
STRATEGIC INVESTMENT PLAN: BIHAR

RAISING AND ACCELERATING MSME PERFORMANCE

SEPTEMBER, 2023

Submitted To:

MINISTRY OF MSME
NIRMAN BHAWAN, RAJPATH
AREA, CENTRAL SECRETARIAT,
110001, NEW DELHI

Submitted By:

DEPARTMENT OF INDUSTRIES,
2ND FLOOR,
NEW SECRETARIAT,
PATNA-800015, BIHAR

Table of Contents

	Content Table	Page No
	List of Abbreviations and Acronyms	i
	List of Tables	iv
	List of Figures	vi
	Executive Summary	vii
	CHAPTER - 1: An Overview of Bihar	1 - 11
	CHAPTER – 2: Bihar in Context of MSMEs & Entrepreneurship	12 - 52
2	Overview of the MSME sector in the Bihar state	12
2.1	Status of MSMEs growth in the state	14
2.2	Status of women headed MSMEs in the state	15
2.3	Size Distribution of enterprises – categorization of MSMEs based on total workers	15
2.4	Output/value added and share of MSMEs/ Industries in State and National level	15
2.5	Employment in MSME sector; growth over time	16
2.6	Productivity statistics on MSMEs in the State	18
2.7	Exports and GVC linkages	22
2.8	Linkages of MSME vendors to PSEs, and major anchor buyers	24
2.9	MSME clusters and the Aspirational districts	25
2.10	Formal financial institutions and Access to credit for MSMEs	25
2.11	Factors determine production of MSMEs	32
2.12	Entrepreneurship	37
2.13	R & D, and Testing facility	38
2.14	Objectives of SIP	50
	.	
	CHAPTER – 3: Material and Method for assessing the challenges/Key constraints in Bihar	53-79
3.1	Methodology adopted	53
3.2	Data compilation and analysis	61
3.3	Main challenges/Key constraints to MSME growth	67
3.3.1	Business environment	67
3.3.2	Infrastructure: Identify key infrastructure gaps	68
3.3.3	Credit	68
3.3.4	Delayed Payments to MSME	70
3.3.5	Target Markets and product standards	71
3.3.6	Technology	72

3.3.7	Linkages of MSMEs with R&D labs and centres, academia and factors that constrain technology transfer and access	72
3.3.8	Strengthening of Firm capabilities and adoption of Resource Efficient and Cleaner Production (RECP) practices by MSME	73
3.3.9	Gender gaps	73
3.3.10	Skills	75
3.3.11	Environmental, labour management and occupational health and safety standards compliance	76
	CHAPTER – 4: Key gaps in MSME support, policy development and delivery	80 - 89
4.1	Mapping of the Institutions and Agencies in the State for MSME development	80
4.2	Coordination mechanism	82
4.3	Monitoring and Evaluation (M&E) system	83
4.4	Portals	85
4.5	Existing interventions in State	87
	CHAPTER – 5: Interventions in State under the SIP	90 - 311
5 A	RAMP Programme – converging MoMSME and State interventions - to address gaps identified	90 - 93
5.1	Competitiveness support	90
5.2	Dispute resolution for delayed payments	90
5.3	Increased digitalization of MSMEs, including use of TReDS portal	90
5.4	Partnership with Financial Institutions (FIs) including on-boarding with TReDs	91
5.5	Strengthening markets for service provision to MSMEs in the State	92
5.6	Identification of potential Cluster level technical interventions	93
5.7	Support to Women-headed MSMEs	93
5 B	Details of interventions and financing being converged under State interventions and allied GoI interventions, planned deployment of these interventions	94 - 101
5.8	Infrastructure	94
5.9	Finance	95
5.10	Skills development	98
5.11	Science and technology and competitiveness	99
5.12	Branding and Communication Strategy	100
5.13	Textiles, Agriculture and Energy Efficiency	101
5 C	Detailed Project Proposals	105 - 311
	Project proposal -1: Capacity Building of MSME and Different Stakeholders in Bihar	105 - 139
	Project proposal -2: Empowering women, Differently abled and Transgender led MSMEs and Entrepreneurs in Bihar	140 - 178
	Project proposal -3: Implementation of Centralized Integrated Management	179 - 196

	System (CIMS)	
	Project proposal -4: Establishment of MSME Kendra – One Stop Centre for Facilitating MSMEs	197 - 221
	Project proposal -5: Providing Credit Financing support to MSMEs in Bihar – Performance & Credit Rating and Credit Guarantee	222 - 265
	Project proposal -6: Enhancing MSMEs through Export Promotion and other business support with special focus on Geographical Identification (GI) products of Bihar	266 - 285
	Project proposal -7: Strengthening Textile industry through development of Banana Fiber and Water Hyacinth	286 - 311
	Project proposal -8: Enabling MSMEs Growth by harnessing the Potential of Digital Marketing	312 - 329
	CHAPTER – 6: Partnership and Outreach Strategy	330 - 350
6.1	Communication and strategy to enhance number of MSMEs supported through competitiveness programmes and the indicative interventions	330
6.2	Preparation of Terms of Reference (ToR) and Hiring of firm to map stakeholders and develop and implement communication, partnerships and outreach strategy	331
6.3	Outreach and partnership development to Industry Associations, anchor firms and Financial Institutions	334
6.4	Focused outreach strategy to expand the coverage of women-headed MSMEs	339
6.5	Outreach on specific sectors/geographical clusters as required	341
6.6	Partnerships with other Government Departments, Institutions for identification and mobilization of MSMEs	344
6.7	Preparation of awareness and outreach strategy to increase referrals to ODR in partnership with MSEFCs	347
	CHAPTER - 7: Strengthening Capacity for Development and Delivery of MSME Support Programme in the State	351 - 363
7.1	Strengthening State Portals and Integration with National portal	351
7.2	Strengthening M&E Framework for MSME Support	352
7.3	Environmental and Social Management for MSME support	338
7.4	Strengthening Coordination on MSME agenda in the State	359
7.5	Capacity Building of Key players to deliver on the MSME agenda, including coordination mechanisms	360
	Summary of Results Targeted	364
	Summary of Critical Actions to be supported Under SIP (Year 1-Year 4 of implementation period of SIP)	365
	Annexure	
i	State level Committee Approval	

ii	Minutes of Meeting (MoM) of Stakeholder of Export Counsel	
iii	Guidelines of MSEFC	
iv	Memorandum of Association (MoA) of Udyog Mitra	
v	Documents of Schemes/ Policy: Bihar Start up Policy, Industrial Investment Policy, BIADA Land Allotment Policy, Textile & Leather Policy, PMFME, PMEGP, MMUY, Single Window Clearance Policy, CM-MSICD	
vi	Current Status of MSEFC in Bihar	
vii	MoU of TReDS	
viii	MoU of CGTMSE	
ix	State Citizen Charter - Bihar	
	Break up of Budgets for the Project Proposals	
	SIP BUDGET SUMMARY	

Abbreviations and Acronyms

AI	Artificial Intelligence
API	Application Program Interface
BCGS	Bihar Credit Guarantee Scheme
BEPC	Bihar Export Promotion Council
BIA	Bihar Industry Associations
BIADA	Bihar Industrial Area Development Authority
BIPARD	Bihar Institute of Public Administration and Rural Development
BRAP	Business Reform Action Plan
BRIDCUL	Bihar Rural Industries Development Council
BSDM	Bihar Skill Development Mission
BSFC	Bihar State Financial Corporation
CAGR	Compound Annual Growth Rate
CARE	Credit Analysis & Research Limited
CCC	China Compulsory Certificate
CE	Conformite European
CFC	Common Facility Centre
CGS	Credit Guarantee Fund Scheme for Micro and Small Enterprises
CGS-PMS	Credit Guarantee Scheme for PM Svanidhi
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CRISIL	Credit Rating Information Services of India Limited
CWC	Central Warehousing Corporation
DIC	District Industries Centers
DLCC	District Level Consultative Meeting
DOI	Department of Industries
DPO	District Planning Office
EDP	Entrepreneurship Development Programs
EDP	Entrepreneurship Development Programs
EOI	Expression of Interest
ESG	Environmental, social, and governance
FDI	Foreign direct investment
FPO	Farmer Producer Organisation
GI	Geographical Indication
GIS	Geographic Information System
GSDP	Gross State Domestic Product
HRMIS	Human Resource Management information System
HTML	Hypertext Markup Language
IBA	Indians Bank's Association
ICDs	Inland Container Depots

ICT	Information and Communication Technologies
ICT	Information and Communication Technology
IED	Indian Enterprises Development Service
IED	Institutes of Entrepreneurship Development
IEDs	Institute of Entrepreneurship Development
IIHT	Indian Institute of Handloom Technology
IIS	Internet Information Services
ILT	Instructor
IMAP	Internet Message Access Protocol
IOT	Internet of Things
IT	Information Technology
it is	Industrial Training Institutes
IT/ITeS	Information Technology and Information Technology enabled services
KPI	Key Performance Indicators
KPIs	Key Performance Indicators
LDM	Lead District Manager
LFA	Logical Framework Analysis
M&E	Monitoring and Evaluation
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MLI	Member Lending Institutions
MSEFC	Micro and Small Enterprises Facilitation Council
MSME	Micro, Small, and Medium Enterprises
MSME	Micro, Small, and Medium Enterprises
MSME-DFO	Micro, Small & Medium Enterprises Development & Facilitation Office
NABARD	National Bank for agriculture and Rural Development
NBFC	Nonbanking Financial Company
NCGTC	National Credit Guarantee Trustee Company Limited
NSIC	National Small Industries Corporation
OJT	On the Job Training
OLAP	Online Analytical Processing
ONICRA	Onicra Credit Rating Agency of India Ltd.
PAN	Permanent Account Number
PC	Producer Company
PG	Producer's Group
PMU	Project Management Unit
RAMP	Raising and Accelerating MSMEs Performance
RBI	Reserve Bank of India
RFP	Request for Proposal
SCB	Scheduled Commercial Banks
SDG	Sustainable Development Goal

