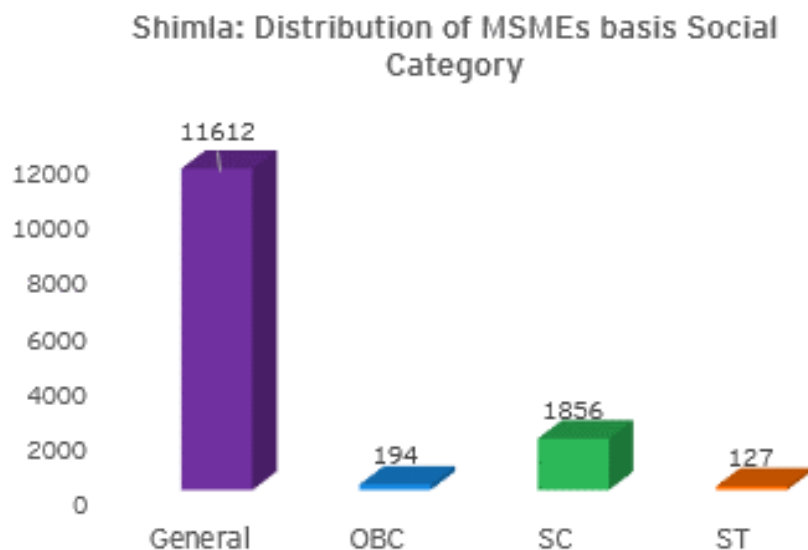


Figure 68 Shimla: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, almost 80% of the enterprises registered in FY23 were sole proprietorships, a meagre 3% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

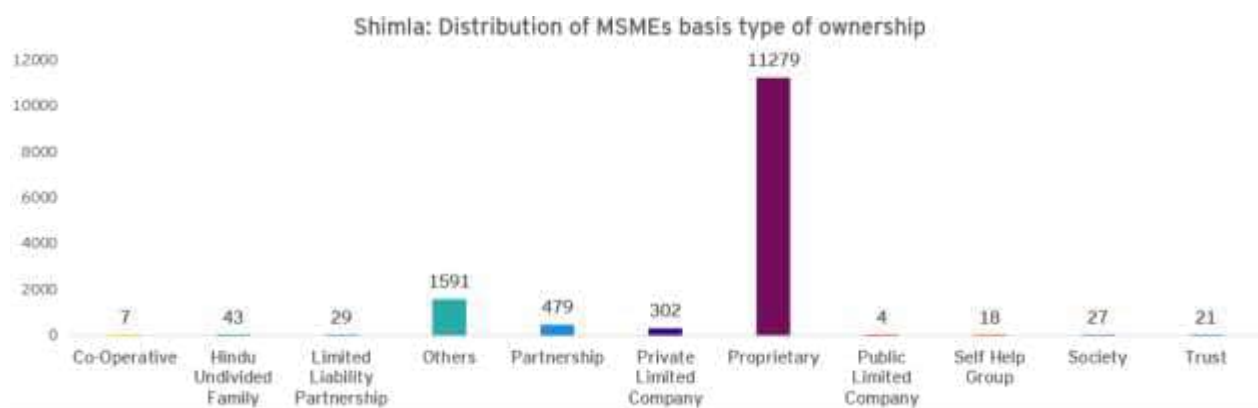


Figure 69 Shimla: Distribution of MSMEs basis type of ownership

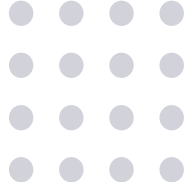
ODOP Product

The selection of One District One Product (ODOP) initiatives in the state is driven by factors such as agricultural production, the presence of micro-food processing enterprises, Self-Help Groups (SHGs), Farmer Producer Organizations (FPOs), cooperatives, and micro-enterprises engaged in processing ODOP products, highlighting the strategic focus on harnessing the region's agricultural potential.

Given below are the products identified from Shimla under the One District One Product Programme:



Figure 70 Shimla: Products under ODOP Scheme



► Agro Product-Apple Based Product

Apple cultivation in Himachal Pradesh has emerged as a substantial contributor to the state's economy, generating a whopping ₹6,000 crore and supporting over 1.75 lakh families in regions like Shimla, Kullu, and Kinnaur. Remarkably, **apples cover nearly half (48%) of the state's total area dedicated to fruit crops, and they accounted for an impressive 81% of the total fruit production during the 2021-22 fiscal year**, with a sprawling cultivation area spanning 1,15,016 hectares.

Spanning across an extensive area of 42,085 hectares, apple orchards adorn the landscape of Shimla. The climatic conditions and terrain of Shimla are particularly conducive to apple farming, making it one of the prime apple-producing areas in the state²⁷. During the agricultural year of 2021-2022, the apple harvest in Shimla yielded an impressive bounty, totalling 3,69,720 tons.

Jubbal Kotkhai is a significant apple-growing region, accounting for over 21% of the orchard area in the district. This production not only contributes significantly to the local economy but also plays a pivotal role in sustaining the livelihoods of numerous families in the district.²⁸

In Shimla, **there are currently 15 Controlled Atmosphere (CA) stores, boasting a combined installed capacity of 56,818 metric tons. These facilities collectively provide employment opportunities for more than 300 individuals.** Additionally, there are two CA stores currently in the process of being implemented, which will add an extra storage capacity of 6,750 metric tons. This significant infrastructure underscores the region's commitment to preserving and safeguarding agricultural produce through efficient storage solutions²⁹.

► Non-Agro Product-Fruit Processing

Horticulture serves as a cornerstone of Himachal Pradesh's economic growth, solidifying its reputation as the "Fruit Bowl of the Nation," a designation recognized by the Agricultural and Processed Food Products Export Development Authority (APEDA). Himachal Pradesh has firmly established itself as India's leading horticultural state, earning the distinguished title of the "Apple State of India" due to its exceptional apple production. Shimla plays a pivotal role in this success story. According to the Statistical Abstract of Himachal Pradesh for the year 2021-2022, **Shimla contributes over 50% of the state's total fruit production. Shimla alone yields an impressive 380,638 metric tons out of the state's overall production of 735,977 metric tons.** The fruit cultivation area in Shimla spans 49,208 hectares, underscoring its significance in the state's horticultural achievements.

The cutting-edge fruit processing facility located in Parala Mandi, Shimla, represents a significant investment exceeding Rs 100 crore, funded by the World Bank. This state-of-the-art facility is poised to make a substantial impact on the Horticulture Produce Marketing and Processing Corporation (HPMC) by augmenting both the quality and quantity of its products.

With a daily fruit-crushing capacity of 200 metric tonnes, the plant is set to nearly double the production of apple juice concentrate once it commences operations. Leveraging the latest

²⁷ Statistical Abstract of Himachal Pradesh, 2021-2022

²⁸ Economic Survey, Himachal Pradesh

²⁹ District Industries Centre, Shimla.



machinery and technology, the facility will ensure meticulous processing and filtration of fruits. Consequently, this technological advancement will significantly enhance the overall quality of our products.

The Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Ltd. has established computerized apple grading and packing lines at Gumma (Kotkhai), Jarol (Tikkar), and Oddi (Kumarsin) in the Shimla district. Additionally, they have set up state-of-the-art Modern Controlled Atmosphere (CA) stores at Gumma, Jarol (Tikkar), and Oddi to further enhance the quality and preservation of agricultural produce.

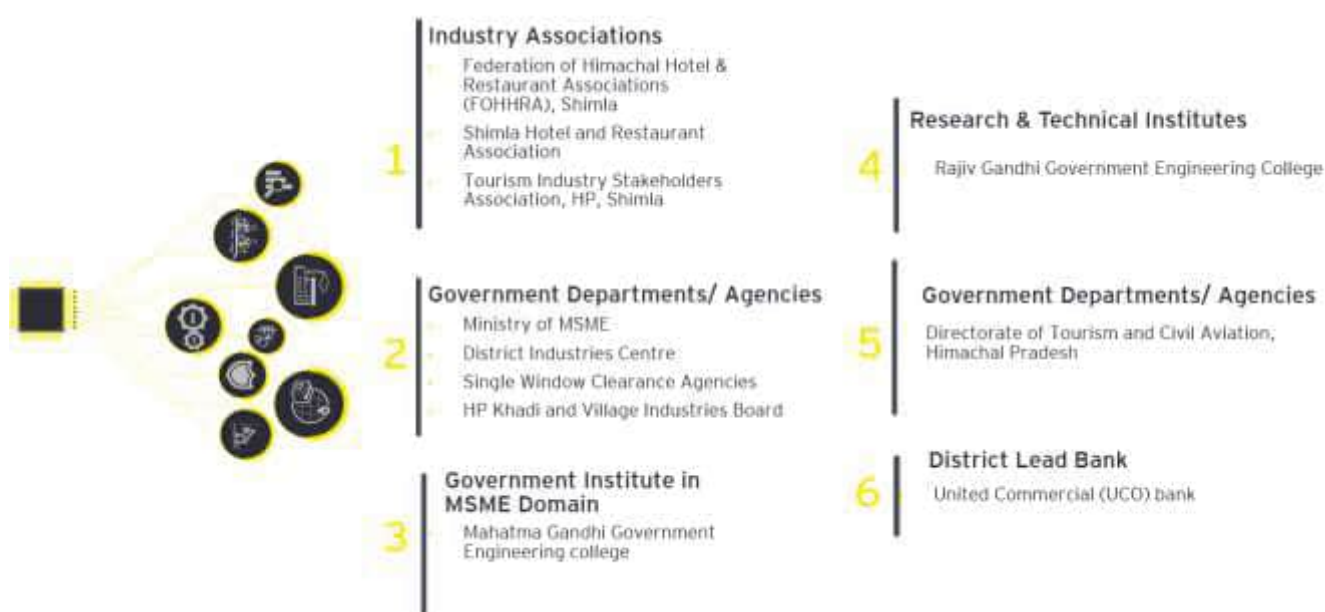
The fruit processing industry in the region faces a range of challenges that impede overall production and offer opportunities for improvement. Key issues include the condition of roads, which are vital for the people living in the hilly terrain. The regular maintenance of these roads is essential for ensuring accessibility. Unfortunately, in Shimla, over 60% of the rural link roads remain unpaved ('kutcha'), which poses significant difficulties for transporting apples, especially during periods when snow is not promptly cleared.

Another complicating factor is the lack of effective marketing and improved marketing practices for apples. The absence of well-structured marketing programs and limited awareness among farmers about apple marketing often results in growers receiving lower prices for their fruit. To promote the expansion of apple cultivation, it's essential to address the various marketing challenges and constraints faced by apple growers.

Furthermore, packaging is crucial to protect products from damage and convey essential product information to attract customers. **In the case of processed apple marketing, the significance of proper packaging is even more pronounced, as subpar packaging can lead to health risks.** Some of the major problems encountered by farmers in terms of packaging and grading systems include a shortage of well-trained labor, high labor wages, labor shortages, and stringent labor union regulations. Addressing these issues can contribute to the enhancement of the fruit processing industry and its overall growth.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Shimla include but are not limited to:



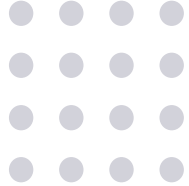




Figure 71 Shimla: Key District Stakeholders

District MSME Enablers & Disablers

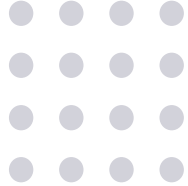
Table 20 Shimla: Enablers and Disablers

 Enablers	 Disablers
Competitive Advantage in Horticulture produce.	Low awareness and uptake of MSME schemes for entrepreneurship promotion
High Accessibility being the capital of the state.	Need or Common Infrastructural facilities (Industrial ecosystem)
Potential for setting up decentralised fruit processing facilities	High Logistic Costs due to Unionization of Road Transport
	Lack of appropriate branding and marketing linkages

MSME Development Potential

Prospective Sectors for Development for MSME

1. Post-harvest fruit processing facilities
2. Entrepreneurship promotion
3. Product diversification and value chain linkages
4. Improved branding and marketing practices







5.4.2.3 Sirmaur




District Overview

Sirmaur district is situated in the outer Himalayan ranges, is located between 77°01'12" and 77°49'40" east longitude and 33°22'30" and 31°01'20" north latitude. The district is characterized by its predominantly mountainous terrain, featuring deep valleys nestled between ranges of varying elevations. It spans a maximum length of 77 kilometers from west to east and has a maximum width from north to south of 80 kilometers. Sirmaur district shares its borders with Shimla district to the north, Uttarakhand to the east, Yamuna Nagar district of Haryana to the south and west, and Solan district to the northwest. The district covers a geographical area of 2247 square kilometers, which constitutes approximately 4.03% of the total geographical area of the state. In terms of area, it ranks as the fifth smallest district in the state, following Hamirpur, Bilaspur, Una, and Solan districts.

From an administrative standpoint, the district has been subdivided into 9 tehsils: Rajgarh, Pachhad, Nahan, Renuka, Shillai, Dadahu, Nohradhar, Kamrau and Paonta, along with 5 sub-tehsils: Ronhat, Narag, Pajhota, Haripurdhar and Majra. For the purposes of development planning, the district has been further divided into 7 development blocks, namely Nahan, Paonta, Pachhad, Sangrah, Rajgarh, Tilordhar and Shillai. Additionally, the district is organized into 7 sub-divisions, which are Nahan, Paonta, Rajgarh, Sangrah, Shillai, Pachhad. In terms of local governance, there are a total of 259 panchayats operating within the district's jurisdiction.

 Tehsils	14
 Blocks	07
 Panchayats	259
 Villages	981

With a population density of 188 persons per square kilometer, Sirmaur has a population of about 5.29 lakh, 60% of which resides in the rural areas. The district has a female to male ratio of 918 females per thousand males, which is significantly lower than the state average of 972 and the national average of 940. Average literacy rate of the district is 68.44% with a male literacy rate of 74.42% and female literacy rate of 61.93%.

 Population	5.29 lakh
 Sex Ratio	918/1000
 Literacy Rate	68.44%



Export Scenario

Total Exports from Sirmaur for the FY 2023 amounted to ₹2705 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Sirmaur comprised 15.42% of overall exports from Himachal Pradesh.³⁰

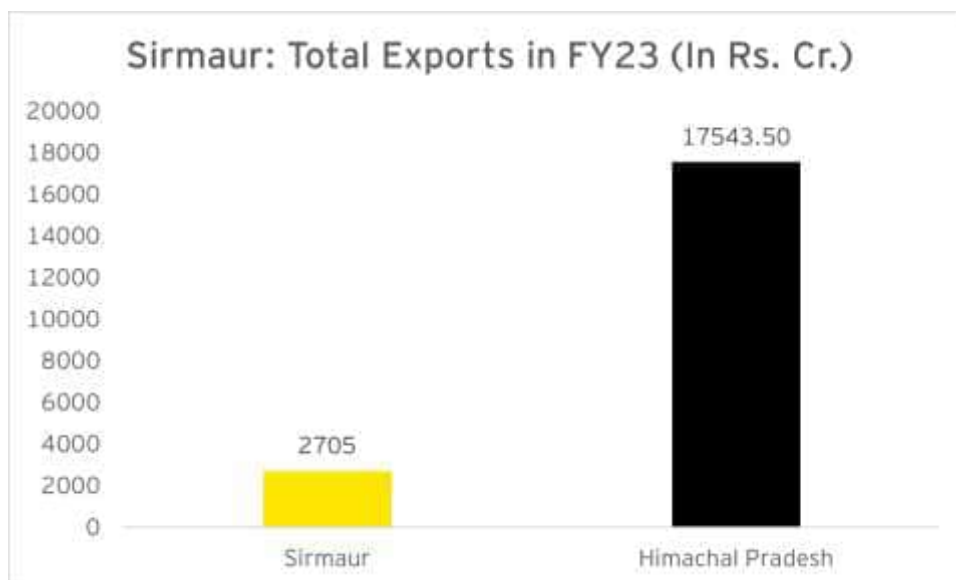


Figure 72 Export scenario of Sirmaur as compared to Himachal Pradesh

From the overall exports in Sirmaur in FY23, Pharmaceuticals products constituted 87% of the total exports worth an amount of ₹2370.8 cr. Other major products exported from the district included Albuminoidal Substances; Modified Starches; Glues; Enzymes (2%), Essential oils (1.9%) and Man-made Filament (0.96%).



Figure 73 Top 10 exports from Sirmaur

MSME Ecosystem Overview

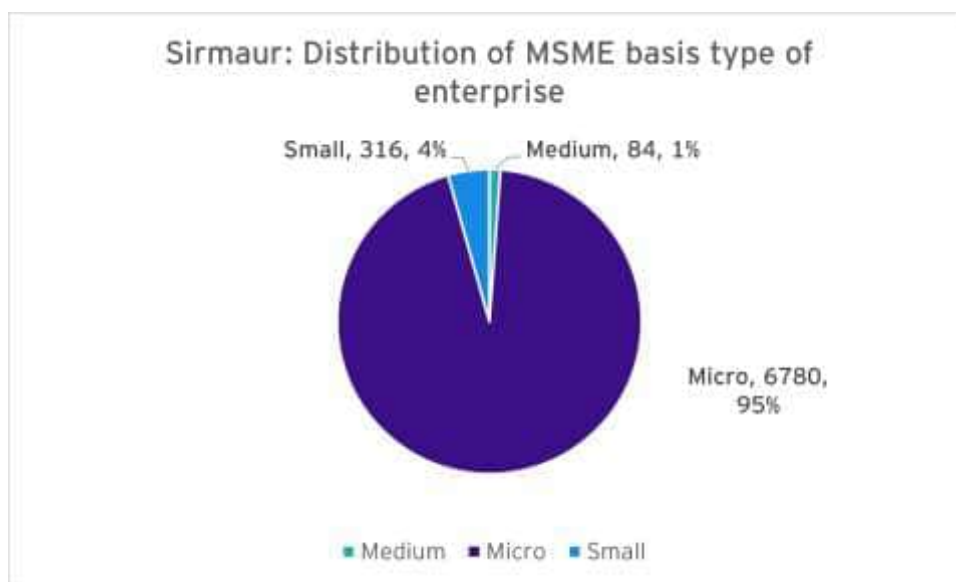


Figure 74 Sirmaur: Distribution of MSMEs basis type of Enterprise

In Sirmaur, as of the Udyam Registration Certificate data, there were a total of 7180 MSME registered which constituted 6.7% of total MSME registrations in the state.³¹ Of these, Micro MSMEs constituted 95%, Small MSMEs constituted 4% and Medium enterprises

³¹ Udyam Registration Certificate Data as on August 2023
Himachal Pradesh: Strategic Investment Plan



constituted 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 66% employment generated, Small enterprise contributed 14% share in the employment generated and Medium enterprises contributed 20% employment generated by registered MSMEs in the state.

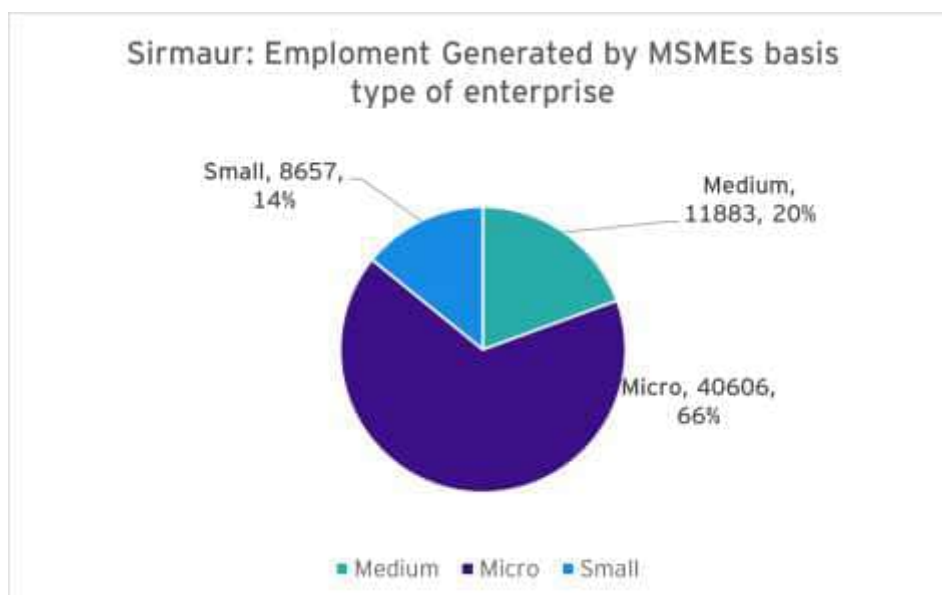


Figure 75 Sirmaur: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 6% of the total female entrepreneurs in the state belonged to Sirmaur. In Sirmaur district alone, 17% of the MSME owners were reported to be women, which constituted a total of 1199 enterprise in the district.

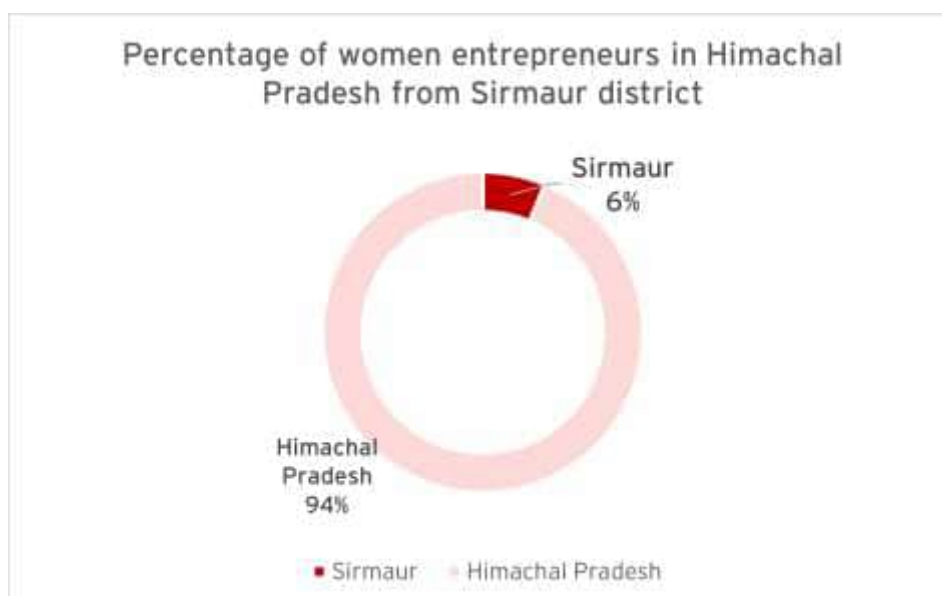


Figure 76 Percentage of women lead MSMEs in Sirmaur as compared to HP

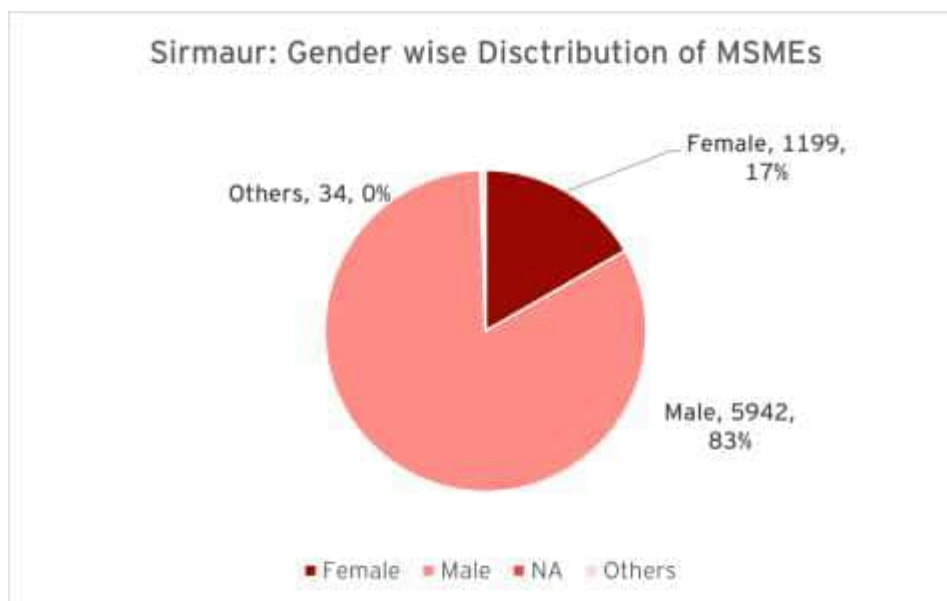


Figure 77 Gender wise distribution of MSMEs in Sirmaur

Analyzing across the activities these enterprises were involved in, it was found that 42% enterprises registered were involved in trading, 39% in services and 19% in manufacturing.

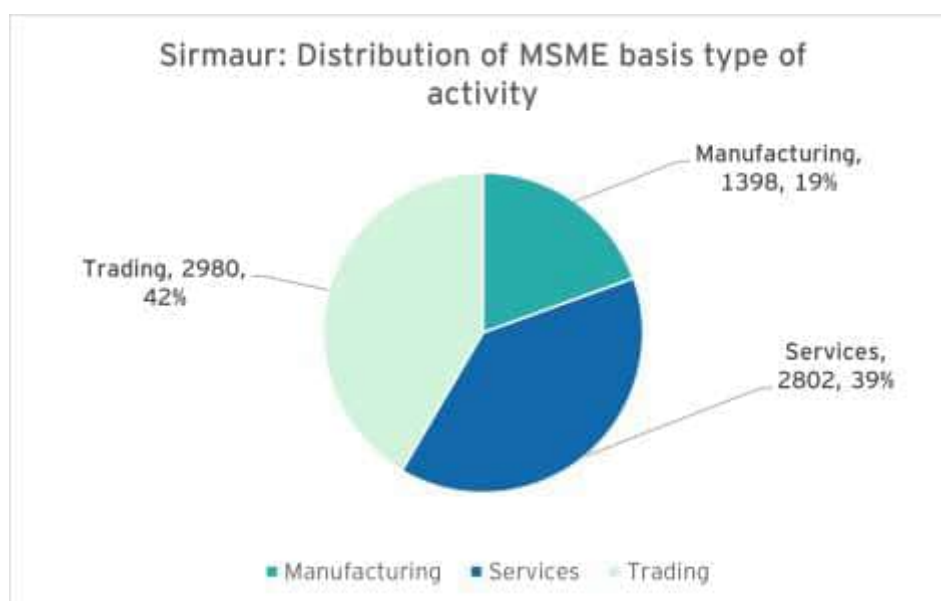







Figure 78 Sirmaur: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Sirmaur, the sectoral analysis showed that 22% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 11.43% to Land Transport and Transport Via Pipelines, 6.6% to Wholesale Trade, Except of Motor Vehicles and Motorcycles, 5.18% to Food and Beverage Service Activities and another and 4.7% to Rental and Leading Activities. The division and breakup for the sectoral division is given in the table below:



Table 21 Sector wise analysis: Sirmaur

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	1588
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	821
3.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	478
4.	 Accommodation and Food Service	Food and Beverage Service Activities	372
5.	 Administrative And Support Service Activities	Rental and Leasing Activities	338

In Sirmaur district, 70% of MSMEs were owned by entrepreneurs belonging to the General category, following which 15% belonged to Other Backward Classes category, 13% to Scheduled Caste category and less than 1% to Scheduled Tribe category.

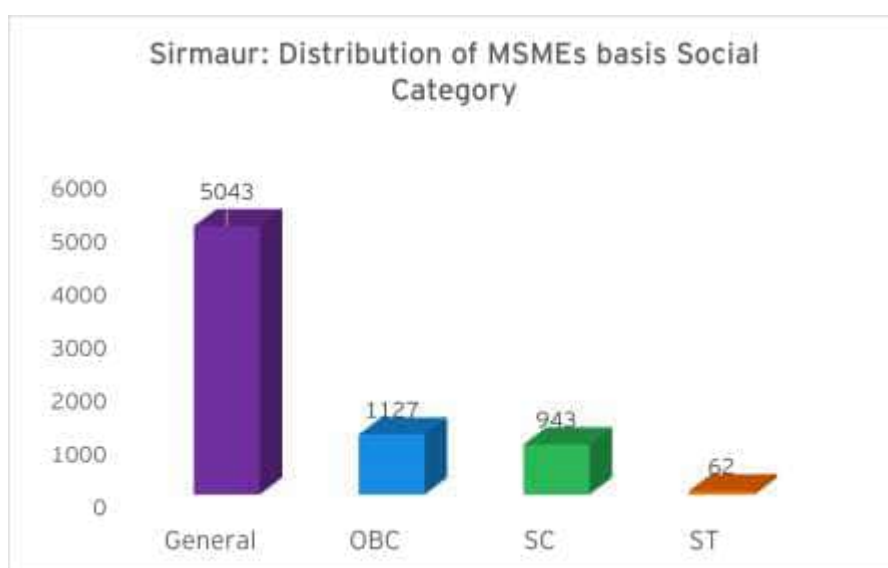


Figure 79 Sirmaur: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, almost 78% of the enterprises registered in FY23 were sole proprietorships, a meagre 5.6% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.



Figure 80 Sirmaur: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Sirmaur under the One District One Product Programme:



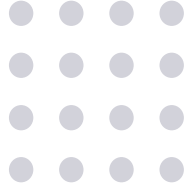
Figure 81 Sirmaur: Products under ODOP Scheme

► Agro Product-Garlic and Ginger

With the support of the 'One District, One Product' scheme initiated by the Government of India, Himachal Pradesh is poised to double its ginger production over the next five to six years. This scheme is expected to provide a significant boost to ginger growers in the Sirmaur district, who are actively seeking international recognition for their locally cultivated indigenous ginger varieties.

Sirmaur currently holds the distinction of **being the largest ginger producer in the state**, boasting an expansive cultivation area **covering approximately 1,964 hectares**, and a **total production of 10690 MT in the year 2021-2022**.³² The district predominantly cultivates two

³² State Statistical Abstract - 2021-22.pdf (himachalservices.nic.in)



varieties of ginger, namely Himgiri and local varieties, for commercial purposes. While ginger is also grown in certain parts of the Solan district, Sirmaur stands as the primary hub for ginger cultivation, **supporting the livelihoods of around 600 families.**

The key ginger-producing regions within Sirmaur include Nahan, Paonta Sahib, Pachhad, Rajgarh, Sangrah, and Shillai. Notably, **a significant portion, approximately 55%, of the entire ginger cultivation area is concentrated in Paonta Sahib and Sangrah.**

Cultivating ginger entails a total cost of around ₹3,60,620 per hectare. However, the lucrative nature of ginger farming results in a net income of ₹7,06,880 per hectare, making it a financially rewarding endeavor for the farmers and contributing significantly to the district's agricultural landscape.

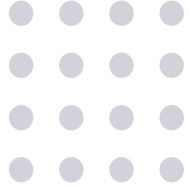
Palampur Agriculture University has launched an initiative to conserve and officially register traditional crops and land race plant varieties grown in remote areas of the state. Under this endeavor, **the university is striving to obtain a Geographical Indication (GI) tag for the ginger variety cultivated in the Badhana Kalatha panchayat of Sirmaur.** Badhana Kalatha panchayat is situated in a remote region at the border of Himachal Pradesh and Uttarakhand, and it is renowned for its ginger production. **The local communities in this village have developed their indigenous peeling methods for ginger, which they market in the form of 'Sondh,' a crushed, dried ginger product.** Furthermore, efforts are underway to register this ginger variety under the Plant Variety and Farmers' Rights Act. This will help ensure that the farmers in the village receive better prices for their ginger produce.

► Non-Agro Product-Corrugated boxes

In the second-most productive district of Himachal Pradesh, Sirmaur, the secondary sector plays a significant role in the local economy, particularly in areas like Paonta Sahib and Kala Amb, where industrial activities are predominant. One of the prominent products manufactured in copious quantities by industrial firms in this region is, corrugated boxes. **The packaging industry in India is experiencing rapid growth, with an annual expansion rate of 14-15%.** This growth rate is expected to double within the next two years. The **Indian Packaging Institute estimates that the country's packaging market is valued at USD 14 billion and is expanding at a rate of over 15% annually.** Within the packaging industry, the corrugated packaging segment is growing even faster, at a rate exceeding 35% per year.

Corrugated cardboard, often referred to as corrugated material, is a type of cardboard crafted from heavy paper pulp or thick paper stock. This results in a robust and durable card structure, making it an ideal choice for various packaging applications. The distinctive feature of corrugated cardboard lies in its zig-zag design, which provides strength and resilience to the packaging from all sides. This zig-zag structure, known as fluting, is securely held in place by a powerful adhesive. As a result, these boxes find extensive use in packaging various products, including food items, household moving boxes, and shipping large electronic devices like laptops and mobile phones.

Corrugated boxes find widespread use across various industries, including food, electronics, footwear, and textiles, among others. Local markets in Paonta, Kala Amb, Baddi, Nalagarh, Ludhiana, Ambala, Dehradun, and Chandigarh, as well as markets in other states like Uttar Pradesh, Uttarakhand, Gujarat, and more, have a consistent demand for corrugated boxes. These boxes are indispensable for safely packaging and preserving products during transportation and distribution.



In the context of marketing and branding within the corrugated box manufacturing industry, the relatively low capital requirements for entry have led to increased competition among new players. Branding plays a crucial role in influencing the market perception and customer perspective of a product. Each manufacturing unit in the area has its own distinct logo, and the production of boxes considers the specific needs, demands, and quality standards of customers. It is worth noting that the manufacturing quality differs between completely automatic and semi-automatic facilities, which significantly impacts the brand's reputation and product costs.

Effective product promotion is essential to boost sales and attract customers. Marketing strategies are instrumental in shaping consumer perceptions of a product. Notably, most MSME businesses allocate at least 5% of their total sales revenue to product branding and marketing efforts. Common techniques used by marketing teams include direct marketing, email marketing, and social media marketing.

The corrugating industry is currently grappling with a range of pressing issues that have significant implications for its operations and sustainability:

1. **Escalating Input Costs:** One of the foremost challenges faced by corrugating industries is the relentless rise in input costs. The primary raw material for this sector, kraft paper, has experienced a substantial increase in prices, surging by approximately 18-20% over the years. This surge translates to an additional cost burden of Rs 2,000-4,000 per tonne for manufacturers.
2. **Industry-Wide Financial Strain:** The cumulative impact of soaring input costs is putting immense financial strain on the corrugated box industry, which is estimated to be worth Rs 15,000 crore. Manufacturers are finding it increasingly challenging to maintain their profitability and competitiveness.
3. **Price Hikes in Corrugated Boxes:** As a direct consequence of the mounting input costs, the prices of corrugated boxes are anticipated to witness a substantial surge. In the northern region, price hikes of 18% to 20% are expected, while the western and southern regions are likely to experience increases in the range of 15% to 16%. These price adjustments are essential for manufacturers to offset their rising production expenses.
4. **Multiple Cost Pressure Points:** Apart from kraft paper, other critical raw materials like glue and stitching wire have also seen significant cost increments. The situation has been exacerbated by rising gasoline prices, frequent power outages, and a shortage of labour, collectively creating a challenging operating environment for corrugating industries.
5. **Pricing Challenges with Final Consumers:** Despite persistent appeals by corrugators, the final consumers of corrugated boxes have been reluctant to accept the increased pricing necessitated by higher raw material costs. This disconnect between manufacturers and consumers further compounds the financial stress on the industry.
6. **Demand for Import Tax Reduction:** To alleviate the cost burden on the corrugating sector, there is a growing demand for the elimination of import taxes on key raw materials such as kraft and waste paper. This measure could potentially provide some relief by reducing the input costs and aiding the industry's sustainability.



Industrial Associations

Both at the local level in Himachal Pradesh (HP) and nationally across India, corrugated producers within the industry have organized themselves into industrial associations. These associations play a vital role in fostering collaboration and addressing various industry-related challenges. In total, there are 14 regional associations in existence, serving as essential platforms for corrugated producers to come together. These associations work in close cooperation with the government to collectively enhance several critical aspects of the corrugated industry.

Additionally, it's worth noting that specific clusters dedicated to corrugated box packaging exist within District Sirmaur. These local clusters serve as focal points for corrugated box manufacturers in the region. They facilitate collaboration, resource sharing, and the exchange of industry-specific knowledge among local producers.

Table 22 List of identified Corrugated clusters and associations in Sirmaur

Sr. No	Identified Cluster/Association	Location	District	No of MSMEs of cluster	Cluster is Suitable for Schemes	Nodal Officer
1	Corrugation Box Industries	Kala Amb	Sirmaur	25 to 30	MSE-CDP	GM-DIC Nahan, Sirmaur
2	Corrugation Box Industries	Paonta Sahib	Sirmaur	10 to 12	MSE-CDP	GM-DIC Nahan, Sirmaur
3	Himachal Pradesh Corrugated Box Manufacturers' Association (HCBM)	Baddi/ Parwanoo	Solan	75-80	MSE-CDP	Aditya Pal Sood

In essence, these industrial associations, both at the regional and local levels, are instrumental in promoting the growth and sustainability of the corrugated industry in HP and India as a whole. By working closely with the government and each other, they strive to address challenges collectively and drive continuous improvement in output, productivity, cost management, and cluster-related issues within the corrugated production sector.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Sirmaur include but are not limited to:



Figure 82 Sirmaur: Key district Stakeholders

District Diagnosis: Methodology and Activities undertaken

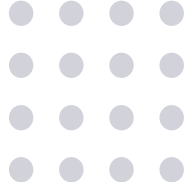
The EY Team conducted two Focus Group Discussions and Awareness Programmes in District Sirmaur with all relevant district level stakeholders in Kala Amb and Poanta Sahib under the RAMP initiative.

The discussion was held in the Sirmaur district with leading MSMEs and Industries Associations in the region to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.





Figure 83 Interaction with MSMEs and Industry Associations in Sirmaur

Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business.



District MSME Enablers & Disablers.

Table 23 Sirmaur: District Enablers and Disablers

 Enablers	 Disablers
High level of Industrialization: Industrial Hub of HP	Low uptake of Competitiveness Schemes, Samadhan Portal,
Low lying district: Geographical Advantage	Need or Common Infrastructural facilities (Road access, sewerage system, water supply, street lighting etc.)
Competitive advantage in pharmaceuticals, packaging and neutraceutical industry	High Logistic Costs due to Unionization of Road Transport
	Low sensitization on green technology & greening of MSMEs

MSME Development Potential

Prospective Sectors for Development for MSME



5. Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
6. Access to Capital
7. Promotion of FDI






5.4.2.4 Una




District Overview

Una, situated in the southwestern region of Himachal Pradesh, emerged as a separate district on September 1, 1972, following the reorganization of the erstwhile Kangra district into three distinct districts. Una stands out for its significant development in the industrial sector, largely attributed to its close geographical proximity to Punjab. Key industrial hubs within Una district include Mehatpur, Gagret, Tahliwal, and Amb.

For Administrative purpose, the district has been divided into Five tehsils, namely Una, Amb, Bangana, Ghanari, Haroli and seven sub-tehsil namely Mehatpur, Gagret, Bihrukalan, Dulehar, Jol, Ispur, Bharwain, and a total of 234 panchayats covering 848 villages³³.

 Tehsils	12
 Blocks	05
 Panchayats	234
 Villages	848

With a population density of 338 persons per sq km, Una has a population of about 5.21 lakh. The district has a female to male ratio of 976 females per thousand males, which is higher than the state average of 972 and the national average of 940. Average literacy rate of the district is 86.52% with a male literacy rate of 92.12% and female literacy rate of 81.11%.

	Population	5.21 lakh
	Sex Ratio	976/1000
	Literacy Rate	86.52%

Export Scenario

Total Exports from Una for the FY 2023 amounted to ₹365 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. **Exports from Una comprised 2.08% of overall exports from Himachal Pradesh.**³⁴

³³ District Una, Government of Himachal Pradesh | Welcome to the Land of Gurus, District Una | India (hpuna.nic.in)

³⁴ Directorate General of Commercial Intelligence and Statistics

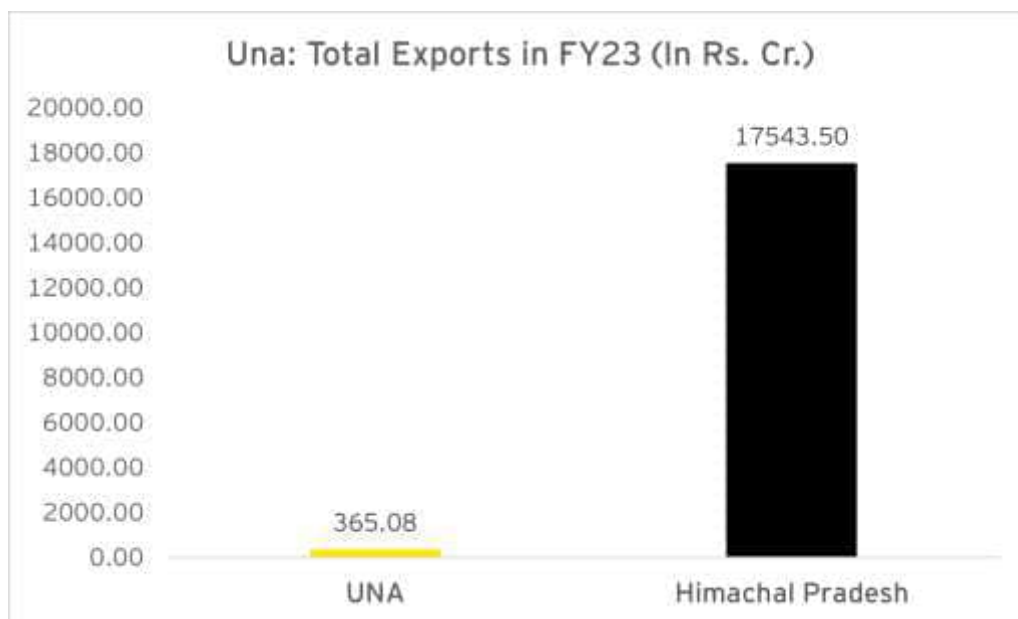


Figure 84 Exports scenario of Una as compared to Himachal Pradesh

From the overall exports in Una in FY23, **Electrical Machinery & Equipment** constituted 41% of the total exports worth an amount of ₹15035 lakh. Other major products exported from the district included Preparations of Cereals, Flour, Starch or Milk (16%), Pharmaceuticals (8.8%) and Tools and their Parts of Base Metal (8.3%).

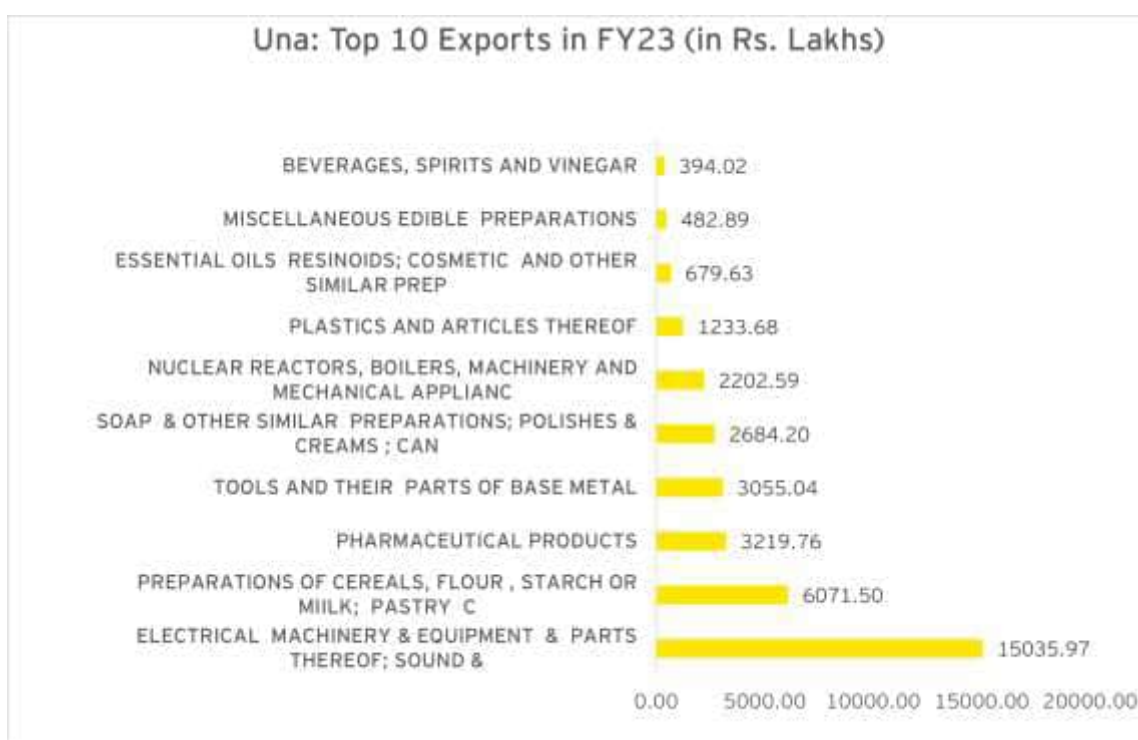


Figure 85 Top 10 exports from Una



MSME Ecosystem Overview

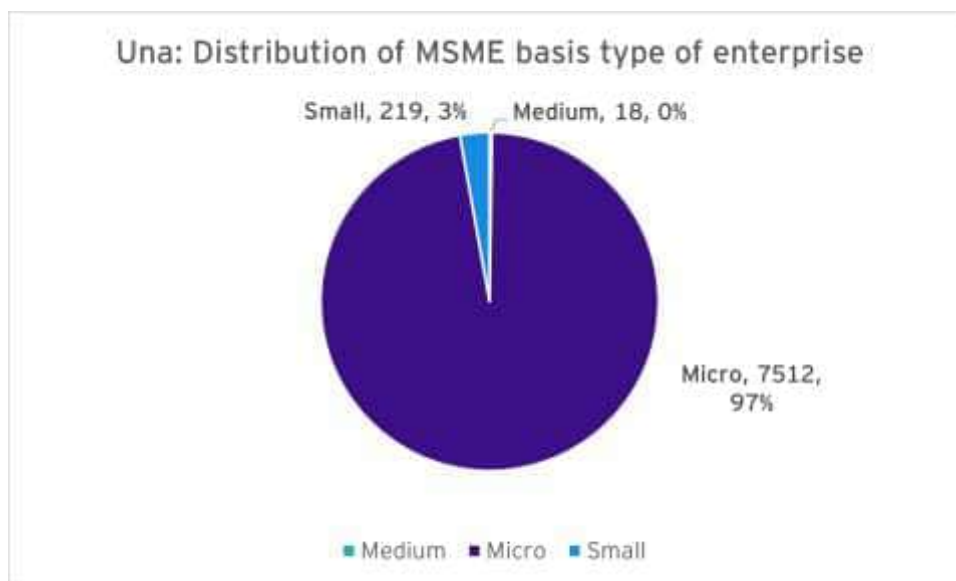


Figure 86 Una: Distribution of MSMEs basis type of Enterprise

In Una, as of the Udyam Registration Certificate data, there were a **total of 7749 MSME registered which constituted 7.3% of total MSME registrations in the state**. Of these, Micro MSMEs constituted 97%, Small MSMEs constituted 3% and medium enterprises constituted 18% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 82% employment generated, Small enterprise contributed 13% share in the employment generated and Medium enterprises contributed 5% employment generated by registered MSMEs in the state.

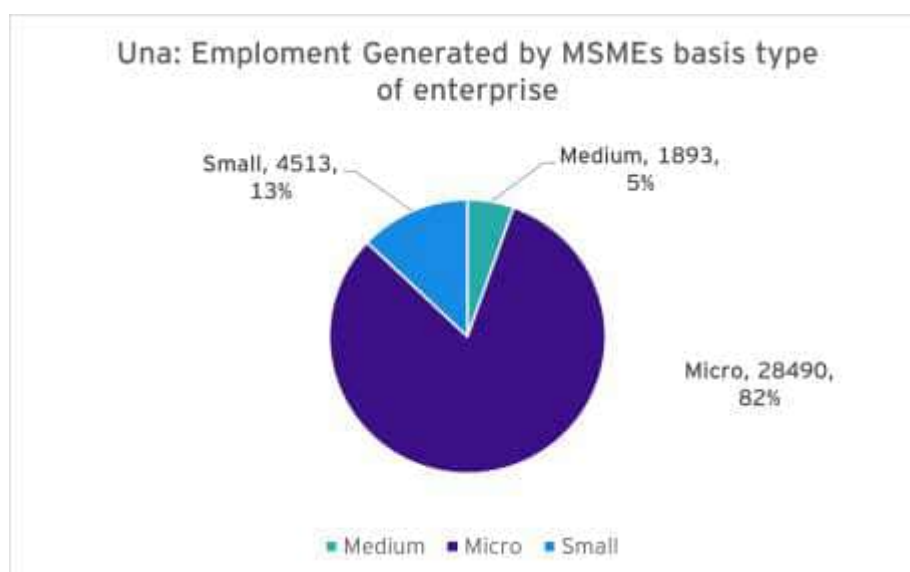


Figure 87 Una: Employment generated by MSMEs basis type of enterprise



Analysing the gender wise ownership of these enterprises it was found that 8% of the total female entrepreneurs in the state belonged to Una. In Una district alone, 19% of the MSME owners were reported to be women, which constituted a total of 1444 enterprise in the district.

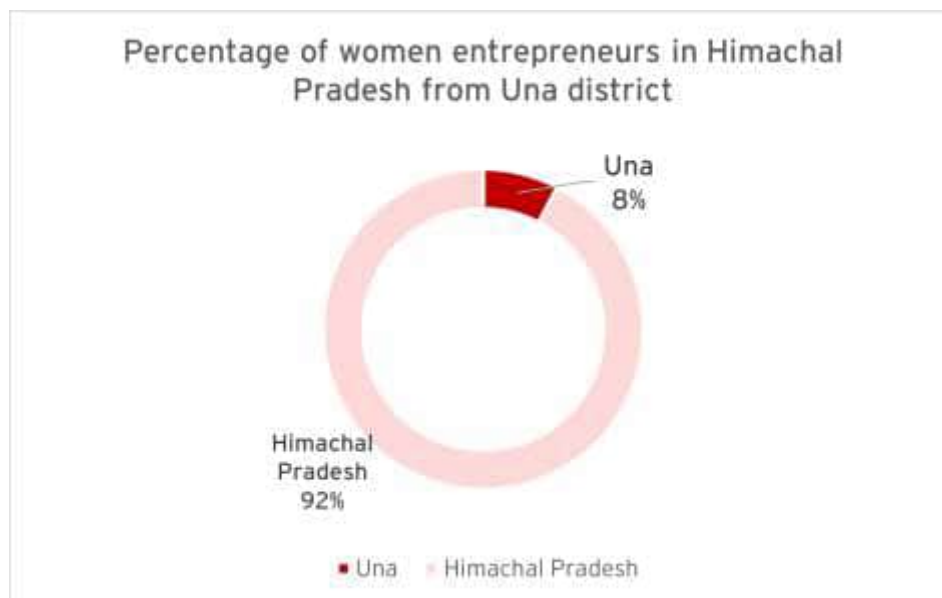


Figure 88 Percentage of women lead MSMEs in Una as compared to HP

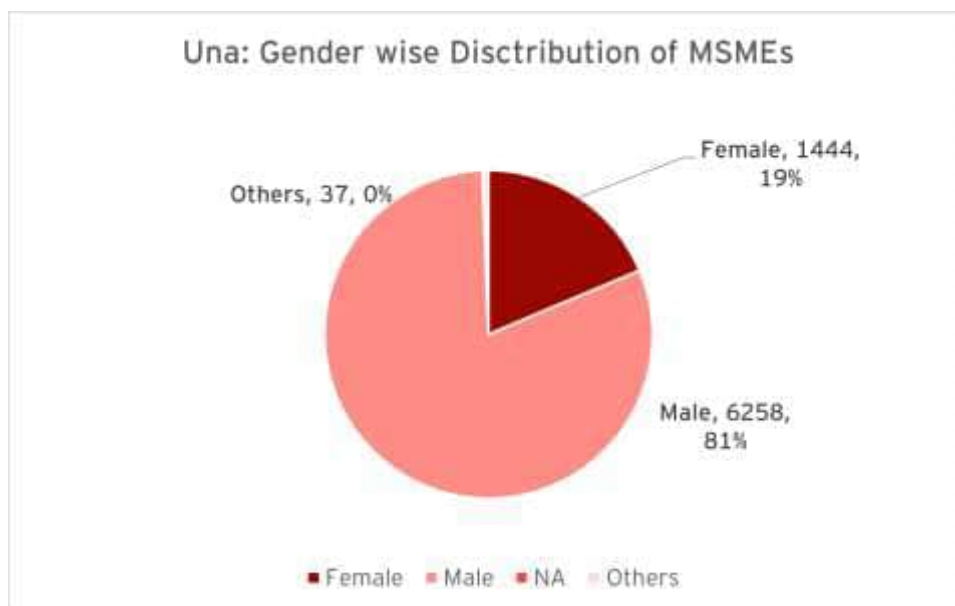


Figure 89 Una: Gender wise distribution of MSMEs

Analyzing across the activities these enterprises were involved in, it was found that 39% enterprises registered were involved in trading, 40% in services and 21% in manufacturing.

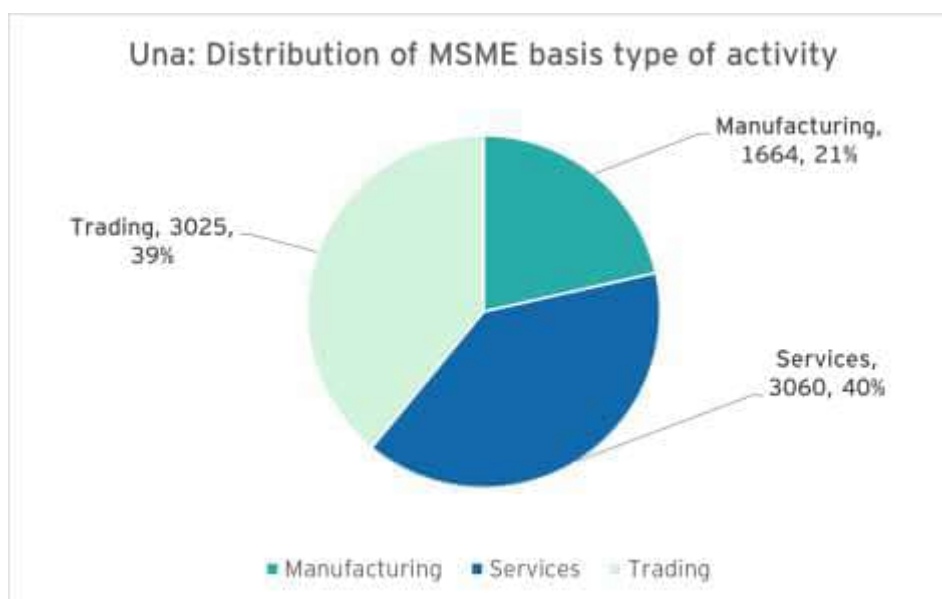







Figure 90 Una: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Una, the sectoral analysis showed that 20.86% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 14.69% to Land Transport and Transport Via Pipelines, 7.29% to Wholesale Trade, Except of Motor Vehicles and Motorcycles, 4.65% to Other Personal Service Activities and another and 4.4% to Food and Beverage Service Activities. The division and breakup for the sectoral division is given in the table below:

Table 24 Sector wise analysis: Una

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	1617
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	1139
3.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	565
4.	 Other Service Activities	Other Personal Service Activities	361
5.	 Accommodation and Food Service	Food and Beverage Service Activities	344

In Una, district, 69% of MSMEs were owned by entrepreneurs belonging to the General category, following which 15% belonged to Other Backward Classes category, 12% to Scheduled Caste category and less than 1% to Scheduled Tribe category.

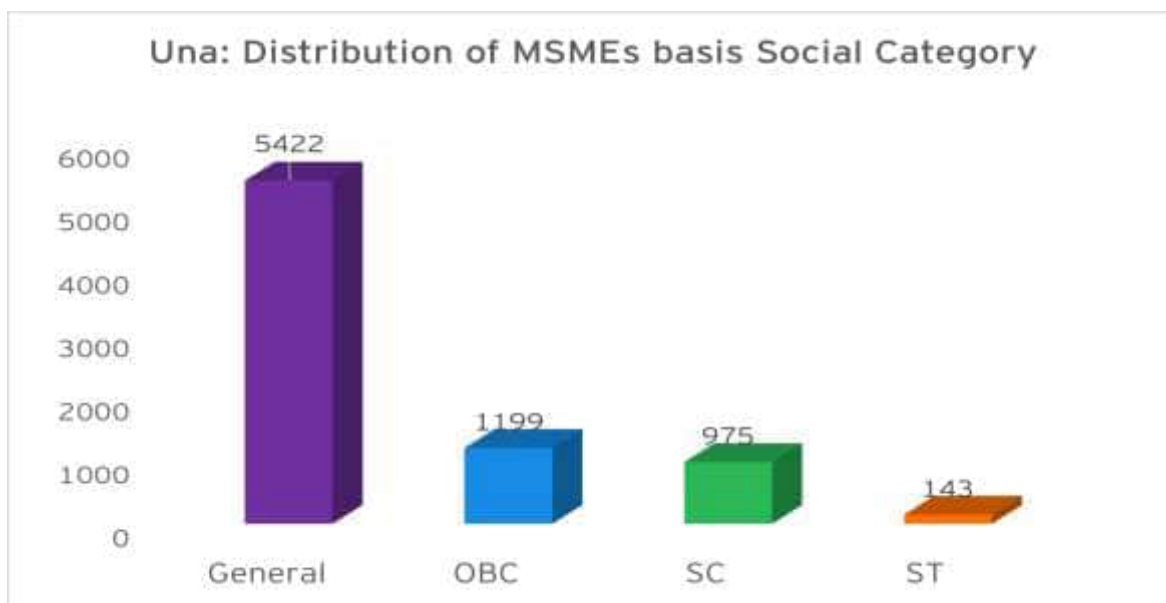


Figure 91 Una: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, almost 76% of the enterprises registered in FY23 were sole proprietorships, a meagre 4.4% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.



Figure 92 Una: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Una under the One District One Product Programme:



Figure 93 Una: Products under ODOP Scheme

► Agro Product-Potato Based Product

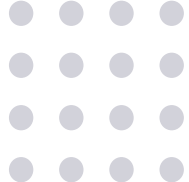
Una is predominantly an agricultural district, with approximately 77% of its total workforce relying on agriculture as their primary source of livelihood. The district's main cereal crops include maize and wheat, while it also cultivates major commercial crops such as potatoes, tomatoes, and various other vegetables. Based on the Statistical Report for the year 2021-2022, **Una district has recorded a potato production of 9,750 metric tonnes, cultivated across an area of 750 hectares³⁵. Potato cultivation constitutes a substantial portion, approximately 39%³⁶, of the total vegetable cultivation area in the district.** The favourable climatic conditions prevalent throughout the year in Una district make it conducive for year-round vegetable cultivation. Moreover, the entire district boasts soils well-suited for growing vegetables. One of the district's advantages is its convenient access to vegetable markets located in Punjab and Chandigarh, facilitating efficient distribution and trade. Additionally, local availability of improved seeds, fertilizers, pesticides, and other essential inputs further supports the thriving vegetable cultivation sector in the region.

Una district is equipped with three privately owned controlled atmosphere stores, with a storage capacity exceeding 5,000 metric tonnes.

However, the region grapples with the challenge of high labour costs, which has had a notable impact on cultivation practices and overall returns. To address these concerns and enhance agricultural production, essential measures include the upgrading and expansion of soil testing facilities, implementing effective pest and disease management strategies,

35 <https://himachalservices.nic.in/economics/pdf/State%20Statistical%20Abstract%20-%202021-22.pdf>

36 <https://hpbiodiversity.gov.in/Pdf/Final%20CDAP%20report%20Una.pdf>



strengthening post-harvest management systems, and establishing Agri-clinics and Agri-business centers.

► **Non-Agro Product- Light Engineering Industry**

Light engineering typically involves the transformation of pre-fabricated components into marketable products, distinguishing itself from "heavy" engineering by not directly using raw materials but rather working with existing pre-fabricated items. To illustrate, heavy engineering encompasses industries like steelmaking, whereas light engineering involves activities such as crafting steel doors from pre-existing steel components. Notably, light engineering is labour-intensive, presenting ample opportunities for local economic engagement and employment generation.

In the context of Una, the light engineering sector primarily specializes in the fabrication and assembly of braking systems designed for light to medium motor vehicles. In addition to brake system production, the light engineering industry in Una also engages in a limited capacity with Bulk Milk Coolers, sheet metal fabrication, manufacturing machine auto parts, and utilizing cast metal applications, among other endeavors.

The braking system is a product assembled from various individual parts, each manufactured separately using distinct procedures. Presently, the district lacks the capacity to produce these fabricated parts, which are essential components for assembling the braking system. As a result, these parts are sourced from both intra-state and interstate markets, benefiting from economies of scale achieved by manufacturers in those regions. Within the district, the imported parts are solely assembled to create the finished braking systems, which are then ready for installation in automobiles. The components required for the braking system are procured from neighbouring industrial hubs such as Chandigarh, Jalandhar, Baddi, and Delhi. In terms of logistics, road transportation is predominantly utilized, contributing to approximately 18% of the overall cost associated with the final product's logistics-related operations. Many of the industries involved in the fabrication of braking systems operate within an informal institutional framework. Consequently, there is limited effort put forth by these manufacturers in branding their end products. As a result, most buyer-seller relationships are established through traditional firm-to-firm arrangements.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Una include but are not limited to:



Figure 94Una: Key District Stakeholders

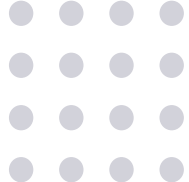
District *Diagnosis: Methodology and Activities undertaken*

The EY team organized a series of three Focus Group Discussions (FGDs) and Awareness Programs in District Una. These sessions engaged with a wide range of key stakeholders at the district level, taking place in Una, Tahliwal, and Gagret on the 3rd and 4th of August 2023.





Figure 95 Interaction with MSMEs and Industry Associations in Una

Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business.



District MSME Enablers & Disablers

Table 25 District Enablers and disablers

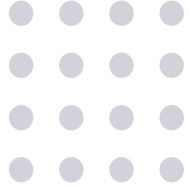
 Enablers	 Disablers
High level of Industrialization: Number of Industrial Associations in the District	Low uptake of Competitiveness Schemes, Samadhan Portal,
Low lying district: Geographical Advantage	Lack of MSME facilitation and handholding support for Implementing GOI Schemes
Competitive advantage in Light Engineering and medium scale enterprises	High Logistic Costs due to Unionization of Road Transport
	Low sensitization on green technology & greening of MSMEs

MSME Development Potential

Prospective Sectors for Development for MSME



1. Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
2. Access to Capital
3. Technological assistance







5.4.2.5 Kangra

District Overview

The present Kangra district came into existence on the 1st September, 1972 consequent upon the re-organization of districts by the Government of Himachal Pradesh. The district has a geographical area of 5,739 km. which constitutes 10.31 % of geographical area of the State. The district is bounded by Chamba to the north, Lahul and Spiti to the northeast, Kullu to the east, Mandi to the southeast, and Hamirpur and Una to the south. The district shares a border with the states of Punjab on the southwest, and Jammu and Kashmir on the northwest.

For Administrative purpose, the district has been divided into 20 tehsils and 15 Sub-tehsils, and a total of 748 panchayats covering 3906 villages.

	Tehsils	20
	Sub Tehsils	15
	Panchayats	748
	Villages	3906

With a population density of 263 persons per square kilometer, Kangra has a population of about 15.1 lakh. The district has a female to male ratio of 1012 females per thousand males, which is significantly higher than the state average of 972 and the national average of 940. Average literacy rate of the district is 85.76% with a male literacy rate of 91.49% and female literacy rate of 80.02%.

	Population	15.1 lakh
	Sex Ratio	1012/1000
	Literacy Rate	85.76%

Export Scenario

Total Exports from Kangra for the FY 2023 amounted to ₹33.35 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. **Exports from Kangra comprised of less than 1% of overall exports from Himachal Pradesh.** ³⁷

³⁷ Directorate General of Commercial Intelligence and Statistics

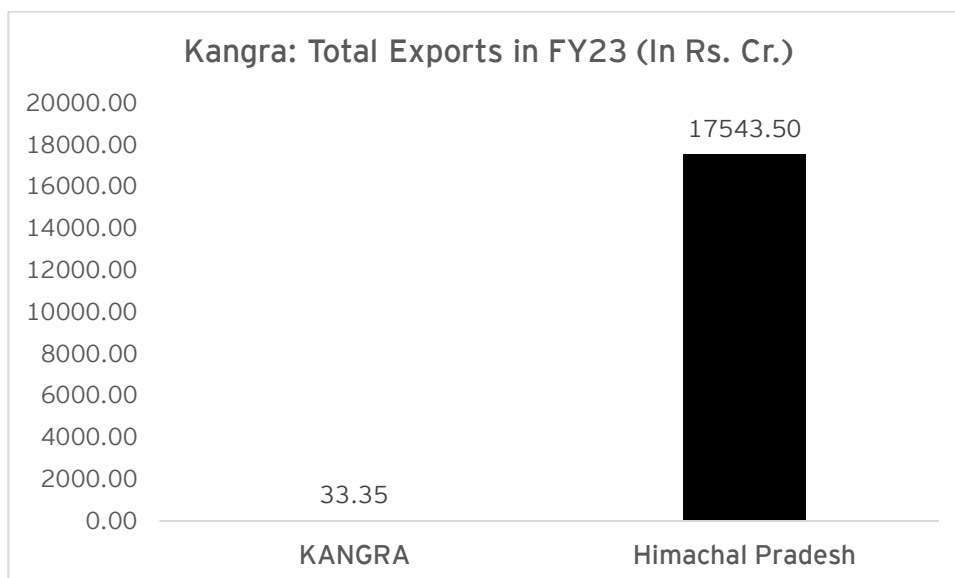


Figure 96 Export scenario of Kangra as compared to Himachal Pradesh

From the overall exports of Kangra in FY23, **Pharmaceutical products constituted 33% of the total exports worth an amount of ₹1127.95 lakh.** Other major products exported from the district included Nuclear Reactors, Boilers, Machinery And Mechanical Appliance (25.8%), followed by Lac; Gums, Resins & Other Vegetables Saps & Extracts (15.24%) and Glass And Glassware (7.1%) .

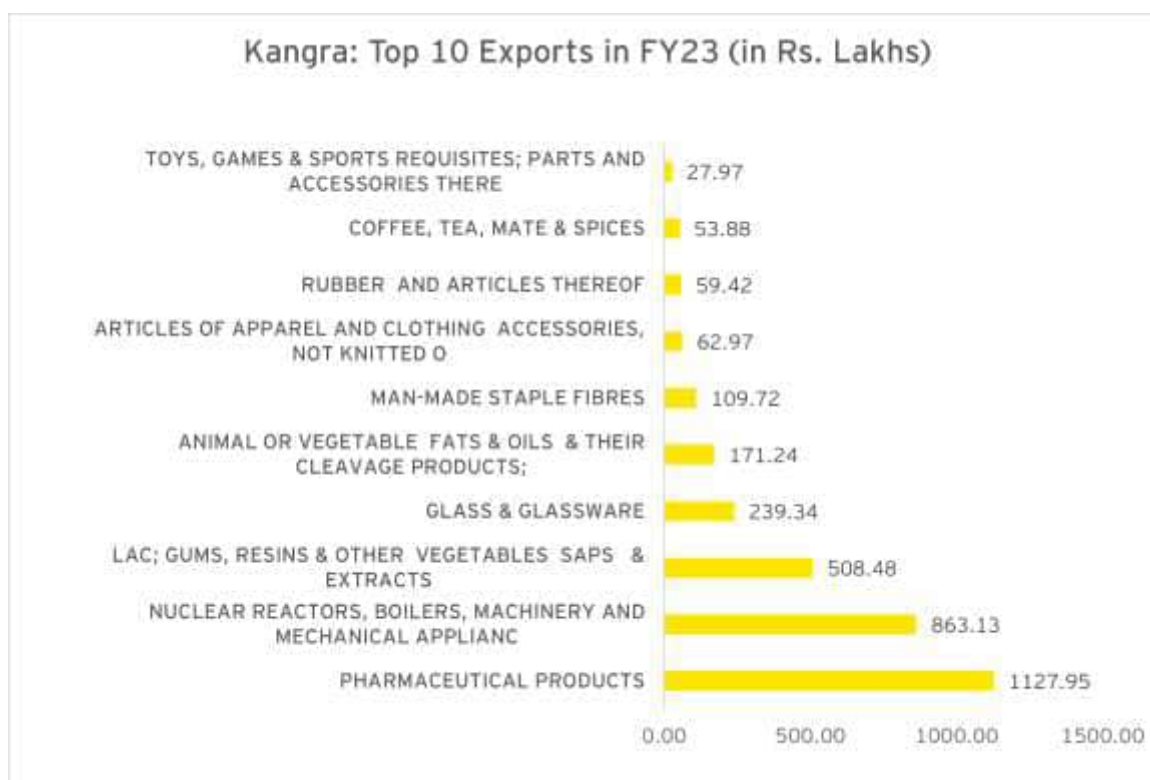
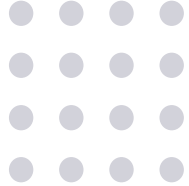


Figure 97 Top 10 exports from Kangra



MSME Ecosystem Overview

Kangra: Distribution of MSME basis type of enterprise

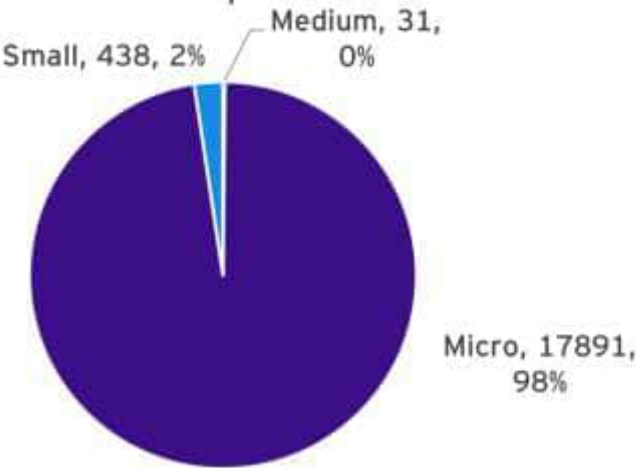


Figure 98 Kangra: Distribution of MSME basis type of enterprise

In Kangra, as of the Udyam Registration Certificate data, there were a total of 18,360 MSME registered which constituted 17.3% of total MSME registrations in the state.³⁸ Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and medium enterprises constituted 31% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 89% employment generated, Small enterprise contributed 9% share in the employment generated and Medium enterprises contributed 2% employment generated by registered MSMEs in the state.

Kangra: Employment Generated by MSMEs basis type of enterprise

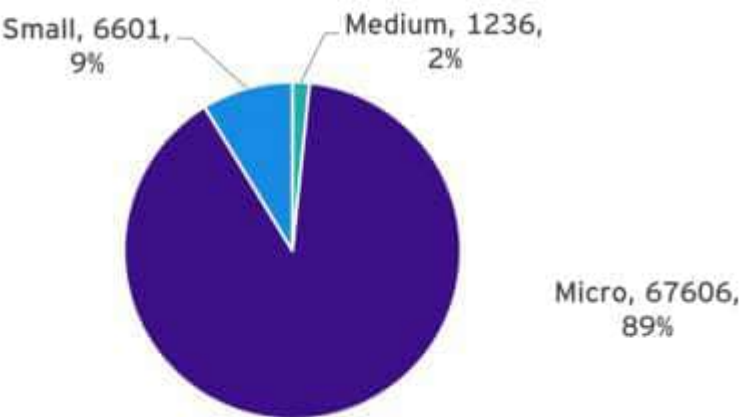
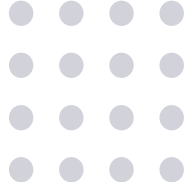


Figure 99 Kangra: Employment generated by MSMEs basis type of enterprise

³⁸ Udyam Registration Certificate Data as on August 2023



Analysing the gender wise ownership of these enterprises it was found that **17% of the total female entrepreneurs in the state belonged to Kangra**. In Kangra district alone, 18% of the MSME owners were reported to be women, which constituted a total of 3245 enterprise in the district.

Percentage of women entrepreneurs in Himachal Pradesh from Kangra district

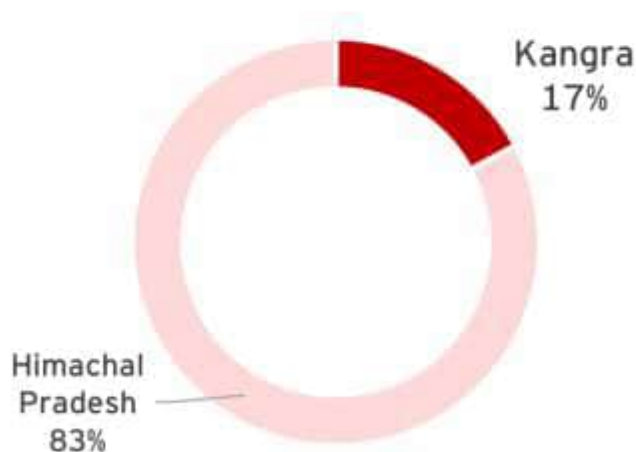


Figure 100 Percentage of women lead MSMEs in Kangra as compared to HP

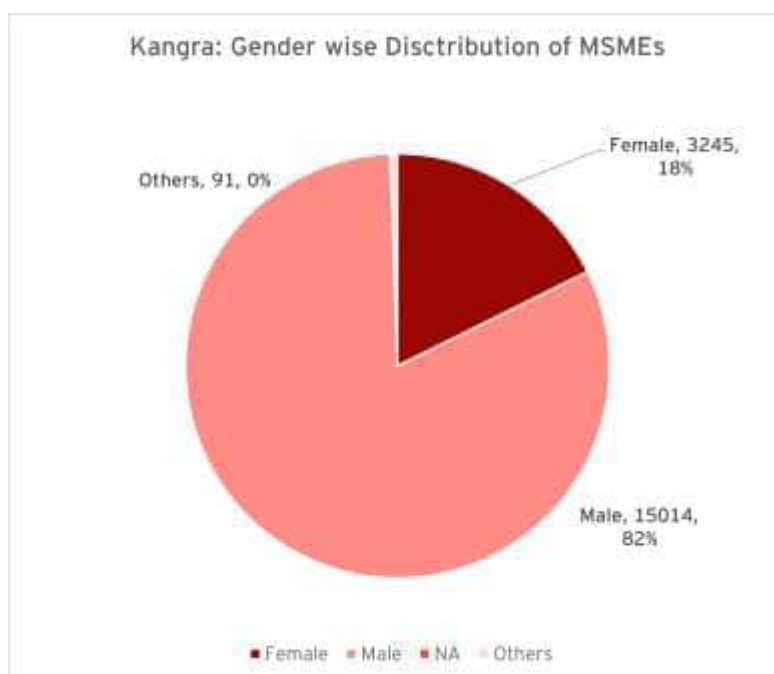


Figure 101 Gender wise distribution of MSMEs in Kangra

Analyzing across the activities these enterprises were involved in, it was found that 44% enterprises registered were involved in trading, 38% in services and 17% in manufacturing.

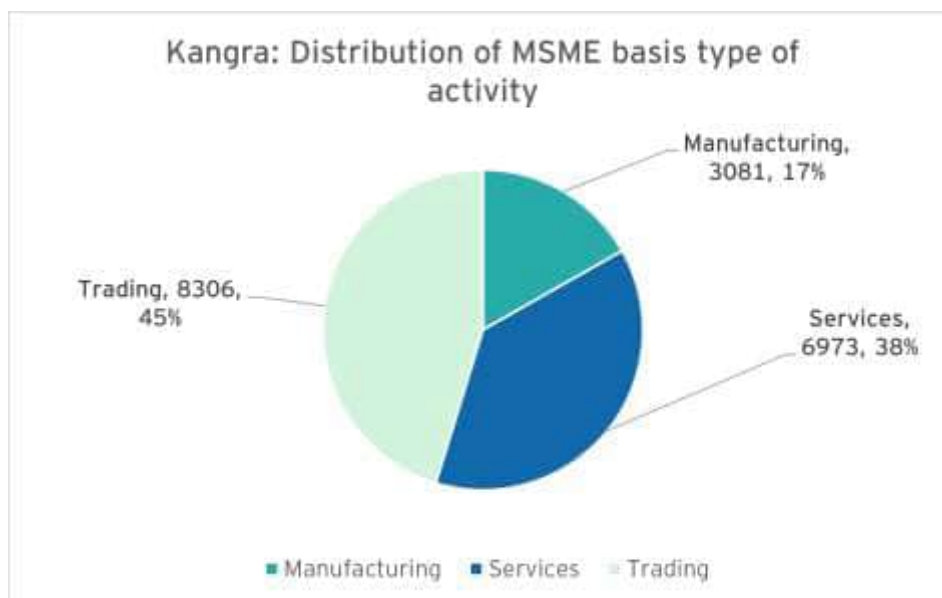







Figure 102 Kangra: Distribution of MSME basis type of activity

Out of all MSMEs registered in Kangra, the sectoral analysis showed that 26.2% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 6.8% to Other Personal Service Activities, 6.5% to Wholesale Trade, Except of Motor Vehicles and Motorcycles, 6.3% to Land Transport and Transport Via Pipeline and 5.6% to Food and Beverage Service Activities. The division and breakup for the sectoral division is given in the table below:

Table 26 Sector wise analysis: Kangra

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	4819
2.	 Other Service Activities	Other Personal Service Activities	1252
3.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	1210
4.	 Transport and Storage	Land Transport and Transport Via Pipelines	1166
5.	 Accommodation and Food Service	Food and Beverage Service Activities	1030

In Kangra district, 64% of MSMEs were owned by entrepreneurs belonging to the General category, following which 13.9% belonged to Scheduled Caste category, 17.5% to Other Backward Classes category and less than 1% to Scheduled Tribe category.

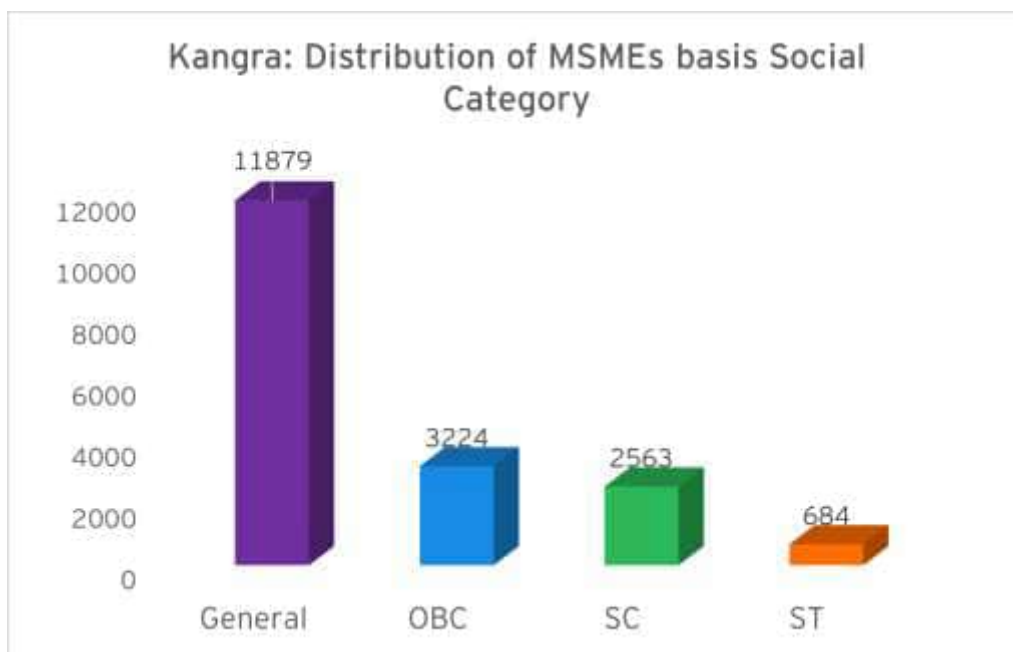


Figure 103 Kangra: Distribution of MSMEs basis social category

Regarding the type of enterprise set up, almost 84% of the enterprises registered in FY23 were sole proprietorships, a meagre 4% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

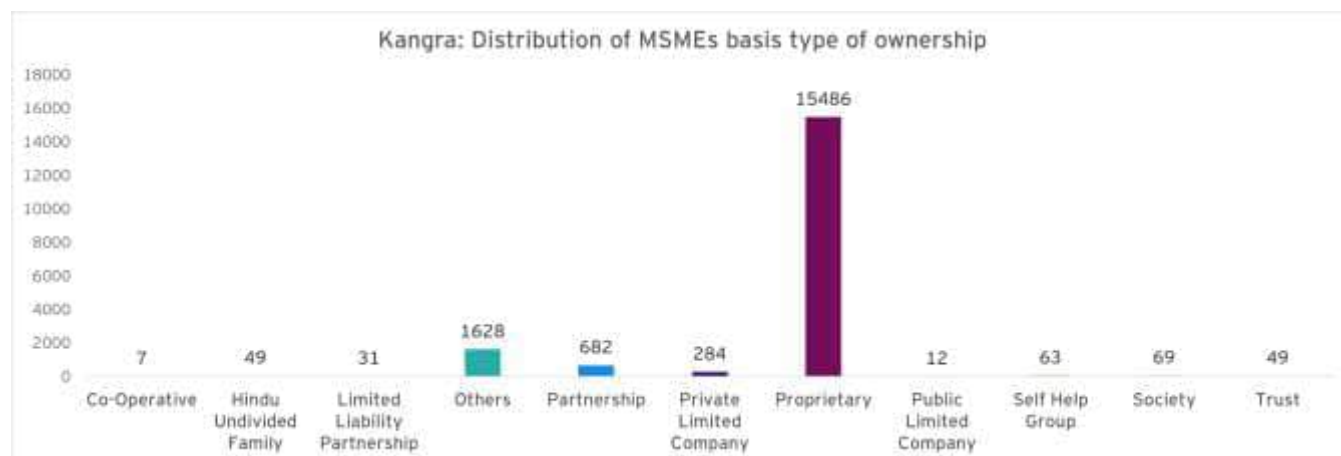


Figure 104 Kangra: Distribution of MSME basis type of ownership

ODOP Product

Given below are the products identified from Kangra under the One District One Product Programme:



Figure 105 Kangra: Products under ODOP Scheme

► Agro-Mango Based Product

Mango cultivation in Himachal Pradesh is widespread across all districts except for Kinnaur and Lahaul-Spiti. This fruit thrives in the low hills and valleys of the state. Between the years 1990-91 and 2002-2003, the mango cultivation area in the state witnessed significant growth, expanding by approximately 57 percent. Among the districts in Himachal Pradesh, Kangra has the largest area dedicated to mango cultivation, with Bilaspur, Mandi, Solan, and Sirmour districts following closely in terms of mango cultivation acreage.

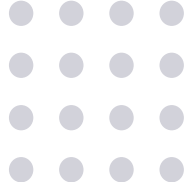
According to the Statistical Report for the year 2021-2022, mango cultivation in Kangra district covers an extensive area of 21,484 hectares, resulting in an impressive production of 19,612 tonnes. This substantial output accounts for over 50% of the total mango production in the state of Himachal Pradesh. However, the productivity of mango in the state is still much less as compared to the national and international average

The Himachal Pradesh Horticulture Development Project (HPHDP), backed by a World Bank sponsorship of Rs 1,293 crore, has led to the establishment of a new orchard at the Fruit Breeding and Demonstration Centre in Jachh (Nurpur), Kangra district. This orchard features 605 mango plants, introducing six new mango varieties to the area. This development is a notable contribution to the local horticultural landscape.

► Non-Agro Product- Kangra Tea and Painting

Kangra Tea

Kangra tea received official recognition under the GI (Geographical Indication) of Goods (Registration and Protection) Act in 1999, earning its GI certification in 2005. However, in



recent years, its production has seen a significant decline, plummeting from a range of 17-18 lakh kilograms to a mere 8-9 lakh kilograms. This decline has led to Kangra tea losing ground to its counterparts in Darjeeling, Assam, and Nilgiri³⁹.

Kangra tea stands out from other tea varieties due to its unique characteristics. It is known for its distinct raw mango aroma and a delightful mild taste, setting it apart from other teas in the market. These exceptional attributes, including its aroma, color, and flavor, serve as the unique selling proposition (USP) of Kangra tea, both in its black and green varieties. These distinctive qualities are a result of the unique climatic conditions found in the snow-clad Dhauladhar ranges of the Himalayas, differentiating Kangra tea from tea produced in other regions of the country.

Regrettably, the government has allocated minimal attention to the tea industry, primarily due to its relatively small contribution to the state's economy. The bulk of the government's policies and resources are channeled towards the apple industry, which is valued at INR 4,000 crore, while the tea industry receives only a fraction of this support, amounting to approximately INR 18-20 crore.

In order to ensure the survival and prosperity of Kangra tea, the creation of a niche market is imperative. Given the relatively low production volumes, selling this tea through auctions may not be the most suitable approach. The first crucial step is to guarantee a consistent supply of high-quality tea under a unified brand. One effective strategy involves the establishment of farmer collectives that process their tea leaves in a shared facility using standardized methods. These collectives can then distribute the tea at tourist destinations, collaborating with local vendors, including organizations like the Himachal Pradesh Horticultural Produce Marketing and Processing Corporation LTD. (HPMC), which has a strong presence in marketing local products across the state.

To promote Kangra tea effectively, both the HPMC and the Tea Board should engage in educational campaigns targeting the public. These campaigns can utilize infographics and advertisements to introduce consumers to the unique qualities of Kangra orthodox tea, making it more appealing and distinguishable. Furthermore, encouraging tea growers to participate in Self-Help Group (SHG) schemes can be an effective approach to enhance marketing efforts and ensure the long-term sustainability of Kangra tea.

Kangra Painting

Kangra painting, a distinctive form of Indian miniature art, has its roots in the former princely state of Kangra, Himachal Pradesh. Initially known as the Basohli school of painting, it rose to prominence in the 18th century when it outshone other painting traditions in both quantity and quality, leading to the adoption of the name "Kangra painting" for the broader Pahari painting school. While Guler, Basohli, Chamba, Nurpur, Bilaspur, and Kangra were its primary centers, this art style expanded to include Mandi, Suket, Kulu, Arki, Nalagarh, and Tehri Garhwal. Kangra painting, also referred to as Pahari painting, flourished between the 17th and 19th centuries, with significant patronage from Rajput kings.

This traditional art form, Kangra painting, has the potential to contribute to the Micro, Small, and Medium Enterprises (MSME) sector by promoting regional craftsmanship and boosting

³⁹ Himachal Pradesh Kaushal Vikas Nigam



tourism. However, several challenges need to be addressed to enhance its role in the MSME sector:

1. **Lack of Awareness:** Kangra painting suffers from limited domestic and international recognition. To promote it as a culturally significant art form, marketing campaigns, workshops, and exhibitions should be organized.
2. **Market Access:** Access to larger domestic and international markets can be challenging for Kangra painters. They should consider establishing online platforms, collaborating with e-commerce companies, and participating in art fairs and exhibitions to reach a wider audience.
3. **Quality Standards:** Consistency and authenticity are crucial for Kangra paintings to gain the trust of buyers. Implementing quality assurance measures, setting benchmarks, and introducing certification procedures, akin to Geographical Indication (GI) labels, can help verify authenticity.
4. **Skill Development and Innovation:** To keep Kangra painting relevant in the contemporary art market, artists should balance tradition and innovation. Encouraging local artists to experiment with new materials, ideas, and styles while preserving the essence of Kangra painting is essential.
5. **Intellectual Property Rights:** Protecting the intellectual property rights of Kangra artists is vital to prevent unauthorized duplication and sale of their works. Artists should be educated about copyright regulations and encouraged to register their artwork and designs.
6. **Collaboration with Educational Institutions:** Collaborating with educational institutions to include Kangra painting in art curricula can inspire young artists. Supporting partnerships between Kangra artists and schools for training sessions and seminars is beneficial.
7. **Tourism Integration:** Integrating Kangra painting into the tourism sector can provide a steady market. Collaboration with tourism authorities to include Kangra painting experiences, workshops, and exhibitions in tour packages can promote cultural tourism.
8. **Heritage Preservation:** Establishing Kangra painting-specific museums and cultural hubs is essential for preserving its legacy and historical significance, ensuring its long-term sustainability.

Addressing these issues and implementing the suggested measures can position Kangra painting as a significant contributor to the MSME sector, preserving cultural heritage, creating employment opportunities, and boosting the local economy. Additionally, it has the potential to elevate India's artistic legacy on the global stage

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Kangra include but are not limited to:

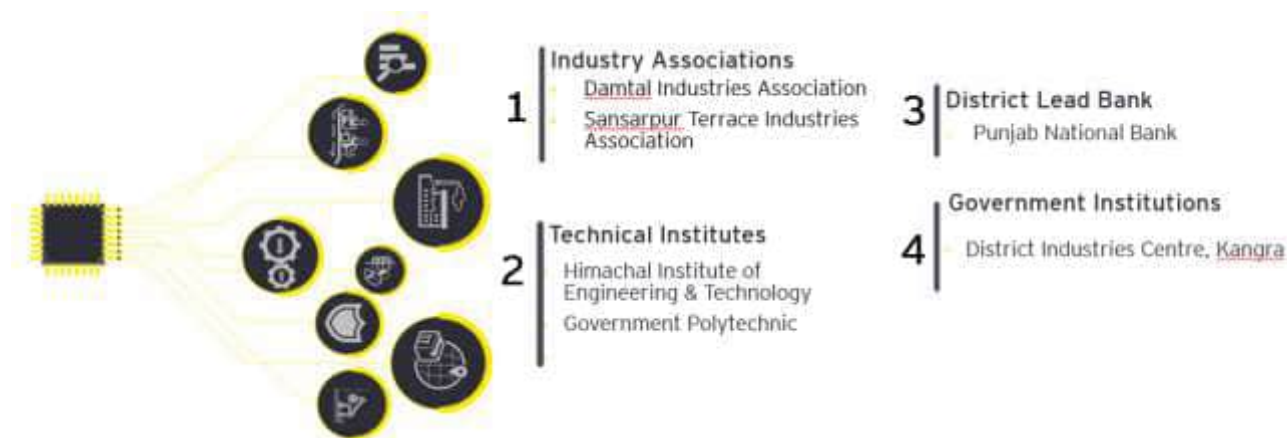


Figure 106 Kangra: Key district Stakeholders

District *Diagnosis: Methodology and Activities undertaken*

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders at Kangra via Virtual Conference on September 2nd, 2023.

The discussion was held with leading MSMEs and Industries Associations to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.

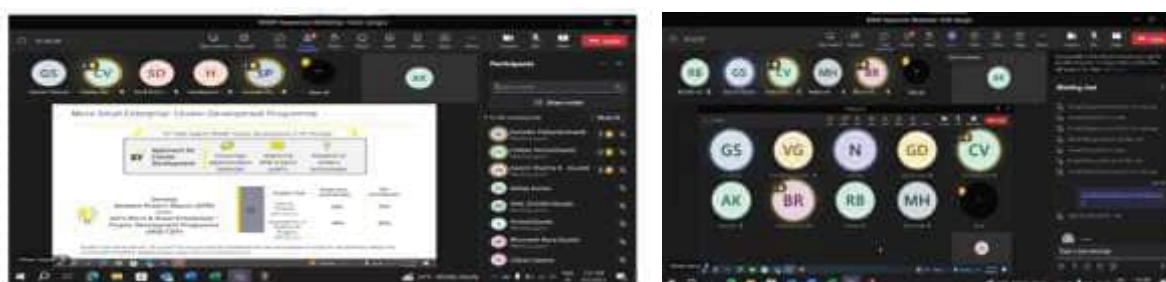
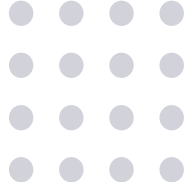




Figure 107 Interaction with MSMEs and Industry Associations in Kangra

Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business



District MSME *Enablers & Disablers*

Table 27 Kangra: District Enablers and Disablers

 Enablers	 Disablers
Competitive advantage in Agro Processing (Mango based Products)	Low uptake of Competitiveness Schemes, Samadhan Portal,
Low lying district: Geographical Advantage	Lack of MSME facilitation and handholding support for Implementing GOI Schemes
Competitive advantage in Kangra Tea	High Logistic Costs due to Unionization of Road Transport
	Low sensitization on green technology & greening of MSMEs

MSME Development Potential

Prospective Sectors for Development for MSME



1. Policy for Promoting Rural Industrialization
2. Access to Capital
3. Technological assistance




5.4.2.6 Hamirpur




District Overview

In 1972, Hamirpur District was established as a separate entity, carved out from the Kangra district. This district holds a deep historical connection with the illustrious Katoch dynasty. Geographically, Hamirpur District is situated between 76° 18' to 76 ° 44' East longitudes and 31° 25' to 31° 52' North latitude. The terrain here is predominantly hilly, as it lies within the Shivalik range. The elevation within the district varies significantly, ranging from 400 meters to 1100 meters above sea level. Himachal Pradesh's most literate district, Hamirpur, has excellent road access from all directions. District's boundaries are shared with the districts of Bilaspur, Mandi, Kangra, and Una. The majority of the population is employed by the armed forces, earning the name "Veer Bhoomi".

For Administrative purpose, the district has been divided into Eight tehsils, namely Hamirpur, Barsar, Nadaun, Bhoranj, Sujanpur, Bamson, Dhatwal, Galore and three sub-tehsil namely Kangoo, Bhotaand Lambaloo .There are Six blocks in the district namely Hamirpur, Nadaun, Bhoranj, Sujanpur, Bamson and Bijhari. There are 248 panchayats in the district covering 1780 villages⁴⁰

 Tehsils	11
 Blocks	06
 Panchayats	248
 Villages	1780

With a population density of 407 persons per square kilometer, Hamirpur has a population of about 4.54 lakh.⁴¹ The district has a female to male ratio of 1,095 females per thousand males, which is significantly higher than the state average of 972 and the national average of 940. Average literacy rate of the district is 88.15% with a male literacy rate of 94.36% and female literacy rate of 82.62%.

	Population	4.54 lakh
	Sex Ratio	1095/1000
	Literacy Rate	88.15%

40District Hamirpur-The Veerbhumi | Himachal Pradesh | India (hphamirpur.nic.in)

41 Census 2011



Export Scenario

Total Exports from Hamirpur for the FY 2023 amounted to ₹0.19cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Hamirpur comprised 0.001% of overall exports from Himachal Pradesh.⁴²

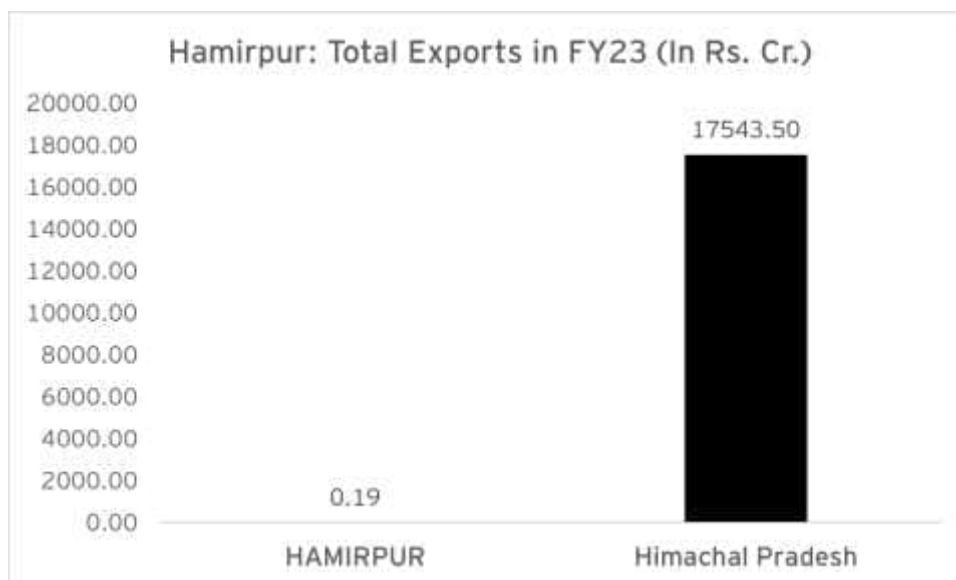


Figure 108 Export scenario of Hamirpur as compared to Himachal Pradesh

From the overall exports in Hamirpur in FY23, Pharmaceutical Products constituted 44% of the total exports worth an amount of ₹ 265 lakh. Other major products exported from the district included Edible Fruit & Nuts; Peel Of Citrus Fruit Or Melons (14%), Articles Of Stone, Plaster, Cement, Asbestos, Mica Or Simil (10%) and Electrical Machinery & Equipment & Parts Thereof; Sound (10%).

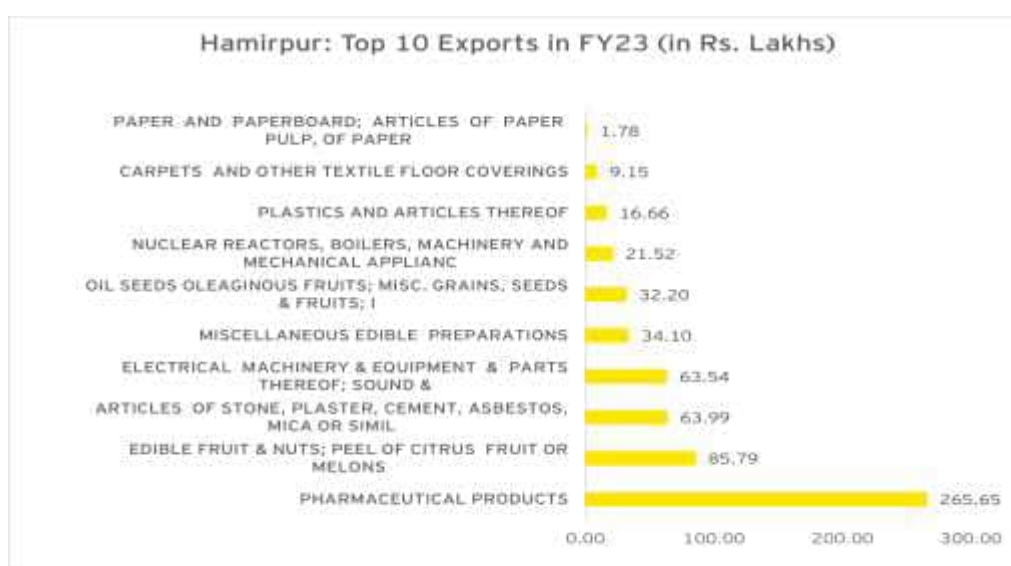


Figure 109 Top 10 exports from Hamirpur



MSME Ecosystem Overview

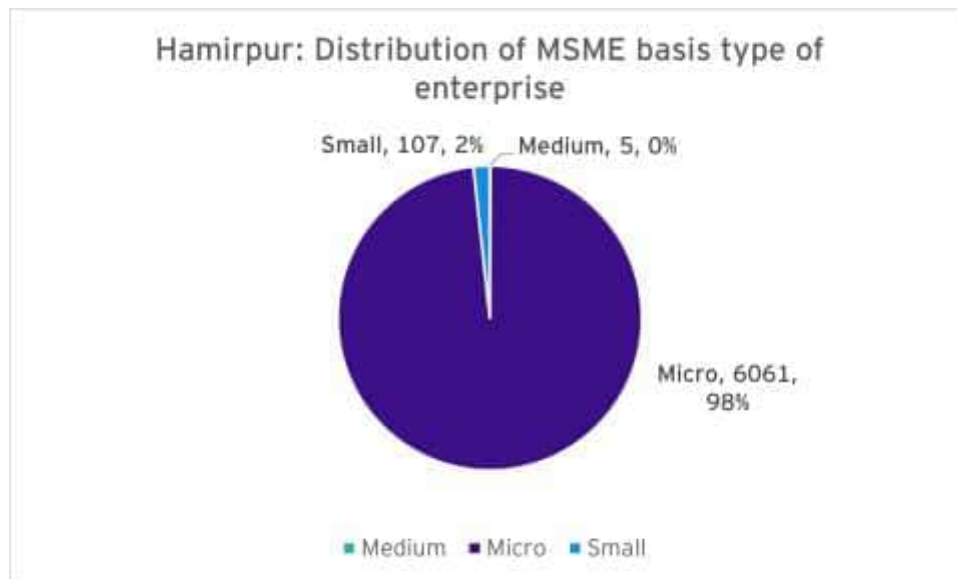


Figure 110 Hamirpur: Distribution of MSMEs basis type of Enterprise

In Hamirpur, as of the Udyam Registration Certificate data, there were a total of 6173 MSME registered which constituted 5.8% of total MSME registrations in the state. Micro MSMEs constituted 98%, Small MSMEs constituted 2% and Medium enterprises constituted 0% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 89% employment generated, small enterprise contributed 10% share in the employment generated and Medium enterprises contributed 1% employment generated by registered MSMEs in the state.

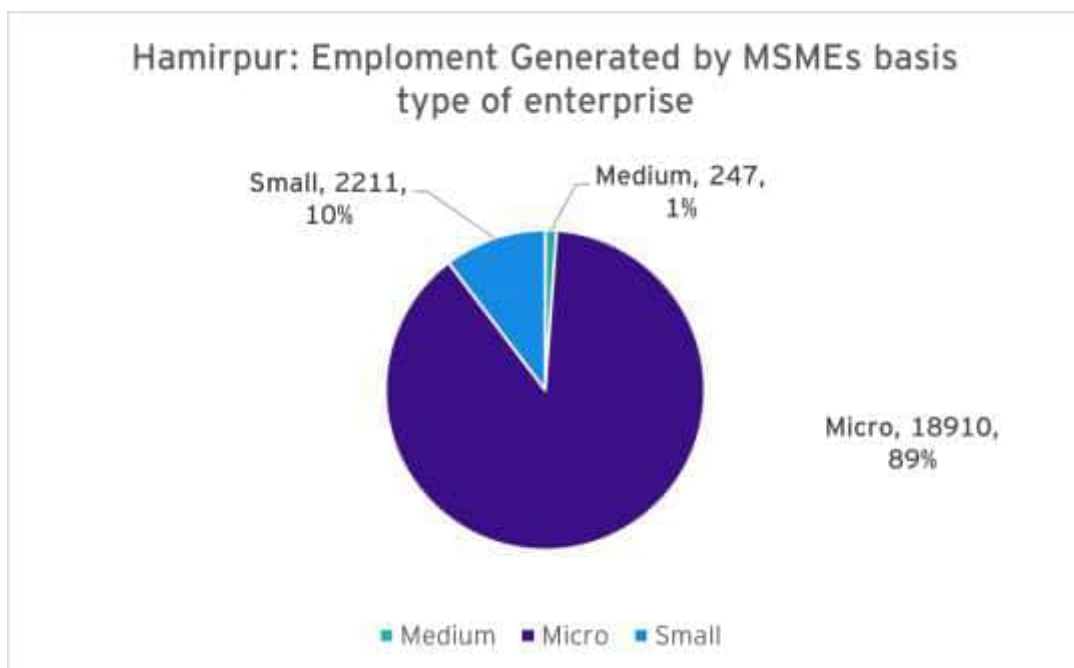


Figure 111 Hamirpur: Employment generated by MSMEs basis type of enterprise



Analysing the gender wise ownership of these enterprises it was found that 7% of the total female entrepreneurs in the state belonged to Una. In Una district alone, 21% of the MSME owners were reported to be women, which constituted a total of 1306 enterprise in the district:

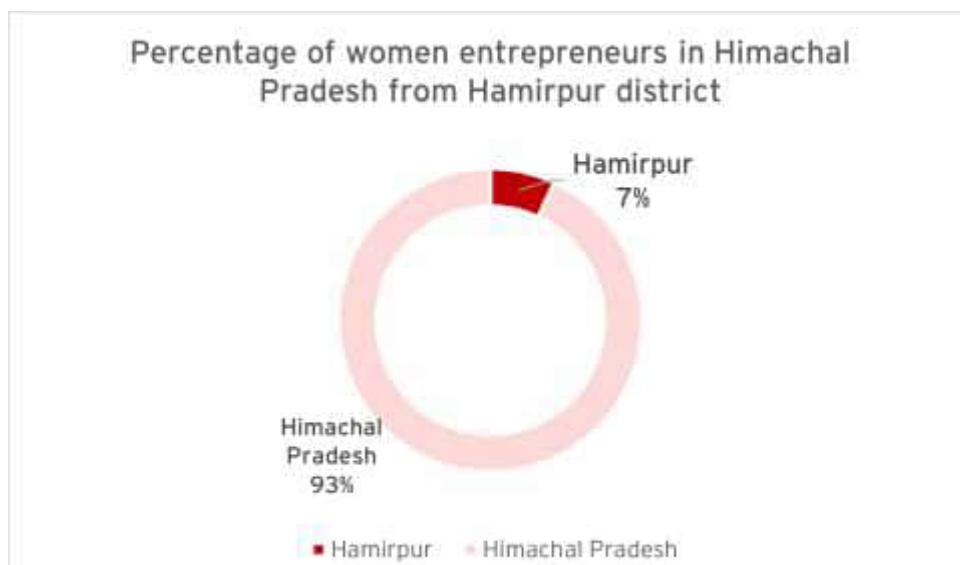


Figure 112 Percentage of women lead MSMEs in Hamirpur as compared to HP

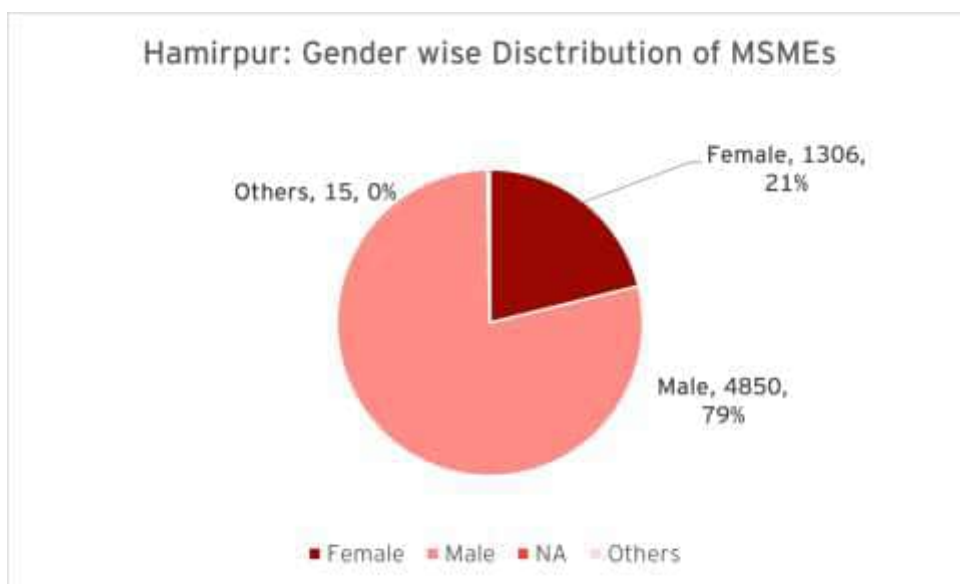


Figure 113 Gender wise distribution of MSMEs in Hamirpur

Analyzing across the activities these enterprises were involved in, it was found that 49% enterprises registered were involved in trading, 33% in services and 18% in manufacturing

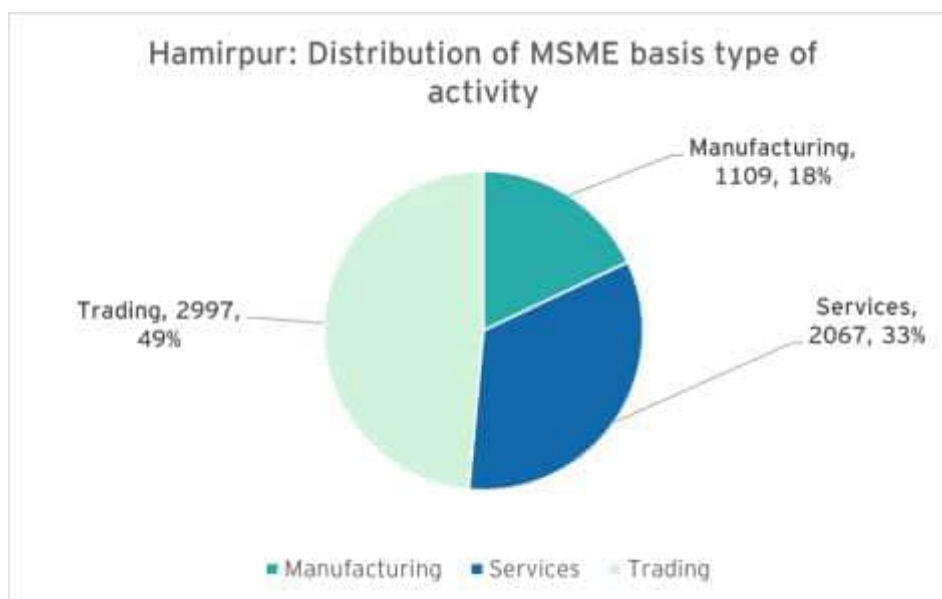







Figure 114 Hamirpur: Distribution of MSME basis type of activity

Out of all MSMEs registered in Hamirpur, the sectoral analysis showed that 14.61% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 3.22% to Other Personal Service Activities, 3.25% to Wholesale Trade, Except of Motor Vehicles and Motorcycles, 3.54% to Land Transport and Transport Via Pipelines and another and 2.2% to Food and Beverage Service Activities. The division and breakup for the sectoral division is given in the table below:

Table 28 Sector wise analysis Hamirpur

S. No	Sector as per NIC classification		Inclusion	Number of MSME registered
1.		Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	1804
2.		Other Service Activities	Other Personal Service Activities	438
3.		Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	402
4.		Transport and Storage	Land Transport and Transport Via Pipelines	398
5.		Accommodation and Food Service	Food and Beverage Service Activities	282

In Hamirpur, district, 75 % of MSMEs were owned by entrepreneurs belonging to the General category, following which 7% belonged to Other Backward Classes category, 15% to Scheduled Caste category and less than 1% to Scheduled Tribe category.

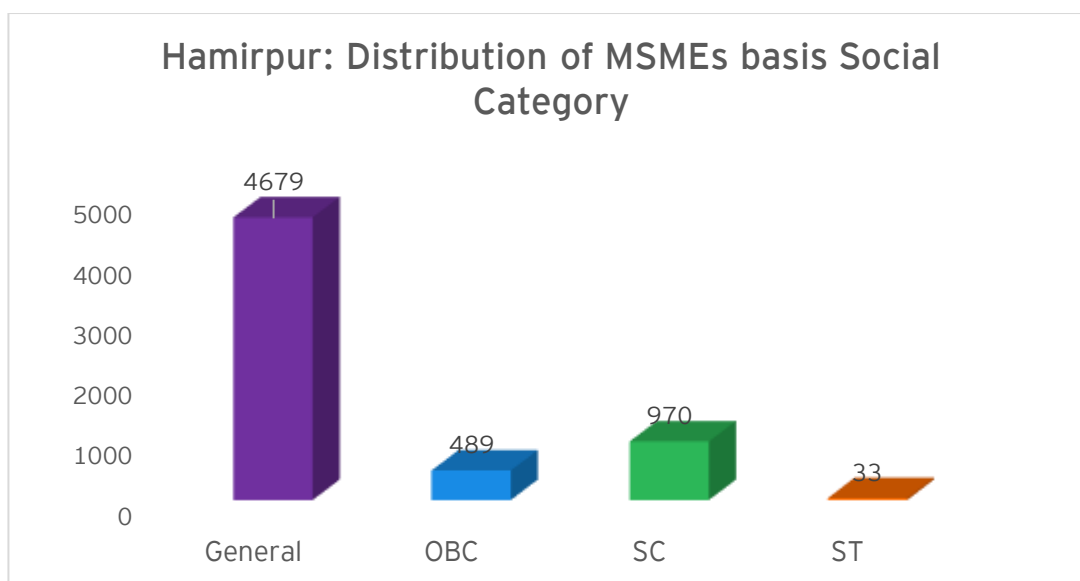


Figure 115 Hamirpur: Distribution of MSME basis Social Category

Regarding the type of enterprise set up, almost 87% of the enterprises registered in FY23 were sole proprietorships, a meagre 2.1% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others

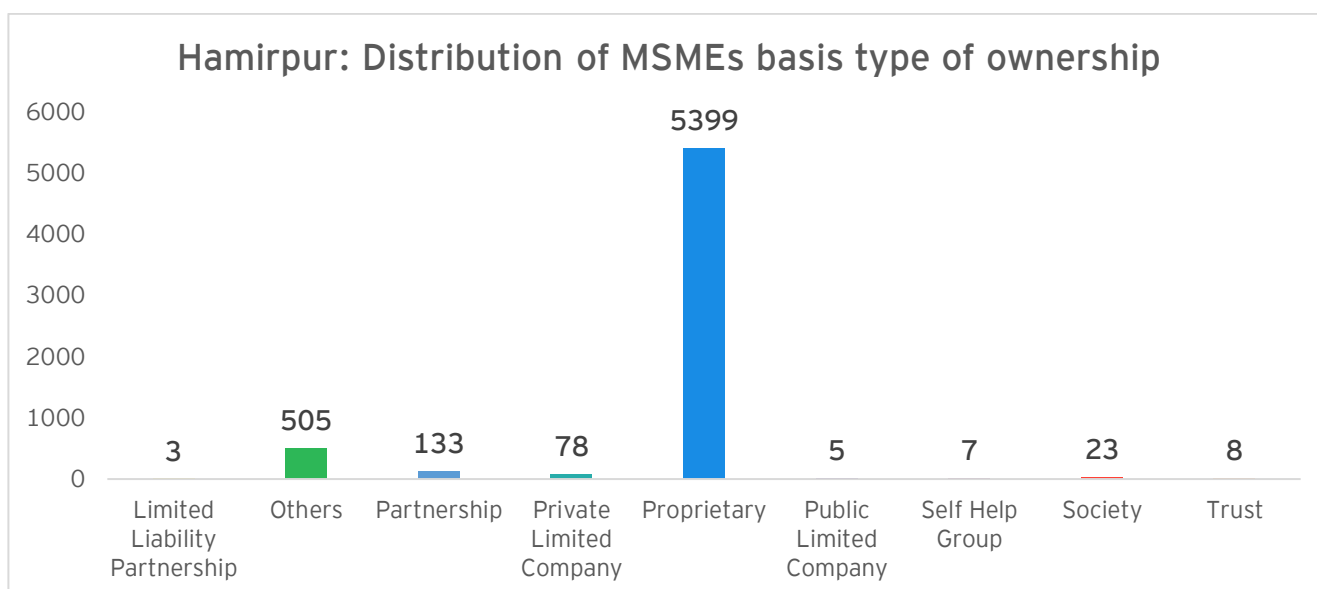


Figure 116 Hamirpur: Distribution of MSME basis type of ownership

ODOP Product

Given below are the products identified from Hamirpur under the One District One Product Programme:



Figure 117 Hamirpur: Products under ODOP scheme

► Agro Product-Milk Based Products

Hamirpur district in central Himachal Pradesh has identified Milk Products as its selected product for the One District One Product Programme which shows the impetus and capacity of the district in emerging as a major milk producing district in the state. According to government data sources Hamirpur has a recorded number of 2809 Self Help Groups in the district and 4 major FPOs for whom a major source of livelihood activity as recorded is dairy farming⁴³. In recognition of the government through the HP Milk Federation has already implemented the following projects in the district to promote Milk Production:

- A Mineral Mixture Plant and Urea Molasses Plant at Bhor, Tehsil Bhoranj, Hamirpur.
- Processing Plants of capacity 5,000 litres per day at Jangal Beri Hamirpur.