SEZs	Special Economic Zones
SFB	Small Finance Bank
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SLBC	State Level Bankers' Committee
SMA	Special Mention Accounts
SME	Small and medium enterprises
SMERA	Small and Medium Enterprises Rating Agency of India Ltd.
SMTP	Simple Mail Transfer Protocol
SQL	Structured Query Language
SSI	Small Scale Industries
SWC S	State Warehousing Corporation
SWCS	Single window clearance system
ToT	Training of trainers
TReDS	Trade Receivables Discounting System
UAT	User Acceptance Test
UI/UX	User Interface/User Experience
WSC	Weavers Service centre
ZED	Zero Defect Zero Effect

List of Tables

Table No	Table Name
1.1	An Overview of Bihar
1.2	Summary of Agro-climatic zones
2.1	Status of Factories in Bihar over a decade (2011 - 2020)
2.2	Details of MSMEs registered on Udyam portal from 2020-21 to 2023-24
2.3	Scheme wise MSME details in the Bihar state
2.4	Size distribution of MSMEs in on basis of employments
2.5	Variation in production of dairy products from FY 2018 onwards in Bihar
2.6	Summary detail of export from Bihar and its share in national export from FY 2018-19 onwards
2.7	Summary of banks along with the allocated districts in Bihar
2.8	List of commercial banks with number of functioning branches in Bihar
2.9	Access to finance for the MSME in Bihar
2.10	Details of acquired land and shed allocation status across the clusters by BIADA (till September 2022)
2.11	Summary of approved number of entrepreneurs in Bihar under different schemes
2.12	Performance /overview of MSME Nic code sector Wise
2.13	Overview of District wise Geographic Clusters, MSMEs and the main sectors in Bihar
3.1	Districts wise MSME survey details
3.2	Summary of employment generation across the surveyed MSMEs
3.3	Summary of Loan credit value to the surveyed MSMEs
5.1.1	Number of MSME
5.1.2	Detail of Strategies for engagement of the stakeholders
5.1.3	Log frame analysis/Result Matrix
5.1.4	Risk and Mitigation Strategy
5.1.5	Gantt chart /Timeline Proposal 1
5.2.1	Classification of women-led MSMEs in Bihar
5.2.2	Scheme wise enrolment of women and transgender data
5.2.3	Mapping of Stakeholder
5.2.4	Log frame analysis/Result Matrix
5.2.5	Risk and Mitigation Strategy
5.2.6	Gantt Chart/Timeline
5.3.1	Gantt Chart/Timeline
5.4.1	Comparative distribution of top ten states of India in number of MSMEs
5.4.2	List of schemes for which MSME Kendra will be the facilitation centres at local level
5.4.3	Key objectives of the project
5.4.4	List of key activities for the project

5.4.5	List of resources required for the project
5.4.6	Details of activities, implementation & fund for establishment of MSME Kendra
5.4.7	Timeline of the project
5.5.1	Comparative distribution of top ten states
5.5.2	State wise distribution of estimated number of MSMEs/ Enterprises (No. in lakh)
5.5.3	Credit Flow to the MSME Sector by Banks
5.5.4	Financial year wise CGTMSE - Guarantee coverage for the State of Bihar
5.5.5	Bihar data on credit outstanding to the MSE sector by Scheduled Commercial Banks & CGTMSE coverage in Bihar
5.5.6	Number of MSMEs to be covered under CGTMSE in Bihar
5.5.7	Proposed Corpus building plan
5.5.8	Proposed risks and mitigation strategies
5.6.1	Warehousing Capacity in Bihar (MT)
5.6.2	Zone wise mapping of cold storage capacity in Bihar
5.6.3	Result Matrix of proposed intervention
5.6.4	Gantt Chart/Timeline
5.7.1	Existing Cluster of Textile in Bihar and its products
5.7.2	Existing Cluster of footwear in Bihar and its products
5.7.3	Existing cluster Food Processing
5.7.4	Innovative cluster mainly in the field of Banana Fibre and Water Hyacinth
5.7.5	Approach of Marketing
5.7.6	Risk and Mitigations
5.7.7	Log Frame analysis/ Result Matrix
5.7.8	Gantt Chart/Timeline
5.7.9	Monitoring and Evaluation strategies

List of Figures

Figure No	Figure Name
1.1	District Map of Bihar
2.1	Output Value and Net Value Added over a decade of Bihar
2.2	Total employments in the MSMES sector of Bihar from FY 2020-21 onwards
2.3	Variation of total production of raw silk, tasar and castor from FY 2018-19 onwards in Bihar
2.4	in productivity of sugar industry from FY 2019-20 onwards in Bihar
2.5	Percentage change in production of dairy products in Bihar from 2020 onwards
2.6	Variation in production of fish and fish seed production from FY 2019-20 onwards in Bihar
2.7	Percentage share of total export from Bihar to the various countries in FY 2021-22
2.8	Share of Commodity wise exports from Bihar in FY 2021-22
3.1	Summary of surveyed MSMEs and their distribution under different social categories
3.2	Summary of surveyed MSMEs' responses for availing the benefits of key schemes
3.3	Summary of surveyed MSMEs about the Awareness of different portals & MSME schemes
3.4	Summary of responses on the Raw material availability of surveyed MSMEs
3.5	Summary of surveyed MSMEs' responses in case of raw material shortage
3.6	Summary of surveyed MSMEs' responses in case of manpower shortage
3.7	Summary of surveyed MSMEs' responses in selling of their products/ services
5.1.1	Process of Capacity building of MSMEs & Stakeholders
5.1.2	Organizational structure
5.1.3	Proposed outcome
5.2.1	Proposed framework for engagement of stakeholders in training and capacity building
5.2.2	Organizational structure for implementation
5.3.1	Logical Architect of the integrated Portal
5.3.2	Dashboard information flow
5.3.3	Data Analytics Dashboard flow
5.3.4	Workflow of learning Management System
5.3.5	Workflow Diagram HRMS
5.3.6	Function of HRMS
5.3.7	Work flow diagram grievance management system
5.3.8	Work flow diagram Data management system
5.3.9	Process flow of Mobile Application
5.3.10	Implementation Strategy
5.6.1	Proposed organizational Structure for the export Promotion

EXECUTIVE SUMMARY

Bihar is one of the most populous state with the population density of 1102 individuals per sq. kms, situated in to the Gangetic plain and is provided with the ample amount of natural resources like fertile lands, enormous amount of water resources, minerals and others. The state's economy is predominantly agrarian and large section of the population depends directly on the agriculture in the state. The state is well known for its agrarian productivity like rice, wheat, maize, pulses, sugarcane, fruits and vegetables which is mainly due to the favorable climatic conditions, soil quality, water availability and the laborious manpower. The agrarian growth in the state has been reportedly increasing in the last few years and has the significant contribution in the overall economy of the state. Many of the MSMEs and enterprises in the state are agro-based, however the non-agro based MSMEs are also flourishing due to the policy level interventions by the state government. The policy level interventions in state have recognized the five *high priority* sectors i.e. agro-based food processing, textile & leather, IT & ITES, ESDM (Electronic System Design & Manufacturing), and e-vehicle; and the *priority* sectors like wood based, plastic & rubber, renewable energy, general small manufacturing, pharmaceuticals, education, tourism etc. The identified sectors has a huge potential of creating job opportunities in the allied MSMEs and enterprises, which is supposed to enhance economic situations of not only the state's human workforce rather it will also help in reducing the poverty, migration of workforce from the state, and up-gradation of their living standards which ultimately lead to higher & significant contribution in the overall economy of the state. Over the periods, the government's efforts have created a conducive business environment by providing incentives and improving the infrastructure facilities, which have attracted investments in the prioritized sectors and encouraged the establishment of industries in the state. The MSMEs sector contribute significantly to the state's Gross Domestic Product (GDP), fiscal revenue and improving per capita income the state which is Rs. 50555. However, in last five years, the number of factories in Bihar has increased only by 0.3% but the working capital has increased by 51%. The net value added has increased of 1.2% in 2019-20.

To assess the present scenarios of MSMEs and Enterprises along with the existing industries in the state, a holistic approach of primary data generation through questionnaire survey &

stakeholders consultations across the state have been conducted, and simultaneously the secondary data has also been accessed & compiled from all the government and non-government departments/ institutions/ organizations. The findings can be concluded as the state's MSMEs, Enterprises and industries are growing significantly and spreading their base not only in the state rather outside the state too due to continuous implementation of government policy initiatives of allied departments specifically department of industries & its lined-up institutions like IDA, BIADA, DICs,. However, there have been multiple key challenges as well, specifically for the micro and small enterprises of both organized and un-organized nature situated mainly in the urban, sub-urban & rural areas are of *infrastructure* like land, energy supply, hygiene, proper connectivity; *untimely credits*; lacking of all time *raw material availability* and *market* accessibility; inappropriate/ untimely *grievance redressals*, *untimely/delayed payments* ; shortage of *skilled workforce*, and the slow pace of technological upgradation. Many of the MSMEs in Bihar fail to meet the standard benchmark of the product quality, intellectual property rights and other certification which is essential to tap the global market. They also couldn't able to harmonize the use of technology with the skill and resources. However, the government of Bihar has infused capital resource, marketing facilities, and creating industrial clusters to uplift the sector. The aforesaid challenges are mainly due to the unawareness about the state's policies & schemes, and specifically their mode of accessibility among most of the MSMEs. It is also observed that many of the policies & schemes of different departments are performing well, but their inter-departmental as well as inter/ intra policy & schemes level coordination is somehow lacking that often creates obstacle for MSMEs in availing the information and expansion of their businesses.

To address the aforementioned key gaps and provide solutions, we have proposed domain specific seven proposals along with the strategic investment plan (SIP), which aims to develop capacity building of MSMEs & different stakeholders, strengthening of export promotion council, technology upgradation as well as establishment of MSME Kendra as "Points of Single Contact" through which business can obtain information, complete necessary administrative procedures and handholding support to obtain different statutory compliances to provide credit finance support, promote the traditional and innovative manufacturing sectors in Bihar to make them competitive. It also aims to develop clusters of different industries, market strategies to uplift the sector. In addition this, the proposals will

also improve the coverage of MSMEs under CHAMPION scheme, CGTMSE, TReDS and ODR through strengthening and collaborations. The proposals serve as a strategic roadmap for four years to strength the resilience of MSMEs. The objectives of SIP and all the project proposals are aligned with the RAMP result frameworks (P for R), it's DLIs and with the objectives of the sustainable development goals (SDGs).

CHAPTER - 1

An Overview of Bihar

1. Bihar: At a Glance

Bihar is one of the densely populated (population density 1106 per sq. km), land-locked state situated across the geographic coordinates of $24^{\circ} - 27^{\circ}$ N latitude, $83^{\circ} - 88^{\circ}$ E longitudes. It occupies a total area of 94,163 sq. kilometres, which is surrounded by Nepal in the north, Jharkhand in the South, West Bengal in the east, and Uttar Pradesh in the west. Historically, the Bihar state has a rich legacy of various spiritual personalities like lord Mahavir, Budhha, Mahrshi Valmiki, Mata Sita, Guru Govind Singh, Chankya, etc. during the eras of different kingdoms. The current scenario of the Bihar state in context of geography, administration, human resource, and infrastructure set-up is summarized in the below (Table 1.1):

Table 1.1 An overview of Bihar

1.Geography		
Geographic coordinates:	24 ⁰ 20’10’’ – 27 ⁰ 31’15’’ N Latitude; 83 ⁰ 19’50’’ – 88 ⁰ 17’40’’ E Longitude	
Area	94,163 sq. kilometres	
Prominent terrain	Gangetic plain	
2. Administrative		
No. of Divisions	09	
No. of Districts	38	
No. of sub-divisions	101	
No. of CD Blocks	534	
No. of Panchayats	8406	
No. of Revenue villages	45,103	
Urban Local bodies (ULBs: 2022-23):	264	
• No. of Municipal corporations:	19	
• No. of Nagar Parishad:	74	
• No. of Nagar Panchayats:	171	
3. Demography (National Census report 2011)		
Total Population:	10,38,04,637	
• No. of Male:	5,41,85,347	
• No. of Female:	4,96,19,290	
• Population density	1102 sq. kms	
• Literacy (%):	63.82	
• Male literacy:	73.39	
• Female literacy:	53.33	
• Sex ratio:	916 female/ 1000 male	
• Decadal population growth (2001-2011)	2,08,06,128 (25.07%)	
4. Transport Infrastructure		
4.1.Road network (Road Construction Dept, GoB, up to Sept. 2022)		

• Total length of National Highways (single lane to 4/6 & 8 lane):	5,977 kms
• Total length of State Highways (single lane to 4/6 & 8 lane):	3,638 kms
• Total length of Major District Roads (single lane to 4/6 & 8 lane) :	15,637 kms
• Total length of Rural Roads :	1,08,123.9 kms
• Total Road density (kms/1000 sq.kms)	3166.9
4.2. Rail network (Ministry of Railways, Govt. of India, 2021)	
• Total length of Rail routes :	3,803 kms
• Rail route density (kms/1000 sq.km):	39.6
4.3. Air network	
• J P Narayan Airport, Patna (Air Quality Service Index, 2022)	71
• Gaya International Airport	
• Darbhanga Airport	
4.4. Waterway network (IWAI, 2022)	
• National waterway (NW)–1: 05 Terminal Facilities in Bihar i.e. Bateshwarsthan, Bhagalpur, Munger, Semaria, Buxar, out of total 20 terminals	
5. Electric Energy/ Power infrastructure	
Bihar State Power (Holding) Company Limited (BSPHCL) Bihar State Power Generation Company Limited (BSPGCL) Bihar State Power Transmission Company Limited (BSPTCL) South Bihar Power Distribution Company Limited (SBPDCL) North Bihar Power Distribution Company Limited (NBPDCCL) Bihar Renewable Energy Development Agency (BREDA) Bihar State Hydroelectric Power Corporation (BSHPC)	
6. Finance related Infrastructure (Source: SLBC Bihar, upto 31 Mar 2022)	
No. of Public Sector Banks & branches (nos.)	27 & 5083
No. of Private Sector Banks & branches (nos.)	5083
No. of Regional Rural Banks RRBs & branches (nos.)	2 & 2110
No. of Cooperative Banks & branches (nos.)	23 & 289
No. of Microfinance Institutions – MFIs (nos.)	
No. of Small Finance Bank & Branches	4 & 231
Total no. of Customer Service Points (CSPs) of all	40,482

The mainland of Bihar state is divided into two unequal halves by the river Ganga which flows through almost in the middle from west to east. The entire area of the state is situated in the plains of Ganga river basin, and is an endowed fertile soil with abundant water resources including small river channels which ultimately end into the river Ganga assist tributaries. Some of the tributaries of the Ganga are Ghaghara, Gandak, Budhi-Gandak, Bagmati, Kamla-Balan, and Mahananda drains across the north Bihar, while other rivers originating from the Deccan plateau i.e. Sone, Koyal, Punpun, Panchane, Karmnasha, Falgu

etc. drains across the south Bihar. The state exhibit tropical monsoon climate with three marked seasons i.e. winter, summer and rainy. The normal annual rainfall between 2019 and 2021 for the state is in range of annual 1194 – 1512.7 mm, with an average number of rainy days is 52.5 in a year (Source: IMD), which is reasonably adequate for the state’s agricultural operations. However, the erratic rainfall and unexpected variations of rainfall from year to year, siltation of rivers and water reservoirs often lead to flooding situations in North Bihar and the same cause drought in the south Bihar, and now it has become almost regular feature, which adversely affect the agrarian economy of the state.



Figure 1.1 District wise administrative map of Bihar

Bihar is primarily an agrarian state and is one of the largest producers of agricultural products like food grains, vegetables and fruits in India. The major crops grown in the state are paddy, wheat, maize, pulse, sugarcane, makhana, vegetables, and fruits i.e. banana, litchi, mango, guava, pineapple, papaya, mango, watermelon, papaya, water chestnut, gooseberry, muskmelon etc. The state falls under zone -4: Middle Gangetic Plain Region of National Agro-climatic zones, and as per the official website of the Agriculture Department,

Government of Bihar, the it is further categorized into three agro-climatic zones according to the distribution of rainfall, temperature, soil, and crops. The details of the three agro climatic zones are shown in (Table 1.2)

Table 1.2 Summary of Agro-climatic zones

Agro-climatic zone	Districts
Sub zone – I: North-west Alluvial plain (13 districts)	Paschim Champaran, Purbi Champaran, Siwan, Saran, Sitamarhi, Sheohar, Muzaffarpur, Vaishali, Madhubani, Darbhanga, Samastipur, Gopalganj, Begusarai,
Sub zone – II: North East Alluvial Plain (08 districts)	Supaul, Khagaria, Saharsha, Madhepura, Purnrea, Katihar, Kishanganj, and Araria
Zone-III A & B: South East & South west Alluvial Plain (17 districts)	Sheikhpura, Lakhisarai, Jamui, Banka, Munger, Bhagalpur, Kaimur, Rohtas, Aurangabad, Buxar, Bhojpur, Jehanabad, Gaya, Nalanda, Patna, Nawada, Arwal

Bihar has a unique location specific advantage because of its proximity to the vast markets of eastern and northern India, access to ports such as Kolkata and Haldia and to raw material sources and mineral reserves from the neighboring states. The state has a large base of cost-effective industrial labour, making it an ideal destination for a wide range of industries. Food processing, dairy, sugar, manufacturing, and healthcare are some of the fast-growing industries in the state. The state has planned initiatives for the development of other sectors such as education and tourism and also provides incentives for information technology and renewable energy projects.