A Cattle Feed go-down of 16 metric tonne per day capacity in Hamirpur. Data trends of milk production and livestock in Hamirpur district shows that although the total livestock population (cattle, buffalo, sheep and goat) of the district has shown a decreasing trend from 1992 to 2003, the milk production in the district has shown increasing trends in the recent years from 8.96 MT (2016-17) to 10.01 MT (2019-20). This shows a case for potential development of dairy farming and milk production in the district.⁴⁴

► Non-Agro Product- Processing of Corn

Maize is the most important crop of Hamirpur district of Himachal Pradesh which is grown in an area of 32,575 ha with production of 51,019 metric ton⁴⁵.

Marketing agricultural produce in hilly regions presents a complex challenge due to several factors, including the absence of adequate infrastructure, well-developed markets, and all-

43 National Bank For Agriculture And Rural Development

44 AGRISNET, Government of Himachal Pradesh

45 <https://himachalservices.nic.in/economics/pdf/State%20Statistical%20Abstract%20-%202021-22.pdf>



weather roads, primarily because of the challenging terrain. Additionally, the majority of farmers in these areas are small-scale, often marginalized, with limited education, lacking organization, and scattered across the landscape. They face obstacles in terms of time, knowledge, skills, and access to effective marketing practices. Furthermore, their weak financial positions leave them with little bargaining power, compelling them to sell their harvests immediately after harvest season at less favorable prices. In the interior, hilly, and tribal areas, there is a noticeable scarcity of marketing facilities. No agency is actively involved in procuring maize grains and facilitating their marketing. Consequently, there is a pressing need to thoroughly evaluate the entire marketing system, encompassing the examination of marketing costs, margins of various intermediaries engaged in maize marketing, and other factors that impact the marketed surplus of maize in these regions.

To support farmers and mitigate post-harvest losses, it is imperative to establish adequate storage infrastructure in maize production regions. Policy considerations should include educating farmers about essential practices such as cleaning, drying, and meeting procurement standards. The Himachal Pradesh Marketing Board should formulate a comprehensive market plan aimed at enhancing the maize procurement system. Additionally, the establishment of cooperative societies in areas with maize production potential is recommended. These cooperatives can play a dual role by purchasing the surplus maize from farmers and disseminating valuable market information related to maize arrivals and prices, thus benefiting both producers and consumers.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Hamirpur include but are not limited to:



Figure 118 Hamirpur: Key District Stakeholders

District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme, virtually with 8 Member from leading MSMEs and Industries Associations of Hamirpur to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME



Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.

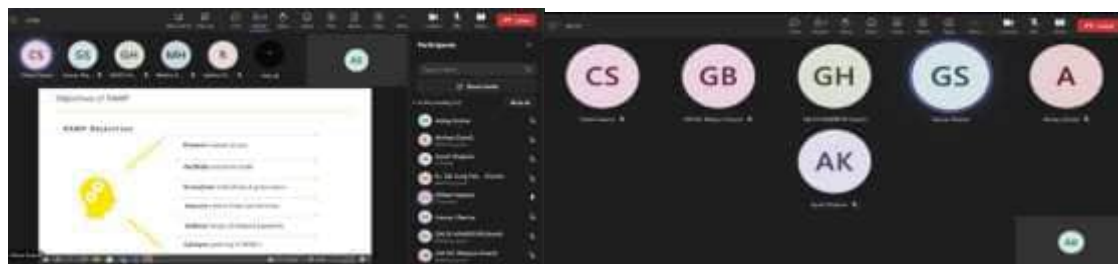




Figure 119 Interaction with MSMEs and Industry Associations in Hamirpur

District MSME Enablers & Disablers

Table 29 Hamirpur: District Enablers and Disablers

 Enablers	 Disablers
Competitive advantage in Agro Processing (Milk based Products)	Low uptake of Competitiveness Schemes, Samadhan Portal,
Low lying district: Geographical Advantage	Lack of MSME facilitation and handholding support for Implementing GOI Schemes
Competitive advantage in Non-Agro Processing (Processing of Corn)	High Logistic Costs due to Unionization of Road Transport
	Low sensitization on green technology & greening of MSMEs

MSME Development Potential

Prospective Sectors for Development for MSME



- ✓ Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
- ✓ Access to Capital
- ✓ Promotion of FDI



5.4.2.7 Bilaspur





District Overview

The region now known as Bilaspur District has a historical legacy as it was formerly referred to as Kahlur, a princely state during the British India era. On October 12, 1948, the ruler of Kahlur acceded to the Government of India, and subsequently, Bilaspur became an Indian state under the administration of a chief commissioner. This state was later integrated into Himachal Pradesh on July 1, 1954, officially becoming Bilaspur District.

Located in the Satluj valley amidst the outer Himalayan hills, Bilaspur District spans across an area of 1,167 square kilometers. It shares its boundaries with Una, Hamirpur, Mandi, and Solan districts. The district is traversed by the Satluj River, which flows through its heart, essentially dividing it into two nearly equal parts. Bilaspur is notably recognized as one of the earliest planned hill towns in India.

Geographically, Bilaspur District lies between 31° 12' 30" and 31° 35' 45" North latitude and between 76° 23' 45" and 76° 55' 40" East longitude. It is situated in the outer Himalayan foothills, adjacent to the plains of Punjab, and is part of the Satluj River basin, its neighboring districts include Una, Hamirpur, Mandi, and Solan.

For Administrative purpose, the district has been divided into 7 tehsils and three blocks. There are 136 panchayats in the district covering 1088 villages⁴⁶

 Tehsils	07
 Blocks	03
 Panchayats	136
 Villages	1088

With a population density of 327 persons per square kilometer, Hamirpur has a population of about 3.81 lakh.⁴⁷ The district has a female to male ratio of 981 females per thousand males, which is significantly higher than the state average of 972 and the national average of 940. Average literacy rate of the district is 84.59% with a male literacy rate of 80.72% and female literacy rate of 69.78%.

	Population	3.81 lakh
	Sex Ratio	981/1000
	Literacy Rate	84.59%

⁴⁶<https://hpbilaspur.nic.in/demography/>

⁴⁷ Census 2011



Export Scenario

Total Exports from Bilaspur for the FY 2023 amounted to ₹2.86cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Bilaspur comprised of less than 1% of overall exports from Himachal Pradesh. ⁴⁸

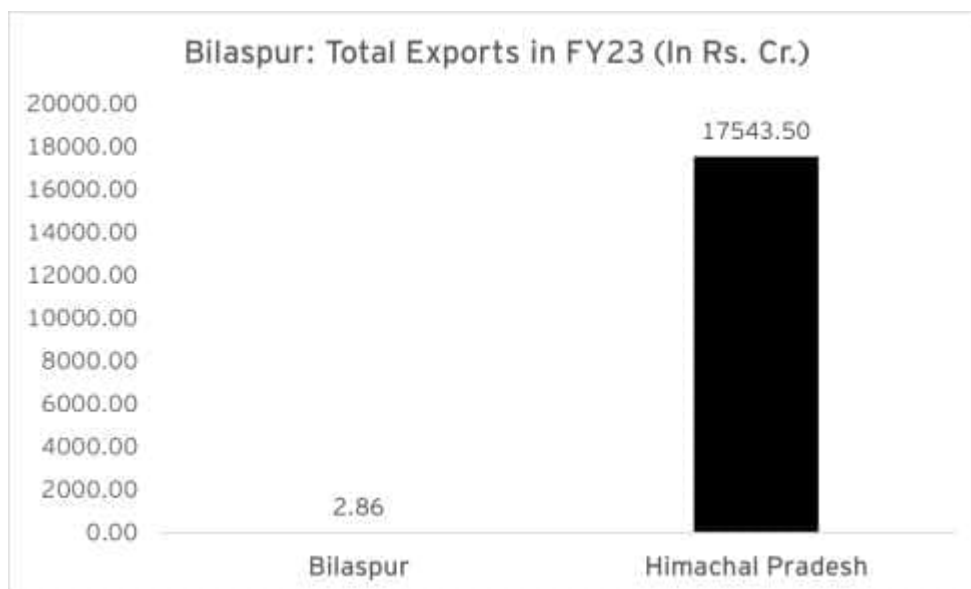


Figure 120 Export scenario of Bilaspur as compared to Himachal Pradesh

From the overall exports in Hamirpur in FY23, Paper and Paper board products constituted 59% of the total exports worth an amount of ₹ 171.40 lac. Other major products exported from the district included Edible Fruit & Nuts; Peel Of Citrus Fruit Or Melons (14%), Articles Of Stone, Plaster, Cement, Asbestos, Mica Or Simil (10%) and Electrical Machinery & Equipment & Parts Thereof; Sound (10%).

⁴⁸ Directorate General of Commercial Intelligence and Statistics
Himachal Pradesh: Strategic Investment Plan

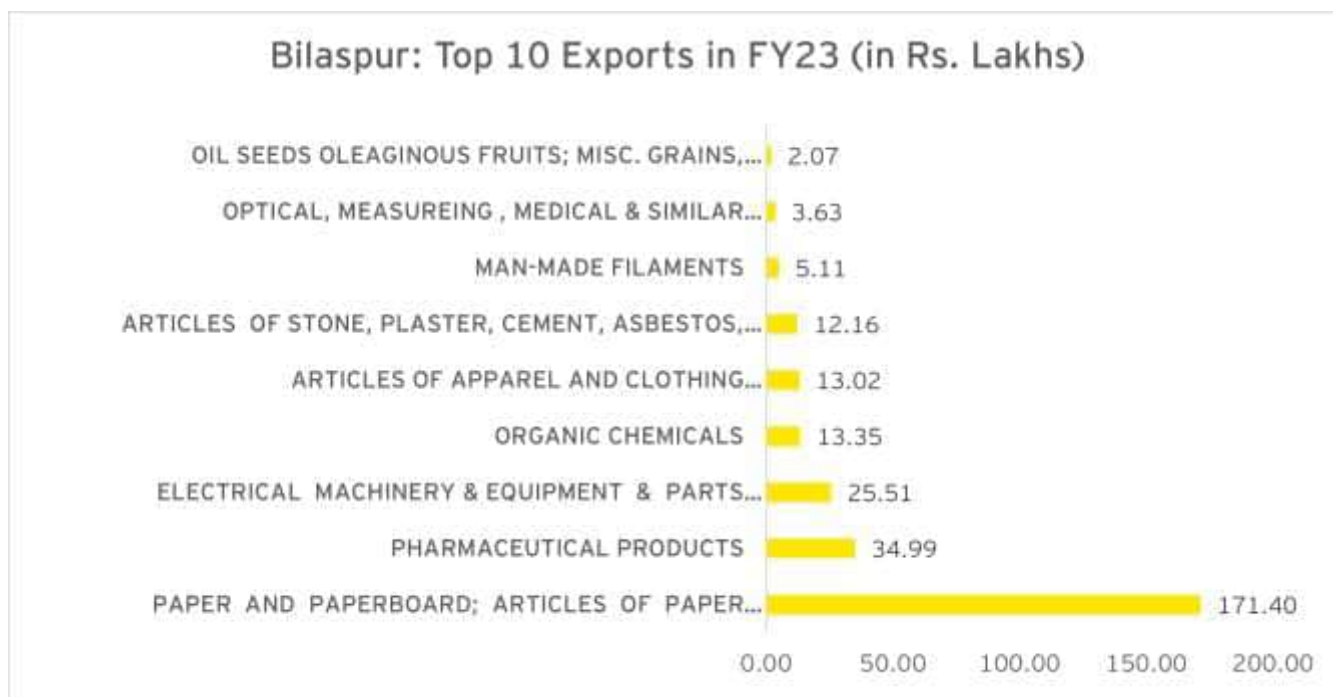


Figure 121 Top 10 exports from Bilaspur

MSME Ecosystem Overview

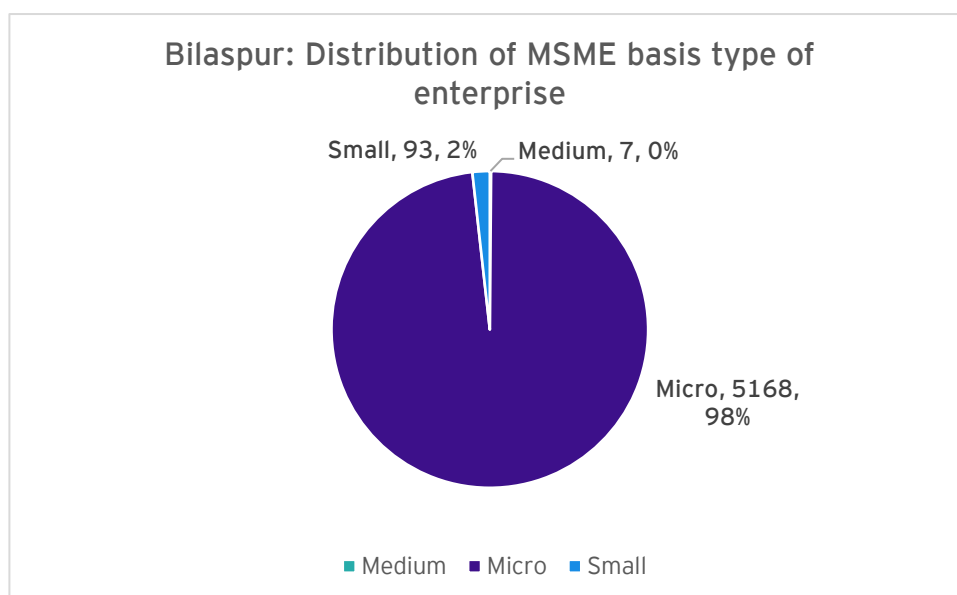


Figure 122 Bilaspur: Distribution of MSMEs basis type of Enterprise

In Bilaspur, as of the Udyam Registration Certificate data, there were a total of 5268 MSME registered which constituted 4.9% of total MSME registrations in the state.⁴⁹ Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and medium enterprises constituted

⁴⁹ Udyam Registration Certificate Data as on August 2023



less than 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 97% employment generated, small enterprise contributed 2% share in the employment generated and Medium enterprises contributed 1% employment generated by registered MSMEs in the state.

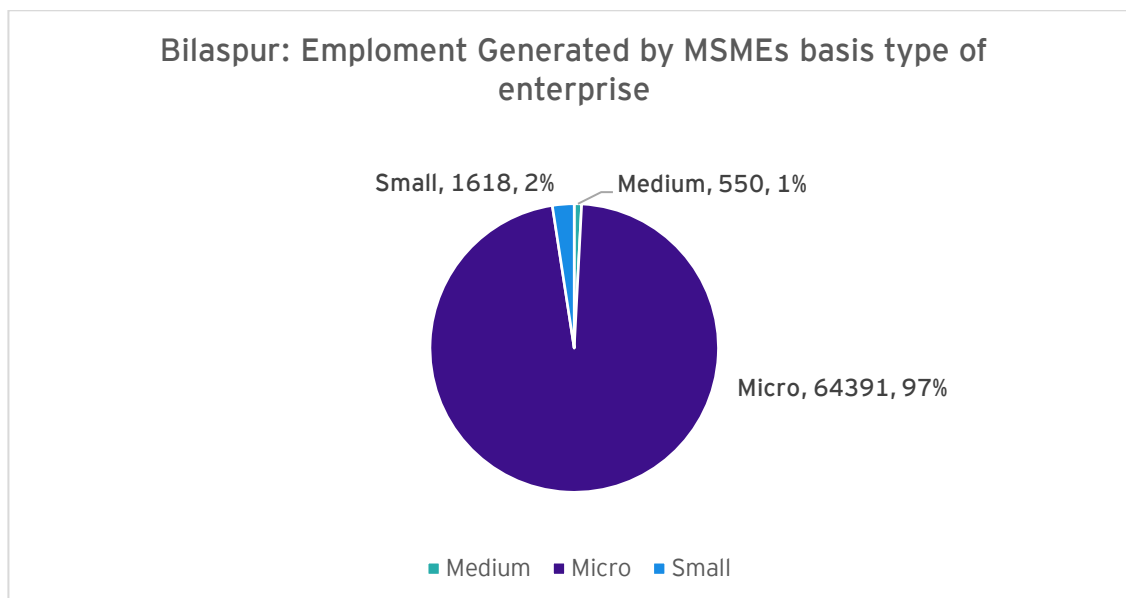


Figure 123 Bilaspur: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 5% of the total female entrepreneurs in the state belonged to Kangra. In Kangra district alone, 5 % of the MSME owners were reported to be women, which constituted a total of 20% female employed in the district, which constitutes 1036 females deployed in the sector

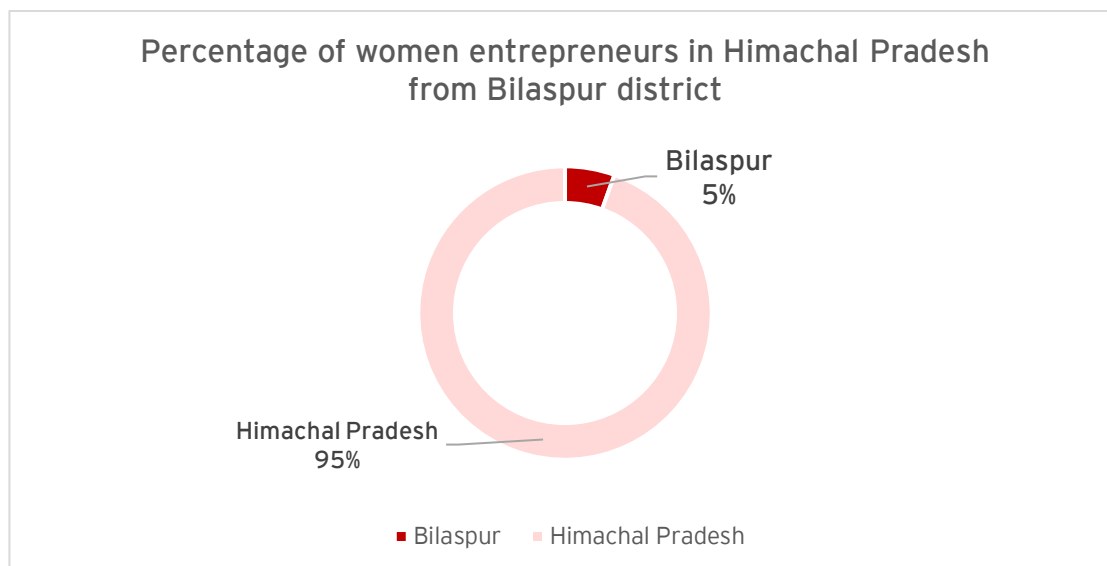


Figure 124 Percentage of women lead MSMEs in Bilaspur as compared to HP

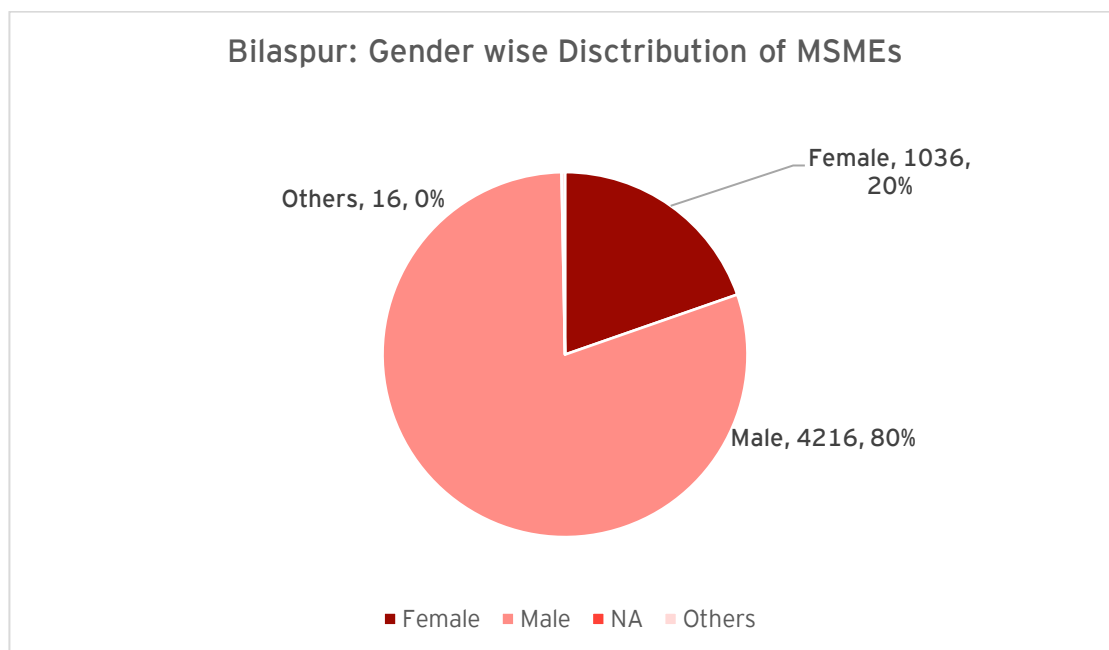
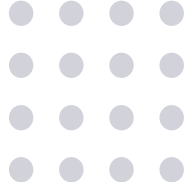


Figure 125 Gender wise distribution of MSMEs in Bilaspur

Analyzing across the activities these enterprises were involved in, it was found that 50 % enterprises registered were involved in trading, 36% in services and 14% in manufacturing.

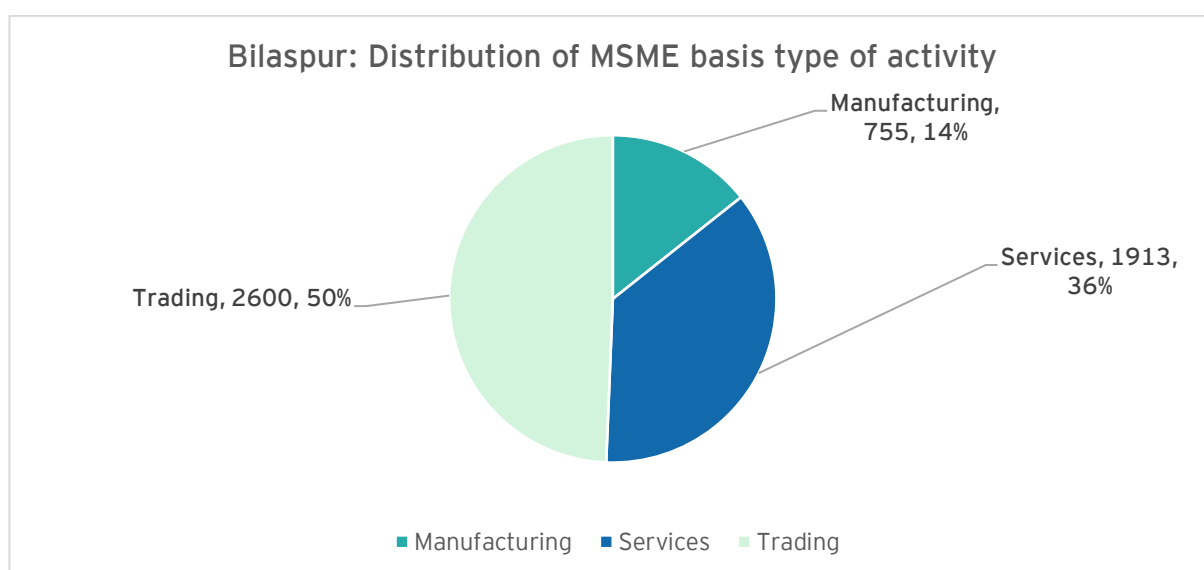







Figure 126 Bilaspur: Distribution of MSME basis type of enterprise

Out of all MSMEs registered in Bilaspur, the sectoral analysis showed that 22.01% belonged to Retail Trade, 16.45% to Land Transport and Transport Via Pipelines and another Except of Motor Vehicles and Motorcycles, 5.9% to Other Personal Service Activities, 5.3% to Wholesale Trade, Except of Motor Vehicles and Motorcycles, and 4.7%to Food and Beverage Service Activities. The division and breakup for the sectoral division is given in the table below:



Table 30 Sector wise Analysis: Bilaspur

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	1160
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	867
3.	 Other Service Activities	Other Personal Service Activities	314
4.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	283
5.	 Accommodation and Food Service	Food and Beverage Service Activities	248

In Bilaspur district, 79% of MSMEs were owned by entrepreneurs belonging to the General category, 14% belonged to Scheduled Caste category, followed by 5% to Other Backward Classes category and less than 2% to Scheduled Tribe category.

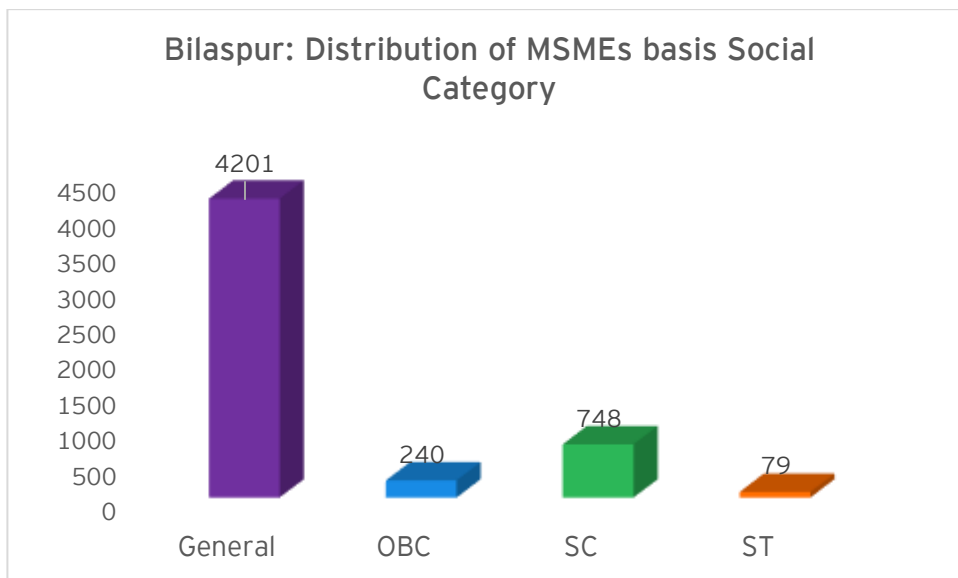


Figure 127 Bilaspur: Distribution of MSME basis social category

Regarding the type of enterprise set up, almost 83% of the enterprises registered in FY23 were sole proprietorships less than 2% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others

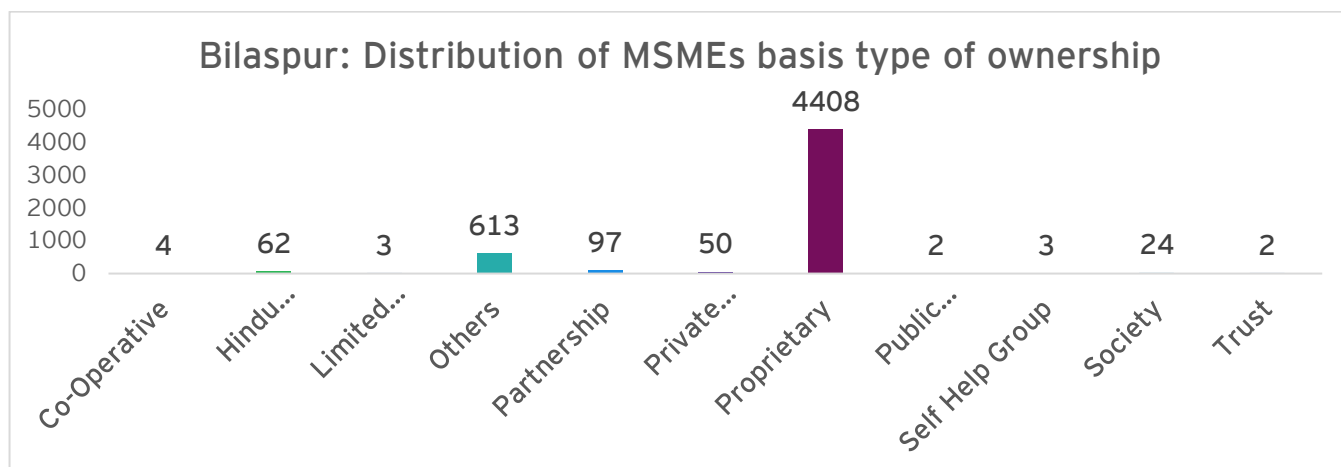


Figure 128 Bilaspur: Distribution of MSME basis type of ownership

ODOP Product

Given below are the products identified from Bilaspur under the One District One Product Programme:



Figure 129 Bilaspur: Products under ODOP scheme

► Agro Based Product: Turmeric

Turmeric cultivation is adaptable to a wide range of tropical climates, spanning from sea level up to elevations of 1500 meters. The ideal temperature for turmeric growth falls within the range of 20-30 °C, and it thrives when there is an annual rainfall of 1500 mm or more, whether sustained by natural rainfall or through irrigation. In the north-western Himalayan region, and specifically in the province of Himachal Pradesh, India, turmeric holds significant



importance as a spice crop. Here, it is predominantly cultivated using organic practices and relies on indigenous biennial strains like the 'Suketi Haldi.'

There are four agro-processing units dedicated to the processing of turmeric and various spices, boasting a combined capacity exceeding 22 metric tons.

► Non Agro Product- Processing of Indian gooseberry

Amla, also known as Indian Gooseberry, is a deciduous tree found in subtropical regions. It is highly regarded for its nutritional value, being a rich dietary source of vitamin C, essential minerals, and amino acids. Amla serves as the foundation for numerous value-added products, including jams, jellies, juices, sauces, candies, and pickles. Additionally, it plays a pivotal role in the preparation of Ayurvedic and Unani medicines, such as chyawanprash, and is esteemed as a rejuvenating herb.

In District Bilaspur, Amla production spans across 236 hectares, yielding a total output of 103 tonnes . Several food processing units specialize in manufacturing an array of amla-based products, ranging from Murabba and pickles to jams, jellies, laddoos, candies, powders, and juices. Amla is well-suited to subtropical climates and can thrive in various soil types. It exhibits adaptability to slightly acidic, saline, and calcareous soils, with the best results observed in fertile loamy soil with effective drainage. Moreover, it can tolerate moderately alkaline soil conditions, showcasing its hardy nature and versatility in cultivation.

The amla processing industry in Bilaspur faces a series of critical challenges. Firstly, a shift among local farmers to alternative crops has resulted in a decline in amla cultivation, necessitating the import of raw materials from outside the district. Secondly, outdated processing methods among workers highlight the need for training and upskilling initiatives. Technical constraints, including a shortage of farmyard manure, limited access to fertilizers and plant protection chemicals, and difficulties in controlling pest diseases, pose significant hurdles. Labour shortages are prevalent among farmers, while the absence of cold storage facilities further complicates the preservation of amla products. Additionally, limited access to credit inhibits growers from providing essential inputs. Inadequate marketing efforts and insufficient promotion of value-added amla products contribute to lower visibility in the market. Addressing these multifaceted challenges is essential to revitalize and fortify the amla industry in Bilaspur, Himachal Pradesh.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Bilaspur include but are not limited to:

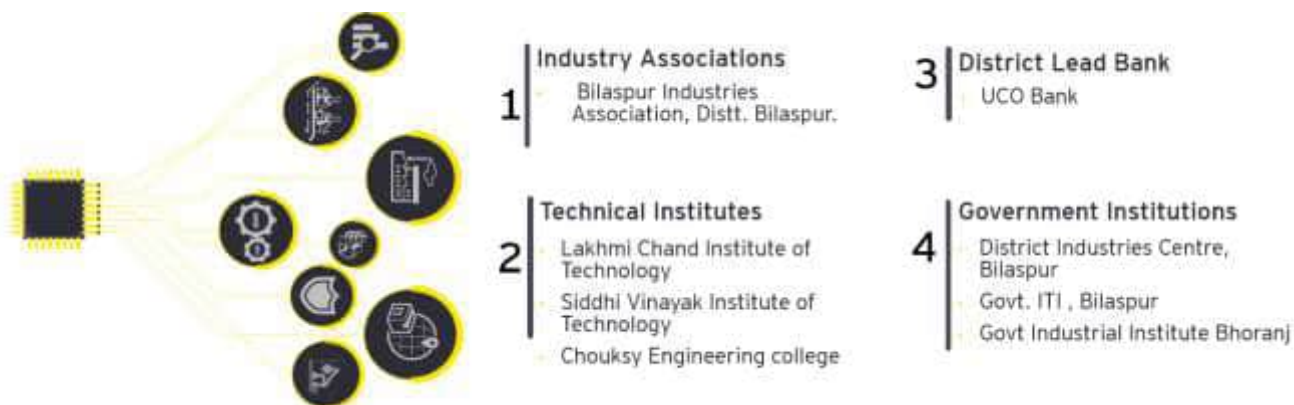


Figure 130 Bilaspur: Key district stakeholder



District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders with Bilaspur along with Hamirpur via Virtual Conference on September 2nd, 2023.

The discussion was held with leading MSMEs and Industries Associations to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.

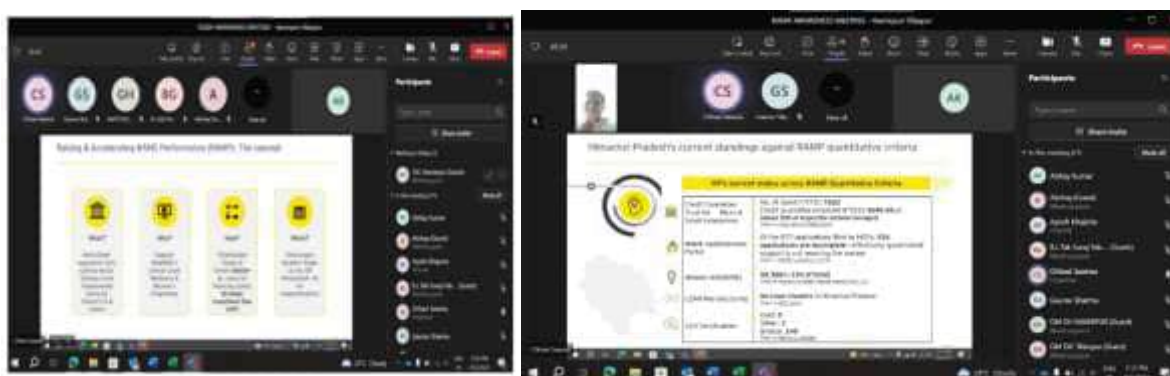




Figure 131 Interaction with MSMEs and Industry Associations in Bilaspur

The major inputs from the region were Lack of Awareness on MSME Champions schemes, Lack of MSME facilitation and handholding support for Implementing GOI Schemes, Need for increase of awareness of certification such as ZED or Lean and its importance.

District MSME Enablers & Disablers

Table 31 Bilaspur: District Enablers and Disablers

 Enablers	 Disablers
Competitive advantage in Agro Processing (Turmeric based Products)	Low uptake of Competitiveness Schemes, Samadhan Portal,
Low lying district: Geographical Advantage	Lack of MSME facilitation and handholding support for Implementing GOI Schemes
Competitive advantage in Non-Agro (Processing of Indian Goosebushy)	High Logistic Costs due to Unionization of Road Transport



	Low sensitization on green technology & greening of MSMEs
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MSME Development Potential

Prospective Sectors for Development for MSME



1. Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
2. Access to Capital
3. Promotion of FDI



5.4.2.8 Chamba



District Overview

Chamba District is situated in a geographically unique location to the northwest, it shares its boundary with Jammu and Kashmir, while to the north-east and east, it is adjacent to the Ladakh region of Jammu and Kashmir and the Lahaul and Bara-Bangal region of Himachal Pradesh. On the southeastern and southern sides, it is bordered by the Kangra District of Himachal Pradesh and the Gurdaspur district of Punjab.


This district covers an estimated area of 6,522 square kilometers and is surrounded by towering mountain ranges. It is positioned within the geographical coordinates of approximately 32° 11' 30" to 33° 13' 6" North latitude and 75° 49" to 77° 3' 30" East longitude. The landscape of this region is predominantly mountainous, with elevations ranging from 2,000 to 21,000 feet above sea level.

For Administrative purpose, the district has been divided into 9 tehsil namely Chamba, Chowari, Sihunta, Churah, Dalhousie, Bharmour, Holi, Pangi, and Salooni and 5 Sub-Tehsils namely Dharwala, Pukhri, Kakira, Bhalei and Telka. There are 7 blocks in the district namely Chamba, Mehla, Bharmour, Tissa, Salooni, Bhattiyat and Pangi.

There are 283 panchayats in the district covering 1591 villages⁵⁰.

 Tehsils	14
 Blocks	7
 Panchayats	283
 Villages	1591



With a population density of 80 per square kilometer, Chamba has a population of about 5.19 lakh. The district has a female to male ratio of 986 females per thousand males, which is higher than the state average of 972 and higher than the national average of 940. Average literacy rate of the district is 72.1% with a male literacy rate of 82.59% and female literacy rate of 61.67%.⁵¹

	Population	5.19 lakh
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⁵⁰ District Chamba, Government of Himachal Pradesh | Dev Bhoomi | India (hpchamba.nic.in)

⁵¹ <https://www.census2011.co.in/census/district/229-chamba.html>



	Sex Ratio	986/1000
	Literacy Rate	72.1%

Export Scenario

Total Exports from Chamba for the FY 2023 amounted to ₹0.19cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Chamba comprised 0.001% of overall exports from Himachal Pradesh. ⁵²

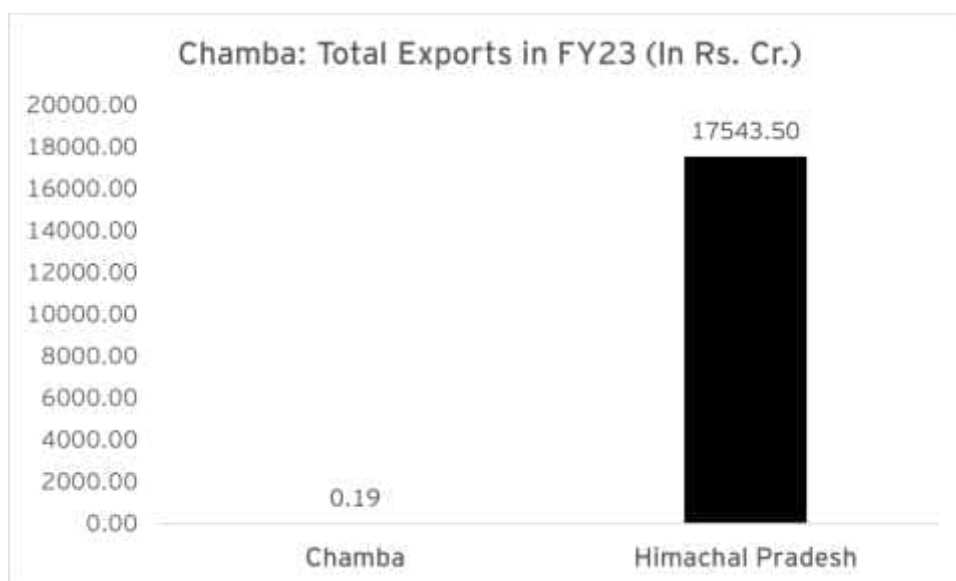


Figure 132Export scenario of Chamba as compared to Himachal Pradesh

From the overall exports in Chamba in FY23, Electrical Machinery & Equipment & Parts Thereof constituted 50% of the total exports worth an amount of ₹ 9.79 lakh. Other major products exported from the district included Pharmaceutical Products (21%), Nuclear Reactors, Boilers, Machinery and Mechanical Appliance (14%) and Articles of Apparel And Clothing Accessories, Knitted (13%).

⁵²Directorate General of Commercial Intelligence and Statistics

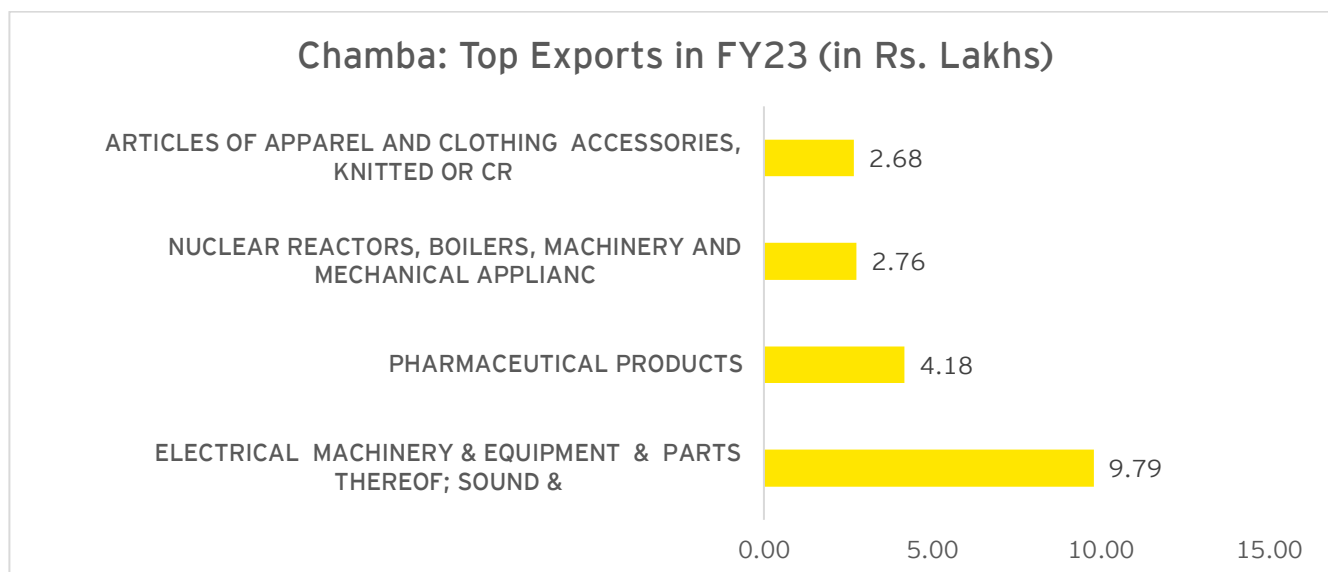


Figure 133 Top 10 exports from Chamba

MSME Ecosystem Overview

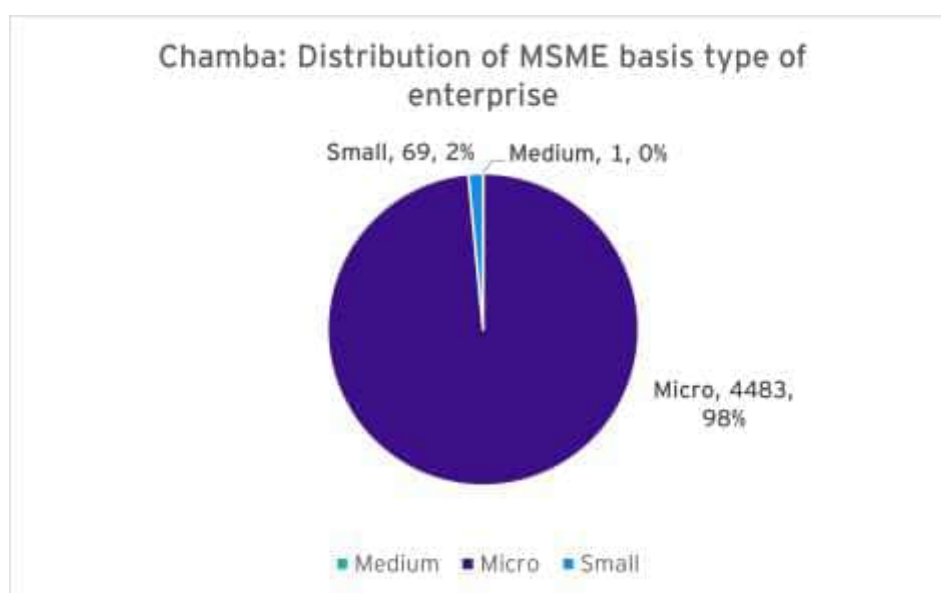


Figure 134 Chamba: Distribution of MSMEs basis type of Enterprise

In Chamba, as of the Udyam Registration Certificate data, there were a total of 4553 MSME registered which constituted 4.3% of total MSME registrations in the state. Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and medium enterprises constituted 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 96% employment generated, small enterprises contributed 4% share in the employment generated and Medium enterprises contributed less than 1% employment generated by registered MSMEs in the state.

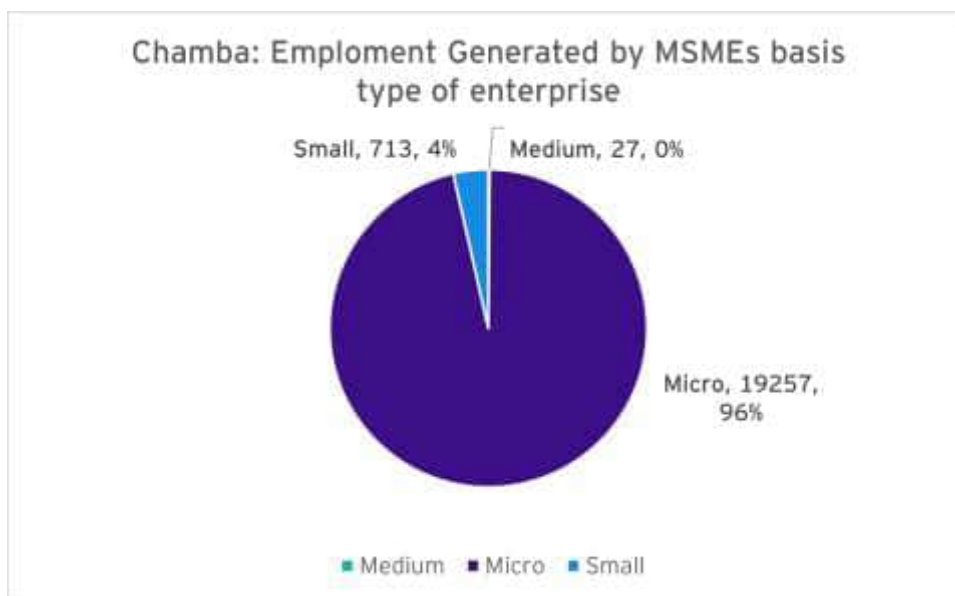


Figure 135 Chamba: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 4% of the total female entrepreneurs in the state belonged to Chamba. In Chamba district alone, 16% of the MSME owners were reported to be women, which constituted a total of 739 enterprise in the district:

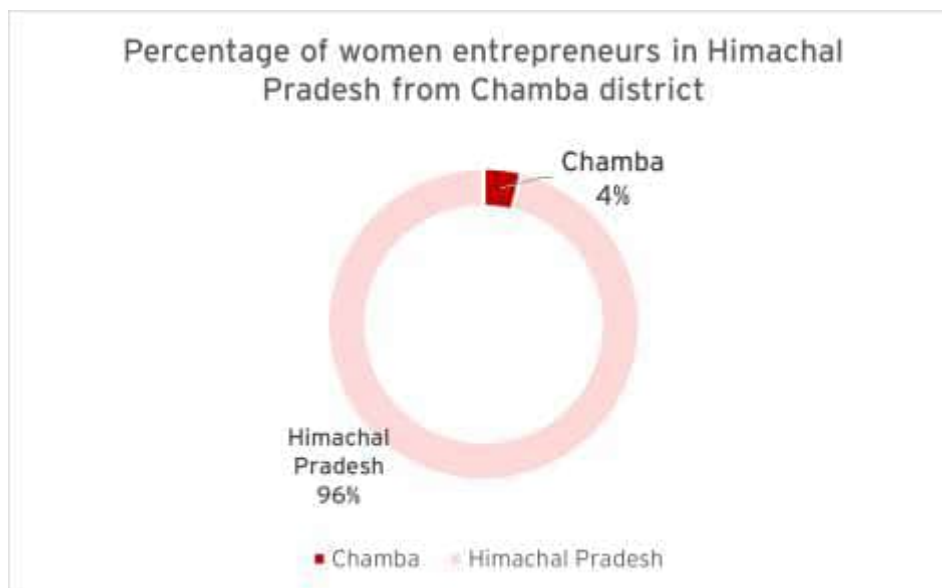


Figure 136 Percentage of women lead MSMEs in Chamba as compared to HP

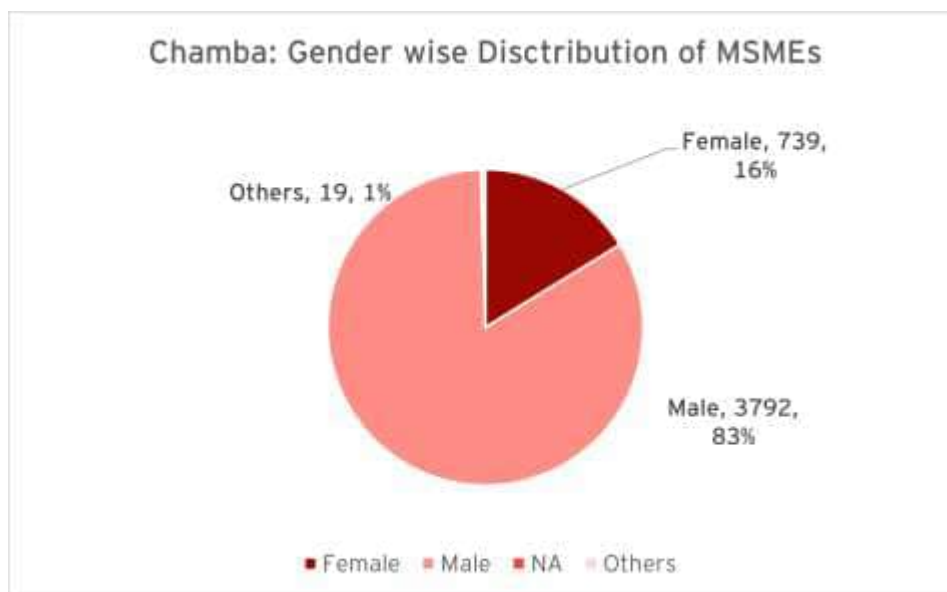


Figure 137 Gender wise distribution of MSMEs in Chamba

Analyzing across the activities these enterprises were involved in, it was found that 46% enterprises registered were involved in trading, 40% in services and 14% in manufacturing.

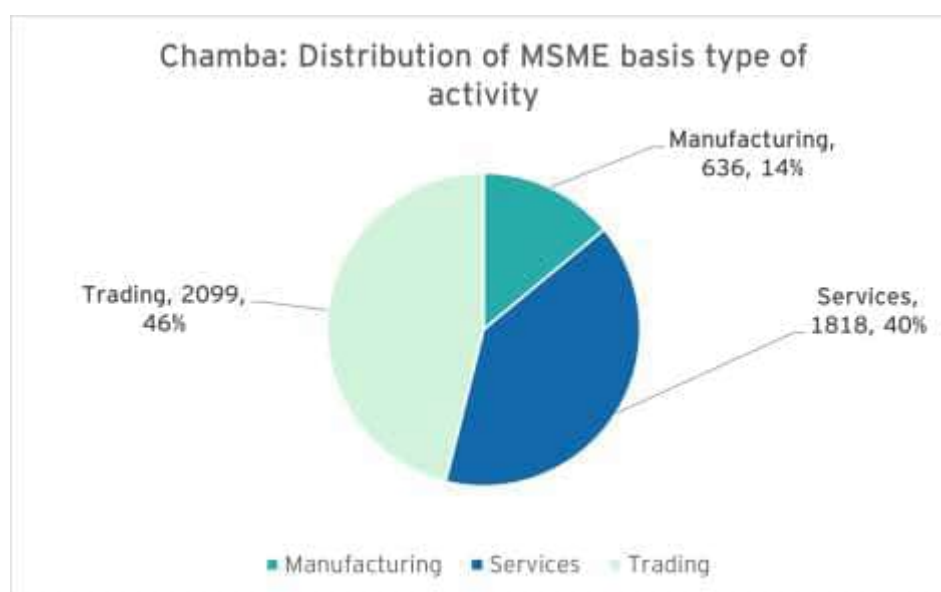







Figure 138 Chamba: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Una, the sectoral analysis showed that 26% belonged to Retail Trade, Except of Motor Vehicles and Motorcycles, 8% to Land Transport and Transport Via Pipelines, 7% to Food and Beverage Service Activities, 6.4% to Rental and Leasing Activities and another and 4.9% to Wholesale Trade, Except of Motor Vehicles and Motorcycles. The division and breakup for the sectoral division is given in the table below:

Table 32 Sector wise Analysis: Chamba



S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	1218
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	389
3.	 Accommodation and Food Service	Food and Beverage Service Activities	322
4.	 Administrative And Support Service Activities	Rental and Leasing Activities	292
5.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	227

In Chamba, district, 67 % of MSMEs were owned by entrepreneurs belonging to the General category, following which 19% to Scheduled Tribe category, 10% to Scheduled Caste category and 2% belonged to Other Backward Classes category.

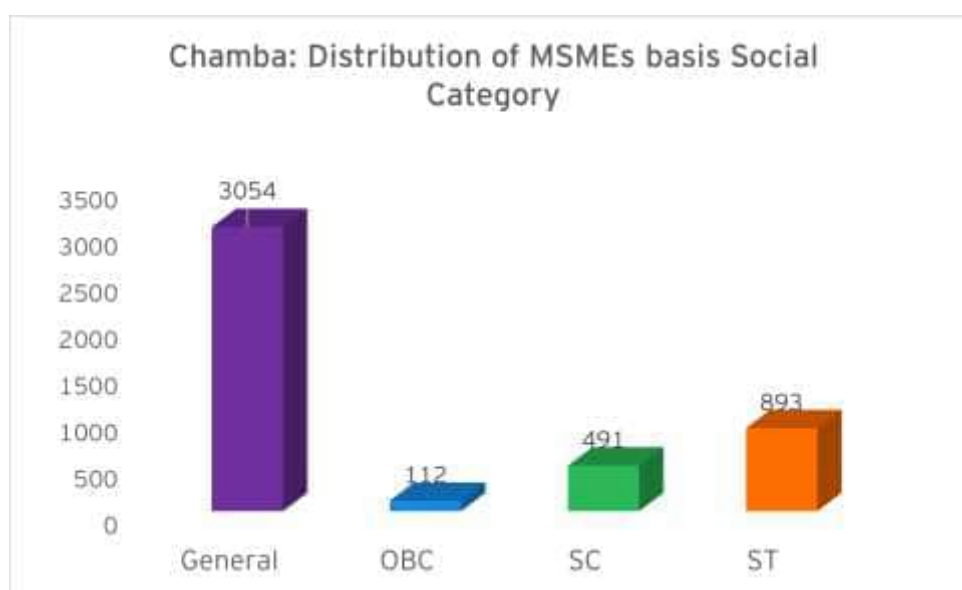


Figure 139 Chamba: Distribution of MSME basis social category

Regarding the type of enterprise set up, almost 84% of the enterprises registered in FY23 were sole proprietorships, a meagre 2.6% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others

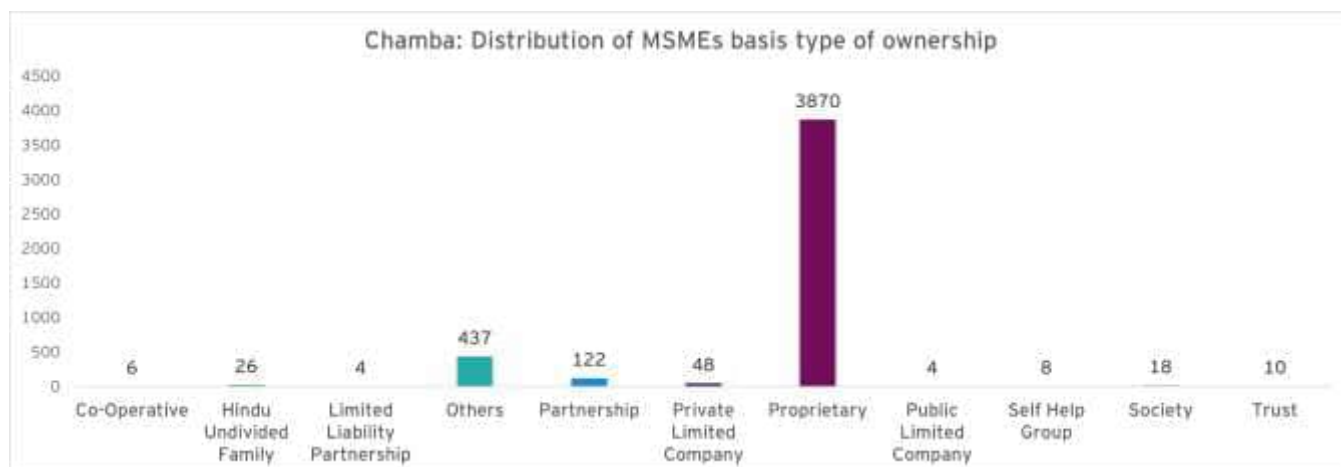


Figure 140 Chamba: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Chamba under the One District One Product Programme

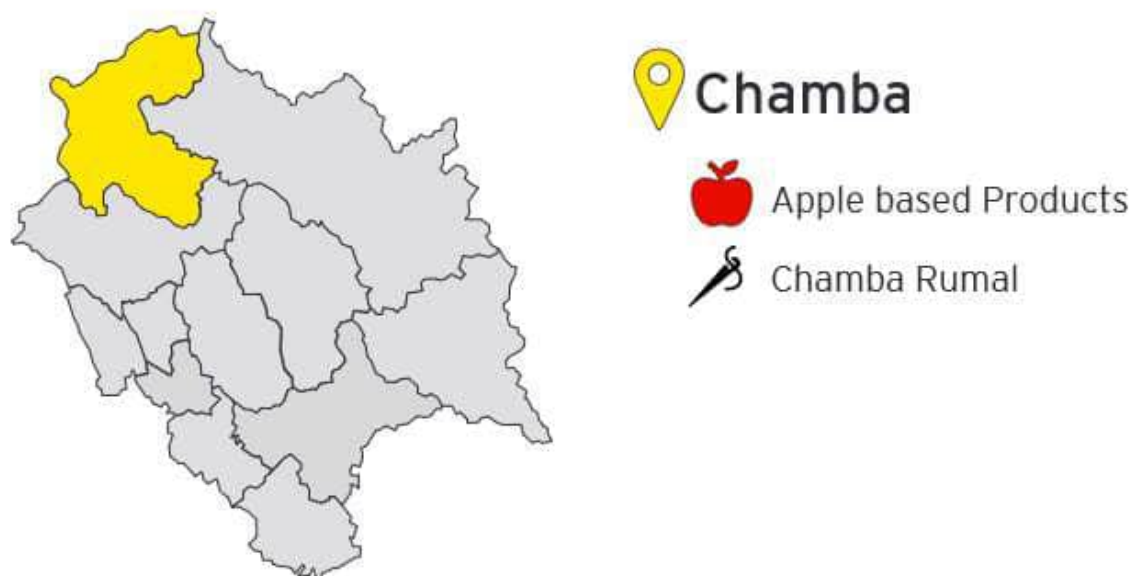
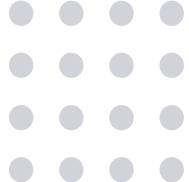


Figure 141 Chamba: Products under ODOP scheme

Agro-Apple Based Product

Chamba District in Himachal Pradesh achieved an impressive apple production of 18,240 tonnes during the agricultural year 2021-2022, covering an expansive area of 12,405 hectares. This substantial yield accounted for nearly 75% of the total apple production in the region. Chamba is renowned for its apple orchards, benefiting from its favorable climate and suitable terrain for apple cultivation. The district's apple production is a vital contributor to both its agricultural economy and the state's overall horticultural output.



The absence of apple-based industrial facilities has compelled apple cultivators to market their products in the open market. However, the substantial costs associated with harvesting and transportation have discouraged horticulturists from selling their produce. Consequently, sub-standard apples are either disposed of at minimal prices to traders or are not even cultivated for sale by farmers.

Non Agro Product- Chamba Rumal

The term 'Chamba Rumal' refers to a distinctive form of visual art characterized by intricate embroidery performed on handspun fabric using untwisted silk threads. This art form draws significant inspiration from Pahari painting traditions and has historical roots in certain regions of Himachal Pradesh, which were once prominent centers for Pahari artistry. In the Chamba region, two distinct embroidery styles have evolved.

The first style embodies a folk aesthetic, characterized by small subject matter, vibrant hues, and irregular stitching. In this approach, the embroiderer typically draws the design, resulting in plain and somewhat primitive patterns. The second style represents a more contemporary approach, marked by balanced compositions, captivating and subtle color palettes, and fine lines crafted through intricate double-running stitches known as 'Dorukha Tanka.' These stitches create a mirror image on the reverse side of the fabric, forming what is now recognized as the Chamba Rumal.

This art form excels in meticulous scene spacing, well-proportioned figures, and skillful arrangement of elements. The motifs are impeccably rendered, showcasing a brilliant interplay of colors and composition.

"Chamba Rumal," has received formal protection under the Geographical Indication provisions of the Trade-Related Intellectual Property Rights (TRIPS) agreement. Its registration was officially granted on 22 January 2007, designating it as "Chamba Rumal" under the GI Act of 1999, as recognized by the Government of India. The registration was confirmed by the Controller General of Patents, Designs, and Trademarks, falling under Classes 24, which encompass Textile and Textile Goods⁵³.

The skilled craftswomen market their exquisite Chamba Rumal through various channels, including exhibitions, fairs, and local shops. Additionally, the Handicraft & Handloom Department actively procures these embroidered textiles from local experts, making them available in the local market and fulfilling special orders. Various groups of local ladies, often led by master trainers, are actively engaged in their craft across different locations within District Chamba. These locations include Chountra Mohalla, Mugla, Chamba, Sidhpur, and more.

In terms of pricing, the end cost to the consumer can vary, taking into account their budget and location. In metropolitan areas like Delhi, for instance, a Chamba Rumal with a production cost of Rs. 1200/- can fetch as much as Rs. 2500-3,000/-⁵⁴. Furthermore, the Delhi Crafts Council successfully sells some of their new designs for over Rs. 5,000 per Rumal at their retail store, *Kamala*. However, it's worth noting that the primary producers have limited direct access to these high-end markets, which means that their income from this craft is not directly

⁵³ Himachal Pradesh Kaushal Vikas Nigam

⁵⁴ *ibid*



correlated with the final product's selling price. The additional margins in these urban markets are typically shared among traders and retailers.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Chamba include but are not limited to:



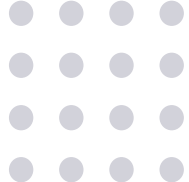
Figure 142 Chamba: Key District Stakeholders

District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders in Chamba. The discussion was held on 16 Aug 2023 in Chamba with 10 members from leading MSMEs and Industries Associations in Chamba to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) Programme, and to understand the issues being faced by MSMEs and the support required from state government.





Figure 143 Interaction with MSMEs and Industry Associations in Chamba



District MSME Enablers & Disablers

Table 33 Chamba: District Enablers and Disablers

 Enablers	 Disablers
Competitive advantage in Agro Products Apple Based Products	Low uptake of Competitiveness Schemes, Samadhan Portal,
Geographical advantage for tourism and other related sectors. Potential for development in related sector	Need for Institutional linkage for artisan-based segments
Competitive advantage in Non-Argo Products Chamba Rimal	Limited understanding on MSME Competitiveness Improvement
	Lack of District level Business Development/Incubator Services

MSME Development Potential

Prospective Sectors for Development for MSME



- Policy for Promoting Rural Industrialization
- Access to Capital
- Programmes for enhancing capacities of the entrepreneurs







5.4.2.9 Kullu

District Overview




Nestled in the lap of the majestic Himalayas, Kullu is a veritable jewel in the crown of Himachal Pradesh. It is located in the banks of Beas river in the Kullu valley. The valley is famous for its ancient temples, and snowy hills covered with pine and deodar forests and sprawling apple orchards. The total geographical area of the district is 5503 sq. km which is 9.88 percent of the total area of the state.

Major industrial activities in the district include tourism, flour mills, spinning mills, natural spring water, beverages, woollen shawls, food/fruit processing units, and adventure tourism. Kullu is also famous for Kullu shawl which is a handloom GI tagged product from this district manufactured using a specific kind of wool in the valley itself.

For Administrative purpose, the district has been divided into 9 tehsils, namely Kullu, Bhuntar, Manali, Banjar, Anni, Nirmad, Sainj, Nither and Jari. There are six blocks in the district namely Kullu, Naggar, Banjar, Anni, Nirmand and Bhuntar. There are 204 panchayats in the district covering 2383 villages.

 Tehsils	9
 Blocks	6
 Panchayats	204
 Villages	172

With a population density of 80 persons per square kilometer, Kullu has a population of about 4.37 lakh, 90.5% of which resides in the rural areas. It constitutes approximately 6.37% of the total population of Himachal Pradesh. The district has a female to male ratio of 942 females per thousand males, which is lower than the state average of 972 and higher than the national average of 940. Average literacy rate of the district is 79.4% with a male literacy rate of 77.42% and female literacy rate of 62.66%.

	Population	4.37 lakh
	Sex Ratio	942/1000
	Literacy Rate	79.4%



Export Scenario

Total Exports from Kullu for the FY 2023 amounted to ₹17.91 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Kullu comprised just 0.1% of overall exports from Himachal Pradesh.⁵⁵

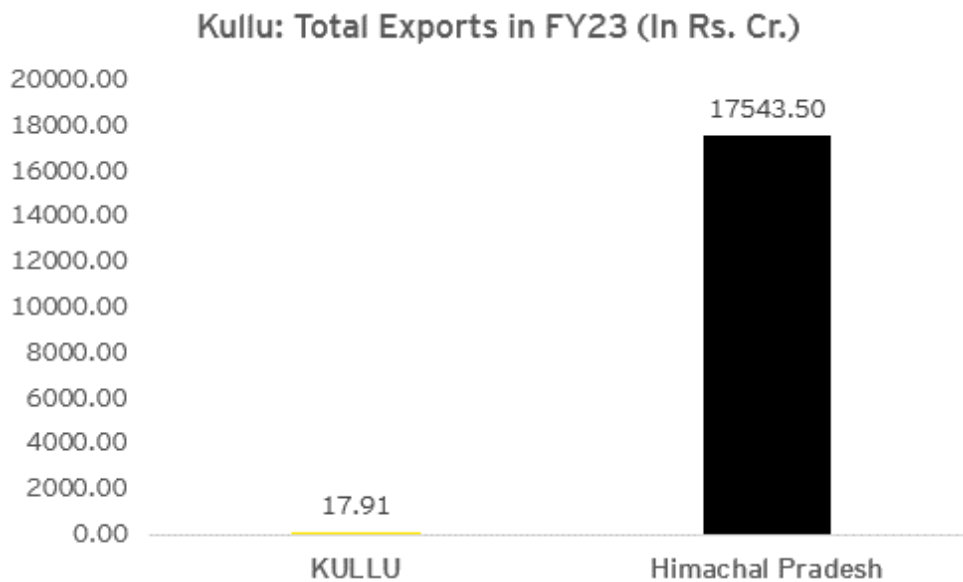


Figure 144 Export scenario of Kullu as compared to Himachal Pradesh

From the overall exports in Kullu in FY23, Wadding, felt and nonwovens; special yarns; twine, cordage products constituted majority of the total exports worth an amount of ₹13.44 cr. Other major products exported from the district included Oil seeds oleaginous fruits, other Grains, seeds & fruits and Dairy produce: birds' eggs, natural honey, edible products.



Kullu: Top 10 Exports in FY23 (in Rs. Lakhs)

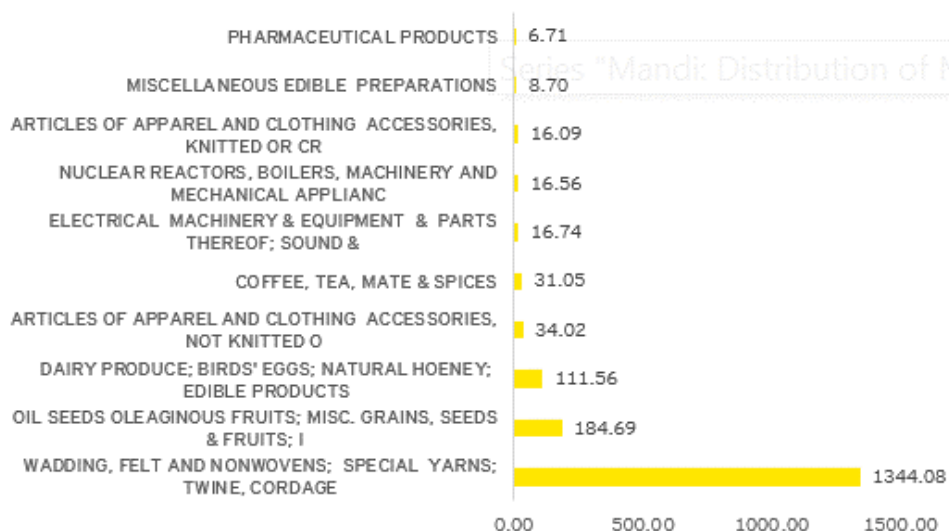


Figure 145 Top 10 exports from Kullu

MSME Ecosystem Overview

Kullu: Distribution of MSME basis type of enterprise

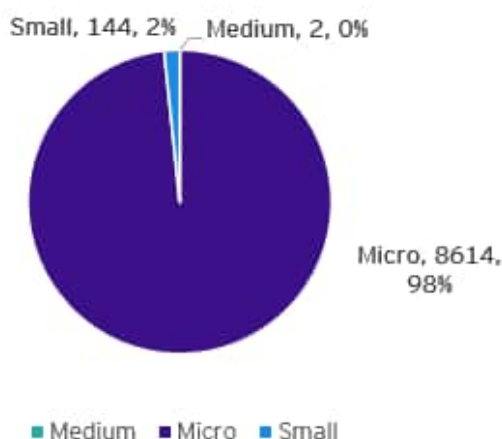


Figure 146 Kullu: Distribution of MSMEs basis type of Enterprise

In Kullu, as of the Udyam Registration Certificate data, there were a total of 8760 MSME registered which constituted 8% of total MSME registrations in the state.⁵⁶ Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and Medium enterprises constituted less than 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 96% employment generated, Small enterprise contributed 4% share

⁵⁶ Udyam Registration Certificate Data as on August 2023
Himachal Pradesh: Strategic Investment Plan



in the employment generated and Medium enterprises contributed less than 1% employment generated by registered MSMEs in the state.

Kullu: Emploment Generated by MSMEs basis type of enterprise

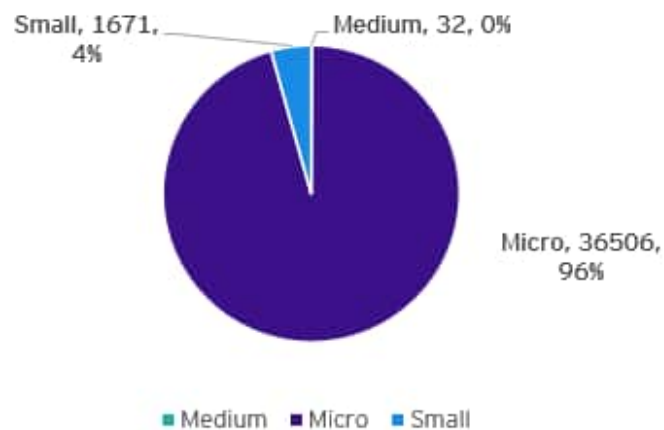


Figure 147 Kullu: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 9% of the total female entrepreneurs in the state belonged to Kullu. In Kullu district alone, 20% of the MSME owners were reported to be women, which constituted a total of 1744 female entrepreneurs in the district.

Percentage of women entrepreneurs in Himachal Pradesh from Kullu district

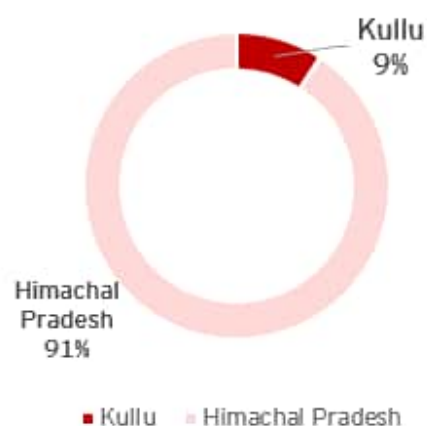


Figure 148 Percentage of women lead MSMEs in Kullu as compared to HP



Kullu: Gender wise Disctribution of MSMEs

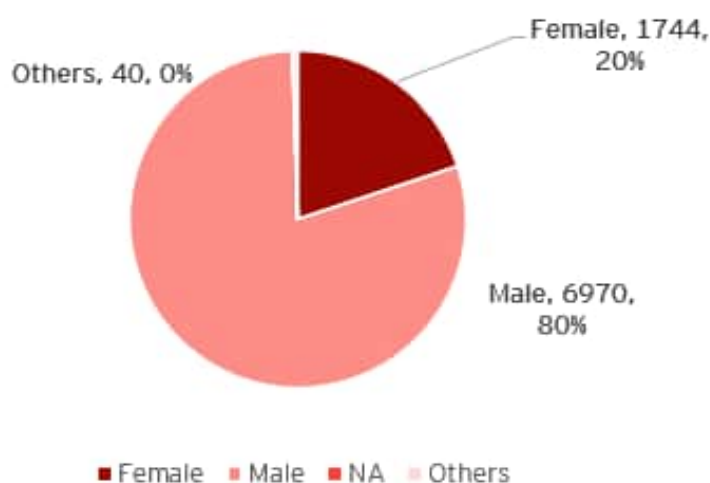


Figure 149 Gender wise distribution of MSMEs in Kullu

Analyzing across the activities these enterprises were involved in, it was found that 46% enterprises registered were involved in services, 41% in trading and 13% in manufacturing.

Kullu: Distribution of MSME basis type of activity

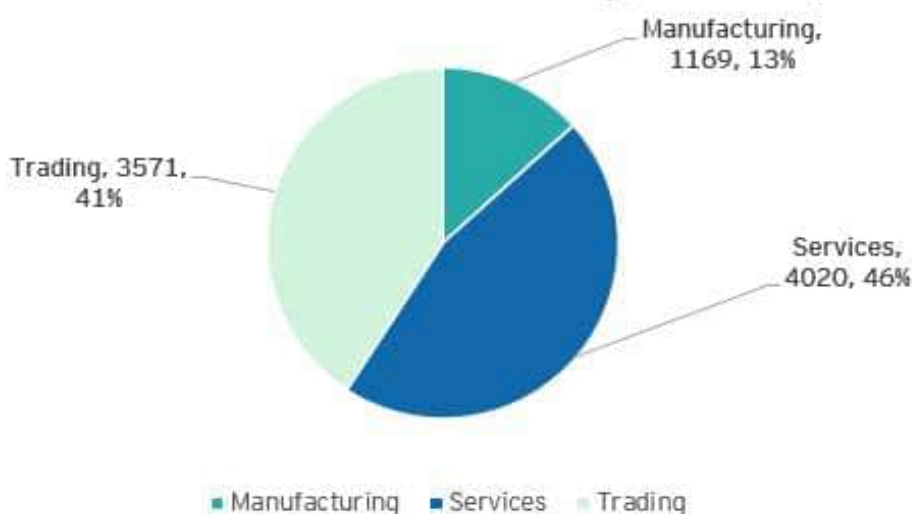


Figure 150 Kullu: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Kullu, the sectoral analysis showed that 22% belonged to Retail Trade, 9% to Accommodation Services, 9% to Land Transport and Transport Via Pipelines, 6% to Food and Beverage Service Activities and another 5% to Travel Agency, Tour Operator and Other Reservation Service Activities. The division and breakup for the sectoral division is given in the table below:



Table 34 Sector wise analysis: Kullu

#	Sector (as per NIC Classification)	Inclusions	No: of registered MSMEs
1	 Retail Trade	Trading enterprises across all categories	1911
2	 Accommodation Services	Hotels, Lodges, and other accommodation facilities	803
3	 Land Transportation	Land Transport and Transport Via Pipelines (4028 MSMEs)	774
4	 Food and Beverage Service Activities	Restaurants, Bars Catering	552
5	 Travel Agency, Tour Operator and Other Reservation Service Activities	Travel agency and tour operator activities and other reservation service activities	439

In Kullu district, 78% of MSMEs were owned by entrepreneurs belonging to the General category, following which 14% belonged to Scheduled Caste category, 2% to Other Backward Classes category and 4% to Scheduled Tribe category.

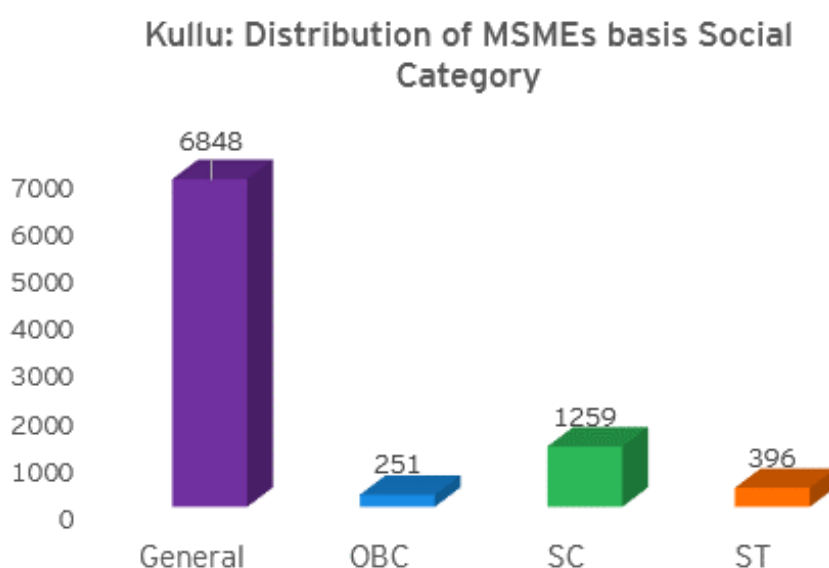


Figure 151 Kullu: Distribution of MSMEs basis Social Category



Regarding the type of enterprise set up, almost 83% of the enterprises registered in FY23 were sole proprietorships, a meagre 4% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

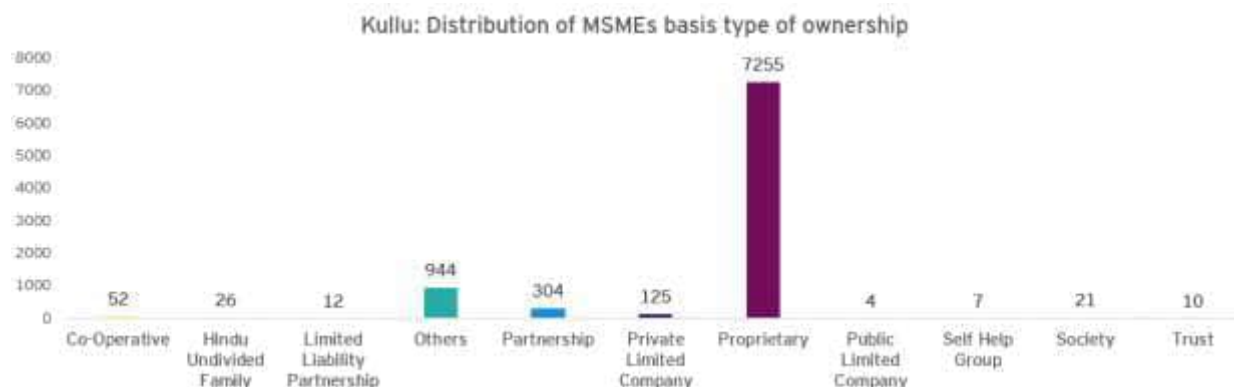


Figure 152 Kullu: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Kullu under the One District One Product Programme:



Figure 153 Kullu: Product under ODOP scheme

► Agro-Apple Based Product

Kullu district has gained widespread recognition for its apple production, marking a remarkable transformation in horticulture over the past three decades. This region has placed significant focus on the horticultural sector due to its favorable geographic characteristics and climate, which create an ideal environment for fruit cultivation.



Among the various fruits cultivated in Kullu, apples hold a preeminent position. They not only dominate the agricultural landscape but also constitute the most economically significant fruit crop in the district

According to the Statistical Abstract of Himachal Pradesh 2021-2022, Kullu district is ranked as the second-highest producer of Apples in the state contributing a total of 115,049 tonnes. This impressive yield is cultivated across an extensive area of 27,258 hectares⁵⁷.

The apple market grapples with several challenges, including deficient transportation infrastructure, a shortage of skilled labor, inadequate marketing insights, subpar infrastructure, and unethical practices by commission agents.

To mitigate substantial post-harvest losses in the apple industry, it is imperative to implement enhanced techniques such as refrigeration, proper storage methods, and improved packaging materials. Currently, Kullu district is equipped with just three controlled atmosphere stores. One of these stores, operated by the Horticulture Produce Marketing and Processing Corporation, is currently non-functional. The remaining two stores are privately run and collectively offer a storage capacity of merely 1,500 MT (equivalent to 1,653.46 tonnes)⁵⁸. This capacity appears insufficient for a district that annually produces 115,049 tonnes of apples.

Additionally, significant attention should be directed towards the maintenance and expansion of the network of link roads, as they play a crucial role in the swift disposal of the produce.

Furthermore, the dearth of market information accessible to apple growers adversely affects the operational efficiency of apple markets. This results in missed opportunities to sell their produce at favorable prices, in the right locations, and at the opportune times. To address this issue, it is recommended to provide credit facilities and crop insurance for apple cultivation through formal institutional sources. This approach reduces growers' reliance on traders and bolsters their bargaining power within the market.

The adoption of e-marketing practices can also be instrumental in enhancing the overall efficiency of apple trading.

► **Non-Agro Product: Kullu Shawl**

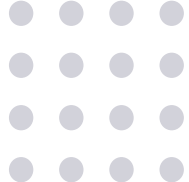
Kullu Shawls hold a cherished place among enthusiasts of Himachali handicrafts, and their fame extends far beyond regional borders. The renowned "Kullu shawl" style boasts an array of captivating geometric patterns and a vibrant color palette. These shawls are distinguished for their exquisite weaving using a range of natural woolen fabrics, resulting in vivid hues and top-notch craftsmanship.

Traditionally, Kullu shawls feature a classic color scheme, primarily comprised of black, white, brown, or natural grey. However, for the intricate patterning, artisans employ a rich spectrum of vibrant colors, including shades of yellow, red, green, orange, and blue.

Handloom weavers in both the state and central government sectors enjoy a range of incentives and subsidies. These include a 10% subsidy on yarn purchases, reimbursement of registration fees for Geographic Indication (GI), wool, handloom, and India Handloom brand

⁵⁷ <https://himachalservices.nic.in/economics/pdf/State%20Statistical%20Abstract%20-%202021-22.pdf>

⁵⁸ <https://eudyan.hp.gov.in/UploadedFiles/publicawareness/List%20of%20CA%20stores%20in%20Himachal%20Pradesh.pdf>



marks. Additionally, weavers benefit from a 50% reimbursement of commissions for online sales, a 60% reimbursement of rent for hiring exhibition and sales spaces at fairs and festivals. Transport and courier services through providers like Gati, DTDC, and DHL are also facilitated⁵⁹.

Access to credit is made available through various government schemes, including the Mudra loan scheme, MMSY, PMEGP, and Mukhyamantri Dastkar Yojna, with support from commercial, cooperative banks, and rural banks.

In terms of marketing and branding, eligible units receive free-of-cost space at state fairs and subsidized space at national and international trade fairs. They have access to various avenues such as Haat Bazar, Mela, Exhibitions, Own Showrooms, Export opportunities, Online platforms, GI Logo, Wool Mark, Handloom Mark, and India Handloom Brand recognition to promote their products effectively. Kullu Shawls have a prominent presence in both the national and international markets. These exquisite products find their way to various countries, including France, Russia, Australia, the USA, Switzerland, Germany, Nepal, Singapore, the Netherlands, Ireland, South Africa, the United Kingdom, Italy, and Japan.

Handloom and handicrafts are deeply ingrained in the lifestyle of the Kullu people, forming an integral cultural tradition passed down through generations. However, the economic conditions of the craftsmen, weavers, and artisans involved in preserving this heritage are far from satisfactory. They face challenges such as the unavailability of raw materials, insufficient quantities, poor-quality materials, and the prohibitively high cost of these inputs.

To address these issues, establishing raw material depots in craft-concentrated areas or conducting research to improve the quality of local woolen yarn could be beneficial. Additionally, handloom weavers must contend with competition from shawls manufactured on power looms. To empower them, the government should consider providing technical training and knowledge about these modern looms.

Perhaps the most pressing concern lies in marketing these exquisite products. Craftsmen should receive support to market their creations directly from their looms to consumers, which can significantly improve their economic prospects and sustain this valuable tradition

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Kullu include but are not limited to:

⁵⁹ Himachal Pradesh Kaushal Vikas Nigam

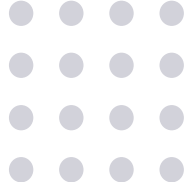


Figure 154 Kullu: Key District Stakeholders

District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders in Kullu through virtual conferencing mode on 2nd September 2023.

The discussion was held with 24 members from leading MSMEs and Industries Associations in Kullu to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.





Figure 155 Interaction with MSMEs and Industry Associations in Kullu

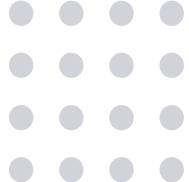
Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business.

District MSME Enablers & Disablers

Through our detailed discussion and stakeholder feedback, MSME growth catalyzing and constraining factors were recognized and analyzed an enablers and disablers respectively.

Table 35 Kullu: District Enablers and Disablers

 Enablers	 Disablers
Geographical advantage for tourism and other related sectors. Potential for development in related sectors.	Poor awareness and handholding for adoption of green resources, marketing assistance, export promotion etc.
Presence of stone and metal craft, handloom and weaving activities	Poor facilitation support for the Loans / financial assistance



which holds potential for development.	
	Need for State Procurement Policy for MSME business promotion in the state
	Lack of MSME facilitation and handholding support for implementing Govt schemes

MSME Development Potential

Prospective Sectors for Development for MSME



1. Policy for Promoting Rural Industrialization
2. Access to Capital
3. Programmes for enhancing capacities of the entrepreneurs







5.4.2.10 Mandi




District Overview

The present District of Mandi was formed with the merger of two princely states Mandi and Suket on 15th April 1948, when the State of Himachal Pradesh came into existence. The district is bound by Kangra on the north-west, Hamirpur and Bilaspur on the west, Solan in the south, Shimla in the south west and Kullu in the east. The total geographical area of the district is 3950 sq. km which is 7.09 percent of the total area of the state.

For Administrative purpose, the district has been divided into 12 sub-divisions, namely Mandi Sadar, Balh, Sunder Nagar, Sarkaghat, Dharampur, Joginder Nagar, Padhar, Gohar, Thunag, Karsog, Balichowki and Kotli. There are 473 panchayats in the district covering 3374 villages.

 Tehsils	17
 Blocks	14
 Panchayats	473
 Villages	3374

With a population density of 253 persons per square kilometer, Mandi has a population of about 9.99 lakh, 93.7% of which resides in the rural areas. It constitutes approximately 14.56% of the total population of Himachal Pradesh. The district has a female to male ratio of 1007 females per thousand males, which is significantly higher than the state average of 972 and the national average of 940. Average literacy rate of the district is 81.53% with a male literacy rate of 79.04% and female literacy rate of 65.79%.

	Population	9.99 lakh
	Sex Ratio	1007/1000
	Literacy Rate	81.53%

Export Scenario

Total Exports from Mandi for the FY 2023 amounted to ₹71.35 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Mandi comprised 0.4% of overall exports from Himachal Pradesh. ⁶⁰

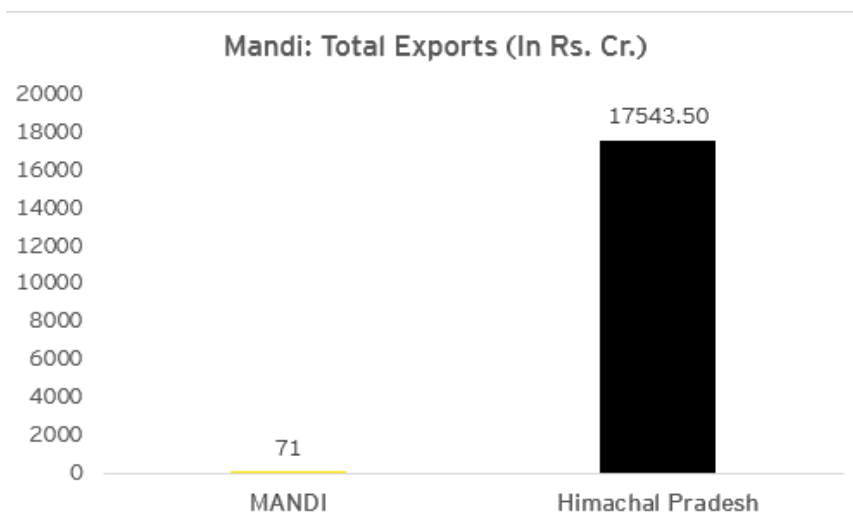


Figure 156 Export scenario of Mandi as compared to Himachal Pradesh

From the overall exports in Mandi in FY23, Organic Chemicals constituted 84% of the total exports worth an amount of ₹6010 lakhs. Other major products exported from the district included Pharmaceutical Products (10%) (3%), Essential Oils Resinoids and Cosmetic/ Other Similar Products, Albuminoidal Substances, Modified Starches and Glues (2%).

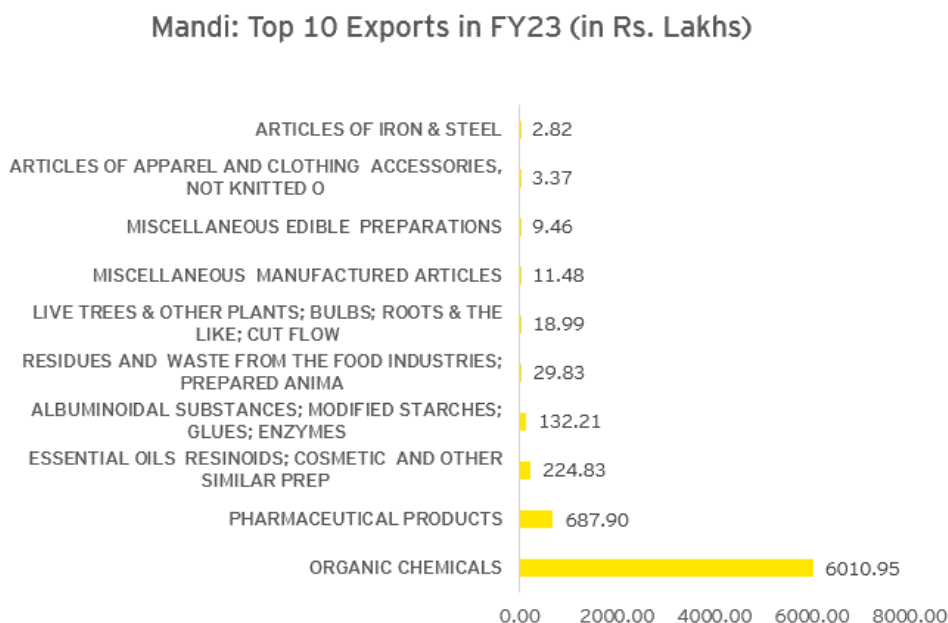
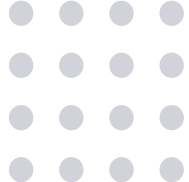


Figure 157 Top 10 exports from Mandi



MSME Ecosystem Overview

Mandi: Distribution of MSME basis type of enterprise

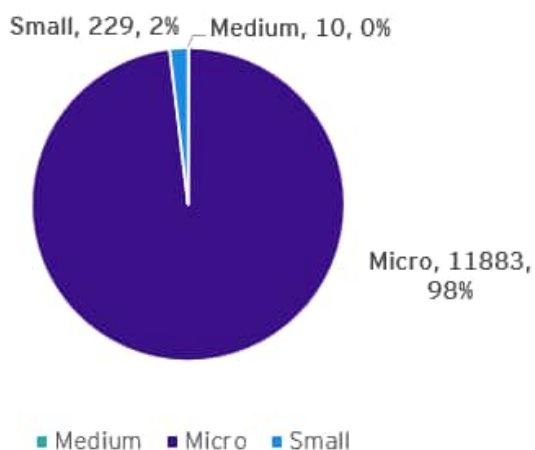


Figure 158 Mandi: Distribution of MSMEs basis type of Enterprise

In Mandi, as of the Udyam Registration Certificate data, there were a total of 12,122 MSMEs registered which constituted 11.5% of total MSME registrations in the state.⁶¹ Of these, Micro MSMEs constituted 98%, Small MSMEs constituted 2% and Medium enterprises constituted less than 1% of the total enterprises registered in the district. Out of this, Micro enterprises registered contributed to 96% employment generated, Small enterprises contributed 4% share in the employment generated by registered MSMEs in the state.

Mandi: Employment Generated by MSMEs basis type of enterprise

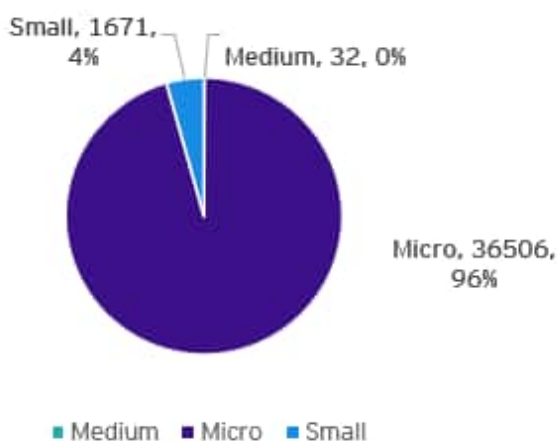


Figure 159 Mandi: Employment generated by MSMEs basis type of enterprise

⁶¹ Udyam Registration Certificate Data as on August 2023



Analysing the gender wise ownership of these enterprises it was found that 10% of the total female entrepreneurs in the state belonged to Mandi. In Mandi district alone, 16% of the MSME owners were reported to be women, which constituted a total of 1948 enterprises in the district.

Percentage of women entrepreneurs in Himachal Pradesh from Mandi district



Figure 160 Percentage of women lead MSMEs in Mandi as compared to HP

Mandi: Gender wise Distribution of MSMEs

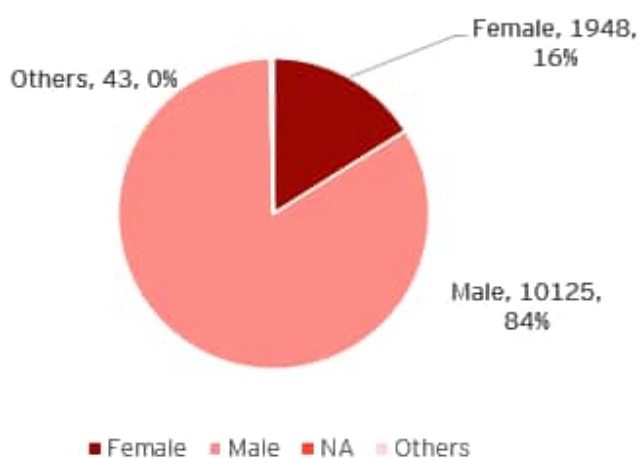


Figure 161 Gender wise distribution of MSMEs in Mandi

Analyzing across the activities these enterprises were involved in, it was found that 40% enterprises registered were involved in services, 43% in trading and 17% in manufacturing.



Mandi: Distribution of MSME basis type of activity

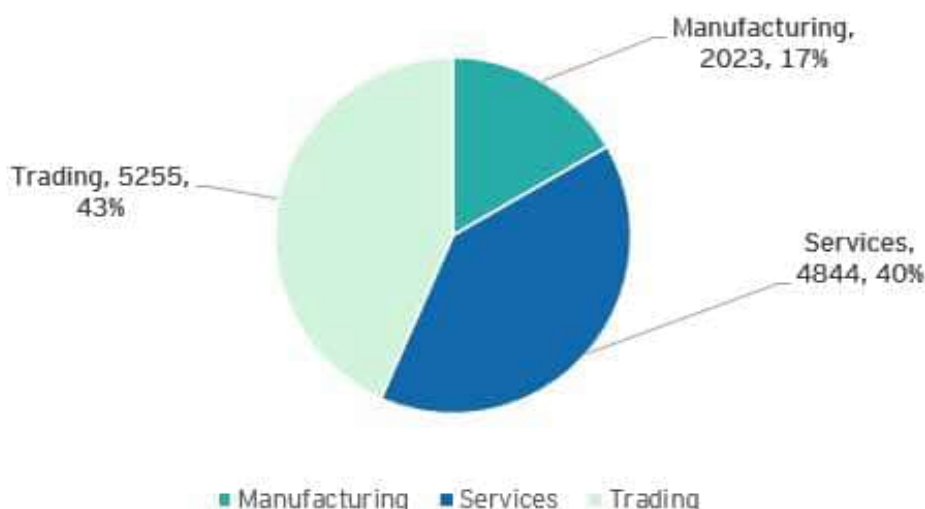







Figure 162 Mandi: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Mandi, the sectoral analysis showed that 20% belonged to Retail Trade, 13% to Land Transport and Transport Via Pipelines, 6.9% to Other Personal Service Activities, 5.3% to Food and Beverage Service Activities and another 5% to Wholesale Trade, Except of Motor Vehicles and Motorcycles. The division and breakup for the sectoral division is given in the table below:

Table 36Sector wise analysis: Kullu

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	2502
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	1665
3.	 Other Service Activities	Other Personal Service Activities	841
4.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	647
5.	 Accommodation and Food Service	Food and Beverage Service Activities	637

In Mandi district, 75% of MSMEs were owned by entrepreneurs belonging to the General category, following which 20% belonged to Scheduled Caste category, 4% to Other Backward Classes category and less than 1% to Scheduled Tribe category.

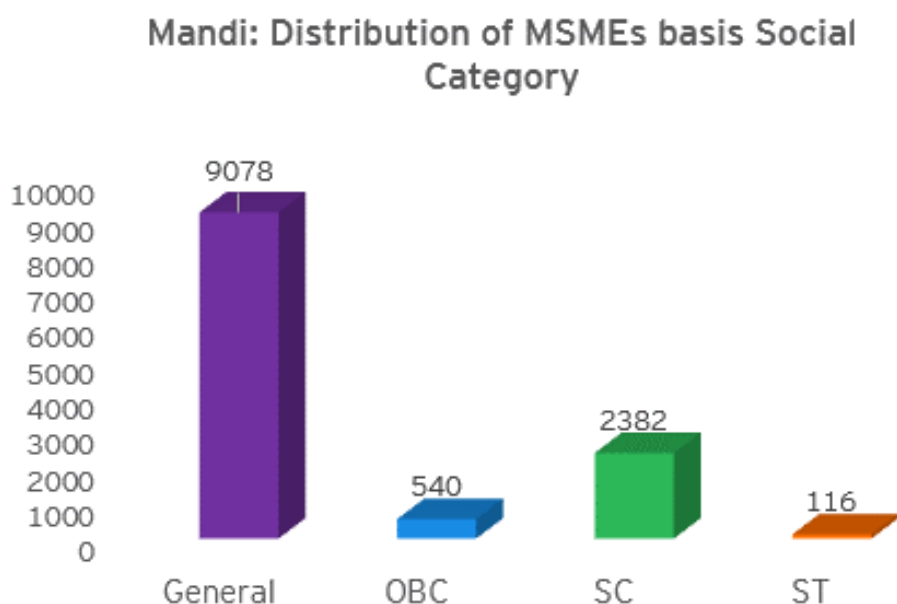


Figure 163 Mandi: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, almost 84% of the enterprises registered in FY23 were sole proprietorships, a meagre 2% were registered as partnerships and another 2% as private limited companies. Other categories found through analysis were public limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

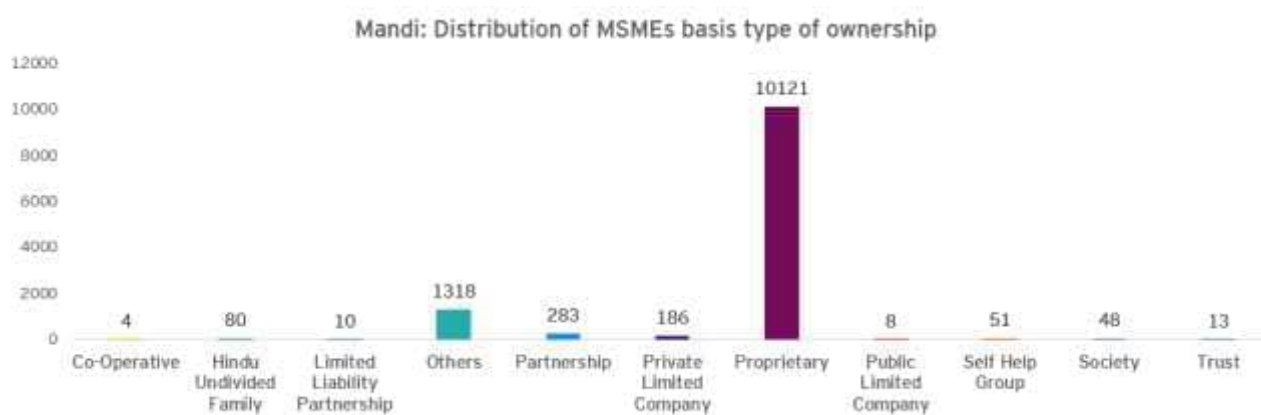


Figure 164 Mandi: Distribution of MSMEs basis type of ownership

ODOP Product

Given below are the products identified from Mandi under the One District One Product Programme:



Figure 165 Mandi: Products under ODOP scheme

► Agro Based product: Peas and Vegetables

Mandi stands as a predominantly agricultural district, with over 80% of its total population directly or indirectly reliant on agriculture. Mandi district boasts an impressive vegetable production of approximately 231,026 tonnes the fourth highest in the state, cultivated across a total area of 11,296 hectares⁶². The major cereal crops cultivated here include wheat, maize, and paddy. Additionally, the district boasts abundant production of green peas, tomatoes, ginger, capsicum, and potatoes, which serve as significant commercial crops. Notably, the Karsog Block is renowned for its cultivation of exotic vegetables.

The district's agro-climatic conditions are exceptionally conducive to large-scale cultivation of both seasonal and off-seasonal vegetables, a practice embraced by numerous farmers. Notably, potatoes, peas, tomatoes, and cucurbits rank as the major vegetables grown in the district.

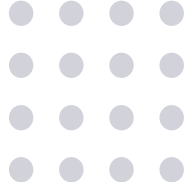
Crop management in the district is not in scientific manner resulting in poor crop productivity and profitability. The natural resources are fatigued due to population pressure and poor land use planning. There is a large scope for crop diversification through fruits, vegetables and other farm enterprises in the district.

In terms of Controlled atmosphere stores, Mandi has just one privately owned with a capacity of 3000 MT⁶³.

Mandi district holds significant potential to establish itself as a leading producer of high-value cash crops, particularly in the cultivation of exotic vegetables such as broccoli, asparagus,

⁶² <https://himachalservices.nic.in/economics/pdf/State%20Statistical%20Abstract%20-%202021-22.pdf>

⁶³ <https://eudyan.hp.gov.in/UploadedFiles/publicawareness/List%20of%20CA%20stores%20in%20Himachal%20Pradesh.pdf>



and red cabbage, primarily in the Karsog and Seraj blocks. The district also offers favorable conditions for the year-round cultivation of off-season vegetables, the flourishing of floriculture, and the cultivation of medicinal and aromatic plants. Additionally, there are promising opportunities in enterprises like apiculture and mushroom production.

To further unlock this potential, there is scope for expanding the area under irrigation through various means, including lift irrigation, rainwater harvesting, and the sustainable exploitation of groundwater resources. These measures can collectively enhance agricultural productivity and diversify the district's agricultural portfolio.

► **Non-Agro product- Steel Furniture**

Mandi district in India is actively participating in the "One District One Product" scheme, with a specific focus on promoting the local production of steel furniture. In this endeavour, small and medium-sized enterprises (SMEs) play a pivotal role in the manufacturing and distribution of steel furniture within Mandi.

In Mandi district of Himachal Pradesh, steel furniture production faces several challenges. These include limited local availability of steel, potentially necessitating costly imports and causing delays, concerns about meeting industry quality standards, comparatively higher regional steel costs affecting competitiveness, transportation difficulties in the rugged terrain leading to increased costs and delays, and potential government-imposed import restrictions further constraining steel access and driving up costs.

To surmount these challenges, investments in infrastructure improvements such as roadways and transportation networks are imperative. These improvements can facilitate the smoother movement of goods and materials, mitigating the logistical hurdles. Additionally, incentivizing and providing training programs for local workers can help establish a skilled and motivated workforce in the region.

Effective marketing and branding are vital for the success of small-scale steel furniture production in Mandi district, Himachal Pradesh. To compete in a competitive market and reach potential customers, these businesses must cultivate a robust brand image and devise an efficient marketing strategy.

One effective marketing approach for small steel furniture producers in Mandi is leveraging digital platforms and social media to broaden their audience. This includes establishing a website, utilizing online marketplaces, and engaging with customers through social media channels. Another strategy involves participating in local trade shows and exhibitions to showcase their products and connect with potential customers, bolstering awareness of the local steel furniture industry and positioning Mandi district as a hub for steel furniture production.

In terms of branding, it is crucial for small steel furniture producers to craft a distinctive brand identity that sets them apart from competitors. This entails creating a memorable logo, tagline, and maintaining a consistent visual style across all marketing materials.

By adeptly marketing and branding their products, small steel furniture producers in Mandi district can enhance visibility, expand their customer base, and foster customer loyalty, driving growth and ensuring long-term success.



Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Mandi include but are not limited to:

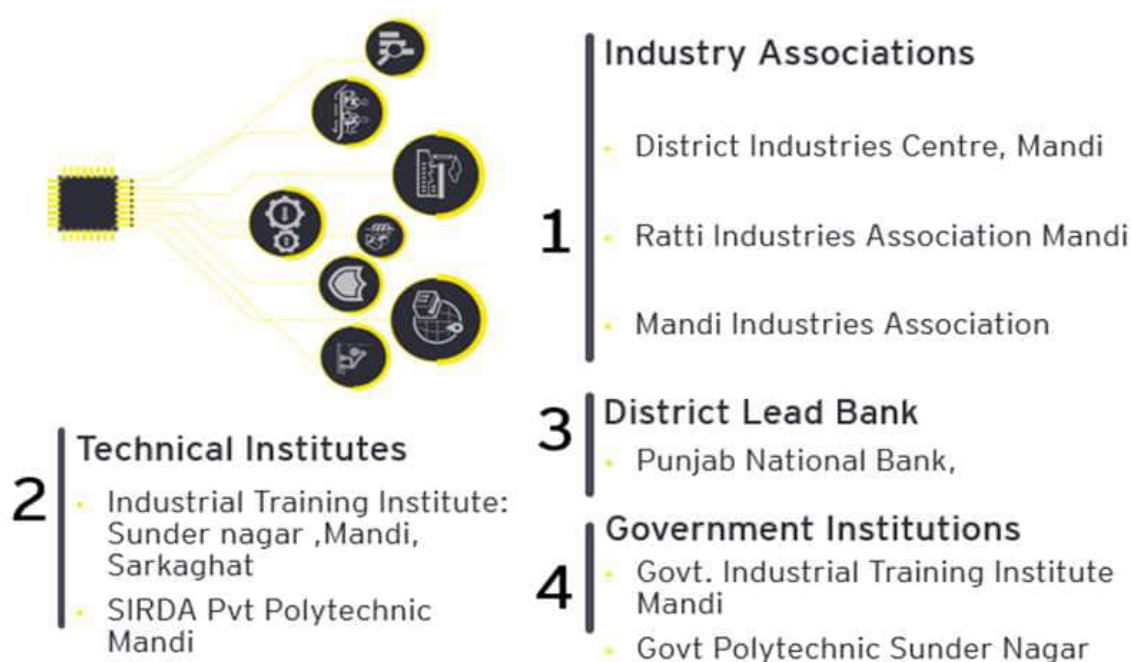


Figure 166 Mandi: Key district stakeholders

District Diagnosis: Methodology and Activities undertaken

The EY Team conducted a Focus Group Discussion and Awareness Programme with all relevant district level stakeholders in Mandi via Virtual Conferencing on 6th September 2023.

The discussion was held with 14 members from leading MSMEs and Industries Associations in the Mandi to inform them about the Centre and State government support framework for MSME growth and development, raise awareness about the Government of India's Raising and Accelerating MSME Performance (RAMP) programme, and to understand the issues being faced by MSMEs and the support required from state government.

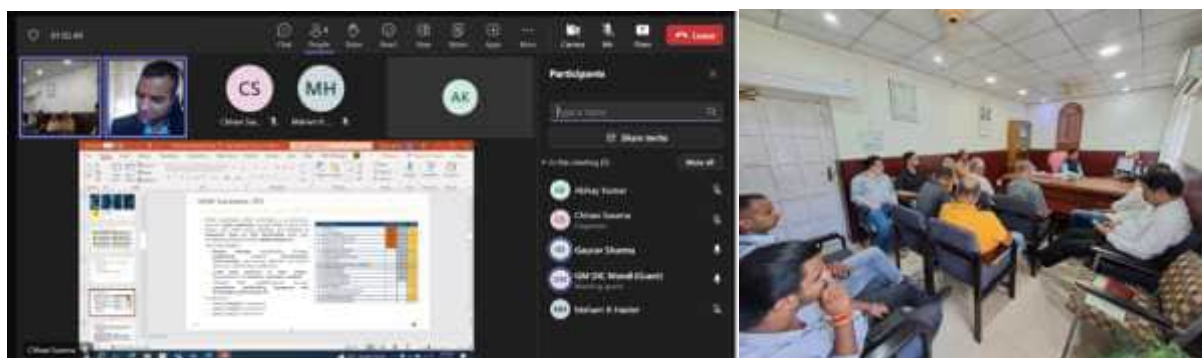


Figure 167 Interaction with MSMEs and Industry Associations in Mandi





Additionally, as per the RAMP programme focus areas, targeted feedback was sought from the stakeholders around MSME access to finance, markets, delays in payments, uptake of digital financing platforms by the Government of India, environmental compliance, infrastructure, and overall ease of doing business.

District MSME Enablers & Disablers

Through our detailed discussion and stakeholder feedback, MSME growth catalyzing and constraining factors were recognized and analyzed an enablers and disablers respectively.

Table 37 Mandi: District Enablers and Disablers

 Enablers	 Disablers
Potential to develop handloom clusters and weaving.	Low uptake of Competitiveness Schemes, Samadhan Portal, etc.
Potential for rural industrialisation to develop sectors such as fruit processing, dairy, forest ased products etc.	Lack of incubation facilities for product diversification, quality improvement and marketing support
	Poor awareness and handholding on Schemes and Policy framework of MSME ecosystem
	Low sensitization on green technology & greening of MSMEs

MSME Development Potential

Prospective Sectors for Development for MSME



1. Policy for Promoting Rural Industrialization
2. Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
3. Access to Capital and Market
4. Programmes for enhancing capacities of the entrepreneurs







5.4.2.11 Kinnaur




District Overview

The district formerly known as Chini tehsil, part of the former Mahasu district, gained its status as an independent district on May 1, 1960. Before the merger of the state on the brink of independence, Kinnaur Valley was part of the erstwhile Bushahr State, which had its administrative center in Rampur. Situated in the eastern region of Himachal Pradesh, Kinnaur district is predominantly mountainous, with a few small, deep valleys interspersed throughout its terrain. The district spans from approximately 31° 06' to 32° 06' North latitudes and 77° 45' to 79° 00' East longitudes. Kinnaur district covers a total geographical area of 6401 square kilometers, which constitutes about 11.5% of the State's land area. It shares its borders with Lahaul & Spiti district to the north, Kullu district to the northwest, Shimla district to the southwest, Uttarakhand State to the south, and the international border with China (Tibet) to the east. The district is surrounded by three prominent mountain ranges: the Zaskar Mountains in the East, the Great Himalayas to the North, and the Dhauladhar range forming the southern boundary.

For Administrative purpose, the district has been divided into 5 tehsils, namely Sangla, Pooh, Nichar, Moorang, Kalpa and one sub-tehsil Yangthang. There are three blocks in the district namely Nichar, Kalpa, Pooh. There are 73 panchayats in the district covering 660 villages.

 Tehsils	6
 Blocks	3
 Panchayats	73
 Villages	606

With a population density of 13 persons per square kilometer, Kinnaur has a population of about 84 thousands. It constitutes approximately 1.23% of the total population of Himachal Pradesh. The district has a female to male ratio of 819 females per thousand males, which is significantly lower than the state average of 972 and the national average of 940. Average literacy rate of the district is 80% with a male literacy rate of 87.27% and female literacy rate of 70.96%.

	Population	84 thousand
	Sex Ratio	819/1000
	Literacy Rate	80%



Export Scenario

Total Exports from Kinnaur for the FY 2023 amounted to ₹0.45 cr. Exports from Himachal Pradesh as a state for the same year stood at ₹17543.50 cr. Exports from Kinnaur comprised of less than 1% of overall exports from Himachal Pradesh. ⁶⁴

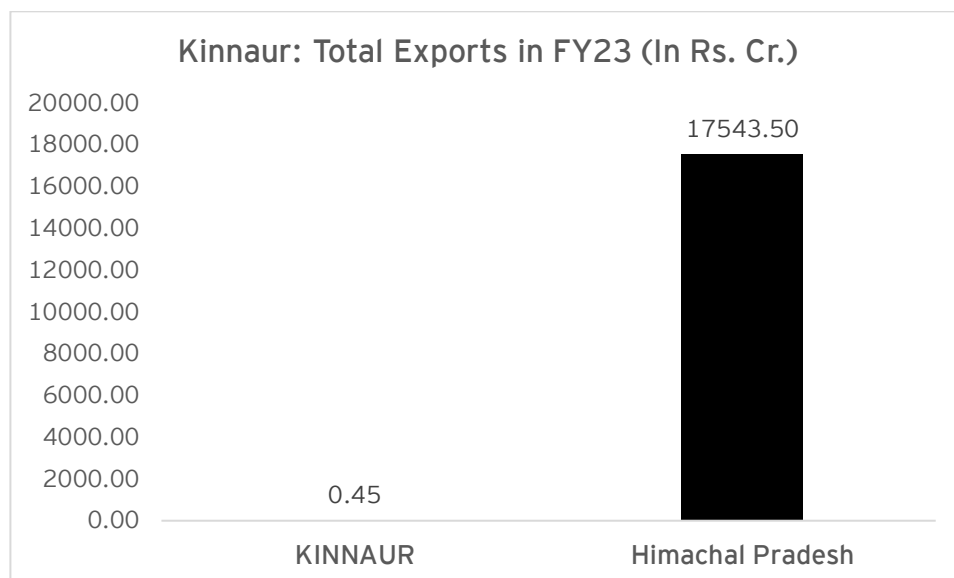


Figure 168 Export scenario of Kinnaur as compared to Himachal Pradesh

From the overall exports in Kinnaur in FY23, Paper and Paper Board Articles And Pulp Products constituted 89%% of the total exports worth an amount of ₹45.34 lakh. Other major products exported from the district included articles of leather, saddlery harness and animal guts (6%) Pharmaceutical Products (1.3%), Soap & Other Similar preparations; Polishes & Creams (1%) and Articles Of Iron & Steel (0.9%)

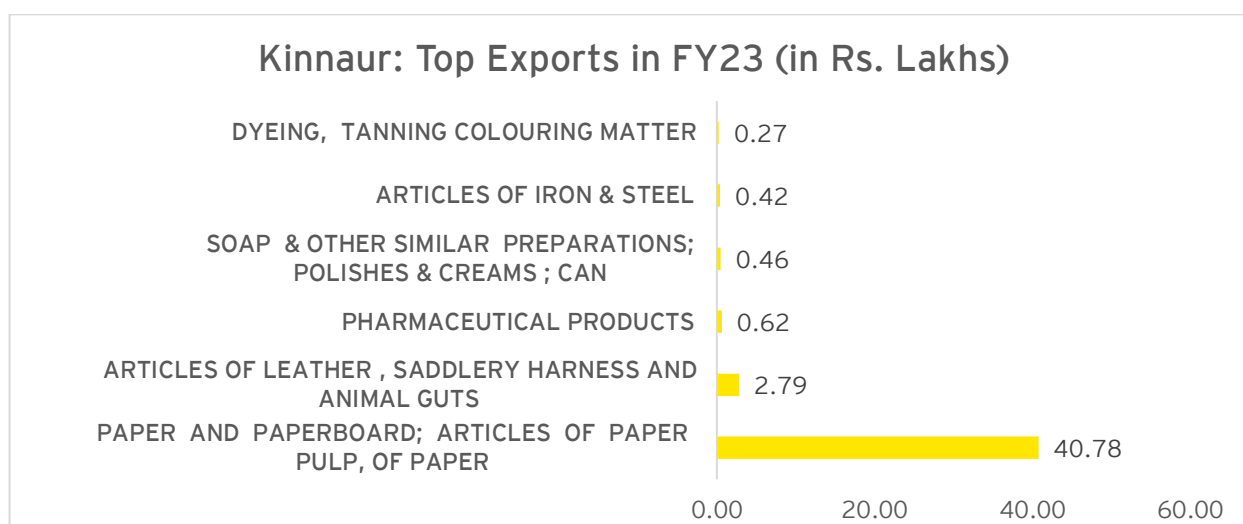


Figure 169 Top 10 exports from Kinnaur

⁶⁴ Directorate General of Commercial Intelligence and Statistics



MSME Ecosystem Overview

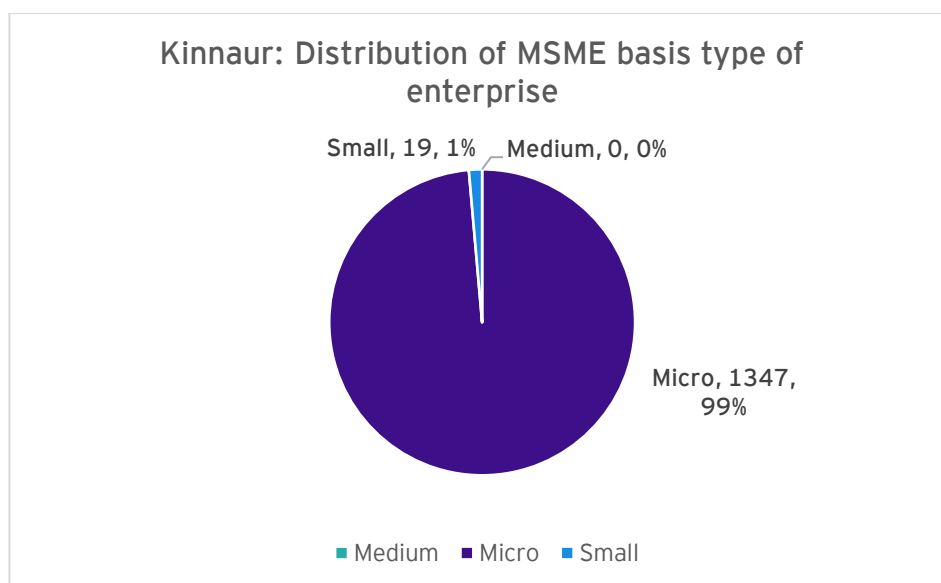


Figure 170 Kinnaur: Distribution of MSMEs basis type of Enterprise

In Kinnaur, as of the Udyam Registration Certificate data, there were a total of 1366 MSME registered which constituted 1.29% of total MSME registrations in the state.⁶⁵ Of these, Micro MSMEs constituted 99%, and Small MSMEs constituted 1% of the total enterprises registered in the district. Out of these, Micro enterprises registered contributed to 87% employment generated and Small enterprise contributed 13% share in the employment generated by registered MSMEs in the state.

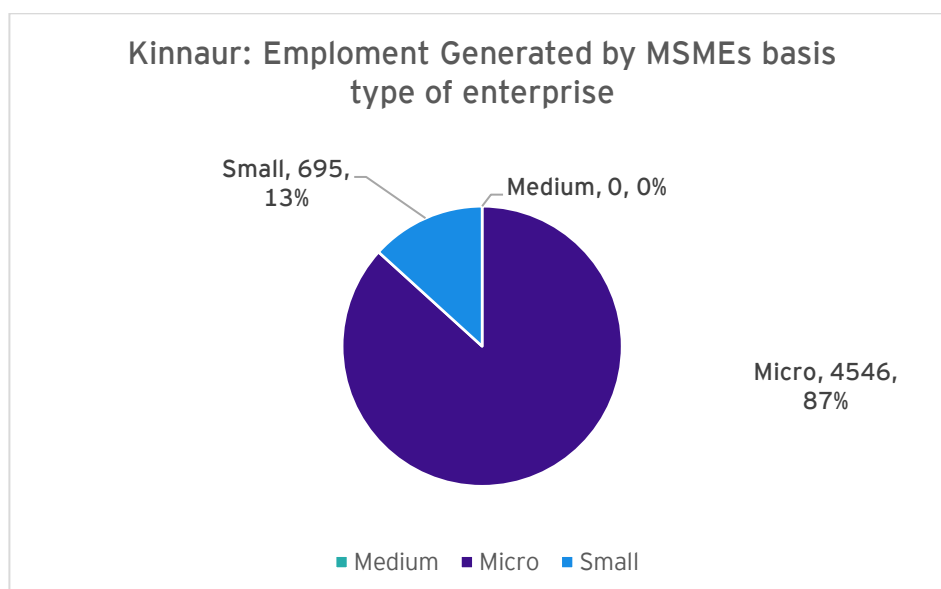


Figure 171 Kinnaur: Employment generated by MSMEs basis type of enterprise

⁶⁵ Udyam Registration Certificate Data as on August 2023



Analysing the gender wise ownership of these enterprises it was found that only 1% of the total female entrepreneurs in the state belonged to Kinnaur.. In Kinnaur district alone, 20% of the MSME owners were reported to be women, which constituted a total of 268 enterprises in the district.

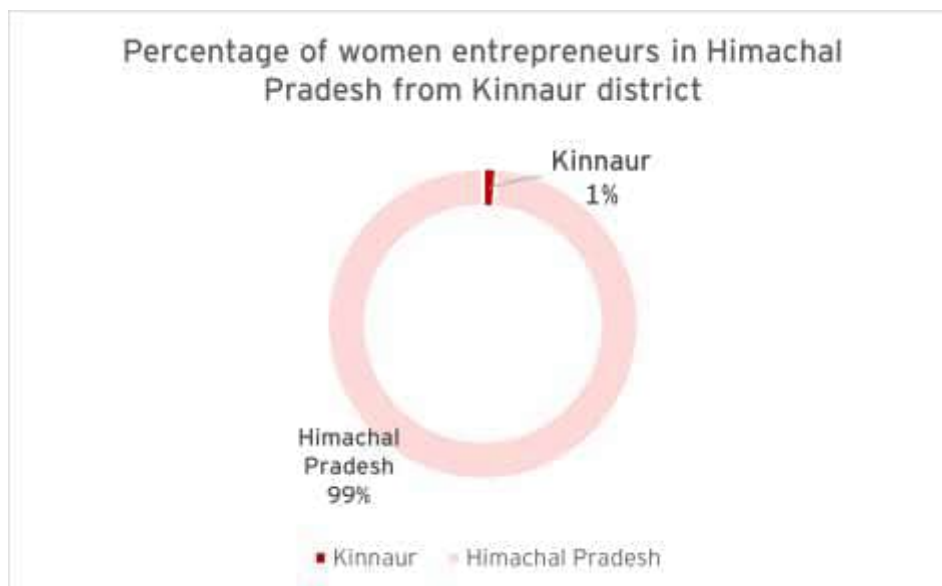


Figure 172 Percentage of women lead MSMEs in Kinnaur as compared to HP

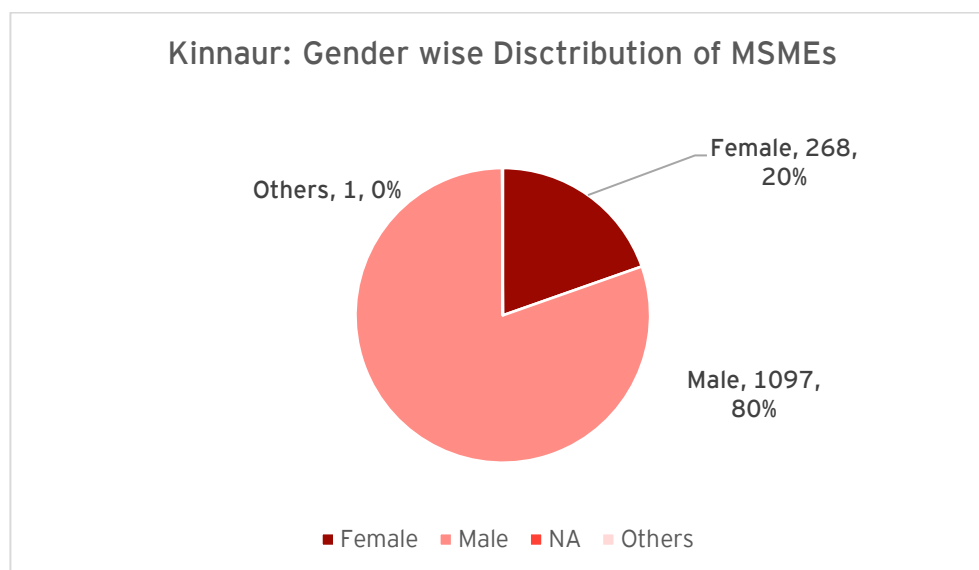


Figure 173 Gender wise distribution of MSMEs in Kinnaur

Analyzing across the activities these enterprises were involved in, it was found that 43% enterprises registered were involved in trading, 39% in services and 18% in manufacturing.

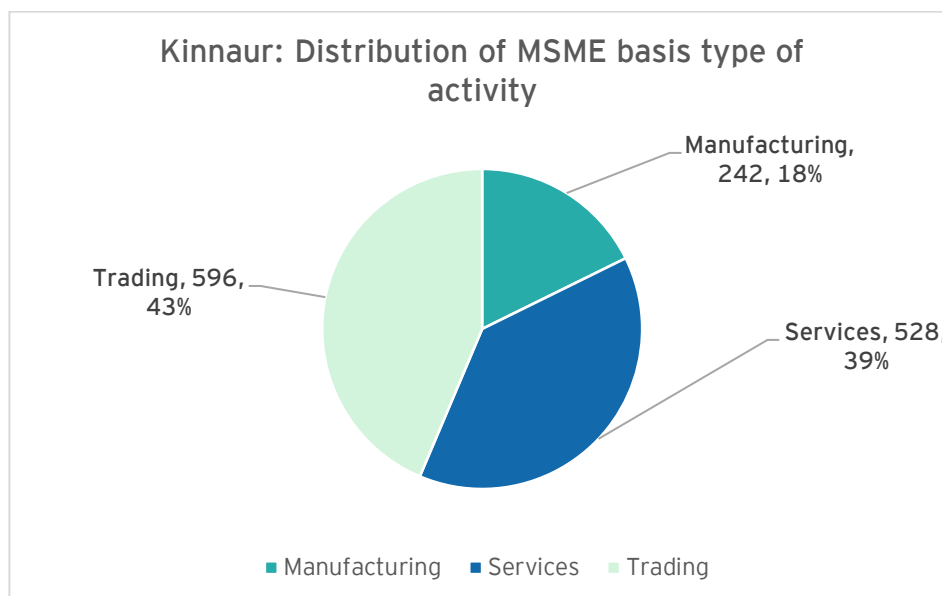







Figure 174 Kinnaur: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Mandi, the sectoral analysis showed that 22% belonged to Retail Trade, 7.7% to Land Transport and Transport Via Pipelines, 6.3% to Food and Beverage Service Activities 6.3% to Other Personal Service Activities, and another 4.9% to Wholesale Trade, Except of Motor Vehicles and Motorcycles. The division and breakup for the sectoral division is given in the table below:

Table 38 Sector wise analysis: Kinnaur

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	303
2.	 Transport and Storage	Land Transport and Transport Via Pipelines	106
3.	 Accommodation and Food Service	Food and Beverage Service Activities	87
4.	 Other Service Activities	Other Personal Service Activities	87
5.	 Wholesale Trade, Except of Motor Vehicles and Motorcycles	Wholesale Trade, Except of Motor Vehicles and Motorcycles	67

In Kinnaur district, 71% of MSMEs were owned by entrepreneurs belonging to the Schedule Tribe category, following which 21.5% belonged to General category, 6.22% to Schedule Caste category and less than 1% to other Backward Class category.

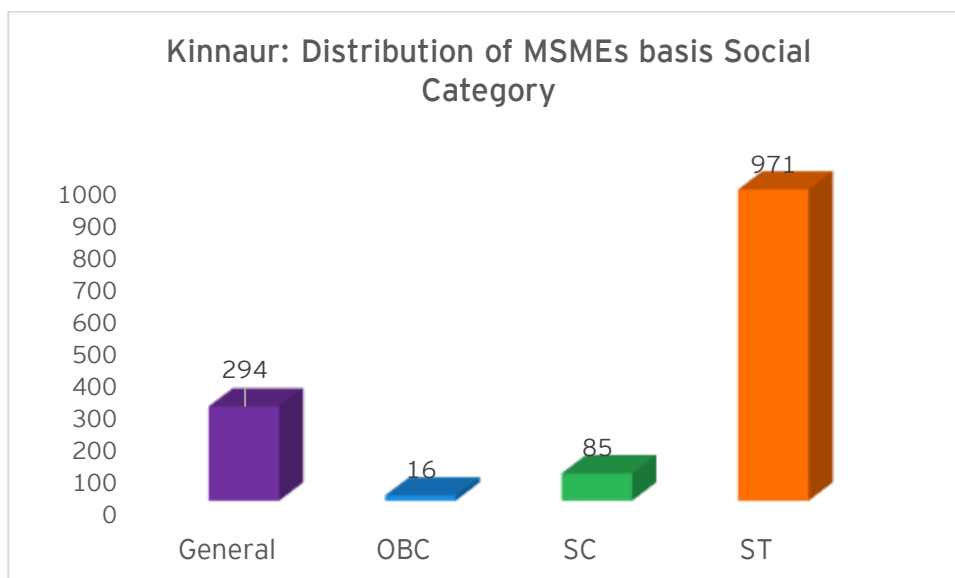


Figure 175 Kinnaur: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, 90% of the enterprises registered in FY23 were sole proprietorships, a meagre 2% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others.

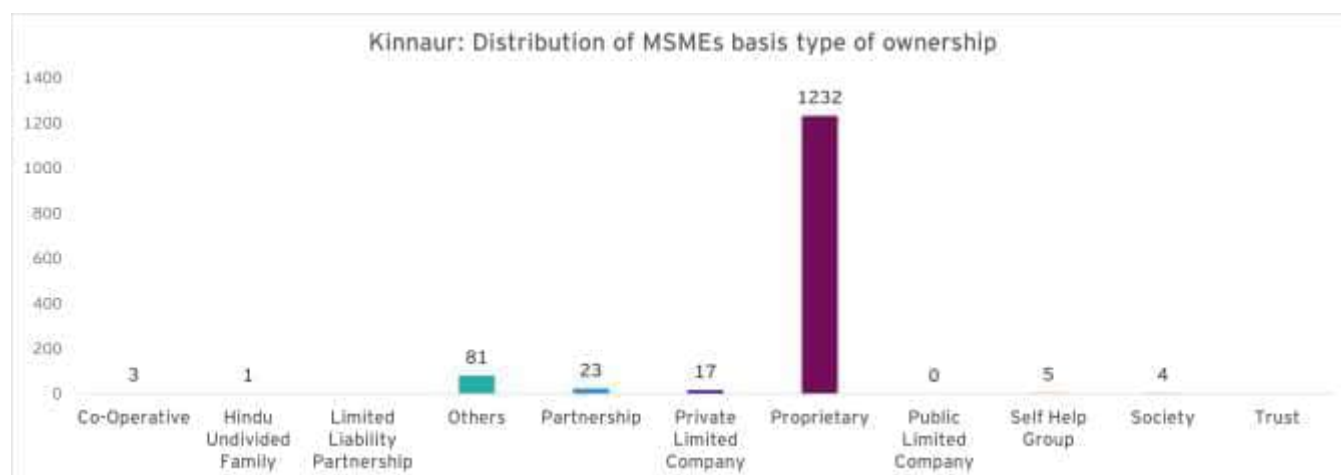


Figure 176 Kinnaur: Distribution of MSME basis type of ownership

ODOP Product

Given below are the products identified from Kinnaur under the One District One Product Programme:

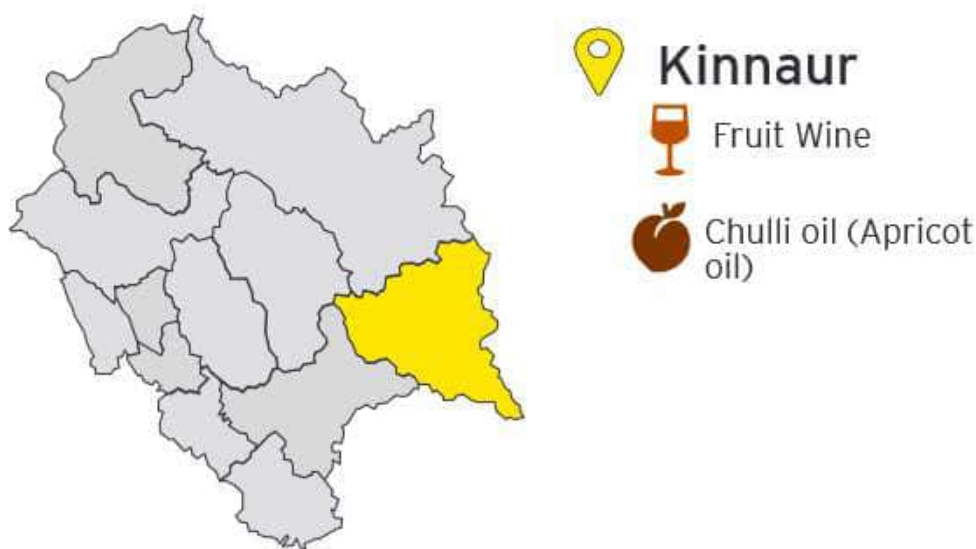


Figure 177 Kinnaur: Product under ODOP scheme

► Agro Product-Fruit Wine

Kinnaur is renowned for its signature distilled beverage known as Angoori, which is crafted using grapes as the primary raw material. The process involves pressing the grapes and allowing them to ferment within wooden casks. The resulting product, known as SHUTUNG, exhibits a diverse range of flavors, ranging from sweet port-like notes to moderately dry red wine profiles. SHUTUNG, with a notable alcoholic content, is extracted from the fermented juice.

The fermentation process continues for a minimum of 3-4 months before the colorless Angoori is distilled. The distilled liquor is then separated into two distinct components: Moori and Rashi. Moori boasts a high alcohol content, often requiring dilution before consumption. It offers a unique blend of characteristics akin to Grappa, a brandy derived from the fermented grape residue post-winemaking, coupled with the smoothness reminiscent of fine cognac.

Kinnaur natives use Angoori in many ways:

- It is used as offering to local deities.
- It is used as a remedy for clearing out clogged sinuses during cold season by inhaling the vapours after taking off the bottle cap.
- It is used as a medicine against cold when a dose of 30-40 ml undiluted Angoori is taken before sleep. Well-seasoned Angoori, always get better results.
- It is also used for cold by mixing with honey and freshly coarsely grounded black pepper.
- Mixing local wild black cumin (Macco Zeera), finely grounded with Bemil oil (wild fruit) and aged Angoori is a very good medicine for joint pains.
- For children down with a cold, Angoori is rubbed on their chest and nose to clear out related congestions.



- Angoori fermented for a month with ripe wild Kinnauri barriers (choso or roshoch) make for a tasty after-dinner drink

A few years ago, traditional Kinnauri liquors like "Angoori" and "Chuli," which had long been brewed in local households for personal consumption, gained international recognition. In 2019, the government took a significant step by issuing licenses for mini breweries to cooperatives and women's groups, in accordance with the State Excise Policy.

This endeavor aims to bolster the income of local communities while focusing on expanding wine production, thus establishing a thriving local market for an array of fruits, including apples, plums, peaches, strawberries, grapes, and more. Recognizing the broad appeal of these traditional brews, the government took the decisive step to permit commercial brewing, with the overarching goal of enhancing the rural economy.

The Excise Department played a pivotal role in extending assistance and guidance to interested parties, encompassing capacity building and marketing support. The transformation of "Angoori," derived from grapes, and "Chuli," crafted from wild apricots, into professionally brewed beverages ensures they meet the necessary commercial standards.

► Non Agro Product- Chulli Oil (Apricot oil)

Chulli, also known as Wild Apricot, is a naturally occurring non-timber forest product flourishing in the high-altitude regions of Himachal Pradesh, particularly in the Kinnaur district, at altitudes of approximately 12,000 feet. This organic resource has been an integral part of the traditional practices of tribal communities for generations, serving various purposes, including food, massage, and homemade remedies. In the agricultural year 2021-2022, Kinnaur District yielded a total of 381 tonnes of apricots, cultivated across an expanse of 325 hectares.

Recognizing the value of such a product, the Himachal Pradesh State Government took proactive steps to protect and promote it. Chulli Oil has been officially registered under the Geographical Indications Act of 1999, with registration number 467. This move ensures the preservation and promotion of this unique and culturally significant resource.

Key District Stakeholders

In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Kinnaur include but are not limited to:



Figure 178 Kinnaur: Key district stakeholder



District Diagnosis: Methodology and Activities undertaken





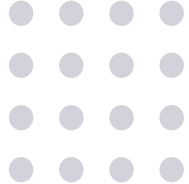
Figure 179 Interaction with MSMEs and Industry Associations in Kinnaur

District MSME Enablers & Disablers

Through our detailed discussion and stakeholder feedback, MSME growth catalyzing and constraining factors were recognized and analyzed an enablers and disablers respectively.

Table 39 Kinnaur: District Enablers and Disablers

 Enablers	 Disablers
Potential to develop handloom clusters and weaving.	Low uptake of Competitiveness Schemes, Samadhan Portal, etc.
Potential for rural industrialisation to develop sectors such as fruit processing, dairy, forest based products etc.	Lack of incubation facilities for product diversification, quality improvement and marketing support
	Poor awareness and handholding on Schemes and Policy framework of MSME ecosystem
	Low sensitization on green technology & greening of MSMEs



MSME Development Potential

Prospective Sectors for Development for MSME



- ▶ Policy for Promoting Rural Industrialization
- ▶ Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
- ▶ Access to Capital and Market
- ▶ Programmes for enhancing capacities of the entrepreneurs







5.4.2.12 Lahaul & Spiti

District Overview



Lahaul and Spiti, the district's two constituent parts, each have their own Lahaul and Spiti district was officially established on the 1st of July, 1960, with its administrative center situated in Keylong. This expansive district encompasses a total land area of 13,833 square kilometers, making it the largest district in terms of size within the state of Himachal Pradesh. Geographically, it is located in the north-eastern region of the state and shares its borders with several neighbouring areas: district Kullu to the south, Kangra to the southwest, Chamba to the west, the Jammu & Kashmir state to the north, and Tibet to the east.

The Lahaul and Spiti district is subdivided into three distinct sub-divisions: Udaipur, Lahaul, and Spiti, each with its own administrative headquarters in Udaipur, Keylong, and Kaza, respectively. Furthermore, this district holds the special status of being declared a tribal area and is included in the Integrated Tribal Development Programme, which aims to address the specific development needs of tribal communities in the region.

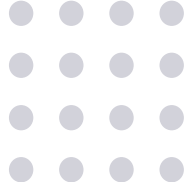
For administrative purposes, the Lahaul and Spiti district has been divided into two tehsils: Lahaul and Kaza, along with one sub-tehsil, Udaipur. The district is further organized into two blocks, Lahaul and Spiti. In total, there are 41 panchayats in the district, encompassing a total of 521 villages.⁶⁶

 Tehsils	3
 Blocks	2
 Panchayats	41
 Villages	521

With a population density of 2 persons per square kilometer, Lahaul and Spiti has a population of about 31,528. The district has a female to male ratio of 916 females per thousand males, which is significantly lower than the state average of 972 and the national average of 940. Average literacy rate of the district is 77.24% with a male literacy rate of 86.97% and female literacy rate of 66.50%.

	Population	31.528
	Sex Ratio	916/1000

⁶⁶ <https://hplahaulspiti.nic.in/administrative-setup/>



	Literacy Rate	77.24%
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Export Scenario

Due to its geographical isolation, challenging terrain, and extreme climatic conditions, Lahaul and Spiti have had minimal export activities. The district's focus has primarily been on subsistence agriculture, animal husbandry, and tourism, with limited surplus production for export markets. The harsh winters and limited connectivity with the rest of the country make it challenging to engage in large-scale commercial export ventures.

MSME Ecosystem Overview

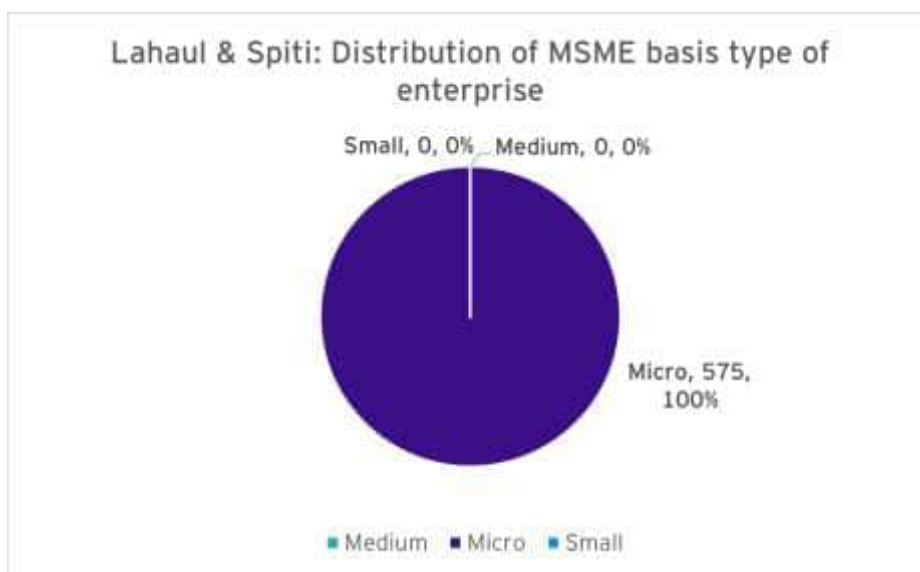


Figure 180 Lahaul & Spiti: Distribution of MSMEs basis type of Enterprise

In Lahaul & Spiti, as of the Udyam Registration Certificate data, there were a total of 575 MSME registered which constituted less than 1% of total MSME registrations in the state. Of these, Micro MSMEs constituted 100% of the total enterprises registered and employment generated in the district.

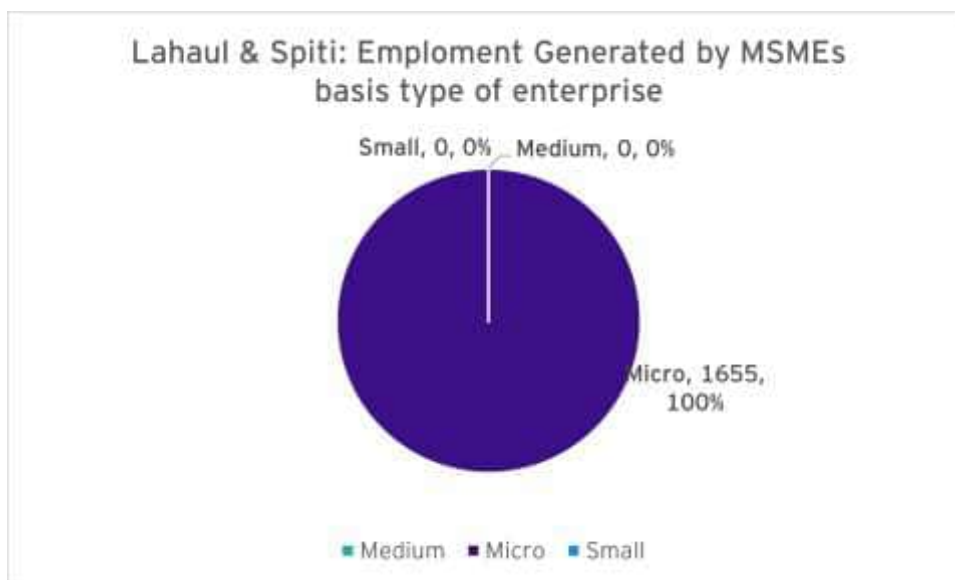


Figure 181 Lahaul & Spiti: Employment generated by MSMEs basis type of enterprise

Analysing the gender wise ownership of these enterprises it was found that 1% of the total female entrepreneurs in the state belonged to Lahaul & Spiti. In Lahaul and Spiti district alone, 17% of the MSME owners were reported to be women, which constituted a total of 97 enterprise in the district.

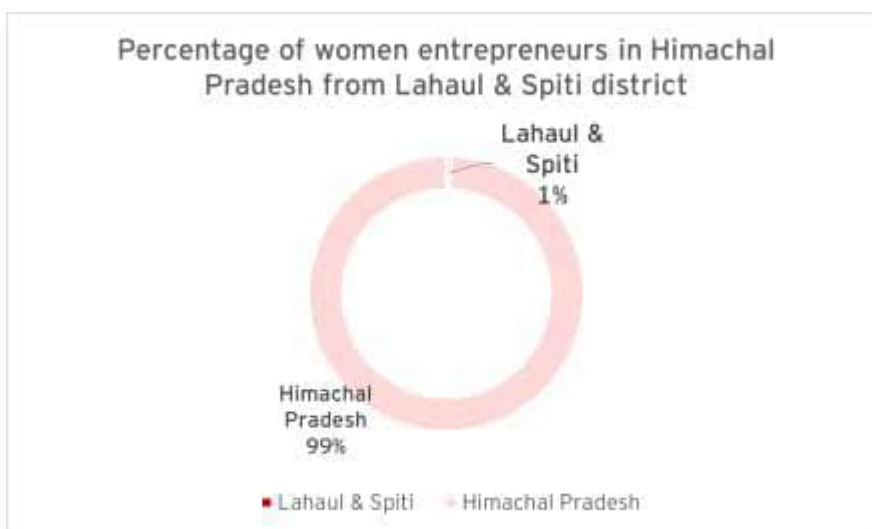


Figure 182 Percentage of women lead MSMEs in Lahaul & Spiti as compared to HP

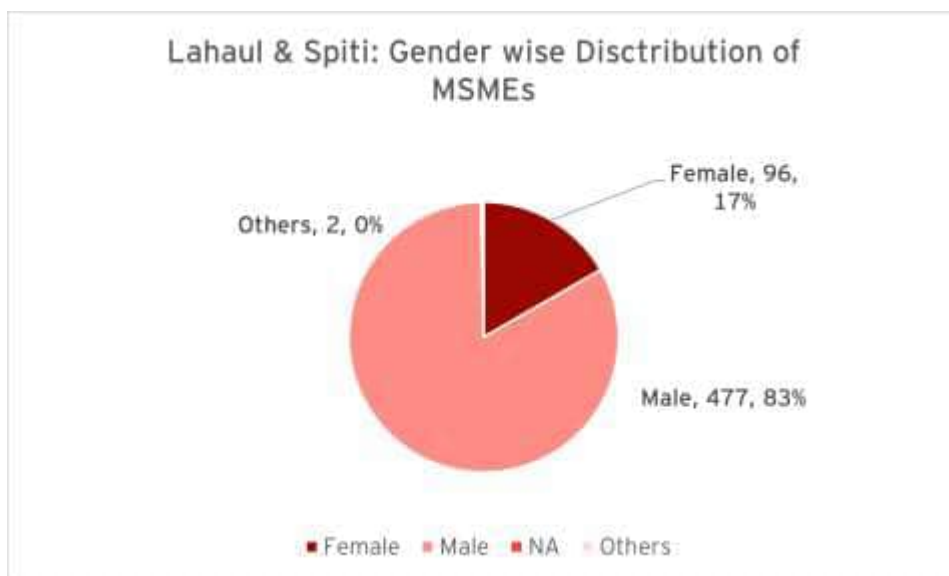


Figure 183 Gender wise distribution of MSMEs in Lahaul & Spiti

Analyzing across the activities these enterprises were involved in, it was found that 33% enterprises registered were involved in trading, 58% in services and 52% in manufacturing:

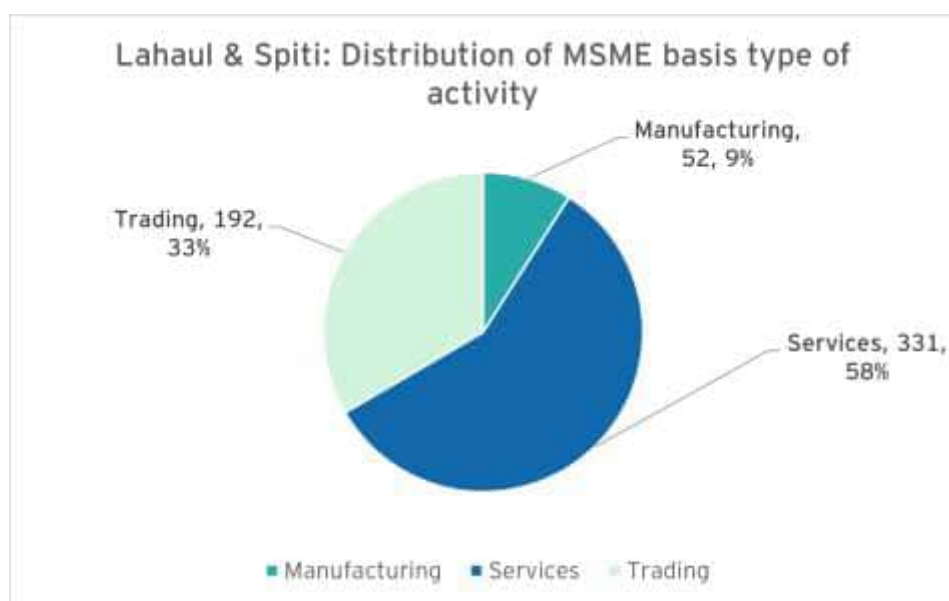







Figure 184 Lahaul & Spiti: Distribution of MSMEs basis type of activity

Out of all MSMEs registered in Lahaul and Spiti, the sectoral analysis showed that 13.7% belonged to Accommodation, 12.3% to Retail Trade, Except of Motor Vehicles and Motorcycles, 11.1% to Warehousing and Support activities for transportation, 10.8% to Rental and Leasing Activities and 9.9% to Food and Beverage Service Activities. The division and breakup for the sectoral division is given the table below:



Table 40 Sector wise analysis: Lahaul 7 Spiti

S. No	Sector as per NIC classification	Inclusion	Number of MSME registered
1.	 Accommodation and Food Service Activities	Accommodation	79
2.	 Retail Trade, Except of Motor Vehicles and Motorcycles	Retail Trade, Except of Motor Vehicles and Motorcycles	71
3.	 Transport and Storage	Warehousing and Support activities for transportation	64
4.	 Administrative And Support Service Activities	Rental and Leasing Activities	58
5.	 Accommodation and Food Service	Food and Beverage Service Activities	57

In Lahaul & Spiti, district, 83% of the MSMEs were owned entrepreneurs belonging to the Scheduled Tribe category, following which 12.6% belong to the General Category, 2.9% belonged to the Scheduled caste and 1% belonged to Other Backward Classes category.

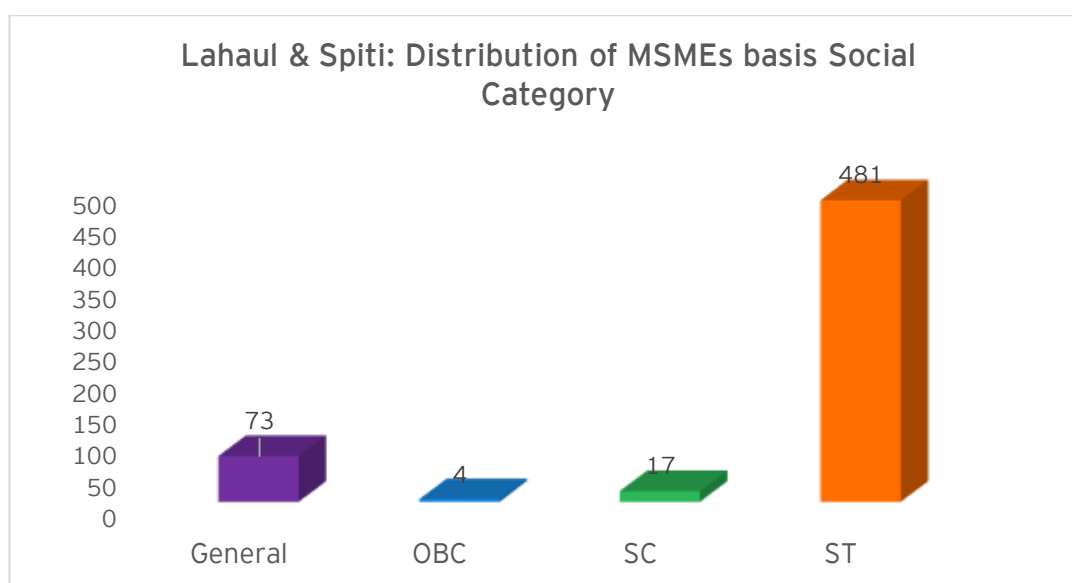


Figure 185 Lahaul & Spiti: Distribution of MSMEs basis Social Category

Regarding the type of enterprise set up, almost 91% of the enterprises registered in FY23 were sole proprietorships, a meagre 2.2% were registered as partnerships. Other categories found through analysis were public and private limited companies, co-operatives, trusts and societies, self-help groups, Hindu Undivided Family (HUF), SHGs among others

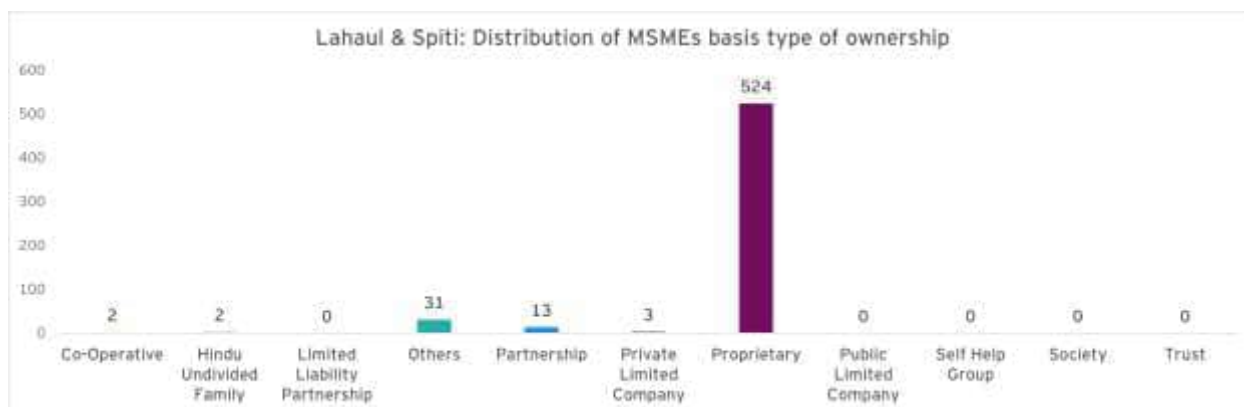


Figure 186 Lahaul & Spiti: Distribution of MSME basis type of ownership

ODOP Product

Given below are the products identified from Lahaul and Spiti under the One District One Product Programme:



Figure 187 Lahaul & Spiti: Product under ODOP scheme

► Agro Based Product-Seabuckthorn based product

Seabuckthorn, a naturally occurring shrub, thrives in the regions of Lahaul Spiti, upper Kinnaur, and Pangi in Chamba district, Himachal Pradesh. This hardy plant has adapted to the challenging conditions of heavy snowfall and low temperatures. Locally known as "Chharma," Seabuckthorn is highly esteemed for its medicinal properties, offering remedies for various health issues related to the liver, stomach, kidneys, and heart diseases, among others.



As per a report released by the Indian Institute of Food Processing Technology⁶⁷, Sea buckthorn cultivation spans approximately 13,000 hectares across India. Annually, the harvest yields around 600 tons of berries. However, this output represents a meagre fraction, accounting for less than 5% of the extensive Sea buckthorn resource naturally found in the region. Unfortunately, there is a lack of comprehensive production data available to provide a more detailed overview of the industry's performance.

This versatile fruit find application in the production of beer, syrup, jams, juices, and are further utilized in pharmaceutical and cosmetic industries. With its rich antioxidant content and high vitamin C levels, Seabuckthorn is harnessed for combating ailments such as cancer, heart disease, hypertension, and asthma. Additionally, it serves as a memory enhancer, highlighting its diverse range of health benefits and applications.

► **Non-Agro Based Product: Processing of Seabuckthorn**

Seabuckthorn offers a wealth of processing possibilities, with distinct parts of the plant lending themselves to various valuable products. After harvest, the plant can be divided into its leaves and berries. The leaves can be readily processed to produce tea or aqueous extracts. However, the focus of this review primarily centers on the Sea buckthorn berry, which is widely consumed worldwide and can be conveniently processed into a range of products.

The berry comprises a tough peel, pulp, and seeds. The aqueous component of the fruit, namely the juice, can be separated from the seeds, peel, and some residual pulp. This separation results in two primary products: the clarified juice, achieved through centrifugation, and a byproduct consisting of the oily pulp and residue, typically comprising seeds and peel. Stakeholder groups are actively engaged in processing Sea buckthorn to create various products, including pulp, juices, jams, dried leaves, herbal tea, and powder.

Unique Selling Points (USPs) of these Sea buckthorn-derived products include their extended shelf life, absence of added preservatives, and the convenience of not requiring refrigeration. Additionally, Sea buckthorn can be incorporated into animal feed, further expanding its utility and potential applications.

Presently, there are four Seabuckthorn-based industries operating in Himachal Pradesh:

1. **Chandigarh Agritech, located in Baddi.**
2. **Biosash, situated in Sundernagar.**
3. **Zeon, headquartered in Paonta.**
4. **Minchy, based in Shimla.**

These companies primarily rely on imports from China, where production occurs on a large scale, enabling cost efficiencies. Some of these enterprises procure excess raw materials from the valleys of Lahaul & Spiti. There is significant potential for import substitution to align with the rising domestic demand for raw materials, which is projected to surge to 5000 tonnes annually by 2025. In addition to that, the buyers from the high-end class are the major buyers who buy directly from the SHGs through fair shops and exhibitions. The products are also

⁶⁷ <http://www.niftem-t.ac.in/pmfme/dpr-sbuckthorn.pdf>



available in local and nearby markets of Kullu and Manali. The HIMIRA shop “ a state undertaking” is also a buyer of processed sea buckthorn products⁶⁸.

Furthermore, there are plans to actively explore export opportunities to cater to substantial international demand. It is anticipated that incremental harvesting and cultivation efforts will encourage these companies to transition toward engaging local area cultivators as part of their supply chain.

Key District Stakeholders



In addition to the key players and participants in the national and state level MSME ecosystems, major stakeholders for MSMEs in Lahaul Spiti include but are not limited to:

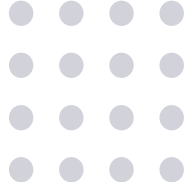


Figure 188 Key district stakeholder

District MSME Enablers & Disablers

Table 41 Lahaul & Spiti: District Enablers and Disablers

 Enablers	 Disablers
Potential to develop handloom clusters and weaving.	Low uptake of Competitiveness Schemes, Samadhan Portal, etc.
Potential for rural industrialisation to develop sectors such as fruit processing, dairy, forest based products etc.	Lack of incubation facilities for product diversification, quality improvement and marketing support
	Poor awareness and handholding on Schemes and Policy framework of MSME ecosystem



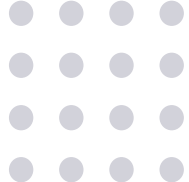
	Low sensitization on green technology & greening of MSMEs
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MSME Development Potential

Prospective Sectors for Development for MSME



- ✓ Policy for Promoting Rural Industrialization
- ✓ Enhancing infrastructure facilities developing access to electricity, efficient transportation networks, access to financial services etc.
- ✓ Access to Capital and Market
- ✓ Programmes for enhancing capacities of the entrepreneurs



5.5 Policy Support Ecosystem

5.5.1 Progress and Overview of GoI Schemes

Prime Minister Employment Generation Programme (PMEGP)

Overview:

Prime Minister Employment Generation Programme (PMEGP)⁶⁹, dated in August 2008, is a Government of India initiative which aims at providing financial assistance in the form of loans to new enterprises to set up self-employment ventures and generate sustainable employment opportunities in rural and urban areas. It aims to halt occupational migration by generating continuous and sustainable employment opportunities to rural and unemployed youth and traditional artisans.

Objectives:

- ▶ To generate employment opportunities through setting up of new self-employment ventures/ projects/ micro enterprises.
- ▶ To bring together widely dispersed traditional artisans/ rural & urban youth and give them self-employment opportunities.
- ▶ To provide continuous & sustainable employment to a large segment of traditional and prospective artisans.
- ▶ To increase the wage-earning capacity of workers and artisans.

Components/ Schemes:

PMEGP provides Margin Money subsidy on Bank Loan ranging from 15% to 35% for projects up to Rs. 50 Lakh in manufacturing and Rs. 20 Lakh in the service sector. For beneficiaries belonging to special categories such as SC/ST/ Women/ Minorities/ Ex Servicemen/ Transgender/ aspirational districts/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas. The contribution of the beneficiary is 10% of the project cost in case of general category and 5% in case of special category (SC/ST/OBC/PH/Women/Ex Servicemen/NER) Beneficiaries.

If the application for loan is approved, Banks sanction and release the balance amount of 90 to 95 percent of the total project cost suitably for setting up of the units by the beneficiaries. GoI has introduced online process flow of application and disbursement of Margin Money directly to financing branches.

Current Status: ⁷⁰

The state government sanctioned over 389 cases for PMEGP in the financial year 2022-23⁷¹, and a total of about ₹ 1265.77 lakhs was sanctioned as loans through banks.

The trend in employment generation has shown a steady increase as shown in the figure, with the number of individuals employed rising from 7,088 in the year 2017-2018 to 10,192 in

⁶⁹ <https://msme.gov.in/sites/default/files/Revised-Guidelines-PMEGP-2022.pdf>

⁷⁰ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1884737>

⁷¹ Data till November 2022



2021-2022. However, it's important to note that the available data only extends until November 2022, which is why there was a decline in the number of people employed during that year, totaling 3,112.

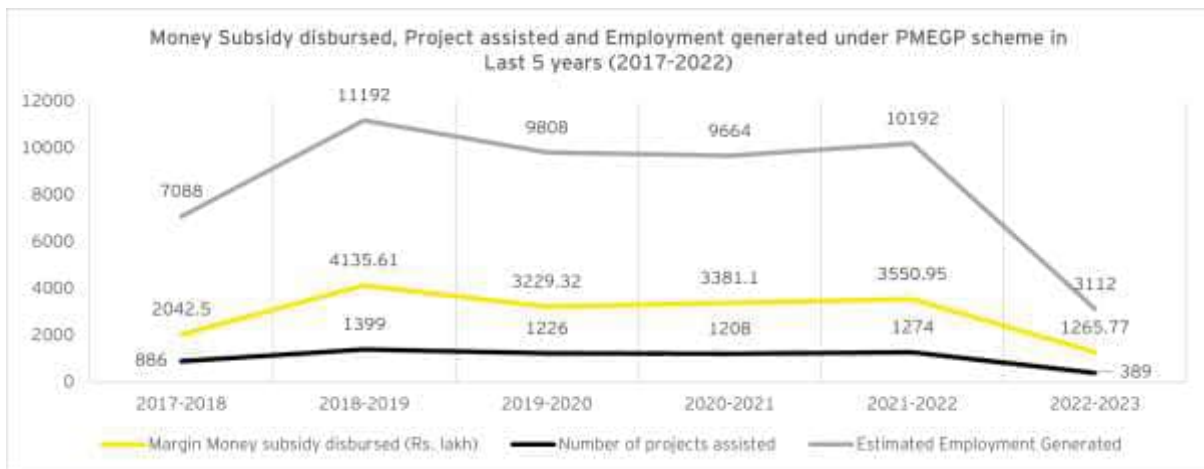


Figure 189 PMEGP Status

Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE)

Overview:

CGTMSE is the Credit Guarantee Trust for Micro and Small Enterprises. It was set up by the Government of India in 2000 to provide collateral-free credit to micro and small enterprises (MSEs). The scheme covers loans of up to Rs. 5 crore per borrower. CGTMSE has helped increase access to credit for MSEs, which have traditionally been underserved by the formal banking sector. The scheme has also helped reduce the cost of borrowing for MSMEs.

Objectives:

To encourage first generation entrepreneurs to venture into self-employment opportunities by facilitating credit guarantee support for collateral free / third-party guarantee-free loans to the Micro and Small enterprises (MSEs), especially in the absence of collateral

Components/ Schemes:

- ▶ The guarantee⁷² cover available under the scheme is to the extent of maximum 85% of the sanctioned amount of the credit facility. The guarantee cover provided is up to 75% of the credit facility up to Rs.50 lakh (85% for loans up to Rs. 5 lakh provided to micro enterprises, 80% for MSEs owned/ operated by women and all loans to NER including Sikkim) with a uniform guarantee at 50% for the entire amount if the credit exposure is above Rs.50 lakh and up to Rs.100 lakh.
- ▶ In case of default, Trust settles the claim up to 75% (or 85%/80%/50% wherever applicable) of the amount in default of the credit facility extended by the lending institution.

⁷² <https://www.dcsmse.gov.in/schemes/CGTMSE%20guidelines.pdf>



- ▶ For this purpose, the amount in default is reckoned as the principal amount outstanding in the account of the borrower, in respect of term loan, and amount of outstanding working capital facilities, including interest, as on the date of the account turning Non-Performing Asset (NPA)

Current Status: ⁷³

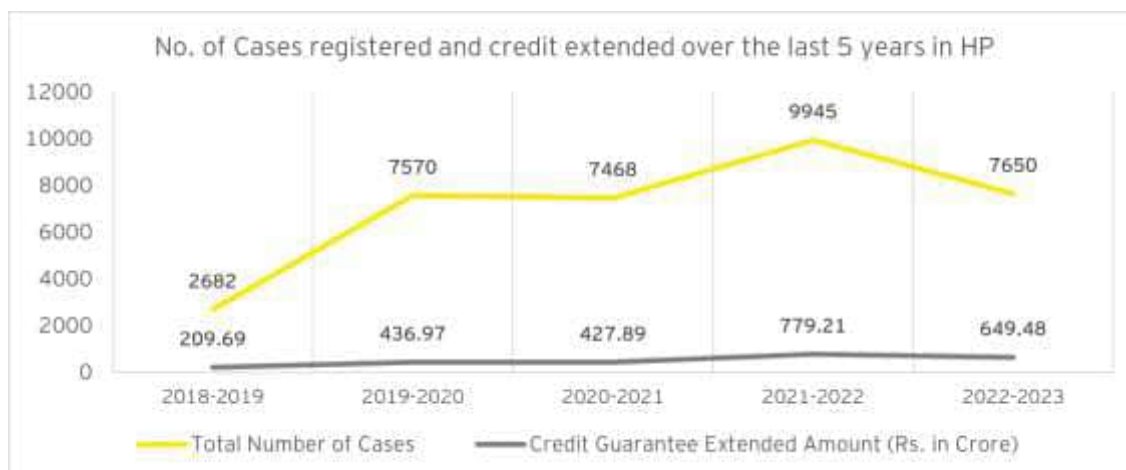


Figure 190 Number of Cases registered, and credit extended under CGTMSE

The figure depicts a five-year trend in the number of cases registered and the amount of credit extended under the CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises).

Over this period, the number of cases registered has displayed consistent growth, surging from 2,682 cases in 2018-19 to 7,650 cases in 2022-23, representing an impressive Compound Annual Growth Rate (CAGR) of 23.32%.

Simultaneously, the amount of credit extended has also demonstrated a substantial increase, escalating from 209.69 Crore in 2018-19 to 649.48 Crore in 2022-23, marking a noteworthy CAGR of 25.44%.

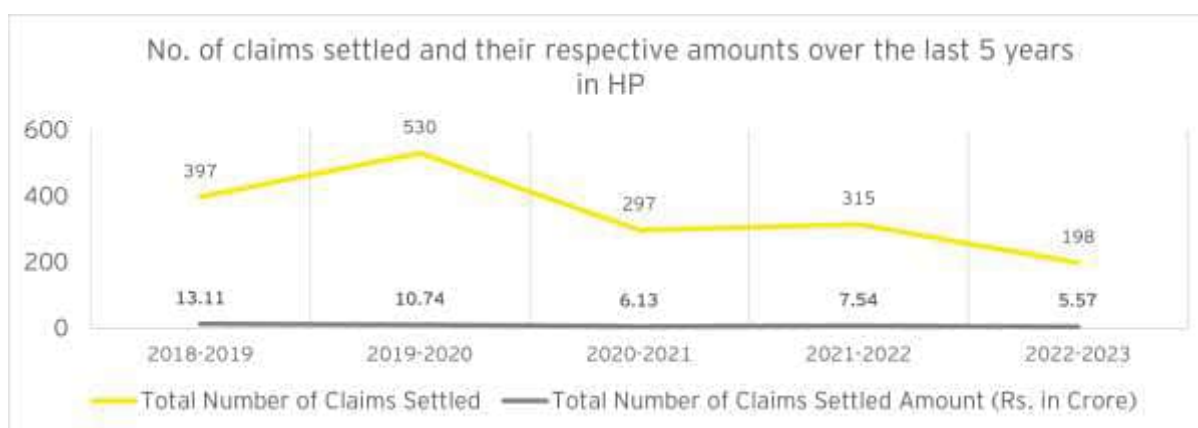


Figure 191 No. of claims settled and amount under CGTMSE

⁷³ https://dashboard.msme.gov.in/cgtmse_fyld.aspx?id=11



The figure illustrates the trend in the number of claims settled under CGTMSE in Himachal Pradesh over the five-year period from 2018-19 to 2022-23⁷⁴, showing fluctuations in the numbers.

In the fiscal year 2018-19, there were 397 claims successfully settled. This number experienced an upward trajectory, reaching 530 in 2019-20. However, there was a subsequent decrease to 297 claims settled in 2020-21. The trend reversed again in 2021-22, with an increase to 315 claims settled, only to decline once more to 198 claims settled in 2022-23.⁷⁵

Over the same time frame, there has also been a notable decline in the total amount of claims settled, decreasing from 13.11 crores of rupees in the fiscal year 2018-19 to 5.57 crores in 2022-23.

The year with the highest number of claims settled was 2019-20, with 530 claims. The year with the highest amount of claims settled was also 2018-19, with 13.11 crores of rupees

Micro and Small Enterprises - Cluster Development Programme (MSE-CDP)

Overview:

MSE-CDP is a demand driven Central Sector Scheme, wherein, State Government sends proposals for establishment of Common Facility Centers (CFCs) and establishment /up-gradation of Infrastructure Development (ID) projects as per requirements in clusters. Ministry of MSME has implemented Micro and Small Enterprises - Cluster Development Programme (MSE-CDP) scheme to enhance the productivity and competitiveness of Micro and Small Enterprises (MSEs) for their holistic development adopting cluster approach through financial assistance as Government of India (GoI) grant for establishment of Common Facility Centers (CFCs) in the existing clusters and for establishment of new / up-gradation of existing Industrial Areas / Estates / Flatted Factory Complexes.



Quantum of Financial Assistance for CFC		
Max Project Cost	GOI Contribution	SPV + State Govt. Contribution
INR 30 Cr. (20 SPV members)	70%	15% + 15%
INR 10 Cr. (10 SPV members)	80%	5% + 15%

⁷⁴ Data as of October 2022

⁷⁵ Data as of October 2022



Quantum of Financial Assistance for ID		
Max Project Cost	GOI. Contribution	State Govt. Contribution
INR 15 Cr.	70%	30%
INR 10 Cr.	60%	40%

Figure 192 MSE-CDP Snapshot

- ▶ To support the sustainability and growth of MSEs by addressing common issues like improvement of technology, skills, quality etc.
- ▶ To create/upgrade infrastructural facilities in the new/ existing Industrial Areas/Clusters of MSEs.
- ▶ To set up Common Facility Centres.
- ▶ To promote green and clean manufacturing technology in clusters.

Components/ Schemes:

1. Common Facility Centre: Creation of “tangible assets” such as Common Production / Processing Centre, Design Centres, Testing Facilities including Plug & Play Facilities. The central government grant will be restricted to 70% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore and 60% of the cost of project from Rs. 10.00 crore to Rs. 30.00 crore. The project for CFC with project cost more than Rs. 30.00 crore shall also be considered but the Government assistance would be calculated by taking into account the maximum eligible project cost of Rs.30.00 crore.
2. Infrastructure Development: Development of land, roads, drainage, power distribution etc. in new/existing industrial (multi-product) areas/estates/Flatted Factory Complex. The central government grant will be restricted to 60% of the cost of project from Rs. 5.00 crore to Rs. 15.00 crore for setting up of new Industrial Estate / Flatted Factory Complex and grant will be 50% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore for up-gradation of existing Industrial Estate / Flatted Factory Complex. The project for ID with project cost more than Rs. 10.00 crore/15.00 crore can also be considered but the government assistance would be calculated by considering the maximum eligible project cost of Rs. 10.00 crore/15.00 crore.

Current Status:⁷⁶

⁷⁶ Directorate of Industries, Govt of Himachal Pradesh



Name of the Project	Project Cost
General Engineering Cluster, Tahliwal, Una	GIA from GOI: 1259.93 HP govt Share: 173.21 SPV share: 298.91 Total: 1732.05 (lakhs)
Up-gradation of Infrastructure development, Sector-2, Industrial Area, Parwanoo	GIA from GOI: 757.85 HP Govt share: 456.65l Total: 1214.50 (Lakhs)
Up-gradation of industrial Infrastructure (Roads, Drain & Street Light) In Industrial area at Jeetpur, Behri, in Tehsil Distt. Una	GIA from Gol: 800 HP Govt. Share: 423.59 Total=1223.59 (Lakh)
Up-gradation of Industrial Infrastructure (Roads & Drains) in Industrial area Khadeen Distt. Solan	GIA from Gol: 791.55 HP Govt. Share: 213.76 Total: 1005.31 (Lakh)
Up-gradation of Industrial Infrastructure (Roads & Drains) in Industrial area Phase-1, Gondpur, Distt. Sirmour	GIA from Gol: 748.38 HP Govt. Share: 257.39 Total: 1005.77 (Lakh)

Figure 193 Status under MSE-CDP Scheme

Scheme of Fund for Regeneration of Traditional Industries

Overview:

The Scheme of Fund for Regeneration of Traditional Industries (SFURTI), initiated by the Ministry of Micro, Small, and Medium Enterprises (MSME), has been introduced to promote the development of clusters. Khadi and Village Industries Commission (KVIC) is the key agency responsible for facilitating cluster development in the Khadi sector.

Under the revised guidelines, SFURTI has incorporated several previously separate schemes, including the Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans, the Scheme for Product Development, Design Intervention, and Packaging (PRODIP), the Scheme for Rural Industries Service Centre (RISC), and various smaller interventions such as Ready Warp Units and Ready to Wear Mission. This integration aims to streamline and enhance the support provided to traditional industries, particularly in the Khadi sector, by combining various initiatives under a unified and comprehensive framework.

Objective:

The objectives of the scheme is to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment, to enhance marketability of products of such clusters, to equip traditional artisans of the associated clusters with the improved skills, to make provision for common facilities and improved tools and equipment's for artisans, to strengthen the cluster governance systems with the active participation of the stakeholders, and to build up innovated and traditional skills, improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.



Project Interventions:

The financial assistance provided for any specific project shall be subject to a maximum of Rs 8 (eight) crore to support Soft, Hard and Thematic interventions. The Project Interventions under this scheme are categorized into three main types, namely Soft Interventions, Hard Interventions, and Thematic Interventions:

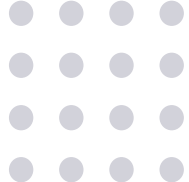
1. Soft Interventions encompass activities such as raising general awareness, providing counseling, motivation and trust-building, skill development, capacity building, institution development, exposure visits, market promotion initiatives, design and product development, and participation in seminars, workshops, and training programs focused on technology up-gradation, among others.
2. Hard Interventions involve the creation of necessary physical infrastructure and facilities, including the establishment of multiple facilities catering to various products and packaging needs, common facility centers (CFCs), raw material banks (RMBs), upgrading production infrastructure, enhancing tools and technology, setting up warehousing facilities, training centers, and value addition and processing centers.
3. Thematic Interventions are cross-cutting initiatives at the sector level, involving multiple clusters within the same sector, with a particular emphasis on both domestic and international markets. These interventions may encompass brand-building and promotion campaigns, the use of new media marketing strategies, the introduction of e-commerce initiatives, and fostering innovation to enhance the overall competitiveness and growth of traditional industries.

Current Status:⁷⁷

S.no	Name of Cluster	Sector	Implementing Agency Name	Technical Agency Name	District	No. Of Artisans	Total Project Cost (Rs. in Lakh)	Total GOI Assistance (Rs. in Lakh)
1	Gondia Cut Flower Cluster	Handicraft	The Lahaul Fruits And Vegetables Growers Co-Operative Marketing Society Limited.	CSIR-IHBT Palampur	Lahaul and Spiti	126	156.45	150.24
2	Shansha Cut Flower Cluster	Handicraft	Pattan Valley Agri Horti Flori & Minor Forest Produce Grower Cooperative Marketing Society Limited.	CSIR-IHBT Palampur	Lahaul and Spiti	225	174.15	167.24
3	Triloki Enriched Composting/ Vermi Composting Cluster	Agro	Csir - Institute Of Himalayan Bioresource Technology	Association of Rural Activities and Voluntary Action for Literary Information	Sirmaur	200	205.08	196.89

Figure 194 Status under Scheme of Fund for Regeneration of Traditional Industries

⁷⁷ Data as on 19th September 2023



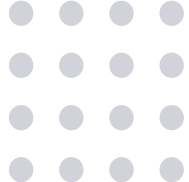
MSME Champions Scheme

Overview:

MSME Champions Scheme is a new Government of India Scheme which replaced the erstwhile Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS). It aims to improve overall competitiveness of Indian MSMEs across various domains.

There are 3 components under the new MSME Champions scheme:

1. **MSME-Sustainable (ZED):** The ZED Certification envisages promotion of Zero Defect Zero Effect (ZED) practices amongst MSMEs so as to:
 - ▶ Encourage and enable MSMEs for manufacturing of quality products using latest technology, tools & to constantly upgrade their processes for achievement of high quality and high productivity with the least effect on the environment.
 - ▶ Develop an Ecosystem for ZED Manufacturing in MSMEs, for enhancing competitiveness and enabling exports.
 - ▶ Promote adoption of ZED practices and recognising the efforts of successful MSMEs.
 - ▶ Encourage MSMEs to achieve higher ZED Certification levels through graded incentives.
 - ▶ Increase public awareness on demanding Zero Defect and Zero Effect products through the MSME Sustainable (ZED) Certification.
 - ▶ Identify areas to improve upon, thereby assisting the Government in policy decisions and investment prioritization.
2. **MSME-Competitive (Lean):** Ministry of Micro, Small & Medium Enterprises, Government of India, aims to implement the MSME Competitive (LEAN) Scheme [MCLS] for MSMEs with an objective to enhance their productivity, efficiency and competitiveness by reduction of wastages in processes, inventory management, space management, energy consumption, etc.
3. **MSME-Innovative (for Incubation, IPR, Design and Digital MSME):**
 - ▶ To promote all forms of innovations in the complete value chain from developing ideas into innovative applications through incubation and design interventions.
 - ▶ To provide appropriate facilities and support for development of concept to market, design competitiveness and protection & commercialization of Intellectual creations of MSME sector.
 - ▶ To promote a culture of innovation and creative problem solving through knowledge sharing and collaboration amongst industry, academia, government institutions, research laboratories etc.
 - ▶ To serve as a connecting link between industrial/academia leaders and innovators, in order to encourage new product development and hand-holding.
 - ▶ To focus on developing affordable innovations that can benefit a large number of people and at the same time being commercially viable and sustainable.



Components/ Schemes:

1. MSME-Sustainable (ZED)

- MSME Sustainable (ZED) Certification is an extensive drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate & incentivise them for ZED Certification while also encouraging them to become MSME Champions. The aim is that MSME's:
- Reduce wastage substantially, increase productivity, enhance environmental consciousness, save energy, optimally use natural resources, expand their markets etc.
- Adopt best practices in work culture, standardisation of products, processes, systems
- Enhance their competitiveness through assessment, handholding, managerial and technological intervention etc.

2. MSME-Competitive (LEAN)

MSME Competitive (LEAN) Scheme [MCLS] is an extensive drive on the part of Ministry of Micro, Small and Medium Enterprises for enhancing the competitiveness of MSME Sectors through implementation of Lean Tools and Techniques. Lean Manufacturing Tools and Techniques are a tested and proven methodology for improving the competitiveness, efficiency and profitability of MSME sector. Its components include:

- ▶ Reduction of wastages in processes
- ▶ Inventory management
- ▶ Space management
- ▶ Energy consumption

3. MSME-Innovative (for Incubation, IPR, Design and Digital MSME)

MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach. MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about India's innovation and motivate them to become MSME Champions. This will act as a hub for innovation activities facilitating and guiding development of ideas into viable business proposition that can benefit society directly and can be marketed successfully.

- ▶ Incubation: To support untapped creativity and promote adoption of latest technology in MSME which will validate ideas at the proof-of-concept level.
- ▶ Design: To bring Indian manufacturing sector and the design expertise/fraternity on to a common platform. To provide expert advice and cost-effective solution on design problems in product development and improvement, and value addition in products.
- ▶ IPR: To enhance the awareness of Intellectual Property Rights (IPRs) amongst the MSMEs. To take suitable measures for the protection of ideas, technological innovation and knowledge-driven business strategies developed by the MSMEs for their commercialization and effective utilization of IPR tools.



Status:

The state's performance across certifications in ZED⁷⁸ and LEAN⁷⁹ Manufacturing till date is as given below:



Figure 195 MSME Champions - Current Status Himachal Pradesh

A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)

Overview:

A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE) is an initiative of Government of India and promoted by the Ministry of Micro, Small and Medium Enterprises (MSME). It was launched to set up incubation centres and network of technology centres for enhancing entrepreneurship across India. It seeks to promote start-ups for innovation in the agro-industry. ASPIRE aims to impart the necessary skill set required for setting up a business enterprise and assist during their critical period to ensure self-sustainability. This scheme also facilitates the available market linkages to the entrepreneurs. It was launched keeping in mind the 'Make in India' call, which identifies and creates a favourable ecosystem for encouraging start-ups and driving the manufacturing units and sustained employment opportunities.

Objectives:

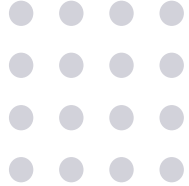
Promotion of Rural Entrepreneurship: ASPIRE aims to promote entrepreneurship in rural and tribal areas of India by providing support for setting up new enterprises and nurturing existing ones.

Support for Rural Industries: The scheme focuses on promoting and nurturing traditional rural industries and agro-based enterprises, with an emphasis on creating sustainable livelihood opportunities.

Financial Assistance: ASPIRE provides financial assistance to entrepreneurs and micro-enterprises through various means, including grants, credit-linked capital subsidy, and support for technology adoption.

78 <https://zed.msme.gov.in/zed-certified-msmes>

79 https://www.dcmsme.gov.in/schemes/Advance_Stage_of_Implementation.pdf



Incubation and Skill Development: The scheme includes provisions for establishing rural technology business incubators and promoting skill development and training programs to enhance the capabilities of rural entrepreneurs.

Clusters and Hub Development: ASPIRE encourages the formation of clusters and hubs for specific industries in rural areas, aiming to create synergy and collaborative opportunities among entrepreneurs.

Innovation and Technology Adoption: The scheme emphasizes innovation and technology adoption in rural industries to enhance productivity, quality, and competitiveness.

Market Linkages: ASPIRE assists rural entrepreneurs in accessing markets, both domestic and international, to promote the sale of their products and services.

Components:

1. Livelihood Business Incubation (LBI)

The main objective of Livelihood Business Incubation is setting up business incubators to incubate, provide skill development training to youth, impart entrepreneurship and facilitate funding for empowering the entrepreneurs to set up their business enterprises. The main focus of these incubators is creating jobs at the local level and reducing unemployment. These incubators create a favourable ecosystem for the development of entrepreneurship in the country. The LBI's create enterprises on a large scale by taking up those commercial activities which are already established.

2. Technology Business Incubation (TBI)

Technology Business Incubators are an effective economic development tool. TBI promotes the growth of an enterprise through the application of technology, innovation and supporting economic development strategies for small business development. They also encourage growth in local economies and provide mechanisms for technology transfer. The TBI's mainly focus on those technologies that require support for commercialisation and future proliferation. The programmes under TBI include support and setting up incubation centres, incubation of ideas, creation of business enterprises out of innovative ideas and accelerator programmes for incubators.

3. Start-up Promotion through Small Industries Development Bank of India (SIDBI)

The Small Industries Development Bank of India (SIDBI) enables ideas/innovations that have creativity and scalability to come ahead and convert these into commercially viable enterprises within a specified period with specific outcomes through innovative means of finance. The innovative means of finance of SIDBI include equity, quasi-equity, venture capital fund, angel fund, challenge fund, impact fund, etc. A fund of funds is also created under SIDBI for achieving the purpose of converting ideas/innovations into commercially viable enterprises.

This component targets knowledge initiatives which require support and nurture to succeed in the development of technology. It also targets the business enterprises in the areas of innovation, accelerator support in Agro-based Industry vertices, entrepreneurship and forward-backwards linkage with multiple value chains of manufacturing and service delivery.



Incentives:

Nature of Assistance under ASPIRE:

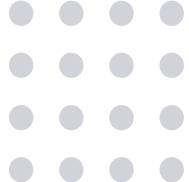
1. For Livelihood Business Incubators (LBI) established by National Small Industries Corporation (NSIC), Coir Board, Khadi and Village Industries Commission (KVIC), Any other Government institution or agency
 - A one-time grant of 100% of the cost of Plant and Machinery (excluding infrastructure and land) or up to Rs. 100 lakh, whichever is less, is provided.
2. For incubation centers set up under Public-Private Partnership (PPP) mode with National Small Industries Corporation (NSIC), Coir Board, Khadi and Village Industries Commission (KVIC), Any other Government institution or agency
 - A one-time grant of 50% of the cost of Plant and Machinery (excluding infrastructure and land) or up to Rs. 50 lakh, whichever is less, is provided.
3. For existing incubation centers under Technology Business Incubators (TBI) established by various Ministries or Departments or Government-funded institutions such as Department of Science & Technology, Department of Biotechnology, The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), The Indian Council of Agricultural Research (ICAR)
 - A one-time grant of 50% of the cost of Plant and Machinery (excluding infrastructure and land) or up to Rs. 30 lakh, whichever is less, is provided for centers dedicated to enterprise creation and incubation in the Agro-based Industry sector.
4. For new incubation centers under Technology Business Incubators (TBI) established by eligible agencies dedicated to enterprise creation and incubation in the Agro-based Industry sector:
 - A one-time grant of 50% of the cost of Plant and Machinery (excluding infrastructure and land) or up to Rs. 100 lakh, whichever is less, is provided.

Current Status:⁸⁰

S.No	District	Incubator Type	Host Agency	Focus Area Training	Approval Date	Amount Approved (In INR Lakhs)	Amount Released (In INR lakhs)
1	Mandi	LBI	Choudhary Sarwan Kumar Himachal Pradesh Agricultural University	Agro-Processing (Value Addition of Fruits & Vegetables)	23-02-2021	100	50

Figure 196 ASPIRE - Current Status Himachal Pradesh

⁸⁰ <https://aspire.msme.gov.in/ASPIRE/Reports/ShowDPRList.aspx>



Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) Scheme

Overview:

Launched under the Aatmanirbhar Bharat Abhiyan by Ministry of Food Processing Industries, the Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme is a centrally sponsored scheme that aims to enhance the competitiveness of existing individual micro-enterprises in the unorganized segment of the food processing industry and to promote formalization of the sector and provide support to Farmer Producer Organizations, Self Help Groups, and Producers Cooperatives along their entire value chain. The scheme envisages an outlay of Rs. 10,000 crore over a period of five years from 2020-21 to 2024-25. The expenditure under the scheme would to be shared in 60:40 ratio between Central and State Governments, in 90:10 ratio with Northeastern and Himalayan States, 60:40 ratio with UTs with legislature and 100% by the Center for other UTs

The scheme envisions to directly assist the 2,00,000 micro food processing units for providing financial, technical, and business support for upgradation of existing micro food processing enterprises.

Objectives:

- ▶ Supporting individuals/ group micro enterprises by increasing subsidy linked credit access.
- ▶ Integration with organized supply chain by strengthening branding & marketing.
- ▶ Increased access to common services like common processing facility, laboratories, storage, packaging, marketing, and incubation services.
- ▶ Strengthening of institutions, research, and training in the food processing sector.
- ▶ Increased access for the enterprises, to professional and technical support.

Components/ Schemes:

1. Support to Individual Micro Enterprises: Individual micro food processing units would be provided credit-linked capital subsidy @35% of the eligible project cost with a maximum ceiling of ₹ 10,00,000 per unit. The beneficiary contribution should be a minimum of 10% of the project cost with the balance being loaned from the Bank.
2. Support for Farmer Producer Organizations (FPOs)/Producer Cooperatives FPOs and Producer Cooperatives:
 - ▶ Grant @35% with credit linkage.
 - ▶ Training support.
 - ▶ Maximum limit of grant in such cases would be as prescribed.
3. Support for Self-Help Groups (SHGs):
 - ▶ Seed capital.
 - ▶ Support to individual SHG members as a single unit of the food processing industry with credit linked grant @35% with a maximum amount being Rs 10 lakh.
 - ▶ Support for capital investment at the federation of SHG level, with credit linked grant @35%. The maximum limit of funding in such cases would be as prescribed.



- ▶ Training & Handholding Support to SHGs: For support to SHGs, a large number of trained resource persons are available with State Rural Livelihood Missions.
- ▶ (SRLMs). These local resource persons of SRLM having expertise in agro-produce would be utilized for training, upgradation of units, DPR preparation, handholding support, etc.

4. Support for Common Infrastructure:

The following common infrastructure would be funded under the Scheme:

- ▶ Premises for assaying of agriculture produce sorting, grading, warehouse, and cold storage at the farm gate.
- ▶ Incubation Centre should involve one or more product lines, which could be utilized by smaller units on a hire basis for the processing of their produce. The incubation Centre may partly be used for training purposes. It should be run on a commercial basis.
- ▶ Common processing facility for processing of ODOP produce. Following table shows the products under ODOP per district⁸¹.

Table 42 Products identified under ODOP scheme

District	Product
Bilaspur	Turmeric
Chamba	Apple based products
Hamirpur	Milk based products
Kangra	Mango based products
Kinnaur	Fruit Wine
Kullu	Apple based products
Lahaul and Spiti	Seabuckthorn based products
Mandi	Peas and vegetables
Shimla	Apple based products
Sirmaur	Ginger and Garlic
Solan	Mushroom
Una	Potato based products

5. Branding and Marketing Support:

- ▶ Training relating to marketing to be fully funded under the scheme.
- ▶ Developing a familiar brand and packaging including standardization to participate in common packaging.
- ▶ Marketing tie up with national and regional retail chains and state-level institutions.
- ▶ Quality control to ensure product quality meets required standards.

81 <https://pmfme.mofpi.gov.in/sitesubsite/#/state/himachalPradesh>



Current Status:⁸²

Total Number of the Bank	Application Recd	Sanctioned	Rejected	Pending
20	1844	909	831	104

Entrepreneurship and Skill Development Programs

Entrepreneurship Skill Development Programme (ESDP)

Overview:

Entrepreneurship promotion and development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial/business activity required for setting up MSEs. These Programmes are conducted for youth and other people interested to set up their own industrial/self-employment venture. Such activities are also organized in ITIs, Polytechnics and other technical institutions/business schools, where skill/talent is available to motivate them towards self-employment.

Key programs offered:

1. Entrepreneurship Awareness Programme (EAP - One Day)
2. Entrepreneurship cum Skill Development Programme (E-SDP - Six Weeks)
3. Advance E-SDP (One Week)
4. Management Development Programme (MDP - One Week)
5. Advance MDP (One Week)

Above mentioned activities/programmes will be conducted through Implementing Agencies (IAs) i.e. MSME-DIs & MSME-TCs under the Office of Development Commissioner(MSME); Ministries, Departments, organizations/, Corporations, PSUs, agencies under the administrative control of Central/State Governments, as approved by the Empowered Committee headed by AS & DC(MSME) from time to time. Respective IAs (other than MSME-DIs) will be responsible for submitting utilization certificates for grants/funds issued to them by the end of financial year. Overall 40% of the targeted beneficiaries of EAPs and E-SDPs should be Women.

Assistance to Training Scheme

Overview:

Support is extended to national-level training institutions, such as NIMSME, KVIC, Coir Board, Tool Rooms, NSIC, and MGRI, which operate under the Ministry of MSME. This support is provided in the form of capital grants with the aim of bolstering infrastructure and facilitating the implementation of entrepreneurship development and skill development training programs. Furthermore, assistance is made available to existing state-level Entrepreneurship

⁸² SLBC quarterly report



Development Institutes (EDIs) to either establish, reinforce, or expand their training infrastructure.

Key Benefits under the scheme:

1. Under the scheme, assistance would be provided to the training institutions under the Ministry of MSME for creation, strengthening and expansion of infrastructure, including setting-up of new branches and centres. Further, assistance would be provided for meeting any revenue deficit with the National Institute for Micro, Small and Medium Enterprises (NIMSME)
2. The financial assistance under the scheme to a State level EDI will be restricted to a maximum of INR 300 lakh in each case. This financial assistance would be utilized for the development of physical infrastructure, procuring equipment, faculty training and the development of capability in undertaking studies and research on issues related to the MSME sector. This financial assistance would be over and above the grant, if any, received by that institution earlier under the ATI scheme
3. To receive financial assistance under this scheme, an EDI owned and controlled by a State Government or UT would be selected on the recommendation of the State Government or the UT.

Raising and Accelerating MSME Performance (RAMP)

Overview:

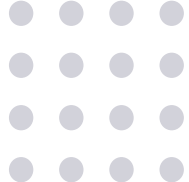
Raising and Accelerating MSME Performance (RAMP), is a World Bank supported Scheme launched by the government of India developed to support the overall Covid Resilience and Recovery Program of Ministry of MSME (MCRRP), under the WB, Programme for Results (PforR) Programme.

It has a financial outlay of USD 500 million as a loan from World Bank and USD 300 million as funding from Government of India.

Raising and Accelerating MSME Performance (RAMP)



Figure 197 RAMP Snapshot



Objectives:

1. Strengthening Institutions and Governance of the MSME Programme.
 - ▶ Strengthening institutions and governance at the Centre and State.
 - ▶ Improving Centre-State linkages and partnerships.
2. Support to Firm Capabilities and Access to Markets, Access to Finance
 - ▶ Improving market access
 - ▶ Access to credit
 - ▶ Addressing issues of delayed payments- online dispute resolution mechanism
 - ▶ Greening of MSMEs through CGTMSE

Current Status:

The Directorate of Industries, Himachal Pradesh has submitted the draft Strategic Investment Plan (SIP) under RAMP which is a guiding visionary document for the state's MSME sector. The SIP is an evidence-based plan for addressing the main challenges for MSME growth in the State, across a four-year period (FY 23-24 - FY 26-27). The document has:

- ▶ List priority sectors and geographies for intervention (Interventions, Key Constraints and Gaps, Budgeting and Prioritizing, Outreach Plan, Mobilizing etc.
- ▶ Including outcome goals over the next four years

5.5.1.1 Progress and Overview of State Government Schemes

Mukhya Mantri Swavlamban Yojana 2019

Overview:

Recognizing the need for coherence and to offer enhanced benefits to the unemployed youth of the state, the Government of Himachal Pradesh decided to merge "Mukhya Mantri Swavlamban Yojana-2018" and "Mukhya Mantri Yuva Aajeevika Yojana-2018" into a new, unified scheme. This move was aimed at streamlining the support and resources provided to local youth for self-employment and entrepreneurial ventures under a single, comprehensive scheme. Therefore, the Mukhya Mantri Swavlamban Yojana 2019 was notified by the Govt of HP in February 2019. The scheme is applicable on citizens of Himachal Pradesh who are between the age of 18-45 years (5 years relaxation to women)

Under this scheme, there are 103 Small Scale Services Enterprises and Business Enterprises that are eligible for subsidy applications. Applicants can secure investment subsidies for loans up to Rs. 60 lakh on their capital expenditure, and they can also benefit from a 5% interest subsidy for a duration of three years. The project's investment is typically shared in a 90:10 ratio between the government and the applicant, although applicants are welcome to contribute more than the 10% minimum if they wish. To kickstart the project, the first loan installment from the bank should exceed 30% of the total project cost. The investment subsidy is subject to approval by the General Manager of the District Industries Centre and is disbursed



in two installments, with 60% provided initially and the remaining 40% after the unit is verified and production commences.⁸³

Objectives:

The scheme is implemented with the primary objective of providing self-employment opportunities to the budding youth by granting them financial assistance. Such a measure is expected to empower the financial and social security of not only the individuals and their families but the State as well, as the higher the number of enterprises, higher will be the opportunities for employment.

Components/schemes:

- ▶ Capital and Interest Subsidy on starting of-
 1. Manufacturing Unit.
 2. Service Enterprise.
 3. Trading Unit.
- ▶ Investment Subsidy for Establishing Businesses in the State: The scheme also offers investment subsidies to encourage entrepreneurs to establish businesses within the state. Here are the key details regarding this subsidy:
 1. The investment subsidy is available to entrepreneurs who plan to set up businesses in the state and make an investment in plant and machinery.
 2. The maximum investment eligible for subsidy is Rs. 60 lakh in plant and machinery.
 3. The total project cost, including all expenses related to establishing the business, should not exceed Rs. 1 crore.
 4. The subsidy is provided as a financial incentive to offset a portion of the initial investment costs, particularly in acquiring and setting up the necessary plant and machinery for the business.

Investor	Investment subsidy Percentage
Male Entrepreneur	25 %.
Female Entrepreneur	35 %.
Divyangjan	35 %.
Scheduled Castes and Scheduled Tribes	30 %.

- ▶ **Interest Subsidy @5% for Three Years on Loan up to Rs. 60 Lakh:** Under this scheme, eligible beneficiaries can avail of an interest subsidy. This means that if an

⁸³ <https://govtschemes.in/mukhya-mantri-swavalamban-yojana#toc-benefits-of-scheme>
Himachal Pradesh: Strategic Investment Plan



applicant secures a loan for a business or entrepreneurial venture, the government will subsidize the interest rate on that loan by 5% for a period of three years.

- ▶ **Government Land at Concessional Lease Rate of 1%:** the government is offering land to scheme beneficiaries at a significantly reduced lease rate. In this case, the concessional lease rate is 1%, meaning that the beneficiary will pay only 1% of the standard market or government-assessed rate for leasing government-owned land. This makes it more affordable for entrepreneurs to access land for their business ventures.
- ▶ **Stamp Duty @3% of Applicable Rate for Purchase of Private Land under Scheme:** If an applicant chooses to purchase private land for their business as part of the scheme, they will be subject to a reduced stamp duty rate. Stamp duty is typically a tax paid on property transactions. In this case, the stamp duty rate will be 3% of the applicable rate, which is lower than the standard rate. This reduces the financial burden on applicants when acquiring private land for their business.
- ▶ **Reimbursement of Guarantee Fee for Collateral-Free Loans:** The state government is committed to facilitating collateral-free loans for scheme beneficiaries. To achieve this, the government will cover the expenses associated with guarantee fees. Guarantee fees are often charged by financial institutions to provide collateral-free loans, where the government steps in as a guarantor to ensure repayment. By reimbursing these expenses, the government is helping entrepreneurs access loans without the need for traditional collateral.

Current Status:

In Himachal Pradesh, 35 projects have been launched under this programme. The projects have already incurred Rs. 7.33 crore; in the year 2022-2023⁸⁴, another Rs. 7.50 crore is set aside for it.⁸⁵

Industrial Investment Policy, 2019

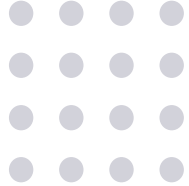
Overview

The HP Industrial Investment Policy 2019, formulated by the Government of Himachal Pradesh in India, aims to promote and facilitate industrial development in the state. This policy offers various incentives and concessions to attract investments, including subsidies on land acquisition and infrastructure development, tax benefits, and streamlined approval processes. It also emphasizes sustainable and eco-friendly industrial practices, encouraging industries to prioritize environmental conservation. Overall, the policy seeks to foster economic growth, employment generation, and sustainable industrialization in Himachal Pradesh.

Under the HP Industrial Investment Policy 2019, various incentives and benefits are extended to eligible enterprises, which include new industrial ventures, new service enterprises, existing industrial enterprises undertaking substantial expansion, and existing service enterprises pursuing substantial expansion. However, these incentives are not applicable to industrial activities listed in the "Negative List" provided by the policy. The eligibility for these incentives

⁸⁴ Data as on October 2022.

⁸⁵ <https://himachal.blog/himachal-pradesh-mukhyamantri-swavalamban-yojana/>



is subject to compliance with the specified criteria and conditions outlined in the Rules regarding Grant of Incentives, Concessions & Facilities to Industrial & Service Enterprises in Himachal Pradesh-2019.

One notable requirement is the employment of a minimum of 80% local residents (Bonafide Himachalis) at all levels, whether directly employed, through contracts, on a daily basis, or via outsourcing agencies. This condition applies at the time of commencing commercial production or operation for new enterprises established under this policy and for the duration of their operation in the state. Existing enterprises undergoing substantial expansion are also expected to contribute to additional local employment.

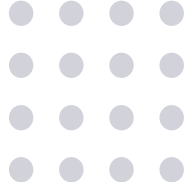
The HP Industrial Investment Policy 2019 aims to encourage and support industrial and service enterprises in Himachal Pradesh, provided they adhere to the outlined eligibility criteria and conditions, with a strong emphasis on local employment.

Objectives:

1. Creating a favorable investment environment to support the growth of existing industries and attract new investments, leading to increased employment opportunities and the overall development of the industrial and service sectors in the state.
2. Addressing obstacles hindering industrial development, streamlining procedures, improving infrastructure, enhancing human resource capabilities, and facilitating access to credit and markets.
3. Promoting Ease of Doing Business by digitizing processes and encouraging self-certification for businesses.
4. Boosting the food processing industry by establishing strong connections throughout the supply chain, promoting agro-horticulture, and contributing to rural prosperity.
5. Fostering the growth of the Micro, Small, and Medium Enterprises (MSME) sector to ensure sustainable development across the service and industrial sectors, creating employment opportunities for local youth and stakeholders.
6. Encouraging startups and entrepreneurship to cultivate a local base of entrepreneurs.
7. Recognizing and supporting large-scale investments to amplify economic development, employment opportunities, ancillarization, revenue generation, and fair pricing for local resources.
8. Focusing on uplifting the weaker sections of society through inclusive development initiatives.

Incentives given under the Policy:

“MSME” enterprises having investment up to Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment up to Rs.5 Crore in equipments in case of specified category of service enterprise would be entitled to avail following incentives, concessions and facilities:



1. Subsidy for Detailed Project Report (DPR) and Certification:

- ▶ Eligible enterprises can receive a 50% reimbursement for the cost of hiring consultants to prepare DPR or obtain certification, up to a maximum of Rs. 20,000 for Micro, Rs. 50,000 for Small, and Rs. 1,00,000 for Medium Sector Enterprises.

2. Incentives for Land and Industrial Sheds:

- ▶ Concessions of 50%, 60%, and 70% of the rate/premium for land or industrial sheds in Categories A, B, and C, respectively⁸⁶, if commercial production begins within specified timeframes.
- ▶ Favorable payment schedules and rebates for premium payments.
- ▶ Provision for extending provisional allotment periods for land and industrial sheds.

3. Incentives related to Land:

- ▶ Concessional rates for stamp duty and registration fees.
- ▶ Exemption from Change in Land Use charges in Category B and C areas

4. Interest Subvention:

- ▶ Interest subvention at 3% on term loans, up to Rs. 2 lakhs (Category A), Rs. 4 lakhs (Category B), and Rs. 6 lakhs (Category C) per annum for three years.

5. Assistance for Plant & Machinery Transportation:

- ▶ Reimbursement of 50% of inland carriage and transit insurance costs, up to Rs. 2 lakhs (Category A) and Rs. 3 lakhs (Category B & C).

6. Transport Subsidy:

- ▶ Reimbursement of actual transportation expenses or a percentage of annual turnover, whichever is lower, for enterprises in Category B and C areas, up to Rs. 10 lakhs per annum for 3 or 5 years, respectively.

7. Assistance for Technology and Quality Certification:

- ▶ Reimbursement of 50% of expenses for in-house testing facilities and equipment required for obtaining certifications, up to Rs. 5 lakhs per enterprise

8. Water Conservation and Environmental Compliance Assistance:

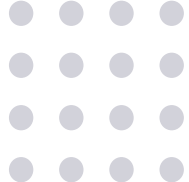
- ▶ Reimbursement of costs for setting up Effluent Treatment Plants (ETP) and 50% of power tariff for running ETP in Category A, B & C areas.

9. Net SGST Reimbursement:

- ▶ Reimbursement of Net SGST paid to the State Government, ranging from 50% to 90% for 7 years, based on the area category.

10. Purchase Preference:

⁸⁶ In Category "A" Areas industrially developed areas and Category "B" industrially developing areas and in Category "C" Tribal Areas, industrially backward developmental blocks & backward panchayats are included.



- ▶ Local MSMEs receive preference for government orders, with at least 25% of total orders placed at the lowest approved rates.

11. Access to Finance for MSMEs:

- ▶ Reimbursement of 50% of expenses incurred on a public issue for raising funds through NSE's SME platform, up to Rs. 10 lakhs per enterprise.

12. Self-Certification:

- ▶ Enterprises can commence project implementation without waiting for certain approvals if they declare compliance and apply for approvals within two years.

Additional incentives for Special Category of Entrepreneurs under the HP Industrial Investment Policy 2019. These additional incentives are designed to provide further support and encouragement to entrepreneurs from special categories, including Scheduled Castes, Scheduled Tribes, Below Poverty Line families, women, ex-servicemen, persons with disabilities, those affected by HIV/AIDS, and single-member companies promoted by these individuals

1. Enhanced DPR Reimbursement:

- ▶ Special Category of Entrepreneurs can receive a higher reimbursement of 90% for charges paid to consultants for the preparation of Detailed Project Reports (DPR), certification, and valuation of Technical Civil Works. The maximum reimbursement is Rs. 20,000 for Micro, Rs. 50,000 for Small, and Rs. 1,00,000 for Medium Sector Enterprises.

2. Priority Allotment for Persons with Disabilities:

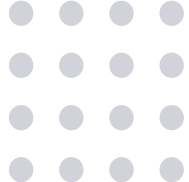
- ▶ Persons with Disabilities (Special Category of Entrepreneurs) are eligible for out-of-turn allotment of plots or sheds in Industrial Areas/Estates.

3. Interest Subvention:

- ▶ Special Category of Entrepreneurs can avail of interest subvention at a higher rate of 5% on term loans for a period of 5 years, with maximum ceilings of Rs. 3 lakhs (Category A), Rs. 5 lakhs (Category B), and Rs. 7 lakhs (Category C) per annum. The interest subsidy is calculated on simple interest.

4. Plant & Machinery Transportation Reimbursement:

- ▶ After commencing commercial production, Special Category of Entrepreneurs can receive a 100% reimbursement of the cost incurred on inland carriage and inland transit insurance of Plant and Machinery, with a maximum limit of Rs. 3 lakhs.



Current Status:

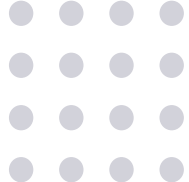
Table 43 Current status under the Industrial Investment Policy, 2019

Incentive name	Total cases
Assistance for Transportation of Plant & Machinery	14
Assistance for Transportation of Plant & Machinery (Special Category of Entrepreneurs)	1
Assistants for access to Technology Competitiveness, Innovation and Quality Certification	5
Assistants for Patent Filling and use of green fuel	5
Electricity Duty Concession	125
Incentives, concessions and facilities for creation and up gradation of Industrial Infrastructure by private investors	1
Interest Subvention	116
Interest Subvention (Special Category of Entrepreneurs)	18
Net SGST Reimbursement	76
Transport Subsidy	5
Subsidy towards cost of preparation of DPR	15
Total Cases	381

5.5.1.2 Challenges faced by MSMEs in implementing the Policies

MSMEs in HP face several challenges in adopting various State and Central government schemes designed for their development. Here are some of the major challenges:

- 1. Lack of Awareness:** Many MSMEs are not sufficiently informed about the various credit schemes offered by the government. This lack of awareness poses a substantial obstacle to MSMEs in accessing the financial support that could significantly contribute to their growth. Addressing this issue requires targeted initiatives to disseminate information about available schemes, potentially through workshops, online resources, or dedicated outreach programs.
- 2. Complex Application Process:** The traditional process of submitting loan applications at bank branches can be cumbersome for MSMEs, impeding their ability to secure necessary funding. Introducing an accessible online portal tailored for new entrepreneurs could streamline and simplify the application process. Such a digital platform would not only reduce administrative burdens but also enhance transparency and enable applicants to track the progress of their applications in real-time.
- 3. Funding Constraints:** Despite the existence of government-backed schemes, MSMEs frequently encounter funding constraints. A notable example is the Emergency Credit Line Guarantee Scheme (ECLGS), initially launched in May 2020 and subsequently extended due to persistent challenges faced by MSMEs. To ensure sustained support, policymakers should evaluate and address the root causes of these funding constraints, possibly extending or revising existing schemes and exploring new avenues for financial assistance.
- 4. Digitalization Challenges:** The Reserve Bank of India (RBI) has expressed its commitment to fully digitize processes like Kisan Credit Cards (KCC) and SME loans. However, the successful implementation of this digitalization initiative remains challenging. Overcoming barriers to digital access and literacy is essential, and ensuring a seamless transition to digital platforms requires comprehensive planning.



and infrastructure development. Collaborative efforts between financial institutions, government bodies, and technology providers are crucial for effective digital transformation.

5. **Bank Guarantees Impacting Working Capital:** MSMEs often face challenges related to bank guarantees, which can erode their working capital. The requirement for margin money and collateral to secure bank guarantees during public procurement processes adds financial strain. Policymakers need to explore solutions that balance the need for financial security with the imperative to preserve MSMEs' working capital. Revisiting collateral requirements and exploring alternative guarantee mechanisms could be essential steps in this direction.

Addressing these challenges necessitates a multi-faceted approach involving awareness campaigns, regulatory adjustments, and technological advancements to foster a conducive environment for MSMEs, facilitating their growth and contribution to the broader economy.

5.6 Ease of Doing Business

5.6.1 Ease of Doing Business-Himachal Pradesh Overview

Himachal Pradesh has made significant strides in the Ease of Doing Business (EoDB) rating, earning a notable position among the "Achievers." The state has distinguished itself as one of the rapidly advancing regions, achieving an impressive 94.13 percent implementation of EoDB reforms.⁸⁷ This achievement is underpinned by the enactment of the "State Single Window (Investment, Promotion and Facilitation) Act" in 2018, complemented by the robust "Public Service Guarantee Act" established in 2011. These legislative measures have collectively created an environment conducive to investment and business growth. Under the Business Reform Action Plan (BRAP) mandate of Ease of Doing Business (EoDB), HP has implemented 99% of the reform points under BRAP 2022. The result of EoDB ranking framework is expected to be declared shortly by DPIIT, Government of India. This is the highest implementation score by the State of Himachal Pradesh since the framework was introduced by DPIIT (since 2014).

Himachal Pradesh has embraced EoDB reforms comprehensively, with 301 business reforms spanning across 15 regulatory areas. The state's commitment to facilitating both industries and citizens is evident through the fully operational "Single Window Portal - Emerging Himachal for Business Services" and "Himachal Online Sewa Portal - E-District Himachal for Citizen-Related Services." These platforms serve as one-stop solutions for businesses, industries, and citizens alike.

⁸⁷ Economic Survey 2022-2023

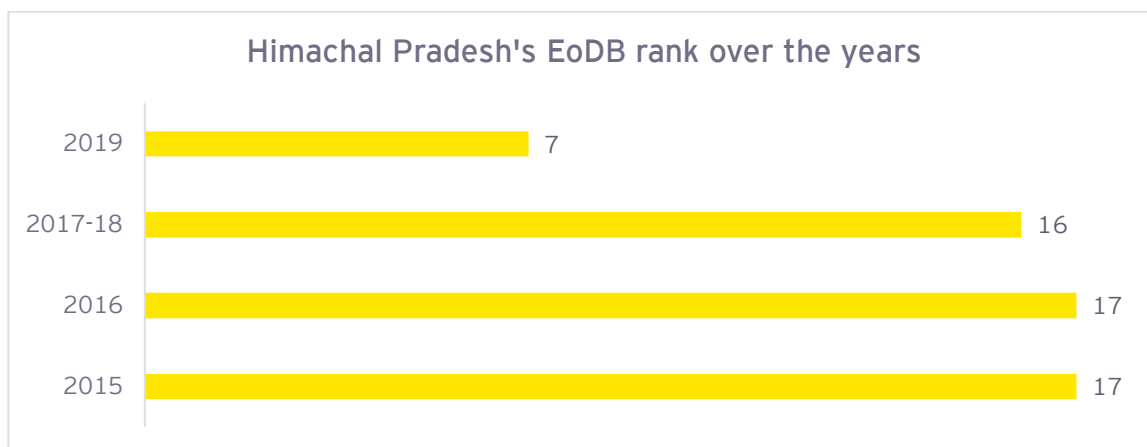


Figure 198 Himachal Pradesh EoDB rank

As in the figure above, the state's ranking has improved significantly, climbing from 17 in 2015 to an impressive 7 in 2019. This remarkable progress is attributable to a series of forward-thinking reforms initiated by the State Government. These include the introduction of online approval processes for Section 118 cases, labor law reforms, fortification of the single window system, the effective utilization of CM Helpline 1100, and the facilitation of easy land availability for aspiring entrepreneurs.

5.6.2 Major Reforms done by GoHP under EoDB

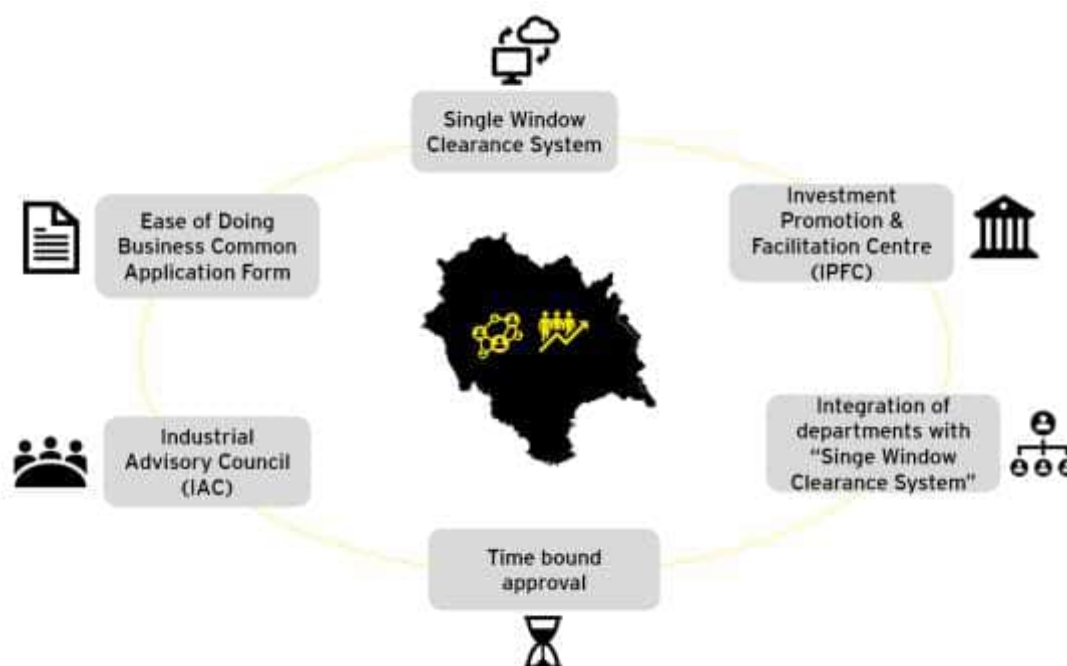
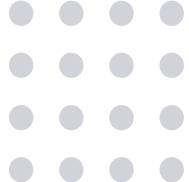


Figure 199 Major Reforms done by Himachal Pradesh Govt under EoDB

1. **Single Window Clearance System:** It acts as a bridge between Investors and Government. Investor can apply for all the departmental services in the State through single common application form (CAF) and can be granted NOC from concerned line departments through SWCS only.



2. **Investment Promotion & Facilitation Centre (IPFC):** The Government of Himachal Pradesh has established the "State Investment Promotion and Facilitation Cell" within the Directorate of Industries in Shimla, Himachal Pradesh. This cell serves as a crucial support center, offering assistance and guidance, including technical support and addressing inquiries, to both new and existing industrial investors. It simplifies the investor experience by providing a single helpline number for grievance resolution and to facilitate investor interactions. Moreover, the State Investment Promotion and Facilitation Cell involves all departmental nodal officers, ensuring a comprehensive and coordinated approach to investor support. Additionally, the cell is responsible for receiving and processing all e-applications submitted through the Single Window Clearance System (SWCS), overseeing the implementation of projects at the ground level, and contributing to the seamless facilitation of investments in the state.
3. **Integration of departments with "Single Window Clearance System":** The Government of Himachal Pradesh has successfully integrated 35 services from 10 different departments into a unified online Single Window System managed by the Industries Department. This integration simplifies the process for investors, who can now submit a single application through a centralized portal to obtain various approvals from the relevant departments. This means that investors no longer need to individually apply or register on separate departmental websites, streamlining the administrative process. To ensure efficiency and adherence to timelines, all departments are committed to following a time-bound approach in delivering their services. In pursuit of this commitment, the Government of Himachal Pradesh has mandated the Public Service Guarantee Act notification for all departments, further reinforcing the commitment to timely service delivery.
4. **Time bound approval mandated through Himachal Pradesh Single Window (Investment, Promotion & Facilitation) Act, 2018:** The Single Window (Investment, Promotion & Facilitation) Act, which came into effect on May 18, 2018, introduces several key provisions to streamline the investment process in the state of Himachal Pradesh. Notable highlights of this Act include the utilization of a Common Application Form (CAF Single Form Registration) for applications, the establishment of a State Single Window Web Portal (a unified online platform for various approvals), the implementation of clear timelines for obtaining clearances, a defined procedure for the approval process, the creation of the State Investment Promotion and Facilitation Cell to serve as a one-stop solution for all investor inquiries, provisions for deemed clearances, and the Act's authority to supersede other state laws when applicable.
5. **Industrial Advisory Council (IAC):** The Industrial Advisory Council (IAC) plays a crucial role in ensuring that industrial stakeholders are actively involved in the decision-making process. This council facilitates communication between the government and the industrial sector, allowing for feedback, suggestions, and discussions on policies and initiatives that impact businesses in the state.
6. **Ease of Doing Business Common Application Form:** In Himachal Pradesh, businesses can benefit from an online application system that simplifies the process of seeking approvals and permissions for starting an industry. This digital platform



allows investors to submit necessary information and documents, reducing paperwork and streamlining the approval process.

5.6.3 Reforms implemented by Departments.

To enhance facilitation and establish a more coordinated mechanism, various departments within the state have adopted a range of methods and strategies. Few of the initiatives undertaken by various departments are given below:⁸⁸

1. Himachal Pradesh State Electricity Board

- ▶ Service: Obtaining Electricity Connection
- Online data available quarterly regarding total duration and frequency of outages.
- Reduction of documents to only two for obtaining electricity connection
- Online system available for application of electricity connection
- Online e-payment of bills on the online portal
- Effective tariffs are available online, and customers are notified of a change in tariff

2. Jal Shakti Vibhag

- ▶ Service: Obtaining Water Connection
- Online system available for application of water connection
- Online display tariffs (in Rs. per kL) and notify customers of change in tariff
- Online e-payment of bills on the portal

3. Himachal Pradesh Public Works Department

- Online Services for Sanction for storage of construction material
- Online Services for Signage License for advertisement.

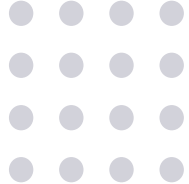
4. Himachal Pradesh High Court

- Established dedicated commercial courts.
- Established a dedicated division/ bench under the High Court to hear commercial disputes.
- E-filing, e-summons, publish e-cause list, e-payment of court fee and digitally signed certificate of court orders for commercial disputes in Commercial courts.

5. State Taxes and Excise

- Established Service Centres to assist taxpayers for e-filing of returns.
- Establish a helpline providing basic services such as assisting users in preparing and filing returns
- Notified Authority and Appellate Authority for advance ruling under the State Goods Service Tax.

⁸⁸ <https://emerginghimachal.hp.gov.in/themes/backend/uploads/notification/eodb/Reforms-done-under-Ease-of-Doing-Business.pdf>



- List of all state, municipal and panchayat levies and tariff levied by the State and local bodies available on the online portal.
- Professional Tax exempted in the State

6. Industries

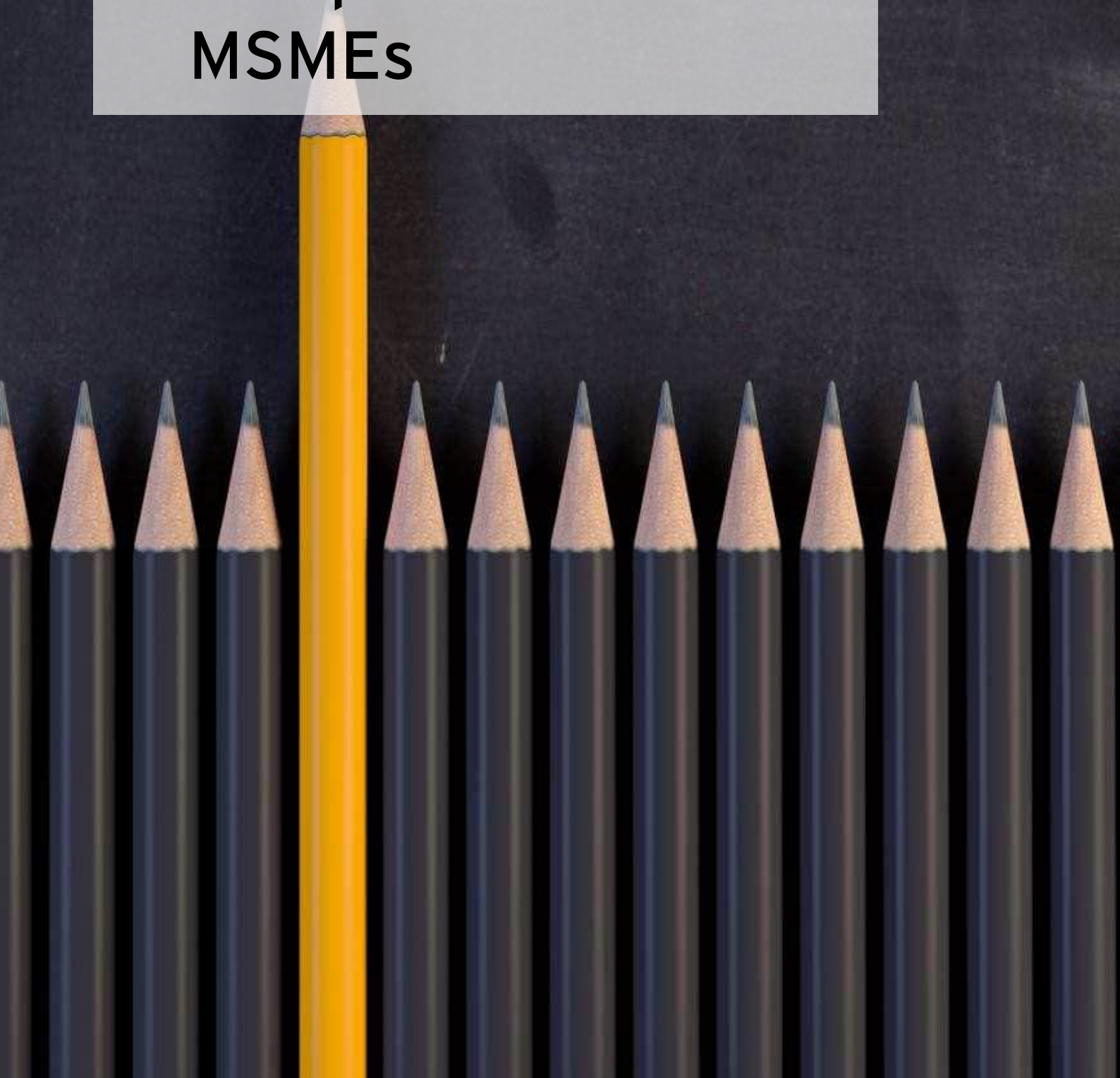
- Information wizard - Know Your approvals available on the Single Window Portal.
- Dedicated Investment Promotion and Facilitation Centre available.
- Mandate all queries/clarifications related to industrial applicants are sought once and within 7 days of receiving the application from the investor
- Online Single Window System



Chapter-6

Recommendations and Interventions Proposed

A. Improving Competitiveness of MSMEs





6.1 P1: Quality Champion MSMEs

6.1.1 Alignment of project with respect to RAMP Programme Objectives

Quality Champion MSMEs			
Objective:			Enhancing firm capabilities and access to markets
Key Result Areas (KRAs):			RA 2: Support to Market Access, Firm Capabilities and Access to Finance
Applicable Indicator(s)	Disbursement	Linked	DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes

6.1.2 Problem Statement

The competitiveness of MSMEs is influenced by various factors such as adherence to manufacturing quality, optimized resource utilization, operational efficiency, environmental sustainability, workplace safety, technology upgradation, and standard management practices. The ZED (Zero Effect Zero Defect) program serves as a comprehensive initiative addressing these aspects, potentially enhancing MSME competitiveness, improving brand value, and unlocking new markets. However, the adoption of the ZED scheme in Himachal Pradesh's MSMEs has been minimal, attributed to various challenges outlined in subsequent sections.