A Quick Snapshot of rising aspects of Bihar

- **Economic Growth:** Bihar has experienced impressive economic growth, surpassing the national average in several years. The state's GDP has been consistently growing at a rapid pace, driven by various sectors such as agriculture, industry, and services. The government's focus on infrastructure development, industrial growth, and investment promotion has contributed to Bihar's economic expansion. In 2022-23, Bihar's GSDP at current prices is projected to be Rs. 7.45 trillion (US\$ 97.39 billion). The state's GSDP expanded at a CAGR (in Rs.) of 10.43% between 2015-16 and 2022-23. Bihar has witnessed strong growth in per capita net state domestic product. At current prices, the

per capita NSDP of the state grew at a CAGR of 10.73% (in Rs.) between 2015-16 and 2020-21. According to the Department for Promotion of Industry and Internal Trade (DPIIT), cumulative FDI inflows in Bihar were valued at US\$ 168.08 million between October 2019-June 2022. Whereas total merchandise exports from the state stood at US\$ 2,308.60 million in 2021-22, and US\$ 1,258.97 in 2022-23 (till August 2022).

- **Agriculture and Food Production:** Bihar is known as the "Food Basket of India" due to its agricultural prowess. The state has witnessed a Green Revolution, with significant agricultural practices, irrigation facilities, and crop productivity improvements. The implementation of schemes like the Bihar Agriculture Road Map has boosted food production, improved farmers' income, and ensured food security. Bihar's success in agriculture has become a model for other states to emulate.
- **Infrastructure Development:** Bihar has made remarkable strides in infrastructure development. The state government has invested heavily in road networks, bridges, airports, and power generation. The construction of the Mahatma Gandhi Setu, Ganga Path, and other key infrastructure projects has improved connectivity within Bihar and with neighbouring states. The enhanced infrastructure has catalysed industrial growth, facilitated trade, and enhanced the overall quality of life.
- **Industrial Expansion:** Bihar has witnessed a surge in industrial activities, attracting investments across various sectors. The state government's proactive policies, investment-friendly environment, and ease of doing business initiatives have spurred industrial growth. Bihar has emerged as a hub for industries such as textiles, garments, food processing, pharmaceuticals, and renewable energy. The establishment of industrial parks, clusters, and special economic zones has provided a conducive ecosystem for businesses to thrive.
- **Skilled Workforce and Human Development:** Bihar has recognized the importance of a skilled workforce in driving economic growth. The state government has placed a strong emphasis on skill development programs, vocational training, and entrepreneurship initiatives. These efforts have enhanced the employability of the youth and contributed to human development indicators such as literacy rates, access to education, and healthcare facilities. Bihar's human capital is now better equipped to meet the demands of a growing economy.

- **Digital Transformation:** Bihar has embraced the digital revolution and is leveraging technology for governance, service delivery, and business operations. The state has witnessed a rapid expansion of digital infrastructure, including the implementation of e-governance initiatives, digital payment systems, and internet connectivity. The widespread adoption of digital technologies has improved efficiency, transparency, and accessibility across various sectors, including governance, education, healthcare, and commerce.
- **Tourism and Cultural Heritage:** Bihar boasts a rich cultural and historical heritage, attracting tourists from around the world. The state is home to ancient sites such as Bodhi Gaya, where Lord Buddha attained enlightenment, and Nalanda, an ancient centre of learning. Bihar's tourism sector has witnessed significant growth, supported by improved infrastructure, promotion of heritage sites, and hospitality services. The rise in tourism has contributed to job creation, revenue generation, and cultural preservation.

Brief Profile of the MSME Sector in Bihar

- Bihar's economy during recent years has shown an appreciable growth performance by contributing to the creation of livelihood opportunities for millions of people, increasing the overall economic growth of the State. The MSME sector in Bihar occupies the second position next alone to agriculture in terms of employment generation. This sector accounts for about 95% of the industrial units, 65% of manufacturing output. A total of 34 lakh plus MSMEs are registered in Bihar, which ranks 6th in the number of MSMEs registered as per the MSME annual report 2020-21.
- The MSME ecosystem in the state of Bihar is a growing ecosystem with huge potential. Bihar has been awarded 2nd position in MSME performance under the category "Outstanding contribution in the Promotion and Development of MSME sector" on 30th June 2022, this appreciates the efforts Bihar is taking on a continuous basis for the development of the entrepreneurial system in the state. State scheme like CM Udyami yojana with an allocation of 800 crore for one financial year is a great step towards boosting MSME.
- The current scenario is supportive, progressive, and visionary. The Government of Bihar is committed to the inclusive economic development of the State. The state is primarily

an agrarian state but the contribution of the secondary sector i.e. industries, to the inclusive economic development of the state is of equal importance and therefore can't be ignored. The State Government has taken a series of measures to further improve the investment climate in the state and envisages achieving an industrial development growth rate of 15% per annum. This means, increased contribution of the secondary sector in the GSDP to more than 25% in line with the National Manufacturing Policy and “Make in India” initiative.

- More than fifteen Potential sectors have been identified in Bihar viz. Agro-based, Textile and Leather, Dairy, Sugar, Food Processing, Handloom, Tourism, IT-ITES, Handicraft, etc.
- A total of 53.04 Lakh employments have been generated (as per the 2015-16 MSME report, Ministry of MSME, GoI). Bihar holds a huge workforce potential. Bihar has the advantage of a demographic dividend given its population's high proportion of youth. MSMEs have greater opportunities to grow as ancillary industries unleash higher industrial growth. MSMEs being less capital-intensive and more employment friendly have easier access to raw materials, subsidies, and other incentives under cluster programs. The state has huge growth potential to create and enhance the capacity of enterprises both in the manufacturing and service sector by using the available resources. Development of the sector is therefore extremely important as it holds the key to inclusive growth and plays a pivotal role in the holistic development of the state. MSME's rapid investment in infrastructure, abundant job opportunities, the emergence of a robust private sector with small and big companies/ corporate houses, and high rise in consumerism.
- The MSME sector has the potential to emerge as the backbone of the state economy and to continue as an engine of growth provided an environment-friendly policy framework and enabling infrastructural support are made available for its functional operations. MSMEs in Bihar consistently feed the domestic and the international value chain as manufacturers, suppliers, distributors, retailers, contractors, and service providers by accounting for a substantial segment of our industrial units. Availability of adequate financial resources, a supportive policy framework to address the areas like entrepreneurship development, a competent pool of human resources, application of the

latest technology and new innovations, adequate market linkages and bilateral trade agreements etc. would make the Bihar MSME sector more competitive to address the emerging challenges and help ensure their sustainability.

- The contribution of MSMEs to the Bihar economy in terms of employment generation, containing regional disparities, fostering equitable economic growth, and enhancing the export potential of the country has been quite phenomenal. Despite some infrastructural deficiencies and challenges like the flow of institutional credit and inadequate market linkages, this sector has registered remarkable success with regard to the increase in number, quantum of investment, scale of production, and overall contribution to state GDP.
- As a catalyst for the socio-economic transformation of the state, the MSME sector is extremely crucial in addressing the state objectives of bridging the rural-urban divide, reducing poverty, and generating employment for the teeming millions. It is, therefore, essential that the state adopts a suitable policy framework that provides the required impetus to seize the opportunities and create an enabling business environment to keep the momentum of growth and holistic development. It is equally important that the MSME sector must address the infrastructural deficiencies and is well empowered to meet the emerging challenges for its sustainable growth and survival in a globally competitive order.
- The Government of Bihar has taken several initiatives and launched the Textile and Leather Policy, Bihar Start-up Policy 2022, and Chief Minister Udyami Yojana to boost entrepreneurship and employment opportunities in the State.
- Cluster-based development is being promoted by the State Government and it is in the process of setting up specialized clusters for the development of leather, small machinery, plastics, garments, jute & textiles, and food processing to support the manufacturing sector and well-being of MSME entrepreneurs.
- SIDBI being a critical stakeholder/ MSME partner in the MSME ecosystem has signed a MoU with the Department of Industries, Government of Bihar for identifying and enhancing initiatives towards promotion and growth of the entrepreneurial ecosystem in the state.

- Bihar is progressively adopting practices to create an investor-friendly environment in the state, to facilitate investments. Some of the key reform measures taken are the implementation of the Udyog Samwad portal for grievance redressal; effective implementation of a single window system, development of an online inspection system; provision for submission of single integrated return under various labour laws; differentiated compliance inspection requirement based on the risk profile of industries; provision of synchronized/joint inspection under various labour laws etc.
- The state aims at creating an industry-friendly environment for maximizing investment, especially, in the High Priority Sectors i.e., food processing; tourism; small machine manufacturing; IT, ITeS, electrical and electronic hardware manufacturing; textile; plastic and rubber; renewable energy; leather and technical education sector. The overall objective is to maximize the value addition to the state's natural resources by setting up industries across the state, generating revenue and creating employment

Bihar is home to several industrial clusters that contribute significantly to the state's economy. These clusters are geographically concentrated regions with a high density of interconnected industries, suppliers, and support services. Here are some prominent clusters in Bihar:

- Hajipur-Phulwari Sharif Industrial Cluster: Located near the capital city of Patna, this industrial cluster is one of the major industrial hubs in Bihar. It encompasses areas like Hajipur, Phulwari Sharif, and Bihta. The cluster is known for a wide range of industries, including pharmaceuticals, textiles, engineering, chemicals, food processing, and packaging. Hajipur, in particular, is a significant industrial town with various manufacturing units and industrial estates.
- Barauni Industrial Cluster: Situated near the town of Barauni in Begusarai district, this cluster is centred around the Barauni Refinery and Petrochemical Complex. The refinery is one of the largest in India and serves as the anchor industry for the cluster. The presence of the refinery has attracted numerous ancillary industries, including chemical manufacturing, fertilizers, plastics, packaging, and logistics.
- Bhagalpur Silk Cluster: Bhagalpur is renowned for its silk industry and is a major center for silk production in India. The cluster specializes in the production of Tussar silk and

Mulberry silk fabrics. It is known for its traditional handloom weaving techniques and exquisite silk products. Bhagalpur silk holds a prominent position in the domestic and international textile markets.

- **Muzaffarpur Agro-based Cluster:** Muzaffarpur is an important agricultural region in Bihar, known for its production of fruits, vegetables, and sugarcane. The cluster is focused on agro-based industries such as sugar mills, fruit and vegetable processing units, cold storage facilities, and packaging industries. It plays a crucial role in value addition to agricultural produce and contributes to the overall development of the agriculture sector in Bihar.
- **Gaya-Guraru Handicrafts Cluster:** The Gaya-Guraru region is renowned for its handicrafts and artisanal products. It is known for its stone carving, metalwork, pottery, and lacquer crafts. The cluster promotes the preservation of traditional crafts and provides a platform for artisans to showcase their skills and products. The Mahabodhi Temple in Bodh Gaya, a UNESCO World Heritage Site, attracts tourists and provides a market for handicrafts.
- **Bihar Sharif Leather Cluster:** Bihar Sharif, the district headquarters of Nalanda, is home to a significant leather cluster. The cluster is engaged in leather processing, tanning, and manufacturing of leather products such as shoes, bags, belts, and garments. It provides employment opportunities and contributes to the export of leather goods from Bihar.

These clusters, along with various industrial parks and estates established by the government, provide a conducive environment for industrial growth, promote synergies among industries, and facilitate the development of supporting infrastructure and services. They play a vital role in the economic development of Bihar by attracting investments, generating employment, and fostering innovation and entrepreneurship.

Major Industrial Projects in Pipeline in the state

- Integrated Manufacturing Cluster - Amritsar-Kolkata Industrial Corridor crossing through Gaya
- Industrial Parks and Mega Industrial Areas are proposed throughout Bihar
- Warehousing/ CFCs/ Common facility Centers are also proposed

- Projects for Roads, Connectivity, Multimodal Connectivity and ICDs are also under planning for revamping the logistical scenario of Bihar.

CHAPTER - 2

Bihar in Context of MSMEs & Entrepreneurship

2. Overview of the MSME sector in the Bihar State

Bihar is basically an agrarian state, having enormous number of micro, small, and medium enterprises i.e. about 34.46 lakhs as per the NSSO survey report. But only about 7 lakhs (20.31%) of them are registered on the national Udyam portal while about 27.46 lakhs (79.69%) of enterprises are operating without having formal integration. As per the report of Annual Survey of Industries, the overall industrial sector of Bihar is divided into two groups i.e. Agro-based and Non-Agro based factories. In last decade (2011 – 2020), the total number of factories in Bihar is increased by 197 (1.97%), however 1128 (93%) of agro-based and (1808) 82% of non-agro-based factories were in operation in 2019-20 (Table 2.1).

Table 2.1 Status of Factories in Bihar over a decade (2011 - 2020)

Year	Total Number of Factories			Number of Operational Factories		
	Agro base	Non-Agro based	Total	Agro based	Non-Agro based	Total
2011-12	1126	2106	3232	1014	1858	2872
2012-13	1141	2206	3347	1005	1941	2946
2013-14	1148	2272	3420	1036	2096	3132
2014-15	1232	2298	3530	1129	1813	2942
2015-16	1251	2372	3623	1092	1826	2918
2016-17	1229	2302	3531	1049	1859	2908
2017-18	1205	2256	3461	1044	1837	2881
2018-19	1206	2216	3422	1133	1854	2987
2019-20	1214	2215	3429	1128	1808	2936
Decadal Change	88	109	197	114	-50	64
% Change	0.88	1.09	1.97	1.14	-0.5	0.64

Data Source: Annual Survey of Industries reports

The maximum number of enterprises in the state exhibit low scale production, which is insufficient to contribute significantly in the economic development of the state. In context of this, the state Government has taken various initiatives at policy planning level to create a conducive environment for large scale capital-intensive industries in Bihar, advancement and/or modification of old fashioned and traditional enterprises as well as new age entrepreneurs like start-ups. The State has devised an Industrial Investment Promotion Policy, 2016 and unequivocally argues that “the main strategy for achieving the goals of this policy is to focus on development of support infrastructure, prioritizing core sectors of future development with emphasis on advanced technology, skill development,

a modified structured package of assistance and balanced regional development i.e. uniformly extending the benefits of investment to all geographical areas of the State.” The following policies have aimed at improving business environment thereby leading to inclusive growth of the MSMEs and their transformation to the big industries:

- **Industrial Investment Promotion Policy, 2016:** initiated by State for High Priority Sectors i.e. ESDM, Textile & Leather Sector, IT and ITeS Sector and Food processing and other sectors.
- **Bihar Agricultural Investment Promotion Policy (BAIPP), 2016:** provides capital subsidy to the eligible individual investors/ entrepreneurs or registered farmer-based companies for setting up/ modernization/ diversification/ expansion of agro processing units in the identified seven sectors i.e. makhana, honey, fruits & vegetables, maize, seeds, medicinal & aromatics plants and teain the state of Bihar.
- **Bihar Start-Up Policy, 2022:** To enable Bihar emerge as the most preferred destination for Start-ups and entrepreneurs by leveraging the potential of local youth through a conducive start-up ecosystem by providing a seed fund of Rs. 10 lakh for inclusive growth in the State.

- **Chief Minister SC ST udyami yojana Bihar**

For enabling the prospective entrepreneurs from SC/ST category to become a successful entrepreneur by providing interest free financial assistance up to Rs 5 lakhs. The provision of Rs 25,000/- per unit is also available for training and Project monitoring committee (PMA).

- **Mukhyamantri Yuva Udyami Yojana:** the scheme has been launched to encourage youth entrepreneurs specifically of different social categories i.e. SC/ST/EBC/Women category, to establish self-employment, by providing financial assistances to the young citizens of Bihar.
- **Bihar Industrial Investment Promotion Policy (Textiles & Leather), 2022:** provides a wide range of incentives including capital grant, employment grant, power grant, freight grant, patent grant, skill development grant. The maximum grant of up to Rs.10 crore to the entrepreneurs and investors who want to invest in the textile and leather industry in Bihar.

Ease of Doing Business environment

Ease of Doing Business indicates simpler, speedy and hassle-free regulations for businesses. A portal namely “**Udyog Samvaad**” launched by State for getting hassle free clearances for 16 different departments for providing assistance to existing entrepreneurs for getting easy and fast solutions to their problems. This portal is also having link namely “**Industrial Financing**” for applying financial assistance on cheaper rates for units who falls under sick category and cannot able to sustain further due to financial problems. The same portal is also inviting online applications under Chief Minister SC/ST Udyami Yojana.

Status of MSMEs’ growth in the state

The total number of registered MSMEs in the state by the date 17 March, 2023 is 6,64,869; out of them about 6,52,023 (98.07%) are micro enterprises; 12,144 (1.83%) are small and only 402 (0.11%) are of medium category enterprise. The maximum enterprises are of service sector i.e. about 5,31,895 (80.01%), and only about 1,32,974 (20%) enterprises are of manufacturing sectors in the state (<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>).

The Bihar state has been ranked at 2nd position for improving the MSMEs performance across the country in the financial year 2021-22, and currently the state has about 10.19% of MSMEs of total numbers i.e. 65,23,067 at national level. The share of manufacturing and service sector enterprises from the state are about 3.61% and 5.65% respectively in the national perspectives.

The total number of MSMEs registered on the Udyam portal has been reportedly increased after its inception in 2021 by 243% in FY 2021-22, 99% in 2022-23, and by 16% in 2023-24 till date (Table 2.2). The percentage share of Bihar’s registered MSMEs has been reported increasing from 3, 6 and 9 during the consecutive financial years i.e. 2020-21, 2021-22 and 2022-23 respectively.