On another front, the implementation of LEAN tools and techniques is a proven approach in enhancing MSME competitiveness by reducing rejections, optimizing production costs, space, and resource utilization, and fostering continuous improvement, profitability, and innovation. Despite efforts at the central level since 2009, Himachal Pradesh lacks a significant number of clusters/MSMEs benefiting from the LEAN scheme, indicating a substantial gap and untapped potential for realizing operational benefits within the state.

6.1.3 Issues and Challenges

Quality Champions Ecosystem Development for MSMEs in Himachal Pradesh

- ▶ Low Awareness of scheme implementation mechanism at MSMEs levels
- ▶ The real operational benefits of ZED scheme are not well articulated at MSMEs ecosystem level.
- ▶ MSME institutions like industry associations lack a support mechanism to accelerate adoption of these schemes.
- ▶ Limited resource persons as trainers and consultants in the state to support adoption at an accelerated pace.
- ▶ Limited number of experts facilitating MSMEs across ZED parameters
- ▶ Lack of resources both at MSME institutions and Government counterparts to provide facilitation support to MSMEs.



- ▶ In the baseline scenario, there is only one empaneled trainer/consultant agency with Quality Council of India
- ▶ Except some medium scale units (less than one percent of the stakeholders consulted), in general there is lack of awareness and support mechanism for implementation of LEAN tools.
- ▶ Most of the MSMEs highlighted that the process of scheme implementation is complicated and the MSMEs usually lack resources to pursue the scheme.
- ▶ MSME institutions like industry associations lack a support mechanism to accelerate adoption of these schemes.
- ▶ Limited resource persons as trainers and consultant in the state to support adoption at an accelerated pace.
- ▶ In terms of implementation footprint of the scheme, there is only one LEAN cluster formalised in the state. However, given the industrial ecosystem in different industrial concentration there is potential scope for formalisation of more LEAN clusters.

6.1.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:



Figure 200: Quality Champion MSMEs: Proposed Project Design Concept

6.1.4.1 Focus Area 1- Quality Champions Ecosystem Development for MSMEs in Himachal Pradesh

The competitiveness at any MSME unit level is a function of multiple aspects ranging from adherence to manufacturing quality, effective utilization of resources, operational efficiency, to environmental sustainability, workplace safety, technology upgradation and standard management practices.

ZED (Zero Effect Zero Defect) is an umbrella programme which covers these aspects in a holistic and structured manner. Implementing ZED would potentially improve the competitiveness level of an MSME while improving the brand value and opening newer markets.

The adoption rate of ZED scheme by MSME in Himachal Pradesh has been very low, this can be attributed to various issues and challenges as listed in the previous section.

This focus area covers following components:



- ▶ Awareness Creation, Capacity Building and Training of Trainers
- ▶ Database of trained experts and knowledge management
- ▶ Handholding and MSME facilitation for Implementation
- ▶ Promoting State incentives for Quality Infrastructure in MSMEs

Awareness Creation, Capacity Building and Training of Trainers

This is the first step in ecosystem building to support increased adoption for Champions Schemes. Interventions under this component would focus on key stakeholders i.e. MSMEs, MSME Institutions and Government Organizations.

The objective would be:

- ▶ To create awareness in MSMEs about the scheme and operational benefits at unit level
- ▶ To engage MSMEs and ensure their active participation in the project
- ▶ To build capacities of institutions (MSME, Tool Rooms, Industry Associations & others) for improved facilitation and support
- ▶ To train and build a community of resource persons/experts assisting MSMEs in graduating ZED program

Scarcity of available expert trainers and consultants in the State of Himachal Pradesh or adjoining states is evident from the available database. This step of creating experts or training trainers/consultants is instrumental in ensuring overall success of the project as a resource pool would be needed to catalyze increased adoption at MSME level. The interventions will primarily focus awareness among MSMEs on the schemes, capacity building and onboarding of consultants, trainers, and experts under the ambit of scheme guidelines for MSME ZED. The aim is to have developed sizeable volume of these resources to facilitate the MSMEs in the state.

Database of trained experts and knowledge management

This would further be supported by creation of state level pool of domain specific resources. The details of these resources will be made available at the SPIU level, Industry associations and Directorate of Industries/ MSME division. This intervention will run in parallel with awareness creation of MSMEs so that MSMEs transitioning from Bronze to Silver level or other higher level has access to type and expertise which is required. This would also entail creation of digital knowledge bank consisting of e.g. ZED implementation best practices, case studies from the clusters, innovative interventions, process improvement, energy and water saving projects etc.

Handholding and MSME facilitation for Implementation

Improved facilitation is an imperative component when it comes to achieving desired results in MSME ecosystem. An MSME would require different set of expertise based upon the enlisted ZED parameters to graduate in the scheme. Consequent to the highlighted gap related to implementation support required to MSMEs, handholding and facilitation consultants are planned to be deputed in each district or industrial concentration based on the requirement. These resources would serve as a dedicated interface between industrial units, MSME Institutions and RAMP Implementation unit to drive, align and support objectives under the RAMP programme.

Promoting State incentives for Quality Infrastructure in MSMEs



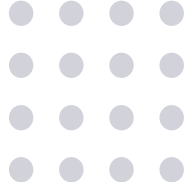
The State Industrial Policy 2019 promotes access to Technology, Competitiveness, Innovation and Quality Certification. It incentivizes investments made by MSMEs for setting up in house testing facilities / equipment / Plant and Machinery required for obtaining certification of Bureau of Indian Standards / World Health Organization- GMP /ISO / Organic Certification / any International Certification. A financial assistance for 50% of the total investment made subject to a maximum of 5 Lakh per enterprise is permitted under the project.

This incentive complements the project for increased adoption of ZED scheme, the same will be promoted as part of the project and would reflect State share to achieve project goals.

The table below highlights the budgetary requirements for this focus area:

Table 44: Quality Champion MSMEs- Focus Area 1

Focus Area 1- Quality Champions Ecosystem Development for MSMEs in Himachal Pradesh						
Components	Number of workshops/ resources	No: of sessions /years	Unit Cost INR	Budget in INR Cr.	Impact	Remarks
Awareness Programmes	55	4	₹ 70,000	₹ 1.54	Sensitization of more than 10000 MSMEs	
Capacity Building for Govt. Partners	24	5	₹ 100,000	₹ 1.20		
Train the Trainers program (5 day)	48	5	₹ 100,000	₹ 2.40		
Knowledge management, PR and Digital Integration of Results	1	4	₹ 1,500,000	₹ 0.60		
MSME facilitation Consultants	15	4	₹ 220,000	₹ 15.84		
Promoting State incentives for Quality Infrastructure in MSMEs	40	4	₹ 250,000	₹ 4.00		



6.1.4.2 Focus Area 2- LEANing MSME Operations

The LEAN tools and techniques are tested and proven approach in improving MSMEs competitiveness. Implementation of LEAN tools in MSMEs help reduce rejections and production cost, optimize space and resources utilization, and enhances quality, continuous improvement, profitability, and innovation.

Despite different efforts undertaken at Central level in implementing the LEAN scheme since 2009, the State does not have sizeable number of clusters/MSMEs benefitting through the scheme. Resultantly there exist a huge gap as well as scope in scheme implementation to help MSMEs realize the operational benefits of the Scheme.

This focus area covers following components:

- ▶ Awareness Creation, Capacity Building, Train of Trainers
- ▶ Dedicated Facilitation Onboarding Desk for MSMEs
- ▶ Knowledge Management and Integration of Results

Awareness Creation, Capacity Building, Train of Trainers

This is the first step in ecosystem building to support increased adoption for LEAN scheme. Interventions under this component would focus on capacity enhancement of key stakeholders i.e. MSMEs, MSME Institutions and Government Organizations. The objective would be to help stakeholders develop an understanding of benefits and implementation process of the scheme.

Alongside poor outreach and awareness among MSMEs, limited number of expert trainers and consultants in the State is another limiting factor. Hence the project would identify relevant agencies, experts, and institution to facilitate training and capacity building programmes in coordination with Quality Council of India/ National Productivity Council. This is instrumental in not only in ensuring overall success of the project but also in development of a service segment for MSME support and sustainability of such interventions. The interventions will primarily focus on capacity building and onboarding of MSMEs/experts, consultants, trainers, under the ambit of scheme guidelines for MSME LEAN. The objective is to have developed sizeable volume of these resources to facilitate the MSMEs in the state.

Dedicated Facilitation Onboarding Desk for MSMEs

Complicated application procedure for the scheme has been highlighted as a limiting factor by the MSMEs. The project would provide handholding support through dedicated Facilitation/Onboarding desk organized in coordination with regional industry associations, DICs or technical institutions. The objective of this intervention would be improving the readiness for MSMEs scheme implementation from scheme guideline and documentation point of view. This dedicated desk will help MSMEs complete the documentation and other scheme requirements pertaining to group of industries and signing of agreements etc. The project has estimated to conduct 24 such desks every year in major industrial concentrations/areas or districts, however the number might increase in the first two years of implementation to have maximum number of MSMEs onboarded to the scheme and entering the implementation phase.



Knowledge Management and Integration of Results

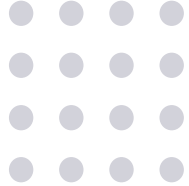
This would help create an inventory to capture and document lessons learned from projects implemented at MSMEs. Dissemination of these knowledge resource would help analyzing successes, failures, and best practices, to help participating MSMEs avoid repeating mistakes and leverage insights to improve project outcomes. This minimizes the impact of knowledge loss and enables future projects to benefit from past experiences. It enables the sharing of valuable project-related knowledge, documents, and resources, facilitating better decision-making, problem-solving, and innovation. This collaborative environment supports project continuity and sustainability by enabling teams to build upon existing knowledge and leverage the collective wisdom of the organization. The project would onboard experts or would capacitate industry associations through facilitation resources to undertake this intervention.

The table below highlights the budgetary requirements for this focus area:

Table 45: Quality Champion MSMEs- Focus Area 2

Focus Area 2- LEANing MSME Operations						
Components	Number of workshops/resources	No: of sessions/years	Unit Cost INR	Budget in INR Cr.	Impact	Remarks
Awareness, Programmes	15	4	150000	₹ 3.6	Sensitization of more than 10000 MSMEs	One day programme
Capacity Building of Government institutions	8	4	500000	₹1.6		Five Day Programme
Training of Trainers	12	4	500000	₹ 2.4		
Dedicated Facilitation Onboarding Desk for MSMEs	6	4	250000	₹ 0.60		
Knowledge Management Integration of results	1	4	₹ 1,000,000	₹ 0.40		

6.1.5 Approach and Methodology for Implementation



MSME Competitiveness- Lean

- ▶ The SPIU through Directorate of Industries would forge MoUs with national Implementing Agencies NPC/QCI or others as notified, for facilitating accelerated implementation of LEAN scheme among MSMEs.
- ▶ The intent of this MoU would be to speed up the administrative/procedural components of the project.
- ▶ The DIC resources in association with prominent industry associations and national implementing agencies would undertake awareness sessions in industrial clusters/areas. NPC/QCI professional should join as resource persons/experts for these training programmes.
- ▶ The DIC resources would promote conduct of training of trainers programme through digital media, social media posts, collaterals and branding through industry associations and MSME institutions such as technology centres, technical institutions.
- ▶ The DICs resources in consultation with stakeholders from MSMEs, IAs, technical institutions will identify potential trainers for ToT programmes
- ▶ The capacity building programmes will be scheduled by respective DIC officials in coordination with different line departments. The district level resources will provide the required implementation support.
- ▶ The DICs may appoint consultants on short term basis/ need basis to conduct facilitation/onboarding desks at districts/cluster/industrial area level as proposed in the recommendation.

MSME Competitiveness ZED

- ▶ The SPIU through Directorate of Industries would forge MoUs with national Implementing Agency QCI, for facilitating accelerated implementation of ZED scheme among MSMEs.
- ▶ The intent of this MoU would be to speed up the administrative/procedural components of the project.
- ▶ The SPIU will engage QCI empaneled agency to own and implement this project in entirety.
- ▶ The selected agency should have the required capacity in terms of required consultants as mentioned in the focus area to provide facilitation & coordination support to target MSMEs
- ▶ The officials and the proposed facilitation resources at DICs would provide implementation support to the onboarded consultant/expert agency.
- ▶ The selected agency with coordination support provided by DIC resources in would conduct awareness sessions in industrial clusters/areas. QCI professional should join as resource persons/experts for these training programmes.
- ▶ The DIC resources shall promote conduct of Training of Trainers programme through digital media, social media posts, collaterals and branding through industry associations



- ▶ The DICs resources in consultation with stakeholders from MSMEs, IAs, technical institutions will identify potential trainers for ToT programmes
- ▶ The capacity building programmes will be scheduled by respective DIC officials in coordination with different line departments. The district level resources will provide the required implementation support.
- ▶ The DIC resources shall promote creation/empanelment of agencies for implementation of ZED scheme in MSMEs

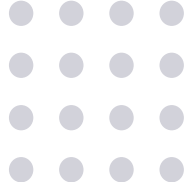
6.1.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Digital Development Toolkits like the Digital Government Readiness Assessment (DGRA) Toolkit, Engendering ICT Toolkit, Cross-Sector Infrastructure Sharing Toolkit, Cloud Readiness Assessment Toolkit shall be utilized for identifying challenges and necessary policy and regulatory actions in digital development, analyze potential solutions etc.
- ▶ Knowledge Management Tools like shall be utilized for managing knowledge bases, internal communications, and document management.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.

6.1.7 Timeline for Achievement of Project Deliverables

Table 46: Quality Champion MSMEs-Timeline for Project Deliverable

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
MSME Competitiveness ZED							
1	Awareness, Capacity Building MSMEs, Govt. Partners (ZED)	-	50	60	60	50	220
2	Capacity Building for Govt. Partners	-	6	6	6	6	24
3	Train the Trainers program (5 day)	-	18	10	10	10	48
4	Knowledge management, PR and Digital Integration of Results	-	1	1	1	1	1
5	MSME facilitation Consultants	-	15	15	15	15	15
6	Promoting State incentives for Quality Infrastructure in MSMEs	-	10	20	50	80	160
MSME Competitiveness- Lean							
7	Awareness Programmes (Lean)	-	10	20	20	10	60



S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
8	Capacity Building of Government Institutions	-	8	8	8	8	32
9	Training of Trainers	-	12	16	12	8	48
10	Dedicated Facilitation Onboarding Desk for MSMEs	-	24	36	24	12	96
11	Knowledge Management Integration of results	-	1	1	1	1	4



6.1.8 Project Budget and Costing

Table 47: Quality Champion MSMEs- Budget and Costing

Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4(₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)
1	Awareness, Capacity Building MSMEs, Govt. Partners	0.35	0.42	0.42	0.35	1.54		1.54	
2	Capacity Building for Govt. Partners	0.3	0.3	0.3	0.3	1.2		1.2	
3	Train the Trainers program (5 day)	0.9	0.5	0.5	0.5	2.4		2.4	
4	Knowledge management, PR and Digital Integration of Results	0.15	0.15	0.15	0.15	0.6	0.6		
5	MSME facilitation Consultants	3.96	3.96	3.96	3.96	15.84	15.84		
6	Promoting State incentives for Quality	0.25	0.5	1.25	2	4			4



Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)
	Infrastructure in MSMEs								
Focus Area 1- Quality Champions Ecosystem Development for MSMEs in Himachal Pradesh						25.58	16.44	5.14	4
7	Awareness and Capacity building for MSMEs	1.20	1.20	0.90	0.30	3.60	₹ 0.00	₹ 3.60	₹ 0.00
8	Capacity Building of Government institutions	0.50	0.50	0.30	0.30	₹ 1.60	₹ 0.00	₹ 1.60	₹ 0.00
9	Training of Trainers	0.60	0.80	0.60	0.40	₹ 2.40	₹ 0.00	₹ 2.40	₹ 0.00
10	Facilitation Onboarding Desk for MSMEs	₹ 0.60	₹ 0.90	₹ 0.60	₹ 0.30	₹ 2.40	₹ 2.40	₹ 0.00	₹ 0.00
11	Knowledge Mangement Integration of results	₹ 0.10	₹ 0.10	₹ 0.10	₹ 0.10	₹ 0.40	₹ 0.40	₹ 0.00	₹ 0.00
Focus Area 2- LEANing MSME Operations						10.4	2.8	7.6	



6.1.9 Estimated Impact

The project is envisaged to have the following impact:

- ▶ More than 15,000 MSMEs will be sensitized on ZED and Lean scheme operational benefits at unit level.
- ▶ More than 9,000 MSMEs will have ZED certifications by the end of project i.e., four years.
- ▶ Beneficiary MSMEs will have better operational efficiency and quality manufacturing practices & technologies resulting in increased cost effectiveness and competitiveness.
- ▶ Increased, sustained competitiveness will help MSMEs enter new markets and result in organization growth.
- ▶ Sensitization of more than 10000 MSMEs
- ▶ Training of more than 500 different Govt. officials across different departments
- ▶ Increase in the number of experts/consultants providing services to MSMEs.

6.1.10 Plan for strengthening M&E Framework of the project.

Periodicity						
Component	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
	<ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	<ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 201: Monitoring and Evaluation framework of the Project



6.2 P2: InnoBoost HP: Fostering Innovation for MSME Competitiveness

6.2.1 Alignment of project with respect to RAMP Programme Objectives

InnoBoost HP: Fostering Innovation for MSME Competitiveness			
Objective:	Enhancing firm capabilities and access to markets		
Key Result Areas (KRAs):	KRA 2: Support to market access, firm capabilities, and access to finance		
Applicable Indicator(s)	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes

6.2.2 Problem Statement

Within the MSME sector in Himachal Pradesh, a significant challenge arises from the lack of robust linkages between the industrial sector and academic institutions. This gap, coupled with a limited awareness and understanding of Intellectual Property Rights (IPR), and an insufficiency of resources dedicated to design and innovation, creates a formidable barrier. This barrier hampers the ability of the region's MSMEs to effectively utilize innovation as a tool for sustainable growth and development.

The project aims to address these issues. Its primary objective is to strengthen the MSMEs in Himachal Pradesh by offering them a comprehensive and well-structured platform. By enhancing their competitiveness, this project aims to empower the MSMEs to not only tackle their immediate obstacles but also to thrive in the long run. It will create an environment that encourages creativity and entrepreneurship, enabling these enterprises to leverage these qualities for their growth and success.

In essence, this project seeks to transform the MSME landscape in Himachal Pradesh, turning challenges into opportunities for growth and innovation. It aims to foster a vibrant and dynamic MSME sector, capable of driving economic growth and contributing to the overall development of the region.

6.2.3 Issues and Challenges

- ▶ Limited comprehension of Intellectual Property Rights (IPR) and the absence of knowledge on safeguarding innovations, contributing to missed opportunities and vulnerability in intellectual property.
- ▶ Insufficient design expertise acts as a barrier, impeding the development of offerings that can compete effectively in the market.
- ▶ The presence of a fragmented support ecosystem leads to inefficiencies in addressing the needs of businesses.



- ▶ Absence of synergy between Industry and Academia, hindering collaborative efforts and knowledge exchange.
- ▶ Shortage of both technology and expertise compounds the challenges faced by businesses in staying abreast of industry advancements and innovation.

6.2.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:



Figure 202: InnoBoost HP: Fostering Innovation for MSME Competitiveness: Proposed Project Design Concept

6.2.4.1 Focus Area 1: Innovation Synergy: Bridging Academia and Industry for MSME Excellence

A significant barrier to the growth of Micro, Small, and Medium Enterprises (MSMEs) in Himachal Pradesh is the glaring absence of a strong connection and synergy between the industrial sector and the area of academia or individuals who possess insights into industry operations. This disconnect, results in a numerous challenges. It curtails the efficient transfer of knowledge, innovative practices, and practical expertise that can substantially empower MSMEs. In essence, what's missing is the essential bridge between intellectual capacity and real-world experience.

This focus area covers different aspects of bridging the gap between Academia and industry and entails the following components:

- ▶ Incubation and MSME linkages
- ▶ Structured Learning: Cohorts and Boot Camps
- ▶ Mapping of Ecosystem
- ▶ Development of an online Portal.
- ▶ Identification and creation of national and International Incubator linkages.
- ▶ Exposure visits for officials to renowned innovation hubs/ centres in country and overseas.



Incubation and MSME linkages

The initial and most critical step in this process involves establishing a strong connection between the incubators and the MSMEs. This pivotal linkage between the hosting institute and the micro, small, and medium-sized enterprises (MSMEs) will be established through collaboration and coordination efforts, targeted interventions proposed under the RAMP programme. This connection acts as the foundational pillar upon which the entire innovation ecosystem is built, facilitating seamless interactions and fruitful engagements between these two key stakeholder groups.

To ensure the effective establishment of this connection, it is essential to provide an interface/platform for the MSMEs and the incubator to come together. Platforms such as structured workshops/interactive sessions play a vital role in fostering a preliminary level of interaction, enabling participants to engage in collaborative brainstorming sessions. The key stakeholders in these workshops should comprise of MSME associations/leaders, technical institutions, tool rooms, and academic institutions. Efforts shall be made to have at least 20-25% of the female representation from various stakeholders. By convening these entities, these workshops shall help in creating a single point of contact for engagement between the incubator and the industry. Additionally, they contribute to the formation of a pool of mentors representing diverse industries, who play a pivotal role in advancing the economic growth of MSMEs. **Moreover, these workshops serve as platforms for designing a comprehensive action plan, achieved through consensus between the incubators and the industry, thereby strengthening the path towards enhanced collaboration, innovation, and sustainable economic growth for MSMEs.**

Structured Learning: Cohorts and Boot Camps

This shall bring together emerging entrepreneurs, experienced industry professionals, investors, mentors, and incubator experts to create an environment conducive to sharing knowledge, networking, and collectively working towards the success of MSMEs.

The cohorts will emphasize the challenges encountered by MSMEs, with a focus on aligning their themes with RAMP objectives such as industrial sustainability, waste management, the green fund, and digitization of these units. These themes will be presented to incubators, and by the end of each cohort, a minimum of three distinct ideas will be identified.

Incubators play a critical role in guiding and mentoring Start-ups, assisting them across different subjects related to business strategies, finances, markets, and innovations. This, in turn, will benefit MSMEs by providing them solutions across their product value chain, process improvement and other collaborative opportunities. Industry mentors will contribute their extensive knowledge and experience to nurture the emergence of the next generation of thriving businesses. This comprehensive initiative will represent a pivotal step forward in advancing innovation and driving economic growth within the MSME sector.

Mapping of Ecosystem

This intervention primarily aims to build a database of institutions operating at the national, state, and regional levels, with a dedicated focus on nurturing startup development. This endeavor serves to assemble a diverse group of mentors drawn from various industries,



creating a valuable resource for emerging entrepreneurs. These mentors shall be from across the country which will help in addressing various concerns and issues of the MSMEs.

A program shall be established that encourages professors from various technical and engineering institutions within the state to engage with local MSMEs, enhancing their understanding of business operations. This program shall also offer valuable experiential learning opportunities for their students. As part of this initiative, students will conduct off-site visits to MSMEs, gaining firsthand insights into the practical functioning of these enterprises.

Additionally, a repository of angel investors shall also be established, with the capacity to fund new ideas and innovations that may emerge from these institutions, thereby providing crucial financial support for innovative ventures.

A resource shall be hired which shall be responsible for curating the ecosystem and maintaining the working of the same.

Development of an online Portal

The key objective of this intervention is to create an online portal- **InnovateHP Hub**, that will serve as a comprehensive platform for fostering innovation and startup development in Himachal Pradesh. The portal shall be integrated in the already existing start-up website of the state of Himachal Pradesh and play a pivotal role in facilitating the alignment and coordination of different Central and State programs aimed at promoting innovation, entrepreneurship, and startups.

The hub shall organize mentorship programs in collaboration with government organizations, incubation centres, educational institutions and private organizations who aspire to foster innovation. Moreover, the portal will actively encourage networking among esteemed academic institutions engaged in research and innovation and various organizations operating incubators and accelerators.

Identification and creation of national and International Incubator linkages

The organization or institute chosen to facilitate the exposure visits will also take on the responsibility of conducting a scoping study. This study will determine the most suitable destination countries and institutions for these visits. The institute will be tasked with assessing and identifying leading institutions both within and outside India, particularly those at the forefront of innovation and the development of new products in the MSME (Micro, Small, and Medium Enterprises) ecosystem.

The selected organization will not only plan the exposure visits but will also investigate and recommend the best locations and institutions for the visits. This will involve studying various institutes known for their innovation and contributions to the MSME sector, both within India and internationally.

Exposure visits for officials to renowned innovation hubs/ centers in country and overseas.

To enhance the international competitiveness of institutions within the state, the proposed intervention seeks to facilitate the organization of exposure visits for a wide range of stakeholders, including individuals from various technical institutions, incubators, incubates, and government officials. These visits will be conducted not only within India but also abroad, encompassing visits to technology hubs and centers. Such visits are intended to provide



participants with valuable on-ground insights, thereby fostering innovation and improving their understanding of the latest technological developments. A catalyst would be chosen to banner the exposure visits who shall also be responsible for organizing and managing the whole visit. Officials will visit a diverse range of institutions and organizations, including technical institutes, universities, research centers, and businesses.

The program involves organizing four exposure visits within India, with each workshop accommodating 10 participants. These visits are carefully curated to provide participants with first-hand experiences, insights, and practical knowledge from notable innovation and technology hubs within the country. Simultaneously, two additional exposure visits will be conducted to institutes outside India, each hosting 15 participants. These international visits are aimed at immersing participants in the best practices and cutting-edge advancements in innovation and technology on a global scale.

The overarching goal of these exposure visits is to enrich the participants' understanding of current industry trends, stimulate creative thinking, and cultivate an environment conducive to innovation. By facilitating direct interactions with leading institutions, the program seeks to inspire and empower participants to apply innovative approaches and solutions within their respective domains.

The table below highlights the budgetary requirements for this focus area:



Table 48: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Focus Area 1

Focus area 1: Innovation Synergy: Bridging Academia and Industry for MSME Excellence						
Components		Number of workshops/scoping Studies	No: of day and Participants/ workshop	Unit Cost	Budget	Impact
	Workshops for Incubators and MSMEs	32	2	₹ 1,50,000	₹ 0.96	Baselevel Interactions with MSMEs and Industry Representative for MSME Innovation ecosystem in HP
Organising Cohorts and Development of Start-up Ideas	Financial Assistance for Developing the Idea	45		₹ 15,00,000	₹ 6.75	Identification of minimum 40+ start-ups
	Organising Cohort	8		₹ 6,00,000	₹ 1.92	
	Sustenance Allowance from State Scheme	45		₹ 4,00,000	₹ 1.80	
	Sustenance Allowance From RAMP	45		₹ 4,00,000	₹ 1.80	
	Organising Bootcamps	32	2	₹ 2,50,000	₹ 1.60	Baselevel Interactions with MSMEs and Industry Representative for MSME Innovation ecosystem in HP
	Resource hiring for curating the	1	48	₹ 1,50,000	₹ .72	



Focus area 1: Innovation Synergy: Bridging Academia and Industry for MSME Excellence						
Components		Number of workshops/scoping Studies	No: of day and Participants/ workshop	Unit Cost	Budget	Impact
	ecosystem and streamlining the activities					
	Development of an online Portal			₹ 20,00,000	₹ .20	Creating as a portal that shall act as one stop solution for all the industries and incubators with regards to Start-up ecosystem.
	Identification and creation of National and International Incubator linkages.	4		₹1500000	₹ .60	
	Exposure visits for officials to renowned innovation hubs/centres in country	32	10	₹ 75000	₹ 2.4	officials shall visit, technology hubs/centres within and outside the State that would aid the officials with on ground learnings and improve innovativeness.
	Exposure visits for officials to renowned innovation hubs/centres in country	8	15	₹ 6,48,750	₹ 7.8	



6.2.4.2 Focus Area 2: Unlocking Potential: Design for Innovation and MSME Growth

The lack of product and process innovation poses a significant challenge for Micro, Small, and Medium Enterprises (MSMEs). To remain competitive in the market and elevate their position within the value chain, MSMEs must transition from merely being manufacturers of commoditized components to becoming creators of innovative products. This transformation is essential for their sustained growth and relevance in a rapidly evolving business landscape. Innovative products can be a game-changer for MSMEs. These products typically have unique features, functionalities, or designs that set them apart from competitors. Such differentiation can open new market opportunities, attract a more diverse customer base, and lead to higher profitability. MSMEs that invest in product innovation demonstrate their commitment to meeting the evolving needs and preferences of their target audience.

This focus area covers different aspects of facilitating design and Innovation in the products manufactured by MSMEs in HP and entails the following components:

- ▶ Capacity building for existing internal stakeholders
- ▶ Awareness workshop for MSMEs
- ▶ Design Scheme Manager for overseeing and managing the Design scheme
- ▶ Study and Exposure Tours of National Best Practices and Design Clinic Programs in Other States

Capacity building for existing internal stakeholders

To promote the participation of MSMEs in the Innovative Scheme (Design), it is crucial to raise awareness and enhance the capacity of department officials. Training programs will be conducted for all District Industries Centre (DIC) employees, equipping them with the knowledge needed to assist MSMEs in successfully navigating the program.

The training sessions will cover the following key topics:

- ▶ Understanding the objectives of the Innovative Scheme, the application process, and the process of connecting with relevant implementing agencies and the necessary prerequisites.
- ▶ Providing information on the scheme's implementation at various levels and explaining how it benefits MSMEs.
- ▶ MSMEs outreach and participation in the scheme.

Innovative ICT tools will be leveraged to create learning videos and training materials, effectively conveying the intricacies of the scheme to department officials. Officials will also receive orientation on the program's content, ensuring a smoother onboarding process for MSMEs.

Awareness workshop for MSMEs

The objective of the workshop shall be to raise awareness among Micro, Small, and Medium Enterprises (MSMEs) about the critical role of innovation in maintaining competitiveness within the market. These workshops will aim to provide guidance to MSMEs on various strategies and approaches to foster innovation within the manufacturing sector, inspiring them to develop innovative products. Additionally, the workshops will seek to inform MSMEs



about the 'Design scheme' initiated by the Government of India. This comprehensive initiative will be carried out throughout the year, spanning across all 12 districts, and offering both virtual and physical workshop formats to maximize accessibility and engagement for MSMEs.

Design Scheme Manager for overseeing and managing the Design scheme

The Department of Industries will designate a Scheme Manager for the design scheme. This individual/institution/agency will serve as a crucial intermediary, facilitating effective communication between MSMEs and the IAs. The Scheme Manager's role shall encompass not only assisting MSMEs in comprehending their design-related issues but also aiding them in connecting with the appropriate implementation agencies.

This strategic appointment seeks to streamline the process and bridge the gap between MSMEs and the IAs involved in the scheme's execution, thereby promoting smoother access and utilization of the scheme's benefits.

Study and Exposure Tours of National Best Practices and Design Clinic Programs in Other States

The Department of Industries, in partnership with District Industries Centers (DICs) and Industry Associations, will introduce an initiative aimed at facilitating knowledge transfer for MSMEs by tapping into the best practices of other states in the domains of design and product development. Each year, a two days' workshop will be organized, comprising a delegation of participants as follows: five officials from the Department of Industries, three representatives from District Industries Centers, five representatives from various Industry Associations, and seventeen representatives from diverse MSME sectors.

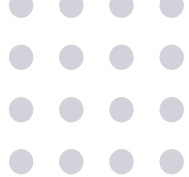
This program will encompass a study tour that encompasses workshops and seminars addressing specific design-related topics. The study tour will span four distinct states (to be decided) known for their leadership in design and product development. During this tour, MSMEs will have the valuable opportunity to visit reputable institutions and companies, gaining insights into their design methodologies and best practices.

The table below highlights the budgetary requirements for this focus area:



Table 49: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Focus Area 2

Focus area 2: Unlocking Potential: Design for Innovation and MSME Growth							
Components	Number of Workshops/awareness/visits	No of Days/workshop	NO of Participants	Unit Cost	Budget	Impact	Remarks
Capacity building for existing internal stakeholders	16	5		₹ 3,00,000	₹ 2.40	Empower department officials with the knowledge and tools to actively support MSMEs, facilitating their successful participation in the Innovative Scheme (Design) and fostering growth in the sector.	
Design Scheme awareness workshop for MSMEs	48	1		₹ 1,50,000	₹ 0.72	Sensitisation among the MSMEs about the Design Scheme and increase in innovativeness.	
Scheme Manager for overseeing and managing the Design scheme	48	1		₹ 150000	₹ 0.72	Enhanced flow of work and facilitation support	
Study and Exposure Tours of National Best Practices and Design Clinic Programs in Other States	4	2	30	₹ 75,000	₹ 1.8	Enhanced cross-sector knowledge exchange, fostering innovation, and empowering MSMEs with the tools to compete effectively in design and product development.	



6.2.4.3 Focus Area 3: Bridging the Innovation Gap: Safeguarding Patents in Himachal Pradesh

One significant challenge confronting MSMEs is their inability to protect and leverage their innovations, primarily stemming from a lack of essential information. Himachal Pradesh, boasting substantial potential in Intellectual Property, remains largely unexplored. This underutilization is partly attributed to the perceived complexity and arduousness of the protection process, which discourages potential innovators. Furthermore, MSMEs often lack awareness about the existing Government of India (GOI) and state schemes, along with the associated benefits they can access. Thus, it is crucial to raise awareness among MSMEs about available support and underscore the importance of safeguarding their innovations.

This focus area covers different aspects of safeguarding patents in MSMEs in HP and entails the following components:

- ▶ Capacity building for existing Internal Stakeholders
- ▶ IPR scheme awareness workshop for MSMEs
- ▶ Empanelment of IPR firms/experts to support IPFC and HPPIC
- ▶ Promoting and increase in uptake of State and Central Scheme for subsidy on IPR

Capacity building for existing internal stakeholders

To promote the registration of Intellectual Property Rights among MSMEs, it is imperative to raise awareness and enhance the knowledge and capabilities of the Department's officials. To achieve this goal, comprehensive training programs will be conducted for all the employees working in the District Industries Centres. These programs will equip field-level officials with the necessary information and expertise to assist MSMEs in navigating the IPR registration process effectively.

The training sessions will cover a range of essential topics, including:

1. Identifying MSMEs with the potential for IPR registrations and gathering their relevant data.
2. Explaining the objectives of IPR, the application process, associated timelines, and the prerequisites for successful registration.
3. Providing insights into the various types of IPRs and elucidating how they can benefit MSMEs.
4. Demonstrating how MSMEs can leverage their IPR registrations to gain a competitive edge in the market.

To facilitate effective communication and learning, instructional videos and training materials will be developed using innovative Information and Communication Technology (ICT) tools. Additionally, officials will receive orientation on the program's content to ensure a seamless onboarding process for MSMEs.

IPR awareness workshop for MSMEs

The IPR scheme campaign will be carried out across 12 districts, encompassing all divisions and sub-divisions of the state. This campaign will be conducted through a combination of



virtual and in-person events. Notably, there will be a particular emphasis on two key target groups: women-led MSMEs and MSMEs situated in districts with the potential to obtain Geographical Indication (GI) tags. The IPR Scheme campaign aims to achieve the following objectives:

1. Foster an innovation-friendly ecosystem for Micro, Small, and Medium Enterprises (MSMEs).
2. Educate and advise MSMEs about the advantages of registering their Intellectual Property Rights (IPRs).
3. Promote the registration of patents, trademarks, and Geographical Indications (GIs) among MSMEs.

Showcase the IPRs that have been successfully registered by MSMEs in specific geographical regions and sectors, serving as inspiration for other MSMEs to take advantage of the scheme.

Empanelment of IPR firm/experts to support IPFC and HPPIC

The Department of Industries, in collaboration with the MSME-DFO and HPPIC, will establish a panel of renowned IPR experts and law firms within the state. Their primary role will be to support and educate MSMEs regarding the IPR scheme and its associated benefits. These experts will offer personalized guidance to MSMEs, helping them grasp IPR concepts, conduct patent searches, draft patent applications, and navigate the IPR protection process.

This panel will serve as a vital link between MSMEs and the regulatory authority overseeing IPR matters. Its purpose is to simplify and streamline the process of obtaining intellectual property protection. This involves reducing bureaucratic complexities, enhancing online registration systems, and allocating sufficient resources to government agencies responsible for IPR. The overarching objective is to ensure that IP laws and regulations are in sync with technological advancements and international standards.

Promoting and increase in uptake of State and Central Scheme for Subsidy on IPR

The State Industrial Investment Policy 2019 promotes the Reimbursement of Rs.10 lakhs or 75% of expenditure incurred/charges paid to patent attorney, patent service centre and patent filling agency for obtaining patent, whichever is lower. The MSME champion scheme provides the maximum financial assistance to the eligible applicants under the IPR component Foreign Patent Rs. 5.00 lakh and Domestic Patent Rs. 1.00 lakh. This incentive complements the project for increased adoption of IPR scheme, the same will be promoted as part of the project and would reflect State share to achieve project goals.

The component involves the registration of 60 new patents in the state over a period of 4 years, out of which 16 shall be supported by the IIP 2019 and 44 patents shall be covered by the MSME Champion scheme.

The table below highlights the budgetary requirements for this focus area:



Table 50: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Focus Area 3

Focus area 3: Bridging the Innovation Gap: Safeguarding Patents in Himachal Pradesh							
Components		Number of Workshops /awareness /visits	No of Days/work shop/Months	Unit Cost	Budget	Impact	Remarks
	Capacity building for existing internal stakeholder	16	5	₹ 3,00,000	₹ 2.40		Curating training material, videos, conducting Training and capacity development programs for DICs.
	IPR awareness workshop for MSMEs	48	2	₹ 1,50,000	₹ 1.44	Sensitisation among the MSMEs about the IPR Scheme	Higher awareness on PR scheme and innovativeness in products
	Empanelment of IPR firm/experts to support IPFC and HPPIC	1	48	1600000	₹ 0.86		A 20% increase in the payment of the empanelled agency is proposed.
Promoting State and Central Scheme for Subsidy on IPR.	Patent and Design Registration under MoMSME Schemes	44	₹ 5,00,000.00	₹ 2.20	3.80	Increase IPR Scheme Uptake in HP	



Focus area 3: Bridging the Innovation Gap: Safeguarding Patents in Himachal Pradesh

Components		Number of Workshops /awareness /visits	No of Days/work shop/Mont hs	Unit Cost	Budget	Impact	Remarks
	Patent Registrations under State Industrial Investment Policy 2019	16	₹ 10,00,000 .00	₹ 1.60			



6.2.4.4 Focus Area 4: Fostering Innovation and Entrepreneurial Potential through Pre-Incubators

As the traditional career landscape undergoes significant changes, self-employment and entrepreneurship are emerging as increasingly feasible options. Given the dynamism and competitiveness of the contemporary world, it is imperative to nurture an entrepreneurial mindset in students, especially those in the Senior and higher secondary standard. Encouraging entrepreneurship not only prepares students for a shifting professional environment but also fosters a culture of innovation and contributes to economic growth. Understanding this gap, the first area is developing the knowledge and understanding of entrepreneurship in the students, and therefore enhancing their knowledge and then providing them the necessary technical know-how.

Incubation plays a crucial role in transforming college-based business ideas into successful ventures, and Himachal Pradesh's government understands the significance of providing young entrepreneurs with the necessary support. The creation of multiple pre-incubators in the state under government backing has opened avenues for mentorship and focused assistance.

However, before diving into the full-fledged incubation process, the incubatees require a preliminary phase of guidance. This pilot phase acts as a stepping stone, ensuring that they are equipped to handle the rigorous demands of the incubation journey.

This phase shall also familiarize entrepreneurs with the rhythm of incubation, allowing them to understand the expectations, resources, and opportunities available within the incubation ecosystem. Through this preparatory period, young entrepreneurs gain essential skills, knowledge, and confidence needed to maximize their chances of success in the incubation program.

By providing this pilot assistance, the Government of Himachal Pradesh ensures that incubatees are well-prepared for the transformative journey ahead. This comprehensive approach not only enhances the effectiveness of the incubation process but also nurtures a culture of entrepreneurship, innovation, and resilience among young individuals in the state.

This focus area covers different aspects of fostering innovation through Pre-incubators in HP and entails the following components:

- ▶ Setting up of Pre-Incubators
- ▶ Running a dedicated incubation vertical in all Incubators and In the Dept of Industries
- ▶ PR and Outreach Programmes

Identification and setting up of Pre-incubators

To address the growing demands of incubation, the Government of Himachal Pradesh is proposing the establishment of Pre-Incubators, also known as Micro Incubators. These Pre-Incubators would serve as effective platforms to support and nurture budding entrepreneurs in the state.

The primary focus for Pre-Incubators would be the colleges and universities of Himachal Pradesh, aiming to tap into the innovative potential of students. Engineering, Arts & Science,



and Polytechnic colleges would be granted permission to set up as Pre-Incubators, enabling students from various disciplines to participate.

To ensure efficiency and effectiveness, the potential Pre-Incubators will need to undergo an application process outlined by the Himachal Pradesh Government/SPIU. Their selection will consider factors such as accessibility to students, unique sector focus, and the relationships established with industry players and stakeholders.

By encouraging colleges and universities to become Pre-Incubators, Himachal Pradesh envisions fostering an entrepreneurial culture and providing a supportive ecosystem for students to transform their ideas into viable businesses. This approach aims to harness the talents of students and facilitate the development of innovative solutions to address real-world challenges.

Running a dedicated incubation vertical in selected institutions and In the Dept of Industries

As part of the proposal, each host institute will establish a dedicated cell responsible for the smooth operation of the Pre-incubator. This cell will handle the day-to-day management and activities of the pre-incubator, ensuring its effective functioning and support for aspiring entrepreneurs.

To streamline the efficient oversight of all elements related to Project 2 (which includes Industry-Acamedia Linkage, Start-up Ecosystem, Design Scheme Uptake, Patent Registrations and Setting up of Pre-Incubators) the government suggests the creation of a specialized unit within the Department of Industries, Himachal Pradesh. This designated cell will be tasked with coordinating, managing, and overseeing all necessary activities to ensure the smooth implementation of projects developed under the component of Enhancing the effectiveness of Firm Capabilities Schemes.

The proposed cell established in all institutions and Dept of Industries would comprise the following staffing structure:

- ▶ 1 Incubation Head/Chief Operating Officer (COO),
- ▶ 1 Project Lead, and
- ▶ 1 Project Associate.

Additionally, adequate funding would be allocated to the Incubation vertical for organizing large-scale incubation events, networking events, hackathons, and college events, which are vital to generate student interest and facilitate networking among established entrepreneurs.

PR and Outreach Programme

Recognizing the need to reach out to new potential entrepreneurs, particularly students, dedicated PR campaigns will be implemented. These campaigns will utilize various communication channels and leverage existing networks of entrepreneurs to ensure effective dissemination of information. New methods of campaigns and PR strategies will be undertaken to engage and inspire aspiring entrepreneurs in Himachal Pradesh.

The table below highlights the budgetary requirements for this focus area:



Table 51: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Focus Area 4

Focus area 4: Fostering Innovation and Entrepreneurial Potential through Incubators							
Components		Number of Pre-Incubators	No of months/Years	Unit Cost	Budget	Impact	Remarks
	Pre-Incubators	24	4	₹ 5,00,000	₹ 4.80	Identification and development of 24 new Pre-Incubators every year in the state.	Proposed annual budget of INR 5 lakhs per incubator for operation.
Dedicated incubation vertical in the all Pre-Incubators	Incubation Head	24	48	₹ 35,000	₹ 4.0	Effective functioning of the Pre-incubators	
	Project Lead	24	48	₹ 20,000	₹ 2.3		
	Project Associate/Business Mentor	24	48	₹ 15,000	₹ 1.7		
Technical Screening Committee in the Dept of Industries	Incubation Head	1	48	₹ 1,50,000	₹ 0.7	Effective management of all Pre-incubators	
	Project Lead	1	48	₹ 1,00,000	₹ 0.48		
	Project Associates	1	48	₹ 70,000	₹ 0.34		
	PR outreach	24	4	₹ 1,00,000	₹ 0.96		



6.2.5 Approach and Methodology for Implementation

Industry-Academia Linkage

- ▶ For establishing Industry academia linkage onboarding a training facilitation cum Tech agency for organizing cohorts, bootcamps training/ Awareness sessions (for manufacturing and service Industry both) along with preparing the training modules in various versions or developing Innovate HP hub Portal along with organizing an exposure visit of officials and Incubators by SPIU Committee along with RAMP Implementation Unit via tendering process.
- ▶ Some of the organizations which can be approached for the same are: AICTE, CII, <https://www.ictacademy.in>, <https://engineering.avinuty.ac.in>, <https://azimpremjifoundation.org> , Industry Academia Linkage for Cooperatives

MSME Competitiveness: Design, IPR and Innovation

- ▶ The SPIU will develop a detailed scope of work based upon the details of the project.
- ▶ SIU will identify 3-5 potential agencies with competency and experience relate to the project.
- ▶ SPIU in consultation with Directorate of Industries initiate a limited tender enquiry to select the relevant partner for project implementation.
- ▶ The Selected partner will implement all components of this project in the state. The M&E parameters and plan will be elaborated in the scope of work document.

6.2.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ The project involves the development of an interactive web portal named InnovateHP.
- ▶ The portal will serve as a common platform for industry academia connect, integrate repository of ecosystem partners; industry leaders, mentors, financing experts, incubators with specialty and core competencies.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.



6.2.7 Timeline for Achievement of Project Deliverables

Table 52: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Timeline for Project Deliverables

Focus Area	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Total
1	Workshops for Incubators and MSMEs		8	8	8	8	32
	Organising Cohorts		4	4	4	4	16
	Bootcamps/Mentorship/Training session		8	8	8	8	32
	Exposure visits for officials to renowned innovation hubs/centres in country		4	4	4	4	16
	Exposure visits for officials to renowned innovation hubs/centres overseas		2	2	2	2	8
2	Curating training material, videos, conducting Training and capacity development programs for DICs.		4	4	4	4	16
	Design Scheme awareness workshop for MSMEs		12	12	12	12	48
	Study and Exposure Tours of National Best Practices and Design Clinic Programs in Other States		1	1	1	1	4
3	Curating training material, videos, conducting Training and capacity development programs for DICs.		4	4	4	4	16
	IPR Scheme awareness workshop for MSMEs		12	12	12	12	48
4	Setting up of Pre-Incubators		24	24	24	24	96
	PR and Outreach Programmes		24	24	24	24	96



6.2.8 Project Budget and Costing

Table 53: InnoBoost HP: Fostering Innovation for MSME Competitiveness- Budget and Costing

Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing GOI scheme financing (₹ crores)	Convergence of existing State scheme financing (₹ crores)
45 new start-ups in Himachal Pradesh, better synergy between industry and Academia	Workshops for Incubators and MSMEs	0.24	0.24	0.24	0.24	0.96	0.96		
	Organising Cohorts and Development of Start-up Ideas	1.86	2.55	3.24	4.62	12.27	3.72	6.75	1.8
	Bootcamps/Mentorship/Training session	0.4	0.4	0.4	0.4	1.6	1.6		
	Resource hiring for curating the ecosystem and streamlining the activities	0.18	0.18	0.18	0.18	0.72	0.72		
	InnovateHP Hub	0.15	0.02	0.02	0.02	0.2	0.2		
	Identification and creation of national and International Incubator linkages	0.15	0.15	0.15	0.15	0.6	0.6		



Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing GOI scheme financing (₹ crores)	Convergence of existing State scheme financing (₹ crores)
	Exposure visits for officials to renowned innovation hubs/centres within the country	0.6	0.6	0.6	0.6	2.4	2.4		
	Exposure visits for officials and Incubators to renowned innovation hubs/centres in different countries	1.95	1.95	1.95	1.95	7.8	7.8		
	Innovation Synergy: Bridging Academia and Industry for MSME Excellence					26.53	17.98	6.75	1.8
Increase in the number of Design Registration and Awareness in the State	Capacity building for existing internal stakeholder	0.6	0.6	0.6	0.6	2.4		2.4	
	Design awareness workshop for MSMEs	0.18	0.18	0.18	0.18	0.72	0.72		
	Scheme Manager for overseeing and managing the Design scheme	0.18	0.18	0.18	0.18	0.72	0.72		
	Study and Exposure Tours of National Best Practices and Design Clinic Programs in Other States	0.45	0.45	0.45	0.45	1.8	1.8		



Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing GOI scheme financing (₹ crores)	Convergence of existing State scheme financing (₹ crores)
Unlocking Potential: Design for Innovation and MSME Growth						5.64	3.24	2.4	
Increase in the number of patents registrations in HP	Capacity building for existing internal stakeholder	0.6	0.6	0.6	0.6	₹ 2.40		₹ 2.40	
	IPR awareness workshop for MSMEs	₹ 0.36	₹ 0.36	₹ 0.36	₹ 0.36	₹ 1.44	₹ 1.44		
	Empanelment of IPR firm/experts to support IPFC and HPPIC	₹ 0.16	₹ 0.19	₹ 0.23	₹ 0.28	₹ 0.86	₹ 0.86		
	Promoting State and Central Scheme for Subsidy on IPR.	₹ 0.60	₹ 0.80	₹ 1.20	₹ 1.20	₹ 3.80		₹ 2.20	₹ 1.60
Bridging the Innovation Gap: Safeguarding Patent in Himachal Pradesh						₹ 8.50	₹ 2.30	₹ 4.60	₹ 1.60
Increase in the number of New Incubators in the state	Setting up of Pre-Incubators	₹ 1.20	₹ 1.20	₹ 1.20	₹ 1.20	₹ 4.80	₹ 4.80		
	Dedicated incubation vertical in all Pre-Incubators and one in Dept of Industries	₹ 2.40	₹ 2.40	₹ 2.40	₹ 2.40	₹ 9.60	₹ 9.60		
	PR and Outreach Programme	₹ 0.24	₹ 0.24	₹ 0.24	₹ 0.24	₹ 0.96	₹ 0.96		
Fostering Innovation and Entrepreneurial Potential through Incubators						₹ 15.36	₹ 15.36		



6.2.9 Estimated Impact

1. 40+ new innovative start-ups in Himachal Pradesh.
2. Increase in Number of MSMEs under the Design scheme.
3. Registrations of 60 new Intellectual Property in the state.
4. Development of 96 pre-Incubators in the state.
5. Advancement of new and innovative products in the state.
6. Enhanced Competitive Edge for Entrepreneurs: Securing an IPR or patent provides entrepreneurs with the assurance to diversify their business ventures confidently. This, in turn, augments their competitive advantage and empowers them to excel in the marketplace.
7. Enhanced Revenues for Entrepreneurs: A secured IPR opens doors to additional income opportunities for entrepreneurs through licensing agreements and deals. Given the dynamic landscape of entrepreneurship and the continual introduction of new products in Himachal Pradesh the scheme holds significant potential to boost entrepreneurs' revenues.
8. Increased profitability for MSMEs: Addressing design issues enables MSMEs to expand their business and collaborate with larger players and buyers, leading to revenue growth.
9. Enhanced job opportunities: MSMEs play a pivotal role in job creation, and improved market access and expanded business operations further amplify their contribution to employment opportunities.

6.2.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against Indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 203: Monitoring and Evaluation Framework of the project



6.3 P3: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling

6.3.1 Alignment of project with respect to RAMP Programme Objectives

Skill Up & Scale Up through creation of Technology Extension Centers and Skilling			
Objective:	Building and integrating technology platforms		
Key Result Areas (KRAs):	RA 2: Support to Market Access, Firm Capabilities and Access to Finance		
Applicable Indicator(s):	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes

6.3.2 Problem Statement

Himachal Pradesh's industrial landscape is rapidly evolving, with new areas emerging across districts and sectors. While there's one Technology Centre in Baddi, the expanding industrial base necessitates extension centers in various districts, addressing the critical technology needs of micro-scale MSMEs.

Skill gaps persist in tourism, agriculture, manufacturing, healthcare, and IT, hampering economic growth. To overcome this, targeted skill development is essential, not just for existing industries but also for emerging sectors like renewable energy, sustainable industrial operations, waste management and electric mobility. Such a focused approach will foster a resilient and competitive MSME ecosystem in the state.

6.3.3 Issues and Challenges

- ▶ Micro scale enterprises have limited access to technology and are dependent on informal expertise.
- ▶ MSMEs with limited resources need common infrastructure to meet their technology needs.
- ▶ MSMEs in districts of Kangra and Una depend on neighboring state of Punjab to get critical repairs and tools design work done.
- ▶ The cost effectiveness of such outsourced job is poor due to long distance transportation and logistics cost involved.
- ▶ Limited access to industry specialized training specialized on specialized subject.
- ▶ Limited awareness of the government incentives in PPP models of skill training center's
- ▶ Inadequate availability of skill development programs
- ▶ Mismatch between Industry requirements and skill sets of the workforce.
- ▶ Majority workforce of the state is in the informal/unorganized sector.



- ▶ Lack of mentorship opportunities or counselling support
- ▶ Lack of an IT based information system for aggregating demand and supply of skilled workforce
- ▶ Absence of synergy of the existing skill training centers, which leads to mismatch of the curriculum.
- ▶ Absence of data of trainers and assessors at the State level
- ▶ Lack of apprenticeship programs and other incentive programs for financial stability for the trainers

6.3.4 Proposed Project Design Concept, Feasibility and Viability

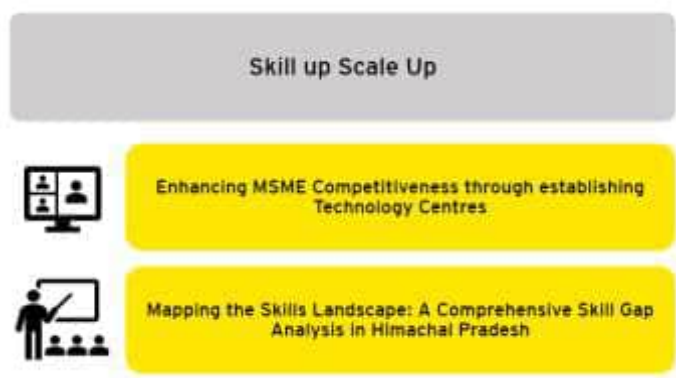


Figure 204: Skill up Scale Up: Proposed Project Design Concept

6.3.4.1 Focus Area 1: Enhancing MSME Competitiveness through establishing Technology Centre's

The industrial ecosystem of the State is relatively younger and is still evolving with new industrial areas being established around different districts and across identified focus sectors. Access to technology is critical for micro scale enterprises when it comes to R&D infrastructure, skilling, product development, quality improvement and digital transformation. At present, the State has only one Technology Centre at Baddi, however the industrial base is expanding around other districts as well. There is a need for extension centers in different districts of the State to meet the current and the future needs of MSMEs ecosystem evolving around other adjoining districts.

This focus area entails the following vital components:

- ▶ Stakeholder consultations
- ▶ Technical support for project implementation

Stakeholder Consultation

It is the first stage in which the project interventions will focus primarily on need analysis and project development. This would be an important component for the project as outcomes of this activity will be vital in shaping up the project intervention. The technology and skilling need of MSMEs will be identified through these consultations conducted in different districts. This would also entail experts visits to MSMEs for technology need assessment.

Technical Support for Project Implementation,



The on-ground implementation of the project would require technical support at different stages, from concept to infrastructure development. The major components would include the following:

- ▶ Scoping and need assessment for interventions related to technology, infrastructure, digitalization, and resource planning.
- ▶ Infrastructure identification and selection
- ▶ Consultation with Technology Centre's in Himachal Pradesh and adjoining States
- ▶ Techno economic viability of proposed technology centers
- ▶ Preparation of Detailed Project Reports and submission to government of H.P/ GOI.
- ▶ Implementation Support to the project.

This technical support would be provided either by the State Programme Implementation Unit (SPIU) or an expert agency appointed by the SPIU under the RAMP programme.

The table below highlights the budgetary requirements for this focus area:

Table 54: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling- Focus Area 1

Focus Area 1- Enhancing MSME Competitiveness through establishing Technology Centre's						
Components	Number of Units	No: of months	Unit Cost/ MMR	Budget	Impact	Remarks
Stakeholder Consultation	40		250000	1Cr.	Technology Need Assessment for Extension center's	
Technology Centre's	4		10	40.00 Cr.	Development of 4 Technology Center	
Technical Support -DPR	4		5000000	2.00 Cr.	Technical support for DPR Preparation	
Technical Support for Implementation	4		3000000	1.2Cr.	Technical support for Implementation	

6.3.4.2 Focus Area 2 - Mapping the Skills Landscape: A Comprehensive Skill Gap Analysis in Himachal Pradesh

Himachal Pradesh faces significant skill gaps across various sectors, hindering its economic growth and development. The lack of skilled professionals in sectors like tourism, agriculture, manufacturing, healthcare, and information technology restricts the state's ability to attract investments, innovate, and achieve sustainable growth. In the age of rapid technology evolution and advancements, it becomes essential for MSMEs to not only have the skilled



workforce but also have the competency to embrace the change. Apart from catering to the skill demand of conventional or existing industrial ecosystem, it is essential to train and build professionals on sectoral skills (Food processing, Pharmaceuticals, Textiles, Tourism, Wellness and Health, IT and ITeS etc.) alongside sectors such as Renewable Energy, Electric Mobility, Industrial Sustainability etc.

This focus area entails the following vital components:

- ▶ Skill Gap Analysis - (for Manufacturing & Service Industry)
- ▶ Skill Fusion hub (Service & manufacturing Industry)
- ▶ Skill Sync Catalyst
- ▶ Green MSME Champions Training Module

Skill Gap Analysis (for manufacturing and Service Industry)

The purpose of conducting a scoping study for a skill gap analysis is to assess specific requirements within the manufacturing and specifically in service sector. Aiming to identify growth perspectives and gaps in various service industries. With 40% of Micro, Small, and Medium Enterprises (MSMEs) in Himachal Pradesh actively engaged in the services sector, employing over 2.6 lakh individuals, it becomes crucial to highlight the needs and gaps within this sector for strategic growth planning.

In addition to the flourishing tourism industry in Himachal Pradesh, which boasts significant potential, the local population has not fully capitalized on opportunities within other promising service sectors such as Health & Wellness and Information Technology (IT). This missed potential arises from a substantial gap in essential skills and expertise required to thrive in these sectors. Addressing these skill gaps becomes imperative for comprehensive development, ensuring that the local population can actively participate and benefit from a diverse range of service industries beyond just tourism.

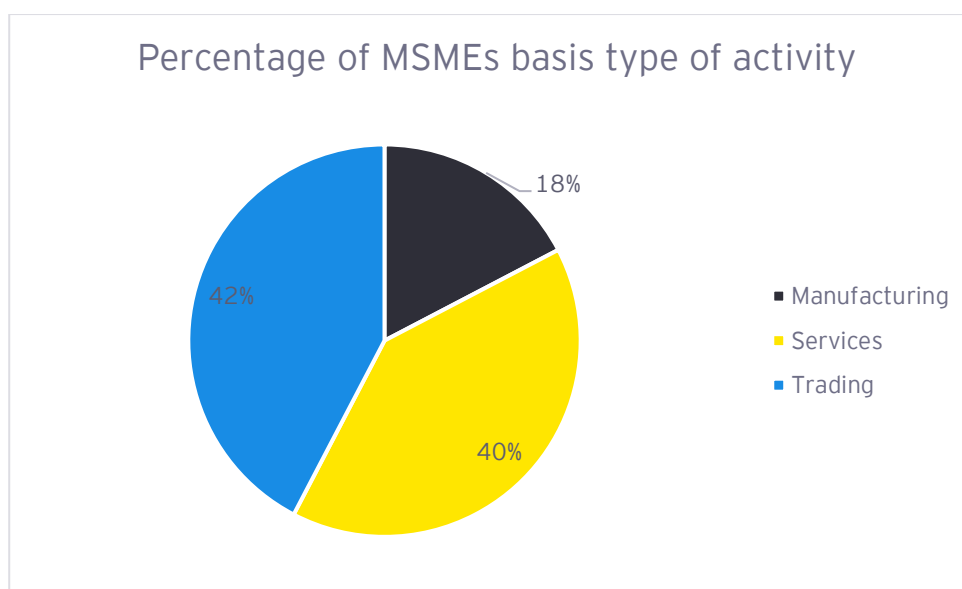


Figure 205 Percentage of MSMEs in Service sector in HP

In order to identify the gap a scoping study would be conducted by onboarding an expert agency through SPIU of the State. The study would focus on specific industrial sectors in the State with the time frame for analysis. The study team would identify stakeholders involved



in skill development and employment in the State. The team shall develop a methodology for assessing the existing skills and identifying skill gaps. This may involve surveys, interviews, workshops, focus groups discussions, analysis of secondary data, and collaboration with experts. Determine the appropriate sample size and demographic representation for accurate and reliable results. This also encompasses inventorying existing skills available in the state and assess the demand and supply of skills, considering factors such as workforce demographics, education levels, training programs, and migration patterns. Analyze the gap between the demand and supply of skills in the State. Identify the specific skills that are in high demand but lacking in supply. Based on the skill gap analysis, identify the specific training needs of the workforce for both service and manufacturing sector in the State. Determine the skills that require development or enhancement. The study should consider the sunrise or focus sectors like Electric Mobility, Food Processing, Tourism Health and Wellness, IT/AI and ML/Data Analytics and Renewable Energy.

The detailed Scope of work for the skill gap analysis in MSMEs will be developed in consultation with the concerned department i.e., Himachal Pradesh Kaushal Vikas Nigam.

Skill Fusion hub (Service & manufacturing Industry)

Following the identification of skill gaps in the scoping study, the State Project Implementation Unit (SPIU) will oversee the selection of a competent agency for the development of curriculum across both manufacturing and service industries. This encompasses the following 10 sectors:

- Tourism
- Health & Wellness
- IT and ITes
- Education
- Food Processing
- Pharmaceuticals
- Textiles
- Electric Vehicles Ecosystem
- Renewable Energy
- Industrial Sustainability

The selected agency will craft courses in the form of e-modules and short-term training modules, addressing both current industry needs and future trends. The content development process will involve collaboration with relevant stakeholders to ensure industry relevance. The designed curriculum will adhere to the **National Skills Qualification Framework (NSQF)**, aligning with national standards and ensuring the quality and credibility of the training programs. This initiative aims to bridge existing skill gaps and equip individuals with the competencies needed to thrive in diverse and evolving sectors.

For tourism industry, a comprehensive training program is vital for improving the performance of guides like foreign language proficiency, customer service techniques, local knowledge enhancement, and communication skills development, reading of specialist maps reflecting climate, airports, railways, etc., VR experience, smart tourism apps(incl personalized recommendations, real-time updates, interactive maps, and immersive audio-visual guides, enable easy bookings and access to exclusive discounts and offers), extra focus on Experiential tourism processes.



In addition, the State also aspires to become a Green Energy State and has started working in this direction with increased impetus being given to electric transport/mobility in the state. Given this scenario, it becomes essential to create a skilled workforce catering to the needs of this evolving sector. The skill set requirement would be around vehicle troubleshooting, and maintenance, technical skills for battery management, mechatronics, charging station maintenance and installation, end of life battery management. To address the needs of this sectors, it is proposed under this focus area to establish a state-of-the-art training infrastructure focusing on electric vehicles in one of the technology Center in the region. This would add another revenue stream to the services being offered by the technology Center and shall be designed to meet the sectoral training needs of the sector.

Skill Sync Catalyst

This is the most important objective after having developed the curriculum relevant with the present and future trends of Industry requirements. The focus would be on increased and effective linkages among the skilling ecosystem partners to improve workforce absorption in MSMEs, below are the number of proposed interventions in this head:

Awareness session - the awareness sessions will be organized to sensitize the MSMEs about the training programme designed around the curriculum developed and the benefits of the same. This will be achieved by Awareness session regarding Projects, curriculum, accreditation of the courses, type of courses along with establishment of tie -ups of existing individual units, Industries associations or societies with the Skill Centers, skill hubs, training institutes by creating Industry - Academia collaboration or Industry Driven Mentorship Programs

Establishing a Portal for skill demand and supply aggregation - Himachal Pradesh currently operates the [Skill Register](#) portal, serving as a centralized platform for user and employer registration for training purposes. However, the portal is outdated and in need of an upgrade. This proposal suggests the enhancement and maintenance of the existing portal. The objective is to modernize the platform to efficiently aggregate information on the demand and supply of skilled workforce, facilitating the seamless matching and connection of available skills with industry demands. This upgrade aims to optimize the functionality of the portal for better utilization in aligning the workforce supply with the dynamic demands of the market.

Skilled training support as CSR Projects: Technical support is required for establishing contracts with Anchor Players for CSR Projects in terms of skill centers along with absorption contracts in the State (25% of their CSR Budget to be uses for skilled training as per the scheme.

Green MSME Champions Training Module

Considering the need to make MSMEs self-reliant over the coming time with respect to resource efficient and cleaner production skilling needs in MSMEs; the project would develop, and design of a course focused on RECP operations and technology in MSMEs. The target participation segment would be professionals (managers, engineers, supervisors) who monitor regular manufacturing processes in MSMEs, the training duration would be 3 days. The project would partner with institutions such as NIMSME, Central Tool Rooms, Industry Leaders, for design, outreach and conduct of this training module.

The project aims to create more than 3000 MSME Champions by conducting these courses in different district and industrial clusters in the State. The project would cover conducting 200 such 3 days training courses for professional employed with MSMEs. This training course will



not only improve the employability but also would provide a vision to grow in the same organization ensuring sustainability and competitiveness of industrial operations and helping MSMEs also retain their skilled manpower.

The table below highlights the budgetary requirements for this focus area:

Table 55: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling- Focus Area 2

Focus Area 2- Mapping the Skills Landscape: A Comprehensive Skill Gap Analysis in Himachal Pradesh					
Components	Number of Units	Unit Cost/ MMR	Budget	Impact	Remarks
Scoping Study	1	17500000	1.75	Scoping study conducted in the State to identify skill gap analysis	
Curriculum Development by expert agencies	10(Sectors)	5000000	5.00 Cr.	Curriculum designed based upon the specific needs shared by MSMEs from both manufacturing and Services Sector	
Development of a state-of-the-art training infrastructure facility for Electric Mobility sector	1	10000000	1.00Cr.		
Portal for Skill demand and Supply aggregation	1	7500000	0.75 cr.		
Awareness Programs among MSMEs on improved Curriculum and training programs	48	150000	0.72 cr.		
Module Design and Outreach	1	₹ 1,00,00,000	₹ 1.00		Module Design and Outreach



Conduct training programmes for MSME professionals	200	₹ 3,00,000	₹ 6.00	3000 MSME professionals have received in job training on RECP in MSMEs	Conduct training programmes for MSME professionals
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6.3.5 Approach and Methodology for Implementation

- ▶ Stakeholder consultations: This component would be undertaken by the SPIU. The team undertaking the consultations would be responsible for delivering their detailed reports and key findings to the Department of Industries which will further be submitted to the MoMSME.
- ▶ Technical Support through preparation of DPRs and Project Implementation:
 - This component can either be implemented by an expert agency selected based on competitive bidding process to undertake the DPR preparation and implementation support.
 - OR
 - The Department of Industries can submit the findings from the stakeholder consultations to the MoMSME, who can further proceed with the project implementation basis inputs shared.

6.3.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Development of a portal for skill demand and skill aggregation
- ▶ Initially proposed as in-person awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.3.7 Timeline for Achievement:

Table 56: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling- Timeline for Project Deliverables

Indicator	Y1	Y2	Y3	Y4	Total
Stakeholder Consultations	20	10	10		20
Development of four Technology Extension Centers		1	2	1	4
Technical Support for Implementation	1	1	1	1	4
Scoping study	To be completed in first year				1
Curriculum Development by expert agencies	5	5			10



Indicator	Y1	Y2	Y3	Y4	Total
Development of a state-of-the-art training infrastructure facility for Electric Mobility sector	To be completed in first year				1
Development of Portal for Skill demand and supply aggregation	To be completed in first year	To be finalized and launched in 2nd year			1
Awareness Programs among MSMEs on improved Curriculum and training programs		12	18	18	48
Module Design and Outreach	To be completed in first year				1
Conduct training programs for MSME professionals		30	70	100	200



6.3.8 Project Budget and Costing

Table 57: Skill Up & Scale Up through creation of Technology Extension Centers and Skilling- Budget and Costing

Indicator	Intervention	Y1 (INR Crore)	Y2 (INR Crore)	Y3 (INR Crore)	Y4(IN R Crore)	Total (INR Cr.)	Gap financing required through RAMP Programm e (₹ Crores)	Convergen ce of existing GoI scheme financing (₹ Cores)	Convergen ce of existing GoHP scheme financing (₹ Cores)
Skill Gap Analysis	Scoping study	₹ 1.75	-	-	-	₹ 1.75	₹ 1.75	-	-
	Curriculum Development by expert agencies	₹ 2.5	₹ 2.5	-	-	₹ 5	₹ 5	-	-
	Development of a state-of-the-art training infrastructure facility for Electric Mobility sector	₹ 1.00	-	-	-	₹ 1.00	₹ 1.00	-	-
	Development of Portal for Skill demand and supply aggregation	₹ 0.75	-	-	-	₹ 0.75	₹ 0.75	-	-
	Awareness Programmes among MSMEs on improved Curriculum and training programs	-	₹ 0.18	₹ 0.27	₹ 0.27	₹ 0.72	₹ 0.72	-	-



Indicator	Intervention	Y1 (INR Crore)	Y2 (INR Crore)	Y3 (INR Crore)	Y4(IN R Crore)	Total (INR Cr.)	Gap financing required through RAMP Programm e (₹ Crores)	Convergen e of existing Gol scheme financing (₹ Cores)	Convergen e of existing GoHP scheme financing (₹ Cores)
	Module Design and Outreach	₹ 1.00	-	-	-	₹ 1.00	₹ 1.00		
	Resource and venue fee for conducting first 200 programmes for MSME professionals/plant manager/supervisors	-	₹ 0.90	₹ 2.10	₹ 3.00	₹ 6.00	₹ 6.00		
Mapping the Skills Landscape: A Comprehensive Skill Gap Analysis in Himachal Pradesh						₹16.22	₹ 16.22		
Enhancing MSME Competitiveness	Stakeholder Consultations	0.5	0.25	0.25	-	1	1	-	
	Development of 4 Technology Centres	-	10	20	10	40	0	40	
	Technical Support for Implementation	0.8	0.8	0.8	0.8	3.2	3.2	-	
Enhancing MSME Competitiveness through establishing Technology centers						44.2	4.2	40	
Project Total						60.42	20.42	40	



6.3.9 Estimated Impact

- ▶ The project is envisaged to have the following impact:
- ▶ Enhancing the skills and facilitating the technological advancement of over 15,000-20,000 MSMEs in Himachal Pradesh will not only bolster their capabilities but also propel them towards sustained growth. This initiative aims to empower these enterprises, fostering innovation and competitiveness within the state.
- ▶ The establishment of 4 new Technology Extension Centres will serve as pivotal hubs for knowledge dissemination and practical support. By bringing cutting-edge technology closer to MSMEs, these centers will act as catalysts for improved efficiency, product quality, and overall operational excellence.
- ▶ Enhance the employability of the individuals by aligning their skills with Industry Demands
- ▶ Increased Production, competitiveness, productivity, innovation which in turn attract more investment.
- ▶ Reducing the dependency of external talent

6.3.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 206: Monitoring and Evaluation Framework of the project

B.Improving Access to Markets





6.4 P4: Market Link: Building Stronger MSME Partnerships

6.4.1 Alignment of project with respect to RAMP Programme Objectives

Market Link: Building Stronger MSME Partnerships			
Objective:	Enhancing firm capabilities and access to markets		
Key Result Areas (KRAs):	RA 2: Support to Market Access, Firm Capabilities and Access to Finance		
Applicable Indicator(s)	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 4: Strengthening the receivable financing market for MSMEs

6.4.2 Problem Statement

MSME's are unable to develop business partnerships, explore new markets, expand their customer base, and gain valuable exposure and experience, which is hindering their potential for their growth and overall contribution to the state's economy. MSMEs, especially Micro and Small enterprises, face obstacles in selling to large buyers. The same is true for MSME intending to penetrate global/export markets. Apart from the availability of limited resources, complex procedures, market connect & know how and international certifications & documentation also limit MSMEs capacity.

The same is true for the products originating from distinct and far-flung districts of Himachal Pradesh. Some of these products are traditional and heritage involving artisans and women, while others surface in the list of ODOP (One District One Product). The requirement for better market access in the form of better branding, packaging, certifications, and ensuring product quality exists for these products which contribute to revitalizing rural economy of the State.

6.4.3 Issues and Challenges

- ▶ MSMEs have limited capacity and resources, including financial constraints, limited access to technology and infrastructure, and a shortage of skilled manpower. Given these limitations, the access to markets for MSMEs remains a challenge as MSMEs have not been able to forge business partnerships with anchor companies.
- ▶ The expectations and requirements of anchor companies do not align with the capabilities and capacities of MSMEs. Differences in production capacities, quality standards, and delivery capabilities can create barriers to effective linkages and successful collaboration.
- ▶ MSMEs often face challenges in accessing anchor companies and establishing networking opportunities. Limited access to industry events, trade shows, and such platforms to connect with anchor companies and identify partnership opportunities.
- ▶ MSMEs often face difficulties in establishing strong supply chain linkages and securing contracts with larger corporations and anchor companies, due to the lack



of exposure and limited access to these established markets which hinders their growth and market penetration.

- ▶ MSMEs struggle to gather accurate and up-to-date market information, such as consumer trends, market demand, and competitor analysis. Limited access to market research and data makes it difficult for them to make informed decisions and tailor their products or services accordingly.
- ▶ MSMEs often face difficulty in establishing market connections and linkages, lack of networks and relationships make it challenging for them to enter new markets or expand their reach.
- ▶ MSMEs often have to compete with larger, more established enterprises that have significant market presence, brand recognition, and economies of scale which make it tough for MSMEs to break into existing markets and gain market share.
- ▶ Maintaining product or service quality and compliance with industry standards is crucial for accessing markets. MSMEs face challenges in meeting these quality and standards requirements, which can limit their eligibility to enter certain markets or meet the expectations of potential customers

6.4.4 Proposed Project Design Concept, Feasibility and Viability

Addressing these challenges requires strategic planning and concerted efforts from both MSMEs and relevant stakeholders. Government interventions, industry associations, incubators, and business development programs can provide support through capacity building, market information dissemination, access to funding, and facilitating market linkages. Furthermore, digitalization and e-commerce platforms can offer opportunities for MSMEs to overcome some of these market access challenges by providing wider market reach and easier connectivity with potential customers.

This project has been designed to fulfill the abovesaid requirements while forging linkages with market entities at regional, national and international level. The project interventions would focus primarily on building stronger market linkages through vendor development programs, awareness on procurement portals and increased access to digital industrial products trading platforms. The project would parallelly focus on establishing global market connect through establishment of market intelligence cell, export portal and international exposure visits and exhibitions.

Accordingly, the key components of this project are as under:

- Build stronger MSME market linkages.
- Empowering MSMEs for Global Success through Export Connect
- Development of State MSME Procurement Policy





- Market Assistance Programme

Figure 207: Market Link: Building Stronger MSME Partnerships: Proposed Project Design Concept

6.4.4.1 Focus Area 1: Build Stronger MSME Partnerships

The project would help MSMEs build stronger market linkages through a multifaceted approach focusing first on data collection and stakeholder consultations at MSME level to identify product and sectors. This would also entail supporting MSMEs in product profiling, specifications and cataloguing to increase their readiness to enter next set of targeted interventions and establishing linkages and build partnerships with anchor/large buyers.

Based upon the data collected and analyzed by the experts/agency/project, the Vendor Development Programmes (VDPs) would be designed for specific sectors or products categories. **The VDPs would be conducted to bring Government entities/ private buyers and the MSME to a common platform to facilitate linkages and networking. This would also help MSMEs increase their customer base and set themselves on a growth trajectory. VDPs would help MSMEs know specific product quality requirements, procurement processes and other eligibility parameters set by anchor/large-scale private entities.**

Based on the initial scouting done by the project, international VDPs have also been planned under this project. The VDPs will be structured across the following components:

- Sectoral snapshot
- Buyer's profile
- Product being procured from MSMEs/ other states
- Procurement Process/Vendor enrollment process
- Quality Standards and Certifications required
- Sampling and testing requirements
- Product volume profiles
- Buyer agency nodal person details

The project will conduct GeM and CPPP workshops for MSMEs across sectors and districts. This is essential to sensitize the MSMEs on the methods of procurement by government entities. These workshops will be conducted by the GeM and CPPP team and will provide comprehensive information on registration, fees, methods of procurement, and timelines of GeM and CPPP.

There are several e-commerce platforms engaged in industrial goods trading available for MSMEs, some of these platforms include Udaan, PharmaHoppers, Industry Buying, SME Shops, Export India and TradeIndia, Open Network for Digital Commerce (ONDC) etc. These are prominent Business 2 Business marketplace in India that serves as a platform for MSMEs in the industrial goods sector. These platforms facilitate trade between buyers and suppliers, offers product listings, and provides tools for promotion, inquiry management, and lead generation. The project would help MSMEs connect to these platforms through exposure/awareness sessions and would help them onboard.

Different components under this focus area are elaborated as under:



Table 58: Market Link: Building Stronger MSME Partnerships- Focus Area 1

Focus Area 1- Building Stronger MSME Market Linkages					
Components	Number of MSMEs/ Units	No: of sessions	Unit Cost INR	Budget in INR Cr.	Impact
Database Screening, Identification of relevant buyers/sellers for prominent sectors, product profiling, cataloguing and specifications	10000	1	₹ 12,000.00	₹ 12.00	More than 8000 MSME have been supported for Market linkage readiness
Conduct Vendor Development programmes (National)	5000	72	₹ 6,00,000.00	₹ 4.32	More than 5000 MSMEs have been supported and 1000 MSMEs have established new business linkages
Conduct Vendor Development programmes (International)	500	12	₹ 25,00,000.00	₹ 3.00	More than 500 MSMEs have been supported and 100 MSMEs established new international business linkages
Conduct awareness sessions on GEM and CPPP	5000	72	₹ 1,50,000.00	₹ 1.08	More than 5000 MSMEs have been sensitised on procurement portals and 1000 MSMEs have secured new orders through these platforms



Facilitate market linkages to MSMEs through digital trading platforms for MSMEs (business to business linkages)	3000	48	₹ 1,50,000.00	₹ 0.72	3000 MSMEs sensitised on different e-commerce portals for industrial goods
Facilitation and onboarding MSMEs on MSME market platforms	500	4	₹ 5,000.00	₹ 1.00	2000 MSMEs have registered with market platforms

6.4.4.2 Focus Area 2: Export Connect- Empowering Businesses for Global Success

Export challenges in Himachal Pradesh stem from the rugged terrain, compounded by the lack of awareness about International Trade Practices, product quality certifications, value Chain along with requisite documentation, all this restricts its access to lucrative global markets. This focus area covers different aspects of export promotion and entails the following components:

- ▶ Establishing Export Promotion and Intelligence Cell (EPIC)
- ▶ Establishing Linkages with Export promotion associations, Trade bodies of potential buyer countries
- ▶ Stakeholder Consultations with potential and aspiring exporting MSMEs
- ▶ Analysis and improvement of MSME export readiness
- ▶ Workshops for improving market potential of ODOP products
- ▶ Sectoral International Exposure Visits

Establishing Export Promotion and Intelligence Cell (EPIC):

The project intends to establish an EPIC to undertake global market research & assessment, formulate market entry strategy, assessment of export readiness, identify global partners, monitor market trends, conduct capacity development programs and organize trade mission and fairs. This cell would contribute significantly to improve export readiness of the State. It would serve as a centralized platform for representatives from various countries to assess each product origination from the state in terms of quality and specifications for potential purchase, it would facilitate a systematic evaluation process which reduces the reduction rates, fostering trust and strengthening a trade relation.

One of the primary functions would be to identify potential partners or distributors in target markets and chart out an action plan to be worked out as part of the partnership. The cell would also formulate customized market entry strategies, outline the recommended approach for entering specific target markets, including market penetration strategies, product positioning, pricing strategies, and marketing tactics.



Establishing Linkages with Export promotion associations, trade bodies of potential buyer countries:

The cell also would undertake thorough research to identify the key export promotion associations and trade bodies in the target markets and focus on those that align with product or industry sector in the State. It would facilitate networking events and business forums organized by these associations and trade bodies to provide MSMEs platform for interactions between exporters and potential buyers, enabling to forge meaningful connections. The cell will also highlight how offerings from MSMEs in the State can benefit the target market and contribute to their economic growth and help demonstrate the willingness to collaborate and provide value to the export promotion associations and trade bodies.

Stakeholder Consultations with Potential and Aspiring Exporting MSMEs

This cell would also undertake stakeholder consultations with MSMEs to obtain feedback and evaluating their production capacity, quality standards, international certifications, and compliance with trade regulations. This would help identify areas where MSMEs may need support or improvement to enhance their export readiness. These consultations would facilitate discussion across market-specific challenges and opportunities that MSMEs may encounter and government schemes, export credit facilities, trade finance options, and incentives such as tax benefits or grants.

Through these consultations the skills gaps and capacity-building requirements would be identified to enhance the export capabilities of MSMEs. The Cell in consultation with potential MSMEs would set milestones, determine key performance indicators, and mechanisms for feedback to continuously assess the effectiveness of support provided and make necessary adjustments.

Improvement of MSME export readiness

This cell would also function to enhance the export readiness through capacity development and training programmes for potential exporting MSMEs. These programmes would provide MSMEs export readiness guidance on market selection and entry strategies. Focused sessions on topics like export procedures, documentation requirements, and compliance obligations would be conducted by the experts/agencies identified and onboarded by the Cell. These sessions would also include topics such as export licenses, customs regulations, product labeling, and packaging standards. This would help MSMEs navigate the complexities of export documentation to ensure smooth trade operations. The workshops and capacity building programmes would offer training programs on export marketing, international sales, negotiation skills, trade finance, and understanding trade agreements. This interventions would equip MSMEs with the necessary knowledge and skills to effectively navigate the export landscape and facilitate information sharing, formation of strategic alliances to expand market reach and opportunities.

Workshops for improving market potential of ODOP products

The cell would exclusively cater to the export readiness and response of ODOP products from the State and provide guidance on evaluating production capacity, quality standards, certifications, packaging, labeling, and compliance requirements essential for international markets. It would also provide strategic insights on market entry such as direct exporting,



partnering with distributors, or participating in trade shows and exhibitions. export licenses, customs processes, shipping documentation, product classification, and export compliance. Dedicated workshops can also cover specific requirements of target markets to ensure smooth export operations. This helps ODOP manufacturers understand and comply with the specific regulations of their target market and will also educate manufacturers about export credit facilities, trade finance, insurance schemes, and grants provided by export promotion agencies. workshops facilitate connections, collaboration, and exchange of knowledge, leading to potential partnerships or joint export initiatives.

Sectoral International Exposure Visits

International exposure visits provide an opportunity for exporters to gain firsthand knowledge and understanding of target markets. International exposure visits allow exporters to observe and learn from successful businesses and industries in other countries. By visiting leading companies, manufacturers, and trade organizations, exporters can gain insights into their operational strategies, marketing tactics, distribution channels, quality control measures, and customer engagement practices.

Exporters can observe local product trends, packaging styles, and technological advancements, which can inspire the development of new product variations or modifications to suit international markets. international exposure visits play a vital role in export promotion by deepening market understanding, building networks, facilitating learning, promoting innovation, enhancing confidence, and fostering collaboration among exporters. Under project three international exposure visits have been planned to be conducted each year. A group of ten potential export oriented MSMEs per visit would be selected for the visit.

The table below highlights the budgetary requirements for this focus area:

Table 59: Market Link: Building Stronger MSME Partnerships- Focus Area 2

Focus Area 2- Export Connect: Empowering Businesses for Global Success					
Components	Number of Districts/Industrial Zones	No: of sessions	Unit Cost INR	Budget in INR Cr.	Remarks
Establishment of Export Promotion and Intelligence Cell (EPIC)	1	1	53000000	5.3	
Establishing Linkages with Export promotion associations, Trade bodies of potential buyer countries	1	12	3000000	3.6	



Stakeholder Consultations with potential and aspiring exporting MSMEs	12	5	150000	0.9	
Analysis and improvement of MSME export readiness	12	8	150000	1.4	
Workshops for improving market potential of ODOP products	12	4	250000	1.2	
Sectoral International Exposure Visits	10	3	450000	5.4	

6.4.4.3 Focus Area 3: Development of State MSME Procurement Policy

In the absence of a Procurement Policy, MSMEs struggle to compete with large suppliers and other state MSMEs supplying goods to H.P since there is no relaxation in eligibility condition to MSMEs from the Himachal Pradesh. MSMEs in the state shall be able to meet eligibility conditions in public procurement/tendering process within the state and the policy shall ensure that MSMEs are given preference when bidding within the State. This focus area would cover development and dissemination of State MSME Procurement Policy and would have the following components:

- ▶ Stakeholder Consultations
- ▶ Awareness campaigns & Training, Capacity building of MSMEs and Government buyers from the State

Stakeholder consultations

Consultations will be carried out by the project at major industrial concentrations/areas and industrial associations to engage with MSMEs to gather their needs and understanding their experiences. The policy can be tailored to address their unique requirements, thereby enhancing their participation and competitiveness.

Based upon the recommendations, feedback and experiences shared by MSMEs would help the Directorate to formulate the State MSME procurement Policy.

Subsequently, the policy will be disseminated among the relevant stakeholders i.e. MSMEs and the Government buyers and PSUs through **awareness camps and capacity building programs**.

The table below highlights the budgetary implications of the intervention. The interventions would be vital to ensure effective implementation of Policy at both MSMEs and Govt. buyers/PSUs level.



Table 60: Market Link: Building Stronger MSME Partnerships- Focus Area 3

Focus Area 3- State MSME procurement Policy					
Components	Number of Districts/Industrial Zones	No: of sessions	Unit Cost INR	Budget in INR Cr.	Remarks
Stakeholder consultations	12	2	₹ 1,50,000.00	₹ 0.36	
Awareness campaigns & Training, Capacity building of Government buyers from the State	12	4	₹ 1,50,000.00	₹ 0.72	

6.4.4.4 Focus Area 4: Market Assist Grow Initiative

It was observed that the artisan-based industries, Self Help Groups (SHGs), and other MSMEs located in the far-flung districts of the State have poor awareness and implementation understanding of the Procurement and Market Assistance Scheme of the Government of India.

As gathered through the feedback received from these entities, not only awareness but handholding support is also required to participate under these schemes. To this effect, this focus area would undertake a concerted drive towards awareness of distinctly located SHGs and MSMEs engaged in handlooms, embroidery, artisan based and other heritage products on Market assistance scheme.

The handholding support is envisaged to be provided by the facilitation resources proposed for each district.

This focus area also entails conduct of three National Level Sectoral exhibitions for focus sectors like food processing, handlooms, ODOP, fisheries etc., per year for the implementation tenure. These exhibitions would primarily serve the purpose of enabling MSMEs to directly connect with customers and explore new business opportunities. They also facilitate networking opportunities for MSMEs to build business contacts, establish partnerships, and exchange knowledge and experiences. National exhibitions also offer insights into market trends, customer preferences, and industry developments. MSMEs can observe and learn from competitors, understand evolving consumer demands, and gather feedback on their products or services.

In order to provide a common platform for variety of products which originate from the State, an online marketplace with the name of Brand Himachal is being proposed to be developed under the RAMP programme or incorporation of the same with the Himcraft Portal. The



objective would be to have a dedicated platform showcasing the state products under different heads like ODOP, Heritage Products, GI tag products and services of MSMEs, allowing them to reach a wider customer base and connect with potential buyers.

The State-owned institution (e.g. Handloom Corporation) may be selected to anchor/host this intervention alongside support provided by an expert agency to implement this focus area.

The table below highlights the budgetary implication for implementation of this focus area:

Table 61: Market Link: Building Stronger MSME Partnerships- Focus Area 4

Focus Area 4- Market Grow Assist Initiative					
Components	Number of Districts/Industrial Zones	No: of sessions	Unit Cost INR	Budget in INR Cr.	Remarks
Awareness campaigns & Training Programmes,	12	20	₹ 1,50,000.00	₹ 3.60	
Conducting National Level Sectoral Exhibitions for sectors Food Processing, Textiles, ODOP etc)	1	12	₹ 1,50,00,000.00	₹ 18.00	
Development of Brand Himachal portal showcasing key products from the State)	1	1	₹ 35,00,000.00	₹ 0.35	

6.4.5 Approach and Methodology for Implementation

- ▶ The SPIU would prepare a detailed scope of work/Request for Proposal for availing services of an expert agency to establish Export Promotion and Intelligence Cell and to help MSMEs build stronger market linkages through conduct of vendor development programmes (Focus Area 1 and 2) of this project in the State.
- ▶ The scope of work will be elaborated around the following set of interventions:
 - Market Research Repository
 - Customized Market Analysis Tools



- Export and Import Regulations Section
 - Capacity Building and Training Hub
 - Connectivity to Strategic Partnerships
 - Export Promotion Section
 - Digital Presence Enhancement Tools
 - Export Documentation and Financial Assistance
 - Multilingual Support
 - Development of product catalogues for MSMEs
 - Conduct of vendor development programmes (national/international)
 - Establish market linkages, enhance capacity of Industry associations
 - Improvement of MSME export readiness
- ▶ An expert agency would be selected based on competitive bidding process to undertake the task elaborated and achieve the said indicators as per the timelines.
 - ▶ Alongside implementing the task, the agency would primarily focus on:
 - International & National Linkages
 - Help State Forge Partnership with International Trade Associations
 - Export Preparedness
 - Potential Partnerships with Export-focussed organisations
 - ▶ Proposed resources at DICs and DC offices in every district would provide support to this agency for programme implementation.
 - ▶ The selected agency in association with SPIU will conduct trainings along with content preparation in various versions of GeM, CPP, VDP and can also handle the PR or outreach implementation Plan
 - ▶ Implementation of Focus Area 3 and 4 will be undertaken by the SPIU with support provided by the district level resource persons.
 - ▶ SPIU will partner with industry and trade association for conduct of national level sectoral exhibitions.
 - ▶ The SPIU would engage a web development/IT service providing agency for development of Brand Himachal portal.

6.4.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Initially proposed as in-person awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.



- ▶ ICT tools and software shall be leveraged for the development of the Brand Himalaya portal.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.4.7 Timeline for Achievement of Project Deliverables

Table 62: Market Link: Building Stronger MSME Partnerships- Timeline for Project Deliverables

Focus Area	Components	Total	Y1	Y2	Y3	Y4	Impact
1	Database Screening, Identification of relevant buyers/sellers for prominent sectors, product profiling	10000	2500	3500	3500	500	More than 10000 MSME have been supported for Market linkage readiness
	Conduct Vendor Development programmes (National)	72	12	24	24	12	More than 5000 MSMEs have been supported and 1000 MSMEs have established new business linkages
	Conduct Vendor Development programmes (International)	12	2	4	4	2	More than 500 MSMEs have been supported and 100 MSMEs established new international business linkages
	Conduct awareness sessions on GEM and CPPP	72	16	20	20	16	More than 5000 MSMEs have been sensitised on procurement portals and 1000 MSMEs have secured new orders through these platforms
	Facilitate market linkages to MSMEs through digital trading platforms for MSMEs (business to business linkages)	48	10	15	15	8	3000 MSMEs sensitised on different e-commerce portals for industrial goods



Focus Area	Components	Total	Y1	Y2	Y3	Y4	Impact
	Facilitation and onboarding MSMEs on MSME market platforms	2000	300	600	600	500	2000 MSMEs have registered with market platforms
2	Establishment of Export Promotion and Intelligence Cell (EPIC)	1	1	-	-	-	
	Establishing Linkages with Export promotion associations, Trade bodies of potential buyer countries	12	6	6	-	-	
	Stakeholder Consultations with potential and aspiring exporting MSMEs	60	12	18	18	12	
	Analysis and improvement of MSME export readiness	96	18	30	30	18	
	Workshops for improving market potential of ODOP products	48	12	15	15	6	
3	Stakeholder consultations	24	24	-	-	-	
	Awareness campaigns & Training, Capacity building of Government buyers from the State	48	6	15	15	12	
4	Awareness campaigns &	240	40	80	80	40	



Focus Area	Components	Total	Y1	Y2	Y3	Y4	Impact
	Training Programmes,						
	Conducting National Level Sectoral Exhibitions for sectors Food Processing, Textiles, ODOP etc)	12	1	4	4	3	
	Development of Brand Himachal portal showcasing key products from the State)	1	1	-	-	-	



6.4.8 Project Budget and Costing

Table 63: Market Link: Building Stronger MSME Partnerships- Budget and Costing

Focus Area	Interventions	Y1 in Cr.	Y2 in Cr.	Y3 in Cr.	Y4 in Cr.	Total in Cr.	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
1	Database Screening, Identification of relevant buyers/sellers for prominent sectors, product profiling	₹ 3.00	₹ 4.20	₹ 4.20	₹ 0.60	₹ 12	₹ 12	
	Conduct of Vendor development Programmes National and International	₹ 1.22	₹ 2.44	₹ 2.44	₹ 1.22	₹ 7.32	₹ 7.32	
	Conduct of awareness sessions on GEM and CPPP	₹ 0.24	₹ 0.30	₹ 0.30	₹ 0.24	₹ 1.08	₹ 1.08	
	Awareness on onboarding requirements, value proposition, and benefits	₹ 0.15	₹ 0.23	₹ 0.23	₹ 0.12	₹ 0.72	₹ 0.72	
	Facilitation and onboarding MSMEs on MSME market platforms	₹ 0.15	₹ 0.30	₹ 0.30	₹ 0.25	₹ 1	₹ 1	



Focus Area	Interventions	Y1 in Cr.	Y2 in Cr.	Y3 in Cr.	Y4 in Cr.	Total in Cr.	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
2	Establishment of Export Promotion and Intelligence Cell (EPIC)	₹ 2.5	-	-	-	₹ 2.5	₹ 2.5	
	Establishing Linkages with Export promotion associations, Trade bodies of potential buyer countries	₹ 1.8	₹ 1.8	-	-	₹ 3.6	₹ 3.6	
	Stakeholder Consultations with potential and aspiring exporting MSMEs	₹ 0.3	₹ 0.45	₹ 0.45	₹ 0.3	₹ 1.5	₹ 1.5	
	Analysis and improvement of MSME export readiness	₹ 0.45	₹ 0.75	₹ 0.75	₹ 0.45	₹ 2.4	₹ 2.4	
	Workshops for improving market potential of ODOP products	₹ 0.3	₹ 0.375	₹ 0.375	₹ 0.15	₹ 1.2	₹ 1.2	
	Sectoral International Exposure Visits	₹ 1.65	₹ 1.65	₹ 1.65	₹ 1.65	₹ 6.6	₹ 6.6	
3	Designing of Procurement policy framework, integration to State RAMP Portal	₹ 0.36				₹ 0.36	₹ 0.36	



Focus Area	Interventions	Y1 in Cr.	Y2 in Cr.	Y3 in Cr.	Y4 in Cr.	Total in Cr.	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
	Awareness campaigns & Training programme for IA's, MSME's, GMDIC Officials	₹ 0.09	₹ 0.225	₹ 0.225	₹ 0.18	₹ 0.72	₹ 0.72	
4	Awareness campaigns & Training programme	₹ 0.6	₹ 1.2	₹ 1.2	₹ 0.6	₹ 3.6	₹ 3.6	
	Conducting National Level Sectoral Exhibitions for sectors Food Processing, Textiles, ODOP etc)	₹ 1.5	₹ 6	₹ 6	₹ 4.5	₹ 18	₹ 18	
	Development of Brand Himalaya portal showcasing key products from the State)	₹ 0.35				₹ 0.35	₹ 0.35	
	Total					₹ 62.95	₹ 62.95	



6.4.9 Estimated Impact


The project is envisaged to have the following impact:

- ▶ More than 8000 MSME have been supported for Market linkage readiness.
- ▶ More than 5000 MSMEs have been supported through hand holding initiatives and around 1000 MSMEs will establish new business linkages.
- ▶ More than 5000 MSMEs have been sensitised on procurement portals and 1000 MSMEs have secured new orders through these platforms.
- ▶ 3000 MSMEs sensitised on different e-commerce portals for industrial goods

6.4.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 208: Monitoring and Evaluation Framework of the Project

A close-up photograph of a person's hand pressing a button on the numeric keypad of an ATM. The keypad is silver with black numbers. The background is blurred, showing the white and grey structure of the ATM. A semi-transparent dark grey rectangle is overlaid on the left side of the image, containing white text.

C.Improving Access to Finance and Credit



6.5 P5: Samadhan Portal Enhancement: Bridging Resolution Gaps

6.5.1 Alignment of project with respect to RAMP Programme Objectives

Samadhaan Portal Enhancement: Bridging Resolution Gaps			
Objective			Objective 2: Building and integrating technology platforms. Objective 4: Strengthening the receivables financing market
Key Result Areas (KRAs)			KRA 2: Support to Market Access, Firm Capabilities and Access to Finance
Applicable Indicator(s)	Disbursement	Linked	DLI 6: Reducing the incidence of delayed payments

6.5.2 Problem Statement

MSMEs and employees of the Department of Industries in Himachal Pradesh are unaware of the process and functionality of MoMSME's Samadhan Portal. While employees of the Department have not received ample training to use the portal, MSMEs in the state have not received awareness or facilitation support to understand the functioning of Samadhan, MSEFC and the states dispute resolution portal on Single Window Clearance System.

6.5.3 Issues and Challenges

The Government of India has launched MSME Samadhaan Portal for MSEs to directly register their cases regarding delayed payments by Central Ministries/Departments/CPSEs/state governments and other buyers. The state governments have also been mandated to establish MSE Facilitation Council (MSEFC) for settlement of delayed payment related disputes. MSEFC hold meetings regularly and delayed payment cases have to be decided within a period of 90 days. However as per the Samadhan Portal, out of the 872 applications filled by MSMEs in Himachal Pradesh 93% of the applications are incomplete.



Interactions with the MSEFC of Himachal Pradesh revealed that despite several requests to the Ministry of MSME for trainings on using the Samadhaan Portal, they were not capacitated to use the portal, owing to which the council is not actively using this portal.

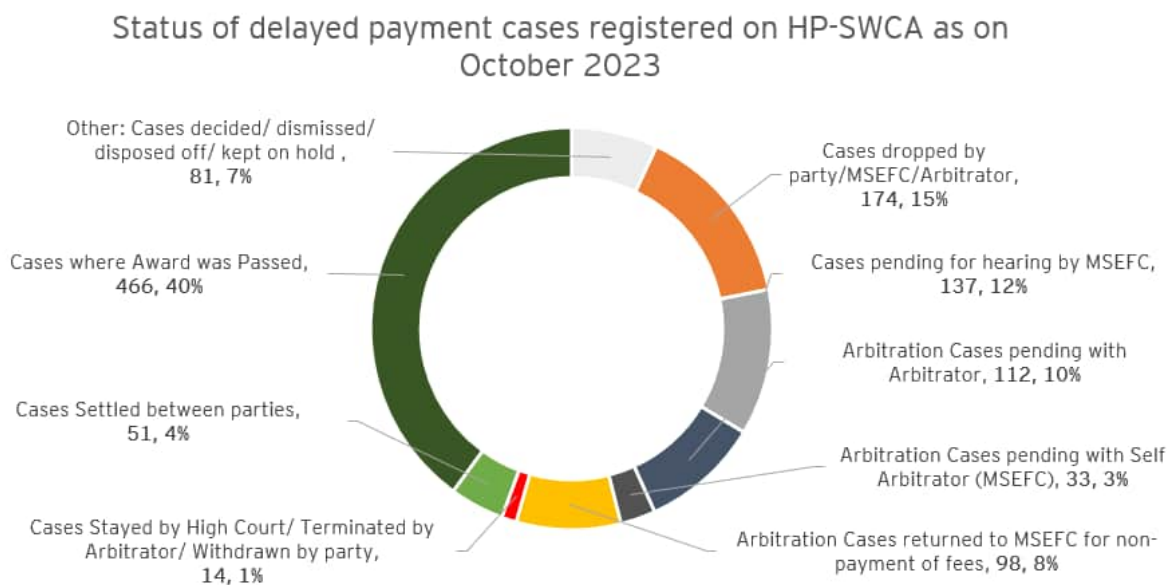


Figure 209: Status of delayed payment cases registered on HP-SWCA

Until 2021, HP-MSEFC was receiving all applications for cases of delayed payments through offline means. Since 2021, the state has set-up a separate portal on the Single Window Clearance System, which is streamlined and facilitates the needs of the MSEFC for receiving applications, sending intimations etc.

As per the data provided by the Directorate of Industries, HP, **1166 cases were received through offline methods and the SWCA portal until 4th October 2023**. Out of which: in **4% of cases were settled among parties**, **40% cases were rewarded an award by the arbitrator**, **12% cases were pending hearing by MSEFC**, **10% cases were pending hearing by arbitrator** and **3% cases were pending for self-arbitration by MSEFC** and remaining cases were classified in other categories as shown in figure herewith.

The MSME Ecosystem has low to moderate awareness of the provision of a grievance redressal mechanism for Delayed Payments. The MSME Samadhaan Portal which is a Delayed Payments Monitoring System released in 2017 and the SWCS Portal of HP for grievance redressal came into existence in 2021. The industry raised questions on effectiveness of these portals in solving cases and questioned about interventions of the State Government on the same, as they were facing recurring issues regarding delays in the release of funds from buyers.

Upon conversing with MSMEs it was understood that:

- ▶ Resolving delayed payments was seen by the industry as a time consuming and delayed process, resulting in low satisfaction on the intervention.
- ▶ High turn-around time for communication on cases between respondent and government, which results in low trust on government processes in conflict resolution.



- ▶ Poor efficiency of the Resolution System: The MSEFCs verdict does not mandate the buyer to pay the amount, giving them the option to going to court which ultimately defeats the purpose of having an MSEFC
- ▶ Logistical concerns of a centralized MSEFC with sittings only in Shimla makes it difficult for MSMEs from farther districts to participate in the resolution process and hearings.
- ▶ Low probability of recovering payments owing to implementation challenges.

The associations requested that **process of handling of complaints related to delayed payment may be made easier and resolving the issues related to payment delay at district level itself for so that timely resolution can be provided.** The payments issues related to export overseas may also be considered.

6.5.4 Proposed Project Design Concept, Feasibility and Viability

The following are the designed interventions to put in place the Samadhan Portal Enhancement Project:

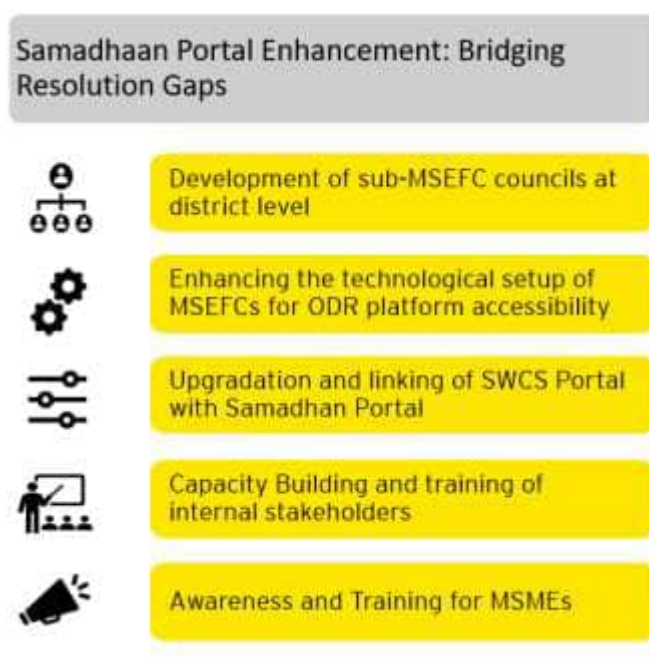


Figure 210 Samadhan Portal Enhancement: Bridging Resolution Gaps: Proposed Project Design Concept

6.5.4.1 Focus Area 1: Development of sub-MSEFC councils at district level

Himachal Pradesh being a geographically challenging state because of hilly terrain, dispute resolution being focused on a single MSEFC council, makes the process difficult for MSMEs lying distant from the capital i.e. Shimla. Hence creation of sub-MSEFC councils in 4 additional districts basis presence of MSMEs and geography would be essential to encourage MSMEs to make use of this facility. The state government would be allotting the following budget for creation of these 4 councils.



Table 64: Samadhan Portal Enhancement: Bridging Resolution Gaps- Focus Area 1

Focus Area 1- Development of sub-MSEFC councils at district level					
Components	No: of Units/ Districts/ MSME	Unit Cost	Budget	Impact	Remarks
Development of sub-MSEFC councils at district level	4	20,00,000	60,00,000	4-fold increase in capacity of MSEFC to accommodate dispute resolution cases	A budget of 5 lakhs per annum for each additional council for a period of 4 years.

6.5.4.2 Focus Area 2: Enhancing the technological setup of MSEFCs for ODR platform accessibility

An analysis was conducted by the department to understand shortcomings in technical infrastructure at the Department concerning MSEFCs. This revealed the requirement for upgrading technical/ICT infrastructure (machinery and equipment) to elevate the capacity of MSEFCs, as the current infrastructure available only encompasses basic ICT tools. To tackle this, the government plans to offer one-time financial aid to MSEFCs for enhancing their IT infrastructure. This support will cover the procurement of computers, laptops, projectors, printers, and software applications required for utilizing ODR platforms. The overall estimated cost for upgrading the infrastructure across 5 MSEFCs stands at INR 75 Lakhs. Specifics regarding the financial aid for all MSEFCs are provided in table below:

Table 65: Samadhan Portal Enhancement: Bridging Resolution Gaps- Focus Area 2

Focus Area 2- Enhancing the technological setup of MSEFCs for ODR platform accessibility					
Components	No: of Units	Unit Cost	Budget	Impact	Remarks
Desktop (11th Gen, SSD-1TB, RAM above 8 GB, Windows 10 etc.); Laptop (Monitor 24, Intel Core i7 11th Gen. 4.7 GHz, SSD-1TB, RAM above 16 GB, All-in-one colored laser Printer; Stylus Pen Enabled Display Screen; LED Display Unit for Display Board; Document Signer;	5	₹ 15,00,000	₹ 75,00,000	Development of Infrastructural Capacity of MSEFC to handle cases with increased speed and quality	The budget provided is an approximate estimated budget. The list of components specified is as per the list recommended by MoMSME



VC Studio; Monitor (24 Inches) for Litigants; Document Visualizer.					
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6.5.4.3 Focus Area 3: Upgradation and linking of SWCS Portal with Samadhan Portal

While Samadhan Portal serves as a good platform for registration of applications and cases, a customized solution for MSEFCs is already being successfully used through the SWCS portal of Himachal Pradesh. Hence, in order to deliver improved outcomes, it would be essential to interlink the two platforms. Additionally, the state should also integrate advanced technologies in its existing platform as that in its current form has very basic functionalities with a lot of work still being handled by employees in the department. The budget charted for this is given below as an indicative figure. The accurate expense would be as per the actual spending.

Table 66: Samadhan Portal Enhancement: Bridging Resolution Gaps- Focus Area 3

Focus Area 3- Upgradation and linking of SWCS Portal with Samadhan Portal				
Components	Unit Cost	Budget	Impact	Remarks
Upgradation and linking of SWCS Portal with Samadhan Portal	₹ 50,00,000	₹ 50,00,000	Improved efficiency of dispute resolution system	* The budget charted for this is given below as an indicative figure. The accurate expense would be as per the actual spending.

6.5.4.4 Focus Area 4: Capacity Building and training of internal stakeholders:

Empanel legal experts, curating training content, conducting training programs

Alongside creation of sub-MSEFC councils it would be pertinent to deliver quality legal and operational, capacity building trainings to the members and operational teams of these new councils to ensure quality of dispute resolution awards rewarded. The department will be empaneling legal experts for conducting the training and awareness sessions. Learning videos and training content will be created by using innovative ICT tools for the effective communication of the scheme to the officials of the department.

Additionally, a major reason for lack of use of Samadhan Portal by the MSEFC and dispute resolution council in Himachal Pradesh is because of lack of training provided by MoMSME despite multiple request communications. Hence, training and capacity building of current council will also be necessary.

The table below highlights the budgetary requirements for this focus area:

Table 67: Samadhan Portal Enhancement: Bridging Resolution Gaps- Focus Area 4

Focus Area 4: Capacity Building and training of internal stakeholders						
Components	No: of Units/	No: of sessions	Unit Cost	Budget	Impact	Remarks



	Districts/ MSME					
Capacity Building and training of internal stakeholders	12	8 (2 per year)	2,50,000	2,40,00,000	Smoother and effective resolution of dispute cases, increase in number of resolutions	

6.5.4.5 Focus Area 5: Awareness and Training for MSMEs

Although MSMEs in the state have some level of understanding of the Samadhan Portal and dispute resolution through MSEFC in the state there were confusions regarding process of resolution, effectiveness of awards rewarded, process of filling forms etc. To reduce this and make MSMEs more aware and better equipped with the process of dispute resolution the department will conduct awareness and training sessions with MSMEs in each district twice a year for the four years of implementation of RAMP. These trainings will aim to achieve several goals:

- ② Raise awareness among MSEs about the purpose of MSEFCs, SAMADHAAN, and ODR.
- ② Educate MSEs on methods to resolve issues related to delayed or unpaid payments.
- ② Inform MSEs about legal procedures and available provisions for resolving their grievances.
- ② Assist MSEs in utilizing the existing platform to lodge and monitor their complaints effectively.

The table below highlights the budgetary requirements for this focus area:

Table 68: Samadhan Portal Enhancement: Bridging Resolution Gaps- Focus Area 5

Focus Area 5- Awareness and Training for MSMEs						
Components	No: of Units/ Districts/ MSME	No: of sessions	Unit Cost	Budget	Impact	Remarks
Awareness and Training for MSMEs	12	8	1,50,000	₹ 1,44,00,000	MSMEs will be better equipped to utilize dispute resolutions facilities of Samadhan,	



					MSEFC, ODR etc.	
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6.5.5 Approach and Methodology for Implementation

- ▶ The Department of Industries will be responsible for forming sub MSEFC councils in 4 additional districts.
- ▶ The SPIU in collaboration with the DIC and DC offices will conduct trainings along with required content preparation and can also handle the PR or outreach implementation plan.
- ▶ Procurement of technical upgradation equipment's will be done by the Department with support of SPIU through competitive bidding/ GeM portal.
- ▶ An expert agency would be selected based on competitive bidding process to undertake the upgradation and linking of Single Window portal with Samadhan Portal
- ▶ Proposed resources at DICs and DC offices in every district would provide support to this agency for programme implementation.
- ▶ The SPIU in collaboration with the DIC and DC offices will conduct trainings along with required content preparation and can also handle the PR or outreach implementation plan.

6.5.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ In order to enhance the dispute resolution system currently at use with the HP MSEFC through the Single Window Portal, the portal would be linked to the Gol Samadhan Portal and upgraded. These upgradation would include creation of separate dashboards for 4 sub MSEFC councils, upgradation of portal features and linkages with Gols Samadhan Portal. This will enable HP MSEFC to uptake speedy and swift resolution of cases registered making use of advanced innovative technology features. More MSME sand Government employees would be trained on using of these ICT solution to ensure active usage of these platforms.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.5.7 Timeline for Achievement of Project Deliverables



Table 69: Samadhan Portal Enhancement: Bridging Resolution Gaps- Timeline for Project Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	No: of cases resolved through Samadhan/SWCS	466	200	300	400	500	1866
2	Establishment of MSEFC Councils	1	2	1	1		5
3	Upgradation of Samadhan Portal to link with SWCS and ODR	N.A.	Development and Testing	Adoption and Usage		Impact Assessment	-
4	Trainings for Govt. staff	0	24	24	24	24	96 sessions
5	Trainings for MSMEs	0	24	24	24	24	96 sessions

6.5.8 Project Budget and Costing



Table 70: Samadhan Portal Enhancement: Bridging Resolution Gaps- Budget and Costing

S. No	Indicator	Intervention	Year 1	Year 2	Year 3	Year 4	Total Budget Outlay	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing GoHP scheme financing (₹ crores)
1	No: of cases resolved through Samadhan/ SWCS Establishment of MSEFC Councils Upgradation of Samadhan Portal to link with SWCS and ODR	Development of sub-MSEFC councils at district level	0.30	0.15	0.15	-	0.60	-	0.60
2		Enhancing the technological setup of MSEFCs for ODR platform accessibility	0.45	0.15	0.15	-	0.75	0.75	-
3		Upgradation and linking of SWCS Portal with Samadhan Portal	0.50	0.25	0.15	0.10	0.50	0.50	-
4		Capacity Building and training of internal stakeholders	0.60	0.60	0.60	0.60	2.40	2.40	-
5		Awareness and Training for MSMEs	0.36	0.36	0.36	0.36	1.44	1.44	-
	TOTAL						₹ 5.69	₹ 5.19	₹ 0.60



6.5.9 Estimated Impact

The project is envisaged to have the following impact:

1. **1400 cases resolved** through Samadhan and HP Single Window System, **2400 govt. staff trained** on the system and mechanism of dispute resolution, **2400 MSMEs trained on filling forms and awareness** on Samadhan Portal, Single Window Portal and dispute resolution mechanism.
2. **Strengthened Resolution Mechanism:** The establishment of four MSEFC Councils and the integration of Samadhan Portal with SWCS and ODR have collectively contributed to a more robust and efficient case resolution system.
3. **Enhanced Accessibility:** The upgraded Samadhan Portal facilitates improved accessibility, providing stakeholders with a streamlined and integrated platform for case management.
4. **Technological Advancements:** The integration with SWCS and ODR signifies a commitment to leveraging technology for optimizing dispute resolution processes.

6.5.10 Plan for strengthening M&E Framework of the project

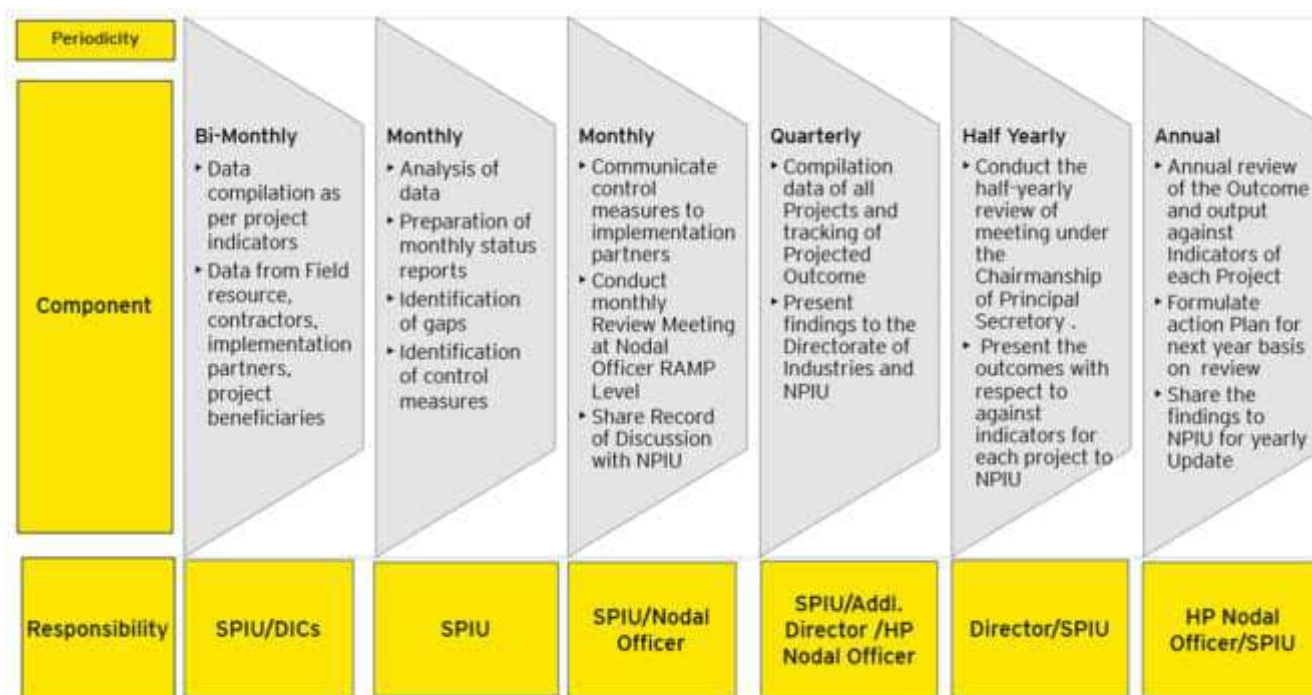


Figure 211: Monitoring and Evaluation Framework of the Project



6.6 P6: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive

6.6.1 Alignment of project with respect to RAMP Programme Objectives

Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive			
Objective:	Objective 4: Strengthening the receivables financing market		
Key Result Areas (KRAs):	KRA 2: Support to Market Access, Firm Capabilities and Access to Finance		
Applicable Indicator(s)	Disbursement	Linked	DLI 4: Strengthening the receivable financing market for MSMEs

6.6.2 Problem Statement

MSMEs and PSEs in Himachal Pradesh have low presence on the TReDS platform to utilize online bill discounting facilities primarily due to lack of awareness, incentives to get onboarded and high discounting fees charged.

6.6.3 Issues and Challenges

Table 71: High-level of discounting on TReDS Platforms leading to operational losses in MSMEs

Particular	Total HP	Total- All India	HP as a % of overall total
No: of MSMEs registered on TReDS from HP	294	50,000	0.6
Total Buyer registered from HP State	18	-	-
Central Public Sector Units (CPSUs) registered on TReDS from HP	2	195	1.0
Companies from HP with over 500 crore turnovers registered on TReDS	7	1,673	0.4
No: of Invoices from HP discounted on TReDS in FY 2022-23	2853	-	-
Volume of trade from HP discounted on TReDS in FY 2022-23 (In Rs. Crore)	261.96	76,500	0.3

Analysis conducted by the EY Team revealed that Himachal Pradesh fares very poorly in the overall performance and uptake of TReDS in the country. **With just 294 MSMEs and 18 buyers**



registered across the three major platforms (ATReDS, RXIL and M1xchange) Himachal Pradesh contributed 0.3% of the overall volume of trade discounted on TreDS in FY23.

Low awareness on the TReDS Platforms was a major issue which was highlighted across multiple districts, which has been discussed in detail in Access to Finance. Major causes of low penetration of TReDS amongst MSMEs are **low levels of digitization, lack of awareness and knowledge about its benefits, lack of trust on digital financial transactions platform.** Additionally, it is observed that **buyers do not have any incentive to register and transact through TReDS.**

While only a handful of enterprises were aware of the platform, those who were aware or had used the facility faced challenges in invoicing, getting buyers onboard, time delays etc. Stakeholders highlighted that to create a lucrative marketplace for buyers, the financiers present within the platform offer high receivable discounting rates, which makes MSMEs progressively lose money on transactions and operations executed through these platforms. **The stakeholders requested that the government should cap the maximum discounting rate that the financiers can charge on the platform.**

6.6.4 Proposed Project Design Concept, Feasibility and Viability

The following are the designed interventions to put in place the Project to Enhance TreDS penetration in Himachal:

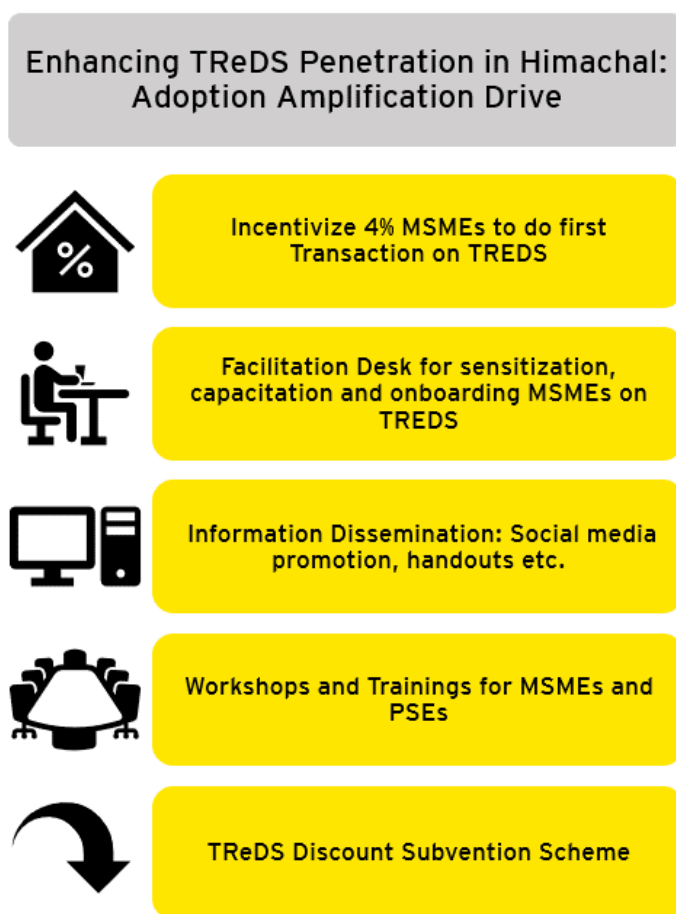


Figure 212 Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive: Proposed Project Design Concept



6.6.4.1 Focus Area 1: Incentivize MSMEs to do first Transaction on TReDS

To encourage MSMEs get onboarded and use TreDS platform, the RAMP fund can support the waive off of registration fee of Rs. 5000 for 10000 MSMEs over a period of 5 years. This incentive can be provided to the TreDS empaneled onboarding agencies by the State PIU. The budget allocation for this incentive is provided below:

Table 72: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Focus Area 1

Focus Area 1- Incentivize 10% MSMEs to do first Transaction on TReDS				
Components	No: of MSME	Unit Cost	Budget	Impact
Incentivize 10% MSMEs to do first Transaction on TReDS	10000	5000	5 crore	10000+ transactions on TReDS

6.6.4.2 Focus Area 2: Facilitation Desk for sensitization, capacity enhancement and onboarding MSMEs on TReDS

To improve functioning of TreDS in HP, the State PIU will have to ensure the following:

- ② Educating both Public Sector Enterprises (PSEs) and MSMEs about TReDS
- ② Enabling the onboarding of PSEs and MSMEs onto the TReDS platform
- ② Ensuring timely realization and processing of payments to fulfil working capital requirements.

The Department of Industries through the State PIU will forge linkages with **ATReDS, RXIL and M1xchange** or other subject matter experts to conduct three-day facilitation desks twice every year in every district. Collaborations with Industry Associations will be done to ensure turn out of MSMEs. This will support industry associations in motivating their members to enroll on TReDS. The facilitation desk will assist with the following:

- ② Identifying relevant MSMEs for onboarding and gathering their information.
- ② Understanding TReDS onboarding process, and invoice uploading.
- ② Providing insights into the real time onboarding benefits for MSMEs.
- ② Handholding MSMEs onboarding on TreDS platform.

The State PIU in collaboration with the TReDS platform providers viz. Invoicemart, RXIL, and M1xchange would also organize one-day training program on TReDS and its benefits for key stakeholders such as District Industries Centre (DIC), MSMEs, PSUs, Financial Institutions, NBFCs, etc.



Table 73: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Focus Area 2

Focus Area 2- Facilitation Desk for sensitization, capacity enhancement and onboarding MSMEs on TReDS					
Components	No: of Districts	No: of session	Unit Cost	Budget	Impact
Facilitation Desk for sensitization, capacity enhancement and onboarding MSMEs on TReDS	12	8 (2 per yr for 4 yrs)	1,50,000	1.44 crore	Onboarding of MSMEs and PSEs on TReDS

6.6.4.3 Focus Area 3: Social media promotion, Handouts, communication tools for information dissemination

The State PIU will engage social media consultants to conduct marketing, promotion, and branding of the scheme to extend its reach to a larger number of MSMEs in the state. Annual campaigns for TReDS will be executed, employing essential ICT solutions. In addition to social media promotion, offline events, handouts and content marketing would be conducted to make MSMEs aware of TReDS and its benefits. Considering this to be an annual event the budget for the same is provided below:

Table 74: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Focus Area 3

Focus Area 3- Social media promotion, Handouts, Communication tools for information dissemination				
Components	No: of years	Unit Cost	Budget	Impact
Social media promotion, Handouts, Communication tools for information dissemination	4	5,00,000	20,00,000	Improved awareness and adoption of TreDS by MSMEs, PSEs and NBFCs

6.6.4.4 Focus Area 4: Workshops and Trainings for MSMEs and PSEs

In Himachal Pradesh, the imperative to conduct workshops and training sessions for Micro, Small, and Medium Enterprises (MSMEs) and Public Sector Enterprises (PSEs) on Trade Receivables Discounting System (TReDS) is paramount. TReDS, as a digital platform for financing and managing trade receivables, holds the potential to significantly enhance the financial ecosystem for businesses in the state. Through tailored workshops and training programs, MSMEs and PSEs can gain comprehensive insights into the functionalities and benefits of TReDS. These sessions would facilitate a deeper understanding of how the platform streamlines the invoicing and payment processes, accelerates cash flows, and provides access to timely working capital. Moreover, by fostering awareness and proficiency in utilizing TReDS, the workshops aim to empower businesses to leverage this financial tool



effectively, contributing to the overall economic growth and sustainability of enterprises in Himachal Pradesh.

Table 75: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Focus Area 4

Focus Area 4- Workshops and Trainings for MSMEs and PSEs				
Components	No: of sessions	Unit Cost	Budget	Impact
Workshops and Trainings for MSMEs and PSEs	96	250000	2.4 Cr.	2400 MSMEs sensitized on TReDS awareness

6.6.4.5 Focus Area 5: TReDS Discount Subvention Scheme

One of the major reasons for low uptake of TReDS platform by MSMEs was found out to be high discounting rates charged by banking institutions in the platform. Considering this has become a hinderance in onboarding MSMEs to TReDS platform, it is proposed that the HP Industries Department through RAMP's support provide a discount subvention to MSMEs on using TReDS platform for bill discounting. A 3% subvention on the existing 6.5-10% discounting rate would be provided for bills worth a total of 100 cr. every year for 4 years. This would require the creation of a fund worth 12 Cr. which would enable the provision of this discount subvention. Average limit on size of trade per MSME for interest subvention eligibility would be 0.33 crore per year. A target of 300 MSMEs per year would be aimed for inclusion in this subvention scheme.

TReDS Discount Subvention and Impact Calculation	
Particulars	Amount in Rs. / Units
Volume of trade targeted for YoY discounting	100 Cr.
Volume of trade targeted for discounting in 4 years	400 Cr.
Rate of discounting subvention to be provided	3%
Discount Subvention Fund	12 Cr.
Current figures of TReDS in HP	
Current approx. volume of YoY trade	300 Cr.
Current approx. no: of invoices discounted YoY	3000
Current approx. no: of MSMEs registered on TReDS	300
Average no: of invoices discounted per MSME	10
Average volume per invoice	0.1 Cr.



Average MSMEs benefitted through discount subvention	
Average no: of invoices availing discount subvention per year	1000
Average no: of MSMEs availing discount subvention per year	300
Average limit on size of trade per MSME for interest subvention	0.33 Cr.

Table 76: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Focus Area 5

Focus Area 5- TReDS Discount Subvention Scheme				
Components	No: of years	Yearly Cost	Budget	Impact
TReDS Discount Subvention at 3%	4	3 Cr.	12 Cr.	Discount subvention provided for bills discounted worth 400 Cr.

6.6.5 Approach and Methodology for Implementation

- ▶ The department will devise the implementation of discount subvention and onboarding fee reimbursement through including it as a scope of the Industrial Investment Policy 2019.
- ▶ As a first step toward implementation the department would sign an MOU with the respective agencies who are implementing TReDS: RXIL, m1exchange and ATReDS. These agencies will be responsible for awareness, capacity building and onboarding of MSMEs to the platforms.
- ▶ Experts from the respective agencies would be responsible for conducting facilitation desks for onboarding MSMEs and workshops and trainings for MSMEs and PSEs.
- ▶ The SPIU along with the proposed resources at DICs and DC offices in every district would provide support to this agency for programme implementation.

6.6.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Facilitation Desks to onboard MSMEs: Active use of ICT tools would be implemented as facilitation desks would be enabling MSMEs to directly onboard on TreDS platform.
- ▶ Information Dissemination through active social media page: Use of Social Media to enhance awareness on TreDS would bring in new age use of innovative solutions to address information dissemination.
- ▶ Workshops and trainings: Use of videos, gamified content and other innovative ICT tools would be used in workshops and trainings to sensitize MSMEs on TreDS platforms.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.



- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.6.7 Timeline for Achievement of Project Deliverables

Table 77: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Timeline for Project Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	MSMEs onboarded on TReDS	294	2500	2500	2500	2500	10294
2	Volume of invoices discounted on TReDS yearly	2853	5000	5000	5000	5000	23000
3	No: of invoices provided discount subvention	0	1000	1000	1000	1000	4000
4a	Facilitation Desks	0	24	24	24	24	96
4b	MSMEs given facilitation support	0	360	360	360	360	1440
5a	Workshops and Trainings for MSMEs and PSEs	0	24	24	24	24	96
5b	MSMEs sensitised through workshops and trainings	0	610	610	610	610	2440

6.6.8 Project Budget and Costing



Table 78: Enhancing TReDS Penetration in Himachal: Adoption Amplification Drive- Budget and Costing

S. No:	Indicator	Intervention	Year 1	Year 2	Year 3	Year 4	Total Budget Outlay (₹ crores)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
1	Volume of invoices discounted on TReDS yearly	Incentivize 10% MSMEs to do first Transaction on TReDS	1.25	1.25	1.25	1.25	5	5	-
2	MSMEs onboarded on TReDS	Facilitation Desk for sensitisation, capacitation and onboarding MSMEs on TReDS	0.36	0.36	0.36	0.36	1.44	1.44	-
3		Information Dissemination: Social media promotion, handouts etc.	0.05	0.05	0.05	0.05	0.2	0.2	-
4	No: of workshops conducted	Workshops and Trainings for MSMEs and PSEs	0.60	0.60	0.60	0.60	2.40	2.40	-
5	TReDS discount subvention scheme	Discount subvention at 3%	3.00	3.00	3.00	3.00	12.00	12.00	-
TOTAL							21.04	21.04	-



6.6.9 Estimated Impact

The project is envisaged to have the following impact:

- ▶ To achieve 4000+ transactions on TReDS by the end of four year of implementation
- ▶ Onboarding of MSME and PSEs on TReDS Platform through aggressive awareness sessions.
- ▶ 2400+ MSMEs sensitised on TReDS and 1400+ MSMEs given facilitation support for onboarding TReDS.
- ▶ Around 1200 MSMEs provided discount subvention at 3% for bills discounted on TReDS.

6.6.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against Indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 213: Monitoring and Evaluation Framework of the project



6.7 P7: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network

6.7.1 Alignment of project with respect to RAMP Programme Objectives

Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network	
Objective:	Objective 4: Strengthening the receivables financing market Objective 5: Enhancing guarantee products towards increased greening and gender participation
Key Result Areas (KRAs):	KRA 2: Support to Market Access, Firm Capabilities and Access to Finance
Applicable Disbursement Linked Indicator(s):	DLI 5: Enhancing Effectiveness of CGTMSE and "GG" delivery

6.7.2 Problem Statement

MSMEs in Himachal Pradesh are finding it difficult to access collateral free loans. Poor accounting standards in MSMEs lead to poor credit bureau rankings, reducing their scope to access formal credit. Bankers have poor risk-taking capacities with MSME lending and poor awareness on their functionalities and challenges. Their awareness on institutional and alternate financing option available in the market is poor. They do not have facilitation support to access need-based financing. Moreover, there is poor provision and awareness on customized financial products for SMEs.

6.7.3 Issues and Challenges



Figure 214 : Credit advanced to MSMEs in HP

As per data shared by the HP state SLBC Committee (provided in Annexures) the total loan outstanding to MSME sector as on June 2023 stood at ₹1738.41 crores. Year on year



calculation for credit extended to MSMEs is provided in the figure above with the overall credit from October 2021 to September 2022 stood at ₹1801.72 crores. The **average size of lending** as observed from total outstanding and total number of MSMEs who benefitted stood at ₹4.78 lakhs for micro enterprises ₹48.26 lakhs for small enterprises and ₹158.53 lakhs for medium enterprises.

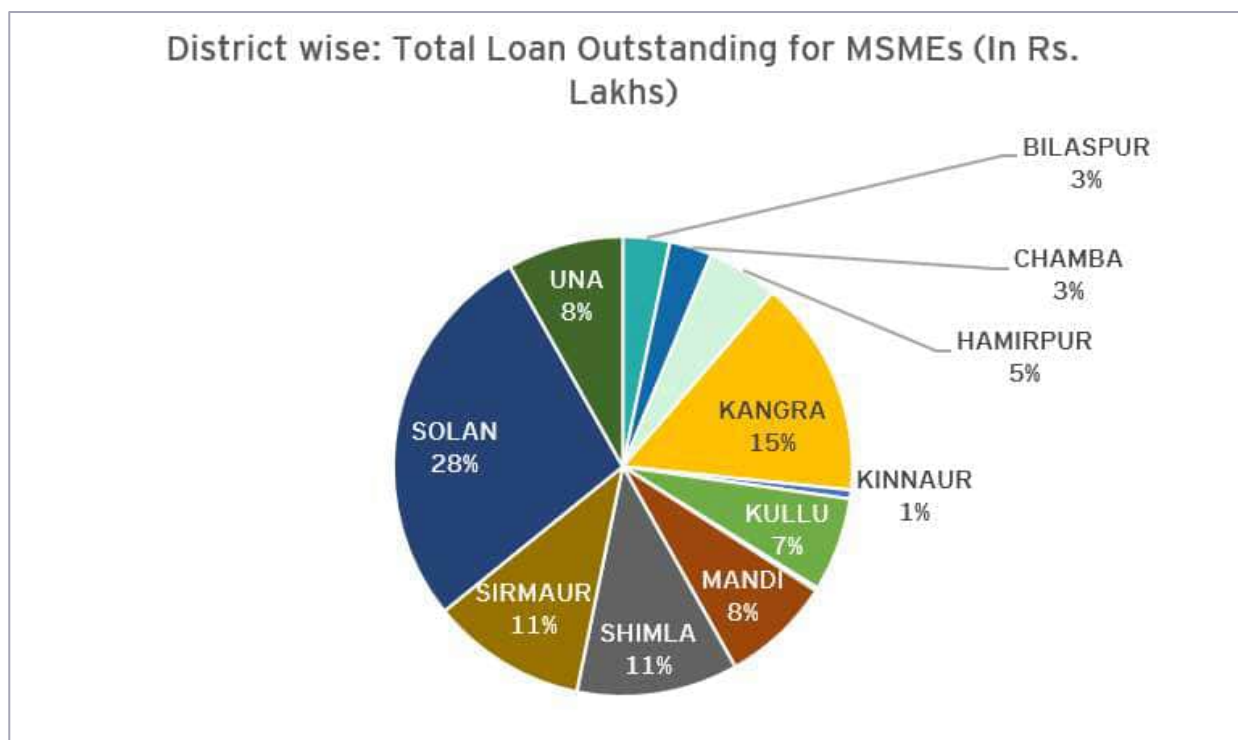


Figure 215: District wise: Total loan outstanding for MSMEs

District wise distribution of credit advance also shows that the **highly industrialized districts** such as Solan, Sirmaur and Una constitute around 47% of the total MSME credit advances availed. Followed by the **districts moderately industrialized and populated by MSMEs** such as Kangra, Shimla with 26%. Kullu and Mandi together follows with a total share of 15%. The rest of the districts comprise just 12% of the overall credit advanced.

Extensive stakeholder consultations revealed that, across all districts, there was a general **lack of awareness on credit guarantee schemes available to MSMEs for access to finance, especially amongst small and micro enterprises.**

Stakeholders who were aware of the CGTMSE scheme informed that the implementation of the scheme at ground level is not up to the mark and that the **banks do not approve loans under CGTMSE despite all the conditions being satisfied. Stakeholders responded by saying that banks seldom justify rejections with reasons.**

The loan offtake and margin money/subsidies provided by the lending institutions to MSMEs in the state have only been satisfactory even though numerous government initiatives and the priority sector lending mandates have been operationalized.

During interactions it was put up by MSMEs in Handlooms Sector that although they were aware of schemes such as CGTMSE they were looking for soft loans with lower interest rates



so that the industries will have more money to spend on marketing, promoting, or managing the artisans (Handloom).

Bankers are increasingly selective in giving collateral free credit to MSME units. Several stakeholders stated that due to the greater credit risk outlook associated with MSMEs, which operate at thin margins and with floating capital bases, banks are reluctant to provide credit as they are concerned about viability of the investment in the longer term. This creates a vicious circle where smaller MSMEs are pushed out of business viability, unable to withstand challenges from the economy and their sector. Even new entrants face the same issue, facing stringent financial audits before being able to access finance, even when applying under credit guarantee schemes. Even without the schemes, **the lack of widespread knowledge especially amongst the smaller MSME units leads to their unintentional financial exclusion, as their loan applications are rejected repeatedly.** Several small entrepreneurs have highlighted this scrutiny as a major hurdle in scaling up their business.

Despite follow-ups, a significant chunk of banking loans applied under PMEGP/CGTMSE were not availed to MSMEs. Business Loans were denied without proper explanations and adequate reasoning of the application's flaws. Corrective actions are seldom provided which can allow reconsideration of the application.

Poor interest by the formal financial banking industry to lend to MSMEs can also be seen in the growth in allocation of target credit in HPs Annual Credit Plan 2022-23. While non-priority sectors and agricultural sector received 13-14% increment in the credit allocation MSME sector saw a meagre growth of 3.61%. Interactions with MSMEs also revealed an increasing preference for borrowing credit from Non-Banking Financial Services and informal sources owing to ease of availability and low processing challenges.

6.7.4 Proposed Project Design Concept, Feasibility and Viability

The following are the designed interventions to put in place the BRIDGE-HP Catalyzing MSMEs Access to Finance via Improved Institutional (CGTMSE) & Alternate Funding Link Project:



BRIDGE-HP: Catalyzing MSMEs Access to Finance via Improved Institutional (CGTMSE) & Alternate Funding Link



Innovation and Development of MSME funding ecosystem through OCEN



Financial Literacy Camps and content development



Training Programme on MSME Finance for Bankers



Insurance Coverage on CGTMSE for Banks



Facilitation Desk for Financial Access

Figure 216: BRIDGE-HP: Catalyzing MSMEs Access to Finance via Improved Institutional (CGTMSE) & Alternate Funding Link: Proposed Project Design Concept

6.7.4.1 Focus Area 1: Innovation and Development of MSME funding ecosystem

State level Stakeholder Conclave:

Considering the evolution of the MSME funding ecosystem with multiple new products being introduced regularly, the options for MSME financing have multiplied significantly. Some of the examples include **Open Credit Enablement Network (OCEN)**, **SME Exchange Market financing**, **Fintech platforms focusing on SME funding (Ex: SME Corner, Indifi Technologies, Clix Capital, Neo Growth etc.)**. However, geographical constraints in the state and poor capacities of MSMEs in the state makes it difficult for spread of reach and awareness of these new age fintech products. Therefore, in order to encourage MSMEs to move out of the age-old methods of funding and introduce and improve awareness on new age funding systems it is important to **bring together relevant stakeholder in the ecosystem which includes Bankers, Fintech Platforms, Lenders and Financing Companies, NBFCs, Loan Source Platforms (LSPs) and MSMEs**. This makes a case to conduct a state level MSME financing stakeholder conclave which would facilitate the purpose of bringing various stakeholder in the MSME financing ecosystem together and improving awareness and uptake of alternative and innovative new age financing solutions.

Interest Subvention for MSMEs to incentivize borrowing through OCEN:



The Open Credit Enablement Network (OCEN) is an open network which codifies the flow of credit between borrowers, lenders, and credit distributors under a common set of

standards. It was created by iSPIRT, a non-profit think tank that was key in implementing public digital infrastructure such as Aadhar and UPI which have reached over 1 billion Indians. By allowing platforms and marketplaces to connect with banks and non-banking lenders to digitize the process of originating, underwriting and servicing a loan, OCEN aims to democratize credit access to small business and vendors, across the country. Through RAMP, Himachal Pradesh can encourage MSMEs to get onboarded on this platform and borrow credit through OCEN supported channels which would revolutionarise the lending ecosystem in HP.

Calculation of Interest Subvention on OCEN	
Details	Amount in ₹ Cr.
TOTAL amount of credit lending through OCEN in 4 years	570
Interest Subvention @ 3%	17.1

Calculation of lending target on OCEN	
Details	Amount in ₹ Cr.
Lending Target Y1	100
Lending Target Y2	120
Lending Target Y3	150
Lending Target Y4	200

The HP RAMP team aims to enable this by providing an interest subvention on credit provided through OCEN supported platforms to the extent of 3%. An overall amount of 570 crores would be eligible for interest subvention for a one-year period, across 4 years. 11500 MSMEs are estimated to benefit from this proposition. A fund worth 17.1 crore would be required to implement this proposition through RAMP financing.

Campaigns to encourage local LSPs and NBFCs to onboard on OCEN:

An integral feature of OCEN is that it brings together Lenders (Banks, NBFCs and Fintechs) and Loan Service Providers (Intermediaries such as online marketplaces and internet startups). Although lending is not geography agnostic, Himachal Pradesh as a state can still encourage their local LSPs who have access to widespread MSMEs in the state and NBFCs FinTech's etc. to get onboarded on the platform.

The table below highlights the budgetary requirements for this focus area:

Table 79: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network- Focus Area 1

Focus Area 1: Innovation and Development of MSME funding ecosystem					
S. No.	Components	No: of Units/ Districts/ MSMEs	Unit Cost	Budget	Impact
1	State level Stakeholder Conclave	1 (unit)	₹ 10,00,000	₹ 10,00,000	250 stakeholders



2	Interest Subvention for MSMEs to incentivize borrowing through OCEN	570 cr.	3% interest subvention	17.1 cr	11500 MSMEs incentivized to borrow through OCEN platforms
3	Campaigns to encourage local LSPs and NBFCs to onboard on OCEN	12 (districts)	₹ 2,50,000	₹ 30,00,000	150-250 stakeholders (NBFCs/ LSPs etc.) and many MSMEs (indirectly)

6.7.4.2 Focus Area 2: Financial Literacy Camps to capacitate MSME on accounting standards and other skills:

Strong accounting standards and credible accounting firms are necessary for MSEs to have quality financial statements. Hence, complementary support to MSEs to improve their financial accounting systems and obtain audits, for instance, through matching grants, is likely to result in more credible SME applications for financing. **To facilitate this, the Department of Industries/ State PIU**, in partnership with the RBI, State Level Bankers Committee, District Industries Centre, and Industrial Association, **will** organize a sequence of 'Financial Literacy Camps for MSMEs. These camps, totaling around 24, will span 12 districts within the State, impacting around 50 MSMEs per session and 1200 MSMEs in total . Tailored specifically for MSMEs and young entrepreneurs, these camps will address the unique requirements of these groups, covering various crucial topics such as financial planning, financial statement preparation, financing sources, working capital and cash flow management, taxation, and Government initiatives for MSMEs. Conducted by seasoned financial professionals, these camps aim to equip MSMEs with the necessary knowledge and skills to proficiently handle their finances and expand their businesses.

The table below highlights the budgetary requirements for this focus area:

Table 80: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network- Focus Area 2

Focus Area 2- Financial Literacy Camps to capacitate MSME on accounting standards and other skills						
S. No.	Components	No: of Units/ Districts/ MSME	No: of Sessions per district	Unit Cost	Budget	Impact



1	Financial Literacy Camps	12 (districts)	8	₹ 2,50,000	₹ 24 cr.	1200 MSMEs (50 MSMEs per camp)
2	Curating training content, learning videos and other material.	1 (One time Cost)	-	₹ 25,00,000	₹ 25,00,000	2500+ MSMEs

6.7.4.3 Focus Area 3: Training Programme on MSME Finance for Bankers:

The MSME Directorate, in partnership with the State Level Bankers Committee and Lead Banks of respective districts, will embark on an initiative to strengthen all MSME branches situated throughout the State. To enhance these branches, a training program focused on disseminating knowledge about MSME finance will be developed for bank employees. A comprehensive instructional kit on MSME finance will be created and provided to member banks to improve their services for MSMEs. This training will encompass classroom, online, and on-the-job components, addressing various modules such as understanding the financial service demands of MSMEs, meeting their financial requirements, conducting economic and financial analysis for MSME clients, evaluating methods for MSME finance, managing monitoring and credit risks in MSME lending, as well as handling non-performing loans. The training sessions are planned to occur quarterly per district each year. The estimated annual cost for implementing this training program on MSME Finance for Bankers is around INR 12 lakhs, supported by the Government of India under the RAMP scheme.

The table below highlights the budgetary requirements for this focus area:

Table 81: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network- Focus Area 3

Focus Area 3- Training Programme on MSME Finance for Bankers						
S. No.	Components	No: of Units/ Districts/ MSME	No: of Sessions per district	Unit Cost	Budget	Impact
1	Training Programme on MSME Finance for Bankers	12 (districts)	4	₹ 1,50,000	₹ 1.2 cr.	1200 bankers and stakeholders trained)



6.7.4.4 Focus Area 4: Insurance Coverage on CGTMSE for Banks

Lack of confidence of Banking Institutions to provide collateral free loans to MSMEs was a major issue pointed out by MSMEs in accessing credit through CGTMSE. The risk of lending to MSMEs being a strong component affecting Bankers a solution to improve lending under CGTMSE would be to provide Insurance Coverage for the 15% of the loan amount which the scheme does not cover for. This can be facilitated through insuring the 15% loan amount by paying a premium for the total of 15% of amount lent under CGTMSE. Under the assumption that the insurance premium is 10%, the average loan disbursed annually under CGTMSE for MSMEs in HPs is around 1000 crores. 10% premium on 150 crores (which is 15% of total credit) would amount to 30 crores. This insurance coverage for banks for CGTMSE would instill confidence amongst banks to lend to MSMEs improving lending rates. Over a long run, MSMEs through proper repayment can build credit viability of MSMEs amongst banking institutions.

Calculation for loan extended through CGTMSE in 4 years

Target for loan extended in Y1	₹ 1000 Cr.
Target for loan extended in Y2	₹ 1150 Cr.
Target for loan extended in Y3	₹ 1350 Cr.
Target for loan extended in Y4	₹ 1500 Cr.
Total loan extended in 4 years	₹ 5000 Cr.

Calculation for guarantee fund

Loan extended under CGTMSE in HP in FY 22	₹ 1000 Cr.
Default amount of state at existing 10% rate	₹ 100 Cr
Existing Guarantee Coverage under CGTMSE	75-85%
Additional Coverage Proposed by State	10%
Annual fund amount to provide 10% extra coverage	₹ 10 Cr.
Fund Calculated Projected for 4 years	₹ 50 Cr.

The table below highlights the budgetary requirements for this focus area:

Table 82: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network- Focus Area 4

Focus Area 4- Insurance Coverage on CGTMSE for Banks						
S. No.	Components	Coverage amount	Insurance Premium @ 10%	No: of years	Budget	Remarks
1	Insurance Coverage on CGTMSE for Banks	150 crore	₹ 10 crore	4	₹ 50 crore	Calculation as provided in above table



In order to implement this the RAMP committee can assign the insurance component to any private insurance player. **A better way for implementation would be to set up the insurance coverage under a fund: HP State Government Coverage fund for CGTMSE.** This fund would be responsible to provide coverage to banks for the 15% risk component in the credit lending for MSMEs under CGTMSE scheme.

6.7.5 Approach and Methodology for Implementation

- ▶ Content Development for trainings would be handed over to an External Expert Agency
- ▶ Campaigns and Financial Literacy Camps will be conducted by SPIU through engaging subject matter experts and industry expert, with the proposed resources at DICs and DC offices in every district.
- ▶ Bankers trainings would be conducted by the SPIU through engaging relevant Subject Matter Experts.
- ▶ Management of guarantee fund: The management of the fund can be allocated to any private insurance agency/ HP Financial Corporation/ SPIU/ a sub-CGTMSE committee etc. Final decision on this component will be taken by the department after consulting with relevant stakeholders.
- ▶ Interest Subvention under OCEN: Department of Industries will sign an MOU with partner organizations (such as SIDBI) who runs OCEN supported platforms (such as GST Sahay) to implement the component of interest subvention.

6.7.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ A major section of the recommendation proposed involves enabling innovative solutions for the financing crises faced by MSMEs through enabling Open Credit Enablement Network in the state. OCEN is an innovative digitally enabled solution which provides MSMEs alternative sources for lending through digital platforms.
- ▶ In addition, the implementation phase would enable onboarding of NBFCs and digital platforms to this platform to offer credit. This involved considerable digital transformation through the OCEN network to facilitate improved credit.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.



6.7.7 Timeline for Achievement of Project Deliverables

Table 83: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network - Timeline for Project Deliverables

S. No:	Indicator	Year 1	Year 2	Year 3	Year 4	Final Total
1a	MSMEs incentivised to borrow from OCEN	2875	2875	2875	2875	11500
1b	State level conclave on innovative financing	1	-	-	-	1
2a	NBFCs/ LSPs onboarded to OCEN	70	60	60	60	250
2b	Campaigns to encourage LSPs and NBFCs to onboard OCEN	4	4	4	4	12
3a	MSMEs trained on financial literacy	300	300	300	300	1200
3b	Financial Literacy Camps	24	24	24	24	96
4a	Bankers trained on MSME Financing	300	300	300	300	1200
4b	Training Programme on MSME Finance for Bankers	12	12	12	12	48
5	Insurance premium on CGTMSE	12.5 crore	12.5 crore	12.5 crore	12.5 crore	50 crore



6.7.8 Project Budget and Costing

Indicator	Intervention	Y1 (₹ crores)	Y2 (₹ crores)	Y3 (₹ crores)	Y4 (₹ crores)	Total (₹ crores)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
MSMEs, NBFCs and LSPs onboarded to OCEN	Innovation and Development of MSME funding ecosystem	4.38	4.38	4.38	4.38	17.50	17.50	-
MSMEs trained on financial literacy	Financial Literacy Camps and content development	0.66	0.66	0.66	0.66	2.65	2.65	-
Bankers trained on MSME Financing	Training Programme on MSME Finance for Bankers	0.30	0.30	0.30	0.30	1.20	1.20	-
Insurance premium on CGTMSE	Insurance Coverage on CGTMSE for Banks	15	15	15	15	50	45	5
TOTAL						₹71.35	₹66.35	5

Table 84: Catalyzing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network- Budget and Costing



6.7.9 Estimated Impact

The project is envisaged to have the following impact:

1. Asses in increased coverage to banks for the 15% risk component in the credit lending for MSMEs under CGTMSE scheme
2. Financial Support for 1000 MSMEs to onboard and access credit through OCEN
3. Increased awareness of MSME finance for Bankers
4. Achieved financial literacy for 1200 MSMEs

6.7.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against Indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 217: Monitoring and Evaluation Framework of the Project



D.Champion MSMEs in Greening and Digital Transformation



6.8 P8: Green MSME Innovative cluster Growth

6.8.1 Alignment of project with respect to RAMP Programme Objectives

"Green MSME Innovative cluster Growth"			
Objective:	Enhancing guarantee products towards increased greening and gender participation		
Key Result Areas (KRAs):	RA 2: Support to Market Access, Firm Capabilities and Access to Finance		
Applicable Indicator(s)	Disbursement	Linked	DLI 5: Enhancing Effectiveness of CGTMSE and "GG" delivery

6.8.2 Problem Statement

MSMEs in Himachal Pradesh face a lack of inclusion in national programs for cleaner production, attributed to the state's focus on growth over sustainability. Despite an ecologically fragile environment and increasing climate change concerns, sustainable MSME growth is hindered by low power tariffs and limited grassroots interventions. The state grapples with the complex challenge of achieving sustainable development, balancing economic growth, environmental conservation, and social equity. Issues such as inadequate infrastructure, environmental degradation, and disparities in economic opportunities further complicate this goal. Urgent action is needed to develop context-specific strategies that integrate environmental conservation, social inclusivity, and climate resilience, involving collaboration from various stakeholders to ensure a sustainable future for Himachal Pradesh.

6.8.3 Issues and Challenges

- ▶ Insufficient resource use hampers cost-effectiveness in industrial operations.
- ▶ MSMEs struggle to meet evolving market demands for carbon footprint reduction.
- ▶ Lack of awareness and understanding hinders MSMEs' contribution to national decarbonization goals.
- ▶ Limited awareness about Resource Efficiency and Cleaner Production (RECP) practices and technologies.
- ▶ Shortage of service providers (experts, technology providers, Energy Service Companies, Consultants).
- ▶ Funding challenges persist due to poor awareness and support for green investments.
- ▶ Sustaining intervention results requires continuous monitoring and regular scoping.
- ▶ Insufficient state-level policy instruments hinder green growth in MSMEs.
- ▶ Lower electricity tariffs for industries discourage energy efficiency investments.
- ▶ Expanding bioenergy use requires significant investment and infrastructure development.



- ▶ Inadequate waste management infrastructure leads to improper disposal, requiring awareness campaigns and investments.
- ▶ Transitioning to a circular economy faces challenges of limited awareness, lack of incentives, and infrastructural constraints.
- ▶ Limited public awareness impedes the adoption of eco-friendly initiatives.
- ▶ Inconsistent policies create uncertainty for businesses and investors in bioenergy, waste management, and circular economy practices.
- ▶ Limited market demand and infrastructure hinder the growth of waste-to-value products.
- ▶ Challenges in developing economically sustainable business models for waste-to-value initiatives.
- ▶ Inadequate wastewater treatment facilities, especially in rural areas, contaminate water sources.
- ▶ Limited awareness about water recycling and proper treatment technologies among industries and communities.

6.8.4 Proposed Project Design Concept, Feasibility and Viability



Figure 218 Green MSME Growth: Proposed Project Design Concept

6.8.4.1 Focus Area 1: Green Steps Himachal: Empowering MSMEs on the Path to Green Growth

Aligned to the above reasoning, related grassroot level interventions are very few in the state with lack of awareness being the first deterrent followed by fewer service providers, funding constraints coupled with lack of actual benefit realization by MSMEs.

The focus area entails the following components:

- ▶ Awareness and capacity building programmes for MSMEs



- ▶ MSME Environment Performance Index - Development of a portal to support and monitor Greening of MSMEs in HP
- ▶ Facilitate resource efficient cleaner production scoping studies in MSMEs
- ▶ Capacity Development of Bankers, Auditors on financing of green investments in MSME

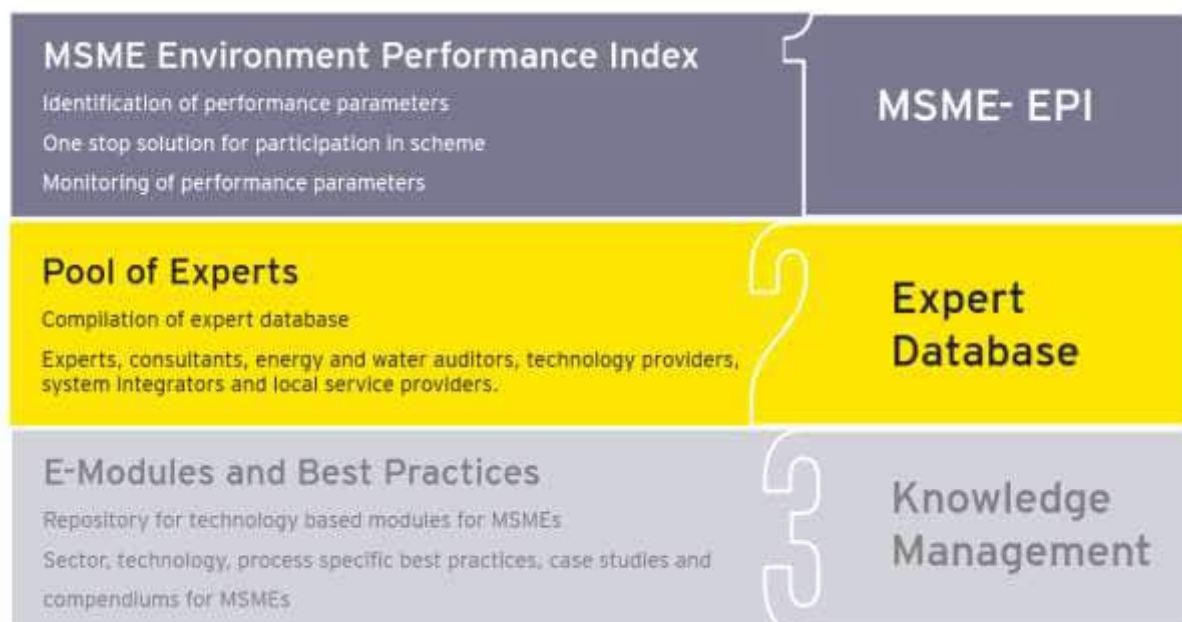
Awareness and capacity Building Programs for MSME

Awareness and capacity Building Programs is a vital component to this project. This will help building an acumen for resource use efficiency among the MSMEs. While awareness programs will be conducted to maximize the reach and securing participation, capacity building programs would be subjects and content oriented aimed at technical capacity enhancement of MSMEs. The awareness programs would primarily focus on sensitizing MSMEs on various schemes, funding sources supporting energy efficiency, renewable energy, water conservation and recycling, waste treatment and recycling, and air pollution control, biodiversity conservation, carbon dioxide (CO₂) emission reduction or adaptation to disasters and climate change. The capacity building activity will be modules based covering specific interventions, best practices, and technology profiling for different sectors.

An expert agency would be onboarded under this project to conduct these programs, develop subject specific MSME relevant content and dissemination in different industrial clusters/districts. The project plans to conduct series of such programs, the year wise distribution over the implementation period is provided in the table.

MSME Environment performance Index- Development of a portal to support and monitor Greening of MSME's in HP

The portal would serve the following purposes as highlighted in the figure below:



The project would develop an integrated web portal to monitor MSME environment performance index. The project identifies performance parameters critical for MSME environment performance monitoring and establish a reporting mechanism.



The existing count of expert resources in the field of sustainability, energy efficiency and resource conservation are limited in the State of Himachal Pradesh. Creation of expert pool is not only important for effective implementation of this project but also to ensure sustainability of interventions after the project is over. This expert pool will comprise consultants, energy and water auditors, system integrators, technology providers, local service providers etc. **The project will liaison with different organizations in the state e.g., central government institutions, leading academic institutions and industry associations to help forge linkages with these resources and create a pool of available resources to support interventions in MSMEs.** The project intends to build a digital repository of these resources along with knowledge modules, best practices, and case studies to be made available to the beneficiary group and related stakeholders integrated with the State RAMP portal.

The potential of operational tool rooms in the region would be explored to identify, train, upskill professionals from the industrial ecosystem. In the long run, consulting in the field of RECP in MSMEs can be established as another revenue stream in such institutions. The role of the institution would primarily be of a facilitator as an interface between experts and MSMEs, the institution may develop competencies to provide technical services in this field.

The district/industrial area level facilitation resources will work in close coordination with different institutions in the state to help identify and onboard relevant experts and resources.

Facilitate resources efficient cleaner production scoping studies in MSME's., as an important component to this project, unit level scoping studies would be carried out with an aim to develop a baseline resource consumption scenario, identify scope for improvement/resource conservation, areas of interventions with respect to sustainability and resource efficient industrial operations. These scoping studies would identify potential projects at unit level, recommend the latest suitable technology, operational modifications and best practices with techno commercial analysis and would also submit a bankable DPR to get the project financed under financial instruments made available by SIDBI, nationalized banks and CGTMSE.

The financial assistance will be linked to implementation of recommended interventions and the incentive will be released only after more than 50% of the recommended interventions have been implemented by the MSME and the saving have been verified by the third-party auditor/expert or proof of investment shave been submitted by MSME.

The Industrial Policy of Himachal Pradesh 2019 incentivizes investment made by MSMEs in water conservation; compliances of Environment, Health, and Safety Standards. Under this incentive MSMEs get reimbursement of 25% of expenditure incurred for the purchase of Plant & Machinery / equipment for setting up of Effluent Treatment Plant (ETP), rainwater harvesting system, subject to maximum of Rs.2 lakhs per enterprise. It also offers reimbursement of 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs.1 lakh per annum.

This incentive will be extended to units implementing resource conservation measures in their units as part of this project and the same is budgeted as contribution of state for this project.

Capacity development of bankers, auditors on financing of Green Investment in MSME, Capacity development of bankers and auditors on financing green investments in MSMEs is crucial to promote sustainable development and support MSMEs transition towards a low-carbon economy. These trainings will build capacity of participants on green investments and



financing models, instruments specifically tailored for green investments in MSMEs. This would also cover aspects such as technology risk, market risk, regulatory risk, performance risk, and environmental impact assessment. Further, provide guidance on how to mitigate these risks through appropriate risk management strategies. Build the capacity of bankers and auditors to analyze the financial viability and potential returns of green investment projects in MSMEs. This includes developing skills to evaluate project feasibility studies, analyze financial statements, assess cost-benefit ratios, and conduct sensitivity analysis for green projects. Familiarize participants with green standards, certifications, and best practices in sustainable financing. This can include understanding criteria such as LEED certification, energy performance standards, environmental management systems, and sustainability reporting frameworks. Separate session for MSMEs on carbon markets and trading mechanisms is also proposed under this focus area where in selected MSMEs will be attending the workshops.

The table below highlights the budgetary requirements for this focus area:

Table 85: Green MSME Innovative cluster Growth- Focus Area 1

Focus Area 1- "Green Steps Himachal: Empowering MSMEs on the Path to Green Growth"						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
Awareness programs	10000	200	150000	Rs 3.00 cr.	More than 10000 MSME have been made aware about the programme	
Capacity Building of MSMEs	10000	200	150000	Rs 3.00 cr.	More than 10000 MSME have enhanced capacity on RECP practices	
Development of integrated web portal, development of technical Content, knowledge management	1	1	15000000	Rs 1.50 Cr.	4000 MSME confirmed participation in the project	Average unit cost is INR 275000, the project intends to cover 3000 Micro enterprises at unit cost of 250000 per unit and 1000



Focus Area 1- "Green Steps Himachal: Empowering MSMEs on the Path to Green Growth"						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
						small and medium enterprises at unit cost of 350000
RECP scoping Study	4200	1	238690	Rs 100.25 Cr.	3000 MSME confirmed participation in the project and agreed to conduct RECP studies in their unit subject to condition of implementing the recommendations	Average unit cost comes out to be INR 286000, the project intends to cover 2500 Micro enterprises at unit cost of 300000 per unit and 500 small and medium enterprises at unit cost of 400000 and 500 buildings/hotels at a unit cost of 100000
Capacity Building of Auditors and Experts on innovative financing for Energy Efficiency	25	8	600000	Rs 0.48Cr.	More than 200 experts, auditors trained on EE/Green financing	
Capacity Building of Bankers on	20	4	600000	Rs 0.24 Cr.	More than 100 Bankers trained on	



Focus Area 1- "Green Steps Himachal: Empowering MSMEs on the Path to Green Growth"						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
financing green projects					financing green projects	
Focused sessions on Carbon markets and trading for select SMEs	500	24	600000	Rs 1.44 Cr.	More than 500 progressive MSME made aware on carbon markets and trading mechanism	

6.8.4.2 Focus Area 2: Green Inno Clusters: Pioneering Sustainable Innovation Clusters for Progress

Achieving sustainable development in Himachal Pradesh is a critical challenge, as the state grapples with issues ranging from inadequate infrastructure and limited access to education and healthcare to environmental degradation and vulnerability to climate change impacts. The rapid growth in tourism, agriculture, and industrialization is exacerbating pressure on natural resources, leading to biodiversity loss and pollution. Balancing the interests of diverse stakeholders, including local communities, businesses, and environmental conservationists, is complicated by the need to foster innovation, create sustainable livelihoods, and enhance social welfare. Robust disaster preparedness, efficient waste management, renewable energy infrastructure, and awareness about sustainable practices are crucial elements lacking in the current scenario. A comprehensive, context-specific approach is urgently required, rooted in community engagement and collaboration among government bodies, businesses, civil society, and local communities to ensure a sustainable future for the state.

Himachal Pradesh faces a complex challenge in promoting economic prosperity and improving residents' quality of life while preserving the delicate Himalayan environment and mitigating climate change effects. The state's vulnerability to natural disasters, inefficient waste management, limited renewable energy infrastructure, and a lack of awareness about sustainable practices further complicate the pursuit of sustainable development. To address these issues, innovative solutions and strategic planning are essential, necessitating collaborative efforts from government bodies, businesses, civil society, and local communities. The development strategies must integrate environmental conservation, social inclusivity, economic growth, and climate resilience, leveraging local knowledge and expertise to ensure a sustainable future for Himachal Pradesh.

The focus area entails the following components:



- ▶ Need Assessment
- ▶ Exposure Visits
- ▶ Project Designing
- ▶ Project Implementation

Need Assessment

As a first step to this project, the SPIU/selected agency would undertake a need assessment to identify diverse set of requirements along with scope which exists in different industrial areas. This would be carried out through definition of scope, identification of relevant stakeholders, consultations, and awareness creation, focus group discussion on subjects of industrial sustainability projects. The project would identify the need and scope for the following projects: - Industrial Green Fuels (Biomass, Bio CNG), Common Utilities, Industrial Waste management Common Renewable Energy Generation (Solar, Wind, Bio) and Energy Management Centers, Zero Liquid Discharge, Waste to Wealth model for Himachal Pradesh.

Exposure Visit

The project would identify relevant organizations and projects across the country and facilitate exposure visits for identified stakeholders and partners to learn and gather firsthand experiences. Such visits would be valuable for the identification and implementation of innovative projects as they would help in improved understanding, gaining confidence, forging cross industry linkage, practical learning & expertise, problem solving and project design improvements. This would help stakeholders in improved decision making for taking the project ideas further to the next level.

Project Configuration and Design

An important and deciding component would be the project designing which would detail out the project's scope, objectives, and expected outcomes and the problems it intends to address. It would also entail the demand analysis, system design configuration and technology needs, infrastructure and resources required coupled with cost benefit analysis. It would also reflect upon the regulatory and other statutory compliances required with potential risk assessment and mitigation strategies. The environment sustainability performance of the project would also be analyzed and an overall implementation timeline for the project would be established. The design will also include defining KPIs and methods for tracking project success against the set objectives.

Project Implementation

The project implementation phase would entail preparation of detailed project report as per the requirements of scheme guidelines of either MSE-CDP or other schemes from ministries such as Ministry of New and Renewable Energy for the Bioenergy programme, Swachh Bharat/ Ministry of Housing and Urban Affairs for Waste to value projects etc. The selected expert agency would also explore the areas of convergence or synergy across different schemes and ministries for implementing the projects.

The table below highlights the budgetary requirements for this focus area:



Table 86: Green MSME Innovative cluster Growth- Focus Area 2

Focus Area 2- "Green Inno Clusters: Pioneering Sustainable Innovation Clusters for Progress"						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
Awareness, stakeholder identification consultations, scope definition	5	4	250000	Rs 0.5 Cr.	Identification of Project and relevant stakeholders	In all districts, twice yearly, 2-month programme, via incubators established (batch size of 10)
Exposure visits to pilot/industrial scale projects established in India	400		75000	Rs 3.0 Cr.	Identification of Project and relevant stakeholders	In all districts, twice yearly, 2-month programme, via incubators established (batch size of 10)
Project design, techno commercial feasibility configuration, supply chain mapping, stakeholder profiling and contribution	10		12500000	Rs 12.5 Cr.	Identification of Project and relevant stakeholders	In all districts, twice yearly, 2-month programme, via incubators established (batch size of 10)
Preparation of bankable DPR for 10 projects and application	10		5000000	Rs 15.0 Cr.	Identification of Project and relevant stakeholders	In all districts, twice yearly, 2-month



Focus Area 2- "Green Inno Clusters: Pioneering Sustainable Innovation Clusters for Progress"						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
under the relevant scheme						programme, via incubators established (batch size of 10)

6.8.5 Approach and Methodology for Implementation

- ▶ The SPIU will enter an MoU with EESL Regional Office in Shimla for providing implementation support to this project.
- ▶ The intent would be to jointly implement the Greening of MSMEs project in the State.
- ▶ SPIU/EESL would initiate a call for empanelment and empanel certified energy/water auditors for providing implementation support to the project.
- ▶ SPIU along with EESL would chalk out a joint implementation plan to obtain expert services, track the progress and disbursement of funds to service providers.
- ▶ The empaneled agencies/experts would be apprised on the operational implementation mechanism of the project.
- ▶ The facilitation resources will coordinate with MSME stakeholders for conduct of awareness workshops and empaneled resources would join as experts.
- ▶ Conduct of capacity building programmes and creation of technical modules would be in the scope of empaneled consultants/resources and will be conducted in consultation with DIC resources.
- ▶ The consultants would be required to provide end to end support to MSMEs, starting from RECP scoping, preparation of bankable DPR, support financing application and implementation support.
- ▶ The DIC resources will coordinate with MSMEs/ Industry associations for conduct of capacity building programmes, the funds allocated would be utilized for the conduct of capacity building programmes.
- ▶ For training of Bankers/Auditors and Carbon markets module training will be coordinated by SPIU in consultation with EESL, the experts would be identified utilizing EESL/BEE network.

6.8.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ MSME Environment performance Index- Development of a portal to support and monitor Greening of MSME's in HP



- ▶ Initially proposed as in-person awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.8.7 Timeline for Achievement of Project Deliverables

Table 87: Green MSME Innovative cluster Growth- Timeline for Project Deliverables

	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
Green Steps Himachal: Empowering MSMEs on the Path to Green Growth	Awareness and Capacity Building and Content Development		80	120	120	80	400
	RECP scoping Studies - MSME level		600	1150	1200	1250	4200
	Capacity Building of bankers and RECP Experts/Auditors		4	3			7
	Capacity Building programs for Auditors/Bankers/Carb on Markets		8	12	8	8	36
	Development of integrated web portal, development of technical content, knowledge management		1				1
Pioneering Sustainable Innovation	Awareness, stakeholder identification consultations, scope definition		10	10	-	-	20
	Exposure visits to pilot/industrial scale projects established in India		4	8	4	-	16



	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
Clusters for Progress	Feasibility studies, forward backward linkages capacity, value chain mapping and system configuration, project profiling, implementation		5	5	-	-	10
	Preparation of bankable DPR for 10 projects and application under the relevant scheme		5	5	-	-	10



6.8.8 Project Budget and Costing

Table 88: Green MSME Innovative cluster Growth- Budget and Costing

Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Program me (₹ Crores)	Conver gence of existing Gol scheme financi ng (₹ Cores)	Conve rgence of existin g GoHP schem e financi ng (₹ Cores)	SPV
Green Growth in MSMEs and increase investments in Green MSME projects	Awareness and Capacity Building and Content Development	₹ 1.20	₹ 1.80	₹ 1.80	₹ 1.20	₹ 6.00	₹ 6.00	-		
	RECP scoping Studies - MSME level	₹ 14.32	₹ 27.45	₹ 28.64	₹ 29.84	₹ 100.25	₹ 100.25		₹ 30.00	
	Capacity Building of bankers and RECP Experts/Auditors	₹ 0.48	₹ 0.24			₹ 0.72	₹ 0.72			
	Capacity Building on Carbon Markets	₹ 0.12	₹ 0.36	₹ 0.48	₹ 0.48	₹ 1.44	₹ 1.44			
	Development of integrated web portal, development of technical content, knowledge management	₹ 0.75	₹ 0.25	₹ 0.25	₹ 0.25	₹ 1.50	₹ 1.50			



	Green Steps Himachal: Empowering MSMEs on the Path to Green Growth					₹ 109.91	₹ 109.91	₹ 30.00		
Pioneering Sustainable Innovation Clusters for Progress	Awareness, consultations and need assessment, identification of stakeholders	₹ 0.25	₹ 0.25	-	-	₹ 0.50	₹ 0.50		₹ 30.00	
	Exposure visits to pilot/industrial scale projects established in India	₹ 0.75	₹ 1.50	₹ 0.75	-	₹ 3.00	₹ 3.00	₹ 140.00		
	Feasibility studies, forward backward linkages capacity, value chain mapping and system configuration, project profiling, implementation	₹ 6.25	₹ 6.25	-	-	₹ 12.50	₹ 12.50			
	Preparation of bankable DPR for 10 projects and Identification, awareness and capacity building of suitable project partners, convergence with government of India schemes MoMSME, MNRE, MeITY etc.	₹ 2.50	₹ 2.50	-	-	₹ 5.00	₹ 5.00			₹ 30.00
	Green Inno Clusters: Pioneering Sustainable Innovation Clusters for Progress					21.00	21.00	140.00	30.00	30.00



6.8.9 Estimated Impact

- ▶ More than 100 experts, auditors trained on EE/Green financing.
- ▶ More than 50 Bankers trained on financing green projects.
- ▶ More than 500 progressive MSME made aware on carbon markets and trading mechanism.
- ▶ Greening Interventions and investments in more than 3000 MSME units
- ▶ Identification of 10 Project and relevant stakeholders
- ▶ Increased confidence building among stakeholders.
- ▶ Project design and configuration completed.
- ▶ Identification of Project and relevant stakeholders

6.8.10 Plan for strengthening M&E Framework of the project

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against Indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 219: Monitoring and Evaluation Framework of the project



6.9 P9: SMART MSMEs

6.9.1 Alignment of project with respect to RAMP Programme Objectives

Quality Champion MSMEs			
Objective:			Enhancing firm capabilities and access to markets Building and integrating technology platforms
Key Result Areas (KRAs):			RA 2: Support to Market Access, Firm Capabilities and Access to Finance
Applicable Indicator(s)	Disbursement	Linked	DLI 1: Implementing Central Government MSME Institutional Reform Agenda

6.9.2 Problem Statement

Businesses that have not embraced technology and failed to keep up with market demands, particularly among MSMEs, face limitations in their growth. While these businesses may continue to be successful due to less demanding customers, their lack of technological adoption hinders their own progress. The rate of adoption of digital technologies has increased substantially because of Covid. However, most MSMEs are still a long way from achieving digital transformation in industrial operations. This can be majorly attributed to the fact that as compared to large scale establishments, the smaller firms (MSEs) have limited financial capabilities, making it challenging to make substantial investments in digital transformation of industrial operations. Digital literacy with respect to application and benefits in MSME operations is another important factor where smaller firms significantly lag.

To overcome these limitations, MSMEs need to prioritize the implementation of digital tools and technologies that allow them to identify and rectify quality issues and track and address operational leaks.

6.9.3 Issues and Challenges

- ▶ Lack of awareness about the benefits of technology solutions among MSMEs, particularly micro enterprises.
- ▶ Limited mental capacity and time for micro enterprises to explore, understand, and adopt technology solutions due to their focus on day-to-day operations.
- ▶ Cost sensitivity of MSMEs, with limited financial resources available for investing in technology solutions.
- ▶ Lack of awareness among MSMEs about government initiatives and schemes supporting digitalization efforts.
- ▶ Absence of simplification of access to government schemes and support for MSMEs to overcome the challenges of limited awareness and financial constraints.



- ▶ Lack of success stories and testimonials from similar businesses to build trust and encourage adoption of technology solutions.

6.9.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:



Figure 220 SMART MSMEs: Proposed Project Design Concept

6.9.4.1 Focus Area 1- Manufacturing Excellence through Digital MSMEs Development

It refers to the use of digital technologies and innovations to improve the quality, efficiency, and competitiveness of micro, small, and medium enterprises (MSMEs) in the manufacturing sector. However, MSMEs face many challenges such as lack of access to finance, markets, technology, skilled manpower, and infrastructure. Therefore, digital transformation can help MSMEs overcome these barriers and enhance their performance.

This focus area covers following components:

- ▶ Identification of Digital Service Provider
- ▶ Shortlisted DSPs to Conduct Awareness Sessions
- ▶ Digital Content Development
- ▶ Detailed feasibility analysis at MSMEs
- ▶ Project implementation in MSMEs
- ▶ Integrated MSME Portal

Identification of Digital Service Provider

This will be done by Identification of digital service providers through EoI or call for empanelment by SPIU in collaboration with tech institutions like NIT Hamirpur/ IIT Mandi and finally 10 service providers will be shortlisted for the required services basis their concept, product, and experience.

Shortlisted DSPs to Conduct Awareness Sessions

In association with leading tech institutions of the state, the selected DSPs will conduct awareness sessions to disseminate the concept of digital transformation in MSMEs, relevance for productivity improvement and economic growth of the units in various clusters. There will be a total of 60 awareness programmes to be conducted to reach out to more than 1500 participant MSMEs.



The objective would be to build confidence among MSMEs through awareness creation about the appropriate technologies and the resultant benefits, need of financial and manpower resources for deployment in Industry 4.0 operations, safeguards in the deployment of IT tools and their success potential vis-à-vis the required investments and interoperability of I4.0 solutions and cyber security.

Digital Content Development

Basis the inputs received from the awareness sessions e-modules learning video and proof of concepts would be created to increase the project reach beyond awareness sessions. These modules would focus on Industry 4.0 paradigm, its key principles, and its potential impact on MSMEs. The content would cover the concept of digitization, connectivity, and data-driven decision making.

Introduce the technological building blocks of Industry 4.0, including the Internet of Things (IoT), artificial intelligence (AI), big data analytics, cloud computing, cybersecurity, robotics, and automation with relevance and working of these technologies and their applications in MSMEs.

Detailed feasibility analysis at MSMEs

A detailed feasibility analysis will be done basis on the services provided by the service provider or the interested MSME's. Process of onboarding the MSME's will be initiated, and formal agreement will be made basis the acceptance of financial implication terms and conditions by each type of MSME's.

Project implementation in MSMEs

A digital portal will be developed basis on the requirements of the type and category of MSME's along with the final roll-out of the subsidy scheme for each category of MSME's as well as the interlinkage of the Portal with the green MSME's.

Integrated MSME Portal

The department is set to establish a unified platform serving as a comprehensive solution for all enterprises operating in Himachal Pradesh. This portal will be intricately linked with various other portals of both the Government of India and the Government of Himachal Pradesh, ensuring seamless access to pertinent information through a Single Sign-On mechanism.

A key focus of the government will be the enhancement of existing portals, consolidating them into a single, integrated platform. The objective is to provide a user-friendly experience, streamlining digital channels for enterprises. Rather than navigating multiple websites or apps, businesses will be able to access relevant information and services based on their specific needs or business situations in a centralized location, simplifying web searches.

By employing a consistent solution for routine transactions, such as compliance procedures, grievance resolution, or application for schemes, the government aims to familiarize users with the processes, promoting widespread adoption of the necessary devices or apps. The portal will be accessible to all MSME entrepreneurs, enabling them to track their status in various central and state government schemes.

Furthermore, the portal will exhibit a cohesive and uniform appearance across the public services landscape, fostering trust in the government's digital brand. The development and operationalization of digital systems for the MSME survey will involve the creation and



implementation of technological solutions that facilitate the entire survey process using digital platforms and tools. This involves the comprehensive process of designing, developing, and deploying software applications, databases, and online interfaces dedicated to the collection, management, and analysis of survey data.

Additionally, the portal will provide comprehensive information and real-time updates regarding the progress of the RAMP project, facilitating the monitoring of various project milestones.

Portals to be integrated in the MSME Integrated portal:

- Innovate HP Hub
- Brand Himachal portal
- Portal for skill demand and supply aggregation
- MSME Environment Performance Index
- Upgradation and linking of existing Single Window Portal with Gol Samadhan Portal

The table below highlights the budgetary requirements for this focus area:

Table 89: SMART MSMEs- Focus Area 1

Focus Area 1- Manufacturing Excellence through Digital MSMEs Development					
Components	Number of MSMEs/ Units/to be shortlisted	No: of sessions/ DSPs/portal	Unit Cost INR	Budget in INR Cr.	Impact
Identification of DSPS	10	40	10000	0.04	More than 10000 MSME have been made aware about the programme
Awareness programs	1800	80	250000	1.5	More than 1800 MSME have been made aware about I4.0 in MSMEs
Digital Content development for larger reach	20	20	150000	0.3	More than 10000 MSME have been made aware about the programme
Detailed feasibility analysis at MSMEs	2000	1	115000	23	More than 10000 MSME have been made aware about the programme



Project Implementation with hardware and software interventions deployed in MSMEs	1500	1	525000	78.75	More than 10000 MSME have been made aware about the programme
Development and Maintenance of Integrated MSME portal		1	5.3	5.3	Creation of a unified platform to provide a comprehensive solution for all enterprises in Himachal Pradesh, seamlessly linked to both Government of India and Government of Himachal Pradesh portals.

6.9.5 Approach and Methodology for Implementation

- ▶ The SPIU would identify relevant partner (NIT Hamirpur / IIT Mandi) for implementation of SMART MSMEs project and subsequently development of MSME performance index and providing one stop solution for knowledge resource related to digital /greening of MSMEs in the State.
- ▶ Providing the digital solution, the most important component of the RAMP Implementation Plan, requires an onboarding a software agency who can conduct 4.0 awareness session along with preparation of learning content for future trainings or self-paced learning, can prepare a software and hardware integrated digital platform along with Integration of all training modules on the Portal by SPIU committee along with RAMP Implementation unit.
- ▶ By onboarding the agency for conducting the training and awareness session in partnership with Chamber of Industry and Commerce of HP , some of the agencies are <https://ccr-tech.com> , <https://www.bigrowtec.com> , <https://samarthudyog-i40.in/about-samarth-udyog> .

6.9.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.9.7 Timeline for Achievement of Project Deliverables



Table 90: SMART MSMEs- Timeline for Project Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	Identification of DSPs and project implementation partner			40	-	-	40
2	Awareness Programs		20	20	20	20	80
3	Digital Content development for larger reach			20	-	-	20
4	Detailed feasibility analysis at MSMEs		300	500	600	600	2000
5	Project implementation in MSMEs		200	300	500	500	1500
6	Development and Maintenance of Integrated MSME portal		Development and Design	Testing and Roll-out	Maintenance and Updates		



6.9.8 Project Budget and Costing

Table 91: SMART MSMEs- Budget and Costing

Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4(₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)
Development of Digitally SMART MSMEs	Identification of DSPs and project implementation partner	₹ 0.04	-	-	-	₹ 0.04	₹ 0.04	-	-
	Awareness Programs	₹ 0.50	₹ 0.50	₹ 0.50	₹ 0.50	₹ 2.00	₹ 2.00		
	Digital Content development for larger reach	₹ 0.30	-	-	-	₹ 0.30	₹ 0.30		
	Detailed feasibility analysis at MSMEs	₹ 3.45	₹ 5.75	₹ 6.90	₹ 6.90	₹ 23.00	₹ 23.00		
	Project implementation in MSMEs	₹ 10.50	₹ 15.75	₹ 26.25	₹ 26.25	₹ 78.75	₹ 78.75		
	Development of integrated MSME portal	₹ 2.50	₹ 2.50	₹ 0.15	₹ 0.15	₹ 5.30	₹ 5.30		
	Total					₹ 109.39	₹ 109.39		



6.9.9 Estimated Impact

The investments made into introducing Industry 4.0 solutions into companies will have the following possible impact:

- ▶ **Awareness:** Sensitizing approximately 15,000 MSMEs to the principles of Industry 4.0, emphasizing the advantages of digitalization, and highlighting potential collaborations with solution providers. A subset of 700 MSMEs will receive professional consultations on digitalization services, leading to practical implementations.
- ▶ **Business to solution providers:** Facilitating a marketplace for solution providers, particularly startups in emerging industries, enabling them to offer their services at reduced costs due to increased market demand from MSMEs embracing Industry 4.0.
- ▶ **Adoption:** Anticipating the adoption of a certain number of software and hardware systems over the four-year period, indicating a tangible shift towards technological integration and Industry 4.0 practices within the MSME sector.
- ▶ 1,25,000 MSMEs registered on Integrated MSME Portal. This also includes target of registrations of women headed MSMEs

6.9.10 Plan for strengthening M&E Framework of the project

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	<ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 221: Monitoring and Evaluation Framework of the project



6.10 P10: Sustainable Waste Management and Circularity in Industrial Operations

6.10.1 Alignment of project with respect to RAMP Programme Objectives

“Sustainable Waste Management and Circularity in Industrial Operations”			
Objective:			Enhancing guarantee products towards increased greening and gender participation
Key Result Areas (KRAs):			RA 2: Support to Market Access, Firm Capabilities and Access to Finance
Applicable Indicator(s):	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 5: Enhancing Effectiveness of CGTMSE and “GG” delivery

6.10.2 Problem Statement

The industrial sector in Himachal Pradesh faces a critical challenge in the management of scrap, necessitating urgent attention to several key factors. Currently, there is a lack of streamlined processes, awareness, and infrastructure for efficient disposal and recycling of industrial scrap, leading to environmental pollution, occupational health and safety concerns, and potential losses of valuable resources. This deficiency not only hampers sustainable waste management efforts but also impedes progress towards a circular economy. Simultaneously, waste management practices in both urban and rural areas of HP lack innovation and efficiency, resulting in environmental degradation, public health risks, and a strain on limited resources. The inefficient collection, disposal, and recycling of waste contribute to increased pollution, land degradation, and challenges in maintaining a sustainable ecosystem. This demands a focus on integrating advanced technologies, fostering community engagement, and promoting collaboration among stakeholders.

A comprehensive and sustainable waste management system tailored to the unique challenges of both urban and rural areas is imperative to ensure optimal resource utilization, reduced environmental impact, and improved public health outcomes in the region.

6.10.3 Issues and Challenges

- ▶ Lack of Infrastructure like waste collection systems, recycling facilities, and disposal sites, along with Lack of clear guidelines and regulations for the proper management and disposal of industrial waste, including scrap materials
- ▶ Lack of education and awareness leads to improper waste disposal, like open dumping and burning, further polluting the environment, and increasing health risks.



- ▶ Inadequate waste segregation, effective waste management relies on proper segregation of different types of waste, such as organic and inorganic waste along with resource wastage as valuable resources embedded in industrial waste may not be effectively recovered or recycled, results in loss of potential economic value and contributes to the depletion of natural resources
- ▶ Human-wildlife conflict, improper waste management practices in both urban and rural areas of HP attract wildlife to human settlements, results in increased human-wildlife conflict.
- ▶ Limited participation and community engagement towards waste management, this impacts the sustainable waste management practice alongside missed economic opportunities in terms of job creation, revenue generation or revenue saving by buying the secondhand machine within the eco-system
- ▶ Climate change and environmental impact through Improper waste management as well as Inadequate disposal practices, such as open burning or dumping, contaminate soil, water bodies, and air, posing threats to ecosystems and human health contributes to climate change and environmental degradation
- ▶ Occupational hazards: Insufficient safety measures in handling industrial waste, putting workers at risk of occupational hazards, exposure to toxic substances, injuries from improper handling, and inadequate protection measures.

6.10.4 Proposed Project Design Concept, Feasibility and Viability



Figure 222: Reducing and Reusing wastage of resources from MSMEs in HP: Proposed Project Design

6.10.4.1 Focus Area 1: Scrap Smart: Innovating Circularity Solutions for Industrial Waste Management

The management of scrap in the industrial sector or regions of Himachal Pradesh poses significant challenge and requires immediate attention in certain factors like streamlined scrap management system dealing with efficient disposal practices, environmental pollution, OHS, potential losses of valuable resources. Currently, there is a lack of standardized processes, awareness, and infrastructure to handle the scrap and recycle the scrap generated by the industries, this hampers the sustainable waste management efforts and impedes the progress or move towards the circular economy.



This focus area covers following components:

- ▶ Feasibility and Project Design/ Engagement of agency
- ▶ Industry buy-in concept
- ▶ Awareness session and capacity building programs

Feasibility and Project Design / Engagement of Agency

The SPIU will be responsible for the development, tender and finalization of the infrastructure agency for the development of the Industrial Equipment Scrappage policy and perform the following tasks:

- ▶ Stakeholder identification and consultation
- ▶ Legislation and Regulation Compliance
- ▶ Technical Evaluation
- ▶ Risk Identification
- ▶ Cost estimation
- ▶ Global Benchmarking and Best Practices
- ▶ Scoping of the policy based on the identified Industrial equipment Covered (age of the equipment, type of the equipment)
- ▶ Environmental standards

Industry buy – in concept

To establish the industry, buy-in concept a digital platform can be created where MSMEs can list their old machinery for sale or lease. This would provide startups and other MSMEs with a cost-effective way to access equipment. The platform could also include features such as machinery ratings, user reviews, and secure payment options to facilitate transactions.

An IoT-based dashboard in streamlining buying and selling process to ensure transparency and facilitate efficient exchanges would provide **a user-friendly platform where industries can list their old machinery, equipment, or scrap materials available for sale or exchange. Small-scale startups or businesses seeking affordable machinery can explore the listed items and make purchase offers based on their requirements.**

The State's draft scrap policy has identified the need of an integrated portal and incentivizes investments in scrap management and facilitates a circular economy approach by promoting the reuse and recycling of machinery. It promotes an opportunity to generate revenue for industries through the sale of their old machinery, regulated scrap management while providing affordable options for startups to acquire necessary equipment and stimulate their growth.

The IoT based dashboard will have the following indicative features:

- ▶ Detail item description
- ▶ Pricing Information
- ▶ Real time Updates on availability



- ▶ Communication Platform for interested parties to negotiate or finalize transactions.

The state can create a mutually beneficial ecosystem where industries benefit from the sale of old machinery, startups gain access to affordable equipment, and both contribute to sustainable practices by reducing waste and promoting resource efficiency.

Awareness Session and Capacity Building Programs

Design and implement capacity-building programs in Himachal Pradesh at Industrial association area or GMDIC area to educate businesses on this intervention, linkages to the policy, equipment selection, and the application process. These programs will be tailored to the specific needs and challenges faced by Himachal Pradesh industries. A comprehensive public awareness campaign to inform the community, businesses, and stakeholders about the policy's goals and available incentives.

2 sessions per year with a unit cost of Rs. 150000, would be conducted in all 12 districts for a period of four years forming a budget of 1.5 crores, which would be supported through the RAMP fund.

The table below highlights the budgetary requirements for this focus area:

Table 92: Sustainable Waste Management and Circularity in Industrial Operations- Focus Area 1

Focus Area 1- "Scrap Smart: Innovating Industrial Region's Waste Management Policy"		
Components	Interventions	Budget (INR Cr.)
Feasibility and Project Design/Expert Agency	Policy design and scheme formulation	1.75 Cr. (along with Policy Preparation)
Industry Buy -In concept	Development of IoT Based dashboard	0.75 cr.
Capacity building and awareness Session	Workshops and online sessions with MSMEs and DIC officials for awareness and capacity building on the policy and project interventions	1.5 cr.

6.10.4.2 Focus Area 2 - Sustainable Waste Solutions: Pioneering Eco-Friendly Waste Processing Infrastructures

Waste management practices in both urban and rural areas of Himachal Pradesh (HP) currently lack efficiency and innovation, resulting in adverse effects on the environment, public health, and the strain on limited resources. The ineffective handling of waste, from collection to disposal and recycling, contributes to heightened pollution, land degradation, and difficulties in maintaining a balanced ecosystem. It is imperative to introduce pioneering waste management solutions tailored to the distinctive challenges faced by HP's urban and rural regions. These solutions should prioritize optimal resource utilization, reduced environmental impact, enhanced public health outcomes and action points from industrial development perspective. Achieving these goals requires the incorporation of advanced



technologies, active community involvement, and collaboration among key stakeholders to establish a comprehensive and sustainable waste management system for the area.

This focus area covers following components:

- ▶ Scoping and feasibility study for identification and development of circular economy models for the State
- ▶ Identify synergy areas with Industry and present an action plan
- ▶ Strategic Locations for Establishment of Mini-Recycling Processing plant
- ▶ Technical and economic viability of Biogas/CBG production at strategic locations in the State
- ▶ Awareness sessions at Gram Panchayat level and ULB levels

A scoping and feasibility study for identification and development of circular economy models for the State

A scoping Study to be conducted in the state by hiring an agency having relevant experience related to strategy development and waste management at both rural and urban areas, the scope of the study include:

- ▶ Provide a comprehensive understanding of the existing waste management practices, their effectiveness, and the challenges faced in both urban and rural areas.
- ▶ Assess the types and quantities of waste generated in each area separately as this would help in finalizing the scale of the recycling plant like collection center, processing plant.
- ▶ Study of factors like waste composition, volume, available space, and the specific recycling needs of the community.
- ▶ Identify gaps in the current system and propose innovative solutions for waste reduction, segregation, recycling, and disposal
- ▶ Evaluation and selection of the appropriate technologies and equipment's for waste sorting, processing, and recycling basis of the factors like efficiency, cost-effectiveness, scalability, and compatibility with the specific waste types identified in the scoping study.

Based on the interventions received the next steps for the implementation of Mini- Recycling Plant along with forward and backward linkages encompassing the circular economy approach will be planned.

Identify synergy areas with Industry and present an action plan

Based on the inputs of the scoping study, especially for rural industrialization, synergy areas with industries needs to be identified for better supply chain linkages, creation of enabling infrastructure resulting in circular economy approach which includes:



- ▶ Collaboration with Industries for establishing the partnerships for waste management and recycling initiatives.
- ▶ Establishing the Waste Exchange Program, where in their waste materials can be utilized as inputs for other industries, and establishing the network and platforms for waste exchange, creating a circular economy approach.
- ▶ Promoting the adoption of technologies that enable the extraction and reuse of valuable resources from industrial waste and can establish the resource recovery from the waste streams.
- ▶ Establish the supply chain integration by integrating the mini recycling plants, along with mechanisms for the collection, processing, and recycling of the wastes.
- ▶ Foster collaboration for R&D like new recycling techniques, processes, and materials suitable for use by the state located industries only.
- ▶ Develop markets for recycled materials, by creating demand and economic viability for the mini recycling plants.
- ▶ Creation of industrial facilities/infrastructure for treating industrial waste, as well as municipal waste treatment/management plants.

Establishment of the mini recycling processing plant

Study outcomes would help identify locations for establishment of the mini recycling processing plant or collection centers at district or gram panchayat levels basis on the type of waste, quantum of waste, supply chain linkages. DPRs will be prepared by incorporating the technical or non-technical specifications, establishing the value addition prospects, which will include proposals for implementing Mini-Recycling Plants across all locations which will be identified for the intervention. Linkages will be conducted with schemes such as Swachh Bharat Mission etc. for funding the Mini-Recycling Plants

Awareness sessions at Gram Panchayat level

An awareness session to be conducted at gram panchayats level via various modes like Nukkad Natak, sessions at schools or college levels to educate and engage the local community on waste management practices, encourage their active participation in waste segregation, recycling initiatives, and the proper use of mini recycling plants. An individual unit budget of Rs. 15000 has been allotted for sessions across all 3615-Gram panchayats in HP.

The table below highlights the budgetary requirements for this focus area:

Table 93: Sustainable Waste Management and Circularity in Industrial Operations- Focus Area 2

Focus Area 2- "Pioneering Eco-Friendly Sustainable Waste Solutions and Waste Processing Infrastructure"		
Components	Interventions	Budget (INR Cr.)
Scoping study/ feasibility study and policy drafting	Study on the existing eco system of the waste handling in the State and Potential for Improvements along with forward and backward linkages based on circular economy	1.75 Cr. (along with Policy Preparation)



Industry Linkage	Collaboration with Industries through Waste Exchange Program, Technology adoption etc.	0.75 cr. (along with PPP model)
Mini- Recycling Processing Plant	DPR Preparation	0.20 cr.
Awareness Sessions and Trainings in Gram Panchayats	Offline Awareness Programs	5.50 cr

6.10.5 Approach and Methodology for Implementation

- ▶ Onboarding an agency for scoping study to assess the potential areas and schemes for waste recycling and establishment of mini recycling plants.
- ▶ DIC and DC office representatives would be responsible for conducting awareness and training session in gram panchayats. If need be external training resources can be deployed for the same.
- ▶ The SPIU will be responsible for preparation of DPRs for mini recycling plants
- ▶ The SPIU would engage a web development/IT service providing agency for development of Scrap Smart Portal.
- ▶ DIC and DC office representatives would be responsible for conducting awareness and training session on the portal.

6.10.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Initially proposed as in-person awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.10.7 Timeline for Achievement:

Table 94: Sustainable Waste Management and Circularity in Industrial Operations- Timeline for Project Deliverables

Indicator	Y1	Y2	Y3	Y4	Impact
Scoping study of the existing eco-system	To be conducted across year 1 and 2				Identification and development of the effective recycling of waste eco- system in the State in year 1 and in year 2



Indicator	Y1	Y2	Y3	Y4	Impact
					developing the state circular economy policy
Linkage with Industry	10	10	10	10	Proper collaboration and establishing the circular economy approach of the State
Mini-Recycling Plants	DPRs to be prepared basis need.				Establishing the mini-cluster recycling Plant in each district
Awareness sessions	904	904	904	904	Sensitization among the local Communities about the Design, Scheme, effect in the eco-system
One time deliverable	Study	Policy Design and Scheme formulation	N/A	N/A	Profound Impact on MSME scrap eco-system of H. P
IoT Dashboard Development	Development of dashboard	Regular maintenance and incorporation of new features for M&E	Impact and Utilisation Analysis	Regular updation	Promoting reuse and recycling Approach
Awareness and Training workshops	24 sessions	24 sessions	24 sessions	24 sessions	For effective adoption of Scrap policy process



6.10.8 Project Budget and Costing

Table 95: Sustainable Waste Management and Circularity in Industrial Operations- Budget and Costing

Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4(₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)
Establishing the effective scrap eco- system in the state	Hiring the expert and policy framework	₹ 1.25	₹ 0.50			₹ 1.75	₹ 1.75		
	Development of IoT Dashboard	₹ 0.25	₹ 0.25	₹ 0.25	₹ 0.25	₹ 1.00	₹ 1.00		
	Capacity Building and awareness Session	₹ 0.38	₹ 0.38	₹ 0.38	₹ 0.38	₹ 1.50	₹ 1.50		
Improving the waste eco- system of the State	Scoping study / Framework of NEW Waste recycling circular economy Policy	₹ 2.50	₹ 2.50			₹ 5.00	₹ 5.00		



Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)
	Linkage with Industry		₹ 0.50	₹ 0.25		₹ 0.75	₹ 0.75		
	Establishing the mini-cluster Recycling Plants			₹ 0.50	₹ 0.50	₹ 1.00	₹ 1.00		
	Awareness Sessions and Trainings in Gram Panchayats	₹ 1.38	₹ 1.38	₹ 1.38	₹ 1.38	₹ 5.50	₹ 5.50		
	Total					16.5	16.5		



6.10.9 Estimated Impact

The project is envisaged to have the following impact:

- ▶ To optimize the utilization of resources within the MSME ecosystem.
- ▶ To foster environmental sustainability by facilitating the proper disposal and recycling of retired industrial equipment.
- ▶ To facilitate technological progress within the MSME ecosystem. By incentivizing the replacement of outdated machinery with modern, automated, and Industry 4.0-compliant equipment, the policy propels the adoption of advanced technologies.
- ▶ To attain efficiency and sustainability of MSMEs, the policy drives increased productivity, competitiveness, and innovation.
- ▶ The mini recycling plants would enable the efficient sorting and processing of recyclable materials, diverting them from landfill sites. This would significantly reduce the amount of waste being disposed of in landfills, leading to a reduced environmental footprint.
- ▶ Creation of infrastructure facilities would open new employment opportunities in both Rural and Industrial areas.
- ▶ Proper waste management through mini recycling plants would lead to a cleaner environment. It would prevent the pollution of land, water bodies, and air that often occurs when waste is mishandled or improperly disposed of.
- ▶ The mini recycling plants would promote the principles of a circular economy by emphasizing waste reduction, reuse, and recycling. This innovative approach aims to close the loop in the production and consumption cycle, minimizing waste generation, and maximizing resource utilization.



6.10.10 Plan for strengthening M&E Framework of the project.

Periodicity						
Component	Bi-Monthly <ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	Monthly <ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	Monthly <ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	Quarterly <ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	Half Yearly <ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	Annual <ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 223: Monitoring and Evaluation Framework of the project

A woman wearing a green shirt and a yellow headscarf is seated in a dimly lit room, surrounded by numerous small, round, brown ceramic pots. She is looking down at her work. The room has brick walls and a shelf in the background holding more pots. A semi-transparent white box is overlaid on the left side of the image, containing the text "E. Rural Industrialisation".

E. Rural Industrialisation



6.11 P11: Rural Industrialization in HP

6.11.1 Alignment of project with respect to RAMP Programme Objectives

Rural Industrialization in HP			
Objective:			<p>Objective 3: Enhancing firm capabilities and access to markets</p> <p>Objective 5: Enhancing guarantee products towards increased greening and gender participation</p>
Key Result Areas (KRAs):			RA 2: Support to market access, firm capabilities, and access to finance.
Applicable Indicator(s)	Disbursement	Linked	<p>DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes</p> <p>DLI 5: Enhancing Effectiveness of CGTMSE and "GG" delivery</p>

6.11.2 Problem Statement

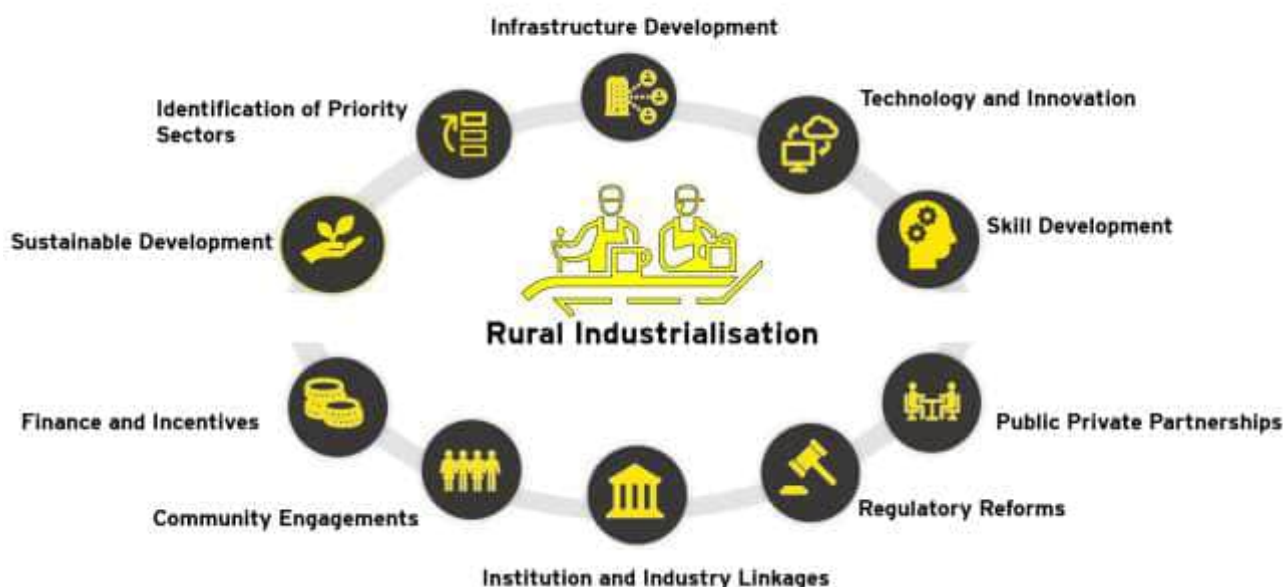


Figure 224 : Guiding contours for formulation of Rural Advancement Policy for Industrial Development

Traditionally, districts like Shimla, Solan, Una have witnessed high level of industrialization with more than 50% of industrial units concentrated around these districts alone. Districts lying farther from the plains and in higher altitudes have witnesses very low levels of industrialization and still can be classified as agrarian districts with low contribution from industries. These districts however hold immense potential for industrialization which can be explored with the support of RAMP project. The state's industrialization strategy should have



a two-pronged approach: (i) to facilitate competitiveness, resilience and sustainability for the mainstream industry segment in the industrialized districts and (ii) to uplift the rural and traditional industry segments in the higher/less industrialized districts. Himachal Pradesh is predominantly a rural state with over 90 per cent of its population residing in rural area (total of 6,176,050 of rural population as per 2011) makes a good case for strengthening the rural/traditional industrial ecosystem.

The traditional arts and crafts industry in Himachal Pradesh confronts a myriad of challenges hindering its development potential. Key issues include the procurement of quality raw materials at competitive prices, a decline in the availability of skilled artists due to migration, inadequate industrialization and infrastructure in rural areas, a lack of common facilities like training centers, restricted access to markets beyond the state, and deficient branding and marketing capabilities. This complex set of challenges underscores the pressing need for intervention. Livelihood Business Incubators (LBIs) emerge as pivotal players in addressing these issues, fostering rural entrepreneurship by offering essential support and guidance. Moreover the state's artisans have not been able to collectivise and attain benefits from the scheme SFURTI designed to support MSMEs and artisans in rural traditional industries.

6.11.3 Issues and Challenges

Poor policy level support for traditional and rural industries in the state:

A major problem at hand for the state of Himachal Pradesh is the lack of a comprehensive Rural Advancement Policy for Industrial Development, which hinders the harnessing of the demographic dividend and emerging economic opportunities. This absence results in limited economic diversification, uncompetitive micro and small enterprises, and inadequate rural employment generation. Moreover, traditional industry sectors in various districts face challenges related to insufficient infrastructure, limited market access, inadequate skill development, and technological gaps, further exacerbating the issue

Himachal has the potential to build its industries across many districts and products, a representation of which is given as follows:



Figure 225 : Potential industrial products

Provided below are some major issues making the case for rural industrialization in HP stronger:



Key Issues and Challenges



Figure 226 : Key issues and challenges for rural industrialisation

Need for Rural Incubator Support for Entrepreneurship in Traditional and Rural Industries:

Himachal Pradesh as a state has immense potential in developing its traditional arts and crafts industry through focusing on the variety of products such as: Kullu Shawls, Chamba Rumaal, Pottery & Painting, Metal and Stone craft, Thangka paintings etc. in addition, good potential exists for agro and horticulture produce processing in these districts.

However, the industry faces challenges across multiple levels **which includes procuring quality raw material at competitive prices, availability of artists owing to exodus of artists, poor industrialization and infrastructure development in rurals, lack of common infrastructure (training centers etc.), lack of access to markets outside the state and country, lack of branding and marketing capabilities, etc.**

This is where Livelihood Business Incubator's (LBIs) play a crucial role. It fosters rural entrepreneurship by providing support and guidance to individuals or groups looking to start businesses in various sectors. They offer mentorship, training, access to markets, and financial resources to help aspiring entrepreneurs develop viable business models and create livelihood opportunities in rural areas. This directly contributes to economic growth and poverty reduction by empowering rural communities to tap into their potential and resources.

Interaction with artists and entrepreneurs revealed the need for district level business incubators to support traditional industry segments for business growth through better linkages, designs, and product improvisation. The units also expressed the need to have improved marketing capabilities which is not only limited to digital marketing avenues but also improved marketing linkages, better packaging, quality, and certifications to enable increase products reach.



Case Study: Chamba Chappal craft cluster: Need for Incubators

The sector also known as “Chamba Chappal” is known for embroidered outdoor slippers, embroidered chappals, embroidered village type shoes (juta), embroidered pani-jute/juti, fancy embroidered ladies' footwears.

The main concerns of this segment relate to different parts of the product value chain from procurement of raw material to skilling, infrastructure and technology access and the marketing assistance.

Procurement of good quality raw material which is furnished leather is a challenge, since the raw material is procured from different locations in India primarily from Chennai. The shelf life and quality of product depends on the availability and quality of raw material. Presently this artisan driven sector uses 700-800 kg processed leather on an annual basis with more than 150 working artisans and more than 30 outlets across the district.

The sector concern also relates to skilling and technology needs, with the sector exploring multiple marketing platforms to sell the products the increased demand would need some of the operations to be mechanised. The technology need is linked to availability of skilled hands required to operate the machines. At the moment, the sector required a Laser Cutting Machine and Quality Stitching machines alongside better packaging techniques for improved shelf life and attractive display.

In addition, there is huge potential to link these products to new markets like multi brand showrooms, corporate bulk buying units and e-commerce platforms. The multifaceted nature of requirements from these upcoming potential traditional crafts shows the case for need for incubators in the district which can assist and facilitate services to these industries as need be.

Lack of cluster based development of traditional industries of HP:

The SFURTI scheme was launched by the Gol in 2005 and revamped in 2014 with the similar objective to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment, to enhance marketability of products of such clusters, to equip traditional artisans of the associated clusters with

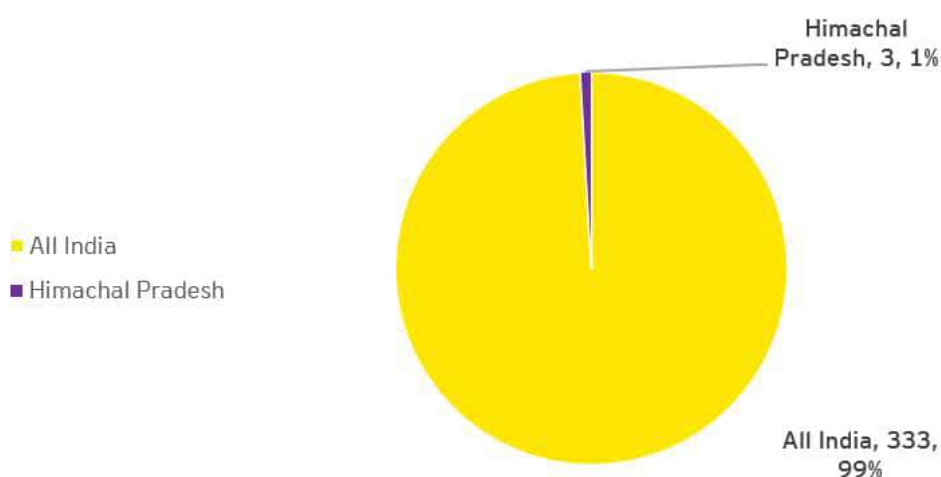


Figure 227: Functional Clusters in SFURTI in HP



the improved skills, to make provision for common facilities and improved tools and equipment's for artisans, to build improved technologies, advanced processes, market intelligence and new models of public-private partnerships, so as to gradually replicate similar models of cluster-based regenerated traditional industries.

However, the scheme from its origin has functionalized 336 clusters out of which only a mere 3 clusters are from the state of Himachal Pradesh.

S.no	Name of Cluster	Sector	Implementing Agency Name	Technical Agency Name	District	No. Of Artisans	Total Project Cost (Rs. in Lakh)	Total GOI Assistance (Rs. in Lakh)
1	Gondla Cut Flower Cluster	Handicraft	The Lahaul Fruits And Vegetables Growers Co-Operative Marketing Society Limited.	CSIR-IHBT Palampur	Lahaul and Spiti	126	156.45	150.24
2	Shansha Cut Flower Cluster	Handicraft	Pattan Valley Agri Horti Flori & Minor Forest Produce Grower Cooperative Marketing Society Limited.	CSIR-IHBT Palampur	Lahaul and Spiti	225	174.15	167.24
3	Triloki Enriched Composting/ Vermi Composting Cluster	Agro	Csir - Institute Of Himalayan Bioresource Technology	Association of Rural Activities and Voluntary Action for Literary Information	Sirmaur	200	205.08	196.89

esh.

According to the scheme, major stakeholders in identifying potential for cluster development, spreading awareness on availing benefits from this scheme, collectivizing artists and creating SPVs, and formulation of clusters include Nodal Agencies, Technical Agencies, and Implementing Agencies. However, till date none of the 15 identified Nodal Agencies are from HP-. Moreover just 2 out of 103

SFURTI: Identified Institutional Support System from HP



Figure 228: SFURTI: Identified Institutional Support System from HP

identified Technical Agencies are from Himachal Pradesh. Himachal Pradesh being a state with immense focus on its education sector, it has a considerable number of institutes which has the potential and scope to develop and handhold clusters across various traditional crafts and products. This shows a need to capacitate technical and educational institutes and build awareness on schemes such as SFURTI to enable these institutes to take initiative in building a strong institutional support system for development of traditional and rural industries.

SFURTI being a scheme which is based on a collective incentivization model where at least 200-500 artisans are expected to be channelized into a SPV model, the success of this scheme is dependent on awareness as well as presence of strong collectives of artisans in rural industries. There lies a huge need to strengthen co-operative models, societies, SHG-Federations, FPOs, Industry Associations, NGOs etc. to bring relevant stakeholders



together in the form of an Implementing Agency or SPV. Even though SFURTI as a scheme caters to this need through Technical Agencies, the lack of adequate Technical Agencies in the state, fails to bring together strong collectives of artisans in the state. Hence, **the need for scoping, building and strengthening of potential Implementing Agencies and SPVs in Himachal Pradesh's traditional industries is a matter which need to be addressed in order to make the scheme functional in the state.**

Moreover, the **SFURTI scheme being one which involves stakeholders across various levels, geographies, and institutions** such as Educational and research Institutes, Cluster Development experts, KVICs/KVIBs, Technical Institutes, Artisans, Cooperatives, SHG-Federations, FPOs etc., there arises **a need to bring stakeholders together for building awareness and understanding individual responsibilities in the process of availing the scheme benefits.** The geographical outlay of Himachal Pradesh as a hilly state makes this an additional challenge for the stakeholders.

6.11.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:

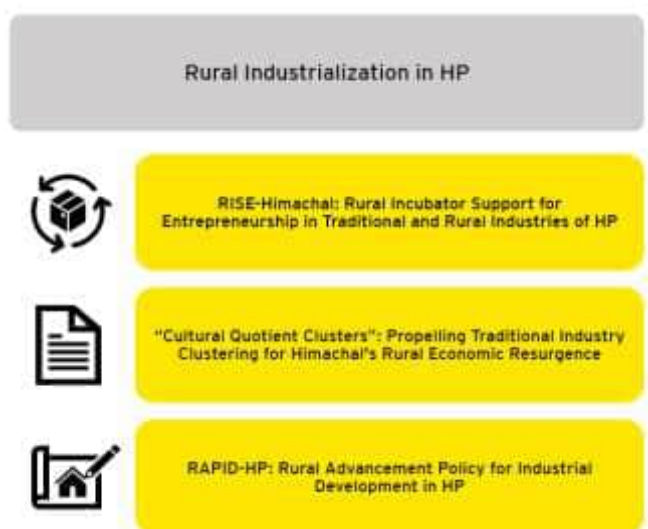


Figure 229: Rural Industrialization in HP: Proposed Project Design Concept

6.11.4.1 Focus Area 1: RAPID-HP: Rural Advancement Policy for Industrial Development in HP

This focus area covers following components:

- ▶ Feasibility and Analysis Plan
- ▶ Sectoral Scoping Study
- ▶ Promotional Activities
- ▶ Handholding of MSMEs



Feasibility and Analysis Plan

A Feasibility and Analysis Plan is essential for a Rural Advancement Policy for Industrial Development in Himachal Pradesh to comprehensively assess the practicality, potential challenges, and field level inputs for development of policy contours. It will provide a structured framework to evaluate the economic, social, and infrastructural feasibility of implementing the policy, identifying key factors such as resource availability, market demand, technological requirements, and potential obstacles. This plan ensures informed decision-making, optimal resource allocation, and a realistic roadmap for the successful implementation and sustainable growth of rural industries in Himachal Pradesh.

The respective facilitation resource will conduct interaction with critical stakeholders such as Focus Group Discussions (FGDs) with DICs, rural entrepreneurs, Self Help Groups (SHGs), Anchor and Vendor units, Global supply chain partners etc. This will be conducted across all districts with a focus on stakeholder from rural industries. An average of two sessions (or more) will be conducted in each district with a unit cost of ₹ 1,50,000 covering an average of 30-50 stakeholders each in every session to understand ground realities and prepare the feasibility and analysis plan for policy preparation.

Sectoral Scoping Study

Interventions to be included in the policy will be designed in tandem with the needs and challenges of potential rural industries in the state which includes handlooms and handicrafts, aquaculture, floriculture, sericulture, biotechnology and services sector (eco-tourism, IT&ITES etc.) Hence it is important to conduct in depth analysis of each of these sectors to map their context, analyse their SWOT, understand hurdles and growth potential etc.

Moreover, an analysis and modelling of domestic and global demand-supply forecast, market intelligence and consumer trend analysis (domestic and global), scenario mapping exercises based on the proposed policy model etc. would be imperative to be conducted before roll out of policy. These require sectoral focus and will be facilitated under the Sectoral Scoping Study.

The study will be facilitated in six major sectors charted out for the policy with a unit cost of ₹ 50 lakh per sector. The inputs for these studies will be incorporated into the interventions charting of the policy

Promotional Activities

Post launch of policy the facilitation team will focus on promotion of the scheme in all districts for a six-month period with a monthly budget of ₹ 1 lakh per month per district. Activities to be conducted include offline and online promotion. Offline methods will include awareness sessions in collaboration with local authorities such as government bodies, NGOs etc., print media promotions, community events etc. Online activities will include social media campaigns in collaboration with local influencers, webinars and online events, websites, success story promotions etc.

Handholding of MSMEs

Handholding activities to ensure uptake of schemes would include activities such as facilitation desks, workshops with MSMEs, Q&A sessions, audio-video support material on application processes etc. These will be conducted for a period of two years post launch and promotion of scheme in all districts with a monthly budget of ₹ 50,000 per month per district.



The table below highlights the budgetary requirements for this focus area:

Table 96: Rural Industrialization in HP- Focus Area 3

Focus Area 1- Rural Advancement Policy for Industrial Development in HP (RAPID HP)						
Components	Number of Districts/Sectors	No: of sessions/ months	Unit Cost	Budget	Impact	Remarks
Stakeholder Consultation: Feasibility and Analysis Plan	12	2	150,000	0.36	Sectoral and Geographical analysis of potential for impact of policy	2 sessions per district worth 150000 each. Intervention to happen in Y1
Sectoral Scoping	6		5,000,000	3.00		Extensive Scoping Across 6 major sectors with a unit cost of 5000000. Intervention to happen in Y1-Y2
Promotional Activities	12	6	100,000	0.72	1500 MSMEs sensitised	Promotion of scheme post notification for a six-month period, in each district with a monthly budget of 100000 for each district.
Handholding of MSMEs	12	24	50,000	1.44	1000 MSMEs hand-held	Handholding of MSMEs in each district for two years with a monthly budget of 50000 for each district



6.11.4.2 Focus Area 2: RISE-Himachal: Rural Incubator Support for Entrepreneurship in Traditional and Rural Industries of HP

The traditional arts and crafts industry in Himachal Pradesh confronts a myriad of challenges hindering its development potential. Key issues include the procurement of quality raw materials at competitive prices, a decline in the availability of skilled artists due to migration, inadequate industrialization and infrastructure in rural areas, a lack of common facilities like training centers, restricted access to markets beyond the state, and deficient branding and marketing capabilities. This complex set of challenges underscores the pressing need for intervention. Livelihood Business Incubators (LBIs) emerge as pivotal players in addressing these issues, fostering rural entrepreneurship by offering essential support and guidance.

This focus area covers following components:

- ▶ Creation of 12 Livelihood Business Incubators under ASPIRE scheme
- ▶ Dedicated Incubation Vertical in Industries Department
- ▶ Enterprise Development Programme

The ASPIRE Scheme (A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship) is an initiative by the Government of India, promoted by the Ministry of MSME. The scheme aims to set up a network of technology and incubation centres to expedite entrepreneurship in India and bolster startups for innovation in Agro industries. It focuses on automating farming procedures, adding value to farm and forest products, recycling pre-and post-harvest agricultural wastes, and setting up small enterprises in the agriculture industry. The scheme also provides support during critical times to entrepreneurs of MSMEs for growth in rural areas.

The ASPIRE scheme has the potential to increase productivity of MSMEs and make them worthy of contributing to India's economy. According to the 2019 union budget, under the ASPIRE Yojana, 80 livelihood businesses and more than 20 technology business incubators were set up to generate around 75,000 skilled entrepreneurs. The ASPIRE Scheme has been granted Rs 200 Crore Corpus by the Ministry of Finance.

The approach for enabling access to incubation in select districts would be undertaken in a two phased manner. While the target is to create 12 LBIs across identified potential institutes across the state the process requires considerable facilitation support in terms of feasibility and scoping studies, need assessment, multiple stakeholder consultations, DPR preparation, liaisoning with Government of India etc.

An indicative list of potential incubation centers and the geographical spread of rural and traditional industries in HP is as given below:



S. No.	Type of Organisation	Potential Institutes for Incubators
1	Universities and Technical Colleges	<ul style="list-style-type: none"> National Institute of Fashion Technology, Kangra College of Ayurvedic Pharmaceutical Sciences, Mandi Sardar Patel University, Mandi
2	Government Institutes and Colleges	<ul style="list-style-type: none"> Government College Chamba Government College Kullu Thakur Sen Negi Government College, Kinnaur Krishi Vigyan Kendra's
3	ITIs and Polytechnics	<ul style="list-style-type: none"> Government Polytechnic, Kangra Government ITI Mandi

Proposed Districts for set up of LBIs in HP



Figure 230: Geographical spread of rural and traditional industries and Potential Institutes for LBIs

Creation of 12 Livelihood Business Incubators under ASPIRE Scheme

As understood from the Diagnostic Study MSMEs in rural and traditional industries of Himachal Pradesh require immense support in incubation which can be facilitated through the LBIs. The service that these LBIs would provide includes:

- ▶ Conducting awareness & outreach programs for on-boarding of incubatees.
- ▶ Designing & executing the incubation programs in the form of workshops for creation of formal micro-enterprise creation
- ▶ Hiring technical and subject matter experts for provision of Business Development Services
- ▶ Facilitate support services such as: Branding, Packaging and Marketing Support, Market Linkages, Product, Design and Quality Improvisation, Quality certifications etc.
- ▶ Provision of other advisory and consultancy services (legal advisory, taxation service, compliance, and regulatory services etc.)
- ▶ Scoping of Industry-Academia linkages for incubatee MSMEs

Dedicated Incubation Vertical in each LBI

In order to functionalize the 12 LBIs in the state every LBI requires a team of resources who will be responsible for the day-to-day operations and functionalities. This team will be led by an Incubation Head with 3 additional members in their team for additional support. The responsibilities of the team includes administrative and operational activities, coordination of training programmes, onboarding of incubatees, coordination with partner organisations, mentors, DICs, and other stakeholders. These resources will be budgeted from the RAMP fund for a period of four years.

Enterprise Development Programme

A six month programme will be developed for MSMEs with focused modules on Enterprise Management: Procurement, Accounting, Branding Marketing, Sales etc., Digital and Financial



Literacy, Industry Awareness etc. In addition, every LBI will develop focused optional modules basis sectoral prominence in the particular districts. This can be based on the ODOP products under focus. Example: Apple Production and Processing, Pharmaceuticals, Seabuckthorn Processing and Production etc. While the organization and administration will be managed by the incubation team in each Incubator, the focussed modules will be delivered through a mix of digital learning modules, expert sessions from subject matter experts, practical sessions through field visits and exposure to best practices in the state/region.

The EDP programme will run twice yearly in all LBIs in the state, for a duration of six months with a batch size of maximum 20 entrepreneurs. With a per unit cost of 25 lakhs.

The table below highlights the budgetary requirements for this focus area:

Table 97: Rural Industrialization in HP- Focus Area 1

Focus Area 2- RISE-Himachal: Rural Incubator Support for Entrepreneurship in Traditional and Rural Industries of HP						
Components	Number of Units	No: of months	Unit Cost/ MMR	Budget	Impact	Remarks
Incubation Head	12	48	125,000	7.20		
Project Lead	12	48	85,000	4.90		
Project Associates	24	48	50,000	5.76		
Dedicated Incubation Vertical in LBIs				17.86	4 resources deployed in each LBI	Efficient functioning of LBIs
Enterprise Development Programme	12	8	2,500,000	24.00	1920 entrepreneurs trained	In all districts, twice yearly, 6 month programme, via incubators established (batch size of 20)
Creation of 12 LBI's	12		10,000,000	12.00	2400 MSMEs linked to incubators/ LBIs	Budget for the project to be requested from ASPIRE Scheme MoMSME



6.11.4.3 Focus Area 3: “Cultural Quotient Clusters”: Propelling Traditional Industry Clustering for Himachal's Rural Economic Resurgence

Traditional and rural industries of Himachal Pradesh have not been able to sensitise, collectivize and develop their industries through clusters. The state's artisans have not been able to attain benefits from the scheme SFURTI designed to support MSMEs and artisans in rural traditional industries.

This focus area covers following components:

- ▶ Awareness Programme's with potential Implementing Agencies (Artisan Collectives)
- ▶ Convergence Summit: Uniting Nodal, Technical, and Implementing Bodies
- ▶ Digital Training Module on Entrepreneurship for artisans
- ▶ Training and Workshops for strengthening of artisan collectives and industry associations.
- ▶ Deployment of facilitation resource in rural industries and districts

Rural and Traditional Industries in Himachal Pradesh are focused across districts like Kullu, Mandi, Chamba, Kangra, Kinnaur and Lahaul & Spiti. They produce products across handlooms and handicrafts as listed below:

Table 98 Rural and Traditional Industries in HP

S. No.	District	Products/ Rural Industries
1	Kangra	<ul style="list-style-type: none"> • Kangra Tea • Kangra Paintings
2	Chamba	<ul style="list-style-type: none"> • Chamba Rumal and Embroidery • Chamba Thal Metal Work • Leather and Chappal work
3	Kullu	<ul style="list-style-type: none"> • Kullu Shawls, Caps and Handloom • Bamboo and cane handicrafts
4	Mandi	<ul style="list-style-type: none"> • Metal Work and Jewelry • Handloom and woolen products
5	Kinnaur	<ul style="list-style-type: none"> • Chulli Oil, Handloom products etc.
6	Lahaul & Spiti	<ul style="list-style-type: none"> • Handloom Product (Socks and Gloves), Metal and Stone Crafts, Tribal jewelry, Pottery Products, Cane and Bamboo products etc.



In order to enable artisans from the following districts to access benefits from cluster-based model of development, SFURTI scheme can be operationalized in these six districts across viable artisan groups and products.

Awareness Programme's with potential Implementing Agencies (Artisan Collectives)

Awareness Programme's will be conducted with Artisans, SHG-Federations, FPOs, Industry Associations, Co-operatives, Societies, NGOs etc. who will be prospective Implementing Agency. The purpose of these sessions would be to help these stakeholders understand the scheme and the potential role and benefit they could attain from participating. The stakeholders would be informed on the requirements including the creation of SPV and its processes, other stakeholders involved in the system, role of collectivizing and strong collectives etc.

Each session will target around 20 participants. There will be 6 such sessions conducted in each of the 6 target districts, over a period of 2 years.

Convergence Summit: Uniting Nodal, Technical, and Implementing Bodies

A district level stakeholder conclave will be conducted post awareness sessions to bring together the multiple stakeholders involved in the SFURTI scheme system to one platform to build an overall understanding of stakeholders in their ecosystem and distinguish roles and responsibilities of each agency in the system. This will also help boost trust amongst different stakeholders and strengthen the industry-institutional connect in traditional industries sector.