Table 2.2. Details of MSMEs registered on Udyam portal from 2020-21 to 2023-24

Financial Year	Udyam Registration	Yearly change	Share of Bihar (in %)	Total national registration
2020-21	91,982	--	3	28,84,845
2021-22	3,15,627	2,23,645 (243%)	6	51,90,949
2022-23	6,27,246	3,11,619 (99%)	9	69,53,522
2023-24	7,28,000	1,00,754 (16%)		
Data source: Annual reports of MoMSME				

Status of women headed MSMEs in the state

As per the Udyam Portal (till 17 March 2023), the state has a total number of 1,04,220 MSMEs led by the women entrepreneurs which is only about 0.167% of the total registered MSMEs in the state and about 0.037% of total national level women led MSMEs(<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1909928>). The maximum number of women led MSMEs in the state is of Micro i.e. 1,02,895 (98.73%), and is followed by the Small i.e. 1,278 (1.23%) category. The Medium category women led MSME is only 47 in the state. Currently in the state, the PMFME scheme is having a lead in handholding of women led MSMEs i.e. about 35.59%, and is followed by the Bihar Start-Up, and Bihar Mukhyamantri Udyami Yojana (Table 2.3)

Table 2.3 Scheme wise MSME details in the Bihar state

No. of MSMEs	Bihar Start-Up	Bihar MMUY	PMFME	PMEGP	PMMY	Stand-up India
Total	407	28,534	36,520	19,616	21,33,442	--
Male	345	24,425	23,514	13,523	--	--
Female	61+1* (14.99%)	4,109 (14.4%)	12,997 (35.59%)	6,093 (31.06%)	--	450
*Transgender						

Size Distribution of enterprises: categorisation of MSMEs based on total workers

Most of the MSMEs and enterprises in the state are the individually owned and the formal number of employments in these often varies with seasons, raw material availability and the demand supply of the products in the available markets. As per the study report of ASI and NSS, the MSMEs and enterprises of Bihar were categorized in to four major classes on the basis on employment generations (Table 2.4), and during the study period i.e. from 2000 to 2016, above 50% share of workers are in the class of 1-9 employments (Kapoor, 2022). This aspect of MSMEs and enterprise categorization is somehow lagging across the state, as of now limited access to data is available.

Table 2.4 Size distribution of MSMEs in Bihar on basis of employments

Year	1-9 workers	10-49 workers	50-249 workers	250+ workers
2000 - 01	62.23	13.72	14.6	9.45
2015 - 16	63.06	8.67	22.81	5.46

Output/value added and share of MSMEs/ Industries in State and National level

The MSME ecosystem in the state of Bihar is a growing with huge potential, and has been awarded 2nd position in MSME performance under the category “*Outstanding contribution in the Promotion and Development of MSME sector*” on 30th June 2022, this appreciates the efforts Bihar is taking on a continuous basis for the development of the entrepreneurial system in the state. State scheme like CM Udyami Yojana with an allocation of 800 crore for one financial year is a great step towards boosting the MSMEs.

The relationship between the annual growth rate of MSMEs sector along with lined up Industries and the Gross State Domestic Product (GSDP) is not very strong in Bihar. The key sectors like mining and quarrying, manufacturing, EGWUS (electricity, gas, water supply and other utility services), and construction have mere contribution in the economic growth of Bihar. The contribution of Industrial/ MSMEs sector in Gross State Value Added (GSVA) in last six years has been changing as 20.3%, 21.1%, 20.3%, 20%, 20.2% and 19.4% during the financial years of 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 respectively (Bihar Economic Survey, 2023). The state has only 7,187 crore (0.5%) of Gross value added (GVA) contribution of this sector at national level, and has the fixed capital of Rs. 15,011 (0.4%). The total value of output and the net value added in the financial year 2019-20 are recorded as 76.18 thousand crores (0.85% of India) and 6.03 thousand crores (0.5% of India) respectively. The total output value and the net value added in the state has been changing significantly over the last decade during different financial years (Figure 2.1). It is observed that the overall value of put is increasing; however the net value addition is almost same throughout the decades which need to be improved.

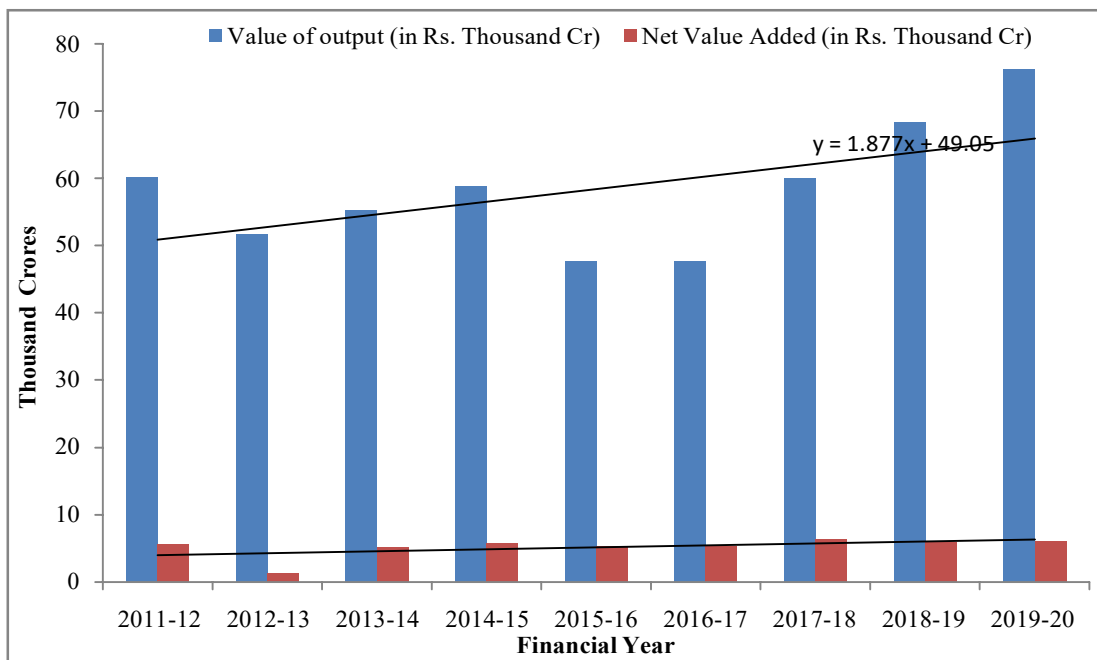


Figure 2.1 Variation of Output Value and Net Value Added over a decade of Bihar

Employment in MSME sector; growth over time

The MSME sector in Bihar occupies the second position next alone to agriculture in terms of employment generation. This sector accounts for about 95% of the industrial units, 65% of manufacturing output (MSME Annual report 2021). As per the data acquired from the National Informatics Centre (NIC), Govt. of India, the total number of employments in the MSMEs sector in Bihar has been reported increasing from the financial year 2020-21 onwards (Figure 2.2).

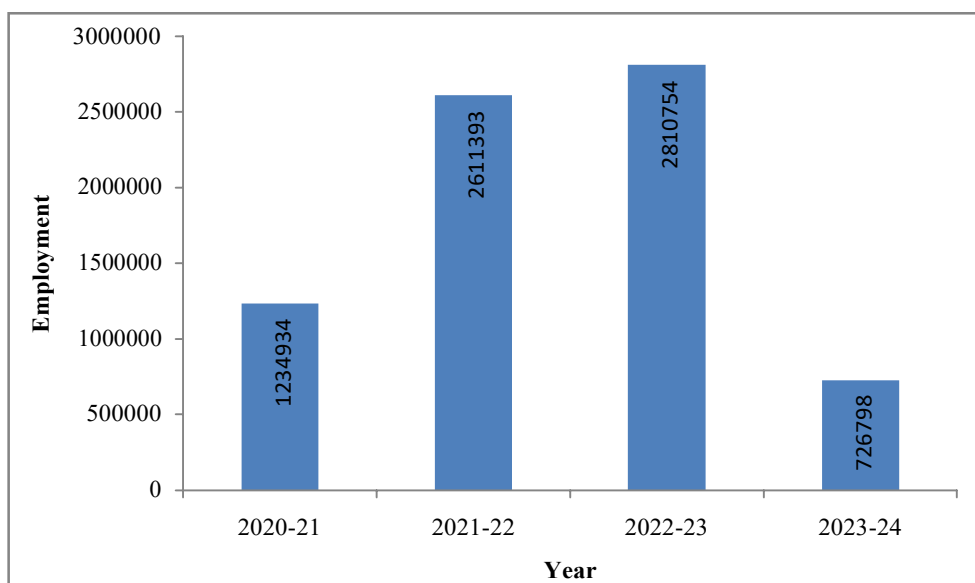


Figure 2.2 Total employments in the MSMEs sector of Bihar from FY 2020-21 onwards

Productivity statistics on MSMEs in the State

The overall industrial scenario in the Bihar is mainly of two types i.e. Agro-based (about 90%) and Non-Agro based (about 10%). The most important agro-based industries in the state are *Sugar* and *Dairy* having strong backward and forward linkages, and therefore create substantial employments and livelihoods. As per the state's identified priority sectors *textile and leather* is one of the key sectors and is highly incentivized in the Textile and Leather Policy, 2022. This sector is having significant ground level spread across the fourteen districts i.e. Bhagalpur, Banka, Gaya, Nalanda, Nawada, Madhubani, Aurangabad, Rohtas, Kaimur, Patna, Siwan, Purnea, Katihar, and Paschim Champaran of Bihar. The Bhagalpur silk and its products are well recognised nationally and internationally and its export from the state has increased significantly. The Bihar state has been ranked as 2nd largest exporter of silk after the Karnataka at the national level (Bihar Economic Survey, 2023).

The sericulture (*Silk*) industry in the state is limited to the northern Bihar like Saharsa, Supaul, Madhepura, Purnea, Araria, Kishanganj, and Katihar where the mulberry plant cultivation are done traditionally and most the silk fibre extraction, their processing and transformations to the garments are done in the other districts. In 2021-22, total cocoon production was 20.3 tonnes and the raw silk production was 1.9 tonnes, marginally lower than the previous year's production (2.0 tonnes). In case of tasar, the major producing districts are Banka, Munger, Nawada, Kaimur and Jamui. In 2021-22, the total cocoon production was 452.1 lakh, while raw silk production was 41.4 tonnes. The production statistics of sericulture sector including raw silk, tasar and castor/ eri, across the state is depicted in (Figure 2.3).