5 such Stakeholder Conclave's would be conducted in each of the 5 targeted districts. In the first two years of implementation of this programme. Each conclave would bring together 150 major stakeholders from every district.

Digital Training Module on Entrepreneurship for artisans

The digital age has revolutionized learning methodologies, offering immense opportunities for skill development and entrepreneurial education. Artisans, often possessing exceptional craft skills, can greatly benefit from entrepreneurship training to capitalize on their abilities. Artisans, while possessing remarkable craftsmanship, may lack the necessary business acumen to market and sell their products effectively. A digital training module focusing on entrepreneurship can equip artisans with essential skills in business development, marketing, financial management, and digital literacy. This initiative aims to empower artisans not only in refining their craft but also in understanding the dynamics of market demand and business sustainability. The module will focus on following core areas:

- ▶ Basics of entrepreneurship tailored for artisans, including business planning, financial management, marketing, and e-commerce strategies.
- ▶ Leveraging digital tools and platforms for market access, brand building, and product showcasing.
- ▶ Understanding market trends, identifying potential buyers, and utilizing online platforms to reach a wider audience.
- ▶ Educate artisans on sustainable business practices and the importance of maintaining quality and ethical standards in their products.

Training and Workshops for strengthening of artisan collectives and industry associations.



In order to strengthen the artisan collectives to bring together 200-500 artists in a geographically challenged state like Himachal Pradesh it would be imperative to conduct activities to strengthen Industry Associations. This could be meaningfully facilitated through extensive training sessions and workshops for artisans and their collectives.

There will be two 10-day workshops in each of the five districts as follows:

- ▶ **Entrepreneurship Development Training:** A holistic training programme to induce amongst artisans the idea of entrepreneurship. This will include Fundamentals of entrepreneurship, Digital technology including marketing, financing methods, Sensitization on government schemes and programmers etc.
- ▶ **Skill/craft based advanced workshops:** These will be need/cluster based depending on the needs of the potential cluster. Experts from Technical Institutes would be invited to take the corresponding sessions.

Deployment of facilitation resource in rural industries and districts

Improved facilitation is an imperative component when it comes to achieving desired results in MSME ecosystem. Consequent to the highlighted gap related to follow up required with MSMEs in implementing any scheme or agenda, facilitation resources are planned to be deputed in each district or industrial concentration based on the requirement. These resources would serve as a dedicated interface between traditional industries and artisans, Industry Associations, MSME Institutions and RAMP Implementation unit to drive, align and support objectives under the RAMP programme.

It is estimated that the approximately 35% time of the deputed facilitation resource will go in supporting this project.

The table below highlights the budgetary requirements for this focus area:

Table 99: Rural Industrialization in HP- Focus Area 2

Focus Area 3- Cultural Quotient Clusters": Propelling Traditional Industry Clustering for Himachal's Rural Economic Resurgence						
Components	Number	No: of Districts	Unit Cost	Total Cost (₹ crore)	Impact	Remarks
Awareness Sessions	8	6	150,000	₹0.72	600 artisans	(6 in each district)
Stakeholder Conclave	3	6	1,500,000	₹2.70	750 stakeholders	(1 in each district)
Digital Training Module on Entrepreneurship for artisans	2	1	2,500,000	₹0.50	250 artisans	
Trainings and Workshops	20	6	₹ 250,000	₹ 3.00		(2 in each district of 10 days each)



Product Design Development Training	2	10	1,000,000	₹2.00	2500 entrepreneurs	SFURTI scheme limits the scope for trainings for clusters to one session. This component creates scope for additional trainings for product design development for clusters, to promote value added products.
Exposure Visit (1 additional to scope of scheme)	1	10	1,500,000	₹1.50	400 artists engaged in exposure visit	SFURTI Scheme limits scope for exposure visits to 1 . This will support one additional visit to best performing clusters in the country over the scope of 4 years

6.11.5 Approach and Methodology for Implementation

LBI under ASPIRE and EDP Programmes

- ▶ SPIU will undertake the initial coordination to identify relevant institutions and consultations required with different departments.
- ▶ This will be done in coordination with DICs utilizing proposed facilitation resources.
- ▶ The handholding support for submission of proposal under the scheme will be provided by SPIU and DIC resources to the identified institution.



- ▶ The dedicated incubation vertical in each LBI will be responsible for administrative operations of the LBIs including the EDP programme
- ▶ They will be responsible for identifying relevant stakeholders including artisans, potential entrepreneurs, market linkage, business development services providers and conduct of enterprise development programmes.

SFURTI

- ▶ SPIU is coordination with respective DICs with support from proposed resources would undertake consultations and coordination with different departments, artisan groups in the districts.
- ▶ The responsibility to bring together the SPV, identifying IAs and connecting them with technical/nodal agencies would be with SPIU
- ▶ The SPIU will also provide handholding and technical support to SPV for submission of the project within the scheme guidelines.
- ▶ The expert institutional linkage with respect to crafts specific technical training, product design improvisation will be undertaken by the SPIU

Policy on rural industrialisation

- ▶ The SPIU will be responsible for onboarding a suitable agency for conducting the feasibility and analysis plan as well sectoral studies across 5-6 major traditional and rural industries. The engagement will include delivery of key finding reports.
- ▶ Basis reports submitted on the feasibility and sectoral studies, the SPIU in collaboration with the department of industries and relevant stakeholders will draft the policy on rural industrialisation.
- ▶ Respective DICs in collaboration with marketing agencies will be responsible for promotional activities.
- ▶ Handholding and onboarding of MSMEs will fall directly under the purview of DICs

6.11.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Digital Training Modules to be developed will include training videos on enterprise development, financial and accounts management etc. This will play a considerable role in taking trainings components to topographically un-navigable areas of HP. Moreover, artisans who are unable to attend trainings in person will now be able to attend trainings through use of digital technology.
- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.



6.11.7 Timeline for Achievement of Project Deliverables

Table 100: Rural Industrialization in HP- Timeline for Project Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	MSMEs benefitted from RAPID HP policy	0	0	0	150	200	350
2	SFURTI Clusters	3	0	4	4	4	15
3	Artisans linked to SFURTI scheme	551	0	750	1000	750	3000
4	Artisans trained/sensitized	0	800	400	200	200	1600
5	LBI's	1	2	3	4	3	13
6	Entrepreneurs trained in EDP	0	480	480	480	480	1920



6.11.8 Project Budget and Costing

Table 101: Rural Industrialization in HP- Budget and Costing

Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total (INR Cr.)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing Central Govt scheme financing (₹ crores)
LBI's	Creation of 12 LBI's	2.00	3.00	4.00	3.00	12.00	0.00	12.00
	Dedicated Incubation Vertical in LBIs	4.46	4.46	4.46	4.46	17.86	17.86	0.00
	Enterprise Development Programme	6.00	6.00	6.00	6.00	24.00	24.00	0.00
RISE-Himachal: Rural Incubator Support for Entrepreneurship in Traditional and Rural Industries of HP: TOTAL		0.00	0.00	0.00	0.00	53.86	41.86	12.00
SFURTI Clusters	Awareness Program's with potential Implementing Agencies	3.75	3.75	-	-	0.72	0.72	-
	Stakeholder Conclave to bring together Nodal, Technical and Implementing Agencies	6.25	6.25	-	-	2.70	2.70	-
	Digital Training Module on Entrepreneurship for artisans	0.25	0.25	-	-	0.50	0.50	0.00



Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total (INR Cr.)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing Central Govt scheme financing (₹ crores)
	Training and Workshops for strengthening of artisan collectives	6.25	6.25	6.25	6.25	3.00	3.00	-
	SFURTI Cluster	-	6.00	6.00	6.00	18.00	0.00	18.00
	Product Design Development Training	0.50	0.50	0.50	0.50	2.00	2.00	0.00
	Exposure Visit (1 additional to scope of scheme)	0.38	0.38	0.38	0.38	1.50	1.50	0.00
Cultural Quotient Clusters": Propelling Traditional Industry Clustering for Himachal's Rural Economic Resurgence: TOTAL		0.00	0.00	0.00	0.00	28.42	10.42	18.00
MSMEs benefitting from policy	Stakeholder Consultation: Feasibility and Analysis Plan	0.36	-	-	-	0.36	0.36	-
	Sectoral Scoping	1.50	1.50	-	-	3.00	3.00	-
	Promotional Activities	-	0.72	-	-	0.72	0.72	-
	Handholding of MSMEs	-	-	0.72	0.72	1.44	1.44	-
Rural Advancement Policy for Industrial Development in HP (RAPID HP): TOTAL		1.86	2.22	0.72	0.72	5.52	5.52	-



6.11.9 Estimated Impact

The intervention would generate the following impacts and benefits for the MSME ecosystem in rural Himachal Pradesh:

- ▶ 60,000+ MSMEs benefits across these 8 districts.
- ▶ 1600 artisans sensitized through trainings, workshops and awareness programmes.
- ▶ 3000 artisans to be directly linked to the SFURTI scheme in 4 years.
- ▶ 10 new SFURTI clusters developed in the state.
- ▶ 350 MSMEs benefitted from the scheme.
- ▶ Enable incubation facilities for entrepreneurs in 8 districts.
- ▶ Enable Business Development Services in rural areas.
- ▶ Improve marketing, branding and promotions of these MSMEs.

6.11.10 Plan for strengthening M&E Framework of the project.

Periodicity						
Component	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
	<ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	<ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 231: Monitoring and Evaluation framework of the Project



F. Social Catalysts for Inclusion



6.12 P12: Social Catalysts for Inclusive MSME development

6.12.1 Alignment of project with respect to RAMP Programme Objectives

Social Catalysts for Inclusive MSME development			
Objective:	Enhancing guarantee products towards increased greening and gender participation		
Key Result Areas (KRAs):	RA 2: Support to market access, firm capabilities, and access to finance.		
Applicable Indicator(s)	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 5: Enhancing Effectiveness of CGTMSE and “GG” delivery

6.12.2 Problem Statement

In Himachal Pradesh, only 18% of MSMEs are women-owned, and there is a significant underrepresentation of entrepreneurs from Scheduled Castes (SC) and Scheduled Tribes (ST) categories, with only 14% and 8% respectively. The barriers for women entering entrepreneurship include social and cultural norms, lack of funding, limited awareness, skills, networking opportunities, and access to technology. The overall imbalance poses economic and social hurdles, limiting the full entrepreneurial potential of these communities and hindering economic growth and innovation. Addressing these issues is crucial for creating a more inclusive entrepreneurial ecosystem in the state.

6.12.3 Issues and Challenges

We-Lead-HP”: Women Entrepreneurship Leadership Promotion in Himachal Pradesh

In Himachal Pradesh, as per Udyam Registered data 81% of MSMEs were owned by men whereas just **18% of MSMEs were owned by women which is around 2% less than the national average**. Overall, in the state 18% of the total women entrepreneurs belonged to Solan 17% to Kangra and 13% to Shimla and 10% to Mandi. Kangra was the district with highest share (21%) of women led MSMEs.

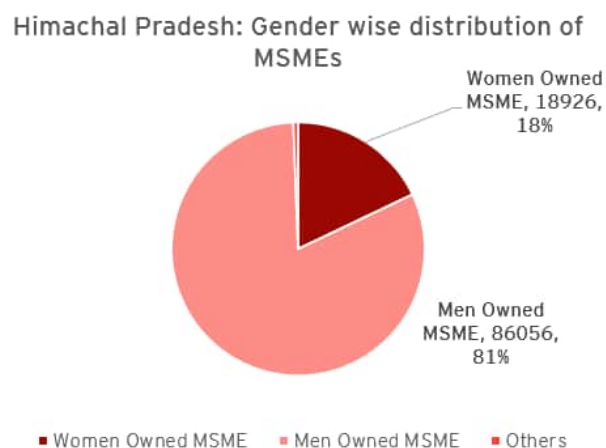


Figure 232 : Himachal Pradesh Gender wise distribution of MSMEs

Despite providing additional coverage for women under all schemes promoted by the Industries Department in HP, the



percentage of women owned MSMEs in HP remains 2% below the national average at 18%. This shows that the state needs to take efforts in addition to improved scheme coverage to instill women entrepreneurs in the state to come forward.

Major reasons which hold back women from entering the entrepreneurship and start-up ecosystem in the state include: social norms and cultural barriers, poor funding support, lack of awareness and skills, limited networking opportunities, access to technology and digital skills etc.

Analysing data for women for major schemes like CGTMSE ⁸⁹and PMEGP ⁹⁰ shows that while HP received 1.40% of overall CGTMSE fund disbursed in India in FY23, **just 0.86% of overall funds allotted to women in India under CGTMSE went to HP**. 35.51% of the amount approved under CGTMSE in HP went for women owned MSMEs. Similarly, in PMEGP 0.91% of the overall approvals for women in India went to HP. This shows considerably poor performance of HP in the overall country scenario.

Table 102 HP data for women entrepreneurs under CGTMSE scheme

S. No.	Scheme	Himachal		India Total		HP as a % of India Total
	Scheme Component	No: of Guarantees	Amount Approved (₹ Crore)	No: of Guarantees	Amount Approved (₹ Crore)	
1.1	CGTMSE guarantee approved (women)	2916	230.60	340013	14247.24	0.86%
1.2	CGTMSE guarantee approved	7650	649.48	544938	45921.48	1.40%
1.3	CGTMSE guarantee approved for women as a share of total	38.12 %	35.51%	62.39%	31.03%	-

⁸⁹<https://pib.gov.in/PressReleasePage.aspx?PRID=1907502#:~:text=As%20per%20Udyam%20Registration%20Portal,50%2C018%20and%2027%2C75%2C390%20respectively.>

⁹⁰ https://dashboard.msme.gov.in/cgtmse_fyld.aspx?id=10



2	No. of projects by women under PMEGP for FY23 as on 28.02.2023	240	-	26241	-	0.91%
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Inclusive Growth: Catalyzing SC-ST Entrepreneurship in Himachal Pradesh

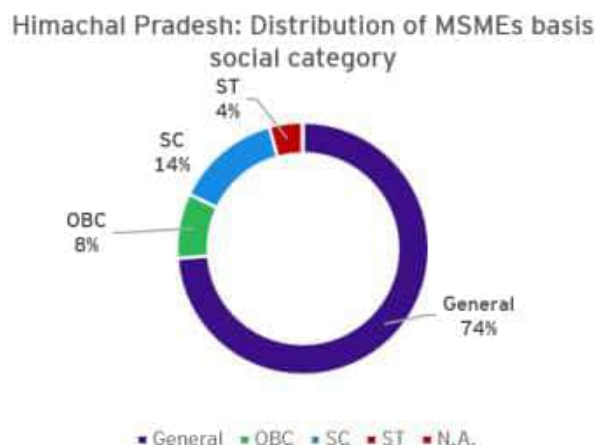


Figure 233: Distribution of MSMEs basis type of social category

The challenges are particularly pronounced for SC entrepreneurs, who face additional hurdles such as discrimination, limited access to credit and resources, and enduring social disparities. Overcoming these obstacles is imperative for fostering a more inclusive and robust entrepreneurial ecosystem, addressing systemic disparities, and unlocking the untapped potential within SC-ST communities for the benefit of broader economic development. Breaking free from these historical and systemic barriers requires targeted initiatives and support.

6.12.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:

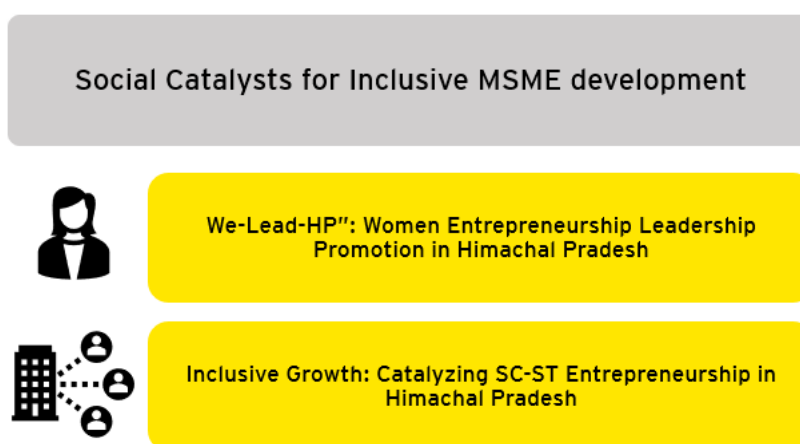


Figure 234: Social Catalysts for Inclusive MSME development: Proposed Project Design Concept

6.12.4.1 Focus area 1: We-Lead-HP': Women Entrepreneurship Leadership Promotion in Himachal Pradesh

Just 18% of MSMEs in Himachal Pradesh are women owned. Major reasons which hold back women from entering the entrepreneurship and start-up ecosystem in the state include: social norms and cultural barriers, poor funding support, lack of awareness and skills, limited networking opportunities, access to technology and digital skills etc.

This focus area entails the following components:

- ▶ Incubation programme for women owned micro enterprises
- ▶ Facilitate Growth in Women led MSMEs
- ▶ Funding Mela for Women owned MSME
- ▶ State Level Women Entrepreneurship Leadership Networking (ELN) Summit
- ▶ Skill Training for Rural Women Entrepreneurs

Incubation programme for women owned micro enterprises

Women micro-enterprises in Himachal Pradesh often face challenges like restricted access to resources, networks, mentorship, and specialized training programs. An incubation initiative specifically designed for female entrepreneurs can overcome these barriers by providing tailored assistance and establishing a favorable environment for their advancement. As part of the RAMP program's implementation, the incubation program will cater to 960 women micro-enterprises (across 96 cohorts) in the state. It will offer **mentorship opportunities, business development guidance, peer learning, market and customer analysis, connections with investors, as well as knowledge sharing on crucial aspects including financial management and legal compliance.**

This program will cultivate a supportive environment where women entrepreneurs can interact, form networks, and learn from each other. Additionally, it will play a crucial role in closing the gender gap in entrepreneurship and advancing women's economic empowerment. Overall, the necessity for an incubation program for women micro-enterprises recognizes the significance of personalized support and a nurturing ecosystem for their success. The



Himachal Pradesh government aims to invest in the growth and empowerment of these entrepreneurs to unlock their economic potential, promote inclusive economic development, and foster a vibrant entrepreneurial landscape in the state.

The program will involve 2 cohorts annually in each districts, with each cohort supporting 10 micro-enterprises owned by women. The cohorts will run for a period of 3 months via offline online and hybrid methods of incubation support. Funding for this project will be directed towards offering extensive support to the participating micro-enterprises. The program will be executed through **strategic collaborations with respected non-profit organizations, women's industry associations, and other pertinent stakeholders who possess significant expertise in conducting such programs.**

Facilitate Growth in Women led MSMEs

Despite the growing number of women entrepreneurs managing micro-enterprises, there remains a gap in advancing these businesses to a larger scale. This initiative addresses the need for structured support to enable these enterprises to progress to the Small Scale Enterprise category, offering them a pathway to increased sustainability, growth, and economic empowerment. The initiative aims to empower and support women entrepreneurs in scaling up their businesses, providing them with resources and guidance essential for advancement.

Key aspects which would be covered in the programme include:

Facilitation Support: In order to facilitate scaling up and migration it would be pertinent for all MSMEs to envision and develop a solid business plan which would optimize its resources and provide a strategy for transformation. MSMEs will obtain expert consultations from consultancy organizations with subject matter expertise in the field of work to understand administrative, operational, legal, regulatory, and other compliances to facilitate transformation. These MSMEs will be supported through the RAMP fund for the cost of preparation of tranformation startegy report upto a cost of Rs. 5 lakh per MSME.

Mentorship and Guidance: Offer mentoring support and guidance through experienced business mentors or advisors to aid in strategic planning and decision-making for growth. All entrepreneurs selected for the programme would be connected to an industry expert for constant guidance.

Access to Finance: Facilitate access to financial resources and networks suitable for the scaling requirements of these enterprises, including potential funding opportunities, loans, or grants. Respective DICs will be responsible for connecting these entrepreneurs to relevant financing schemes to support scaling up requirements of these MSMEs

Funding Mela for Women owned MSME

The Directorate of Industries in partnership with the relevant government and non-government stakeholders, will organize annual Mega MSME Financing Fairs for women at the divisional level. These funding fairs will serve as a centralized platform for women-led MSMEs to access credit from various financial institutions. These fairs will offer women entrepreneurs the chance to engage with state-level top financial institutions, both public and private banks, digital lending partners (fintech's), non-banking financial companies, innovative players such



as OCEN and to learn about financial products tailored specifically for MSMEs and the exclusive services available to them. Additionally, the fairs will include workshops or sessions covering topics such as business planning, marketing strategies, and financial management.

State Level Women Entrepreneurship Leadership Networking (ELN) Summit

Conducting networking events for women led MSMEs and entrepreneurs in Himachal Pradesh is imperative to foster a supportive ecosystem that propels the growth and success of women entrepreneurs in the state. And entrepreneurs in Himachal Pradesh is imperative to foster a supportive ecosystem that propels the growth and success of women entrepreneurs in the state.

These events will bring in role-models and established women entrepreneurs from across the country, in the model of a reverse-exposure visit to help understand and inspire entrepreneurs in the state. Moreover, these events will also serve as a platform to identify potential enterprises for advancement and migration potential. Budding women entrepreneurs with the interest and potential to start up MSMEs will also get to interact with established women led MSME providing a platform for development of new women led MSMEs. Each event will host at least 100 women. These events will be held twice annually for four years in all districts.

Furthermore, networking events provide a space for women entrepreneurs to build valuable relationships and partnerships. These connections could result in collaborations that enable access to new markets, resources, and opportunities. It also serves as a forum for identifying potential mentors, investors, and industry experts who can offer guidance and support to women in their entrepreneurial journey.

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Skill Training for Rural Women Entrepreneurs

The table below highlights the budgetary requirements for this focus area:

Table 103: Social Catalysts for Inclusive MSME development- Focus Area 1

Focus Area 1: We-Lead-HP": Women Entrepreneurship Leadership Promotion in Himachal Pradesh						
Components	Number of districts / MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
Incubation programme for women owned	12	8	₹ 5,00,000	₹ 5	960	In all districts, twice yearly, 2 month programme, via



micro enterprises						incubators established (batch size of 10)
Migration support for 100 women-owned/managed enterprises to advance to Small/Medium Scale Enterprises	100	1	₹ 5,00,000	₹ 5	100 women entrepreneurs and 1000+ women employees	RAMP funded consulting support, up to 5 lakhs to envision and develop expansion strategy of enterprise. Can include policy by state to support plant and machinery cost involved in expansion
Funding Mela for Women owned MSME	3	4	1000000	₹ 1	1200	In 3 divisions once a year, for four years
State Level Networking Events for Women Entrepreneurs	12	8	500000	₹ 5	9600	In all districts, twice a year, for 4 years
Skill Training for Rural Women Entrepreneurs	12	16	250000	₹ 4.80	1920	1920 rural women trained in need-based skills

6.12.4.2 Focus Area 2: Inclusive Growth: Catalyzing SC-ST Entrepreneurship in Himachal Pradesh

The Udyam Registration Portal reveals a concerning underrepresentation, with only 14% and 8% of entrepreneurs being from Scheduled Castes (SC) and Scheduled Tribes (ST) categories, respectively. This stark imbalance poses a substantial economic and social challenge, hindering the realization of the full potential of these communities in the entrepreneurial sphere. Despite holding significant promise, SC-ST entrepreneurs encounter formidable barriers in accessing the business landscape, adversely impacting economic growth, innovation, and overall empowerment.

This focus area covers different aspects of facilitating SC-ST entrepreneurs in the MSME ecosystem in HP and entails the following components:

► SC-ST Facilitation Helpdesk



- ▶ Extended Capital Subsidy of 15% for SC-ST entrepreneurs
- ▶ Expansion of Reimbursement Program to include non-governmental platforms
- ▶ SC-ST Entrepreneurs Stakeholder Conclave

SC-ST Facilitation Helpdesk

To empower and uplift entrepreneurs from Scheduled Castes (SC) and Scheduled Tribes (ST) communities, a comprehensive initiative is proposed across five districts. The focal point of this program is the deployment of two skilled Facilitation Resources in each district. These dedicated individuals are entrusted with the crucial responsibility of guiding and supporting SC-ST entrepreneurs on various fronts, specifically focusing on SC-ST Hub Schemes, State Government initiatives, and schemes facilitated by the Ministry of Micro, Small, and Medium Enterprises (MoMSME). This proactive approach ensures a dedicated and personalized support system for SC-ST entrepreneurs, fostering an environment conducive to their economic empowerment and success. As the facilitation resources actively engage with the entrepreneurs, it is anticipated that this initiative will contribute significantly to the overall socio-economic development of the targeted communities.

Extended Capital Subsidy of 15% for SC-ST entrepreneurs

To extend the scope and benefits of the Credit Linked Capital Subsidy Scheme within the framework of the SC-ST Hub scheme, a proposal has been put forth to augment the subsidy provision by an additional 15% for a targeted 120 units. This initiative is designed to further bolster the support provided to entrepreneurs from Scheduled Castes (SC) and Scheduled Tribes (ST), thereby fostering enhanced economic development within these communities.

Expansion of Reimbursement Program to include non-governmental platforms

In a bid to enhance the support framework for entrepreneurs from Scheduled Castes (SC) and Scheduled Tribes (ST), there is a proposed expansion of the Membership Fee Reimbursement Scheme. This extension seeks to widen the scope of the scheme, now including non-governmental e-commerce platforms and self-supported e-commerce platforms that are integral to the economic endeavors of SC-ST entrepreneurs. This strategic move recognizes the evolving nature of e-commerce and aims to empower SC-ST individuals engaging in digital entrepreneurship beyond conventional governmental structures. By providing reimbursement for membership fees on these diverse platforms, the initiative aims to alleviate financial burdens and foster inclusivity, thereby creating a more equitable and accessible entrepreneurial landscape for SC-ST communities. The extended scheme underscores a commitment to supporting innovation, independence, and sustained economic growth within the SC-ST entrepreneurial ecosystem.

SC-ST Entrepreneurs Stakeholder Conclave

A Stakeholder Conclave tailored for the empowerment of SC-ST entrepreneurs is poised to be a transformative event, supported in part by funding from the SC-ST Hub scheme. This summit serves as a pivotal platform for collaboration, knowledge exchange, and resource mobilization, bringing together key stakeholders, government officials, industry experts, and SC-ST entrepreneurs. The Conclave aims to facilitate meaningful discussions on challenges faced by SC-ST entrepreneurs, showcase success stories, and provide valuable networking opportunities. Through strategic partnerships and shared insights, the event aspires to



catalyze sustainable growth and development within the SC-ST entrepreneurial community, ultimately contributing to broader socio-economic advancement.

The table below highlights the budgetary requirements for this focus area:

Table 104: Social Catalysts for Inclusive MSME development- Focus Area 2

Focus Area 2: Inclusive Growth: Catalysing SC-ST Entrepreneurship in Himachal Pradesh						
Component s	Number of districts/ MSME/ Units	No: of session s/ years	Unit Cost	Budge t	Impact	Remarks
SC-ST Facilitation Helpdesk	5	1	₹ 48,00,000	₹ 2.4	2400	A desk of 2 Facilitation resource in each of 5 districts to hanhold SC-ST Entrepreneurs on SC-ST Hub Schemes, State Govt. and MoMSME Schemes
Extended Capital Subsidy	30	4	₹ 1500000	₹ 18	120 MSME	Extend the limit of Credit Linked Capital Subsidy Scheme as provided in SC-ST, Hub scheme to provide 15% extra subsidy for 120 units
Expansion of Reimburse ment Program to include non- governmen tal platforms	100	4	₹ 10000	₹ 0.40	400 MSME	Extend coverage of membership fee reimbursement scheme to include non- governmental e-commerce platforms/ self supported e-commerce platform
SC-ST Entreprene urs Stakeholde r Conclave	5	1	₹ 1000000	₹ 0.50	1000 Entrep reneur s	Stakeholder Summit for SC-ST Entrepreneurs, with part funding from SC-ST Hub scheme

6.12.5 Approach and Methodology for Implementation

Women Entrepreneurship Leadership Promotion in Himachal Pradesh



- ▶ The SPIU will develop a detailed scope of work based upon the details of the project.
- ▶ SPIU will identify 3-5 potential agencies/institutions with competency and experience related to the project.
- ▶ SPIU in consultation with Directorate of Industries initiate a limited tender enquiry to select the relevant partner for project implementation.
- ▶ Onboarding an agency for organizing funding Mela , State level networking events, as well as Incubation Programs or assist in establishing the fortnightly basis facilitation desk at DIC'S office for upgradation of women led MSME's from one scale to another via organizations like Federation of Indian Women Entrepreneurs (FIWE) - Networking platform for women, Technical know-how, Industry research & expertise, Skill development & training. via tendering process by SPIU Committee along with RAMP Implementation unit followed with M&E plan . Training organizations viz. Micro, Small and Medium Enterprises - Development Institutes (MSME-DIs), Entrepreneurship Development Institutes (EDIs), nimsme, NIESBUD and the NGOs like <https://sshrishti.org>, <https://udyogini.org> , <https://awakeindia.org> , will be onboarded for conducting training / Awareness Sessions.

Inclusive Growth: Catalyzing SC-ST Entrepreneurship in Himachal Pradesh

- ▶ Onboarding of an agency for facilitating the administrative requirements for conducting the awareness sessions, training programs for capital subsidy initiatives, stakeholder conclaves, E commerce Platform awareness and onboarding sessions.
- ▶ For Stakeholder Conclave National Small Industries Corporation Ltd. Will be approached by SPIU Committee where facilitation desks for UDYAM Registration and GeM registrations to help SC-ST MSE, technical sessions with CPSE's, Banks and lending Institutions.
- ▶ For capacity building and awareness training <https://www.scsthub.in>, will be approached by SPIU.
- ▶ E commerce platform will be approached for conducting the various workshops or Programmes like SAMARTH' by Flipkart, MSME Accelerate' by Amazon, Atma nirbhar Section' by Shop clues to assist onboarding MSME's on E- commerce platforms.

6.12.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Initially proposed as physical awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.



6.12.7 Timeline for Achievement of Project Deliverables

Table 105: Social Catalysts for Inclusive MSME development- Timeline for Project Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	New Women led MSME in State	18926	1000	1000	1000	1000	4000
2	Women led MSME migration	0	50	50	50	50	200
3	Incubation of Women led MSME	0	240	240	240	240	960
4	Increased funding support for women led MSME	0	180	180	180	180	720
5	Rural Women who receive skill training	0	480	480	480	480	1920
6	SC-ST owned MSMEs who benefit from SC-ST Hub scheme in HP	0	500	1000	1000	500	3000
7	Stakeholder Conclave	0	1	2	2	-	5



6.12.8 Project Budget and Costing

Table 106: Social Catalysts for Inclusive MSME development- Budget and Costing

Indicator	Intervention	Y1 (INR Crore)	Y2 (INR Crore)	Y3 (INR Crore)	Y4(INR Crore)	Total (INR Cr.)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
Incubation of Women led MSME	Incubation programme for women owned micro enterprises	₹ 1.20	₹ 1.20	₹ 1.20	₹ 1.20	₹ 4.80	4.8	-
Women led MSME migration	Facilitate Growth in Women led MSMEs	₹ 1.25	₹ 1.25	₹ 1.25	₹ 1.25	₹ 5.00	5	-
Increased funding support for women led MSME	Funding Mela for Women owned MSME	₹ 0.30	₹ 0.30	₹ 0.30	₹ 0.30	₹ 1.20	1.2	-
New Women led MSME in State	State Level Networking Events for Women Entrepreneurs	₹ 1.20	₹ 1.20	₹ 1.20	₹ 1.20	₹ 4.80	4.8	-
Rural Women receiving skill training	Skill Training for Rural Women Entrepreneurs	1.2	1.2	1.2	1.2	4.8	4.8	



Indicator	Intervention	Y1 (INR Crore)	Y2 (INR Crore)	Y3 (INR Crore)	Y4(INR Crore)	Total (INR Cr.)	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
We-Lead-HP'': Women Entrepreneurship Leadership Promotion in Himachal Pradesh: TOTAL						₹ 20.60	₹ 20.60	₹ 0.00
Increase in SC-ST entrepreneurs in MSME ecosystem in HP	SC-ST Facilitation Helpdesk	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 2.40	2.4	-
	Extended Capital Subsidy	₹ 4.50	₹ 4.50	₹ 4.50	₹ 4.50	₹ 18.00	18	-
	Extend coverage of reimbursement of registration fees for e-commerce platform to include non-governmental platforms Ex: Amazon, Flipkart, etc.	₹ 0.10	₹ 0.10	₹ 0.10	₹ 0.10	₹ 0.40	0.4	-
	SC-ST Entrepreneurs Stakeholder Conclave	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.50	0.5	-
Inclusive Growth: Catalysing SC-ST Entrepreneurship in Himachal Pradesh: TOTAL						₹ 21.30	21.3	₹ 0.00



6.12.9 Estimated Impact

1. **Establishment of New Women-led MSMEs:** Initiating and supporting the creation of 4,000 new women-led Micro, Small, and Medium Enterprises (MSMEs) within the state to encourage entrepreneurship and economic empowerment.
2. **Migration Support for Women-led MSMEs:** Providing comprehensive support services for the migration of 200 women-led MSMEs, ensuring a smooth transition and continuity of operations.
3. **Incubation Opportunities for Women-led MSMEs:** Facilitating the incubation of 960 women-led MSMEs, offering tailored assistance, mentorship, and resources to refine business models and establish a strong foundation for sustainable growth.
4. **Increased Funding Support for Women-led MSMEs:** Enhancing financial support mechanisms to benefit 720 women-led MSMEs, fostering their development, and increasing their capacity for innovation and competitiveness. This aims to address the funding challenges often faced by women entrepreneurs.
5. **Increase in the number of SC-ST owned MSMEs:** Establishment and creation of 3000 new SC-ST owned MSMEs in HP.

6.12.10 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> • Data compilation as per project indicators • Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> • Analysis of data • Preparation of monthly status reports • Identification of gaps • Identification of control measures 	<ul style="list-style-type: none"> • Communicate control measures to implementation partners • Conduct monthly Review Meeting at Nodal Officer RAMP Level • Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> • Compilation data of all Projects and tracking of Projected Outcome • Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> • Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . • Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> • Annual review of the Outcome and output against Indicators of each Project • Formulate action Plan for next year basis on review • Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 235: Monitoring and Evaluation framework of the project

An aerial photograph of an industrial facility, likely a refinery or chemical plant, featuring numerous large, cylindrical storage tanks and a complex network of pipes. The facility is situated near a body of water, with a rocky shoreline visible in the foreground. A semi-truck is parked near a blue container on the right side of the image.

G. Infrastructural Development



6.13 P13: Enhancing Infrastructural Development in Himachal Pradesh

6.13.1 Alignment of project with respect to RAMP Programme Objectives

Enhancing Infrastructural Development in Himachal Pradesh			
Objective:	Objective 3: Enhancing firm capabilities and access to markets		
Key Result Areas (KRAs):	KRA 2: Support to Market Access, Firm Capabilities and Access to Finance		
Applicable Indicator(s)	Disbursement	Linked	DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes

6.13.2 Problem Statement

Need for common Infrastructural Development: The industrial ecosystem of the state is poised for an expansion in both industrial and non-industrialized districts. The impetus on services, agriculture, horticulture, other focus sectors and strengthening of value chains around ODOP products would open new investment avenues in the State. The operational efficiency and sustainability of industrial operations, infrastructure is also important alongside industrial growth. The state of Himachal Pradesh has so far created only one common industrial infrastructure project. However, the industries have highlighted need for creation of common facility centres to improve their operational efficiencies. Common infrastructure project as per the MSE-CDP scheme guidelines are applicable for different industrial areas in the State.

Need for plug and play facilities for manufacturing and service sector MSMEs: The existing scenario for the MSME ecosystem in Himachal Pradesh is characterized by various significant challenges. These challenges include a lack of contemporary and adequately equipped spaces for manufacturing and services enterprises, the underutilization of existing resources, and a fragmented strategy in assisting small and medium enterprises. These difficulties lead to operational inefficiencies, higher overhead costs, and less-than-optimal business growth. It is imperative to tackle these challenges by implementing the RAMP Scheme, particularly through the establishment of flatted factories, to offer MSMEs the necessary infrastructure for their flourishing, promote economic development, and alleviate barriers impeding their advancement.

Lack of fire protection in manufacturing clusters: The issue pertains to the absence of water hydrant fire protection systems within the manufacturing hubs situated in the state of Himachal Pradesh (HP). This deficiency not only jeopardizes the safety of industrial facilities but also poses a significant impediment to the state's capacity to allure Foreign Direct Investments (FDIs) and angel investors, thereby impeding its industrial progress. Without adequate fire protection measures, the state faces challenges in realizing its full industrial potential and attracting the investments necessary for sustainable economic development. Addressing this deficiency becomes imperative not only for the safety of industrial units but



also for fostering an environment conducive to economic growth and investor confidence in the state.

6.13.3 Issues and Challenges

- ▶ MSMEs in the State have limited access to technology and skills.
- ▶ MSMEs performance on sustainability parameters has been very low.
- ▶ MSMEs lack resources for conceptualization of common infrastructure projects.
- ▶ MSMEs require hand holding support for meeting project/scheme requirements.
- ▶ Due to limited resources and capacity MSMEs are unable to identify the cluster members required.
- ▶ Need to highlight common infrastructure projects e.g. common processing/ production centre linked to sustainable industrial growth, Industry 4.0, testing and Quality upgradation facilities, training /skill upgradation centers, common logistics/raw material bank etc.
- ▶ Optimal Land Utilization: To address the issue of land scarcity and high land prices in Himachal Pradesh. By maximizing the use of available land, it ensures that MSMEs can establish or expand their operations without incurring excessive land acquisition costs.
- ▶ Spatial Efficiency and Logistics Optimization: To enhance the movement of goods and materials within manufacturing units in Himachal Pradesh, reducing delays, lead times, and operational costs. This enables MSMEs to respond to market demands more swiftly, efficiently, and cost-effectively.
- ▶ Technology Adoption and Automation: To facilitate the adoption of Industry 4.0 practices, smart manufacturing, and automation in Himachal Pradesh. This enhances operational efficiency, product quality, and the ability to adapt to market changes rapidly.
- ▶ Integrated Business Services and Amenities: To enable MSMEs in Himachal Pradesh to access integrated support services, fostering collaboration, knowledge sharing, and operational efficiencies within the industrial space.
- ▶ Cluster Development: To create geographic concentrations of interconnected enterprises in Himachal Pradesh, enabling knowledge sharing, cost reductions, and a supportive ecosystem for MSMEs.
- ▶ Micro scale units find it difficult to invest in the safety projects and have limited resources to maintain and operate it, the industry also looks at it as a stranded investment.
- ▶ Problem of storing huge quantities of water for long term for emergency uses without any effective utilization of water by individual units.
- ▶ Non- availability of capable dedicated technical resources to maintain and operate the safety system.
- ▶ Lack of thorough understanding on type of industrial fires and scientific procedures to manage such disasters.



- ▶ Lack of knowledge on the chemical use and infrastructure for refilling in the nearby regions where in the individual unit demand is quite less.
- ▶ Difficulty in regular and periodic checks and maintenance of fire extinguishers and hydrant systems.

6.13.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:

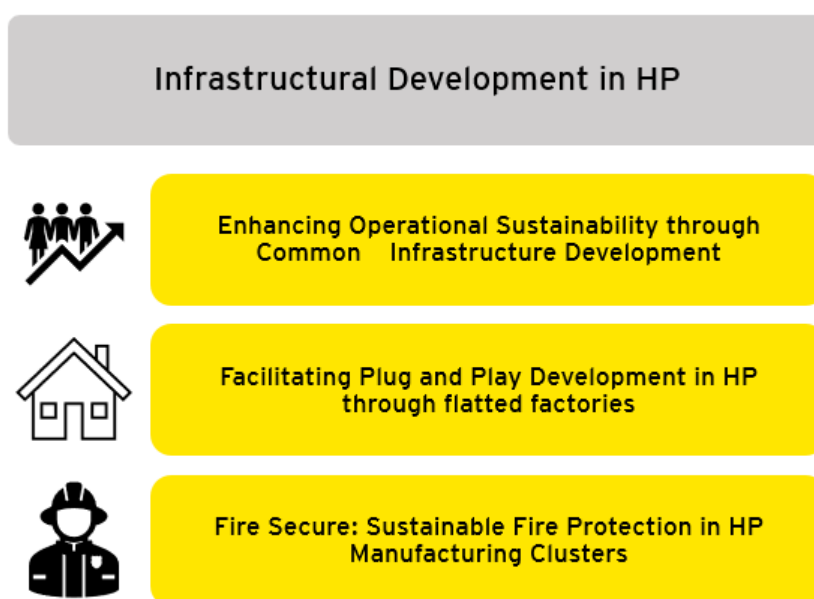


Figure 236: Enhancing Infrastructural Development in Himachal Pradesh: Proposed Project Design Concept

6.13.4.1 Focus Area 1: Enhancing Operational Sustainability through Common Infrastructure Development

Technical Scoping and Support

Technical scoping would cover conducting feasibility studies to assess the viability and potential impact of developing common infrastructure in MSE clusters. The selected expert team would undertake MSME stakeholder consultations in coordination with DICs, Industry Associations and SPIU for need assessment, identification of Gaps in MSME infrastructure and mobilizing MSMEs for SPV participation.

The next step includes analyzing factors such as market demand, resource availability, infrastructure requirements, technical specifications, and economic viability. This would involve strengthening of the need assessment, developing a project design, determining the infrastructure and technology requirements, and incorporating sustainable design principles. In addition, the team would undertake financial and resources planning for the identified projects.

The scoping activities for every project will be followed by technical support required for preparation of Detailed Project Reports (DPRs), submission and approval. Post approval, the



technical support would be extended to the respective implementing agencies to ensure effective and timely project completion.

The Directorate has already identified 10 infrastructure development projects in new and existing industrial areas to be submitted under the MSE-CDP scheme of GoI and aspires to submit both more greenfield ID projects in the future. Accordingly, the budgetary implications have been worked out as under:

The table below highlights the budgetary requirements for this focus area:

Table 107: Enhancing Infrastructural Development in Himachal Pradesh- Focus Area 1

Focus Area 1- Enhancing Operational Sustainability through Common Infrastructure Development						
Components	Number of projects	No: of sessions	Unit Cost INR	Budget in INR Cr.	Impact	Remarks
Technical Scoping and Support for Infrastructure Development and CFC project identification and implementation	15	1	40,00,000	6.0	Timebound implementation of common infrastructure projects for MSMEs	10 (already identified infra projects and 5 upcoming infra projects) to be submitted under this project

6.13.4.2 Focus Area 2: Facilitating Plug and Play Development in HP through flatted factories

Development of flatted factories:

The Government of Himachal Pradesh be responsible for provision of land and construction of 10 flatted factories by leveraging the MSE-CDP scheme. The scheme provides for a coverage of Rs. 10 crore per factory which is divided in the ratio of 70%: GoI, 15%: GoHP and 15%: SPV. The division of budget is provided in table given below. These factories can either be operated by the government or lease out to an operating agency who would in turn lease the factory spaces out to MSMEs in the manufacturing and services sector in the plug and play model.

Subsidy on rent for MSMEs:

Support from RAMP funding would be primarily utilized in providing subsidies for 120 MSMEs to set up their factories in these PPP model flatted system. At a rate of Rs. 50 per sq. meter for a total of 929 sq. meter per unit for 36 months. This will total to a funding requirement of Rs. 20.06 crores which will be funded through the RAMP fund.

The table below highlights the budgetary requirements for this focus area:



Table 108: Enhancing Infrastructural Development in Himachal Pradesh- Focus Area 2

Focus Area 2: Facilitating Plug and Play Development in HP through flatted factories						
Components	Number of districts/ MSME/ Units	No: of sessions/ months	Unit Cost	Budget	Impact	Remarks
Development of flatted factories	10	1	10,00,00,000	100.00	Infrastructural development which would benefit hundreds of MSMEs	
Subsidy on rent for MSMEs	120	36	46,450	20.07		Rs.50 per Sq, Mtr. per month Assuming maximum 929 Sq. mtr per unit
TOTAL				120.07		

6.13.4.3 Focus Area 3: Sustainable Fire Protection in HP Manufacturing Clusters

This focus area covers different aspects of bridging the gap between Academia and industry and entails the following components:

- ▶ Scoping and Feasibility Study
- ▶ Establishment of safety CFC in major industrial clusters

Scoping and Feasibility Study

A comprehensive scoping study and feasibility study are planned as part of the first intervention. This involves enlisting the expertise of a private fire safety agency through the collaborative efforts of the State Project Implementation Unit (SPIU) and the RAMP team. The study aims to conduct a diagnostic assessment covering both technical and non-technical aspects. This includes evaluating the manufacturing cluster, designing the system, assessing required infrastructure, establishing water supply arrangements, identifying chemicals for refilling, planning comprehensive training programs, and formulating strategies for regular maintenance or drills. The study will also define the configuration and quantity of hydrant systems needed for the entire cluster/members.

The State Project Implementation Unit (SPIU) committee, in conjunction with the RAMP Team, will actively engage with relevant stakeholders. This includes government authorities, manufacturing clusters, fire safety experts, fire departments, water departments, insurance companies, construction and installation units, and environmental organizations. The



mapping process will encompass understanding existing fire safety regulations, identifying challenges or gaps, and defining the roles of each stakeholder.

Establishment of safety CFC in major industrial clusters

In response to inputs from stakeholder consultations, scoping studies, and technical assessments, the initiative proposes the establishment of safety clusters in major industrial regions. These clusters will be fully equipped with essential safety apparatus. Concurrently, awareness sessions and capacity-building programs will be conducted to enhance preparedness and understanding among stakeholders.

A detailed project report will be prepared, drawing from the insights gleaned from the scoping study and the comprehensive assessment of manufacturing clusters. The report will outline the scope, scale, design and configuration of the water hydrant fire protection system, obtaining stakeholder and technical department concurrence. Specific goals and objectives will be set, considering cluster size, potential risks, and available resources. Risk assessments will identify high-risk areas and potential fire hazards within the clusters.

To ensure effective utilization of the water hydrant system and adherence to fire safety protocols, awareness sessions will target manufacturing cluster units, employees, and relevant stakeholders. Regular drills and simulation exercises are planned to familiarize stakeholders with the system's operation, fostering a proactive and informed response during emergencies. To maintain a continuous improvement cycle, a robust reporting mechanism will be implemented. The manufacturing cluster committee will serve as a focal point for reporting any issues, concerns, or suggestions for improvements regarding the water hydrant system.

The table below highlights the budgetary requirements for this focus area:

Table 109: Enhancing Infrastructural Development in Himachal Pradesh- Focus Area 3

Focus Area 3- Fire Secure: Sustainable Fire Protection in HP Manufacturing ClustersFire Secure						
Components	Number of districts/ MSME/ Units	No: of sessions	Unit Cost	Budget	Impact	Remarks
Scoping for group of industries, partner stakeholders, SPV constitutions, diagnostics, technology scoping, system sizing, configuration and numbers required, preparation of DPR , submission to GoI and Implementation Support	500	8	0.5	4	300	Minimum 8 projects (two per major industrial clusters) average cost under 10 Cr. Project



Implementation support provided to clusters \select SPVs	300	8	7.5	60	300	Minimum 8 projects (two per major industrial clusters) average cost under 10 Cr. Project
TOTAL				64		

6.13.5 Approach and Methodology for Implementation

- ▶ Infrastructural Development Initial stakeholder consultations at cluster level will be undertaken by the proposed resources at DICs in coordination with Directorate. The budget earmarked for stakeholder consultations would be used by DICs.
- ▶ The SPIU utilizing the expertise of proposed Infrastructure Expert would empanel infrastructure firms/consultants on a rate contract basis.
- ▶ The SPIU in consultation with DICs and the Directorate would utilize the services of these empaneled experts as required, for preparation of DPRs and providing implementation support to proposed infrastructure projects.
- ▶ The preference would be given to experienced/accredited/ consultants already empaneled with Govt. of Himachal Pradesh
- ▶ The SPIU may also empanel firms consultants fulfilling the eligibility criteria detailed out in call for empanelment.
- ▶ The scope majorly would be to coordinate and steer stakeholder consultations along with DICs, preparation of DPR, provide implementation support to SPV/Directorate for implementation of these projects.
- ▶ Onboarding of an agency for preparation of Infra DPR by SPIU Committee and assist in making SPV in the identified organizations. And develop a M&E pattern as per the flow of activities

6.13.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ Initially proposed as in-person awareness programs, the project aims to transition to a digital platform after one year of standardization. The envisioned shift will enable efficient dissemination of project information to Micro, Small, and Medium Enterprises (MSMEs) through a digital mode, enhancing accessibility and outreach.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.



6.13.7 Timeline for Achievement of Project Deliverables

Table 110: Enhancing Infrastructural Development in Himachal Pradesh- Timeline for Budget Deliverables

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	Submission of project DPRs and implementation support extended	-	10	-	5	-	5
2	No: of flatted factories established	0	3	3	2	2	10
3	MSME units to which flatted factories are leased out to on subsidy	0		40	40	40	120
4	Project Feasibility and Scoping	-	2	3	3	-	8
5	Creation of common industrial safety infrastructure	-	-	2	3	3	8



6.13.8 Project Budget and Costing

Table 111: Enhancing Infrastructural Development in Himachal Pradesh- Budget and Costing

Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total (INR Cr.)	RAMP (INR Cr.)	GoI (INR Cr.)	State (INR Cr.)
Technical Scoping and Support for Infrastructure Development and CFC project identification and implementation	Submission of DPR to GoI under MSE CDP	4.00	0.00	2.00	0.00	6.00	6.00	116.37	59.82
Enhancing Operational Sustainability through Common Infrastructure Development: TOTAL						6.00	6.00	116.37	59.82
Flatted factories created	Development of flatted factories	25.00	25.00	25.00	25.00	100.00	2.16	70.00	15.00
MSME units to which flatted factories are leased out to on subsidy	Subsidy on rent for MSMEs	5.02	5.02	5.02	5.02	20.07	20.07	-	
Facilitating Plug and Play Development in HP through flatted factories: TOTAL						120.07	22.23	70.00	15.00
Creation of common industrial safety infrastructure	Scoping and Feasibility Study	1.00	1.50	1.50	-	4.00	4.00	0.00	0.00
Number of safety CFC created in major industrial clusters	Implementation support provided to clusters	-	16.00	24.00	24.00	64.00	0.00	51.20	9.60



Fire Secure: Sustainable Fire Protection in HP Manufacturing Clusters Fire Secure: TOTAL					68.00	4.00	51.20	9.60
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6.13.9 Estimated Impact

The implementation of common infrastructural facilities is expected to have the following impact:

- ▶ 10 (already identified infra projects and 5 upcoming infra projects) will be supported under this project for enhancing the operational sustainability

The implementation of establishment of flatted factories is expected to bring about a significant transformation within Himachal Pradesh's MSME ecosystem:

- ▶ **Improved Manufacturing Efficiency:** The scheme is poised to substantially enhance the efficiency of MSME operations in Himachal Pradesh, leading to cost reductions and improved product quality.
- ▶ **Facilitated Business Growth:** Enhanced manufacturing facilities and processes will stimulate economic growth by providing Himachal Pradesh's MSMEs with the necessary infrastructure to scale their operations and broaden their market presence.
- ▶ **Environmental Sustainability:** By advocating for eco-friendly and sustainable manufacturing practices, the scheme will contribute to reducing the environmental impact of MSMEs in Himachal Pradesh, aligning with global conservation efforts.
- ▶ **Attracting Investments:** The availability of modern, well-equipped manufacturing spaces is likely to attract investments and new businesses seeking technologically advanced facilities in Himachal Pradesh.
- ▶ **Enhanced Quality of Life:** The reduction of industrial congestion and pollution in urban areas of Himachal Pradesh will lead to an overall improvement in the quality of life for citizens, creating a healthier and more appealing living environment.

The implementation of safety infrastructure in manufacturing clusters is expected to have the following impact:

- ▶ Safety CFC will be created in Industrial Areas.
- ▶ Awareness session for the optimal utilization of fire safety structure or equipment's
- ▶ Assist small level entrepreneurs in maintaining the safety protocols



6.13.10 Plan for strengthening M&E Framework of the project.

Periodicity						
Component	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
	<ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	<ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 237: Monitoring and Evaluation framework of the Project



H. Sectoral Intervention

6.14 P14: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products

6.14.1 Alignment of project with respect to RAMP Programme Objectives

Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products			
Objective:		Objective 1: Strengthening National & State Coordination Objective 3: Enhancing firm capabilities and access to markets	
Key Result Areas (KRAs):		KRA 2 - Support to Market Access, Firm Capabilities and Access to Finance	
Applicable Indicator(s)	Disbursement	Linked	DLI 2: Accelerating MSME Sector Center-State collaboration DLI 3: Enhancing the effectiveness of Firm Capabilities Schemes

6.14.2 Problem Statement

The multifaceted challenges across various sectors in Himachal Pradesh demand an integrated approach to foster sustainable economic growth, vitalise the rural economy and capitalize on the state's diverse potential.

Toy Manufacturing Sector: Given the availability of raw material, livelihood trends, expertise of rural population, sectoral potential, market opportunity and growth potential, the sector holds promising scope for integrating value added rural produce to national markets. The absence of a dedicated cluster for souvenirs and toys in Himachal Pradesh hampers sector growth, particularly crucial to meet escalating demand fuelled by the flourishing tourism industry. Establishing such a cluster is imperative to leverage the tourism-driven market, enhance local economic opportunities, and fulfil the demand for region-specific souvenirs and toys.

State's core strength in this sector lies in products made out of wood and wool and more than 50% of the toy industry is comprised labour intensive segments. However, the challenges related to design improvisations, improved productivity and quality, promotion and market connect are still in existence.

Sericulture Industry: The sericulture industry grapples with challenges in both backward and forward linkages, hindering overall growth and sustainability. Insufficient technical competency, low productivity/yield, the absence of essential technological infrastructure,

and seasonal variations pose significant obstacles to the growth of this sector. Moreover, the lack of a reliable and accessible market, fair pricing, and economic viability limit the growth of sericulture ventures in Himachal Pradesh.

Agricultural Sector:

1. **Fisheries Sector:** Despite abundant water resources, Himachal Pradesh lacks a dedicated fisheries cluster, resulting in disorganization and underutilization of the fisheries sector. The absence of infrastructure for processing and value addition, market linkages, technical expertise, and government support hampers the development of a thriving and sustainable fisheries industry. Establishing an integrated fisheries cluster is crucial for sustainable fish production, local consumption, employment generation, and maximizing the economic potential of the fisheries sector.
2. **Livestock and Meat Processing:** The livestock industry in Himachal Pradesh faces significant challenges due to unorganized processes, unscientific approaches, and unhygienic practices in meat production and consumption. The lack of organized MSME clusters for meat slaughtering and processing results in inefficiencies, limited market access, and missed economic development opportunities. Strategic cluster development initiatives are essential to unlock the sector's potential, enhance efficiency, and foster sustainable economic growth.
3. **Dairy Industry:** The state heavily relies on neighbouring states for high-quality and packaged milk due to scattered and unorganized small-scale milk production setups in numerous villages. To address this dependency and boost the local dairy industry, there is a pressing need to establish a robust and organized dairy industry cluster. This would enable local milk production to meet the demand for quality milk, value-added dairy products, and open avenues for exports, thereby fostering economic development in Himachal Pradesh.

6.14.3 Issues and Challenges

- ▶ **Limited Infrastructure:** Lack of manufacturing facilities, storage spaces, cold storage chains, processing units, modernized technology and transportation networks. Infrastructure limitations in establishing and maintaining dairy facilities, modern sericulture and slaughtering practices.
- ▶ **Raw Material Availability:** Limited access to regular raw material, affecting production and quality. Lack of awareness regarding government schemes and proposed business models for raw material. Seasonal constraints in availability of livestock, fodder availability etc.
- ▶ **Skilled Labor and Technical Expertise:** Limited access to skilled labor and technical expertise for innovation. Limited access to veterinary service, lack of training facilities and shortage of skilled labour.
- ▶ **Market Access and Distribution:** Inadequate market linkages and distribution channels. Dependence on neighboring states in dairy sector. Absence of collectivization for a cluster approach, limiting market access.

- ▶ **Quality Control and Safety Standards:** Lack of support in certification, accreditation, traceability, and labeling. Challenges related to regulatory compliance and quality assurance. Limited awareness and adoption of scientific dairy farming practices affecting quality. Pesticide issues impacting silk production and quality.
- ▶ **Environmental Sustainability:** Lack of environmental-friendly practices. Environmental concerns related to waste management and disposal, Difficulty in implementing proper waste management systems. Pesticide issues impacting the environment and production.
- ▶ **Institutional Coordination and Support:** Lack of coordination among government departments, research institutions, and industry stakeholders. Fragmented supply chains and lack of coordination among stakeholders.
- ▶ **Awareness and Training:** Lack of awareness regarding government schemes, business models, and post-harvesting methods. Lack of technical training support. Limited awareness and education affecting perception and acceptance of processed meat products.

6.14.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:

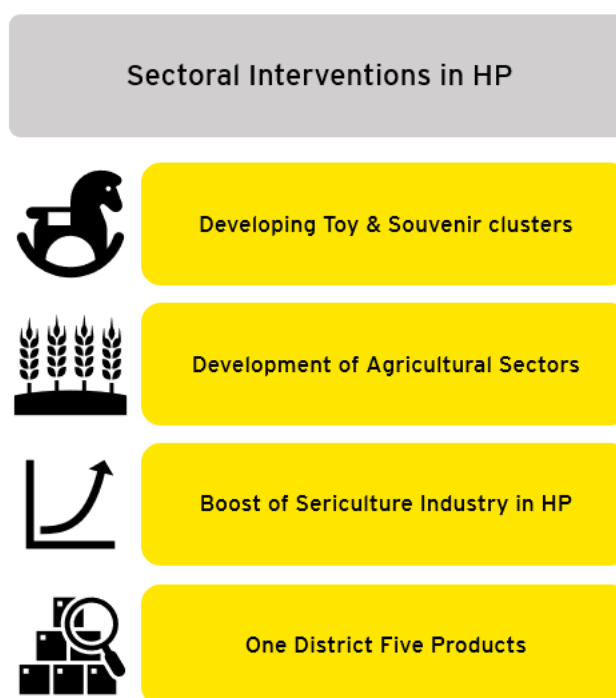


Figure 238: Sectoral Interventions in HP: Proposed Project Design Concept

6.14.4.1 Focus Area 1: Developing Toy & Souvenir clusters

Scoping and feasibility Study

A scoping and feasibility study to be conducted for the identified location of the state by hiring an agency to do the scoping study based on the technical or non-technical specifications for the clusters on the below mentioned heads.

Non-technical specifications include:

- ▶ **Stakeholder Mapping:** Identifying and engaging with the relevant stakeholders like toy manufacturers, suppliers, distributors, retailers, national level industry associations for knowledge sharing and government agencies for quality control and taxes requirements to understand their perspectives, capabilities, and potential collaborations, procedures etc.
- ▶ **Market Analysis:** Assess domestic and international market demand for toys and evaluate the competitive landscape, by identifying the consumer preferences, trends, and opportunities for the toy cluster's growth and development.
- ▶ **Infrastructure Assessment:** To evaluate the availability and adequacy of infrastructure for toy manufacturing at industrial zones, factories, warehouses, and logistics networks, based on considering the existing capacity and potential for expansion as per the future demand
- ▶ **Supply Chain Analysis:** Complete analyses of the toy supply chain, from raw materials sourcing to manufacturing, distribution, and retail, it will help to identify the bottlenecks, challenges, and opportunities for streamlining the supply chain and improving efficiency of the proposed toy cluster in the State
- ▶ **Skills and Labor Assessment:** Evaluation of the availability and skills of the local workforce for toy manufacturing, it will help in assessing the need for skill development programs, training initiatives, and collaboration with vocational institutes or educational institutions or further designing the e-modules or short-term programs to be designed for skill centers.
- ▶ **Technology and Innovation:** Assessing the technological capabilities of the existing toy manufacturing units and identify the opportunities for technological advancements, automation, and innovation to enhance product quality, design, and manufacturing processes within the individual units and further to the clusters.
- ▶ **Regulatory and Policy Framework:** Understanding the existing regulatory and policy framework governing the toy industry, along with evaluating the adequacy of regulations related to safety standards, certifications, intellectual property rights, and export-import regulations, quality certifications.
- ▶ **Sustainability, Environmental & Social Impact:** Assessing the environmental and social impact of toy manufacturing processes like sustainable practices in manufacturing, waste management, energy efficiency or additional job creation or retention of skilled workforce in the defined region or enhancing the economic development.

- ▶ **Financial Analysis:** Financial analysis to evaluate the economic viability of the toy cluster, by identifying the potential funding sources, investment requirements, incentives, and support mechanisms for the growth and sustainability of toy manufacturing units or clusters.
- ▶ **Cluster Development Strategies:** lastly developing the cluster development strategies to promote collaboration and cooperation among toy manufacturers and stakeholders in the cluster, by exploring the potential for joint marketing, collective bargaining power, and shared infrastructure, shared common resources at CFC's, knowledge sharing practices etc.

Technical Specifications include:

- ▶ **Product Specifications:** By Clearly identifying the scope and range of toys to be considered in the study, including the types, categories, and target age groups of toys.
- ▶ **Manufacturing Processes:** Different manufacturing processes involved in toy production, like molding, assembly, painting, and packaging, automation, 3D printing etc.
- ▶ **Quality Standards and Safety Regulations:** Identifying the applicable quality standards and safety regulations for toy manufacturing units, including adherence to international safety guidelines, material standards, and testing procedures, along with to ensure the safety, durability, and compliance of toys and quality control protocols at different stage of manufacturing
- ▶ **Raw Materials and Components:** Assessing the availability and quality of raw materials and components required along with the sourcing options for potential suppliers related to eco-friendly and non- toxic materials.
- ▶ **Machinery and Equipment:** Evaluating the machinery and equipment needed for toy manufacturing, like injection molding machines, assembly lines, painting equipment, and packaging machinery in terms of capacity and efficiency.
- ▶ **Intellectual Property Rights:** Assessing the need for protection, licensing, or any potential infringements

Based on the interventions received the next steps for the implementation of toy cluster in the identified locations, forward and backward linkages encompassing circular economy approach will be Planned.

Implementation Phase

Based on the inputs, of the scoping study of pre identified locations, an implementation will be done in third and fourth year at the identified location, which involves DPR preparation along with technical specification, SPV constitution, submission to GOI for approval and post approval on boarding of various technical or non-technical organizations for the implementation work, establishing market linkages along with the common facility approaches.

The implementation partners for the establishment of cluster will be responsible for development of cluster in the three identified locations. Each location will facilitate toy and

souvenir processing plants in the form of CFCs as well as a marketing unit which will be responsible for synchronized marketing, branding, packaging etc. of these products across the state and in international markets. Funding for the project as stated above will be procured from the SFURTI and MSE-CDP scheme basis the scale of required interventions.

Based on the consultations with the department and stakeholders, an estimated investment of around 40 Cr. will be required to formalize these clusters at strategic locations. The preliminary discussions have indicated to have a mini manufacturing cluster (upto 5 Cr.) in the districts of Kangra, Chamba, Kullu and Shimla with one processing facility around major industrial areas of the State. It is estimated that around 24 cr. which is 80% of the overall project cost of 40 cr. The remaining 15% amounting to 7.5 cr. will be funded by the state and the remaining 2.5 cr. will be funded by the respective SPVs. The table below highlights the budgetary requirements for this focus area:

Table 112: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Focus Area 1

Focus Area 1- Developing Toy & Souvenir clusters		
Components	Interventions	Budget (INR Cr.)
Scoping and feasibility study	Study of the existing eco system of the respective cluster in the State along with technical or non-technical specifications. Scope of intervention includes: stakeholder consultation, analysis of market demand in the state, country and internationally, infrastructure and technology need analysis, environmental, social & community level impact of the sector, financial viability, regulatory framework, capacity building needs etc.	1.75 Cr.
Implementation phase: Trainings and Preparation of DPRs	Technical and Non-technical implementation work behind developing clusters including trainings and preparation of DPRs	0.75 Cr.
Implementation phase: Cluster Development	Cluster Development of 5 Toy and Souvenir Clusters, through MSE-CDP	50 Cr.

6.14.4.2 Focus Area 2: Development of Agricultural Sectors/Clusters

1. Scoping and Feasibility Study and Stakeholder Engagement:

- ▶ Conduct a comprehensive market study for agriculture clusters, including fisheries, meat processing, dairy, and beekeeping.

- ▶ Engage stakeholders such as farmers, processors, retailers, and government bodies.
2. DPR Preparation and SPV Constitution:
- ▶ Prepare a Detailed Project Report (DPR) for the identified sectors.
 - ▶ Formulate a Special Purpose Vehicle (SPV) and submit it to the Government of India under applicable schemes.
3. Implementation Phase:
- ▶ Execute the approved project plan based on scoping and feasibility studies.
 - ▶ Fisheries cluster: Funding for the project will be procured from the PMMSY scheme. 5 clusters worth 10 cr. each would be established with 90% contribution from Gol worth 45 Cr. and 10% contribution from state government worth 5 Cr.
 - ▶ Meat Processing Cluster: Funding for the project will be procured from the MSE-CDP/ PMFME/State Food Mission scheme. 5 clusters worth 5 cr. each would be established with 80% contribution from Gol worth 20 Cr. and 15% contribution from state government worth 3.75 Cr and 5% contribution from SPV worth 1.25 Cr.
 - ▶ Dairy and Bee keeping clusters: Scheme for procurement of funds for establishment of clusters will be identified post scoping study along with potential locations.
4. Progressive Clusters for Agriculture:
- ▶ Identify progressive clusters for meat processing, dairy, beekeeping, and fisheries.
 - ▶ Implement a circular economy approach in both forward and backward linkages.
5. Development of Forward Linkages:
- ▶ Identify potential forward linkages, such as local processors, retailers, and export opportunities.
 - ▶ Establish partnerships to ensure a smooth supply chain, value addition, and market access for agriculture products.
6. Promotion of Backward Linkages:
- ▶ Explore opportunities for backward linkages, such as collaboration with livestock farmers, feed manufacturers, and waste management initiatives.
 - ▶ Foster relationships ensuring sustainable sourcing, quality control, and waste utilization.
7. Circular Economy Initiatives:
- ▶ Implement innovative approaches to minimize waste and maximize resource utilization.

- ▶ Collaborate with processors, retailers, and export markets to create a circular economy, reducing waste and promoting sustainable practices.

8. Specific Initiatives for Each Sector:

- ▶ Fisheries: Focus on sustainable fishing practices and market opportunities.
- ▶ Meat Processing: Emphasize value addition, waste reduction, and market access.
- ▶ Dairy: Enhance production, processing, and marketing of dairy products.
- ▶ Beekeeping: Promote sustainable practices and honey market development.

The table below highlights the budgetary requirements for this focus area:

Table 113: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Focus Area 2

Focus Area 2 - Development of Agricultural sectors		
Components	Interventions	Budget (INR Cr)
Scoping and feasibility study: 1. Fisheries Cluster 2. Sustainable Clusters for Meat Processing 3. Dairy Cluster 4. Bee Keeping Clusters	Study of the existing eco system of the respective cluster in the State along with technical or non-technical specifications. Scope of intervention includes: stakeholder consultation, analysis of market demand in the state, country and internationally, infrastructure and technology need analysis, environmental, social & community level impact of the sector, financial viability, regulatory framework, capacity building needs etc.	$1.75 * 4 = 7$ Cr.
Implementation phase: Trainings and Preparation of DPRs: 1. Fisheries Cluster 2. Sustainable Clusters for Meat Processing 3. Dairy Cluster 4. Bee-keeping cluster		$0.75 * 4 = 3$ Cr.

Implementation phase: Cluster Development: 1. Fisheries Cluster 2. Sustainable Clusters for Meat Processing 3. Dairy Cluster 4. Bee-keeping cluster		1. 10*5= 50 Cr. 2. 5*5= 25 Cr. 3. To be identified 4. To be identified
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6.14.4.3 Focus Area 3: Boost of Sericulture Industry in HP

Establishment of technical training centres and technical training

During our engagement with the sericulture wing, it became evident that a critical gap exists in the sector, notably the absence of a key component—technical training. The stakeholders expressed the importance of addressing this crucial aspect, highlighting its significance in advancing the sericulture industry such as cocoon production, silk reeling, pest management, quality control.

As a first step Common Technical training centers at district level on sericulture would be established through MSECDP/ SFURTI. Funding for the project will be procured from the MSE-CDP/ SFURTI scheme. 2 centres worth 5 cr. each would be established with 80% contribution from GoI worth 8 Cr. and 15% contribution from state government worth 1.5 Cr and 5% contribution from SPV worth 0.5 Cr.

Hands-on workshops provide practical insights, integrating modern technologies for optimized efficiency, financial literacy, fostering sustainable practices especially in a predominantly female-oriented sector. To facilitate this a technical agency will be onboarded to conduct technical training for Sericulture technical staff and farmers by recognizing the unique challenges of the sector in the state and tailor trainings accordingly via various modes.

Along with this approach common training centers will be established at district level to ensures accessibility, collaborative learning platforms to facilitate knowledge exchange and by combining practical expertise, technological integration, and a gender-sensitive approach, our training paradigm aims to elevate productivity, quality, and overall success in the dynamic landscape of sericulture.

Promotional Events

An awareness through workshops, exhibitions, and interactive events at the district level will be conducted in sync with Sericulture wing, SPIU committee and RAMP Team of the state with an aim to assist in understanding the importance of the skills of sericulturists, instill a shared vision for the sector's growth, attracting potential investor, justifying the economic viability of the sector to attract more and more entrepreneurs, showcasing the silk varieties for value addition.

In addition, few innovative approaches will also be encompassed in promotional events like VR (Virtual reality farm tours), Sericulture Hackathon for innovations, Silk Fashion Shows for showing the quality of the product, Sericulture Eco-Tourism (guided tours for sericulture processes), Sericulture Workshops for students, Sericulture Culinary Events (proving its importance beyond textile).

Institutional linkages

In the absence of existing formal programs or trainings in colleges and Universities for sericulture, the approach to developing institutional linkages should be strategic and collaborative. A proactive strategy involves engaging with academic institutions like Central sericulture research and Training Institute, Mysore to foster partnerships aimed at introducing sericulture-focused programs, training modules, and research and development initiatives. Establishing formal collaborations with institutions that specialize in relevant fields can create a symbiotic relationship, where academia contributes technical expertise and facilitates research, while the sericulture sector gains access to cutting-edge knowledge. This approach not only addresses the current void but also lays the foundation for a sustainable ecosystem where educational institutions actively participate in the growth and advancement of the sericulture industry.

Market connect

To establish the forward linkages of the product is most crucial as based on inputs from Sericulture wing around 70% farmers of the state are getting 60 to 70% less rates as compared to other sericulture traditional state of the same quality product as they are lacking in packaging, branding or various modern approaches of marketing.

Therefore, enhancing the access to markets for the sericulture industry, need a multi-faceted approach by establishing linkages with traditional state sericulture events organizing state-level melas, assistance in participation in national-level exhibitions provides a valuable platform for sericulturists to showcase their products to a wider audience.

Additionally, a facilitation will be provided by SPIU committee along with RAMP Team of incorporating innovative approaches such as participating in e-commerce platforms, organizing virtual exhibitions, and leveraging social media for marketing can extend the reach of sericulture products beyond physical events.

Facilitation for Collaboration with state and national level government initiatives will also be provided to empower sericulturists with the knowledge and skills needed to navigate evolving market trends.

Organizing Promotional Events

Promotional events Workshops, exhibitions, and interactive events, Promotional events like VR (Virtual reality farm tours), Sericulture Hackathon for innovations, Silk Fashion Shows for showing the quality of the product, Sericulture Eco-Tourism (guided tours for sericulture processes), Sericulture Workshops for students, Sericulture Culinary Events (proving its importance beyond textile).

The table below highlights the budgetary requirements for this focus area:

Table 114: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Focus Area 3

Focus Area 3 - Boost of Sericulture Industry in HP		
Components	Interventions	Budget (INR Cr)
Establishing training institutes	Establishment of Common Technical training centers at district level through MSECDP	10
Imparting technical training	Onboarding the Technical Training expert, Technical Training Module, establishment of common tech training centers at district level, hands on practical training at district level	2.2
Establishing Institutional Linkages	Linkages with Colleges and Universities	0.2
Market Access Sessions	Establishing linkages with traditional state sericulture events organizing state-level melas, assistance in participation in national-level exhibitions	0.2
Promotional events	Workshops, exhibitions, and interactive events, Promotional events like VR (Virtual reality farm tours), Sericulture Hackathon for innovations, Silk Fashion Shows for showing the quality of the product, Sericulture Eco-Tourism (guided tours for sericulture processes), Sericulture Workshops for students, Sericulture Culinary Events (proving its importance beyond textile).	1.32
TOTAL		13.92

6.14.4.4 Focus Area 4: One District Five Products

Scoping and Feasibility Study

Under the "One District Five Products" (ODFP) initiative in Himachal Pradesh, a scoping study will be undertaken across the state. This study aims to identify and conduct a gap analysis for additional three products in each district under the ODFP initiative. The purpose of conducting a gap analysis alongside the product identification is to thoroughly understand the existing challenges, opportunities, and potential interventions required for successful implementation. This approach aims to foster economic development, promote entrepreneurship, and create sustainable livelihoods in each district.

Establishment of Exhibition and Marketing Centres (CFCs) in each district

To bolster the promotion of products identified under the "One District One Product" (ODOP) scheme and the **"One District Five Products" (ODFP) initiative**, as well as **Khadi products**, a intervention has been proposed for the establishment of 12 new Exhibition and Marketing Centers (CFCs) in each district. This initiative aims to create dedicated spaces for showcasing and marketing of 24 (identified) products from the ODOP scheme, 36 products from the ODFP initiative, and various Khadi products. The envisioned network of CFCs is poised to play a pivotal role in enhancing visibility, market access, and economic opportunities for these diverse products across all districts, fostering regional economic development and promoting local entrepreneurship.

The table below highlights the budgetary requirements for this focus area:

Table 115: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Focus Area 4

Focus Area 4: One District Five Products (ODFP)					
Components	No of Studies	Unit Cost INR	Budget in Cr.	Impact	Remarks
Conducting a comprehensive scoping study to identify three new products in each district as part of ODFP initiative.	1	₹ 1,75,00,000	₹ 1.75	Determination of three new products/service s in each district	1 scoping study will be conducted in state to identify and prepare gap analysis report for three more products under the ODFP initiative in each district
Establishment of 12 new Exhibition and Marketing centres (CFCs) in each district	12	₹ 5,00,00,000	₹ 60	Fostering holistic institutional development.	Establishment of 12 new Exhibition and Marketing centres(CFCs) in each district to promote the already identified 24 products under ODOP scheme and 36 new products under ODFP initiative and KHADI products

6.14.5 Approach and Methodology for Implementation

- ▶ The State Project Implementation Unit (SPIU) will take the lead in defining and elaborating the scope of work. This will be done in close consultation with the relevant

departments to ensure that all necessary aspects are covered and the objectives are clear.

- ▶ The SPIU will then proceed to identify expert agencies, subject matter experts, and research institutions that are relevant to the subject of sectoral interventions. This step is crucial as it ensures that the right expertise and knowledge are brought in for effective implementation of the interventions.
- ▶ Once the institutions have been identified, the SPIU will, in consultation with the Directorate of Industries, decide on the type of tendering process to be used. This could either be a limited tender, where only certain identified institutions are invited to bid, or an open tender, where the opportunity is advertised widely and any eligible institution can submit a bid.
- ▶ The selection of the agency or institution to carry out the interventions will be done through a competitive bidding mechanism. This ensures transparency and fairness in the process. However, in certain cases, an award on nomination might be considered for state or government-run institutions. This would be done in consultation with the Directorate and the RAMP National Project Management Unit (NPMU).
- ▶ The District Industry Centres (DICs), in conjunction with the resources proposed in the districts, will play a key role in coordination for undertaking the sectoral interventions. Their local knowledge and networks will be invaluable in ensuring the smooth implementation of the interventions.

This process will ensure a systematic and transparent approach to the implementation of sectoral interventions.

6.14.6 Timeline for Achievement of Project Deliverables

Table 116: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Timeline for Project Deliverables

S. No:	Indicator	Year 1	Year 2	Year 3	Year 4	Final Total
1	Scoping Study and Feasibility Study	To be conducted here	Technical Specification	-	-	-
2	Trainings and DPRs prepared	-	Trainings to be conducted	DPRs to be prepared	-	-
3	Clusters Developed		5	7		<ul style="list-style-type: none"> ▶ 5 Cluster for Souvenirs, Toys and Regional Embellishments ▶ 3 Fisheries Cluster ▶ 5 Sustainable Clusters for Meat Processing

						► Dairy and Bee-keeping clusters
4	Training institutes established	2				2 Sericulture Technical Training Institutes
5	Technical training sessions	22	22	22	22	88 events, across all districts except L&S
6	Institutional Linkages	3	3	3	3	12 linkages
7	Market Access Sessions	10	10	10	10	40 sessions
8	Promotional events	22	22	22	22	88 events, across all districts except L&S
9	Scoping and Feasibility Study (ODFP)	1				1 scoping study
10	Establishment of Exhibition centres		4	4	4	12 exhibition centres in the state, one in each district.



6.14.7 Project Budget and Costing

Table 117: Sectoral Interventions in Agriculture, Sericulture, Toys and Souvenirs and other products- Budget and Costing

Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing Gol scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)	Convergence of SPV financing (₹ Cores)
Scoping Study and Feasibility Study	Developing Toy & Souvenir clusters	1.75	0.5	30	20	52.5	2.5	40 (SFURTI/ MSECDP)	7.5	2.5
Trainings and DPRs prepared. Clusters Developed	Development of Agricultural sectors	7	3	45	30	85	10	45+20 (MSE-CDP, PMMSY PMFME)	5+ 3.75	1.25
Training institutes established	Boost of Sericulture Industry	10.98	0.98	0.98	0.98	13.92	3.92	8	1.5	0.5



Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)	Convergence of SPV financing (₹ Cores)
Technical training sessions										
Institutional Linkages										
Market Access Sessions										
Promotional events										
Scoping and Feasibility Study	ODFP	1.75				1.75	₹ 1.75			
Execution and establishment of			20	20	20	60		48 (MSE-CDP)	9 (MSE-CDP)	3



Indicator	Intervention	Y1 (₹ Crore)	Y2 (₹ Crore)	Y3 (₹ Crore)	Y4 (₹ Crore)	Total (₹ Cr.)	Gap financing required through RAMP Programme (₹ Crores)	Convergence of existing GoI scheme financing (₹ Cores)	Convergence of existing GoHP scheme financing (₹ Cores)	Convergence of SPV financing (₹ Cores)
Exhibition Centres										
Total						213.17	18.17	161	26.75	7.25



6.14.8 Estimated Impact


- ▶ **Development of the following infrastructural components** in the respective sectors will impact **competitiveness of products**:
 - 5 Toy and Souvenir Clusters
 - Sericulture Technical Training Institutes
 - Fisheries Clusters
 - Meat Processing Clusters
 - Dairy and Milk Processing Clusters
 - Bee Keeping Clusters
- ▶ **Economic growth**: Technology adoption, streamlined supply chains, infrastructure development, wider market reach, and export opportunities contributing to economic growth. Moreover, it will lead to increased employment, income generation, and enhanced economic well-being for entrepreneurs across sectors.
- ▶ **Sustainable Resource Management**: Enhanced fisheries management, biodiversity conservation, and improved water quality. Adoption of modern technologies enhancing efficiency in milk processing and quality control. Increased resilience and sustainability in the sericulture industry through advanced techniques.
- ▶ **Impact on tourism**: Cultural exchange through souvenirs reflecting local traditions.
- ▶ **Food Security**: Increased local fish production contributing to enhanced food security. Contribution to local meat production, supporting food security initiatives.
- ▶ **Government Revenue**: Potential for increased tax revenue through improved economic growth as well as a positive impact on the state's brand image.
- ▶ **Identification of 36 new unique products in the states**
- ▶ **Development of 12 Exhibition centres**



6.14.9 Plan for strengthening M&E Framework of the project.

Periodicity	Bi-Monthly	Monthly	Monthly	Quarterly	Half Yearly	Annual
Component	<ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	<ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	<ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	<ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	<ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	<ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 239: Monitoring and Evaluation framework of the Project

A close-up, low-angle shot of a person's hands typing on a silver laptop keyboard. The hands are positioned in the lower-left foreground, with fingers moving across the keys. The laptop is open, and the keyboard is visible. The background is heavily blurred, showing warm, golden light from a window on the left and a reddish-pink light source on the right, creating a bokeh effect. A semi-transparent white rectangular box is overlaid on the upper-left portion of the image, containing the text.

I. Institutional Strengthening



6.15 P15: Empowering Directorate of Industries through Institutional Revamping and Strengthening

6.15.1 Alignment of project with respect to RAMP Programme Objectives

Empowering Directorate of Industries through Institutional Revamping and Strengthening			
Objective:	Strengthening coordination and institutions at the National and State level		
Key Result Areas (KRAs):	RA 1: Strengthening Institutions and Governance of the MSME Programme		
Applicable Indicator(s)	Disbursement	Linked	DLI 1: Implementing Central Government MSME Institutional Reform Agenda DLI 2: Accelerating MSME Sector Centre-State collaboration

6.15.2 Problem Statement

Institutions supporting MSMEs are pivotal for sustainable industrial growth, as their capacity influences the effective adoption of state and central programs. The RAMP initiative addresses diverse concerns of MSMEs, emphasizing the crucial role of strengthened implementing institutions for its success. The project identifies the necessity for a comprehensive training program to enhance the leadership and staff acumen within the Directorate of Industries.

Given the significant contribution of MSMEs to employment, innovation, and economic growth, reinforcing the institutional framework in Himachal Pradesh becomes a catalyst for creating jobs, reducing poverty, and fostering entrepreneurship. The revitalization of these institutions is instrumental in promoting innovation, economic diversification, and sustainable development state-wide.

6.15.3 Issues and Challenges

- ▶ State government institutions operate with limited financial and human resources, which constrains their ability to provide comprehensive support to a large number of MSMEs.
- ▶ The level of awareness and limited resources across DICs has been a limiting factor in increased adoption of MSME schemes offered by the State or Central Government.
- ▶ The lack of outreach and facilitation support services offered by government institutions to MSMEs prevents MSMEs benefiting from these initiatives.



- ▶ Complex and lengthy administrative procedures consume most of the working duration of the DIC staff members.
- ▶ Lack of coordination among different government departments and agencies lead to inefficiencies. MSMEs face challenges in navigating a fragmented support system.
- ▶ The department staff also lack specialized skills and knowledge required to address the diverse needs of MSMEs, especially in emerging sectors and innovative technologies.
- ▶ Inadequate efforts in creating awareness about government schemes, incentives, and support services can result in MSMEs being unaware of the opportunities available to them.
- ▶ Ensuring effective implementation of policies and programs can be challenging. Inconsistent enforcement and lack of monitoring mechanisms can result in policies not reaching their intended beneficiaries.
- ▶ Insufficient efforts in providing entrepreneurial education, training, and mentorship programs. Many MSMEs lack the necessary skills and knowledge to run their businesses effectively.
- ▶ Ensuring MSMEs comply with environmental standards and promoting sustainable practices. Many businesses require support to implement eco-friendly technologies and processes.
- ▶ Securing the necessary funding and resources for the institutional revamping process can be a significant challenge. Investments are required for infrastructure, technology upgrades, training, and capacity-building.
- ▶ Lack of Necessary training and skill development programmes for the existing workforce.
- ▶ Effective collaboration and coordination among the revamped institutions and other government bodies are crucial. Ensuring seamless coordination can be challenging in a complex administrative environment.

6.15.4 Proposed Project Design Concept, Feasibility and Viability

The proposed Project is based on the following vital components:

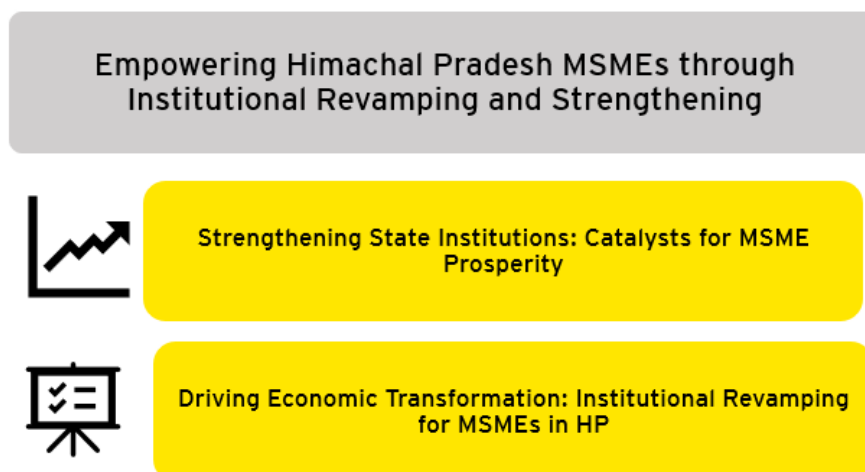


Figure 240: Empowering Himachal Pradesh through Institutional Revamping and Strengthening: Proposed Project Design Concept

6.15.4.1 Focus Area 1: Strengthening State Institutions: Catalysts for MSME Prosperity

The performance and capacity of Institutions facilitating MSMEs is critical to sustainable industrial growth. The adoption of schemes and benefits offered under State or Centre run programs depends to a great extent on the capacity of State institutions to deliver and facilitate MSMEs. The interventions proposed under RAMP are multi-faceted and are designed to address diverse concern areas of MSMEs. The implementing institutions would need to facilitate and support the programme effectively therefore their strengthening and capacity enhancement is pivotal to the success of the programme. The need for an effective training program which supports and develops the overall acumen of the leadership and working staff of the Directorate of Industries has been identified by the project.

This focus area covers different aspects of strengthening state institutions in HP and entails the following components:

- ▶ Training and Capacity Building
- ▶ Technically Competent Facilitation resources at DICs, Department of Industries, Mining and Sericulture Dept.
- ▶ State Level Digital GIS based Industrial Survey and Digitization of records.
- ▶ IT Infrastructure Enhancement
- ▶ Organizing the Conclave and MSME business Excellence Award
- ▶ Electric Vehicles at DICs

Training and Capacity Building

Training and Capacity building for State Departments of industries involves enhancing their capabilities, skills, and resources to perform their functions effectively and efficiently. The training curriculum will be designed with an aim to enhance their managerial capacity in rendering support to MSMEs and technical capacity building to address the concern areas of MSMEs. Indicatively the training curriculum would contain innovative financing & financial



literacy, enhanced MSME market connects & export promotion, ESG in MSMEs, Industry 4.0, digital proficiency, human resources, industrial infrastructure development, profitability analysis, sustainable development goals, project management, report writing, industrial clusters development, performance monitoring. The project would also undertake capacity building of officials and staff on various State and Centre Government schemes for MSMEs.

Technically Competent Facilitation resources at DICs, Department of Industries, Mining and Sericulture Dept.

An important factor for successful implementation of any project or programme in any entity is the capacity of its stakeholders to deliver and deployment of dedicated technically competent resource persons to help and support building that capacity. Also, the implementation of RAMP programme will require greater coordination not only between the DICs and MSMEs but also among the line institutions and departments, district to state and centre coordination. The number of programme proposed under RAMP would require dedicated and competent resource to perform different program and schemes specific facilitation roles at district level. In view of this one facilitation resource with minimum 5 years of experience in the MSME development sector has been proposed at each DIC and DC office of the district. Most of the programmes in district level would require coordination between DICs and the DC offices for effective implementation and meeting the desired results. Programmes such as access to markets, finance, skills, rural industrialization, setting up of rural clusters and infrastructure would require stakeholder consultations with different department wherein a dedicated resource would be helpful. In addition, one resource has been proposed in the office of major industry association of the State to facilitate the required support envisaged from such instructions.

In order to support functions and subject matters related to MSMEs in the Directorate, it is proposed to appoint an Advisor MSME through RAMP for the initial implementation phase of 4 years. The key functions would be to support MSME policy development and implementation, assist in creation of MSME cell/division, consulting and collaborating with stakeholders to understand their needs, concerns and promoting MSME development and growth by identifying and implementing strategic initiative. The proposed position would also provide strategic inputs and guidance for implementation of RAMP programme in the State.

State Level Digital GIS based Industrial Survey and Digitization of industry records

As part of the institutional strengthening project, a state level industrial survey has been proposed to be conducted over the first two years of RAMP implementation. The industrial survey would primarily help get a detailed industrial ecosystem overview of the state and a digital repository of industrial sector in the state. A digital and Geographic Information System (GIS) based state-level industrial survey for Himachal Pradesh would fulfill specific needs, contributing to informed decision-making and sustainable industrial development.

It would also address the discrepancies across different data sources, since as per MoMSME data there are 3.6 Lakh MSMEs in the State, URM says 1.10 lakh and state data quotes a different figure altogether.



An advanced GIS based Industrial survey is also important to have a precise picture of both manufacturing and services sector with precise information of location, size, sector, employment, infrastructure, and environmental impact.

GIS technology enables precise mapping and visualization of industrial clusters, infrastructure, and resources, leading to more informed analysis. This would also facilitate spatial analysis, allowing policymakers to identify optimal locations for new industrial zones, assess proximity to resources, infrastructure, and markets. This spatial planning ensures efficient utilization of land and resources.

Digital and GIS-based surveys create a foundation for ongoing monitoring and evaluation of industrial activities. Changes in the industrial landscape can be tracked over time, allowing for adaptive policymaking and program adjustments.

This focus area also includes digitalization of industrial records to convert physical records into digital formats in all districts. The activity would cover all the district including industrial areas, estates and shed operational in the State. This would be done through an expert agency to support the Directorate undertake the intervention. The benefits of this intervention would be improved accessibility, enhanced searchability, secure storage and records back up, data analysis and reporting and workflow automation.

IT Infrastructure Enhancement

Given RAMP's objectives and intended impact, it is imperative that all relevant State and District Industry Centers have adequate access to modern technology and digital tools for their operations. Additionally, in today's time and age wherein the focus is on MSMEs being digitalized, building digital capacity in government agencies is an essential first step towards this goal. With this background, the Directorate of MSME, Himachal Pradesh and its attached field offices across the districts, are highly under resourced in terms of the digital tools and IT equipment being used and their compatibility with today's time and needs. This has proven to be a critical hindrance for realizing data driven governance for MSMEs in Himachal Pradesh, and consequently, is a bottleneck for delivering RAMP Programme in the state in various ways.

Lack of latest IT structure has thwarted the ability of DICs to manage the compounding challenges at field level, and due to improper/ inadequate data and communication, the Directorate's ability to perform informed policymaking gets hampered. Given the criticality of the issue, there is strong need to revamp the IT infrastructure at the state headquarter (Directorate of Industries), 12 District Industries Centers (DICs), 7 Single Window Clearance Agency, 12 Mining Offices and 10 Sericulture Divisional Offices and Headquarters in the State of Himachal Pradesh. A detailed proposal for improvisation of IT infrastructure is enclosed in the annexure.

A needs assessment was undertaken to understand the current level of digital infrastructure, or lack thereof, at the head office as well as the 12 field offices. Consequently, a list of requirements was arrived at, and is placed as under:



Table 118: Empowering Directorate of Industries through Institutional Revamping and Strengthening- IT Infrastructure Enhancement

IT Infrastructure Enhancement					
S. No.	IT Component	No of Units Required	Cost per Unit (In INR)	GST	Total Cost (In INR)
1	Enterprise Resource Planning System (for Head Office and District Offices)	1	2,50,00,000	18%	2.95
2	LED (1 for Head Office and 12 for DICs, 7 for SW), 12 for MOs, and 10 Sericulture Div and HO, MD HPSIDC)	43	1,00,000	18%	0.51
3	Laptop (12 for GM DICs, 7 for SW, 12 for MOs and 3 HPMSEFC, 6 Programme Officer, Extension Officers)	71	90,000	18%	0.75
4	Tablets (High Configuration: Lenovo, 8GB, 256GB UFS 3.1 DISPLAY 28.44 CMS OLED ANDROID 12 MEDIATEK KOMAPNIO 1300T Processor) (1 Director, 3 Addl Dir, 3 Jt. Dir, 3 Dy Dir, 1 Jt. Dir F, DD Baddi 1)	12	80,000	18%	0.11
5	Video Conference Hardware and Software (1 for Head Office and 12 for DICs, 7for SW), 12 for MOs, and 10 Sericulture Div and HO)	43	2,50,000	18%	1.27
6	Hitech Uninterrupted Power Supply (Online UPS) 10KVA (1 for Head Office and 12 for DICs, 7 for SW), 12 for MOs, and 10 Sericulture Div and HO)	42	1,10,000	18%	0.55
7	Scanning and Printing devices (1 for Head Office and 12 for DICs, 7for SW), 12 for MOs, and 10 Sericulture Div and HO, 2 HPMSEFC)	44	50,000	18%	0.26
8	Storage 1 TB Seagate/WD (1 for Head Office and 12 for DICs, 7for SW), 12 for	44	8,000	18%	0.04



IT Infrastructure Enhancement					
S. No.	IT Component	No of Units Required	Cost per Unit (In INR)	GST	Total Cost (In INR)
	MOs, and 10 Sericulture Div and HO, 2 HPMSEFC)				
9	Portable broadband internet connection devices	70	3,000	18%	0.02
	Total				6.46

Organizing the Conclave and MSME business Excellence Award

The MSME Conclave in Himachal Pradesh is positioned as a transformative event, bringing together a diverse spectrum of stakeholders within the MSME sector. Serving as a pivotal moment for collective action, the conclave aims to showcase the strengths of Himachal Pradesh's MSMEs, foster dialogue, and unite entrepreneurs under a common umbrella. With a focus on innovation, financial accessibility, and inclusive growth, the event includes specialized sessions, an exhibition for organizations to engage with MSME visitors, and the prestigious MSME Business Excellence Awards. These awards recognize outstanding achievements, employing a rigorous judging process to honor leaders in areas such as innovation, sustainability, and technology adoption, ultimately inspiring excellence within the broader MSME community.

Table 119 Event Schedule: MSME Concalve and Business Excellence awards

MSME Conclave and Business excellence Awards- Programme Schedule (Day-1)		
Schedule	Session Content	Speakers/Dignitaries
8:30 - 9:30 AM	Registration and Breakfast	
9:30 - 10:30 AM	Inauguration Ceremony	TBD
10:30 am - 1:30 PM	Specialized Sector Sessions with Renowned Niche Sector Experts and Industry Leaders (Three sessions/1 hour each)	TBD
1:30-2:30 PM	Lunch	



2:30-5:30 PM	Specialized Sector Sessions with Renowned Niche Sector Experts and Industry Leaders (Three sessions/1 hour each)	TBD
5:30-6:30 PM	Networking High tea	
6:30-7:30 PM	Cultural Event	
7:30-8:30 PM	Dinner	
MSME Conclave and Business excellence Awards -Programme Schedule (Day-2)		
Schedule	Session Content	Speaker/Dignitaries
09:30-10:30 AM	Transitioning to a Professionally- Managed MSME: Navigating Challenges and Seizing Opportunities for Success	TBD
10:30-11:30 AM	Revitalizing Rural HP: Strategies for Promoting Sustainable Rural Industrialization	TBD
11:30-12:30 PM	Fostering Women Entrepreneurs: Empowering Success and Innovation	TBD
12:30-1:30 PM	Lunch	
1:30-3:30 PM	Success stories of MSME entrepreneurs from HP	TBD
3:30-5:30 PM	HP MSME Exhibition	
05:30-6:00 PM	High tea and Press Briefing	
6:00-8:00 PM	MSME Business Excellence Awards	TBD
08:00-8:30 PM	Valedictory Ceremony	TBD
8:30- 9:30 PM	Dinner	

Electric Vehicles to top three performing states

As a key element of the conclave, the event will feature the presentation of Electric Vehicles to the three top-performing District Industries Centers (DICs) that have demonstrated outstanding efforts in promoting environmentally friendly practices within their districts and implementation of RAMP programme. The evaluation criteria for selecting these DICs will include the adoption of Zero Defect, Zero Effect (ZED) certifications in the districts, along with other initiatives aimed at implementing green practices in MSMEs within the respective



districts. The Electric Vehicle awards serve as a recognition of the DICs' commitment to sustainability and their contributions to promoting environmentally responsible practices in the MSME sector.

The table below highlights the budgetary requirements for this focus area:

Table 120: Empowering Directorate of Industries through Institutional Revamping and Strengthening- Focus Area 1

Focus Area 1: Strengthening State Institutions: Catalysts for MSME Prosperity						
Components	Number of districts/ MSME/ Units/offi cials/Desk	No: of Sessio ns/con clave	Unit Cost	Budg et	Impact	Remarks
Trainings and capacity building of DIC officials (Procurement, Management Practices, Report writing and Presentations)	12	4	₹ 5,00,000	₹ 2.40	Improved institutional capacities to facilitate and support MSMEs across the programme verticals	
Exposure visits and trainings for MSME Div/Cell officials	240	1	₹ 75,000	₹ 1.80		
MSME Advisor	1	48	₹ 1,50,000	₹ 0.72	MSME Advisor at the Department of Industries	
Facilitation Desk to be established at DIC with offline and online enablement	36		₹ 1,25,000	₹ 1.8	facilitation desk available for district resources	One time cost primarily for enabling working infrastructure required by the resources
Providing facilitation	36		₹ 90,000	₹ 15.6	Increased facilitation	



Focus Area 1: Strengthening State Institutions: Catalysts for MSME Prosperity

Components	Number of districts/ MSME/ Units/officials/Desk	No: of Sessions/conclave	Unit Cost	Budget	Impact	Remarks
resource person in each DIC and DC office and one resource at SWCAs/Major industrial clusters					support to MSMEs	
Providing a junior Facilitation resource in each DICs	12		45000	₹2.6		
Digitisation of Industry Records	12		₹ 13,75,00,000	₹ 55	Digitisation of Industry Records of all DICs from 1962 to till date.	
State level digital GIS based industrial survey and Integration of survey outcomes to integrated MSME portal	300000		₹ 350	₹ 10.5	Informed decision making and comprehensive MSME data availability	The per unit cost has been arrived basis the quotes received for sample survey under the RAMP programme and the considering the challenging terrain and climatic conditions in the State



Focus Area 1: Strengthening State Institutions: Catalysts for MSME Prosperity

Components	Number of districts/ MSME/ Units/offi cials/Desk	No: of Sessio ns/conclave	Unit Cost	Budg et	Impact	Remarks
IT Infrastructure Enhancement			₹ 6.47	₹ 6.47	IT Infrastructure Proposal	
Organising the Conclave		2	50000000	10	Catalyst for inclusive growth, fostering innovation, empowering entrepreneurs, and unifying the MSME sector, ultimately propelling economic development in Himachal Pradesh	Two Conclaves shall be organised in 4 years.
MSME Business Excellence Awards		2	5500000	1.1		
EV in DICs	6		150000	0.09		EVs shall be given to top three performing states during the conclave

6.15.4.2 Focus Area 2: Driving Economic Transformation: Revamping of State-Owned Institutions

MSMEs play a pivotal role in generating employment, fostering innovation, and driving economic growth. By improving the institutional framework and support mechanisms for Institutes, Himachal Pradesh can not only create more job opportunities, reduce poverty, and encourage entrepreneurship but also provide better access to finance and expanded market opportunities for local businesses. The revitalization of these institutions will serve as a catalyst for MSMEs, spurring innovation, economic diversification, and sustainable development across the state.



This focus area covers different aspects of revamping state institutions in HP and entails the following components:

- ▶ Scoping study for institutional revamping
- ▶ The execution of strategies and actions based on the Scoping study findings.
- ▶ Enhancing Skills and Knowledge of Officials

Scoping study for institutional revamping

A comprehensive scoping study/consultations is planned to be conducted across four key institutes in Himachal Pradesh, namely,

1. HPMC - Himachal Pradesh Horticultural Produce Marketing and Processing Corporation
2. HP MilkFED - Himachal Pradesh Milk Federation
3. HPKVIB - Himachal Pradesh Khadi and Village Industries Board
4. HIMCRAFT- H.P. State Handloom & Handicrafts Development Co-operative Federation Ltd.

These institutes play a pivotal role in fostering industrial and rural development of the state. The primary objective of this scoping study is to identify and address the various issues and challenges faced by these institutes, while also assessing their specific capacity needs and demands. This study is slated to be carried out over the first two years of RAMP's implementation phase. Each year, two of the four institutes will be the focus of this in-depth analysis. The insights gained from this study will contribute significantly to the enhancement of these institutes' effectiveness and their positive impact on rural development in Himachal Pradesh.

The execution of strategies and actions based on the Scoping study findings

The implementation plan for the study findings involves establishing interdepartmental connections and institutional collaborations to overhaul various aspects, such as market linkages, export promotion, product and design enhancement, partnerships with technical institutions, digital transformation at sales outlets, and procurement policies for corporations. The allocated funds will be used to formulate a comprehensive charter in collaboration with expert and technical institutions. This shall be carried out in the third and fourth year of the implementation phase.

The technical institutions, in collaborations with the identified institutes will create a comprehensive Charter based on the scoping study findings. This document will serve as a document for the transformation of these institutes. Within these charters, a detailed roadmap will be outlined, specifying the essential activities required to effectively overhaul these institutions. The primary goal is to enhance their efficiency and capabilities, ultimately leading to a substantial improvement in their overall performance.

Enhancing Skills and Knowledge of Officials

Capacity building and training for institute officials is an essential component of the project and shall involve two distinct types of training: **Management Training and technical Training.** Management training shall primarily focus on common aspects such as enhancing product



quality, organizational restructuring, and overall quality improvement. On the other hand, technical training shall be tailored to the specific products of these institutes, encompassing design, branding, technological advancements, and other product-related elements. This dual training approach shall ensure a well-rounded development of officials, equipping them with both broad management skills and specialized technical expertise.

The table below highlights the budgetary requirements for this focus area:

Table 121: Empowering Directorate of Industries through Institutional Revamping and Strengthening- Focus Area 2

Focus Area 2- Driving Economic Transformation: Institutional Revamping for MSMEs in HP					
Components	Number of scoping studies/officials	Unit Cost	Budget	Impact	Remarks
Scoping study for institutional revamping	4	₹ 1,75,00,000	₹ 7	Determination of potential areas for institutional restructuring and enhancement	A total of four scoping studies will be conducted in the first two years of implementation Phase.
The execution of strategies and actions based on the Scoping study findings	4	₹ 2,50,00,000	₹ 10	Fostering holistic institutional development.	The execution of scoping study findings is scheduled for the third and fourth years of the implementation phase, with annual implementation taking place in two institutes.
Capacity Building for officials	400	₹ 75,000	₹ 3.0	The skill advancement of officials, equipping them with a management skills and specialized	Every year 50 Officials shall be given Managerial and Technical Training.



				technical expertise.	
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6.15.5 Approach and Methodology for Implementation

Institutional Strengthening:

- ▶ Hiring of total 36 HR Person for providing facilitation to all DIC's Office, SWCA's, IAs for monitoring and evaluation and ground level connect purpose by SPIU Committee along with RAMP Implementation unit.
- ▶ Onboarding of Tech agency for conducting the GIS survey for manufacturing and service sector, digitization of Industries records, integration of survey out comes in to MSMS Portal, enhancement of IT Infra, organizing exposure visits for DIC's and Govt officials along with assisting in establishing the fortnightly based facilitation desk at DIC's office via tendering process by SPIU Committee and RAMP Implementation unit.
- ▶ Office of Development commissioner MSME, Khadi and Village Industries (KVIC), Coir Board, National Small Industries & Corporation Ltd, national Institute for MSME(NIMSME), Mahatma Gandhi Institute of Rural Industrialization (MGIRI), <https://www.ipsos.com> , <https://skoch.in> ,
- ▶ Institutions eligible for survey grants, process, contract deed along with grants are explained in the above-mentioned scheme.

Institutional Revamping:

- ▶ Onboarding an agency for scoping study to assess the potential areas for institutional restructuring and enhancement.

6.15.6 Use of ICT/ Innovative Technology towards project implementation

- ▶ The GIS-based Digital Survey for MSMEs encompasses the collection, storage, and processing of geographical data pertinent to MSMEs. Data will be gathered through diverse methods, including field surveys, remote sensing, and existing databases. Analysis will involve overlay, buffer, network, and statistical analyses to discern patterns, relationships, and trends. The findings will be integrated into the MSME integrated portal, a key component of one of the projects under the RAMP project.
- ▶ Digital tools and records management software such as Alfresco, SharePoint, Hyland, OpenText, IBM Enterprise Records, and Laserfiche designed to help organizations effectively manage their records throughout their lifecycle shall be utilized to digitize the industry records.
- ▶ Document Management Systems (DMS) that helps in the storage, retrieval, and management of digital documents such as FileHold, DocStar ECM, and Document Locator shall be utilised.
- ▶ Barcodes and RFID (Radio Frequency Identification) shall be used for record tracking.
- ▶ To prepare training and capacity building material, a range of ICT tools will be utilized, both in the development of the materials and in the actual delivery of the training.

6.15.7 Timeline for Achievement of Project Deliverables



**Table 122: Empowering Directorate of Industries through Institutional Revamping and Strengthening-
Timeline for Project Deliverables**

S. No:	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Final Total
1	Trainings and capacity building of DIC officials	-	12	12	12	12	48
2	Exposure visits and trainings for MSME Div/Cell officials	-	40	60	80	60	240
3	Facilitation Desk to be established at DICs	-	28	-	-	-	28
4	Providing facilitation resource person in each DIC and DC office	-	28	28	28	28	28
5	State level digital GIS based industrial survey	-	1	-	-	-	1
6	IT Infrastructure Enhancement	-	42	-	-	-	42
7	Organising the Conclave	-	1	-	1	-	2
8	EVs in DICs	-	3	-	3	-	6
9	Conducting a comprehensive scoping study to assess the potential areas for institutional restructuring and enhancement	-	2	2	-	-	4
10	The execution of strategies and actions based on the Scoping study findings	-	-	-	2	2	4
11	Enhancing the skills and capabilities of officials across all departments.	-	50	50	50	50	200



6.15.8 Project Budget and Costing

Table 123: Empowering Directorate of Industries through Institutional Revamping and Strengthening- Budget and Costing

Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
Improved institutional capacities to facilitate and support MSMEs	Trainings and capacity building of DIC officials	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 2.40	₹ 2.40	
	Exposure visits and trainings for MSME Div/Cell officials	₹ 0.30	₹ 0.45	₹ 0.60	₹ 0.45	₹ 1.80	₹ 1.80	
Dedicated and competent programme facilitation support to MSMEs, Improved MSME facilitation and effectiveness at Directorate level	Advisor MSME at Department of Industries	0.18	0.18	0.18	0.18	₹ 0.72	0.72	
	Facilitation Desk to be established at DIC with offline and online enablement	₹ 0.60	₹ 0.60	₹ 0.60	₹ 0.60	₹ 2.40	₹ 2.40	
	District level Facilitation Resources	₹ 4.54	₹ 4.54	₹ 4.54	₹ 4.54	₹ 18.14	₹ 18.14	
Informed decision	Digitisation of Industry Records	₹ 13.75	₹ 13.75	₹ 13.75	₹ 13.75	₹ 55.00	₹ 50.00	₹ 5.00



Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
making and comprehensive MSME data availability	State level digital GIS based industrial survey	₹ 5.25	₹ 5.25	-	-	₹ 10.50	₹ 10.50	
Enhanced Digital Capacities of DICs for better programme coordination	IT Infrastructure Enhancement	₹ 6.47				₹ 6.47	₹ 6.47	
Recognition of New and Innovative MSMEs	Organising the conclave	₹ 5.00		₹ 5.00		₹ 10.00	₹ 10.00	
	MSME Business Excellence Awards	₹ 0.55		₹ 0.55		₹ 1.1	₹ 0.09	₹ 1.00
Environmental sustainability while fostering a shift towards cleaner transportation .	EV in top 3 performing DICs	0.045		0.045		0.09	0.09	
Strengthening State Institutions: Catalysts for MSME Prosperity						₹ 108.62	₹ 102.61	₹ 6.00



Indicator	Intervention	Y1 (INR Cr.)	Y2 (INR Cr.)	Y3 (INR Cr.)	Y4 (INR Cr.)	Total	Gap financing required through RAMP Programme (₹ crores)	Convergence of existing scheme financing (₹ crores)
Enhanced Institutional Strength and Development	Scoping study for institutional revamping	₹ 3.50	₹ 3.50			₹ 7.00	₹ 7.00	
	Implementation for Study findings			₹ 5.00	₹ 5.00	₹ 10.00	₹ 10.00	
	Capacity Building for officials	₹ 0.75	₹ 0.75	₹ 0.75	₹ 0.75	₹ 3.00	₹ 3.00	
Driving Economic Transformation: Institutional Revamping for MSMEs in HP						₹ 20.00	₹ 20.00	



6.15.9 Estimated Impact

1. **Strengthened Institutional Capabilities for MSME Facilitation and Support:** Building enhanced institutional capacities to facilitate and support MSMEs, ensuring a dedicated and competent program facilitation system. This initiative aims to improve the overall effectiveness of MSME support at the Directorate level.
2. **Elevated Program Facilitation for MSMEs:** Providing dedicated and proficient program facilitation support to MSMEs, fostering improved facilitation and effectiveness at the Directorate level. This approach ensures tailored support and guidance for MSMEs to navigate and benefit from various programs.
3. **Informed Decision-Making and Comprehensive MSME Data Access:** Focusing on informed decision-making by ensuring comprehensive availability of MSME data. This initiative aims to provide stakeholders with accurate and timely information, empowering them to make well-informed decisions for the benefit of the MSME sector.
4. **Boosting Digital Capacities for Enhanced DIC Coordination:** Elevating the digital capacities of District Industrial Centers (DICs) to facilitate better program coordination. This involves integrating advanced digital tools and technologies to streamline communication, data management, and overall coordination efforts for more effective program implementation.
5. **Promotion of Innovation:** The Conclave encourages and celebrates innovation within the MSME sector, inspiring businesses to invest in creative and unique solutions.
6. **Recognition of Entrepreneurial Achievements:** The event recognizes and acknowledges the accomplishments of entrepreneurs in Himachal Pradesh, motivating others and instilling a sense of pride.
7. **Inclusivity:** Specialized sessions for women entrepreneurs and rural industrialization promote inclusivity, ensuring that diverse segments of the population benefit.
8. **Optimized Operational Efficiency:** The revitalized institutions are poised to operate with heightened efficiency, minimizing resource and time wastage. Through strategic restructuring and the implementation of best practices, these institutions will maximize their operational capabilities, ensuring a more streamlined and effective utilization of resources. This optimization is not only cost-effective but also contributes to an environment where every aspect of the organization functions with a focus on efficiency.
9. **Process Refinement and Technological Advancements:** The ongoing transformation involves a comprehensive overhaul of processes and the integration of advanced systems. This initiative aims to streamline operations and elevate the overall productivity and output of these institutions. By embracing technological advancements, from automation to data-driven decision-making, the revamped systems are positioned to enhance the speed and accuracy of tasks, ultimately translating into higher levels of productivity and improved outcomes.