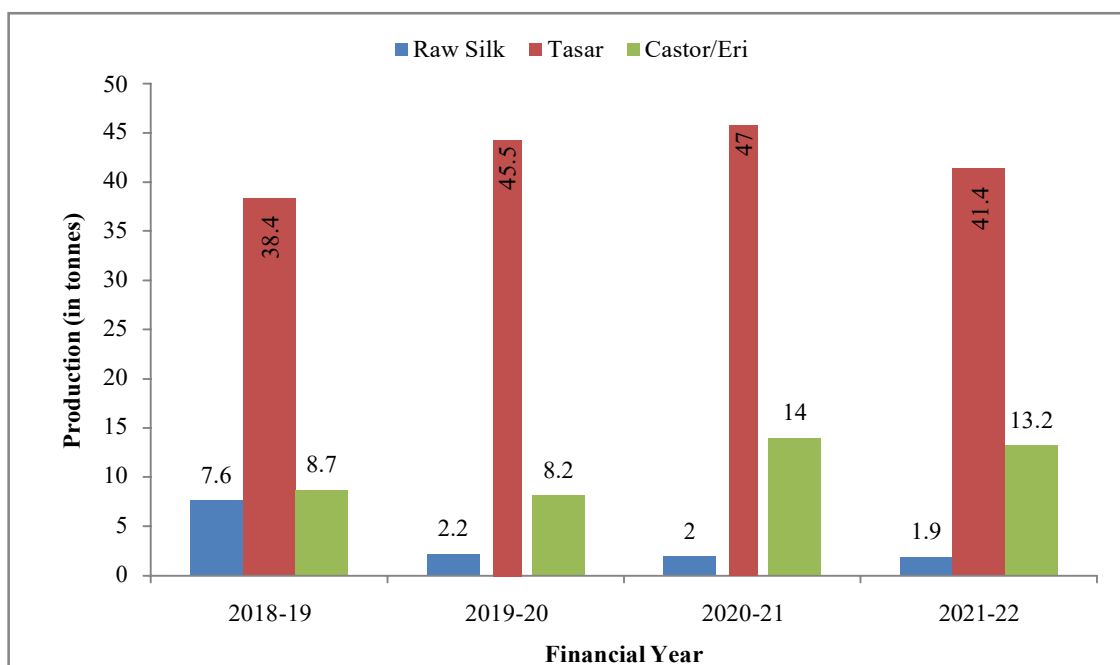


Figure 2.3 Variation of total production of raw silk, tasar and castor from FY 2018-19 onwards in Bihar

The total *sugarcane* production in the state has been increased by 1,119.28 thousand tonnes (10.31%) during the financial year 2020-21 and 2021-22, with the leading districts i.e. Paschim Champaran (from 5801.89 in 2020-21 to 6824.11 thousand tonnes in 2021-22) and Gopalganj (from 1185.89 in 2020-21 to 1150.43 thousand tonnes in 2021-22). The eleven operational sugar mills of the state i.e. Bagaha, Harinagar, Narkatiaganj, Manjhaulia, Sasamusa, Gopalganj, Sidhwalia, Riga, Hasanpur, Lauriya and Sugauli has produced a total 45.6 lakh quintal of sugar with the recovery percentage of 9.6 in the FY 2021-22, which is comparatively less i.e. -26.7 lakh qt. (-36.93%) from FY 2019-20, and -0.6 lakh qt. (-1.3%) from FY 2020-21. The total crushed amount of sugarcane, sugarcane production, and the recovery percentage in these mills were reported declining since the FY 2019-20, but the total distillery capacity (in KLPD) has been increased from 395 to 470, and the power generation (in MW) has remained uniform i.e. 88.5 in the FY 2021-22. A brief statistics of aforesaid components of sugarcane industry is depicted in the (Figure 2.4).

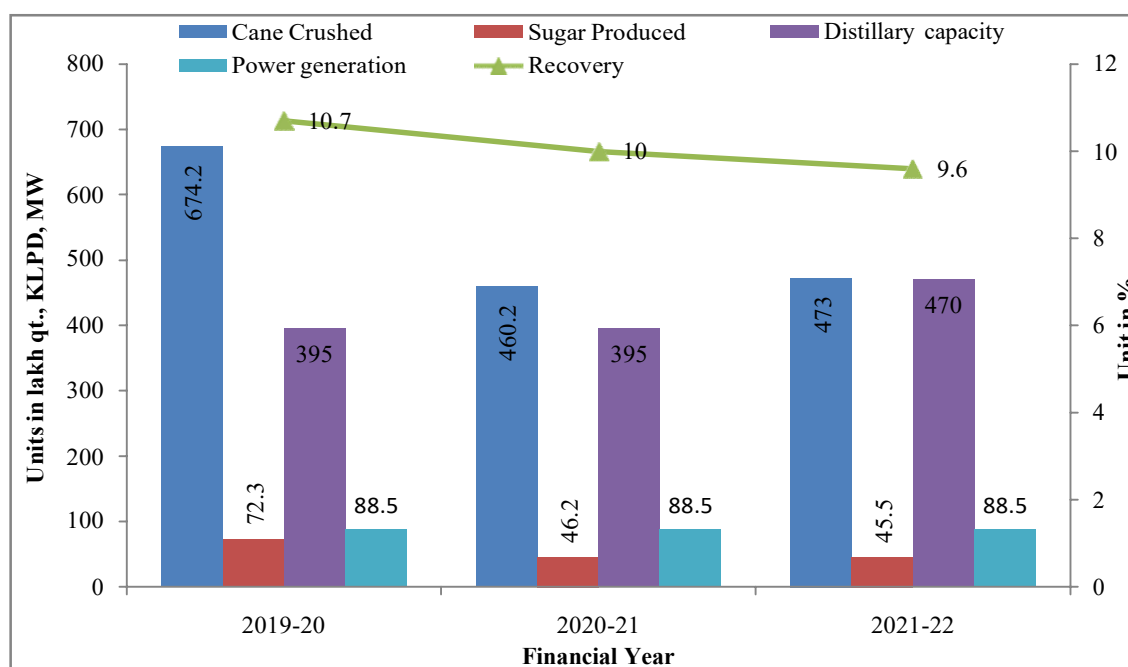


Figure 2.4 Variation in productivity of sugar industry from FY 2019-20 onwards in Bihar

The *dairy* industry in the state is other most prominent sector of agro-based industries having huge number of MSMEs aligned with it, through 12 major Milk Co-operative Federation Limited (COMFED). Out of these, 09 COMFEDs i.e. Vaishali-Patliputra Milk Union, Deshratna Dr. Rajendra Prasad Milk Union, Mithila Milk Union, Tirhut Milk Union, Shahabad Milk Union, Vikramshila Milk Union, Magadh Milk Union, Kosi Dairy, and Supaul Milk Union are located in Patna, Begusarai, Samastipur, Muzaffarpur, Ara, Bhagalpur, Gaya, Purnia and Supaul districts respectively, while the 03 COMFEDs i.e. Ranchi, Bokaro and Jamshedpur dairy are located in the Jharkhand. The total number of members in these societies has been reportedly increasing from 11.4 lakhs in the FY 2017-18 to 11.85 in 2018-19, 12.30 in 2019-20, 12.57 in 2020-21 and 13.1 in 2021-22 (COMFED, 2022). The total milk production in the state has also been increased by 616.93 thousand tonnes (5.36%) in the FY 2021-22 in compare to last FY 2020-21 i.e. 11501.58 thousand tonnes (Directorate of Animal Husbandry, GoB, 2022). The production and sell of processed dairy products like dahi, ghee, lassi, panner, peda and gulab jamun has been significantly (significance level of 5%) increased in the financial year 2021-22, whereas the ice-creams is reportedly declined by 446.7 tonnes (-29.39%) as compared to the base year 2018-19. The market based consumption of milk and processed dairy products during last four years are complied in the (Table 2.5), and the percentage change over these periods is depicted in the below (Figure 2.5).