6.15.10 Plan for strengthening M&E Framework of the project.

Periodicity						
Component	Bi-Monthly <ul style="list-style-type: none"> Data compilation as per project indicators Data from Field resource, contractors, implementation partners, project beneficiaries 	Monthly <ul style="list-style-type: none"> Analysis of data Preparation of monthly status reports Identification of gaps Identification of control measures 	Monthly <ul style="list-style-type: none"> Communicate control measures to implementation partners Conduct monthly Review Meeting at Nodal Officer RAMP Level Share Record of Discussion with NPIU 	Quarterly <ul style="list-style-type: none"> Compilation data of all Projects and tracking of Projected Outcome Present findings to the Directorate of Industries and NPIU 	Half Yearly <ul style="list-style-type: none"> Conduct the half-yearly review of meeting under the Chairmanship of Principal Secretary . Present the outcomes with respect to against indicators for each project to NPIU 	Annual <ul style="list-style-type: none"> Annual review of the Outcome and output against Indicators of each Project Formulate action Plan for next year basis on review Share the findings to NPIU for yearly Update.
Responsibility	SPIU/DICs	SPIU	SPIU/Nodal Officer	SPIU/Addl. Director /HP Nodal Officer	Director/SPIU	HP Nodal Officer/SPIU

Figure 241: Monitoring and Evaluation framework of the Project



Chapter-7

Budget and Funding Requirements



7 Budget & Funding Requirements

7.1 Recommendation wise Budget

Table 124: Recommendation wise Total Budget

S. No.	Name of Recommendation	Gap Financing required through RAMP (₹ crores)	Convergence of existing Gol scheme financing (₹ crores)	Convergence of existing GoHP scheme financing (₹ crores)	Contribution from respective SPV (₹ crores)	Total
1	Quality Champion MSMEs	₹ 19.24	₹ 12.74	₹ 4.00	₹ 0.00	₹ 35.98
2	InnoBoost HP: Fostering Innovation for MSME Competitiveness	₹ 38.88	₹ 13.75	₹ 3.40	₹ 0.00	₹ 56.03
3	Skill Up & Scale Up through creation of Technology Extension Centers and Skilling	₹ 5.20	₹ 40.00	₹ 0.00	₹ 0.00	₹ 45.20
4	Improving MSMEs Access to Markets	₹ 62.95	₹ 0.00	₹ 0.00	₹ 0.00	₹ 62.95
5	Samadhan Portal Enhancement: Bridging Resolution Gaps	₹ 5.09	₹ 0.00	₹ 0.60	₹ 0.00	₹ 5.69
6	Enhancing TReDS Penetration through Adoption Amplification Drive	₹ 21.04	₹ 0.00	₹ 0.00	₹ 0.00	₹ 21.04
7	Catalysing MSMEs Access to Finance: CGTMSE and Open Credit Enablement Network	₹ 66.35	₹ 0.00	₹ 5.00	₹ 0.00	₹ 71.35



S. No.	Name of Recommendation	Gap Financing required through RAMP (₹ crores)	Convergence of existing Gol scheme financing (₹ crores)	Convergence of existing GoHP scheme financing (₹ crores)	Contribution from respective SPV (₹ crores)	Total
8	Green MSME Innovative cluster Growth	₹ 130.91	₹ 140.00	₹ 60.00	₹ 30.00	₹ 360.91
9	SMART MSMEs- Navigating Success through SMART MSME Development	₹ 109.39	₹ 0.00	₹ 0.00	₹ 0.00	₹ 109.39
10	Sustainable Waste Management and Circularity in Industrial Operations	₹ 16.50	₹ 0.00	₹ 0.00	₹ 0.00	₹ 16.50
11	Rural Industrialisation	₹ 57.80	₹ 30.00	₹ 0.00	₹ 0.00	₹ 87.80
12	Social Catalysts for Inclusive MSME development	₹ 41.90	₹ 0.00	₹ 0.00	₹ 0.00	₹ 41.90
13	Infrastructural Development	₹ 32.23	₹ 237.57	₹ 84.42	₹ 15.00	₹ 369.22
14	Sectoral Interventions	₹ 18.17	₹ 161.00	₹ 26.75	₹ 7.25	₹ 213.17
15	Empowering MSMEs through Institutional Revamping and Strengthening	₹ 122.01	₹ 0.00	₹ 6.00	₹ 0.00	₹ 128.01
16	Operational Cost of SPIU	₹ 16.88	₹ 0.00	₹ 0.00	₹ 0.00	₹ 16.88
TOTAL		₹ 765.14	₹ 635.06	₹ 190.17	₹ 52.25	₹ 1,642.62



7.2 Budget basis type of intervention

Table 125: Budget basis type of intervention

S. No.	Budget head as per type of intervention	Total in Rs. Cr.	Total in %age
1	Facilitation of Capacity and Awareness Building Sessions	₹ 167.4	21.9%
2	Innovative recommendations and incentive schemes	₹ 121.34	16.0%
3	Conduct Resource Efficient and Cleaner Production (RECP) Studies	₹ 100.25	13.1%
4	Enhancement of IT Infrastructure and other components	₹ 86.47	11.3%
5	Digitisation and technological advancement of institutions	₹ 72.95	9.5%
6	Facilitation of technical components such as DPR preparation, scoping and feasibility studies	₹ 66.55	8.7%
6	Conduct Vendor Development Programmes and Enterprise Development Programmes	₹ 31.32	4.1%
7	Facilitation Resources/ Implementing Agency	₹ 27.10	3.5%
8	Facilitate Exhibitions and Trade Fairs	₹ 19.20	2.5%
9	Facilitate Workshops and Training of Trainers Programmes	₹ 17.96	2.4%
10	Exposure Visits	₹ 17.10	2.2%
12	Knowledge Management: Content Development for training, sensitisation and awareness building	₹ 11.65	1.5%
13	Marketing MSMEs through virtual pavilion, market connects and linkages	₹ 10.30	1.3%
14	Integrated portal for MSMEs in HP	₹ 7.55	1.0%
15	Partnerships and Linkages with Private and Public Players	₹ 5.50	0.7%
16	Establishment of Export Promotion and Intelligence Cell	₹ 2.50	0.3%
TOTAL		₹ 765.14	100.0%



Chapter-8

Partnership and Outreach Strategy



8 Partnership and Outreach Strategy

Branding and partnership, along with outreach and communication strategies, are fundamental for any program targeting a significant number of beneficiaries. In the context of competitiveness programs, reaching out to MSMEs not currently served by these initiatives, as well as those already benefiting, is crucial. A well-defined branding strategy is instrumental in helping MSME programs in Himachal Pradesh stand out and attract potential beneficiaries, fostering trust and credibility with prospective partners. Collaborating with key stakeholders such as industry associations, MSMEs, and financial institutions can broaden the reach and enhance the effectiveness of the program's goals.

An effective outreach strategy is essential to engage the target audience through diverse channels. Clearly and concisely communicating the program's goals, benefits, and participation guidelines is outlined in the communication strategy. Utilizing platforms like the website, social media, and other communication channels becomes imperative for engaging the target audience in Himachal Pradesh. The Strategy involves implementing multi-pronged approach in proposed interventions for targeted support, facilitating access to resources, leveraging resources availing scheme benefits to enhance productivity, market access, competitiveness of MSME's.

Approach and Methodology

The state of Himachal Pradesh shall follow a streamlined approach to partnership and outreach, emphasizing simplicity and conciseness. The strategy will prioritize engagement with various stakeholders for effective program implementation.

8.1 Partnership Strategy

The state will cultivate collaborations through a direct approach, fostering relationships with key stakeholders to amplify the impact of the RAMP program. This includes proactive engagement with industry associations, anchor firms, and financial institutions. By establishing partnerships, Himachal Pradesh aims to leverage collective strengths, resources, and expertise to drive positive outcomes for MSMEs.

1. **Technical competency Partners:** Collaboration with technical partners, such as industry experts, research institutions, industry associations, technology providers, to facilitate the transfer of expertise and best practices on quality, operational efficiency, product development, automation, digital transformation, to enable MSMEs to improve their product, gain access to specialized knowledge, advanced technologies, and innovative solutions. This will be done in three levels as explained under:
 - **Level 1 Screening:** This collaboration is a win-win situation as both the institutes and MSMEs benefit from it. The institutes provide crucial support to MSMEs, helping them thrive and grow, while in return, the institutes also gain from the sustainable development of the state ecosystem.



- **Level 2 Screening-** In level 2 Screening for strategic collaboration will primarily be focused on nearby regions such as Haryana, Punjab, and the NCR region. By concentrating efforts in these areas, we aim to sustain strong partnerships and minimize logistical challenges.
 - **Level 3 Screening** - This will be done at National Level for identifying the product specific institutes or the institutes having niche expertise for Unique Products.
2. **Government collaboration:** Effective government collaboration is crucial for a successful partnership strategy aimed at enhancing MSME performance. It also assists in fostering the favorable environment in terms of licensing and registration processes, access to affordable financing options, and provision of infrastructure and technology support. This will include SIDBI, State Industrial Development Corporations (SIDCs), Export Promotion Councils, EESL, State Industrial Training Institutes (ITIs), Startups, GMDIC's offices, Department of Industries, IA's.
 3. **Financial Institutions and Investors:** Collaborating with financial institutions unlocks vital financial resources, expert guidance, and risk mitigation tools to foster sustainable growth, overcome financial barriers, seize opportunities for expansion and innovation. This includes the partnership with Nationalized Banks, Regional Rural Banks (RRBs), Non-Banking Financial Companies (NBFCs), Small Finance Banks (SFBs), Cooperative Banks, Venture Capital Firms, angel investors.
 4. **Academic Institutions:** Collaborating with academic institutions opens doors to a wealth of invaluable resources and expertise for MSMEs. These institutions are a treasure trove of research, knowledge, and skilled talent, offering access to specialized training programs, industry-specific research, and cutting-edge technologies. It can also assist in guidance, and consultancy services, business strategies, operations, and fostering a culture of innovation.

8.2 Outreach Method

Himachal Pradesh's outreach method will be clear and direct, ensuring effective communication with the target audience. Through diverse channels such as the website, social media, and other communication platforms, the state will disseminate information about the program's objectives, benefits, and participation procedures. The outreach strategy aims to reach all the stakeholders including MSMEs, DICs, SHGs, General Public, GoI, GoHP and other inline agencies, fostering inclusivity and ensuring a broader impact.

1. MSME Campaign:

- **Audience:** SHGs, FPO (Farmer Producer Organisation), Women & SC/ST Led Enterprises, artisan groups and MSMEs.
- **Medium:** Social media posts, pamphlets, newspaper ads, and radio messages, influencer partnerships.
- **Outcome:** Increase brand awareness for the RAMP program and HimSME (MSME portal) as the go-to platform for all MSME needs.



2. About Schemes, Certifications, Workshops, DIC Initiatives, and Single Window Portal:

- Audience: MSMEs, DICs, Department officials, and other in-line agencies.
- Medium: Short advertisement videos, scheme compendiums, one pager briefs, long instruction videos, brochures, and influencer partnerships.
- Outcome: Raise awareness about schemes leading to increased certification registrations and other scheme participation, ultimately promoting MSME growth.

3. Events - MSME Conclave and MSME Business Excellence Award, and other Events:

- Audience: MSMEs, Ecosystem Stakeholders, GoI, GoHP.
- Medium: Event organizing, videos, and graphic design.
- Outcome: Attract more investment to the state and garner recognition for leaders in the MSME ecosystem.

4. Success Stories and Best Practices of MSMEs in HP:

- Audience: MSMEs, Other departments, CM office, PM office, Consulates, and Embassies.
- Medium: Annual reports, coffee table books, newsletters.
- Outcome: Enhance brand awareness, ensuring important stakeholders are informed about the program's achievements.

5. Sectoral Policies, Policy Documents, Policy Briefs, Key Insights, New Concepts, etc.:

- Audience: General public, MSMEs, other departments, CMs office, and PMs office.
- Medium: Newsletters, op-eds, news articles.
- Outcome: Position Himachal Pradesh as leaders in MSME transformation through effective communication of policies and key insights.

6. Photo and Video Repository:

- Audience: MSMEs.
- Medium: Videos and photos.
- Outcome: Quality content contributing to increased brand respect and recognition



Chapter-9

Strengthening Capacity for Development and Delivery of MSME Support



9 Strengthening Capacity for Development and Delivery of MSME Support Programme in the State

9.1 Activities carried out by DICs and Strategies to Strengthen the Eco-System

The industrial renaissance in Himachal Pradesh began in 2003 when the then Prime Minister, Late Shri Atal Behari Vajpayee government announced an industrial package for Himachal Pradesh, which brought major industries to districts of Solan, Sirmour and Una, significantly altering the state's industrial landscape forever. Himachal Pradesh received a sustained inflow of investments, paving way for the state's growth and prosperity on account of industrial package, infrastructure developments and a pro-industry policy shift.

Some of the achievements which define and speak for the industrialization journey of Himachal Pradesh are⁹¹:

- With a mere 5% contribution of Manufacturing sector to State GDP in 1971- 72, today this Sector boasts of contributing 30%.
- The State has more than 29,900 units with total projects cost of more than Rs. 63,000 Cr and generate an employment of approximately 2,37,000. The State Government offers liberal incentives for MSME and large units under Himachal Pradesh Industrial Investment Policy 2019.
- In the FY 2003, the total exports from the State were at INR 550 Cr., and in FY 2022 it reached INR16,009 Cr.
- In Himachal Pradesh, 60 Industrial areas and 17 industrial estates have been developed and State Government has now focused on sector specific parks such as Bulk Drug Park, Medical Devices Park, Plastic Park, Electronic Manufacturing Cluster etc.

Some of the Key Reforms undertaken by department are following:

- **Single Window System:** The process for issuance of essentiality certificate has been simplified and investible projects upto INR 5 Crore will get automatic single window clearance and thereafter in principle approval for purchase of land will be accorded by the revenue department directly as per the procedure notified in 2015

⁹¹ [Directorate of Industries](#)



- **Online Portal** for permissions to obtain land under Section 118 (State government has also simplified the procedural part only under section 118. No change has been made in the HP Tenancy and Land Reforms Act, under section 118).
- **HP MSME (Facilitation of Establishment and Operation) Act, 2019: It has been implemented for facilitation of project for MSME's without waiting for approvals / NOCs / permissions for three years.**

9.1.1 Directorate of Industries

The Directorate of Industries is the nodal department to promote industries and to facilitate the entrepreneurs in setting up of industries in the State. The department engages with potential entrepreneurs and render facilitation. It is also the nodal department for implementation of Central Government policies relating to manufacturing and industry. The department also facilitates entrepreneurs for obtaining the clearances and facilities from the Government Agencies/departments.

The institutional setup of the Directorate includes Mining and Sericulture departments as subsidiaries. At field level, the extension wings to facilitate MSMEs across regulatory, operational, developmental and growth aspects, District Industries Centers (DICs) have been institutionalized which are headed by General Managers. At present there are total 12 DICs in the state covering 12 districts.

9.1.2 Functions and Activities of GMDIC

General Manager, district Industries Centre is the head of office in District Industries Centre and responsible for the efficient working of the office. He exercises all administrative and financial powers as adjoined upon the heads of the offices by the Head of the Department. He consolidate all the budget and appropriation proposals of the office are submitted by him to the Directorate, he exercises all the powers delegated to him by the Head of the Department from time to time and is answerable to the Head of the Department, he also ensures implementation of the centrally and State sponsored Schemes, he is also appointed as Public Information officer to provide information under Right to Information Act, 2005 in the concerned District Industries Centre.

The Geological Wing, very much a part and parcel of the Industries Department was set up in the Year 1964 - 65. Primarily, work entrusted to the Geological Wing was to explore the mineral wealth of the State for their scientific and economical exploitation and setting up of mineral based industries. With the passage of time, the nature of work and responsibilities of the Geological Wing have increased manifold. With the changing scenario, the Mining industry in Himachal has emerged as a major economic activity, which is contributing significantly to the economy of the State and mining sector has become a new thrust area focusing Development and regulation, resulting into creation of various other allied issues pertaining to mining. At present there are 12 Mining Offices, one in each district under the purview of Geographical Wing.

To facilitate industrial investment in the state, Single Window has been developed as a standard framework to fulfil the requirement of "Ease of doing business" Initiative of central government to facilitate investor and increase investment in the state by providing



a conducive business environment through transparency and time-bound clearances. To this effect 7 number of Single Window Clearance Agencies have been established in Baddi, Nalagarh, Parwanoo, Paonta Sahib, kala Amb, Sansarpur Terrace and Gwalthai.

9.1.3 Administrative Set-up of the Directorate

A snapshot of the administrative set-up at Directorate's Head Office and District Industries Centers is shared below (this is an indicative list and not exhaustive):

Sr. No.	Name of Post	Class	Sanctioned Posts
1	Director of Industries	Class -I	1
2	Addl. Director Industries cum Additional Controller of Stores		1
3	Additional/Jt. Director of Industries (Admn.)/General Manager (HAS)		2
4	Additional Director of Industries		2
5	Joint Director of Industries		4
6	Industrial Advisor		1
7	Senior Technical Officer (M)		0
8	Senior Technical Officer (C)		0
9	Senior Technical Officer (Industrial)		0
10	Asstt. Controller (Finance & Accounts)		1
11	Tehsildar		1
12	Programmer		1
13	Dy. Director of Industries (Sericulture)		3
14	General Manager (DIC)/ Dy. Director of Industries		13
15	Private Secretary		1
16	Superintendent Grade-I		4
17	Chief Inspector of Boilers		1



Sr No	Name of Post	Class	Sanctioned Posts
A	Total number of Class I Sanctioned Posts		36
1	Store Inspection Officer (Textiles)	Class -II	1
2	Research Officer		1
3	Sericulture Officer		8
4	Manager (DIC)		41
5	Naib Tehsildar		1
6	Section Officer (Audit)		1
7	Superintendent Grade-II		22
8	Law Officer		1
B	Total number of Class II Sanctioned Posts		76
1	Junior Engineer	Class - III	1
C	Total number of Class III Sanctioned Posts		1
D	Total number of Class I, II and III sanctioned posts		113

9.1.4 Following Interventions are proposed for Strengthening of the DICs and State Institutions relevant to MSMEs

Empowering Himachal Pradesh MSMEs through Institutional Revamping and Strengthening	Budget (₹ Cr.)	Project number
Strengthening State Institutions: Catalysts for MSME Prosperity	108.02	15

Proposed Interventions for the Strengthening of DICs and other institutions in Himachal Pradesh

1. Training and Capacity Building:

- Objective: Enhance capabilities of State Departments of Industries.



- Components: Managerial and technical capacity building.
- Training Curriculum: Covers financing, market connects, ESG, Industry 4.0, digital proficiency, human resources, and more.
- Focus on officials' awareness of State and Centre Government schemes for MSMEs.

2. Technically Competent Facilitation Resources:

- Deployment of experienced resources at District Industries Centers (DICs) and District Commissioner (DC) offices.
- Coordination enhancement between DICs, MSMEs, and line institutions.
- Aims to facilitate effective implementation of various programs and schemes at the district level.

3. Appointment of MSME Advisor:

- Proposal for an Advisor MSME for a 4-year initial implementation phase.
- Key Functions: Support MSME policy development, create MSME cell/division, collaborate with stakeholders, and guide RAMP program implementation.

4. State Level Digital GIS-Based Industrial Survey:

- Conducted over the first two years of RAMP implementation.
- Purpose: Obtain a detailed industrial ecosystem overview and create a digital repository.
- Address discrepancies in MSME data and provide precise information on location, size, sector, employment, and environmental impact.
- Enables spatial analysis for informed decision-making and ongoing monitoring of industrial activities.

5. Digitalization of Industrial Records:

- Conversion of physical records into digital formats across all districts.
- Benefits: Improved accessibility, enhanced searchability, secure storage, data analysis, reporting, and workflow automation.
- Undertaken through an expert agency to support the Directorate.

6. IT Infrastructure Enhancement:

- Critical need to revamp IT infrastructure at state and district levels.
- Aim: Provide access to modern technology and digital tools for effective operations.
- Overcoming hindrances in data-driven governance and facilitating informed policymaking.



7. Recognition for Environmental Initiatives:

- Electric Vehicle Awards presented to top-performing DICs.
- Criteria: Adoption of Zero Defect, Zero Effect (ZED) certifications and green practices in promoting sustainability.
- Recognizes efforts in implementing environmentally friendly practices within districts and contributing to the success of the RAMP program.

9.1.5 Directorate of Industries-Office Manual

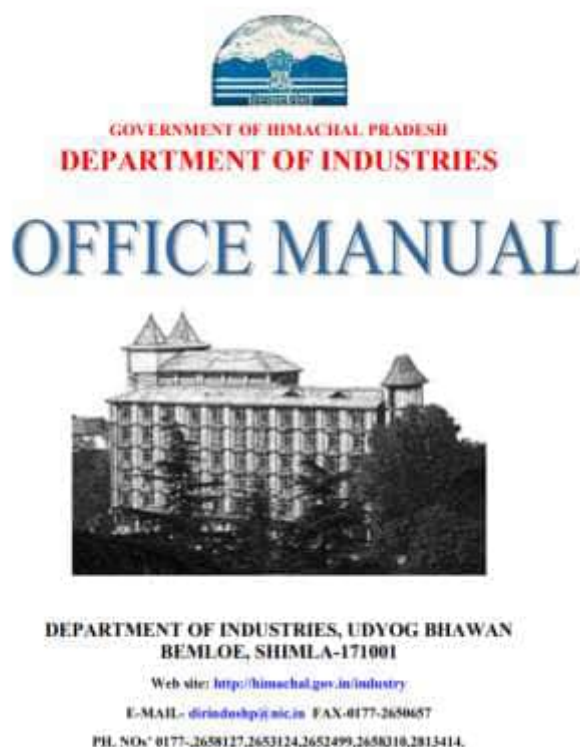


Figure 242 Office Manual-Department of Industries

The Department of Industries under the Government of Himachal Pradesh has issued an "Office Manual" that serves as a comprehensive document delineating the roles, responsibilities, powers, and duties assigned to different positions within the various departments. This inclusive guide also encompasses the functions of key roles such as General Managers, Managers, and all other members associated with the District Industries Centers (DICs).

The "Office Manual" stands as a vital reference tool, offering detailed insights into the specific tasks and authorities entrusted to each position within the departmental hierarchy. By clearly defining the functions and duties of General Managers, Managers,



and DIC members, the manual ensures transparency and clarity in the operational framework of the Department of Industries.

The document serves as a foundational resource, providing a structured understanding of the organizational structure and workflow. It aids in streamlining communication, facilitating effective coordination, and enhancing overall efficiency within the Department of Industries. Furthermore, the manual plays a crucial role in fostering accountability and promoting adherence to established protocols, thereby contributing to the smooth functioning of the department and its affiliated District Industries Centers.



Chapter-10

Environment and Social Impact Assessment



10 Environment and Social Impact Assessment

Environmental and social assessment for the Micro, Small, and Medium Enterprises (MSME) sector in Himachal Pradesh involves evaluating both the impacts of MSME activities on the environment and society and the effects of environmental and societal contexts on the MSMEs themselves.

10.1 Environmental Impacts

MSMEs consume natural resources such as energy, water, and raw materials in their production processes. The extent of resource consumption and the efficiency of resource utilization impacts the environment and resultantly the society. Industrial operations and processes of MSMEs result in emissions of pollutants, greenhouse gases, and waste (industrial wastewater, effluents, other industrial wastes generation). Air, water, and soil pollution can have detrimental effects on ecosystems, biodiversity, and human health. Waste is a by-product of industrial operations and scientific waste management practices, such as recycling, treatment, and responsible disposal, are crucial to minimize the environmental impact. MSMEs' resource consumption (energy, water, fuels & input material) and resources use efficiency play a significant role in carbon footprint reduction. Implementing sustainable consumption and production practices, adopting best available technologies, setting up unit level monitoring systems, use of renewable energy sources, and promoting circular economy and conservation principles can help mitigate environmental impacts.

10.2 Social Impacts

The MSME sector of India provided employment to more than 110.9 million people⁹² and MSME operations and management practices have direct impact on the employee stakeholder group. So be it the operational practices, the use pattern and management of industrial wastes, implementing management practices like Environment Management System, Occupational Health and Safety Management System, Quality Management Systems or Energy Management System have direct socio and economic impact on the employed people.

On one hand MSMEs are significant job creators, offering employment to a vast number of people, many of whom might otherwise remain unemployed or underemployed. They are pivotal in enhancing the skills of their employees and making them more competitive in the job market. Stable income opportunities uplift individuals and families from poverty, improving their standard of living. MSMEs, especially in sectors like handicrafts, textiles, or agro processing, offer employment and entrepreneurial opportunities to women, leading to their economic empowerment.

On the other hand, MSMEs are vulnerable to market fluctuations and limited capital, therefore might not offer the same job security as larger enterprises. MSMEs might not always provide additional benefits like health insurance, retirement plans, or paid leave,

⁹² NSS 73rd Round, 2015-16



which are more commonly found in bigger corporations. Most importantly, MSMEs often do not have the resources or awareness to invest in proper workplace health and safety measures, potentially exposing employees to risks. The same is also true for adopting sustainable industrial practices and maintaining a healthy workplace which remains a challenge in MSME ecosystem and directly impacts the people working in there.

10.3 Environment & Social Sector Assessment- Himachal Pradesh

10.3.1 Environmental Assessment

The subsequent sections will present the environmental footprint and performance of the state of Himachal Pradesh and would further elaborate of the gaps which exists in terms of the industrial/MSME ecosystem in the State.

As per the GHG Inventory Platform India, Emissions of Himachal Pradesh increased at a CAGR of 9.81% from 3.05 Mt CO₂e in 2005 to 8.65 Mt CO₂e in 2015 (as per Figure 260)



Figure 243 Emissions of Himachal Pradesh

The Industrial Processes and Product Use (IPPU) sector contributed 24% to gross economy-wide emissions. As seen in the Figure, the share of Energy and IPPU sectors increased to ~49% and ~26% while that of Agriculture reduced to ~19% in 2018. Waste sector emissions remained constant during the reference years, at around 6% of the gross economy-wide emissions of Himachal Pradesh.

This clearly shows that IPPU emissions are on an increasing trend, primarily due to increase in the number of Industries from 2005 to 2018 and also direct and indirect emissions arising out of industrial operations.

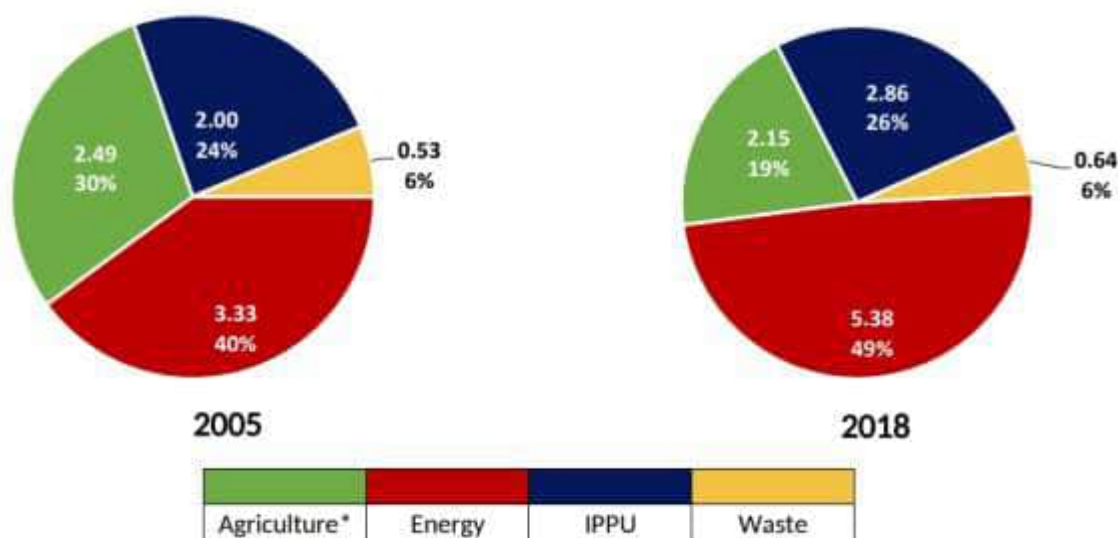


Figure 244 Contribution of the Industrial Processes and Product Use (IPPU) sector to gross emissions

Emissions from Industrial Processes and Product Use (IPPU) sector are largely driven by Chemical, Metal, Mineral Industries and Non-Energy Products from Fuels and Solvent Use. In Himachal Pradesh, the IPPU sector contributed to ~26% of the gross economy-wide emissions in 2018 (excluding Land sub-sector within AFOLU). Between 2005 and 2018, the overall IPPU emissions increased at a CAGR of 2.78% from 2.00 Mt CO₂e in 2005 to 2.86 Mt CO₂e in 2018.

Industries have a significant environmental impact on state natural resources, it often resulting in a complex interplay of benefits and drawbacks. Though in one aspect it drives the prosperity of the state, however it often led to air, water pollution, deforestation, habitat destruction and greenhouse gas emission. these environmental consequences can harm ecosystems, endanger wildlife, and compromise the health and wellbeing of local communities.

Thus, balancing the industrial development with environmental preservation is a critical challenge for states, necessitating the implementation of stringent regulations, sustainable practices, and a commitment to mitigating the negative effects of Industrial activities.

10.3.1.1 Incentives for MSMEs under H.P Industrial Policy 2019

The industries department taking cognizance of the environmental impact of MSMEs industrial operations has formulated different schemes and incentives under the industrial policy 2019.

Some of the key incentives are listed as under:

A. Assistance for access to Technology, Competitiveness, Innovation and Quality Certification: -

The incentive provides reimbursement of 50% of expenses incurred for the setting up in house testing facilities and equipment required for obtaining certification of Bureau of



Indian Standards / World Health Organization - GMP / ISO /Organic Certification / any International Certification excluding Plant and Machinery / equipment used directly in manufacturing process or rendering of services subject to maximum of Rs. 5 Lakhs per enterprise

B. Assistance to encourage water conservation, compliances of Environment, Health, and Safety Standards: -

The incentive provides:

- a) 25% of expenditure incurred for the purchase of Plant & Machinery / equipment for setting up of Effluent Treatment Plant (ETP), rainwater harvesting system excluding expenditure incurred on construction, subject to maximum of Rs.2 lakhs per enterprise.
- b) 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs.1 lakh per annum. This incentive would be disbursed subject to installation of separate electricity meter/sub-meter exclusively for running of ETP.

C. Assistance for Patent Filing and use of green fuel:-

- a) Reimbursement of Rs.10 lakhs or 75% of expenditure incurred/charges paid to patent attorney, patent service centre and patent filling agency for obtaining patent, whichever is lower.
- b) Reimbursement of 50% of cost incurred within the factory premises to fuel manufacturing process with gas/ solar power or to use it as an alternate power backup, subject to maximum of Rs.3 lakhs per enterprise.

10.3.1.2 Gap Analysis of the environmental awareness and performance in the Industrial Ecosystem

The implementation status data from the department shows that since inception of the industrial policy 2019, only eight number of cases have been benefitted for the above-mentioned incentives which relate to industrial interventions aimed at improving environmental performance of MSMEs.

This clearly reflects the poor on ground reach and implementation of such schemes. The interactions and FGDs conducted in the State highlighted the following for low adoption of these schemes and awareness on best practices and technologies available for improving the environmental performance of MSME operations:

1. Lack of Awareness: Poor Awareness on Government Schemes
2. Poor access to Business Development Service provider
3. Poor access to Consultants or Subject Matter Experts
4. Lack of synergy between Pollution control board jointly with Directorate of Industries
 - Dissemination of regulations with respect to environment sustainability
 - Implementation of the regulatory system proposed.
 - List of suppliers and repository of experts with Dept and IA



10.3.2 Social System Assessment

In Himachal Pradesh, as per Udyam Registered data 81% of MSMEs were owned by men whereas just 18% of MSMEs were owned by women which is around 2% less than the national average. Overall, in the state 18% of the total women entrepreneurs belonged to Solan 17% to Kangra and 13% to Shimla and 10% to Mandi.

In Himachal Pradesh, as of Udyam Registrations recorded 74% of MSMEs were owned by General Category entrepreneurs, 14% belonged to SC category and just 8% belonged to OBC category with a negligible share of 4% to ST entrepreneurs. Over 27% of MSMEs in Himachal Pradesh belonged to entrepreneurs from socially backward categories.

However, districts such as Lahaul & Spiti, Chamba and Kinnaur which had a higher ST population saw higher ownership of MSMEs by ST entrepreneurs. 84% of MSMEs in Lahaul Spiti were owned by ST entrepreneurs and 71% of MSMEs in Kinnaur were owned by ST entrepreneurs.

Himachal Pradesh: Gender wise distribution of MSMEs

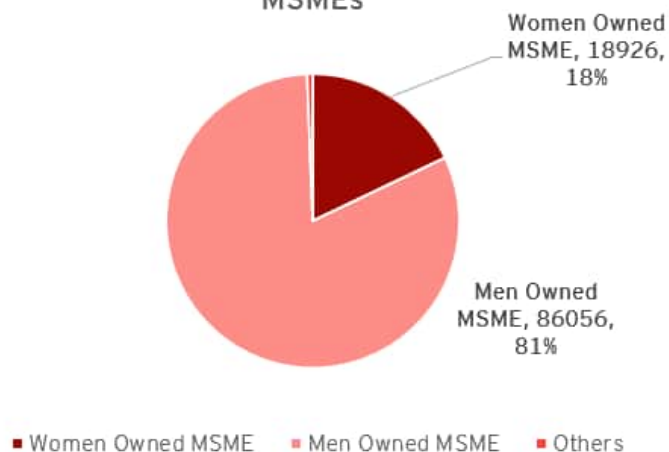


Figure 245 Himachal Pradesh Gender wise distribution of MSMEs

Himachal Pradesh: Distribution of MSMEs basis social category

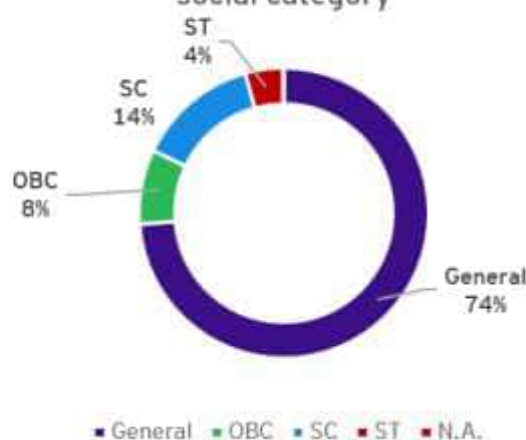


Figure 246 Himachal Pradesh: Distribution of MSMEs basis social category



10.4 Proposed Interventions and Estimated Impact on Environmental and Social Aspects.

The proposed interventions under the project focus primarily on developing and improving the existing MSME ecosystem in the state. The focus is on improving market access of mainstream MSME products and the rural, heritage products which represent the rich tradition and culture of the State. The project also aims to improve access to credit through innovative financing, financial literacy, credit facilitation services for MSMEs in the State. To ensure greening of MSMEs, the project aims at providing technical assistance to MSMEs in implementing green and renewable energy solutions in their manufacturing units. Keeping in view the digital transformation of MSMEs for improving operational efficiency, the project also proposes technical and financial support for creating SMART MSMEs enabled with Software and Hardware installations.

In addition, the project focuses on promoting women entrepreneurship and social inclusion through specially designed interventions of women and reserved category entrepreneurs. Realising the role of innovation promotion in MSMEs, the project entails interventions focused on innovation ecosystem development, promoting design innovation and intellectual property management in the State. Manufacturing excellence becomes a differentiating factor and gives a cutting edge to MSMEs when it comes to in a global business environment, the project promotes this excellence through promoting ZED and LEAN scheme for MSME.

Highlighting the importance of sustainable industrial infrastructure, the project also covers, feasibility and design and configuration of common industrial infrastructure in major industrial areas of the State of HP.

The proposed interventions align directly and indirectly with several of the United Nations' Sustainable Development Goals (SDGs).

Direct Linkages:

SDG 7 - Affordable and Clean Energy: The project's focus on greening of MSMEs and implementing green and renewable energy solutions aligns with this goal. By promoting energy efficiency and renewable energy, the project contributes to making energy more sustainable and widely available.

SDG 8 - Decent Work and Economic Growth: By improving the existing MSME ecosystem, enhancing market access, and facilitating credit, the project promotes sustained, inclusive, and sustainable economic growth. It also fosters innovation and encourages the formalization and growth of MSMEs.

SDG 9 - Industry, Innovation, and Infrastructure: The project's emphasis on promoting innovation, upgrading infrastructure, and retrofitting industries to make them sustainable aligns with this goal. The focus on sustainable industrial infrastructure and the promotion of ZED (Zero Defect, Zero Effect) and LEAN manufacturing schemes also contribute to this goal.



SDG 5 - Gender Equality: The project's focus on promoting women entrepreneurship and social inclusion contributes to achieving gender equality and empowering all women and girls.

SDG 12 - Responsible Consumption and Production: By promoting the greening of MSMEs and sustainable industrial infrastructure, the project encourages resource efficiency and sustainable practices.

Remember, the actual impact of these interventions would depend on their effective implementation. It would be beneficial to have a robust monitoring and evaluation system in place to track the progress and impact of these interventions.

Indirect Linkages:

SDG 1 - No Poverty: By improving market access and facilitating credit for MSMEs, the project indirectly contributes to poverty reduction by enhancing livelihoods and creating job opportunities.

SDG 10 - Reduced Inequalities: The project's focus on social inclusion and promoting entrepreneurship among women and reserved category entrepreneurs indirectly contributes to reducing inequalities.

SDG 13 - Climate Action: By promoting the greening of MSMEs and implementing renewable energy solutions, the project indirectly contributes to climate action by reducing greenhouse gas emissions.

Remember, the actual impact of these interventions would depend on their effective implementation. It would be beneficial to have a robust monitoring and evaluation system in place to track the progress and impact of these interventions.



Figure 247 Proposed interventions aligning directly and indirectly with the UN SDGs



Chapter-11

Annexures



11 Annexures

11.1 FGD Minutes Across All District

Sr No	District Name	Key Findings
1	Hamirpur /Bilaspur	Lack of Awareness on MSME Champions schemes of GOI
		Lack of MSME facilitation and handholding support for Implementing GOI Schemes
		Need for increase of awareness of certification such as ZED or Lean and its importance
		Effectiveness in functions of PMEGP Nodal Agency
		Decentralizing MSEFC meetings and proposal for meetings at District level
2	Kangra	Fund disbursement delays under MSME schemes
		MSMEs are not aware of marketing assistance tools and schemes by state and central govt, however pressing need for the same was emphasized
		Challenge / Barriers in Government Marketplace (GeM) participation
		Limited utility of Samadhaan Portal/ MSEFC Council, Small entrepreneurs are not aware of this council. District level outreach is needed.
		Need for increased awareness and handholding for use of greener practices/sustainable production in MSMEs/ RE integration in MSME Operations
3	Mandi	Lack of Awareness on MSME Champions schemes of GOI along with its facilitation and handholding support



Sr No	District Name	Key Findings
		Need for increased awareness of certification such as ZED or Lean and its importance along with its implementation support
		Continuous handholding or regular follow-ups in MSME Schemes
		Factors consider by Banks in facilitating the loans
		GST reimbursement for MSMEs
		Special support in Export promotion of handloom Products
		Need for business incubators to facilitate product diversification, quality improvement and marketing support
		Linkages with expert product specific institutes in the country
		Increased industry academia linkage to promote innovation and entrepreneurship
4	Kullu	Need for increased awareness and handholding for use of greener resources
		Limited awareness and adoption of marketing assistance schemes
		Need for better facilitation support for the Loans / financial assistance
		Need for increased awareness, handholding, or incentive for Export Promotion
		Lack of MSME facilitation and handholding support for implementing GoI schemes
		Low awareness for Artisan led sectors (Handlooms, Stone and Metal craft
		Need for State Procurement Policy for MSME business promotion in the state



Sr No	District Name	Key Findings
5	Chamba	Lack of awareness on MSME Scheme of Gol focused on MSME and MSME infrastructure Development
		Limited understanding on MSME Competitiveness Improvement
		Need for increased awareness and handholding to enable artisans-based segments make use of relevant MSME schemes
		Need for awareness facilitation and implementation support for implementing SFURTI scheme for Chamba Rimal and Chamba Chappal Segments
		Need for Institutional linkage for artisan-based segments
		Lack of District level Business Development/Incubator Services
6	Kalamandla Paonta sahib	Lack of awareness on MSME Champions Scheme of Gol
		Limited understanding on MSME Competitiveness Improvement
		Limited access to MSME Development Schemes
		Limited awareness and adoption on Sustainable Consumption and Production practices in MSME
		Need for increased awareness and handholding for use of greener practices/sustainable production in MSMEs
		Lack of MSME facilitation and handholding support for implementing Gol schemes
		Need for institutional strengthening of industry associations



Sr No	District Name	Key Findings
		Lack of Cluster level Business Development Services
7	Solan/Una	The industry representatives are not aware of ZED benefits and scheme implementation in the cluster is limited to entry level bronze certification only.
		MSME LEAN has low adoption in the cluster, there was only one LEAN cluster implemented in Baddi. Actual realisation of LEAN benefits would help in better cost competitiveness in MSMEs with reduction in wastages and improved profitability.
		Needs increased adoption and utilization of this platform, more number of Medium and Large units can be onboarded
		Receivables Exchange of India Ltd (RXIL) and SIDBI manages TReDS portal, awareness programs for clusters are needed.
8	Kinnaur	Need for increased awareness, handholding, or incentive for Export Promotion
		Lack of MSME facilitation and handholding support for implementing GoI schemes
		Need for State Procurement Policy for MSME business promotion in the state
		Low awareness for Artisan led sectors (Handlooms, Stone and Metal craft
		Limited awareness and adoption of marketing assistance schemes
		Need for better facilitation support for the Loans / financial assistance
9	Shimla	Need for increased awareness, handholding, or incentive for Fruit Processing



Sr No	District Name	Key Findings
		Lack of MSME facilitation and handholding support for implementing GoI schemes
		Limited awareness and adoption of marketing assistance schemes
		Limited access to MSME Development Schemes
		Need for better facilitation support for the Loans / financial assistance
10	Lahaul & Spiti	Need for increased awareness, handholding, or incentive for Handloom and Textile Manufacturing
		Lack of MSME facilitation and handholding support for implementing GoI schemes
		Limited awareness and adoption of marketing assistance schemes
		Limited access to MSME Development Schemes
		Need for better facilitation support for the Loans / financial assistance



11.2 List of Stakeholder consulted.

S.no	Stakeholder Name	Type of Stakeholder	Industry Association	Location	Contact Number
1	Mr. Ashok K. Bhardwaj M/S Sharma and sons	MSME Entrepreneur	Mehatpur Industries Association	Una	9816043176
2	Mr. C. S. Kapoor Mayfair Biotech Pvt Ltd	MSME Entrepreneur	Mehatpur Industries Association	Una	7018298658
3	Mr. M.L. Thakur Sprem Industries	MSME Entrepreneur	Mehatpur Industries Association	Una	9357105771
4	Mr. C. R. Kansal AXA Plastics	MSME Entrepreneur	Mehatpur Industries Association	Una	8580641086
5	Mr. V.K. Law I.V. Steel Works	MSME Entrepreneur	Mehatpur Industries Association	Una	9816031127
6	Mr. Akhil Sharma DIC Una	Industry Association	Mehatpur Industries Association	Una	7018381156
7	Mr. Keshav Saini Himsagar Labs Ltd	MSME Entrepreneur	Pharma Association, Kala Amb	Kala Amb	9466188111



8	Mr. Jassi Ram Thakur Member Department of Industries Secretary-	Department of Industries	NA	Kala Amb	83518769 08
9	Mr. Nikhil Nanda JHS Svendgaard Laboratories Limited	MSME Entrepreneur	Himachal Drugs Manufacturers Association	Kala Amb	70878003 73
10	Mr. Dinesh Snowpeak Industries	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	88945858 27
11	Mr. Ramesh Goel JPD Precision Fasteners pvt ltd	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	89015759 91
12	Mr. Manoj Garg Varav Biogenesis Pvt. Ltd.	MSME Entrepreneur	Himachal Drugs Manufacturers Association	Kala Amb	94160178 90
13	Mr. Yoginder Singh Ekta Enterprises	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	98829350 10
14	Mr. Samir K. Sinha A R Industries	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	98732915 96
15	Mr. J.P. Sharma Wonder Group of Industries	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	92183368 8



16	Mr. C.S Pushkarna M/S Pushkar Pharma	MSME Entrepreneur	Himachal Drugs Manufacturers Association	Kala Amb	9466180551
17	Mr. Amit Official from Department of Industries	Official of Department of Industries	NA	Kala Amb	7018177752
18	Mr. Sanjeev Kumar Rama Krishna Industries	MSME Entrepreneur	Laghu Udyog Bharti, Kala Amb	Kala Amb	9991151970
19	Mr. Dushyant Sharma Athens Life Sciences	MSME Entrepreneur	Himachal Drugs Manufacturers Association	Kala Amb	8383955490
20	Mr. Sakshi Satti General Manager, Department of Industries	Official of Department of Industries	NA	Poanta Sahib	9418173459
21	Mr. Satish Kumar Goel President- Himachal Chamber of Commerce and Industries	Official of Himachal Chamber of Commerce and Industries	NA	Poanta Sahib	7018503883



22	Mr. Naveen Aggarwal Secretary- Himachal Chamber of Commerce and Industries and Valley Iron And Steel Co. Ltd	Official of Himachal Chamber of Commerce and Industries	NA	Poanta Sahib	98166677 44
23	Mr. Rachit Sharma Department of Industries, Himchal Pradesh Govt	Official of Department of Industries	NA	Poanta Sahib	70180404 50
24	Ms. Upasna Sharma Staff of Himachal Chamber of Commerce and Industry	Official of Himachal Chamber of Commerce and Industries	NA	Poanta Sahib	78767307 19
25	Ms. Yashu Lamba Staff of Himachal Chamber Of Commerce And Industry	Official of Himachal Chamber of Commerce And Industries	NA	Poanta Sahib	90150207 93
26	Mr. Amit Shrama NCL Industries	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	94182860 08



27	Mr. Naresh Kumar Balaji Storage Batteries Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9805513421
28	Mr. Rahul Kumar Dwarikadhe esh Packaging	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	7018828537
29	Mr. Anil Kumar Mankind Pharma Unit III	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9897364031
30	Ms. Aema Dev Braza Tyres (Pvt) Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9816023681
31	Mr. Shazad Khan Frontier Alloy Steels Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	898805740
32	Mr. Vikas Dhiwura Ciliary Healthcare	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	99913113731
33	Mr. D.S. Bhomarah Next Wave (India)	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9816481621
34	Mr. Amandeep Singh Nanz Med Sciences Pharma	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	8894755931



35	Mr. Harinder Singh Laborate Pharmaceuticals India Ltd. (Unit-2)	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9816128630
36	Mr. Ashok Goyal M/S Tirupati Wellness Pvt Ltd, Tirupati Medicare, Tirupati Life Sciences	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9816019295
37	Mr. Nikhil Gupta M/S Saphnix Life Sciences	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9729733167
38	Mr. Sanjay Goyal Himalayan Intl Pvt Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9318939393
39	Mr. Prakash Parekh Balaji Storage Batteries Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9805513426
40	Mr. V.P. Singh Copmed Pharmaceuticals Pvt. Ltd.	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9805097770
41	Mr. Sahid Khan Frontier Alloy Steels Ltd	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	8219435645



42	Mr. Jitendra Singh Relax Pharmaceuticals	MSME Entrepreneur	Himachal Chamber of Commerce and Industries, Paonta Sahib	Poanta Sahib	9816087330
43	Mr. Dinesh Jain Dev Resima	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	8580809916
44	Mr. Ram Aggarwal Hum enterprises	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9815026035
45	Mr. Rajeev Satya (NA)	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9216732167
46	Mr. Sanjeev LUBHP	MSME Entrepreneur	Laghu Udhog Bharti, Himachal Pradesh	Baddi and Nalagarh	9805015876
47	Mr. Naresh Narwa Tesna Tech Pvt Ltd	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9872853344
48	Mr. Ashok Rana Rana Packaging	MSME Entrepreneur	Laghu Udhog Bharti, Himachal Pradesh and Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9877377724
49	Mr. Hemraj Choudhary Satya Packaging	MSME Entrepreneur	Himachal Pradesh Corrugated Box Manufacturers Association/Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9882355998
50	Dr. Vikram Bindia	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	9218559555



	Sri Ram Enterprise				
51	Mr. Rajendra Singh	MSME Entrepreneur	Baddi Barotiwala Nalagarh Industries Association	Baddi and Nalagarh	7876725455
52	Mr. Anshul Sehgal E.I (Industries) of GM SWCA Nalagarh	Official of Department of Industries	NA	Baddi and Nalagarh	7018272124
53	Mr. Anil Thakur Shine Industries	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	8894360340
54	Mr. Jasbir Singh Bindal Technopol ymer Pvt Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	8894041055
55	Dr. Vijay Deepak Sanjay Packaging	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	9418115870
56	Mr. Harish Kumar Auxi Tseting Pvt Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	9805517595
57	Mr. Chanchal Khan TMPL	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	8894700401



58	Mr. Ved Prakash Advanced Values	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	8816131621
59	Mr. Pramod Kumar Sharma Pandit Metal Containers	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	8219957004
60	Mr. Umesh Bindal Techonopoly Pvt Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	9816412675
61	Mr. Rashy Dur Bindal Techonopoly Pvt Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	7048905947
62	Mr. Vipa Thapar Shiv Polymer	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Gagret	9882744593
63	Mr. Aurtu Bathle Atul Glass	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9216330099
64	Mr. Nayendra Singh Mayasa	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9805728511



65	Mr. Ramesh Kumar Surie Plex India (P) Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9805504365
66	Mr. Rakesh Kumar (IKRFM)	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9816067565
67	Mr. Ganga Kaushal Ram Kripa Food Pvt Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9459495996
68	Mr. J.P.Saxena Aballo Products India	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	8219135428
69	Mr. Ajeet Kumar Pritika Auto pvt ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9816388291
70	Mr. Yogesh Kumar Pritika Auto ind Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	8219303739
71	Mr.Savinder Singh Ecological Building System (P)Ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9810707762



72	Mr. Ramesh Guha Volts Energy Incorporation	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9312461000
73	Mr. Radhe Shyam Swiss Kem Healthcare	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	7807815904
74	Mr. Subodh Sain Biotech Life pvt ltd	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9805808847
75	Mr. Rakesh Saini Saini Brake System	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9736996466
76	Mr. R.C Taneja M.R Enterprises	MSME Entrepreneur	Tahliwal Industries Association and Haroli Block Industries Association	Tahliwal	9716278599
77	Mr. Pankaj Mahajan M/S Krishna Dhoop & Krishna food products	MSME Entrepreneur	NA	Chamba	9418193070
78	Mr. Manish Kumar M/s Standard Furniture Works	MSME Entrepreneur	NA	Chamba	7018910380



79	Mr. Ramesh Sharma Sharma Steel Industries	MSME Entrepreneur	NA	Chamba	9418069366
80	Mr. Ashish Shammi Pushap Jewellers	MSME Entrepreneur	NA	Chamba	9418185068
81	Mr. Lalit Soni Amar jewellers	MSME Entrepreneur	NA	Chamba	9418685000
82	Mr. Anil Kumar Chamba chappal	MSME Entrepreneur	NA	Chamba	9459076433
83	Mr. Himanshu Metal works	MSME Entrepreneur	NA	Chamba	9418030688
84	Mr. Mahesh Sachdeva M/S Vishal Industries	MSME Entrepreneur	NA	Chamba	9418067920
85	Mr. Dheeraj Malhotra M/S Sandeep Finishing works	MSME Entrepreneur	NA	Chamba	9418834400



86	Mr. Chander Bhushan GM DIC	Dept of Industries	NA	Chamba	9805955648
87	Mr. Surinder Pathania Himachali Industries Kandrori	MSME Entrepreneur	NA	Kangra	9646486146
88	Sunil Dutt - Dehydrated Fruits and Vegetable	MSME Entrepreneur	NA	Kangra	9878077736
89	Anil Dogra	MSME Entrepreneur	NA	Kangra	NA
90	Mr. Arvind Kailash Packaging Solution	MSME Entrepreneur	NA	Kangra	NA
91	Mr. Bhuvnesh Rana M/S Iris Infra Bricks Flyash Bricks	MSME Entrepreneur	irisinfrabricks@gmail.com	Kangra	NA
92	MR. Chetan Verma Surgical cotton Allied Product	MSME Entrepreneur	NA	Kangra	9417653233



93	Mr. Gagandeep Sri Anand Food	MSME Entrepreneur	NA	Kangra	7009484123
94	Mr. Haneesh Katnawer	MSME Entrepreneur	NA	Kangra	8219655168
95	Kushal Dhiman	MSME Entrepreneur	NA	Kangra	NA
96	Mohan Pathania	MSME Entrepreneur	NA	Kangra	NA
97	Nitin	MSME Entrepreneur	NA	Kangra	NA
98	Rajeev Katoch	MSME Entrepreneur	NA	Kangra	NA
99	Rajesh Kr. GMDIC	Dept of Industries	NA	Kangra	NA



100	Ravinder Thakur	MSME Entrepreneur	NA	Kangra	NA
101	Sanjay Kharwal	MSME Entrepreneur	NA	Kangra	NA
102	Aseem Sharma	MSME Entrepreneur	NA	Kangra	NA
103	Jitender Sodhi	MSME Entrepreneur	NA	Kangra	NA
104	Vishal Gupta	MSME Entrepreneur	NA	Kangra	NA
105	Ravi Bansal Aton logic sun	MSME Entrepreneur	NA	Kangra	9873964363
106	Nikhil Mahajan	MSME Entrepreneur	NA	Kangra	NA



107	Arvind Kumar	MSME Entrepreneur	NA	Kangra	9418062234
108	Akshay	MSME Entrepreneur	NA	Hamirpur/Bilaspur	NA
109	Ayush Khajuria	MSME Entrepreneur	NA	Hamirpur/Bilaspur	NA
110	B.L.Tak.Suraj Fab	MSME Entrepreneur	NA	Hamirpur/Bilaspur	NA
111	GM DIC Hamirpur	Dept of Industries	NA	Hamirpur/Bilaspur	NA
112	GM DIC Bilaspur	Dept of Industries	NA	Hamirpur/Bilaspur	NA
113	Sanju	MSME Entrepreneur	NA	Hamirpur/Bilaspur	NA



114	Mr. Kamal Singh KV Motors	MSME Entrepreneur	NA	Mandi	9412836100
115	Mr. Shyam Singh Azad Dyeing	MSME Entrepreneur	NA	Mandi	7018830700
116	Mr. Motul Malhotra Himachal Silk Mill	MSME Entrepreneur	NA	Mandi	9816666979
117	Mr. Amit Dhamisha Pritman Prints	MSME Entrepreneur	NA	Mandi	9816154077
118	Ranjeet Singh Shri Sai Industry	MSME Entrepreneur	NA	Mandi	8219199607
119	Ms. Reena Kumar Meena Steels and Fabrication	MSME Entrepreneur	NA	Mandi	9418123198
120	Mr. Jitesh Kumar M. Sons	MSME Entrepreneur	NA	Mandi	9418459707



12 1	Mr. Mahesh Kalia Xogic Sparsh Enterprises	MSME Entrepreneur	NA	Mandi	70186000 04
12 2	Mr.P.R Dhyiman Shivam Steel Classic Udyog	MSME Entrepreneur	NA	Mandi	98170913 31
12 3	Mr. Ritesh J/R. furniture Udyog	MSME Entrepreneur	NA	Mandi	94184678 79
12 4	Mr. Murari Unique Solution	MSME Entrepreneur	NA	Mandi	97360355 66
12 5	Mr. Rajendra Singh Manager of GM DIC	Dept of Industries	NA	Mandi	94183874 68
12 6	Mr. Santosh Singh Manager of GM DIC	Dept of Industries	NA	Mandi	94182570 75
12 7	Mr. Vijay Verma Manager of GM DIC	Dept of Industries	NA	Mandi	98160338 05



128	GM DIC Kullu	Dept of Industries	NA	Kullu	NA
129	Mr. Pyare Lal Jholta	MSME Entrepreneur	NA	Kullu	NA
130	Mr. Rajinder Singh	MSME Entrepreneur	NA	Kullu	NA
131	Mr. Somesh	MSME Entrepreneur	NA	Kullu	NA
132	Mr. Lalit Kumar Kullu	MSME Entrepreneur	NA	Kullu	NA
133	DIC Kullu	Dept of Industries	NA	Kullu	NA
134	Mr. Rashik Acharya	MSME Entrepreneur	NA	Kullu	NA



135	Bija Agrifresh Pvt. Ltd., Aani	MSME Entrepreneur	NA	Kullu	NA
136	Mr. Sandeep Sood	MSME Entrepreneur	NA	Kullu	NA
137	Mr. Abhishek	MSME Entrepreneur	NA	Kullu	NA
138	Mr. Gulab Singh	MSME Entrepreneur	NA	Kullu	NA
139	Ms. Nancy	MSME Entrepreneur	NA	Kullu	NA
140	Ms. Pooja	MSME Entrepreneur	NA	Kullu	NA
141	Ms. Anita	MSME Entrepreneur	NA	Kullu	NA



14 3	Bhuttico	MSME Entrepre- neur	NA	Kullu	NA
14 4	Mr. Kamal	MSME Entrepre- neur	NA	Kullu	NA
14 5	Mr. Akshit Sood	MSME Entrepre- neur	NA	Kullu	NA
14 6	Mr. Chande Ram	MSME Entrepre- neur	NA	Kullu	NA
14 7	Mr. Arman	MSME Entrepre- neur	NA	Kullu	NA
14 8	Mr. Abhay Guleria	MSME Entrepre- neur	NA	Kullu	NA
14 9	Ms. Nidhi	MSME Entrepre- neur	NA	Kullu	NA



150	Mr. Ritik	MSME Entrepreneur	NA	Kullu	NA
151	Ms. Himani	MSME Entrepreneur	NA	Kullu	NA
152	Mr. Rohit	MSME Entrepreneur	NA	Kullu	NA
153	Mr. Gaurav Kapoor	MSME Entrepreneur	NA	Kullu	NA
154	Dev Bhoomi	MSME Entrepreneur	NA	Kullu	NA
155	Mr. Rohit	MSME Entrepreneur	NA	Kullu	NA
156	Mr. Sita Ram	MSME Entrepreneur	NA	Kullu	NA



15 7	Mr. Chaman Joshi	MSME Entrepre- neur	NA	Kullu	NA
15 9	Mr. Vivek Sen	MSME Entrepre- neur	NA	Kullu	NA



11.3 Images from Stakeholder Consultation



Focus Group Discussion conducted at Kala Amb, Sirmaur.



Focus Group Discussion conducted at Poanta Sahib, Sirmaur.

Focus Group Discussion conducted at Baddi, Solan.



Focus Group

Discussion conducted at Una.



Focus Discussion conducted at Tahliwal, Una.



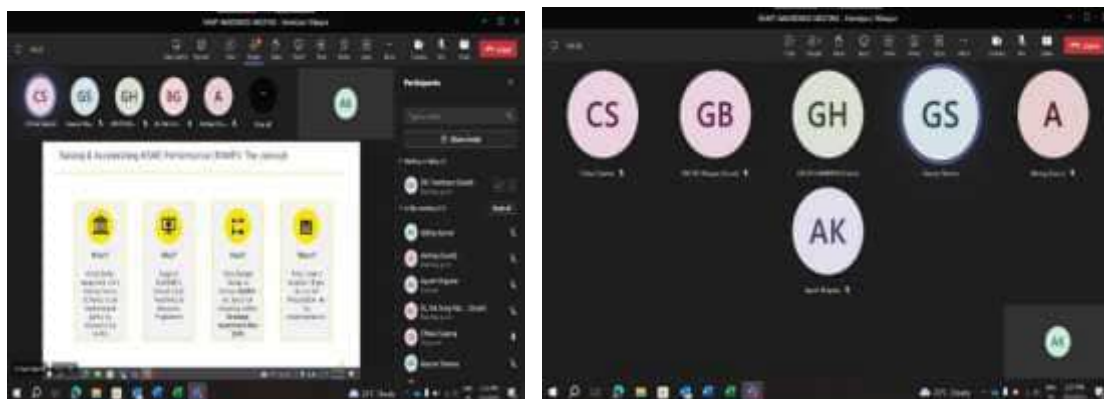
Focus Group Discussion conducted at Gagret, Una.



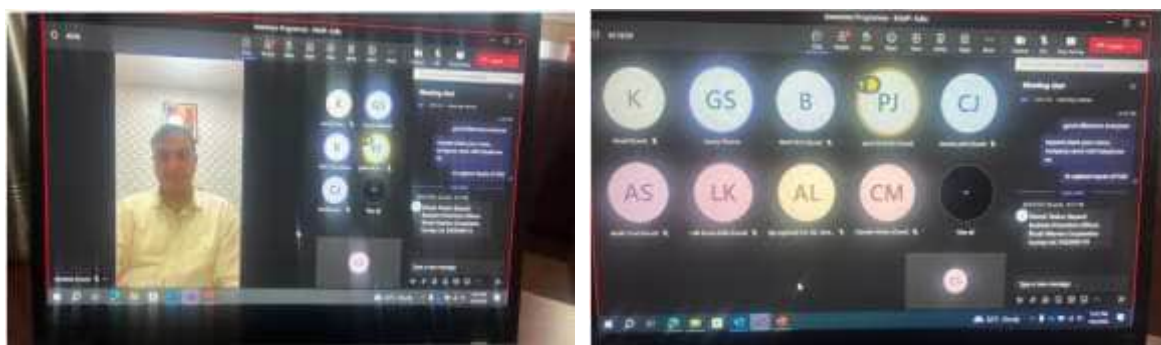
Focus Group Discussion conducted at Chamba.



Virtual Discussion conducted with participants in Kangra.



Virtual Discussion conducted with participants in Hamirpur and Bilaspur.





Virtual Discussion conducted with participants in Kullu.



Virtual Discussion conducted with participants in Mandi.

11.4 Sample Questionnaire for Stakeholder Consultations Under Diagnostic Exercise:

Questionnaire for Focus Group Discussion with MSMEs and Industry Associations				
Information about the enterprise				
01	Name of Enterprise:		02	Scale of enterprise: <input type="checkbox"/> Micro <input type="checkbox"/> Small <input type="checkbox"/> Medium
03	Name of entrepreneur:		04	Location: <input type="checkbox"/> Rural <input type="checkbox"/> Urban <input type="checkbox"/> Semi Urban
05	Contact Number:		06	Udyam Registration: <input type="checkbox"/> Yes <input type="checkbox"/> No
07	Address: Year of Commencement of Operations		08	Kind of enterprise: <input type="checkbox"/> Manufacturing <input type="checkbox"/> Services <input type="checkbox"/> Manufacturing & Services <input type="checkbox"/> Trade
09	Email-id:		10	Do you have GST registration? <input type="checkbox"/> Yes <input type="checkbox"/> No



11	Sector of operations:		12	Do you have PAN number?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13	Major products /Services manufactured by your enterprise:		14	Do you file tax return of enterprise?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15	Social category	<input type="checkbox"/> General <input type="checkbox"/> SC <input type="checkbox"/> ST <input type="checkbox"/> OBC <input type="checkbox"/> Other	16	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Other
Access to finance					
01	Have you ever applied for loan?		<input type="checkbox"/> Yes <input type="checkbox"/> No		
02	If yes, where did you apply for loan? Did you get financed for the loan applied? Did you require collateral for getting finance from the Financial Institutions?		<input type="checkbox"/> Bank <input type="checkbox"/> NBFC <input type="checkbox"/> MFI/ Cooperative <input type="checkbox"/> Informal source <input type="checkbox"/> Other: ____ <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No		
03	If no, Why?				
04	What are some major reasons for rejection of loan applications?		<input type="checkbox"/> Lack of Collateral <input type="checkbox"/> Incomplete Documentation <input type="checkbox"/> Lack of concrete business proposal <input type="checkbox"/> Poor credit score <input type="checkbox"/> Too much debt		



		<input type="checkbox"/> Not knowing the purpose of loan <input type="checkbox"/> Loan processing time <input type="checkbox"/> Unpaid debts/loan default <input type="checkbox"/> Negative cash flows <input type="checkbox"/> Others: _
05	Are you aware of Govt. schemes providing finance for MSMEs? What were challenges faced in availing credit through government schemes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
06	If you need additional finance for enterprise, which option will you choose?	Bank NBFC MFI/ Cooperative Informal source Other: ____
Addressing delayed payments		
01	Does your enterprise face the issue of delayed payments? If yes how do you solve the issue?	<input type="checkbox"/> Yes <input type="checkbox"/> No
02	Do you know about TReDs platforms? Are you onboarded on any of the TReDs platform? Have you ever attended any training/workshop related to TReDs?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
03	In your opinion, what are the major issues related to TReDs platforms?	



04	<p>Are you aware of the SAMADHAN Portal?</p> <p>Have you used the portal for settlement of industrial disputes/claims/complaints?</p> <p>Do you wish to use the portal in future for settlement of industrial disputes/claims/complaints?</p> <p>Have you ever attended any training/workshop related to SAMADHAN portal?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
05	What are the issues you think, stop from using the SAMADHAN portal?	
Access to markets		
01	What are the current methods of Marketing and Branding practiced by the enterprise?	
02	What percentage of the enterprise's net revenue is allocated for the marketing budget?	
03	Where are the most of the business's customers located?	<input type="checkbox"/> Local area within district <input type="checkbox"/> In nearby districts <input type="checkbox"/> Within the state <input type="checkbox"/> Within the country <input type="checkbox"/> Exports
04	Most of your customers are:	<input type="checkbox"/> Repeat customers <input type="checkbox"/> New customers <input type="checkbox"/> Both repeat & new customers
05	How does the enterprise sell the products/services to its customers?	<input type="checkbox"/> Sell as a business directly to the final customer/consumer <input type="checkbox"/> Sells through agent <input type="checkbox"/> Sells in partnership with other business <input type="checkbox"/> Business is part of supply chain



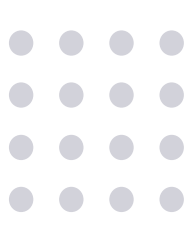
		<input type="checkbox"/> Others, specify	
06	Is the enterprise utilizing digital/social media/ecommerce for reaching out to customers?	<input type="checkbox"/> WhatsApp <input type="checkbox"/> Instagram <input type="checkbox"/> Facebook <input type="checkbox"/> Own website <input type="checkbox"/> Flipkart	<input type="checkbox"/> Amazon <input type="checkbox"/> Meesho <input type="checkbox"/> ONDC <input type="checkbox"/> Big basket <input type="checkbox"/> Any other: ____
07	Has access to above helped in improving sales of the enterprise?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
08	Has the enterprise participated in trade fair/exhibition/Vendor development programs/buyer seller meet etc	<input type="checkbox"/> Yes <input type="checkbox"/> No	
09	Are you empanelled with OEMs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	What do you think are some of the major challenges being faced by MSMEs during empanelment?		
Environment and Safety Standards			
01	What of kind environmental & safety measures you have implemented in your organisation?	<input type="checkbox"/> Air pollution control <input type="checkbox"/> Wastewater management <input type="checkbox"/> Solid waste management <input type="checkbox"/> Noise and Vibration abatement <input type="checkbox"/> Environmental Monitoring analysis and assessment <input type="checkbox"/> Cleaner/resource efficient technologies and processes <input type="checkbox"/> Cleaner/resource efficient products <input type="checkbox"/> Recycled materials	



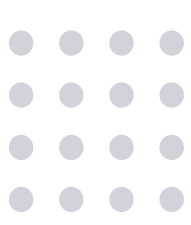
		<input type="checkbox"/> Renewable Energy <input type="checkbox"/> Natural risk management <input type="checkbox"/> Heat/Energy saving measures
02	Does the enterprise follow Occupational and Health & Safety Standards? If yes, does the enterprise have any certification?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
03	Does your enterprise use Effluent Treatment Plants? If yes, do you have these units at enterprise level? Is there a Common ETP for group of MSMEs in your area?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
04	What are challenges faced by your enterprise in ensuring energy efficient manufacturing and business practices?	
Infrastructure, Technology and Quality		
01	Where is the enterprise established?	<input type="checkbox"/> Government cluster <input type="checkbox"/> Notified Industrial area <input type="checkbox"/> Private industrial area <input type="checkbox"/> Home based <input type="checkbox"/> Other market
02	Does the enterprise have any of the following infrastructural issues?	<input type="checkbox"/> Water <input type="checkbox"/> Wastewater disposal



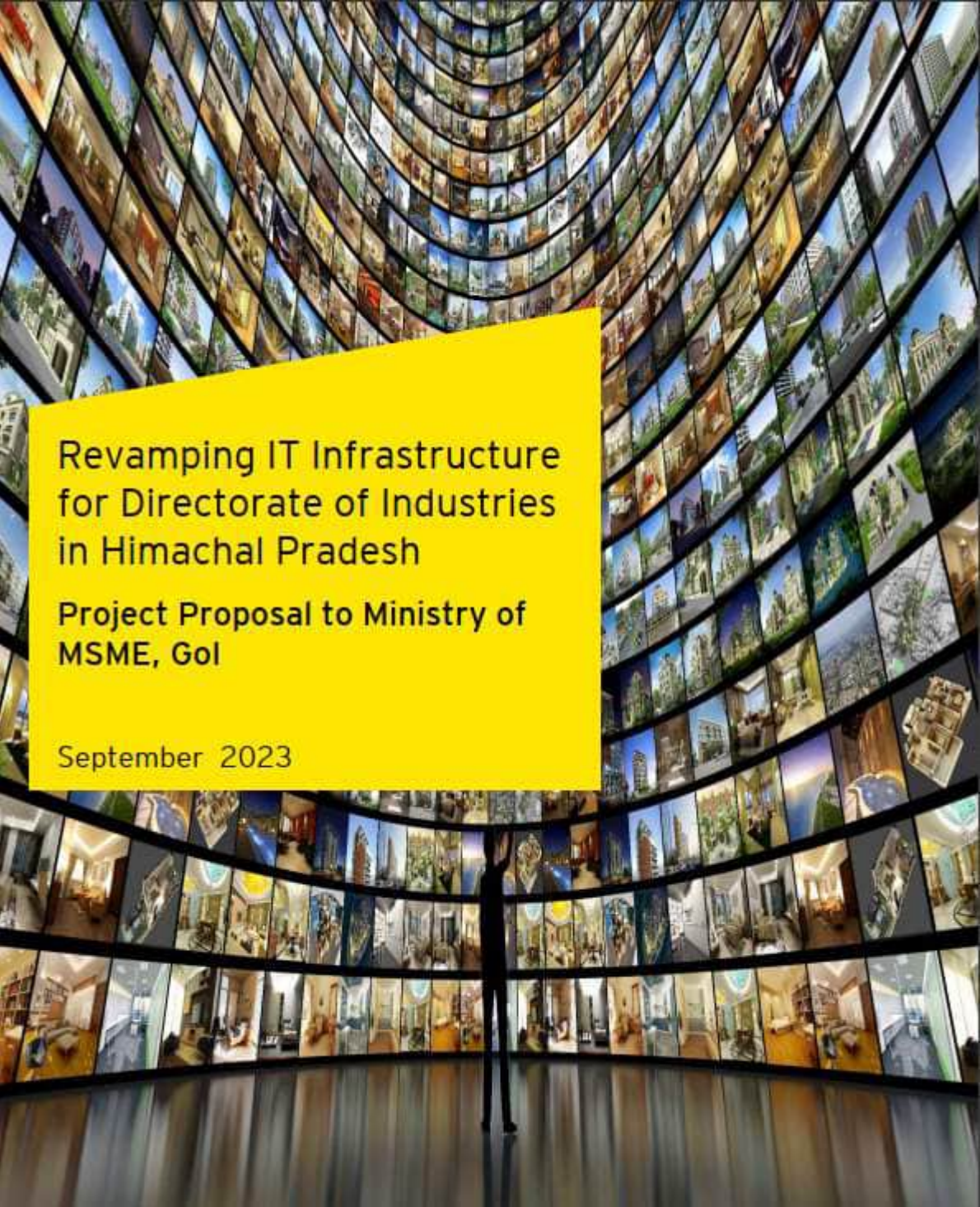
		<input type="checkbox"/> Solid waste disposal <input type="checkbox"/> Road/Connectivity <input type="checkbox"/> 24*7 Electricity <input type="checkbox"/> Warehousing <input type="checkbox"/> Cold storage <input type="checkbox"/> Other:
03	What are some other infrastructural challenges faced by MSMEs?	
04	Have you availed credit/financial assistance for technology upgradation or assistance under any Govt. of India or state scheme	<input type="checkbox"/> Yes <input type="checkbox"/> No
05	Are you using any of the Industry 4.0 technologies? How ready are our MSMEs for Industry 4.0?	<input type="checkbox"/> Yes <input type="checkbox"/> No
06	Are you aware of certifications such as ZED, LEAN manufacturing etc? If yes, have you availed these? If yes, which category of certification have you availed? Have you found these certifications beneficial for the enterprise?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Bronze <input type="checkbox"/> Gold <input type="checkbox"/> Silver <input type="checkbox"/> Yes <input type="checkbox"/> No
07	What are major reasons stopping MSMEs from availing these certifications?	
Any other comments		



01	
----	--



11.5 IT Proposal





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1 Introduction

Micro, Small and Medium Enterprises (MSMEs) are the key drivers of India's economic growth and long-term prosperity. The sector is the second largest employer of the nation, second only to agriculture, and hence of paramount importance. Given its role in facilitating large scale employment & regional balanced growth, it is the country's innovation engine, and a critical economic development pillar for India. Currently, India is home to an estimated 6.34 crore MSMEs, employing more than 11 crore individuals, of which, majority are semi-skilled and unskilled laborers.¹ The sector contributes around 30% to India's GDP and 45% to India's total merchandise exports.² Given this background, MSMEs have largely scripted India's growth story, and will continue to play a key role in realizing India's \$5 trillion economy dream.

Himachal Pradesh is home to an estimated 3.29 Lakh MSMEs through which it provides employment to over 6.4 lakh people in the state³. The Gross State Domestic Product (GSDP) of Himachal Pradesh at current prices or nominal GSDP has exhibited an impressive growth rate of 10.9 per cent in 2022-23 over 2021-22. The Industry Sector (manufacturing) at constant (2011-12) prices as per the advance estimates for the FY2022-23 is expected to register a growth rate of 6.7 percent and is estimated at ₹43,625 crore as against ₹40,898 crore in FY2021-22(FR)⁴.

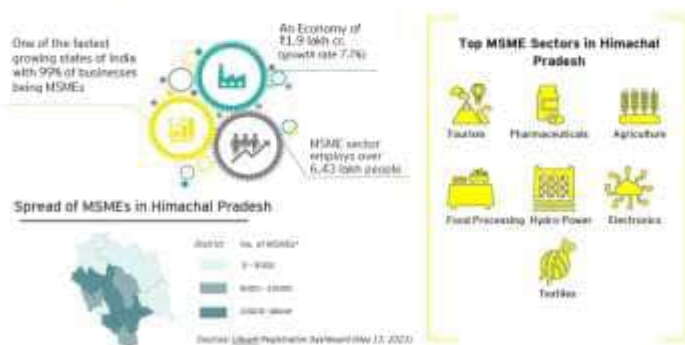


Figure 1 HP MSMEs: Sector Snapshot

¹ Annual Report, Ministry of MSME 2022-23

² Annual Report, Small Industries Development Bank of India (SIDBI) 2021-22

³ Annual Report, Ministry of MSME 2022-23

⁴ Economic Survey H.P. 2022-23



2 Industrial Ecosystem Development in Himachal Pradesh

1. Backdrop

The industrial renaissance in Himachal Pradesh began in 2003 when the then Prime Minister, Late Shri Atal Behari Vajpayee government announced an industrial package for Himachal Pradesh, which brought major industries to districts of Solan, Sirmour and Una, significantly altering the state's industrial landscape forever. Himachal Pradesh received a sustained inflow of investments, paving way for the state's growth and prosperity on account of industrial package, infrastructure developments and a pro-industry policy shift.

Some of the achievements which define and speak for the industrialization journey of Himachal Pradesh are⁵:

- With a mere 5% contribution of Manufacturing sector to State GDP in 1971-72, today this Sector boasts of contributing 30%.
- The State has more than 29,900 units with total projects cost of more than Rs. 63,000 Cr and generate an employment of approximately 2,37,000. The State Government offers liberal incentives for MSME and large units under Himachal Pradesh Industrial Investment Policy 2019.
- In the FY 2003, the total exports from the State were at INR 550 Cr., and in FY 2022 it reached INR16,009 Cr.
- In Himachal Pradesh, 60 Industrial areas and 17 industrial estates have been developed and State Government has now focused on sector specific parks such as Bulk Drug Park, Medical Devices Park, Plastic Park, Electronic Manufacturing Cluster etc.

Some of the Key Reforms undertaken by department are following:

- **Single Window System:** The process for issuance of essentiality certificate has been simplified and investible projects upto INR 5 Crore will get automatic single window clearance and thereafter in principle approval for purchase of land will be accorded by the revenue department directly as per the procedure notified in 2015
- **Online Portal** for permissions to obtain land under Section 118 (State government has also simplified the procedural part only under section

⁵ [Corporate & Industries](#)



118. No change has been made in the HP Tenancy and Land Reforms Act, under section 118).

- HP MSME (Facilitation of Establishment and Operation) Act, 2019: It has been implemented for facilitation of project for MSME's without waiting for approvals / NOCs / permissions for three years.

II. Directorate of Industries

The Directorate of Industries is the nodal department to promote industries and to facilitate the entrepreneurs in setting up of industries in the State. The department engages with potential entrepreneurs and render facilitation to industries. It is also the nodal department for implementation of Central Government policies relating to manufacturing and industry. The department also facilitates entrepreneurs for obtaining the clearances and facilities from the Government Agencies/departments.

The institutional setup of the Directorate includes Mining and Sericulture departments as subsidiaries. At field level, the extension wings to facilitate MSMEs across regulatory, operational, developmental and growth aspects, District Industries Centers (DICs) have been institutionalized which are headed by General Managers. At present there are total 12 DICs in the state covering 12 districts.

The Geological Wing, very much a part and parcel of the Industries Department was set up in the Year 1964 - 65. Primarily, work entrusted to the Geological Wing was to explore the mineral wealth of the State for their scientific and economical exploitation and setting up of mineral based industries. With the passage of time, the nature of work and responsibilities of the Geological Wing have increased manifold. With the changing scenario, the Mining industry in Himachal has emerged as a major economic activity, which is contributing significantly to the economy of the State and mining sector has become a new thrust area focusing Development and regulation, resulting into creation of various other allied issues pertaining to mining. At present there are 12 Mining Offices, one in each district under the purview of Geographical Wing.

To facilitate industrial investment in the state, Single Window has been developed as a standard framework to fulfil the requirement of "Ease of doing business" initiative of central government to facilitate investor and increase



investment in the state by providing a conducive business environment through transparency and time-bound clearances. To this effect 7 number of Single Window Clearance Agencies have been established in Baddi, Nalagarh, Parwanoo, Paonta Sahib, Kala Amb, Sansarpur Terrace and Gwalhai.

III. Administrative Set-up of the Directorate

A snapshot of the administrative set-up at Directorate's Head Office and District Industries Centers is shared below (this is an indicative list and not exhaustive):

Sr. No	Name of Post	Class	Sanctioned Posts
1	Director of Industries	Class-I	1
2	Addl. Director Industries cum Additional Controller of Stores		1
3	Additional/Jt. Director of Industries (Admn.)/General Manager (HAS)		2
4	Additional Director of Industries		2
5	Joint Director of Industries		4
6	Industrial Advisor		1
7	Senior Technical Officer (M)		0
8	Senior Technical Officer (C)		0
9	Senior Technical Officer (Industrial)		0
10	Asstt. Controller (Finance & Accounts)		1
11	Tehsildar		1
12	Programmer		1
13	Dy. Director of Industries (Sericulture)		3
14	General Manager (DIC)/ Dy. Director of Industries		13
15	Private Secretary		1
16	Superintendent Grade-I		4
17	Chief Inspector of Boilers		1
A	Total number of Class I Sanctioned Posts		36
1	Store Inspection Officer (Textiles)	Class-II	1
2	Research Officer		1
3	Sericulture Officer		8
4	Manager (DIC)		41
5	Naib Tehsildar		1
6	Section Officer (Audit)		1
7	Superintendent Grade-II		22
8	Law Officer		1



Sr. No	Name of Post	Class	Sanctioned Posts
B	Total number of Class II Sanctioned Posts		76
1	Junior Engineer	Class-III	1
C	Total number of Class III Sanctioned Posts		1
D	Total number of Class I, II and III sanctioned posts		113

IV. MSME Support Ecosystem

Recognizing the importance of MSMEs in driving State's economy, numerous initiatives have been taken to support the sector.

The State provides incentives to MSMEs under the Industrial Investment Policy 2019. These incentives are aimed at improving technical competitiveness of MSMEs and facilitate entrepreneurship promotion in the State. Key incentives being provided to MSMEs are listed as under:

- a) Reimbursement of 50% of expenditure incurred towards preparation of Detailed project Reports
- b) Incentive related to allotments of land and Industrial Sheds for MSMEs and large enterprises
- c) Exemption on Stamp Duty and Registration Fee for MSMEs
- d) 100% Exemption from the payment of Change in land Use fee in B and C category areas
- e) Interest subvention of 3% on term loan subject to a maximum of INR 2 lakhs, INR 4 lakhs and INR 6 Lakhs per annum for 3 years in Category A, B & C areas respectively.
- f) Assistance for Transportation of Plant and Machinery, Reimbursement of 50% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery subject to maximum of INR 2 lakh per enterprise in Category A, and 3 lakhs in Category B & C areas.
- g) Assistance for access to Technology, Competitiveness, Innovation and Quality Certification, reimbursement of 50% of expense (maximum 5 lakhs) for setting up in house testing facilities and equipment.
- h) Assistance to encourage water conservation, compliances of Environment, Health and Safety Standards
- i) Net SGST reimbursement



The state government also promotes MSMEs in focus sectors and has formulated incentives for food processing and agriculture-based industries. The State Food Mission incentivize MSMEs for the following intervention undertaken by them for enterprise development:

- a) Technology Up-gradation/Establishment/ Modernization of FPIs
- b) Cold Chain for Non -Horticulture Products
- c) Creating Primary Processing Centers/Collection Centers in Rural Areas
- d) Modernization of Meat Shops
- e) Reefer vehicles
- f) Scheme for Mega Food Parks
- g) Scheme for Cold Chain & value infrastructure
- h) Scheme for creation of Food Processing & preservation capabilities
- i) Scheme for infrastructure for Agro processing Cluster

V. Achievements

During the last few years, industrialization in the State has made significant progress. The Share of industries and Services Sector in the State Domestic Product has increased from 1.1 & 5.9 percent in 1950-51 to 9.4 and 13 percent in 2010-11 and 29.2% and 43.3 % in 2017-18 respectively. The period of Industrial Policy Package of Govt. of India has seen Himachal Pradesh entering the take-off stage with a well-diversified base of industries ranging from rural and traditional Handloom Handicrafts, Cottage, Micro and SSI units to modern Textile, Telecommunication equipment, sophisticated electronic units, Pharmaceuticals, Engineering, High Quality Precision Tools, Food Processing industries etc. An investment of about Rs. 15000 Crore happened during the period of Industrial Package.

In a bid to formalize the MSME Ecosystem in the country, the MoMSME in 2020 launched the Udyam Registration Portal, which is its official website. It is a portal for MSMEs to register themselves online based on self-declaration, thus simplifying the process of incentive and benefit disbursal.

As per the latest Annual Report 2022-23 published by the MoMSME, there are currently 3.92 lakh MSMEs in Himachal Pradesh. However, this data was mined



during the 73rd NSSO Survey and needs to be updated. Drawing from the current Udyam Registration Data, Himachal Pradesh has 1.05 lakh (As of August 2023) registered MSMEs. This is majorly from the registrations done from the launch of the Udyam Portal in June 2020. The total number of the registered MSME units in the state are given below:

Micro Units	Small Units	Medium Units
1,02,197 (97%)	3,053 (2.89%)	367 (0.34%)



3 RAMP: An Initiative to Boost MSME Sector

I. About the RAMP Programme

India was strategically dealing with challenges posed by unequitable growth, climate change and poverty when COVID-19 adversely hit the world and the Indian economy. Consequently, the MSME sectors was one of the worst hit sectors wherein with the economic standstill prevalent in the country at the time, businesses faced extreme difficulties to merely stay afloat and survive the pandemic. In this light, to support MSMEs in their post-covid economic recovery and resilience building, the Government of India, through MoMSME, has launched Raising and Accelerating MSME Performance (RAMP) Programme to enhance market access, access to credit to MSMEs through strengthening of institutions and governance at Centre and State/UT levels.





The objectives of the Programme include strengthening state-center coordination to support holistic MSME development, with special focus on strengthening receivables markets, development of enterprises through a green and gendered approach, development of firm capabilities and access to markets, etc. It is a Programme-for-Results (P for R) and has six clearly defined Disbursement Linked Indicators (DLIs) against two Key Result Areas (KRAs), the achievements of which are critical for fund disbursal.

Himachal Pradesh has been actively following and participating in the



developments of the RAMP Programme and intends to leverage the programme to its full potential.

II. Role of IT Infrastructure in RAMP Delivery

At the heart of the RAMP Programme lies data and its use to deliver impact. The programme has been designed to address the challenges of the last mile enterprises across institutional, financial, and technological areas, the effectiveness of which is dependent on the state's institutional capacity to reach these MSMEs in every nook and corner of the state, support them through interventions and monitor intervention performance. Given the size, spread and nature of the sector, the Himachal Pradesh MSME Project Implementation Unit, Directorate of Industries (state nodal agency for RAMP in Himachal Pradesh) and its attached field offices can thoroughly carry out these outreach, support, and monitoring exercises under the RAMP programme and other daily operations only by deploying a mix of digital and in-person tools.



- RAMP lays special emphasis on data digitalization. This will assist center and state governments to streamline operations through instant and virtually universal access to information, quick analyses, project management and collaboration, time tracking and performance monitoring etc. It also ensures data confidentiality and security. To this end, the programme also aims to strengthen State-Centre coordination by developing Management Information Systems (MIS) to track the progress of the programme in the State and align it with the State MIS.
- Under its laid down objective of 'expanding online dispute resolution mechanism', RAMP focuses on assisting the state in setting up linkages between Samadhaan portal and ODR platform for faster dispute resolution.
- Monitoring and evaluation of federal and state schemes, one of the focus areas of RAMP, could be technically assisted for strengthening implementation and monitoring capacity of MoMSME and of States with the help of a robust IT infrastructure.
- The World Bank sponsored programme also aims to enhance market accessibility. A sound IT infrastructure will help to assist in communication and dissemination of information, exchange of knowledge and experience and effective coordination. With better technology and on ground facilities, training and capacity building can be augmented to accelerate the performance of the MSME Sector.



4 Need for Revamping IT Infrastructure of Himachal Pradesh Industries Department for RAMP Delivery

Given RAMP's objectives and intended impact, it is imperative that all relevant State and District Industry Centers and MSME development offices have adequate access to modern technology and digital tools for their operations. Additionally, in today's time and age wherein the focus is on MSMEs being digitalized, building digital capacity in government agencies is an essential first step towards this goal.

With this background, the Directorate of MSME, Himachal Pradesh and its attached field offices across the districts, are highly under resourced in terms of the digital tools and IT equipment being used and their compatibility with today's time and needs. This has proven to be a critical hindrance for realizing data-driven governance for MSMEs in Himachal Pradesh, and consequently, is a bottleneck for delivering RAMP Programme in the state in various ways:

- ▶ For effective coordination between various offices between center, state and district levels, administrations need to have the reliable and advanced equipment for smooth, uninterrupted, and transparent communication, for a variety of purposes, including discussions, data transfer and analysis systems, etc.
- ▶ IT Infrastructure is required to provide the technical support needed for integration for various portals and thereafter linking them to feed into the central portals.
- ▶ There is no state level consolidated MIS database for MSMEs, disaggregated by social and gender status, as required by the RAMP Programme. Data analysis of state MSMEs and leveraging data for policymaking is already a critical pain point for the Directorate.
- ▶ MSMEs need to be given adequate handholding support through field offices (DICS), to enable them in leveraging digital government compliance processes, e-commerce for business expansion, and overall digitization of the enterprise. For the benefactors need to be adequately resourced themselves before supporting MSMEs in this regard.



- ▶ Another challenge of the administrative system is the inability to procure resources and make payments at speed. Labyrinth of paperwork paralyses the public finance management system. The IT infrastructure will also activate inter-state association to coordinate on finance, procurement, and supply chains.
- ▶ A resilient infrastructure will be instrumental in establishing a strong, robust procurement and contract management MIS system to monitor annual planned procurement, contract award, implementation progress and completed activities.
- ▶ Further, given that the micro enterprises are generally not well equipped to handle financial, marketing, and other business aspects of running an enterprise, the Government of Himachal Pradesh through the Directorate of Industries intends to run digital training programmes for these micro enterprises. The MSMEs can attend the digital capacity building & training programmes at the DICs thereby enhancing state facilitation support.



S. No.	IT Component	Gaps in the Current IT Infrastructure	Value Addition through the IT Component
2	D-link Software for Video Conferencing	The field offices do not have access to a system that facilitates virtual connection with a large number of people, hence, limiting their outreach.	Procuring the system for the head office will further help to connect with all other district offices simultaneously. Video conferencing software enables online communication for audio meetings, video meetings, and seminars, with built-in features such as chat, screen sharing, and recording. These applications are implemented to enable long-distance or international communication, enhance collaboration, and reduce travel costs.
3	Storage	Digitalization of data demands large data storage capacity. The current IT system lacks data storage capacity.	Procuring single storage like cloud storage, etc., will enable offices to safely store large amounts of data. This will also support data security and protection.
4	LED (AOC)	The current LCDs being used in the offices are obsolete in today's times. Hence, there is a need for upgradation.	LED aids in improved space planning and enables office to host collaborative meetings.
5	Video Conference Device	At present, most field offices lack an efficiently functioning video conference device. In offices where it is present, the devices are not compatible and are outdated in nature. Most of the times, officials are unable to attend critical virtual meetings due to lack of proper devices and connection.	Video Conference Devices are required for smoothly conducting meetings with unlimited number of people, critical for ensuring coordination and communication across offices.



S. No.	IT Component	Gaps in the Current IT Infrastructure	Value Addition through the IT Component
6	Online Uninterrupted Power Supply (UPS) (OMCAM, 10KVA)	Electricity cuts, especially during peak consumption hours, lead to significant data loss.	UPS is required to prevent disconnection and data loss during power failure.
7	Laptop (Medium Configuration: 15.6 inch, 8GB 512 SSD i5 12 th GEN Windows 11 Intel UHD Graphics)	The DICs field staff do not have laptop at present.	Laptops will aid the officials to work from field and have access to uninterrupted services. It will also help in geo tagging.
8	Tablets (High Configuration: Lenovo, 8GB, 256GB UFS 3.1 DISPLAY 28.44 CMS OLED ANDROID 12 MEDIATEK KOMAPNIO 1300T Processor)	The officials do not have tablets at present.	Tablets will aid the officials to work from field and have access to uninterrupted services. It will also help in geo tagging.
9	Scanning and Printing Devices	Physical files stored and retained at the head office and district offices consume a lot of space. Data loss and threat is an added concern in the present scenario. Additionally, given the focus on digitalization and current level of digitized operations, there needs to be adequate scanning facilities to gradually shift operational procedures online.	The project calls for data digitalization. The files can be scanned and stored to prevent data loss and threat. Hence, scanning & printing devices will be useful.



Basis the needs of the current system, the following quantities have been finalized basis the quotations received from vendors as per market standards (attached in Annexure).

As per the records, there are 3 sanctioned Additional Directors (at HQ), 3 Deputy Directors, 4 Joint Directors, 1 Joint Director Finance and 12 sanctioned GM DCS. These officials could be provided with tablets to ramp up the efforts to strengthen institutions.

Stakeholders' consultation was conducted to arrive at an estimate budget for the revamping of IT Infrastructure.



Indicative Budget Under RAMP IT Infrastructure Augmentation					
S. No.	IT Component	No of Units Required	Cost per Unit (In INR)	GST	Total Cost (In INR)
1	Enterprise Resource Planning System (for Head Office and District Offices)	1	50,00,000	18%	59,00,000
2	LED (1 for Head Office and 12 for DICs, 7 for SW, 12 for MOs, and 10 Sericulture Div and HO)	42	1,00,000	18%	49,56,000
3	Laptop (12 for GM DICs, 7 for SW, 12 for Mos, 3 for HPMSEFC and 6 Programme Officer)	40	62,000	18%	29,26,400
4	Tablets (High Configuration: Lenovo, 8GB, 256GB UFS 3.1 DISPLAY 28.44 CMS OLED ANDROID 12 MEDIATEK KOMAPNIO 1300T Processor) (1 Director, 3 Addl. Dir, 3 Jt. Dir, 3 Dy Dir, 1 Jt. Dir F, DD Baddi 1)	12	39,200	18%	5,55,072
5	Video Conference Hardware and Software (1 for Head Office and 12 for DICs, 7 for SW), 12 for MOs, and 10 Sericulture Div and HO)	42	98,000	18%	48,56,880
6	Hitech Uninterrupted Power Supply (Online UPS) 10KVA (1 for Head Office and 12 for DICs, 7 for SW), 12 for MOs, and 10 Sericulture Div and HO)	42	1,10,000	18%	54,51,600



Indicative Budget Under RAMP IT Infrastructure Augmentation					
S. No.	IT Component	No of Units Required	Cost per Unit (In INR)	GST	Total Cost (In INR)
7	Scanning and Printing devices (1 for Head Office and 12 for DICS, 7for SW), 12 for MOs, and 10 Sericulture Div and HO, 2 HPMSEFC)	44	20,350	18%	10,56,572
8	Storage 1 TB Seagate/WD (1 for Head Office and 12 for DICS, 7for SW), 12 for MOs, and 10 Sericulture Div and HO, 2 HPMSEFC)	44	4,700	18%	2,44,024
9	High speed broadband (1 year) (for Head office, districts and SWCA)	20	16,900	18%	3,98,840
	Total				2,63,45,388



11.6 The Himachal Pradesh Industrial Investment Policy, 2019

**Government of Himachal Pradesh
Department of Industries**

No. Ind.-A(F)2-2/2019-I Dated: Shimla-2, the 16th August, 2019.

NOTIFICATION

In supersession of this Department notification No. Ind-A(F)6-7/2004 dated 30th December, 2004 and all subsequent notifications issued from time to time in this behalf, the Governor of Himachal Pradesh is pleased to notify **“The Himachal Pradesh Industrial Investment Policy, 2019”** and **“Rules Regarding Grant of Incentives, Concessions and Facilities for Investment Promotion in Himachal Pradesh-2019”** as appended herewith.

By order

**Manoj Kumar
Addl. Chief Secretary (Industries) to the
Government of Himachal Pradesh.**

Endst. No.: As above. Dated Shimla-2, the 16th August, 2019.

Copy forwarded to the following for information and necessary action:-

1. The Chief Secretary, Government of Himachal Pradesh, Shimla-2.
2. The ACS-cum-Pr. Secretary to Chief Minister, Himachal Pradesh, Shimla-2.
3. The Secretary to the Governor, Himachal Pradesh, Shimla-2.
4. All Administrative Secretaries, Government of Himachal Pradesh. Shimla-2.
5. All Divisional Commissioners, Himachal Pradesh.
6. All Deputy Commissioners, Himachal Pradesh.
7. All Head of Departments, Himachal Pradesh.
8. The Director of Industries, Himachal Pradesh, Udyog Bhawan, Shimla-1.
9. The Sr. Private Secretary/P.S. to all Ministers, Himachal Pradesh, Shimla-2.
10. The Under Secretary (GAD) to the Govt. of Himachal Pradesh, Shimla-2, w.r.t. Item No. 14 of the Cabinet Meeting held on 01.06.2019 and Item No.97 of the Cabinet Meeting held on 08.08.2019.

**(Abid Hussain Sadiq)
Special Secretary (Industries) to the
Government of Himachal Pradesh.
Phone No. 0177-2621902.**

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Himachal Pradesh Industrial Investment Policy, 2019

1 Introduction

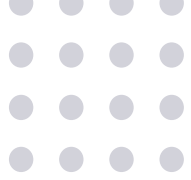
Himachal Pradesh consists of diverse terrains and varied climatic zones. Economic strength of Himachal Pradesh primarily lies in activities related to Agriculture, Horticulture, Animal Husbandry, Limestone mines and allied activities in the Primary Sector.

Industrialization in the State is a recent phenomenon. It only gained momentum after getting Statehood. Before grant of Statehood in 1971, only a few industrial units namely Nahan Foundry at Nahan, M/s Mohan Meakins Breweries at Kasauli and Solan, Salt Mines at Drang (Mandi), Rosin & Turpentine Factories at Nahan & Bilaspur and four small gun factories at Mandi were the main industrial units functioning in the State.

The State Government recognized the importance of Industrial Policy as an effective instrument to boost the confidence of investors and catalyze industrial development. Incentives to Industries were notified initially during 1971 and were revised in the year 1980, 1984, 1991, 1996, 1999 and 2004, which were amended in the year 2009, 2015 and 2017 in response to the changing scenario.

The severe climatic conditions topographical and geographical severities throw challenges in the process of industrialization. In such a scenario, the benefits made available in the form of incentives and subsidies as well as the creation of appropriate infrastructure become the main instruments to attract industrial investment in the State. With substantial investment in infrastructural facilities, the State has been able to offset the location and geographical disadvantages to a considerable extent. Factors like low cost quality power, harmonious industrial relations, low cost of land and clean environment, investor friendly administration, attractive incentives and tax concessions, accessibility to Northern markets - all contribute towards creating a healthy investment climate in our State.

During the last few years, industrialization in the State has made significant progress. The Share of industries and Services Sector in the State Domestic Product has increased from 1.1 & 5.9 percent in 1950-51 to 9.4 and 13 percent in 2010-11 and 29.2% and 43.3 % in 2017-18 respectively. The period of Industrial Policy Package of Govt. of India has seen Himachal Pradesh entering the take-off stage with a well-diversified base of industries ranging from rural and traditional Handloom Handicrafts, Cottage, Micro and SSI units to modern Textile, Telecommunication equipment, sophisticated Electronic units,





Pharmaceuticals, Engineering, High Quality Precision Tools, Food Processing industries etc. An investment of about Rs. 15000 Crore actually happened during the period of Industrial Package. Up to 31st March, 2019 the State had 49532 Small Scale and 689 Medium & Large Scale industrial units registered with the Industries Department with a total investment of about Rs. 35449 Crore which were providing employment to about 4.17 lakhs persons. This growth in industrial sector could be achieved only because of forward looking Industrial Policies which were in tandem with changing needs and its proper implementation.

In Ease of Doing Business (EODB) ranking, the State has improved its implementation score from 65.48% to 94.13% in 2017-18 and also emerged as the fastest growing State in the EODB. In Start-up ranking 2018, the State has emerged as the leading Hill State and aspiring leader and also recognized as leader for regulatory change. The State has also recently topped in the ranking done by the NITI Aayog as regards efforts being made to achieve the Sustainable Development Goals.

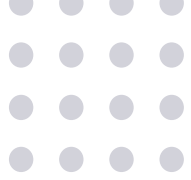
2 Vision Statement

"To create an enabling ecosystem to enhance the scale of economic development & employment opportunities; ensure sustainable development & balanced growth of industrial & service sectors to make Himachal as one of the preferred destination for investment"

3 Objectives

This policy aims to:-

- i) serve as a guideline to create a congenial investment climate for existing industries to grow as well as to attract further investment in the State for creating employment opportunities for local youth and to ensure development of Industrial & Service Sector throughout the State.
- ii) specifically address issues impeding industrial growth and ensure simplification of procedures, key physical and social infrastructure, human resource development, access to credit and market.
- iii) promote Ease of Doing Business by digitization of all processes and to promote self-certification.
- iv) give impetus to food processing industry by establishing effective forward and backward linkages; promoting Agro-Horticulture and rural prosperity.



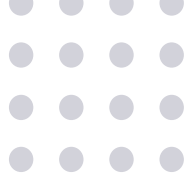


- v) promote MSME sector for uniform sustainable growth of service and industrial sector throughout the State to facilitate generation of employment opportunities for local youth and stakeholders.
- vi) promote start-ups and entrepreneurship to create and generate local entrepreneurial base.
- vii) recognize and encourage the role of large investment to enhance the scale of economic development, employment opportunities, ancillarisation, revenue generation and remunerative prices to local resources.
- viii) uplift weaker sections of the society.

4 Strategy

The objectives of this policy would be achieved by:-

- i) streamlining rules/procedures, introducing self-certification, digitalization of all clearances in a time bound manner to ensure Ease of Doing Business (EODB).
- ii) creating and up gradation of existing industrial infrastructure and creation of private Land Bank.
- iii) ensuring the availability of quality power on competitive rates.
- iv) by rationalizing the provisions of incentives, concessions and facilities having a direct impact to sustain and accelerate investment in the State.
- v) by providing graded fiscal incentives, facilities and concessions to balance regional economic development.
- vi) by providing incentives, facilities & concessions with condition of employment to 80% Bonafide Himachlies at all level. Enterprises employing above 80% Bonafide Himachlies on regular basis are being incentivized on additional employment generated over and above of 50 Bonafide Himachlies.
- vii) by focusing and providing an ideal eco system to boost startups & entrepreneurship; environment to sustain traditional cottage industries; technology up gradation, ancillarisation, industrial sickness, R&D and productivity to increase competitiveness.
- viii) by recognizing the importance of cottage Handloom & Handicraft industry and other rural economy based critical sectors such as food processing and provision of backward & forward linkages with Agro-horticulture and Tourism.
- ix) by discouraging polluting industries to create a responsible eco friendly environment and incentivize adoption of cleaner production technologies.
- x) by recognizing the role of specified services activities in employment generation.





5 Eligible Enterprises for availing incentives under this Policy:-

A) All “New Industrial Enterprises” except Industrial Enterprises engaged in manufacturing activities specified in the “Negative List” annexed with this policy;

And

New Enterprises engaged in “Specified Category of Service Activities” annexed with this policy;

And

All Existing Industrial Enterprises undertaking Substantial Expansion except Industrial activities as specified in the Negative List

And

All Existing Service Enterprises engaged in Specified Category of Service Activities undertaking Substantial Expansion

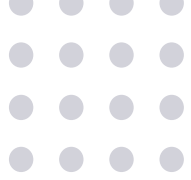
will be eligible for incentives, concessions and facilities announced under this policy subject to:-

- fulfillment of the eligibility criteria & conditions as defined under the Rules regarding Grant of Incentives, Concessions & Facilities to Industrial & Service Enterprises in Himachal Pradesh-2019.
- employment of minimum 80% Bonafide Himachlies, at all levels, directly on regular, contractual, daily basis etc. or through contractor or outsourcing agencies at the time of commencement of commercial production/operation as well as for the time period it remains in commercial production/operation in the State by the New Enterprise set up under this policy. In case of Existing Enterprises undertaking substantial expansion, out of additional employment generated due to Substantial Expansion employment to atleast 80 % of Bonafide Himachlies.

B) Incentives provided under this policy will be admissible from the date of commencement of commercial production/operation or from the date on which respective administrative department issues enabling notification under the relevant statute/law to operationalize incentives notified under this policy, whichever is later.

6 Categorization of State

With a view to create a congenial investment climate for existing industries to grow as well as to attract further investment in the State and to ensure balanced development of Industrial & Service Sector throughout the State, the State has been categorized into three categories of Areas as “A”, “B” & “C”. This classification has been done depending upon the location, distance from border of adjoining state, extent of industrial development and overall backwardness; resource availability and potential for employment generation. In Category “A” Areas industrially developed areas and Category “B” industrially developing





areas and in Category "C" Tribal Areas, industrially backward developmental blocks & backward panchayats are included.

7 Incentives for Micro, Small and Medium Enterprises (MSME)

"MSME" enterprises having investment up to Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment up to Rs.5 Crore in equipments in case of specified category of service enterprise (Annexure-II) would be entitled to avail following incentives, concessions and facilities:

I	Subsidy towards the cost of preparation of Detailed Project Report & obtaining certification Eligible Enterprises would be reimbursed 50% of expenditure incurred towards the cost paid to the consultant for preparation of DPR; certification / valuation of value of Technical Civil Works or investment in Plant and Machinery, subject to maximum of Rs. 20,000 for Micro; Rs. 50,000 for Small and Rs. 1,00,000 for Medium Sector Enterprises.
II	Incentives related or incidental to allotment of land and Industrial Sheds
i)	Allotment of Land and Industrial Sheds Concession to the tune of 50%, 60% & 70% of rate/premium fixed for land or industrial sheds in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 2 years of handing over of possession of land or within a period of 1 year of handing over possession of Industrial Shed, as the case may be. This concession will be adjusted in future instalments.
ii)	Easy Payment schedule of land/shed premium:- 12% of the premium of land/ shed shall be realized before handing over of possession and balance in 8 equal annual interest free instalments. In case allottee after commencement of production or any subsequent stage offers to clear balance payment of premium in lump sum, rebate of 10% on balance premium of land/shed will be given.
iii)	Provisions of extension in provisional allotment period The land/ plot will be provisionally allotted for a period of two years from the date of handing over of the possession. However period of the provisional allotment can be extended upto 5 years from the date of handing over possession by charging nominal extension fee. The Industrial shed will be provisionally allotted for a period of one year from the date of handing over of the possession, however period of the provisional allotment can be extended upto 2 years from the date of handing over possession by charging nominal extension fee.



iv)	Provision to rent out surplus built up area for industrial use Industrial Enterprise in production may be allowed to rent out upto 49% of built up area for setting up of Industrial Enterprise(s) to manufacturing the new item(s) by charging nominal processing fee.
III	Incentives related with matters related with land
i)	Concessional rate of Stamp Duty and registration fee Stamp Duty and registration fee @ 50%, 30% & 10% of applicable rates would be charged in Category 'A', 'B' & 'C' areas on instrument of conveyance deed or lease deed.
ii)	Exemption from payment of Change in Land Use charges Enterprise set up in Category B & C areas would be exempted from payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977.
IV	Interest Subvention Interest Subvention @ 3% on term loan subject to a maximum of Rs.2 lakhs, Rs.4 lakhs and Rs.6 lakhs per annum for a period of 03 years in Category A, B & C areas respectively
V	Assistance for transportation of Plant & Machinery Reimbursement of 50% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery subject to maximum of Rs.2 lakhs per enterprise in Category 'A' area and Rs.3 lakhs in Category 'B' & 'C' areas.
VI	Transport Subsidy Eligible Industrial Enterprises set up in category B & C Areas would be incentivized to compensate high cost of transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State that. (a) Enterprises located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 3% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 3 years. (b) Enterprises located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakhs per annum for a period of 5 years.
VII	Assistance for access to Technology, Competitiveness, Innovation and Quality Certification:- Reimbursement of 50% of expenses incurred for the setting up in house testing facilities and equipments required for obtaining certification of Bureau of Indian Standards / World Health Organization – GMP / ISO /



	Organic Certification / any International Certification excluding Plant and Machinery / equipments used directly in manufacturing process or rendering of services subject to maximum of Rs. 5 Lakhs per enterprise.
VIII	<p>Assistance to encourage water conservation; compliances of Environment, Health and Safety Standards:</p> <p>Eligible enterprises would be reimbursed:-</p> <p>a) 25% of expenditure incurred for the purchase of Plant & Machinery / equipments for setting up of Effluent Treatment Plant (ETP), rain water harvesting system excluding expenditure incurred on construction, subject to maximum of Rs.2 lakhs per enterprise.</p> <p>b) 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs.1 lakh per annum. This incentive would be disbursed subject to installation of separate electricity meter/sub-meter exclusively for running of ETP.</p>
IX	<p>Net SGST Reimbursement</p> <p>Reimbursement of Net SGST paid to the State Government under H.P. GST Act 2017 @ 50%, 80% and 90% for a period 7 years, up to a maximum of 80% of the Fixed Capital Investment in Category A, B and C areas respectively.</p>
X	<p>Purchase Preference</p> <p>The State Government would give Purchase Preference to local Micro and Small-Scale Enterprises by placing at least 25% of the total orders with them on lowest approved rates, wherever applicable provided such products meet the required quality standards and HOD is of the opinion that item required is not of sophisticated nature, high technology and precision standards</p>
XI	<p>Access to Finance for MSMEs</p> <p>Existing and New eligible enterprises will be reimbursed 50% of expenses incurred on floating Public Issue for raising funds through National Stock Exchange (NSE) dedicated platform for SME's including cost of registration with National Stock Exchange in case funds so raised are utilized for the setting up or expansion of eligible enterprise(s) within the State, subject to maximum of Rs.10 lakhs per enterprise.</p>
XII	<p>Self-Certification</p> <p>Enterprises after obtaining the title of land may start physical implementation of project without waiting for those approvals/ NOCs/permissions which are identified and notified as such by the concerned department/organization, provided the enterprise has duly applied for requisite approvals/clearances to the respective authorities as regards these approvals/ NOCs/ permissions. The concerned</p>



	departments/ organizations will be required to give immediate Acknowledgement Certificate for 02 years on declaration by Enterprises that they will adhere to applicable conditions and requirements of aforesaid approvals/NOCs/ permissions. The enterprise will be required to obtain all requisite approvals from the competent authority within a period of two years or till it commences operations, whichever is earlier.
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8 Incentives for Large enterprises

Enterprises having investment above Rs.10 Crore in plant and machinery in case of manufacturing enterprises or having investment above Rs.5 Crore in equipment in case of service enterprise would be entitled to avail following incentives, concessions and facilities:

I.	Incentives related or incidental to allotment of Government land
i)	Concessional Rate of Allotment of Land Concession to the tune of 25%, 45% & 65% of rate/premium fixed for land in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 3 years of handing over of possession of land.
ii)	Easy Payment schedule of land premium:- Payment of 15% of the cost/premium of land before handing over possession and balance in 5 equal annual interest free instalments. In case allottee after commencement of production offers to clear balance payment of premium in lump sum, rebate of 10% on balance premium of land will be given.
iii)	Provisions of extension in provisional allotment period The land/ plot will be provisionally allotted for a period of three years from the date of handing over of the possession. However period of the provisional allotment can be extended upto 5 years by charging nominal extension fee.
iv)	Provision to rent out surplus built up area for industrial use a) Large Industrial Enterprise may be allowed to rent out upto 60% of built up area for setting up of Industrial Enterprise(s) ancillary to such Large Industrial Enterprise(s) by charging nominal processing fee. b) For cases other than (a) above, provisions made for MSME under this policy will be applicable.
II	Incentives related with matters related with land
i)	Concessional rate of Stamp Duty & Registration fee Stamp Duty & Registration fee @ 50%, 30% & 20% of applicable rates would be charged in Category 'A', 'B' & 'C' areas respectively on instrument of conveyance deed or lease deed.





ii)	Exemption from payment of Change in Land Use charges Enterprise set up in Category B & C areas would be exempted from payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977.
III	Interest Subvention For large enterprises, interest subvention @ 3%, on term loan subject to a maximum of Rs.10 lakhs, Rs.15 lakhs and Rs.20 lakhs per annum for a period of 3 years in Category A, B & C areas respectively.
IV	Net SGST Reimbursement Reimbursement of Net SGST paid to the State Government under H.P. GST Act 2017 @ 50%, 70% and 80% to Large Enterprises in Category A,B and C respectively, for a period 5 years, up to a maximum of 80% of the Fixed Capital Investment.
V	Transport Subsidy Eligible Industrial Enterprises set up in category B & C Areas would be incentivized to compensate high cost of transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State. (a) Enterprises located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 3% of annual turnover, whichever is lower, subject to maximum of Rs.20 lakhs per annum for a period of 3 years. (b) Enterprises located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.30 lakhs per annum for a period of 5 years.

9 Additional Incentives for Special Category of Entrepreneurs

Enterprises of persons belonging to the Scheduled Castes, Schedule Tribes, Below Poverty Line(BPL) families; women, ex-serviceman, person(s) with disabilities, persons affected with HIV/AIDS and single member companies promoted by aforesaid persons (Special Category of Entrepreneurs) are entitled for availing incentives, concessions and facilities, as being provided to MSMEs in this policy and also to avail following additional incentives:

- Reimbursement of 90% of the charges paid to the consultant for preparation of DPR; certification / valuation of Technical Civil Works, subject to maximum of Rs.20,000 for Micro; Rs.50,000 for Small and Rs.1,00,000 for Medium Sector Enterprises.
- Out of turn allotment of plot / shed available in Industrial Areas / Estates exclusively to the Persons with Disabilities.



- c) Interest Subvention @ 5% on term loan for a period of 5 years subject to a maximum ceiling of Rs.3 lakhs, Rs.5 lakhs and Rs.7 lakhs per annum in Category A, B & C areas respectively subject to condition that interest subsidy would be calculated on simple interest .
- d) Reimbursement of 100% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery after Commencement of Commercial Production subject to maximum of 3 lakhs.

10 Incentives for Anchor Enterprises

Anchor Enterprise means first Industrial Enterprise set up in an Industrial Area with the Fixed Capital Investment of more than Rs. 200 Crore, employing more than 200 Bonafide Himachlies on regular basis. Such **Anchor** enterprises would be entitled to avail following incentives, concessions and facilities:-

I	Concession to the tune of 50%, 60% & 75% of rate/premium fixed for land in category A, B and C respectively will be given to enterprises provided it commences commercial production/operation within 3 years of handing over of possession of land. Such enterprises would be entitled for easy payment of land premium as being provided to MSME's under this policy.
II	Reimbursement of Net SGST paid to the State Government under H.P. GST Act, 2017 for a period of 7 years up to a maximum of 80% of the Fixed Capital Investment.
III	Stamp Duty & Registration fee @ 50%, 30% & 20% of applicable rate in Category 'A', 'B' & 'C' areas respectively on instrument of conveyance deed or lease deed.
IV	Such Enterprises would be incentivized to compensate high cost of transportation within the State, irrespective of fact that source of purchase or destination of sale is within or outside the State. Actual expenditure incurred on transportation of raw materials & finished products within the state or 5% of annual turnover, whichever is lower, subject to maximum of Rs.30 lakhs per annum would be reimbursed for a period of 5 years.

11 Incentive to encourage employment of Bonafide Himachali

- (a) Existing as well as new Enterprise giving employment to Bonafide Himachlies over and above 80% on regular basis would be eligible for incentive of Rs.1000 per month per additional employment generated over and above of 50 Bonafide Himachlies for ten years from the date of production.



- (b) Bonafide Himachalies employed by the industrial enterprises would be eligible for skill development allowance as notified by the Department of Labour & Employment under Skill Development Allowance Scheme-2018

12 Assistance for Patent Filing and use of green fuel

- Reimbursement of Rs.10 lakhs or 75% of expenditure incurred/charges paid to patent attorney, patent service centre and patent filling agency for obtaining patent, whichever is lower.
- Reimbursement of 50% of cost incurred within the factory premises to fuel manufacturing process with gas/ solar power or to use it as an alternate power backup, subject to maximum of Rs.3 lakhs per enterprise.

13 Incentives to EOUs for Promotion of Export

- Reimbursement of cost incurred for shipment of export samples from the port/ container depot to the port of destination subject to maximum of Rs.1,00,000/- per Enterprise during its period of operation.
- Reimbursement of 50% of the cost incurred on publishing export marketing brochures/ product literature and participating in the relevant overseas trade fairs approved by the Government of India/State Government with a ceiling of Rs.3,00,000/- per Enterprise during its period of operation.
- To facilitate the transportation of export items allotment of land may be made at a concessional rate for the setting up of Inland Container Depot(s).

14. Investor friendly planning regulation norms under H.P. Town & Country Planning Act 1977

The State Government is committed for planned development without compromising with the environment and safety of workers and enterprises. The State Government has now revised the operative norms for planning regulation under the Town and Country Planning Act – 1977 to ensure maximum utilization of land. Further all the processes for obtaining planning permission(s) have now been made online, backed with time lines to ensure maximum ease of doing business.

For industrial use following regulations are applicable:

Sl. No.	Size of plot	Minimum Set Backs (in Mtr.) and Maximum Floor Area Ratio (FAR)	
1	150 Sq. Mtr. To 500 Sq. Mtr.		
		Front Set Back	3
		Right Set Back	2
		Left Set Back	2
		Rear Set Back	2
		Floor Area Ratio (FAR)	2



2	501 Sq. Mtr. to 1000 Sq. Mtr.	Front Set Back	5
		Right Set Back	2
		Left Set Back	2
		Rear Set Back	3
		Floor Area Ratio (FAR)	2
3	1001Sq. Mtr to 5000 Sq. Mtr.	Front Set Back	10
		Right Set Back	5
		Left Set Back	5
		Rear Set Back	5
		Floor Area Ratio (FAR)	1.5
4	5001Sq. Mtr. to 10,000 Sq. Mtr.	Front Set Back	15
		Right Set Back	7.5
		Left Set Back	7.5
		Rear Set Back	7.5
		Floor Area Ratio (FAR)	1.25
5	Above 10,001 Sq. Mtr.	Front Set Back	15
		Right Set Back	7.5
		Left Set Back	7.5
		Rear Set Back	7.5
		Floor Area Ratio (FAR)	1

1. There is no upper limit for height of structure of Industrial use and flexible as per the requirement of Industrial Enterprise. However the total floor area should be within the prescribed FAR.
2. Right of Way should not be less than 5 Mtr. for plot having area upto 1,000 Sq. Mtr and in case of plots having area more than 1000 Sq. Mtrs., the Right of Way should not be less than 10 Mtr.
3. Parking Floor up to 15 feet height (4.50 Mtr.) at is allowed and such parking floor would not be counted in permissible FAR.
4. Basement / Cellar exclusively for industries set up on plot size exceeding 1,000 Sq. Mtr. for captive use is allowed. In such cases basement would not be counted in permissible FAR.
5. In case of plots having area of 5,001 Sq. Mtr. & above regulations of minimum Set Backs would be of mandatory. In other category of plots regulation of minimum Front Set Back would be mandatory and rest of the SBs are flexible as per functional requirements of the industrial enterprise(s). This flexibility in SB's is subject to condition that the average area under SB's should be minimal area which was to be kept under a particular SB in case flexibility was not provided.
6. The Security Room / Driver's Rest Room up to floor area of 25 Sq. Mtr. would not be counted in permissible FAR.
7. MSME Enterprises after obtaining the title of land and applying for development permission may start physical implementation of project without waiting for statutory approvals under H. P. Town & Country



Planning Act-1979 in accordance to the provisions of self certification as stated in para 7(ii)(xii) of this policy.

15. Concessional rate of Electricity Duty:

Eligible industrial enterprises would be charged a concessional rate of electricity duty as per the table given below:

Sr. No.	Category of power supply	Concessional rate of electricity duty
1.	Extra High Tension (EHT) category consumers (supply voltage exceeding 33 KVA)	7% for five years and thereafter as per applicable prevailing rate.
2	Large Industrial Consumers (with connected demand above 100 KW and supply voltage not exceeding 33 KVA)	5% for five years and thereafter as per applicable prevailing rate
3	Medium Industrial Consumer (with connected demand between 51 to 100 KVA)	3% for five years and thereafter as per applicable prevailing rate
4	Small Industries Consumers (with connected demand upto 50 KVA)	1% for five years and thereafter as per applicable prevailing rate
5	All Industrial consumers including EHT category consumers which employ more than 300 Himachlies	1% for five years and thereafter ED rate would be as per rates applicable under respective category
6	Exemption from payment of electricity duty on power generated for captive / standby generation through DG Set(s) up to 31-03-2023.	

16 Concessional rate of electricity charges: (excluding any surcharge, peak load exemption charge, winter charge, fuel adjustment charge, service charge, GST or any other charge under any name in the Tariff Schedule):-

- Eligible enterprises would be charged energy charges 15% lower than the approved energy charges for the respective category for a period of 3 years.
- Existing industrial consumers, a rebate of 15% on energy charges shall be applicable for additional power consumption beyond the level of preceding financial year.

Incentives of concessional rate of electricity charges would be notified in the Schedule of Tariff for Himachal Pradesh on year to year basis by the H.P. State Electricity Board and it would not be binding upon the State Government during the applicability of this Policy.



17 Incentive, concessions and facilities for creation and up gradation of Industrial Infrastructure by private investors

The Government through this policy aims to encourage private sector investment in creation and up gradation of industrial & social infrastructure. Greenfield and sector specific Theme Parks would be promoted across the State by facilitating the promoter / developer for obtaining the requisite clearances, licenses and approvals. The Government would facilitate availability of industrial infrastructure such as accessibility, power, water, etc. up to site of such private sector approved projects and provide following incentives:-

- a) Private sector investment for creation & up gradation of common Industrial and Social Infrastructure such as setting up of common effluent treatment plant, working men and women hostels, schools, testing centres, diagnostics labs and R&D centres for health care, tool rooms, recreational facilities or any other common industrial / social infrastructure development activity duly approved by the government would be facilitated and encouraged. Such infrastructure projects if set up by promoters of existing enterprises, which have chosen Himachal Pradesh as investment destination would also be admissible to avail incentives, concessions and facilities on such project proposals as being provided to MSME Sector under this policy.
- b) Undeveloped Government land available with department can be considered for the allotment to private investor(s) on lease hold basis for the development of Industrial /Theme parks in the private sector.
- c) Industrial Parks set up on the land identified and purchased by promoter/ developer itself or allotted by the state Government would be entitled for Capital Infrastructure Subsidy of the cost incurred for the development of common industrial infrastructure & utilities @ 25%, 40% & 50% subject to maximum of Rs.15 Crore, Rs.20 Crore & Rs.25 Crore in Category A, B & C areas respectively.
- d) Sector Specific / Theme Parks in Agro, Herbal, Knowledge, Food, IT, ITeS and Electronics System Development and Maintenance, Pharma, Textile Park or any other sector set up on the land identified and purchased by promoter/ developer or provided by the Government would be provided Capital Infrastructure Subsidy of the cost incurred for the development of common industrial infrastructure & utilities. Such Parks setup without any assistance of Government of India would be provided Capital Infrastructure Subsidy @ 40% subject to maximum of Rs.10 Crore, Rs.15 Crore & Rs.20 Crore for parks set up in Category A, B & C areas respectively.

18 Incentives for Handloom and Handicrafts

This policy aims for inclusive growth of Handloom & Handicraft sectors in the State, including welfare of artisans. The State Government is adopting a proactive role in implementation of the schemes of Ministry of Textiles, Government of



India for this sector through the District Industries Centers, HP State Handloom and Handicraft Corporation and enterprises / societies actively engaged in these activities.

Focus areas for Handloom & Handicrafts Sectors is empowerment of artisans through:-

- technological up-gradation,
- brand building,
- quality certification,
- easy access to quality raw material at reasonable rates,
- market orientation through designers and institutes of repute
- and market support to meet the challenges of changing domestic and global markets.

Enterprises engaged in Handloom and Handicraft activities would be eligible for incentives, concessions, and facilities as admissible to MSMEs. In addition following incentives will also be admissible to this sector:-

- A. All enterprises (existing as well as new) registered / acknowledged / taken on record by the Department of Industries and procuring yarn for in house consumption under through National Handloom Development Corporation (NHDC) under Mill Gate Price Scheme of Ministry of Textiles, Government of India would be reimbursed 10% of the actual cost paid to NHDC on quarterly basis.
- B. **Reimbursement of Cost incurred for obtaining certification:** All enterprises would be reimbursed cost incurred for obtaining / registration under GI Act as well as cost of labels for branding their products like GI – Marks, Wool Marks, Handloom Marks, and India Handloom Brand.
- C. **Market support for online sale of Handicraft and Handloom products:** All enterprises would be reimbursed 50% of commission paid to online sale companies / portals subject to maximum of Rs.1 lakh per annum per enterprise. Enterprises selling products online through its own website / portal would be reimbursed 60% of logistic cost / transportation cost paid to such service providers, subject to a maximum of Rs.2 lakhs per enterprise per annum.
- D. **Reimbursement of rent of space hired for marketing in fairs and festivals:** All enterprises in Handloom and Handicraft sector would be reimbursed 60% of the rent paid by the enterprise for hiring exhibition / sale space in the fair and festivals organized by any organization / agency of the Government of India / State Government / other State Governments / UT administrations, subject to maximum of Rs.10,000/- of rent paid for exhibition / sale space within the State and Rs.15,000/- of rent paid for exhibition / sale space outside the State per fair, subject to condition that such



organisation/agencies has not been provided space for exhibition on subsidised rate.

E. Assistance for the setting up State of the Art design development-cum-exhibition centres

The fashion technology institutes of repute, Handicrafts and Handloom co-operatives, H P State Handicrafts & Handloom Corporation or any other organization of Govt. of India engaged in the promotion of Handicrafts and Handloom would be facilitated and assisted for the setting up of such centres in the state. The objective for assisting State of the Art design development-cum- exhibition centres is to provide ready to use modern, contemporary and traditional designs to artisans/ weavers.

The Department of Industries may assist such project(s) with the grant of Rs.2 Crore Or 75 % of capital cost of project whichever is lower. In addition, 75% of recurring expenditure or Rs. 20 lakh per annum, whichever is lower would be provided for the running of such centres for a period of 5 years.



“Rules Regarding Grant of Incentives, Concessions and Facilities for Investment Promotion in Himachal Pradesh -2019”

1	Short Title & Commencement: These rules shall be called “Rules Regarding Grant of Incentives, Concessions and Facilities for Investment Promotion in Himachal Pradesh-2019” and shall come into force w.e.f. the date of notification.
2	Definitions:-
I.	An “allottee” means an Industrial Enterprise in whose favour an allotment of land/ plot/ industrial shed/ shop has been made under these Rules.
II.	“Anchor Enterprise” means first Industrial Enterprise set up in an Industrial Area with the Fixed Capital Investment of more than Rs. 200 Crore, employing more than 200 Bonafide Himachalies on regular basis. Such project proposal for setting up an “Anchor Enterprise” and after setting up of such enterprise would be acknowledged / taken of record by the Director or any other officer authorised by him.
III.	“Ancillary Enterprise” means the Enterprise which supplies not less than 50% of its production to the parent Enterprise set up in the State.
IV.	“Appointed date” means date on which these Rules come into force.
V.	“Backward Panchayat” means the Gram Panchayat notified as Backward Panchayat by the Government from time to time.
VI.	‘Bonafide Himachali’ means a resident of the State of Himachal Pradesh as certified by competent authority from time to time.
VII.	“Consultant” means any consultancy organization registered/empanelled with the State or Central Government organization(s) and engaged in providing consultancy/ professional/ expert services or a Chartered Accountant or a Chartered Engineer (Civil or Mechanical).
VIII.	“Commencement of commercial production/ operation” means the date on which the Industrial or Specified Category of Service Enterprise actually commences commercial production or operations, as the case may be and taken on record by the Director/ Joint /Deputy Director of Industries/ General Manager, District Industries Centre/ Member Secretary, Single Window Clearance Agency or any other officer authorized by the Director to do so.
IX.	“Department” means Department of Industries, Government of Himachal Pradesh.



X.	"Director" means Director of Industries, Government of Himachal Pradesh and will also include Commissioner of Industries, Government of Himachal Pradesh, as the case may be.
XI.	"Electricity Duty" means the electricity duty levied by the Government from time to time.
XII.	"Eligible Enterprise" means an enterprise fulfilling the eligibility criteria as per the provisions made under para 5 of these Rules.
XIII.	"Existing Industrial Enterprise" means an Industrial Enterprise engaged in manufacturing of goods and registered / acknowledged / taken on record by the Department and has commenced commercial production before the Appointed Date.
XIV.	"Existing Service Enterprise" means a Service Enterprise engaged in providing services and registered / acknowledged / taken on record by the concerned department and has commenced commercial operation before the Appointed Date.
XV.	"Export Oriented Unit / Enterprise" (EOU) means an Industrial or Service Enterprise which has a valid letter of permission as an Export Oriented Unit from the Director General of Foreign Trade or any other authority notified by the Government of India from time to time.
XVI.	"Feasibility Report" means a report on the economic and technical feasibility of an enterprise.
XVII.	"Field Officer" means Joint Director of Industries/ Deputy Director of Industries/ General Manager, District Industries Centre/Member Secretary, SWCA.
XVIII.	"Financial Institution" means all Scheduled Commercial Banks, Himachal Pradesh Financial Corporation (HPFC), Himachal Pradesh State Industrial Development Corporation (HPSIDC), I.D.B.I, S.I.D.B.I, NABARD, Co-operative Bank(s) in the State of H.P, Regional Rural Banks, Non Banking Financial Companies or any other institution declared as a "financial institution" by the Government of India under the relevant statute.
XIX.	"Fixed Capital Investment," (FCI) means the cost of land, actual investment made in Technical Civil works, plant and machinery/ operational equipments by an Industrial or Service Enterprise as on date of commencement of commercial production / operation for new enterprise. The additional investments made in FCI for undertaking substantial expansion(s) subsequently by new enterprise will also be added and taken on record in FCI. For Existing Enterprise, FCI means cost of additional land purchased, additional investment made in Technical Civil Works, Plant and Machinery for undertaking Substantial Expansion after the Appointed Date. The additional investments made in FCI for undertaking



	substantial expansion(s) subsequently by existing enterprise will also be added and taken on record in FCI.
XX.	"Government" means the Government of Himachal Pradesh.
XXI.	"Industrial Area" means an area notified as the Industrial Area by the Government.
XXII.	"Industrial Estate" means an area notified as the Industrial Estate by the Government.
XXIII.	"Industrial Enterprise" means Micro, Small and Medium Enterprise (MSME), Large Industrial Enterprise and Anchor Enterprise as defined under these Rules and acknowledged / registered / taken on record by the concerned department.
XXIV.	"Investment in Plant and Machinery" means the investment made in Plant and Machinery by manufacturing enterprise(s), as defined by the Ministry of Commerce and Industries (Department for Promotion of Industry and Internal Trade) under notification No. F.No.2 (2)/2018-SPS dated 23 rd April, 2018 and as amended from time to time. For Service Enterprises Investment in Plant and Machinery means cost of construction of building and all other durable physical assets basic to the running of that particular service industry but exclude cost of land and consumables, disposables or any other item charged to revenue as specified in aforesaid notification.
XXV.	"Large Industrial Enterprise" means an Eligible Industrial Enterprise having an investment of above Rs. 10 Crore in plant and machinery at the time of commencement of commercial production or after undertaking substantial expansion.
XXVI.	"Large Service Enterprise" means an Eligible Service Enterprise having an investment of above Rs. 5 Crore in Plant & Machinery, at the time of commencement of commercial operations or after undertaking substantial expansion.
XXVII.	Micro, Small and Medium Enterprises (MSME) means enterprises engaged in the manufacture or production of goods or rendering services in which the investment in plant and machinery or equipments, as the case may be, is within such investment level as prescribed under 'Micro, Small and Medium Enterprises Development Act, 2006 [MSME Act 2006 No. 27 of 2006] by the Government of India, as amended from time to time.
XXVIII.	"Negative List" means the categories of industries listed in Annexure III of these Rules.
XXIX.	"NET SGST" means Net State Goods and Service Tax paid to the State Government under H.P. Goods and Service Tax Act, 2017
XXX.	"New Enterprise" means an Industrial / Service Enterprise located within the State which commences commercial production / operation



	on or after the Appointed Date and registered/ acknowledged/ taken on record by the concerned department.
XXXI.	"Person(s) with Disabilities" means person(s) defined under Rights of Persons with Disability Act, 2016
XXXII.	"Private Industrial Park" means an industrial park proposed to be set up on at least 50 acres land.
XXXIII.	"Power Tariff" means the basic rate of electricity per unit charged for the consumption of power and shall not include electricity duty, surcharge, peak load exemption charge, contract demand charge, winter charge, fuel adjustment charge, service charge, Goods and Service Tax or any other charge under any name in the Tariff Schedule.
XXXIV.	"Secretary (Industries)" means Additional Chief Secretary (Industries)/ Principal Secretary (Industries) / Secretary (Industries) to the Government of Himachal Pradesh, as the case may be.
XXXV.	Service Enterprises means enterprises engaged in service activities as specified in Annexure – II of these Rules.
XXXVI.	Single Window Clearance and Monitoring Authority means authority as notified by the Government from time to time.
XXXVII.	"Special Category of Entrepreneurs" mean entrepreneurs belonging to the scheduled caste, schedule tribe, women, ex-serviceman, person(s) with disabilities, persons affected with HIV/AIDS and below poverty line families, who themselves have set up Industrial Enterprise(s)/ Service Enterprises.
XXXVIII.	"State" means the State of Himachal Pradesh.
XXXIX.	"Substantial Expansion" means an increase by not less than 25% in the value of Plant and Machinery by Existing and new Enterprise for the purpose of expansion of capacity or modernization or diversification and taken on record by the department.
XL.	"Theme Park/ Sector Specific Industrial Park" means an industrial park proposed to be set up on at least 10 acres of land specifically for Agro, Herbal, Knowledge, Food, Information Technology (IT), Information Technology Enabled Services (ITeS) and Electronic Systems Design Manufacturing (ESDM), Pharma, Textile Park or any other sector specific park in principle approved by the Government.
XLI.	"Tribal areas" means the Tribal area as notified by the Government from time to time.
3	Categorization of State:- The State has been categorised into "A", "B"& "C" category of areas for the purpose of providing differential incentives, concessions and facilities as per Annexure-I.



4	<p>Eligibility:-</p> <p>A) All “New Industrial Enterprise(s)” (except Industrial activities specified in the “Negative List”); and new Service Enterprises will be eligible for incentives, concessions and facilities under these Rules subject to:</p> <ul style="list-style-type: none"> ➤ fulfilment of such requirements as specified under these Rules ➤ adherence to procedures as specified by the concerned department from time to time. ➤ employment of minimum 80% Bonafide Himachalies, at all levels, directly on regular, contractual, daily basis etc. or through contractor or outsourcing agencies at the time of Commencement of Commercial Production / Operation as well as for the time period it remains in Commercial Production / Operation in the State. In case of violation of this condition at any point of time incentives, concessions and facilities under these Rules will be stopped and incentives already availed by such Industries or Service Enterprise will be recovered by the concerned department(s) on recommendation of the Department of Labour & Employment as an arrear of land revenue or any legal remedy deemed fit for recovery of incentive(s). ➤ incentive provided under these Rules will be admissible from the date of Commencement of Commercial Production / Operation or from the date on which respective administrative department issues enabling notification under the relevant statute / law to operationalize incentives notified under these Rules, whichever is later. In case New Enterprise undertakes subsequent substantial expansion, same would be taken on record for the purpose of incentives, concession & facilities provided under these Rules for additional investment. ➤ payment of any outstanding dues of the Department. ➤ condition that Udyog Aadhaar Memorandum / Entrepreneur Memorandum Part-II / Commencement of Commercial Production Certificate stands acknowledged / taken on record by the concerned Department as the case may be. <p>B) All Existing Industrial Enterprises undertaking Substantial Expansion (except Industrial activities specified in the Negative List) and Existing Service Enterprises undertaking Substantial Expansion will be eligible for incentives, concessions and facilities under these Rules, subject to:</p> <p>a) fulfilment of such requirements as specified under clause 4A (a to f).</p>
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	<p>b) condition that incentive provided under these Rules will be admissible from the date of undertaking Substantial Expansion taken on record by the Department or from the date on which respective administrative department issues enabling notification(s) under the relevant statute / law to operationalize incentives announced under these Rules, whichever is later. In case existing enterprise undertakes subsequent expansion(s) after first Substantial Expansion, same would be taken on record for the purpose of incentives, concession & facilities provided under these Rules for additional investment.</p> <p>c) condition that in case employment is generated due to Substantial Expansion, it will employ 80% Bonafide Himachali directly on regular, contractual, daily basis etc. or through contractor or outsourcing agencies.</p> <p>C Eligible MSME Enterprises fulfilling the Eligibility Criteria would be entitled to avail incentives and concessions provided under these Rules.</p> <p>D Eligible Large Enterprises fulfilling the Eligibility Criteria would be entitled to avail incentives and concessions provided under these Rules.</p> <p>E Eligible Anchor Enterprises fulfilling the Eligibility Criteria would be entitled to avail incentives and concessions provided under these Rules.</p> <p>F Incentives, concession & facilities under these Rules are provided under the discretionary powers of the State Government; do not create any claim / right against the Government and are not enforceable in any court of law. The Government in its wisdom may decide to amend, alter, delete or revise any or all of the incentives notified under these rules and no claim on account of such a decision will be entertained.</p>
5	<p>Subsidy towards the cost of preparation of Detailed Project Report & obtaining certifications:-</p> <p>Eligible Enterprises after coming into commercial production would be reimbursed 50% expenditure incurred towards the cost paid to the consultant for (i) preparation of DPR (ii) certification / valuation of Technical Civil Works or investment in Plant and Machinery, on any or all of the above for one time, subject to maximum of Rs. 20,000 for Micro; Rs. 50,000 for Small and Rs. 1,00,000 for Medium Sector Enterprises. The enterprise will apply to the Department within one year of commencement of production. Such application(s) would be decided within 45 days of submission by the Director or any other officers authorised by him.</p>



6	Allotment and transfer of land in Industrial Areas:
6.1	Need based land in Industrial Areas /Estates and in other areas wherever available with the Department, will be allotted on leasehold basis for a period of 95 years.
6.2	The premium for the allotment of land in Industrial Areas/Estates and Government Land in other areas for setting up of Industrial Enterprise(s) will be fixed on a year-to-year basis and made effective from 1 st of April every year. The rate of premium will be fixed by the Committee consisting of the Secretary (Industries), Director and the Managing Director, Himachal Pradesh State Industrial Development Corporation Ltd. (HPSIDC).
6.3	The Government Land available with the Department may be allotted for the establishment of Industrial Enterprises, development of social infrastructure and public utilities like banks, post offices, educational institutions, medical institutions/facilities etc. on lease hold basis at the premium to be fixed by the Committee as constituted under Rule 6.2.
6.4	The Government Land available with the Department may be allotted for the development & setting up shops, commercial complexes, recreational facilities etc. on lease hold basis by inviting bids from the public, over and above the reserve price, to be fixed by the Committee constituted under Rule 6.2.
6.5	Developed/ undeveloped land for the setting up of Industrial Enterprise(s) and other activities as mentioned in Rule 6.3 & 6.4 above in industrial areas or wherever available with the Department shall be allotted on lease hold basis by the Director or any other officer authorized by him. Developed/ undeveloped land exceeding 20,000 Sq. Mtr. in industrial areas/estates or wherever available with the Department of Industries shall be allotted by on lease hold basis with prior approval of the Secretary (Industries).
6.6	The application for the allotment of plot(s)/ land shall be made to the Department along with other requisite documents and earnest money. The application should accompany with earnest money equivalent to 5% of the premium of land prevalent at the time of making the application for the setting up of MSME enterprise and 6% of premium of land for the setting up of Large & Anchor Enterprises, which shall be adjusted initially in the premium in the event of allotment of land/plot or refunded in the event of non-allotment of plot without any interest. Applications received without earnest money payable and incomplete documents will not be considered.



	<p>a) i) Allottee(s) setting up MSME Industrial Enterprise (s) will be charged 7 % of the premium of land at the time of entering into an agreement to lease and balance in 8 equal interest free annual instalments. In case the approved industrial enterprise of the allottee commences commercial production within 2 years of handing over possession it would be eligible to avail the incentive of concessional rate equivalent to 50%, 60% & 70% of rate/ premium fixed at the time of provisional allotment in category A, B and C areas respectively and the balance instalments would be rescheduled firstly or excess premium paid would be reimbursed accordingly.</p> <p>ii) Allottee(s) setting up Large/ Anchor Industrial Enterprise(s) will be charged 9 % of the premium of land at the time of entering into an agreement to lease and balance in 5 equal interest free annual instalments. In case the approved industrial enterprise of the allottee commences commercial production within 3 years of handing over possession it would be eligible to avail the incentive of concessional rate equivalent to 25%, 45% & 65% in case of Large enterprises and 50%, 60% & 75% in case of Anchor enterprise of rate/ premium fixed at the time of provisional allotment in category A, B and C areas respectively and the balance instalments would be rescheduled or excess premium paid would be reimbursed accordingly.</p> <p>iii) No interest will be charged on the balance instalments, (however penal simple rate of interest @ 9% P.A. would be charged on delayed payment.</p> <p>iv) In case allottee after commencement of production offers to clear balance payment of premium in lump sum, a rebate of 10% on balance premium of land will be given.</p>
6.7	<p>a) Plot(s)/ land shall be allotted by the Director or any other officer authorised by him on the recommendation of a Committee constituted for the purpose on first come first serve basis, unless the Committee decides otherwise for reasons to be recorded in writing. However, plot/land may be allotted on out of turn basis to eligible categories for which such a provision has been specifically made under these Rules.</p> <p>b) The land/ plot will be provisionally allotted on lease hold basis at the premium fixed by the Committee constituted under Rule 6.2 for a period of two years and three years for the setting up of MSMEs and Large/ Anchor Industrial</p>



	<p>Enterprises respectively. The possession will be handed over to the allottee after entering into an agreement to lease. The allottee(s) setting up MSMEs and Large/ Anchor Industrial Enterprises shall commence commercial production within 2 years or 3 years, as the case may be, from the date of handing over of the possession.</p> <p>c) In case any, land/plot is available for allotment consequent upon its having been resumed after execution of lease deed or has been surrendered by the allottee himself, it shall be re-allotted through open auction/ inviting bids from general public. In such cases the minimum reserve price of land will be the rate of premium as fixed by the Committee constituted under Rule 6.2 and of built up structure and/or plant and machinery, if any, as assessed by the officer of HPSIDC Ltd. not below the rank of Assistant Engineer. The bids without requisite documents, as per auction notice and earnest money of Rs 10,000 will not be accepted. Earnest money would be adjustable in case of successful bidder and returned back to unsuccessful bidders. Any amount outstanding from previous allottee on account of lease premium, shed rent, or other dues toward department shall be set off/adjusted toward the bid amount so collected from the successful bidder. The auction would be conducted by the concerned field officer. The 15% amount of the highest bid for such plot / land shall be deposited by the highest bidder within 15 days of issuance of acceptance letter failing which earnest money will be forfeited. The second highest bidder may then be considered for allotment of such plot /land as per procedure laid down under these rules. The balance amount of the highest bid shall be payable in 5 equal annual instalments. No interest will be charged on balance instalments. However interest @ 9% would be charged on delayed payment. In case the bidder after commencement of production or at any subsequent stage within time period scheduled for payment, offers to clear the outstanding payment of bid amount in lump sum, rebate of 10% of balance bid amount will be given:</p> <p>provided such resumed/surrendered plot can be allotted with the prior permission of Director of Industries or Secretary (Industries), as the case may be in case no bid(s) is received for the allotment of such plot(s)/ land in response to first auction notice. In such cases of allotment(s) premium fixed by the Committee constituted under Rule 6.2 would be</p>
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	<p>charged. The provisions made under Rule 6.7 (b) would also be applicable for such allotment(s).</p> <p>d) The Director may, however extend the period of the provisional allotment by one year at a time on the merits of each case, subject to the total period (including the original period of 2 years or 3 years as the case may be) not exceeding 5 years in case of MSMEs & 6 years in case of Large and Anchor Enterprises from the date of handing over of possession. Such cases for grant of each extension will only be considered if the premium due to the Department till the time of making the application for extension of time period has been fully paid and there is no default in the payments due to the Department. Extension fee equivalent to 10%, 15% and 20% of the total premium assessed at the time of provisional allotment of the plot will be charged for extension sought for the 1st, 2nd and 3rd year respectively, which will not be refundable/adjustable in the premium of the plot:</p> <p>However, no extension fee would be charged for extension sought for 1st year, if the Director is satisfied that the Commencement of Commercial Production of the Industrial Enterprises by allottee is delayed due to factors beyond the control of the allottee. The decision of Director in such cases would be final and binding upon the allottee. In such case(s) the Industrial Enterprise would be eligible for availing the incentive of concessional rate/ premium as provided under Rule 6.6 (a) (i) & (ii) in case the allottee commences commercial production within such period of extension.</p> <p>e) A regular lease deed would be entered into between the Department through the field officer and the allottee before commencement of commercial production within the validity period of provisional allotment, subject to the fulfilment of the following conditions by the allottee:-</p> <ol style="list-style-type: none"> Consent to Establish. GST registration. <p>f) The lessee may mortgage/ hypothecate the lease hold rights to the financial institution for availing credit facilities for setting up or running of enterprise on allotted plot/land with the prior permission of the field officer.</p>
6.8	<p>a) In case an allottee fails to execute regular lease deed, or violate terms and conditions of allotment letter, agreement to lease,</p>



	<p>lease deed, or is refused extension of time for setting up of the enterprise as per Rule 6.7(d) or does not bring the enterprise into commercial production within the period of provisional allotment, including period of extension if any, the allotment shall be cancelled by the field officer and the possession of the plot shall be resumed. The earnest money along with premium and extension fee paid by the allottee shall be forfeited in favour of the Government.</p> <p>b) The possession shall be resumed by the Department after giving notice to the allottee to vacate the plot and surrender the possession free from all encumbrances peacefully within 2 months of cancellation failing which the provisions of the H.P. Public Premises & Land (Eviction and Rent Recovery) Act, 1971 and other legal remedies will be invoked to resume the plot.</p> <p>c) The allottee can make a representation for revocation of cancellation to the Director within a period of two months from the date of issuance of cancellation order. The decision of Director in such case would be final and binding upon the allottee.</p> <p>d) The allottee can make a representation to the Secretary against the orders of Director within period of two months from the date of issuance of such orders by the Director.</p>
6.9	<p>a) In case an allottee who has been offered allotment of land/plot of the size less than applied for or in excess of land/plot applied for and therefore, refuses to take the possession of such provisionally allotted land/plot, such an offer for allotment of the land/plot will be deemed withdrawn and the entire earnest money deposited by the allottee will be refunded without interest.</p> <p>(b) In case an allottee fails/refuses to take the possession of allotted land/plot on any ground other than that mentioned in Sub-Rule (a) above and does not enter into agreement to lease within the stipulated period the provisional allotment shall be cancelled and the amount of Rs.10,000/- or Earnest money whichever is less will be deducted from the earnest money as processing fee and the balance earnest money deposited by the allottee will be refunded without interest.</p> <p>(c) In case, an allottee surrenders the possession of the land/plot provisionally allotted to him within a period of provisional allotment from the date of allotment the provisional allotment would be deemed cancelled and 10% of the premium paid or</p>



	Rs. 10000/-, whichever is higher will be deducted and the balance amount of premium deposited by the allottee would be refunded without any interest.
6.10	<p>a) Change in the ownership/ constitution of an allottee any time after provisional allotment shall be taken on record by charging a processing fee, equivalent to 5% of the differential cost (i.e. difference in the premium of plot as at the time of allotment and the prevalent allotment rate) or Rs. 10,000, whichever is higher would be charged in the event of: -</p> <ul style="list-style-type: none"> i) the original allottee proprietary firm is converting into partnership firm/LLP provided the original allottee continues to hold the majority (minimum 51 %) share in the newly constituted/registered partnership firm or partnership firm is converting into proprietorship of any of the original allottee partner; ii) the original allottee partnership firm is introducing new partner(s) or becoming a new partnership firm provided the original allottee partners of the firm continues to hold the majority (minimum 51 %) share amongst themselves in the newly constituted/registered firm; iii) the original allottee proprietary/partnership firm/LLP is becoming a Pvt. Ltd. Company provided the original allottee(s) proprietary /partners of firm continues to hold the majority (minimum 51 %) share/ paid up capital amongst themselves in the Company; iv) Merger/amalgamation of Companies, provided that at least 51% shareholding in the new entity continue to remain with the original allottee(s) shareholders/ subscriber of the Company in whose name the plot has been allotted; v) In the event when the original allottee Pvt. Ltd. Company becomes a Public Ltd. Company or vice versa and if such change is allowed by the Registrar of Companies, Provided that, if an allottee has remained in continuous production for a period exceeding 10 years, processing fee equivalent to 3% of differential cost or Rs. 6000/-, whichever is higher would be charged. <p>b) If the original allottee proprietor/ or partners of partnership firm transfers his share to any of his legally recognized Class-I & II heir(s) as recognized under Hindu Succession Act 1956 or other by laws applicable to him than 2% of the differential cost (i.e. difference in the premium of plot as at the time of allotment and the prevalent allotment rate) or Rs. 5,000, whichever is higher</p>



	will be charged.
6.11	<p>a) In the following situation(s), transfer of the lease hold rights of the plot(s) or a portion thereof where the lease deed has been executed will be permitted by the Director subject to the payment of balance premium due in addition to unearned increase in premium (i.e. difference between the rates applicable at the time of transfer and allotment) as under:-</p> <ul style="list-style-type: none"> i) In the event an Industrial Enterprise has not been set up or has not commenced commercial production or remained in production for less than one year, 20% of the unearned increase in premium shall be realized. ii) In the event an Industrial Enterprise has been in commercial production for a period more than one year or less than five years, the unearned increase in premium shall be realized at the rate of 10%, provided, the transferor Industrial Enterprise has either not availed any incentive or has returned the incentives availed which were conditional upon running the Industrial Enterprise for a specified minimum period subject to enabling notification governing such incentive(s). iii) In the event an Industrial Enterprise has been in commercial production for a minimum period of five years, the unearned increase in premium shall be realized at the rate of 5%. <p>b) In the event of the transfer of the plot to a new Industrial Enterprise/promoter on account of the Industrial Enterprise being taken over and sold under Section 29 of the State Financial Corporation's (SFCs) Act, 1951 by Himachal Pradesh Finance Corporation Ltd. or Himachal Pradesh State Industrial Development Corporation Ltd. or any other financial institution(s) which has financed the enterprise and the new promoter revives/continues with the same Industrial Enterprise as existed prior to take over by HPFC/HPSIDC/FI or sets up a new Industrial Enterprise, instead of charging unearned premium only a processing fee equivalent to 5% of the differential cost (i.e. difference in the premium of plot as at the time of allotment and the prevalent allotment rate) or Rs. 10,000, whichever is higher will be charged:</p> <p>Provided, further that the lessee consequent upon transfer of lease hold rights of plot/land in its favour will either continue with the production in the transferred enterprise or revive/setup new enterprise MSME within in 2 years and Large/Anchor Enterprise within 3 years of execution of</p>



	<p>supplementary lease deed, failing which the annual extension fee equivalent to 5%,10% & 15% of rate of allotment fixed by the Committee constituted under Rule 6.2 at the time of transfer of plot would be charged for extension sought for 1st, 2nd & 3rd year. In case, the transferee fails to set up enterprises within the stipulated period provisions made under Rule 6.8 would be applicable in such cases</p>
6.12	<p>An allottee may be allowed by the field officer to set up one or more separately identifiable Industrial Enterprise(s) on the land/plot allotted to him without charging any processing fee to manufacture new item(s) (other than those being manufactured in the existing Enterprise of the allottee) under the original name/ style and constitution, without any corresponding change in the lease deed.</p> <p>However, if the new Industrial enterprise is set up under a new name, style or constitution in which the allottee has majority share (minimum 51 %), processing fee as per the provisions of Rule 6.10 (a) will be charged and the new enterprise will abide by all the terms and conditions of the lease deed executed with the original allottee and the original allottee will be liable to bear all the liabilities and consequences of actions of its new enterprise.</p>
6.13	<p>a) An allottee, after commencement of commercial production may be allowed by the Director or any other officer authorized by him to rent out not more than 49% of approved built up area which is surplus to his own requirement, for setting up of Industrial Enterprise(s) after charging one time processing fee equivalent to 10% of unearned increase in premium (i.e. difference between the rates applicable at the time of according permission to rent out and allotment), subject to maximum of Rs. 50,000/-, Rs. 20,000/- and Rs. 10,000/- in 'A', 'B' and 'C' category Areas respectively in each case.</p> <p>Such permission will be given only for setting up of not more than two Industrial Enterprise in the rented premises for manufacturing the new item(s) (other than those being manufactured in the existing Enterprise). The existing Industrial Enterprise of the allottee should be in production for at least one year and also have no objection certificate from the Financial Institution(s) having any charge on land/plot and assets of the Industrial Enterprise of the allottee.</p> <p>b) An allottee which has set up or has proposed to set up a Large Enterprises can be allowed to rent out up to 60% of approved built up area of land/plot to its ancillary unit(s) only after</p>



	<p>charging processing fee in each case as mentioned above.</p> <p>c) Permission to rent out premises shall be given initially for a period not exceeding 10 years at a time, which may be renewed by charging processing fee applicable at the time of renewal. Such permission will be deemed to have been withdrawn in case the original allottee or the tenant(s) of the allottee closes down its Industrial Enterprise for a period lasting for more than 12 months continuously.</p>						
6.14	<p>The revenue on account of processing fee, extension fee and unearned increase in premium realised by the Department under the provisions of these Rules, shall be deposited into the account of respective Industrial Area Development Agency (IADA), which will be corpus for maintenance and development of industrial areas/infrastructure and the same will be utilized as per by laws of the IADA.</p>						
7	<p>Allotment of Industrial Sheds and Shops in Industrial Areas/Estates:</p>						
7.1	<p>For Industrial sheds allotted after the appointed day:-</p> <p>(a) Industrial Shed(s) built up by the Department shall be allotted to industrial enterprises by the Director or any other officer authorised by him on leasehold basis for a period of 45 years by charging the premium as under:-</p> <table border="0"> <tr> <td style="padding-right: 20px;">A</td> <td>Actual Cost of construction of shed.</td> </tr> <tr> <td>B</td> <td>Cost of land as determined by the Committee constituted under Rule 6.2 of these Rules.</td> </tr> <tr> <td>Total Premium</td> <td>a+ b</td> </tr> </table> <p>(b) The application for the allotment of Industrial Shed(s) shall be made to the Department along with other requisite documents and earnest money of Rs.10,000. 12% of the premium of shed (the earnest money deposited at the time of application will be adjusted against the amount so payable) shall be payable at the time of entering into an agreement to lease and balance in 8 equal annual interest free instalments. However, penal interest @ 9% P.A. would be chargeable on delayed payments. In case, the approved industrial enterprise of the allottee commences commercial production within 1 year of handing over possession it would be eligible to avail the incentive of concessional rate on the cost of land equivalent to 50%, 60% & 70% of rate fixed at the time of provisional allotment in</p>	A	Actual Cost of construction of shed.	B	Cost of land as determined by the Committee constituted under Rule 6.2 of these Rules.	Total Premium	a+ b
A	Actual Cost of construction of shed.						
B	Cost of land as determined by the Committee constituted under Rule 6.2 of these Rules.						
Total Premium	a+ b						



	<p>category A, B and C areas respectively and the balance instalments would be rescheduled or excess premium paid would be reimbursed accordingly.</p> <p>(c) Industrial shed shall be allotted by the Director or any other officer authorised by him on the recommendation of the Committee constituted for the purpose on first come first serve basis, unless the Committee decides otherwise for the reasons to be recorded in writing. However, the sheds may be allotted out of turn to the eligible categories for which such a provision has been specifically made under these Rules. In case the shed is available for allotment upon its resumption after cancellation of allotment or has been surrendered by the allottee himself, it shall be re-allotted through open auction/inviting bids from general public. In such cases, the provisions made under Rule 6.7(C) would be applicable.</p> <p>(d) The industrial shed will be provisionally allotted for a period of one year and possession will be handed over to the allottee after entering into an agreement to lease. The allottee shall commence commercial production within 1 year from the date of handing over of the possession. The Director may, however extend the period of the provisional allotment by one more year on the merits of each case, subject to the total period (including the original period of 1 year) not exceeding 2 years from the date of handing over of the possession. However, in exceptional circumstances where the allottee has taken effective steps for the setting up of the Industrial Enterprise in the Shed, Director may, if satisfied extend the period of the provisional allotment up to 3 years, from the date of handing over of the possession, on the merits of each case. Such an extension will only be given subject to realization of extension fee equivalent to 10% of the total premium assessed at the time of provisional allotment, which will not be refundable/adjustable in the premium of the Industrial Shed.</p> <p>(e) A regular lease deed can be entered into between the Department and the allottee after the fulfilment of the following conditions as mentioned in Rule 6.7(e).</p> <p>(f) The lessee may mortgage/ hypothecate the lease hold rights with the financial institutions with prior permission of the field officer.</p> <p>(g) In case an allottee fails to bring the Industrial Enterprise in</p>
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	commercial production within the stipulated period including period of extension if any, the allotment shall be cancelled by the field officer and the possession of the shed shall be resumed and amount deposited on account of lease premium shall be forfeited.
(h)	The allottee can make a representation for revocation of cancellation to the Director within a period of two months from the date of issuance of cancellation order. The decision of Director in such case would be final and binding upon the allottee.
(i)	The allottee can make a representation to the Secretary against the orders of Director within period of two months from the date of issuance of such orders by the Director.
(j)	An allottee after execution of lease deed may be allowed to carry out major repairs, additions and alterations or construction of additional storey at his own cost for which prior approval of the Director shall be required, which will be given wherever feasible and otherwise allowed under the applicable planning regulations of the area. In case of additional construction, an additional premium equivalent to 25% of cost of entire leased area prevalent at the time of execution of initial agreement to lease will be charged and the supplementary lease deed for the balance period indicating the additional built up area will be entered into between the Department and the allottee. In case the allottee has constructed additional floor area or an additional storey after prior approval, he may be allowed by the field officer to set up one separately identifiable Industrial Enterprise therein to manufacture new item(s) (other than those being manufactured in the existing Enterprise of the allottee). If this additional Industrial Enterprise is established under the original name/ style and constitution, without any corresponding change in the lease deed, no processing fee will be charged. However, if the additional Industrial enterprise is set up under a new name, style or constitution in which the allottee has majority share (minimum 51 %), one time processing fee of Rs. 10,000/- will be charged. The new enterprise will abide by all the terms and conditions of the lease deed executed with the original allottee and the original allottee will be liable to bear all the liabilities and consequences of actions of its new enterprise.
(k)	Change in the ownership/constitution of the allottee after



	<p>provisional allotment will be permitted as provided for under Rule 6.10.</p> <p>(I) (i) Transfer of the lease hold rights of shed will be permitted by charging unearned increase in premium (i.e. difference between cost of land on which industrial shed is constructed as on the date of execution of lease deed and transfer of lease deed) as provided for under Rule 6.11(a) (i to iii) &(b).</p> <p>ii) In the event, a shed is transferred to a new Industrial Enterprise on account it being taken over and sold under Section 29 of the State Financial Corporation (SFCs) Act, 1951 by HPFC or HPSIDC or financial Institution which had financed the unit, processing fee equivalent to 5% of the differential cost (i.e. difference between cost of land on which industrial shed is constructed as on the date of execution of lease deed and transfer of lease deed) or Rs. 10,000, whichever is higher will be charged. Such a shed will be transferred to the buyer for the remaining period of lease for the establishment of Industrial Enterprise(s) on the same terms and conditions as applicable under Rule 7.1 and the revised lease deed will be executed accordingly.</p>
7.2	For Industrial Sheds allotted on Rental Basis.
7.2.1	<p>The allottee (s) who were allotted industrial shed(s) up to appointed day on rent, may exercise their option either to:-</p> <p>i) continue to be in the occupation of sheds on rental basis subject to the condition that the Enterprise is in operation. The rental would be revised @ 10% and a fresh rent deed signed after every three years, provided the entire outstanding rental due to Department by the allottee has been settled. In case of violation of any of the conditions of allotment or any other condition imposed by the Director or any other officer authorised by him from time to time, the allotment of shed will be cancelled and the dues outstanding, if any, will be recovered as arrears of Land Revenue by the Department. The possession shall be resumed by the Department after giving notice to the allottee to vacate the shed and surrender the possession of the shed free of all encumbrances peacefully within a period of 2 months failing which the provisions of the H.P. Public Premises & Land (Eviction and Rent Recovery) Act, 1971 will be invoked to resume the possession of the industrial shed.</p> <p style="text-align: center;">or</p>



(b) convert their existing rental agreements to lease hold basis for a further period of 45 years from the date of agreement to lease. In such cases, a regular lease deed will be signed after realizing the full premium of the shed to be calculated as follows:-		
a	Cost of shed	Actual cost of construction + 10% simple rate interest per annum upto the date of execution Agreement to lease.
b	Cost of land	Cost of land as determined by the Committee constituted under Rule 6.2.
c	Rent paid	(i) Rent paid upto the date of execution of lease deed would be deducted from the premium of shed. (ii) however unpaid interest/penal interest would be added in the premium of the shed.
d	Premium of shed.	$a + b + c(ii) - c(i)$

The regular lease deed will be executed only after receipt of 100% of the premium of shed. 50% of the premium will be realised at the time of agreement to lease and the balance 50% will be recovered in 3 equal annual interest free instalments. The penal interest chargeable on delayed payment would be @ 9% P.A. or as fixed by the Government from time to time;

c) The sheds which are on rental basis can be allowed to transfer tenancy rights by the Director provided that new incumbent/transferee offers to enter into leased deed with the department subject to realizing the full premium of the shed as per the provisions of Rule 7.2.1 (b):

Provided further that to such allottees also, after execution of regular lease deed, the conditions of Rule 7.1(d),(f to l) will be applicable.

7.2.2	In the event, a shed on rental basis is sold under Section 29 of the State Financial Corporation's (SFCs) Act, 1951 by HPFC or HPSIDC or financial institution which had financed the unit, the same can be considered for transfer of tenancy rights as per the terms and conditions of Rule 7.2.1 (a). In case the new incumbent offers to take such shed on lease hold basis it would be considered as fresh allotment on lease basis and provisions made under Rule 7.1 would be applicable.
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7.3	The existing allottee(s) whose subsisting lease deed(s) with the Department are for a period of 20 years may enter into a supplementary lease deeds for a period of 45 years from the date of signing of initial agreement to lease. For such allottee(s), also the conditions of Rule 7.1(d), (f to l) will be applicable.
7.4	<p>Shops in the Industrial Areas/ Estates will be allotted on lease hold basis by inviting sealed bids/open auction for a period of 45 years. The allottees who were allotted shops prior to the appointed day on rental basis may either continue to occupy the shops for the remaining period of rent on rental basis as per the terms and conditions of allotment or opt for converting their existing rental agreements into an agreement for allotment of such shop on a lease hold basis for a period of 45 years calculated from the date of entering into agreement to lease. In such cases regular lease deed will be signed after realizing all outstanding dues and full premium of the shop to be calculated as follows:-</p> <p style="margin-left: 40px;">A Actual cost of construction of shop.</p> <p style="margin-left: 40px;">B Cost of land as on the date of execution of lease as determined by a Committee constituted under 6.2 of these Rules.</p> <p style="margin-left: 40px;">Total Cost a+ b</p> <p>The existing allottee whose subsisting lease deeds with the Department are for a period of 20 years may enter into a supplementary lease deed for a period of 45 years from the date of signing of initial agreement to lease.</p> <p>Wherever feasible and otherwise allowed under the applicable planning regulations of the area, an allottee after execution of lease deed may be allowed to construct one additional floor over the existing shop at his own cost. Prior approval of the Director in such cases shall be required, which will be considered on the merits of each case after charging additional premium equivalent to 50% of cost of land under shop, as determined by the committee constituted under Rule 6.2 of these Rules and applicable at the time of according such permission. The supplementary lease deed for the remaining period of the lease deed indicating the additional built up area also will be entered into between the Department and an allottee in such case.</p>
7.4.1	Transfer of the lease hold rights of shop(s) will be permitted by charging unearned increase in premium(i.e. difference between cost of land on which shop(s) is constructed as on the date of execution of





	lease deed and transfer of lease deed) as provided for under Rule 6.11(a & b).															
8	Rebate on Stamp Duty and Registration Fee Eligible Enterprise(s) would be charged Stamp Duty @ 50%, 30% & 10% for MSMEs and @ 50%, 30% & 20% for large & Anchor enterprises of applicable rate in Category 'A', 'B' & 'C' areas respectively on instrument of conveyance deed or lease deed for setting up or expansion of enterprise(s) as notified by Revenue Department from time to time.															
9	Exemption from payment of Change in Land Use charges Enterprise(s) set up in Category B & C areas would be exempted from payment of the change in land use charges levied under the provisions of H.P. Town and Country Planning Act – 1977 as notified by the concerned department from time to time.															
10	Interest Subvention Eligible Enterprise(s) would be eligible for availing incentive of Interest Subvention on term loan @ 3% for the period of 3 years from the date of disbursement of first instalment as per following detail/ conditions:- <table><tr><th rowspan="2">Category of enterprise</th><th colspan="3">Area wise Maximum amount per annum</th></tr><tr><th>A</th><th>B</th><th>C</th></tr><tr><td>MSMEs</td><td>2 Lakh</td><td>4 Lakh</td><td>6 Lakh</td></tr><tr><td>Large</td><td>10 Lakh</td><td>15 Lakh</td><td>20 Lakh</td></tr></table> <p>a) Interest Subvention would be calculated on simple rate of interest (S.I) and will be paid directly to the financial institution(s).</p> <p>b) The Eligible Enterprise(s), after commencement of commercial production, will file interest subvention claim(s) along with interest certificate issued by the concerned financial institution to the Director or any other officer authorised by him within one year from the date of commencement of commercial production (COP) or completion of substantial expansion, as the case may be.</p> <p>c) The reimbursement of the claim would be made on annual basis by Director or any other officer authorised by him.</p> <p>d) Period of eligibility would be counted from the date of disbursement of 1st instalment of term loan. The Penal interest accrued on defaulted payment will not be considered, however defaulted period shall be counted for the periodicity of this incentive:</p> <p>provided eligible enterprise should not have availed/ availing the</p>	Category of enterprise	Area wise Maximum amount per annum			A	B	C	MSMEs	2 Lakh	4 Lakh	6 Lakh	Large	10 Lakh	15 Lakh	20 Lakh
Category of enterprise	Area wise Maximum amount per annum															
	A	B	C													
MSMEs	2 Lakh	4 Lakh	6 Lakh													
Large	10 Lakh	15 Lakh	20 Lakh													



	benefit of interest subvention under any other Central or State Government schemes for the same project.
11	<p>Assistance for Transportation of Plant & Machinery</p> <p>Eligible Micro, Small and Medium Enterprise(s) will be reimbursed 50% of cost incurred on inland carriage and inland transit insurance of plant and machinery subject to maximum of Rs. 2 lakhs per enterprise in Category 'A' area and Rs 3 lakhs in Category 'B' & 'C' areas. Such enterprise(s) after commencement of commercial production, will file reimbursement claim to the Director or any other officer authorised by him within a period of one year from the date of commencement of commercial production (COP) or after undertaking substantial expansion, as the case may be.</p>
12	<p>Transport Subsidy</p> <p>Eligible Industrial Enterprise(s) set up in category B & C Areas would be provided Transport Subsidy as under:</p> <ul style="list-style-type: none"> (a) Enterprise(s) located in Category B areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within State or 3% of annual turnover, whichever is lower, subject to maximum of Rs.10 lakh per annum for MSMEs and Rs 20 lakh for Large and Anchor enterprise(s) for a period of 3 years. (b) Enterprise(s) located in Category C areas would be reimbursed actual expenditure incurred on transportation of raw materials & finished products within State or 5% of annual turnover, whichever is lower, subject to maximum of Rs. 10 lakh per annum for MSMEs and Rs 30.00 lakh for large and Anchor Enterprise(s) for a period of 5 years. <p>Eligible enterprise(s) would submit Transport Subsidy claim(s) annually before 30th November of every succeeding year on the prescribed format to the Director or any other officer authorised by him along with prescribed documents/checklist within one year from the date of incurring expenditure on transportation of raw material and finished goods within the State or the date of commercial production whichever is later. After preliminary scrutiny, field officer would recommend the claims to the Director.</p>
13	<p>Assistance for access to Technology, Competitiveness, Innovation and Quality Certification:-</p> <p>All enterprise(s) shall be reimbursed 50% of expenses incurred for the setting up in house testing facilities / equipments / Plant and Machinery required for obtaining certification of Bureau of Indian Standards / World Health Organization- GMP /ISO / Organic Certification / any International Certification excluding Plant and</p>



	<p>Machinery / equipments used directly in manufacturing process or rendering of services, as the case may be subject to maximum of Rs. 5 Lakh per enterprise.</p> <p>Provided enterprises should have obtained EM-II/COP/PMT/UAM(Verified) from the concerned field officer for availing this incentive and is in regular production at the time of disbursement. The unit has to submit its claim complete in all respect after Commencement of commercial Production and also within 3 months from the date of incurring expenditure for setting up of such facilities.</p>																							
14	<p>Assistance to encourage water conservation; compliances of Environment, Health and Safety Standards to Eligible Enterprises:</p> <p>Eligible Micro, Small and Medium Enterprise(s) (MSMEs) shall be reimbursed:-</p> <p>a) 25% of expenditure incurred for the purchase of Plant & Machinery / equipments for setting up of Effluent Treatment Plant (ETP), rain water harvesting system excluding expenditure incurred on construction, subject to maximum of Rs. 2 lakhs per enterprise. All eligible enterprises shall submit the claim to the Director or any other officer authorised by him within 3 months from the date of commencement of commercial production.</p> <p>b) 50% of Power Tariff paid for running of ETP for a period of 3 years, subject to maximum of Rs. 1 lakhs per annum. This incentive would be disbursed subject to installation of separate electricity meter/sub-meter exclusively for running of ETP.</p> <p>Provided the eligible enterprise(s) should be in regular production at the time of sanction/disbursement of this claim and shall submit claim on the prescribed format and obtain a certificate from H.P.S.E.B.L. clearly depicting the total expenses incurred for running ETP only.</p>																							
15	<p>Net SGST Reimbursement:</p> <p>All eligible enterprise(s) would be provided reimbursement of Net SGST subject to maximum limit of 80% of Fixed Capital Investment (FCI) during admissible period of this incentive as per following detail:</p> <table><tr><th rowspan="2">Category of enterprise</th><th colspan="3">Area wise SGST reimbursement</th><th rowspan="2">Admissible Period</th></tr><tr><th>A</th><th>B</th><th>C</th></tr><tr><td>MSME</td><td>50%</td><td>80%</td><td>90%</td><td>7 years</td></tr><tr><td>Large</td><td>50%</td><td>70%</td><td>80%</td><td>5 years</td></tr><tr><td>Anchor</td><td>100%</td><td>100%</td><td>100%</td><td>7 years</td></tr></table>	Category of enterprise	Area wise SGST reimbursement			Admissible Period	A	B	C	MSME	50%	80%	90%	7 years	Large	50%	70%	80%	5 years	Anchor	100%	100%	100%	7 years
Category of enterprise	Area wise SGST reimbursement			Admissible Period																				
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Anchor	100%	100%	100%	7 years																				



	<p>Above mentioned incentive would be admissible subject to fulfilment of following conditions:</p> <ol style="list-style-type: none"> 1. Quantum of incentive would be available only on net SGST paid and deposited with State per annum by the eligible unit. The admissibility of incentive shall cease either on exhaustion of the applicable limit or on the completion of the eligibility period, whichever is earlier. 2. In case of any false declaration, misrepresentation/suppression of facts the amount of incentive so availed shall be liable to be recovered along with 12% compound interest per annum or penalty as decided by the State Government as per applicable laws. 3. The eligible unit has to obtain verified Udyog Aadhar Memorandum (UAM)/ commencement of commercial production certificate from the authorized officers of the Department of Industries, Government of Himachal Pradesh. The eligible unit will obtain certificate from the Department of State Excise & Taxation clearly mentioning the amount of net SGST paid to the state of Himachal Pradesh. 4. Net SGST reimbursement would be available only after the date of Commencement of Commercial Production(CoP)/operation for new unit and from the date of Commercial production/operation after undertaking substantial expansion for existing enterprise(s) 5. The eligible enterprise(s) will submit reimbursement claim of the financial year to the Department of Industries on annual basis in the succeeding financial year before 31st August. 													
16	<p>Power Incentives: Concessional Rate of Electricity Duty: Eligible industrial enterprises would be charged a concessional rate of electricity duty as per the table given below:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th><th>Category of power supply</th><th>Concessional rate of electricity duty</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Extra High Tension (EHT) category consumers (supply voltage exceeding 33 kVA)</td><td>7% for five years and thereafter as per applicable prevailing rate.</td></tr> <tr> <td>2</td><td>Large Industrial Consumers (with connected demand above 100 KW and supply voltage not exceeding 33 kVA)</td><td>5% for five years and thereafter as per applicable prevailing rate</td></tr> <tr> <td>3</td><td>Medium Industrial Consumer (with connected</td><td>3% for five years and thereafter as per applicable prevailing</td></tr> </tbody> </table>		Sr. No.	Category of power supply	Concessional rate of electricity duty	1.	Extra High Tension (EHT) category consumers (supply voltage exceeding 33 kVA)	7% for five years and thereafter as per applicable prevailing rate.	2	Large Industrial Consumers (with connected demand above 100 KW and supply voltage not exceeding 33 kVA)	5% for five years and thereafter as per applicable prevailing rate	3	Medium Industrial Consumer (with connected	3% for five years and thereafter as per applicable prevailing
Sr. No.	Category of power supply	Concessional rate of electricity duty												
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2	Large Industrial Consumers (with connected demand above 100 KW and supply voltage not exceeding 33 kVA)	5% for five years and thereafter as per applicable prevailing rate												
3	Medium Industrial Consumer (with connected	3% for five years and thereafter as per applicable prevailing												



		demand between 51 to 100 kVA)	rate
	4	Small Industries Consumers (with connected demand upto 50 kVA)	1% for five years and thereafter as per applicable prevailing rate
	5	All Industrial consumers including EHT category consumers which employ more than 300 Himachlies	1% for five years and thereafter ED rate would be as per rates applicable under respective category
	6	Exemption from payment of electricity duty on power generated for captive / standby generation through DG Set(s) up to 31-03-2023.	
i)	Concessional rate of electricity charges: (excluding any surcharge, peak load exemption charge, winter charge, fuel adjustment charge, service charge, GST or any other charge under any name in the Tariff Schedule):- a) Eligible enterprises would be charged energy charges 15% lower than the approved energy charges for the respective category for a period of 3 years. b) Existing industrial consumers, a rebate of 15% on energy charges shall be applicable for additional power consumption beyond the level of preceding financial year. Incentives of concessional rate of electricity charges would be notified in the Schedule of Tariff for Himachal Pradesh on year to year basis by the H.P. State Electricity Board and it would not be binding upon the State Government during the applicability of Policy.		
ii)	No electricity duty would be charged on power generated for captive / standby generation through DG Set(s) for its own consumption by any Industrial Enterprise upto 31.3.2023.		
17	Access to Finance for MSMEs Eligible Enterprise(s) will be provided 50 % of the cost of Public Issue Expenses including cost of registration with National Stock Exchange, subject to maximum of Rs.10 lakh per enterprise for raising funds through National Stock Exchange (NSE) dedicated platform for SME's; Provided funds so raised are utilizes for setting up/Expansion of eligible enterprise(s) within the state. The claim(s) should be submitted to Director industry alongwith prescribed documents within six months from issue of Initial Public Offering (I.P.O).		
18	Incentives to enterprises of Special Category of Entrepreneurs Eligible Micro, Small and Medium Enterprise(s) (MSMEs) will be		



	<p>reimbursed 50% of cost incurred on inland carriage and inland transit insurance of Plant and Machinery subject to maximum of Rs. 2 lakhs per enterprise in Category 'A' area and Rs 3 lakhs in Category 'B' & 'C' areas;</p> <p>Notwithstanding anything contained anywhere in these rules the following incentives to such enterprise(s) will be admissible:</p> <ul style="list-style-type: none"> a) Reimbursement of 90% of the charges paid to the consultant for preparation of DPR; certification / valuation of Technical Civil Works, subject to maximum of Rs. 20,000 for Micro; Rs. 50,000 for Small and Rs. 1,00,000 for Medium Sector Enterprise(s). b) Interest Subvention @ 5% on term loan for a period of 5 years subject to a maximum ceiling of Rs. 3 lakhs, Rs. 5 lakhs and Rs. 7 lakhs per annum in Category A, B & C areas respectively subject to condition that interest subsidy would be calculated on simple interest . c) 100% reimbursement of cost incurred in transportation and inland transit insurance of Plant and Machinery after Commencement of Commercial Production subject to a maximum of Rs.3 lakhs. d) Out of turn allotment of plot / shed available in Industrial Areas / Estates exclusively to the Persons with Disabilities. <p>Provided such claim is submitted within one year from the date of Commencement of production (COP) or after undertaking Substantial expansion as taken on record by the concerned field officer.</p>
19	<p>Self-Certification:</p> <p>Every department/organization will notify the approvals/ no objection certificates/ permissions and as regards these approvals/ NOC's/ permissions, enterprises in MSME sector may take effective steps to set up enterprise without waiting for formal approval of the concerned department/organization.</p> <p>Enterprises after obtaining the title of land may start physical implementation of project without waiting for those approvals/NOCs/ permissions which are identified and notified as such by the concerned department/organization, provided the enterprise has duly applied for requisite approvals/clearances to the respective authorities as regards these approvals/ NOCs/ permissions. The concerned departments/ organizations will be required to give immediate Acknowledgement Certificate for 02 years on declaration by Enterprises that they will adhere to applicable conditions and requirements of aforesaid approvals/NOCs/ permissions. The enterprise will be required to obtain all requisite approvals from the competent authority within a period of two years or till it commences operations, whichever is earlier.</p>





	<p>The concerned departments/ organizations will issue Acknowledgement Certificate subject to condition that:-</p> <ol style="list-style-type: none"> it will remain valid for a period of two years or date of commencement of commercial production/ operation, whichever is earlier. such MSME's, during physical implementation of the project, will adhere to conditions/ norms notified for issuance of such approval/ NOC/ permission by the concerned department/ organization at the time of acknowledgement of such application. enterprise will expeditiously provide documents or information, if any asked by the concerned department/ organization. enterprise will not undertake commercial production/operations without obtaining the notified approvals/ NOC's/ permissions. if the enterprise fails to adhere to condition (b) above, complete responsibility and liability against any losses to personal, private or public property caused due to non adherence of such norms shall be borne by the enterprise. Besides, whatever action is provided for under the relevant law or rule for violations of provisions thereof, shall be taken against the defaulting enterprise. <p>Provided, in case the enterprise is not accorded the requisite approval(s) within the period of two years, it can bring the same in the notice of Director in writing. The Director shall expeditiously take up matter with concerned department/ organization to facilitate the enterprise.</p>
20	<p>Incentive to encourage employment of Bonafide Himachalies</p> <ol style="list-style-type: none"> Existing and New Enterprise(s) giving employment to more than 80% Bonafide Himachlies and also employing minimum of 50 Bonafide Himachlies on regular job, would be eligible for this incentive. Such enterprise would be provided Rs. 1000 per month per additional employment generated over the threshold limit of 80% and 50 bonafide Himachlies for a period of 10 years from the date of crossing of this threshold limit: provided in case an existing enterprise has already employed more than 80% and 50 bonafide Himachlies on regular job, the benefit under this Rule will be available only for additional employment generated to Bonafide Himachlies after appointed date. This incentive would be subject to the condition that the Eligible Enterprise(s) should be regular in payment of employer share under



	<p>EPF scheme/ESI Scheme as certified by concerned department .Claim(s) will be filed by the unit within 3 months (by 30th June every year) on annual basis duly verified by the concerned to the Director or any other officer authorised by him.</p> <p>iii) Bonafide Himachalies employed by the industrial enterprises would be eligible for skill development allowance as notified by the Department of Labour & Employment under Skill Development Allowance Scheme-2018 This incentive will be administered by Labour and Employment Department as notified from time to time.</p>
21	<p>Incentive to Export Oriented Unit(s)(EOUs)for Promotion of Export</p> <p>A Eligible Enterprise(s) would be provided following incentives:-</p> <ol style="list-style-type: none"> i) reimbursement of cost incurred for shipment of export samples from the port/ container depot to the port of destination subject to maximum of Rs. 1,00,000/- per Enterprise during its period of operation. ii) reimbursement of 50% of the cost incurred on publishing export marketing brochures/ product literature and participating in the relevant overseas trade fairs approved by the Government of India/State Government with a ceiling of Rs. 3,00,000/- per Enterprise during its period of operation. <p>B Land will be allotted for the setting up of Inland Container Depot(s) at a concessional rate to be fixed by the Government.</p> <p>The claim(s) must be filed within 3 months from the date of actual shipment to the Director Industry or any other officer authorised by him.</p>
22	<p>Assistance for Patent Filing and use of green fuel</p> <p>All Enterprise(s) would be entitled for following incentive.</p> <ol style="list-style-type: none"> a) Reimbursement of Rs. 10 lakhs or 75% of expenditure incurred/charges paid to patent attorney, patent service centre and patent filling agency for obtaining patent, whichever is lower. b) Reimbursement of 50% of cost incurred within the factory premises to fuel manufacturing process with gas/ solar power or to use it as an alternate power backup, subject to maximum of Rs. 3 lakhs per enterprise <p>Application for the reimbursement of expenditure/cost incurred shall be submitted by Eligible Enterprise(s) in case of a) and b) above alongwith the requisite documents within 6-months from the date of acquiring patent or date of incurring of expenditure respectively to the</p>



	Director or any other officer authorised by him		
23	Purchase Preference would be given to local Micro and Small-Scale Enterprises by placing at least 25% of the total orders with them on lowest approved rates, wherever applicable, provided such products meet the required quality standards and Head of Department of concerned department is of the opinion that item required is not of sophisticated nature, high technology and precision standards.		
24	Investor friendly planning regulation norms under H.P. Town & Country Planning Act 1977 The following Planning regulations will be applicable for eligible Industrial enterprises after notification by the Department of Town and Country Planning of the Government.		
	Sl. No.	Size of plot	Minimum Set Backs (in Mtr.) and Maximum Floor Area Ratio (FAR)
	1	150 Sq. Mtr. To 500 Sq. Mtr.	Front Set Back 3 Right Set Back 2 Left Set Back 2 Rear Set Back 2 Floor Area Ratio (FAR) 2
	2	501 Sq. Mtr. to 1000 Sq. Mtr.	Front Set Back 5 Right Set Back 2 Left Set Back 2 Rear Set Back 3 Floor Area Ratio (FAR) 2
	3	1001 Sq. Mtr to 5000 Sq. Mtr.	Front Set Back 10 Right Set Back 5 Left Set Back 5 Rear Set Back 5 Floor Area Ratio (FAR) 1.5
	4	5001 Sq. Mtr. to 10,000 Sq. Mtr.	Front Set Back 15 Right Set Back 7.5 Left Set Back 7.5 Rear Set Back 7.5 Floor Area Ratio (FAR) 1.25
	5	Above 10,001 Sq. Mtr.	Front Set Back 15 Right Set Back 7.5 Left Set Back 7.5 Rear Set Back 7.5 Floor Area Ratio (FAR) 1



	<ol style="list-style-type: none"> 1 There is no upper limit for height of structure of Industrial use and flexible as per the requirement of Industrial Enterprise. However the total floor area should be within the prescribed FAR. 2 Right of Way should not be less than 5 Mtr. for plot having area upto 1,000 Sq. Mtr and in case of plots having area more than 1000 Sq. Mtrs., the Right of Way should not be less than 10 Mtr. 3 Parking Floor up to 15 feet height (4.50 Mtr.) at is allowed and such parking floor would not be counted in permissible FAR. 4 Basement / Cellar exclusively for industries set up on plot size exceeding 1,000 Sq. Mtr. for captive use is allowed. In such cases basement would not be counted in permissible FAR. 5 In case of plots having area of 5,001 Sq. Mtr. & above regulations of minimum Set Backs would be of mandatory. In other category of plots regulation of minimum Front Set Back would be mandatory and rest of the SBs are flexible as per functional requirements of the industrial enterprise(s). This flexibility in SB's is subject to condition that the average area under SB's should be minimal area which was to be kept under a particular SB in case flexibility was not provided. 6 The Security Room / Driver's Rest Room up to floor area of 25 Sq. Mtr. would not be counted in permissible FAR. 7 MSME Enterprises after obtaining the title of land and applying for development permission may start physical implementation of project without waiting for statutory approvals under H. P. Town & Country Planning Act-1977 in accordance to the provisions of self certification as stated in Rule 19 of these Rules.
25	<p>Incentive, concessions and facilities for creation and up gradation of Industrial Infrastructure by private investors</p> <p>(1) The promoters of Existing Enterprises would be admissible to avail incentives as provided under these Rules to Micro, Small and Medium Enterprises for their projects set up after appointed day for creation & up gradation of common Industrial and Social Infrastructure such as setting up of common effluent treatment plant, working men and women hostels, schools, testing centers, diagnostics labs and R&D centers for health care, tool rooms, recreational facilities or any other common industrial / social infrastructure development activities.</p> <p>Promoter(s) of Existing Enterprises would submit project</p>



	<p>proposal to the Director and same would be placed for consideration and in-principle approval of the Single Window Clearance and Monitoring Authority (SWC&MA). The Director after the SWC&MA will take on record the projected project parameters.</p> <p>(2) Private investors setting up Industrial Park or Theme Park/ Sector Specific Park being set up without assistance of Government of India would be eligible for the availing Capital Infrastructure Subsidy (CIS) as per following detail:</p> <p>(a) Private Industrial Park:</p> <table border="1"> <tr> <th>SN.</th> <th>Category of Area</th> <th>Capital Infrastructure Subsidy</th> <th>Maximum Limit</th> </tr> <tr> <td>1</td> <td>A</td> <td>25%</td> <td>Rs. 15 Crore</td> </tr> <tr> <td>2</td> <td>B</td> <td>40%</td> <td>Rs. 20 Crore</td> </tr> <tr> <td>3</td> <td>C</td> <td>50%</td> <td>Rs. 25 Crore</td> </tr> </table> <p>(b) Theme Park(s)/Sector specific Park:</p> <table border="1"> <tr> <th>SN.</th> <th>Category</th> <th>Capital Infrastructure Subsidy</th> <th>Maximum Limit</th> </tr> <tr> <td>1</td> <td>A</td> <td>40%</td> <td>Rs.10 Crore</td> </tr> <tr> <td>2</td> <td>B</td> <td>40%</td> <td>Rs.15 Crore</td> </tr> <tr> <td>3</td> <td>C</td> <td>40%</td> <td>Rs.20 Crore</td> </tr> </table> <p>Such parks would be eligible for availing the CIS subject to conditions that:</p> <ol style="list-style-type: none"> minimum land for setting up Private Industrial Park should be 50 Acre and for Theme Parks/Sector specific Parks it should be 10 Acre. private investor has to identify private land by itself and the Government may also offer government land if available for setting up Private Industrial Park/Theme Park/Sector Specific Park. capital Infrastructure Subsidy would be calculated on the actual cost incurred for the development of following common industrial infrastructure & utilities:- <ol style="list-style-type: none"> Approach road or bridge to Industrial Park/Theme Park. Up gradation of existing roads & widening of roads to the Industrial Parks / Theme Park. Internal roads within the Industrial Parks /Theme Park. Drainage facilities Street Lights in Industrial Park 	SN.	Category of Area	Capital Infrastructure Subsidy	Maximum Limit	1	A	25%	Rs. 15 Crore	2	B	40%	Rs. 20 Crore	3	C	50%	Rs. 25 Crore	SN.	Category	Capital Infrastructure Subsidy	Maximum Limit	1	A	40%	Rs.10 Crore	2	B	40%	Rs.15 Crore	3	C	40%	Rs.20 Crore
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	<ul style="list-style-type: none"> vi. Water supply and distribution Network vii. Power/Gas Distribution Network viii. Common Effluent Treatment Plant (CETP)/ Effluent Treatment Plant (ETP) ix. Warehousing x. Facilities Centre, Primary Health Centre, Product Development Centre, Training Centre, Testing Centre R&D centre and or any Common facilities centre xi. Any other infrastructure facilities specific to such Industrial Park /Theme Park which is considered and taken on record by Director for the purpose of calculating CIS. <p>(IV) Such park should be completed within a period of 3 years from the date of procurement of land, however Government may extend the time period for completion of such park on merits of the case.</p> <p>(V) Promoter(s) of such park will submit project proposal to the Director and same would be placed for consideration and in-principle approval of the Single Window Clearance and Monitoring Authority (SWC&MA). The Director after approval of SWC&MA will take on record the project parameters.</p> <p>(VI) The Director will release the in principle approved Capital Infrastructure Subsidy after ascertaining the physical implementation of project in the following manner :</p> <ul style="list-style-type: none"> i) 1st instalment equivalent to 30 % of actual expenditure incurred on eligible components of Capital Infrastructure Subsidy { Rule 25(2)(iii) } or 30% of in principle approved Capital Infrastructure Subsidy, whichever is less. ii) 2nd instalment equivalent to 40 % of total admissible Capital Infrastructure Subsidy will be released on completion of 80% of physical implementation of project. iii) 3rd full & final instalment of 30% of the admissible Capital Infrastructure Subsidy would be released after completion of approved project proposal and taken on record by the Director.
26	<p>Incentives for Handloom and Handicrafts</p> <p>(a) Eligible Enterprises engaged in Handloom and Handicraft activities would be eligible for incentives, concessions, and</p>



	<p>facilities as provided to MSME's under these Rules.</p> <p>(b) All enterprises engaged in Handloom activities and procuring yarn for in house consumption under through National Handloom Development Corporation (NHDC) under Mill Gate Price Scheme of Ministry of Textiles, Government of India would be reimbursed 10% of the actual cost paid to NHDC on quarterly basis by Director.</p> <p>(c) All enterprises engaged in Handloom and Handicraft activities would be reimbursed cost incurred for obtaining / registration under GI Act as well as cost of labels for branding their products like GI – Marks, Wool Marks, Handloom Marks, and India Handloom Brand on annual basis by Director.</p> <p>(d) All enterprises engaged in Handloom and Handicraft activities would be reimbursed 50% of commission paid to online sale companies / portals subject to maximum of Rs. 1 lakh per annum per enterprise on annual basis by Director. Enterprises selling products online through its own website / portal would be reimbursed 60% of logistic cost / transportation cost paid to such service providers, subject to a maximum of Rs 2 lakhs per enterprise per annum annual basis by Director.</p> <p>(e) All enterprises in Handloom and Handicraft sector would be reimbursed 60% of the rent paid by the enterprise for hiring exhibition / sale space in the fair and festivals organized by any organization / agency of the Government of India / State Government / other State Governments / Union Territory administrations, subject to maximum of Rs 10,000/- of rent paid for exhibition / sale space within the State and Rs 15,000/- of rent paid for exhibition / sale space outside the State per fair. Such reimbursement would be subject to condition that such organisations/agencies have not been provided space for exhibition on subsidised rate and claim is filed within 6 months of closing of event.</p> <p>(f) Assistance for the setting up State of the Art design development-cum- exhibition centres</p> <p>With the objective of to provide ready to use modern, contemporary and traditional designs to artisans/ weavers the fashion technology institutes of repute, Handicrafts and Handloom co-operatives, H P State Handicrafts & Handloom Corporation or any other organization of Govt. of India engaged in the promotion of Handicrafts and Handloom would be provided grant of Rs. 2 Cr. or 75 % of capital cost, whichever is less for the setting up of the Art design development-cum-</p>
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	<p>exhibition centres in the State. In addition, such Art design development-cum- exhibition centres after completion of physical infrastructure would be provided 75% of recurring expenditure or Rs. 20 lakh per annum, whichever is lower for the running of such centres for a period of 5 years.</p> <p>Promoter(s) of such park will submit project proposal to the Director and same would be placed for consideration and in-principle approval of the Single Window Clearance and Monitoring Authority (SWC&MA). The Director after approval of SWC&MA will take on record the project parameters.</p> <p>The Director will release the in principle approved grant after ascertaining the physical implementation of project in the following manner:</p> <ol style="list-style-type: none"> 1st instalment equivalent to 30 % of actual expenditure incurred or 30% of in principle approved one time grant, whichever is less. 2nd instalment equivalent to 40 % of total admissible one time grant will be released on completion of 80% of physical implementation of project. 3rd full & final instalment of 30% of admissible grant would be released after completion of approved project proposal and taken on record by the Director. The recurring expenditure would be reimbursed by the Director on quarterly basis.
27	<p>Incentives, concessions & facilities provided under these Rules will be sanctioned and disbursed by the Director or any officer authorized by him on the recommendation of the committee(s) to be notified by the Government. For the operationlizing and implementation of these Rules, the forms, procedure etc. will be prescribed by the Director on online platform.</p>
28	<p>Power to amend and/or relax/repeal any or all provisions of the Rules:</p> <ol style="list-style-type: none"> Notwithstanding anything contained in any of the provisions of these Rules, the State Government may at any time: <ol style="list-style-type: none"> make any amendment to these Rules, or repeal them; make any relaxation in applying the provisions of these Rules on merits of each case, as the State Government may consider necessary and appropriate; impose any condition in addition to the provision of these Rules on merits of each case, as the State Government may consider necessary and appropriate; In case of any dispute arising out of interpretation of these



	Rules, the matter will be referred to the Government, whose decision shall be final and binding on all.
29	<p>REPEAL AND SAVINGS:</p> <p>Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 1991, 1992 and 1996 notified vide notifications No. 9-4/73-SI(Rules)-4 dated 27/3/91, 31/7/1992, notification number Udyog (Chh)6-96/81-IV dated 22/8/1996 respectively and Rules Regarding Grant of Incentives, Concessions and Facilities to Industrial Units in Himachal Pradesh, 1999 notified vide notification No. IND.A(E)5-1/98 dated 31st March, 1999 and all other incentives rules notified earlier as amended from time to time and orders, directions issued there under shall upon the commencement of these Rules, save as otherwise expressly provided in these Rules, stand repealed/revised.</p> <p>Provided that such repeal shall not affect the operation of the incentive rules in respect of the claims, matters and issues pertaining to the period prior to the appointed day (as specified under these rules) and the same shall be governed by the Rules applicable at that time. In other words units set up prior to the appointed day and which were covered under the previous incentive Rules, as notified from time to time, would continue to be governed for the purpose of incentives as provided for under those Rules, for the unexpired period only.</p>



ANNEXURE-I- Categorization of the State for Disbursement of Incentives

S. No.	District	Category 'A' Areas (excludes Backward Panchayats)	Category 'B' Areas (Entire area under the following Development Blocks including left out areas of the Development Blocks indicated under Category 'A' Areas and excludes any Backward Panchayat)	Category 'C' Area (Includes all Tribal Areas, Development Blocks mentioned under this category and includes all Backward Panchayats located in 'A' and 'B' Category Areas)
1	Bilaspur		Bilaspur Sadar, Ghumarwin, Jhandutta	
2	Chamba		Bhattiyat, Chamba	Bharmaur, Pangi, Tissa, Salooni, Mehla
3	Hamirpur		Hamirpur, Bijhari, Nadaun, Bhoranj, Sujanpur-Tihra, Bamsan	
4	Kangra		Kangra, Rait, Nagrota Bagwan, Panchrukhi, Fatehpur, Lamba Gaon, Baijnath, Nagrota Surian, Dehra, Bhawarna, Paragpur, Indora, Nurpur, Sulah, Dharamshala	
5	Kinnaur			Kalpa, Pooh, Nichar
6	Kullu		Kullu, Naggar-Katrain	Anni, Nirmand, Banjar
7	Lahaul & Spiti			Lahaul (Keylong), Spiti (Kaza)
8	Mandi		Mandi Sadar, Sundernagar, Balh, Gopalpur, Darang, Chauntra, Dharampur	Seraj, Karsog, Gohar
9	Shimla		Theog, Mashobra, Jubbal, Narkanda, Basantpur	Rohru, Chopal, Chhohara, Rampur, Nankhar
10	Sirmaur	1) All areas included in Kanungo circles of Majra and	Rajgarh, All Left out Areas (i.e excluding Areas indicated in Category 'A' list) of	Pacchad, Shillai, Sangrah



		Paonta Sahib including Industrial Area Paonta Sahib in Paonta Sahib Development Block 2) All areas included in Kanungo circles of Nahan including Industrial Area Kala Amb in Nahan Development Block	Paonta Sahib, and Nahan Development Blocks	
11	Solan	1) All Areas included in kanungo circles of Kasauli including Industrial Area Parwanoo in Dharampur Development Block 2) All Areas included in kanungo circles of Nalagarh and Doon, including Industrial Area/s Baddi, Barotiwala, EPIP etc. in Nalagarh Block	Kandaghat, Kunihar, Solan	
12	Una		Amb, Gagret, Dhundla, Una, Haroli	



ANNEXURE II: List of Specified Category of Service Activities

1. Information Technology / Information Technology Enabled Services, BPO
2. Warehouse
3. Marketing Yard for Fruits & Vegetables Products
4. Reefer Vehicle
5. Instant Quick Freezing and Irradiation Facilities
6. Ripening Chambers
7. Cold Chain Facility
8. Equipment / Vehicle Maintenance, Repair and Overhaul (MRO)
9. Equipment Rental and Leasing
10. Industrial R&D Labs, Industrial Testing Lab
11. Laboratories Engaged in Testing of Raw Materials, Finished Products
12. Weigh Bridge
13. Designs studio
14. Battery Charging Stations for Electric Vehicles
15. Packaging activities
16. Laundry Services
17. Desktop Publishing
18. Research and Development / Industrial Testing Facilities
19. Photographic Lab
20. EDP Institute Established by Voluntary Associations / NGO's
21. Event Management and Audio Visual Services



ANNEXURE III: Negative List of Industries

1. Tobacco and Tobacco Products including Cigarettes and Pan Masala
2. Thermal Power Plant (Coal / Oil based)
3. Coal Washeries / Dry Coal Processing
4. Tanning and Dyeing extracts, tannins and their derivatives, Dyes, Colours, Paints and Varnishes, Putty, Fillers and other Mastics, Inks
5. Foundries using Coal
6. Minerals Fuels, Mineral Oils and products of their Distillation; Bituminous Substances, Mineral Waxes
7. Cement Clinker and Asbestos Raw including Fibre.
8. Explosive (including Industrial explosives, detonators & fuses, Fireworks, Matches, Propellant Powders etc.)
9. Mineral or Chemical Fertilizers
10. Insecticides, Fungicides, Herbicides & Pesticides (basic Manufacture and Formulation)
11. Manufacture of Pulp-Wood Pulp, Mechanical or Chemical (including Dissolving Pulp)
12. Production of Firewood and Charcoal



11.7 Chief Minister's Startup/Innovation Projects/ New Industries Scheme.

Government of Himachal Pradesh
Department of Industries.

Notification

No. Ind-II(F)12-3/2015

Dated: Shimla-2, the 15-11- 2016.

The Governor of Himachal Pradesh is pleased to notify a new Scheme called "Chief Minister's Startup/Innovation Projects/New Industries Scheme" in order to turn the educated youth from job seekers to job creator and in order to give support to the 'Startup' and Innovation Projects in the State and to provide skills to the youth/potential investors to develop entrepreneurship as per Annexure-"A".

By Order

(R.D Dhiman)
Principal Secretary (Inds.) to the
Govt. of Himachal Pradesh.



Annexure-“A”

Government of Himachal Pradesh Department of Industries

Guidelines for implementation of “Chief Minister’s Startup/Innovation Projects/New Industries Scheme”

1. Introduction

In order to turn the educated youth from job seekers to job creator and in order to give support to the ‘Startup’ and ‘innovative projects’ in the state and to provide skills to the youth and potential investors to develop entrepreneurship “*Chief Minister’s Startup/Innovation Projects/New Industries Scheme*” has been formulated. The scheme envisages various incentives for startups so as to enable the entrepreneur’s success in their ventures. The scheme also makes provision of creation of incubation Centers in the host institutions in the State in order to build capacities, develop networking, establish necessary infrastructure and generate awareness. The basic objective of this scheme is creation of self-employment and employment generation, upgrading the skills of entrepreneurs and to provide them support to set up their units under professional guidance, promotion of innovation in focus areas, setting up of incubation centers, creating working space for startups and innovative projects, providing incentives, etc. This Scheme also aims at helping and hand-holding entrepreneurs to select viable projects in the potential areas in manufacturing and service sectors and train them to set up startups and subsequently manage and run their enterprises professionally.

2. Definitions& Eligibility

2.1 Startup/New Industries means any entity, Proprietor, Limited Company, registered partnership firm under Indian Partnership Act 1932, or Limited Liability Partnership, proposing to set up an enterprise in micro or small scale category in services sector relating to the focus areas defined in para 5 of the Scheme and in the manufacturing sector in the state after 31.3.2016.

2.2 Innovation Project: Innovation is the process of introducing new or making changes with updated technology, large and small radical and incremental, to products, processes, and services that result in the introduction of some new and innovative products.

2.3 Incubator: Incubator is any organization designed to accelerate the growth and success of entrepreneurial ventures i.e. startups, through an array of business support resources and services like physical space, capital, coaching and mentoring, common services and providing networking connections.



2.4 Venture Capital Fund: Investment funds that manage money from investors seeking equity stakes in startup and small and medium-size enterprises with strong growth potential. These investments are generally characterized as high-risk/high return opportunities.

2.5 Angel Investors: Investors who provide early stage seed funding to small startups for entrepreneurs. The capital they provide can be a one-time injection of seed money or ongoing support to carry the company through difficult times. Typically, the Angel Investors invest their own funds into startups. The angel investor should be registered with SEBI or banks or reputed institutions like IITs/IIMs/NITs, etc. or DST of GOHP/GOI approved incubation center.

2.6 Host Institutes: Host Institutes (HIs) are reputed technology, management and R & D institutes of the state and other institutions and organizations focused on entrepreneurial development and promotion to set up Incubators to galvanize the startup ecosystems in the State.

3. Eligibility

- 3.1 All Start-ups/ new industries/Innovation Projects as defined in Para 2.1, 2.2., 2.3 and 2.6 of the scheme would be eligible for availing applicable incentives for components covered under this scheme. The same incentives cannot be availed on the same component under State and Central Scheme.

4. Aims and Objectives

- i. Self-employment/ employment generation and income generation.
- ii. To promote new ideas/ products and processes suitable for commercialization through startups.
- iii. Set up Incubators/Incubation Centers in the state.
- iv. Handhold new enterprises and entrepreneurs.
- v. Help entrepreneurs gain knowledge, expertise and avail assistance as provided under various schemes being implemented by State/Central Govt./Other institutions.
- vi. Facilitate and promote innovation
- vii. Facilitate startups and Innovation Projects
- viii. To facilitate creation of incubation space
- ix. Facilitate adequate investment to startups
- x. Facilitate venture capital funding
- xi. Promote Human Capital
- xii. To promote Industrial development in the State.

5. Key focus areas of the Scheme for Innovation Projects

Key focus area of the Scheme will be as follows:-

- a) Technology driven Innovation in any sector
- b) Rural infrastructure and facilities, crafts, arts, water and sanitation, renewable energy, healthcare, etc.
- c) Clean tech
- d) Agriculture, Horticulture and the related areas



- e) Food Processing
- f) Retail
- g) Tourism and Hospitality
- h) Mobile, IT and ITes including hardware
- i) Biotechnology

6. Ecosystems for Innovation Projects/Start-ups

6.1 Incubators

6.1.1 The Govt. will encourage Host Institutes (HIs) like the reputed technology (IIT, NIT, etc.), management (IIM, etc.) and R & D institutes (CSIR institutes located in state), other institutions (Universities) and private universities/Engineering Colleges which are in existence for at least 5 years as on 31.3.2016 in the state to set up Incubators/Incubation Centers in the State. The Govt. may enter into MoU with established incubators to set up incubators on PPP model in the state or the Govt. may also tie up with national R & D, Management and Technology institutes to set up incubation facilities/incubators in the State.

6.1.2 The Govt. will encourage establishment of incubators in the existing institutions, such as academic/technical universities (HPU Shimla, CSK HPKV Palampur, Dr. YS Parmar University of Forestry and Horticulture Nauni, IHBT Palampur, etc.), engineering institutions (NITs-IITs), technology centers (Tool room), IIM Paonta Sahib, etc. for help and promote startups and new industries in the State. Efforts will also be made to set up incubators in the established private sector in cases where expertise is not available in the Govt. sector, specific thematic parks of industries Deptt, other recognized R & D/Technical Institutes/Centre, Development Institutes empanelled by DIPP in the key sectors defined in para 5 above on need basis may also be considered for setting up incubators.

6.1.3 The Incubators, Innovation Centers, Research Parks, Biotechnology Centers, set up by the Govt. of India under the Startup India programme will also be roped in by the Govt. of H.P/EC for this scheme.

6.2 Infrastructure

6.2.1 In order to promote and facilitate innovation projects the Govt. will facilitate development of appropriate infrastructure, such as:-

- (i) Fully furnished and ready to use plug and play infrastructure along with computers with internet connection, electricity, water, meeting and conference halls, security and other office facilities would be provided as infrastructure support from the State Govt. for the HIs to set up incubators.
- (ii) The Govt. would facilitate creation of support infrastructure for development of startup ecosystem to attract new technology entrepreneurs, such as, common testing labs, design studios, technology centers, etc., enterprise software and shared hardware, shared services like legal,



accounting, technology, patents, investment banking, other amenities required for development of startups.

- (iii) The Government would host a cloud server in the state data center that would connect all the incubation centers across the state. The server would be beneficial to all the startups at low or nominal costs.
- (iv) Will create venture funds to support the startups/innovative projects, if required.

6.3 Human Capital

6.3.1 In order to promote innovation at the school, college and university level it is envisaged as under:-

- (i) The student/student teams, who apply to the incubator for incubation support and if duly accepted by the concerned educational institutions, shall be given 5% grace marks and 20% attendance every semester.
- (ii) Final year projects of college students as part of degree completion have to be New and Innovative Projects. Incubators would create an online portal with details of all such projects so that students can post their projects online to avoid duplication.
- (iii) College and School Level Entrepreneurship Development Clubs will be established through incubators to foster innovation and entrepreneurial spirit at school and college level.
- (iv) The Universities will be advised to give credits to the students successfully completing notified online courses, Massive Open Online Courses (MOOCs) and their insertion as electives. The University in conjunction with Incubators operating in the state shall decide the number of credits and evaluation methodology for such courses. Students should be free to learn electives from first year of college as part of degree completion even though electives are available only from third or fourth year.
- (v) All educational institutions offering under-graduate courses may implement a mandatory scheme of internship/apprenticeship in the last year of the course in association with the industry. This may be waived off for students who are setting up their own startups in incubators.

6.4 Handholding and Support

6.4.1 The Scheme envisages practical exposure, orientation training, entrepreneurial guidance and handholding, etc. to potential entrepreneurs. The State Government shall provide financial support to HIs institutions so that they are able to provide requisite handholding and support to the new entrepreneurs/startups.

6.5 Self-Certification



6.5.1 All the new enterprises in the State will be required to submit only self-certified documents online or manually. All the concerned Deptt. will issue provisional registration within 15 days from submission of the documents. Self-certification will reduce the regulatory burden on startups. Startups shall be allowed to self-certify compliance with labour laws and environment laws and any other statutory/mandatory laws.

6.5.2 No inspections by the officers of the Labour Deptt., H.P. Pollution Control Board, Drug Deptt., Food & Civil Supply Deptt. will be done for 3 years without permission of Head of the Department. Startups may be inspected only on receipt of complaint of violation, filed in writing and approved by at least one Senior level Officer to the inspecting Officer. The format developed by the Ministry of Labour & Employment, GOI for self-declaration are to be used by the start-ups during the first year under the following labour laws:-

- (i) Industrial Disputes Act, 1947
- (ii) The Trade Unions Act, 1926
- (iii) The Building and other Construction Workers (Regulation and Employment and Conditions of Service) Act 1996
- (iv) The Industrial Employment (Standing Orders) Act, 1946
- (v) The Inter-State Migrant Workmen (Regulation and employment and conditions of service) Act, 1979
- (vi) The Payment of Gratuity Act, 1972
- (vii) The Contract Labour (Regulation and Abolition) Act, 1970
- (viii) The Employees Provident Funds and Miscellaneous Provisions Act, 1952
- (ix) The Employees State Insurance Act, 1948.

6.5.3 For the first year of setting up of the Start-ups such establishments may not be inspected under any of the 4 Labour laws mentioned above (BoCW Act, ISMW Act, Payment of Gratuity Act and Contract Labour Act). These start-ups may be asked to submit an online self-declaration instead.

6.5.4 Start-ups may be allowed to submit self-certified returns (as is being done under *Shram Suvidha* Portal under these Acts for the Central sphere) under aforesaid Acts. From the second year onwards, up to three year from the setting up of the unit such start-ups may be taken up for inspection only when very credible and verifiable complaint of violation is filed in writing and the approval has been obtained from at least one level senior to the inspecting officer.

6.5.5 Approved formats shall be used by the Start-up during the first year for making self-declaration under these laws.

6.5.6 Start-ups falling in Green & Orange Category Industries to be established in notified Industrial Areas which do not require environment clearance shall be granted consent to establish on self-certification without any prior inspection.



6.6 Startup/New Industries Support Center

6.6.1 The HP Centre for Entrepreneurship Development (HPCED) would act as a support center for the startups in the State. In addition, it will document and propagate the success stories and also associate successful entrepreneurs in potential sectors. The Centre would also rope in/enlist pool of institutions such as IITs, IIMs, Technology Centre and other institutes dealing with industrial development, etc. to train, orient, and handhold the new entrepreneurs. The Center would work out costs for such activities in consultation with the concerned institutions and seek approval thereof from the Empowered Committee (EC). The HPCED would also draw a list of officers of the Industries Departments comprising of Joint/Deputy Directors, General Managers, Managers, Industrial Promotion Officer, EOs, etc. who will act as Facilitators/Counselors. HPCED may also hire professional Counselors with qualification such as MBA, CAs or Law graduates or those holding B. Tech degree in Engineering through outsourcing basis with the approval of Empowered Committee. Their role will be to interact with the entrepreneurs, handhold them, identify their capacity building needs and liaise with institutions which can cater to their capacity building needs and thereafter work with the concerned institution to prepare training modules for their occupational/entrepreneurial/managerial skills, as the case may be, by the concerned institution. The other functions of the support center would be as under:-

- (i) The center would prepare a directory of budding entrepreneurs and promising enterprises which have been set up under the PMEGP or funded through various Govt. schemes, Banks, etc. and share their success stories with new entrepreneurs.
- (ii) Providing hand-holding support to potential entrepreneurs and startups to collaborate with the center and State Govt., Bank, Consultants etc. wherever required.
- (iii) To assist startups through their life cycle with focus on providing training, preparation of feasibility report, obtaining finance, business structuring, purchase of raw material and marketing support.
- (iv) Organizing Mentorship programs in collaboration with Govt. Organizations, Incubation Centers, Educational Institutions and Private Organizations.
- (v) To recommend cases to incubators as per the areas of interest shown by the potential entrepreneur.

6.6.2 The HPCED may hire/empanel individual Consultants/ agencies with the prior approval of the Empowered Committee to hold seminars and workshops in the IIT, IIM, Technology Centre, Universities and other technical institutions in the state to publicize the scheme and identify suitable beneficiaries or potential entrepreneurs. The cost norms for such workshops shall be performance based, parameters of which will be got approved by the HPCED from the EC.



6.6.3 HPCED would be the friend, Mentor and guide to hold the hands of potential entrepreneurs and walk with them throughout their Journey. The support center can also rope in industrial organizational partners/institutions such as CII, PHDCCI, ASSOCHAM, FICCI, MSME institutions, etc. to expose; orient and support the startups and new industries/entrepreneurs to take up commercial production.

6.6.4 A programme would be chalked out by HPCED to send selected startups, college and school students, faculty etc., with the approval of EC to leading startup destinations in the country and abroad for getting exposure as well as an opportunity to meet and converse with industry leaders, thinkers and innovators. Provision shall be made to ensure 1/3rd representation of women entrepreneurs, Students and teachers etc.

6.6.5 The HPCED would be provided need based grant starting with Rs. 1.00 crore per annum to perform the role assigned to it under the Scheme, to reimburse the cost of the institutions, and to meet out expenses towards trainings, exposure visits, handholding, etc.

7. Incentives

7.1 Support to Innovation Projects

7.1.1 The incentives under this scheme to the Innovation Projects will be as under:-

- a) Rs. 25,000/- per month will be provided to the innovation projects as sustenance allowance for one year whose project is recommended by the Host Institution and approved by the Empowered Committee.
- b) Incubation center will provide support to the startups and innovation projects by providing mentoring services, access to their labs, facilities, etc. on a free-of-cost (FOC) basis.
- c) Marketing/commercialization assistance of maximum of Rs. 10 lakh will be provided to the innovation project to launch its products/services in the market. The assistance will be provided in the following manner:-
 - (i) It can be given to an innovation project where he has secured funding maximum 25% from a known and registered angel/venture funds/reputed incubator. The amount could be disbursed as purely/partly grants or soft loan/equity on a case-to-case basis as has been given by registered angel/venture funds/reputed incubator.
Or
 - (ii) It can be given as matching assistance to reputed incubators established by the HIs to fund innovation project as part of accelerator programme as purely/partly grants or soft loan/equity on a case-to-case basis.
- d) Patent Filing Cost: The cost of filing and processing of patent application will be reimbursed to the incubated startup companies subject to a limit of



Rs. 2 lakh (0.2 million) per Indian patent awarded or actual cost incurred, whichever is less. For awarded foreign patents on a single subject matter, up to Rs. 10 lakh (1 Million) or actual cost incurred, whichever is less would be reimbursed. The reimbursement will be done in 2 stages, i.e., 75% after the patent is filed and the balance 25% after the patent is granted. This incentive shall be routed through the incubator concerned.

7.2 Incubators

7.2.1 The incentives under this scheme which may be provided to the Incubators may include any or all of the following incentives as per their eligibility:-

- (i) Financial assistance will be provided for three years to the selected institutions for setting up the incubator and other activities. The maximum financial assistance will be provided @ Rs. 30 lakh per incubator per year upto a period of three years. In addition the related incubators will be entitled for a grant of maximum Rs.10.00 lakh for meeting the recurring expenditure actually incurred as per table mentioned below. The subsequent grant will be based on performance of the incubator. Each incubator will be assisted as follows:-

a) Grants for supporting operational expenses in the incubator e.g. Salaries of Regional Coordinators, mentoring programs, networking meetings, conducting Hackathons, etc.	Break up Financial Limit
	2 Lakh
b) Annual Financial support for projects for Training and Capacity Building for Faculty and students.	2 Lakh
c) Exposure to Support and Network Programs conducted by the departments concerned.	1 lakh
d) Opportunity to visit National/ International startup destinations.	2 Lakh
e) Internship Stipends.	2Lakh
f) Miscellaneous other expenses & Administrative +charges.	1Lakh
Total	10.0 lakh

- (ii) In case of Govt. owned building is leased to an incubator, no lease rent or O & M charges will be levied for a period of five years or until the incubator is self-sustainable, whichever is earlier. In case where private premises are taken on lease/rent basis, a rental reimbursement @ Rs. 5 per sq.ft. per month or 25% of the actual rent paid, whichever is less, shall be reimbursed for a period of 3 years. This shall be limited to the incubation space only.

- (iii) In case of incubator set up in private sector, an investment subsidy of 20% of the value of capital expenditure, other than land building, shall be provided to



incubation projects that enter into an MoU with the state within 2 years of the notification of this scheme/policy. This subsidy shall be limited to a maximum of Rs. 50.0 lakh.

(iv) Incubators and Host Institutes shall be eligible for 50% reimbursement of the Stamp Duty and Registration Fee paid on sale/lease.

(v) The private party interested to set up incubator in the state shall be eligible for allotment of plot in industrial area for setting up the incubation facility as per the prevailing policy.

(vi) The interested institution will submit its proposal to the Director of Industries in a prescribed format who will further put it before the Executive Committee of the Scheme for consideration and approval.

(vii) Host Institute setting up incubator will be competent to utilize the services of NRIs/Foreign Tourist visiting India having domain knowledge in the relevant field to mentor the incubates/startups.

7.3 Incentives to New Industries/Startups/Innovation Projects

7.3.1 The scheme of incentives for startups/new industries/Innovation Projects shall be as under and shall be governed by the Incentive Rules, 2004 and as modified from time to time and incentives admissible under the State/Govt. of India sponsored schemes.

7.3.2 Start-ups/new industries/Innovation Projects will be eligible for grant on the cost of preparation of feasibility study/project report @ 75% of the cost subject to maximum of Rs. 1,00,000/- in each case. Subsidy will be routed through the Support Centre.

7.3.3 **Availability of Land:** Department of Industries/Sectors will provide land to start-ups/new industries/Innovation Projects in micro and small scale Industries/Sectors in Industrial Areas of Category B and C Areas at concessional rate @ 50% of the rates fixed by Department of Industries from time to time.

7.3.4 **Concession in Stamp Duty:** All new Start-up/new industries/Innovation Projects Units to be setup in Himachal Pradesh will be charged stamp duty @ 3% only on conveyance deed and lease deed from the date of notification by Revenue Department.

7.3.5 VAT Concessions:

- (i) New startups/new industries/Innovation Projects engaged in processing of primary agriculture/horticulture or herbal produce



(other than flour mills/rice sheller) will be exempted from payment of VAT/CST for a period of 3 years or till they reach a turnover of Rs. 2.0 crore per year whichever is earlier.

- (ii) All new industrial unit(s) set up after the date of this notification in the Category "C" areas of the State as defined in Incentive Rules of Department of industries, as notified from time to time, shall be exempted as follows from payment of State taxes (excluding levies in the shape of cess, fees, royalties etc.) for a period of 7 years from the date of commencement of commercial production or the date of notification by the concerned Department(s), whichever is later. The total amount to be so exempted shall be limited to 80% and 60% of the total fixed capital investment i.e. investment made in building, plant & machinery in tribal areas and backward panchayats respectively as per the table & conditions listed below:-

Eligible Area	Limit of exemption	Period of exemption
Tribal area	1) 80 % of the total FCI	7 years
	2) (Total of all taxes)	
Backward Panchayat	1) 60% of the total FCI	7 years
	2) (Total of all taxes)	

- (iii) These incentives shall be recast after coming into force of GST.
 (iv) However, these incentives will be subject to the unit satisfying conditions of eligibility as specified in incentive rules 2004 as amended upto 12/03/15 of the Industries Department.

7.3.6 Concession in Fee for obtaining consent from H.P. Pollution Control Board:

Fees for obtaining consent to establish and consent to renew would be reduced by 25% for green industry and by 10% for orange Industry after issue of notification by the concerned Department.

7.3.7 Interest subvention: The new startups in Micro sector with an investment upto Rs 25 Lakh employing at least 5 persons and proposing to take loan from Scheduled Nationalized Banks or State cooperative banks will be provided interest subvention @5% up to a loan of Rs 25lakh for three years.

7.3.8 Purchase Preference by Govt. of H.P./ Public Sector undertaking: The products of Small Scale Industry including 'Village Industry' as defined under the Incentives Rules, 2004 as amended from time to time and located within Himachal Pradesh is being given purchase preference in respect of purchases affected by the Government Departments, Boards and State owned or controlled Corporations. Purchase orders to such firms may be placed at the lowest approved rates at least to the extent of 30% of the total procurement provided the quoted price of such local units are within the range of 15% of the L-1 rates.



Provided further Start Ups in micro and small scale categories in the manufacturing sector will also be entitled for such purchase preference by Govt. of HP/PSUs. Such Start Ups may also be exempted from the prior experience/turnover requirements provided they meet the requisite quality standards as laid down in the tender.

7.3.9 Apart from the incentives listed under this Scheme, startups/innovative projects would also be entitled for various other incentives under the Incentive Rules, 2004 (as amended from time to time).

8. Mandatory Outsourcing

8.1 Start-ups/innovative face two significant challenges after having decided their product. The first challenge is financial support which, the incentives provided for in the policy will take care of. The second challenge is in getting the business and market visibility due to competition from larger players, who have access to resource, and due to lack of a credible contract record. To support startups in the IT / ITeS and electronics domain in getting early business opportunities, a provision for mandatory outsourcing or giving part job work to the startups by the solution provider or the system integrator will be made. Accordingly, the startups will be entitled to early business support as per the following mechanism:

In e-Governance project undertaken by Government Departments or its Boards, Corporations or other bodies getting grants from the Government, the chosen solution provider or system integrator will pass on job work or will outsource part of the work of a value ranging between 5 to 10 per cent of the contract value to eligible startups and to students of shortlisted Technical Colleges in Himachal Pradesh. In such arrangements, the responsibility of meeting SLAs (Service Level Agreements) will continue to belong to the solution provider or the system integrator. The Government departments or its Boards, Corporations, other bodies getting funding support from Government of Himachal Pradesh, shall, while drafting tenders/RFPs/RFQs/EOI incorporate a clause to meet above obligations.

9. Incubation fund

9.1 An incubation fund may be created with initial corpus of Rs. 5.0 crore. This fund shall also be utilized to meet out the liability of state share for the Govt. of India Startup Scheme. The State Government/EC will have the power to review the performance of each incubator and dis-empanel those whose performance is not found up to the mark.

10. Roles & Responsibilities of Incubators

10.1 The roles and responsibilities of the Incubators availing support from the Government are:-



- (i) The incubator shall nurture new ideas/ New Industries to support them in their entire life cycle till the same is turned into a commercial enterprise. The incubator shall also establish tie up with appropriate industries so that new ideas/ New Industries get nurtured in an appropriate environment.
- (ii) The incubator shall act as a hub with other academic institutes in the district acting as spokes driving the innovation ecosystem in the geography. They shall be mandated to incubate projects through competitive selection process among students, alumni as well as local entrepreneurs. Students of such institutions will also be encouraged to intern with startup incubators recognized by the state government to do their mini-projects or summer/ winter projects or internships that are done during vacations. The incubators may be mandated to run selection programs throughout the state to ensure that students have access from any college in Himachal Pradesh. Such projects can then also be converted to final year Projects where the academic institutes/University and college must involve an external project guide/ mentor as identified by such incubators.
- (iii) Establishing Support Eco-Systems, Capital Asset Management and Resources as required for the Incubator.
- (iv) Private Partner in a PPP incubator will be responsible for creating a self-sustaining business model needed for the execution of the Incubator after the support period given to incubated startups which is maximum of 3 years in case of service startups and 5 years in case of product startups from the date of their entry into the incubator.
- (v) Liaise with Angel and Venture Capital investors to provide funding assistance to the incubated startups.
- (vi) Shortfalls if any in revenue generation will be met by Private Partner, post the support period.
- (vii) Private Partner will be responsible to find, nurture and support Incubatee companies with a flexible framework based on the changing incubatee requirements in the Sector.
- (viii) Ensure pro-active participation of other Private Sector companies for the Incubator in terms of raising funds for incubator and angel investment for startups.

11. Corporate Social Responsibility of PSU's

11.1 In order to strengthen the startup ecosystem in the state, CSR Funds of State PSU's will be utilized to create corpus funds at incubators in compliance with the New Companies Act 2013.

12. Administering of Benefits

12.1 All admissible benefits shall be administered by Directorate of Industries through identified incubators as implementation partners or otherwise in order to speed up the process without compromising on due diligence in disbursal of fiscal incentives.



13. Common Application Center

13.1 New entrepreneurs often suffer from lack of information and uncertainty regarding the exact regulatory requirements and incentives available to setup their businesses. In order to address this issue, a checklist of required Registrations, Licenses, clearances along with provision of online registration and making application for various incentives shall be developed and made available at one place in the web portal of industries department. In addition Department of Industries will create Single Window online portal for registration and providing incentives to the startups or innovative projects registered under scheme.

14. Annual Entrepreneurship Awards

14.1 The State Government will also institute an Annual Entrepreneurship Awards in the State. All start-up/New Industry/Innovation Projects set up in State will be mapped by the Support Centre every year and success stories highlighted. Three successful entrepreneurs will be awarded each year with a citation case award of Rs. 1,00,000/-, Rs. 75,000/- and Rs. 50,000/- respectively and a publication on the success stories will be released every year.

15. Monitoring and Evaluation

15.1 The scheme shall be reviewed, monitored and driven by an empowered committee consisting of the following:-

Principal Secretary (Industry)	-	Chairman
Pr. Secretary (IT)	-	Member
Pr. Secretary (Technical Education)	-	Member
Excise and Taxation Commissioner	-	Member
Labour Commissioner	-	Member
Special/Additional/Joint Secretary(Finance)	-	Member
Special/Additional/Joint Secretary (Industries)	-	Member
Member Secretary HP PCB	-	Member
Director of Industries	-	Member Secretary

15.2 The Executive committee will meet at least once in a year and also as and when required and consider and approve proposals placed before it for grant of GIA/Incentives to the Incubators, etc. and also perform other roles assigned to it under the scheme. The committee through HPCED will maintain a database of the entrepreneurs/enterprises assisted and also document their success/failure stories for future learning. The Committee through field officers of the Industries Department will oversee the setting up and working of Incubators set up in the state.

16. Review of the Scheme

16.1 The scheme will be reviewed on annual basis.



Application form for approval of Host Institute to set up Incubator/Incubation Center

Sr. No.	Detail	Applicant Details
1	2	3
1.0	Name of Host Institute	
1.1	Address of Host Institute with Phone No. and e-mail –ID.	
1.2	Constitution of Institute	
1.3	Field of activity of Host Institute	
1.4	Promoter's Name: Contact No.: Email-ID :	
1.5	Name of contact person who is going to handle incubation activity/Centre Contact No.: Email-ID:	
2.0	Has the Host Institute CSIR approved lab? If so, please give approval No. & Date.	
3.0	Detailed Profile of Host Institution	
4.0	Detail of Startup/Innovative Projects Carried out during last three years.	
5.0	Describe briefly about facilities currently available in the Institute	
	(a) Separate seating arrangement for 20 persons	
	(b) Area of 2500 square feet	
	(c) Incubation centre available 16 hours per day including post office-hours	
	(d) Meeting room, Seminar/AV Conference hall, computers, internet Network	
	(e) Concerned Subject experts	
	(f) Two full time managers for Incubation centre.	

*Resumes of all Promoters/Directors/Co-Working Partners are compulsory to attach with the application.

*Only Non-Profit Organization will be eligible as a Nodal Institute under this scheme.



Application Form for Innovators/Startup for availing Assistance under Host Institutions for the Start Ups/ Innovation scheme

Sr. No.	Detail	Applicant Details
1	2	3
For Innovators		
1.0	Innovator(Applicant's) Name	1. 2. 3.
1.0(I)	Date of Birth:	
1.0(II)	Gender:	Male <input type="checkbox"/> Female <input type="checkbox"/>
1.1(III)	Profession:	Student <input type="checkbox"/> Business Person <input type="checkbox"/> Professional <input type="checkbox"/> Salaries <input type="checkbox"/> Homemaker <input type="checkbox"/>
1.1(I)	Innovator Company Name (If already formed)	
1.1(II)	Name of the Host Institution (under which Innovator is Working/plan to work)	
1.2	Project Formation:	Individual <input type="checkbox"/> Group <input type="checkbox"/>
1.3	Address of Main Person if in case of Group)	
1.4	Contact No.:	1. 2. 3.
1.5	Email ID"	1. 2. 3.
1.6	If the Innovation Project is of: Product: Process: Servicing:	
1.7	Field/Sector of the innovation project:	
1.8	Give Brief Details/Description of Start Ups/ Innovation Project/State key innovation Features:	
9	Has the project been started or yet to start? If started, mention innovation Project Started Date and Expected Duration:	1. Project yet to start 2. Project started on & Expected duration
1.10	Projected cost for start up/Innovation Project.	
1.11	Amount incurred in the Project till date:	
1.12	Expenditure required to be incurred:	



	(I) For product realization (II) Marketing/Sales	
I.13	What kind of facilities do you need/expects From the Host Institute?	1.Library 2.Mentoring Services 3.Prototype Development 4.Facilities; Space; Internet; Laboratory etc. 5.Any other Services required(specify):
I.14	What was the inspiration behind this idea?	
I.15	Why do you think that your idea/project/ Technology is innovative? Uniqueness about Your idea.	

Remarks: If Innovators have any **PROTOTYPE/BUSINESS MODEL** of the Unit/Product/Sample of their Innovative Idea they may present it in front of the Screening Committee of the Nodal Institute.



Recommendations of Screening Committee for Innovator's to availing Assistance under Host Institutions for the Start Ups/Innovation Scheme.

(Purpose of using this form is restricted only to the Members of the Screening Committee)

<u>Recommendations of Screening Committee:</u>				
1.0	Student background:			
1.0(I)	Qualification of the Candidate			
1.0(II)	<u>Experience:</u>			
1.0(III)	Capability to fulfill the project:			
1.0(IV)	Any other background:			
1.1	Viability of the Project:	Technical Viability Viability:	Economical	
1.2	Estimated duration of the Project phase of the venture:			
1.3	Market Potential			
1.4	Assistance to be provided: (like mentoring service, Prototype development, raw, material, other equipment usage, etc.)	1. 2. 3. 4. 5.		
1.5	Names of the members of Screening Committee	<u>Names</u> 1. 2. 3. 4. 5. 6.	<u>Field</u>	<u>Sign</u>



1.6	Recommendations of Screening Committee: (I) Product/Service usefulness (II) Uniqueness (III) Technology innovation (IV) Job-creation potential (V) Market potential/scalability of the project (VI) Impact on society/customer (VII) Current project status (VIII) Any other Specify:		
1.7	Assistance Required on the basis of the recommendations of the committee:	Sustenance Allowance:	
		Mentoring Services:	
		Prototype development, raw material, etc.:	
		Total of assistance Required	

Remarks: If Innovators have any PROTOTYPE/BUSINESS MODEL of the Unit/Product/Sample of their Innovative Idea they may present it in front of the Screening Committee of the Nodal Institute.

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road,
Behind Iskcon Temple,
Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

Bengaluru

12th & 13th floor
"UB City", Canberra Block
No.24 Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing
Divyasree Chambers
11, O'Shaughnessy Road
Langford Gardens
Bengaluru - 560 025
Tel: + 91 80 6727 5000

Chandigarh

Elante offices, Unit No. B-613 & 614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

Tidel Park, 6th & 7th Floor
A Block, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Ground Floor
67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana
Tel: +91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jamshedpur

1st Floor, Fairdeal Complex
Holding No. 7, SB Shop Area
Bistupur, Jamshedpur - 831 001
East Singhbhum Jharkhand
Tel: + 91 657 663 1000

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

Pune

C-401, 4th floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

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