Table 2.5 Variation in production of dairy products from FY 2018 onwards in Bihar

Dairy product	2018-19	2019-20	Change in 2020	2020-21	Change in 2021	2021-22	Change in 2022
Milk (thousand L/day)	1436	1506	70 (4.87)	1522	16 (1.06)	1714	192 (12.61)
Ghee (tonnes)	1487	1915	428 (28.78)	2096	181 (9.45)	2193.6	97.6 (4.66)
Lasssi (tonnes)	8019	10371	2352 (29.33)	8730	-1641 (-15.82)	9287.6	557.6 (6.39)
Peda (tonnes)	1316	1377	61 (4.64)	1450	73 (5.30)	1324.9	-125.1 (-8.63)
Panner (tonnes)	5253	5457	204 (3.88)	5157	-300 (-5.50)	5606.4	449.4 (8.71)
Dahi (tonnes)	11109	14748	3639 (32.76)	14902	154 (1.04)	23058	8156 (54.73)
Gulab Jamun (tonnes)	1484	1582	98 (6.60)	1788	206 (13.02)	1495	-293 (-16.39)
Ice-Creams (tonnes)	1520	1598	78 (5.13)	656	-942 (-58.95)	1073.3	417.3 (63.61)
Data source: COMFED, GoB; Values in parentheses denote percentage							

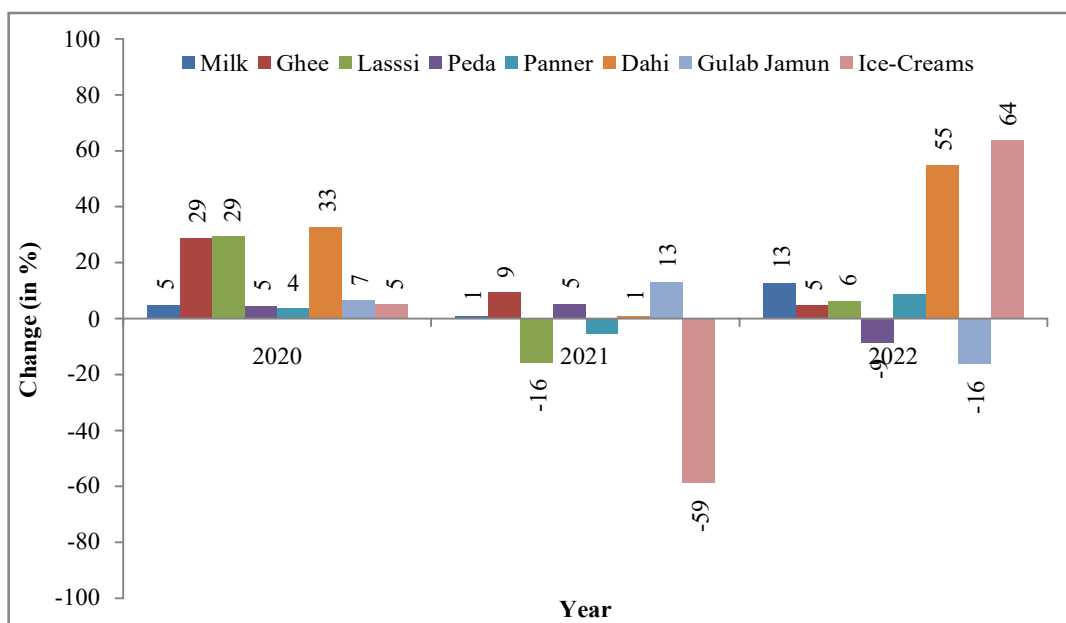


Figure 2.5 Percentage change in production of dairy products in Bihar from 2020 onwards

The *Fisheries and animal husbandry* is another most important sector in the state through which a huge number of MSMEs are associated with. The total number of registered fish farmers is 1,12,952; fisheries committees (535); fish hatcheries (199); and fish seed farms (121) till March 2023 (nfdb.gov.in/). The total fish and fish seed

production in the FY 2021-22 has been significantly enhanced by 12 and 13% respectively as compared with the penultimate financial year i.e. 2019-20. The fish production in the FY 2021-22 is reported maximum (81.2 thousand tonnes) in Madhubani, while the in the fish seed production Muzaffarpur district has lead i.e. 9250 tonnes in the same FY. The overall fish and fish seed production across the state from the financial year 2019-20 is depicted in the (Figure 2.6).

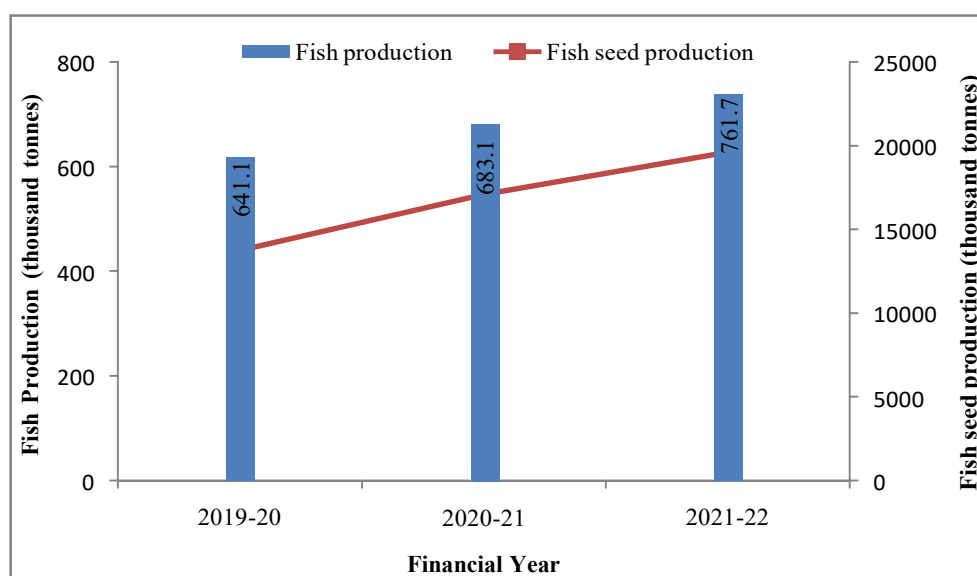


Figure 2.6 Variation in production of fish and fish seed production from FY 2019-20 onwards in Bihar

Exports and GVC linkage

The Bihar state has direct market access with the adjoin states and with some of the foreign countries like Nepal, Bhutan, Bangladesh, Vietnam etc, for the merchandising of its products and services. The state is engaged in merchandising of agro-based products like rice, wheat, maize, lentils, pulses, vegetables and fruits; textile products specifically silk and tashar; pharmaceutical products like generic drugs; traditional leather and handicraft's products like shoes, Madhubani paintings, potteries, and other embroideries etc. Beside these, the state has also significantly increased the merchandising of IT and IT-enabled services (ITES) in the last few years.

In past few years i.e. from FY 2018-19 to 2021-22, about a total of 153 commodities have been reportedly exported to abroad from worth 1.64 to 2.31 US billion dollars. The state's contribution during these years to the total national export has been

reportedly increasing except in the FY 2020-21. The ranking of Bihar among all the state is found in range of 19 - 22 which would improve (Table 2.6).

Table 2.6 Summary detail of export from Bihar and its share in national export from FY 2018-19 onwards

	2018-19	2019-20	2020-21	2021-22
Total export from Bihar (in USBD)	1.64	1.66	1.51	2.31
Total export of India (in USBD)	330.69	313.36	291.16	421.89
Rank of Bihar	19 th	19 th	22 nd	20 th
% Share of Bihar in total Indian export	0.50	0.53	0.52	0.55
USBD: US Billion Dollar; Data Source:				

Most of the commodities has been exported to different foreign countries, with the maximum value of export worth share in Nepal (79.31%), followed by Bangladesh, Egypt, Vietnam, Iraq, Malaysia, Indonesia, Hong Kong, Saudi Arabia, United Arab Emirates (UAE) and others in the FY 2021-22 (Figure 2.7). These ten countries comprise about 98.52% of total export worth from the state in the FY 2021-22.

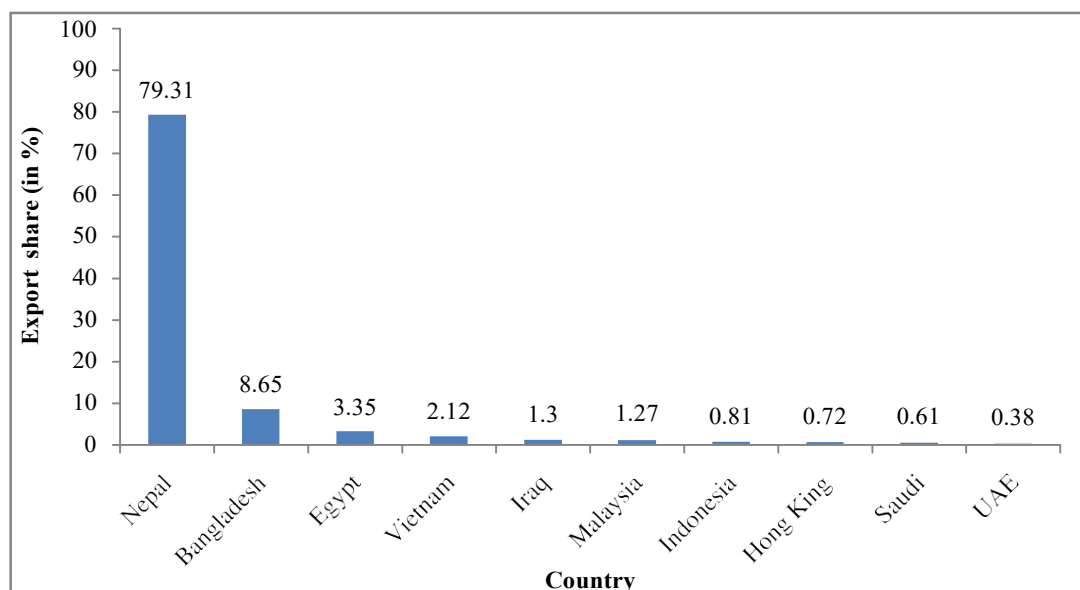


Figure 2.7 Percentage share of total export from Bihar to the various countries in FY 2021-22

The top five commodities i.e. petroleum products, other cereals, meat, rice (other than basmati) and wheat have contributed about 86.37% in the total export of state in the FY 2021-22 (Figure 2.8).

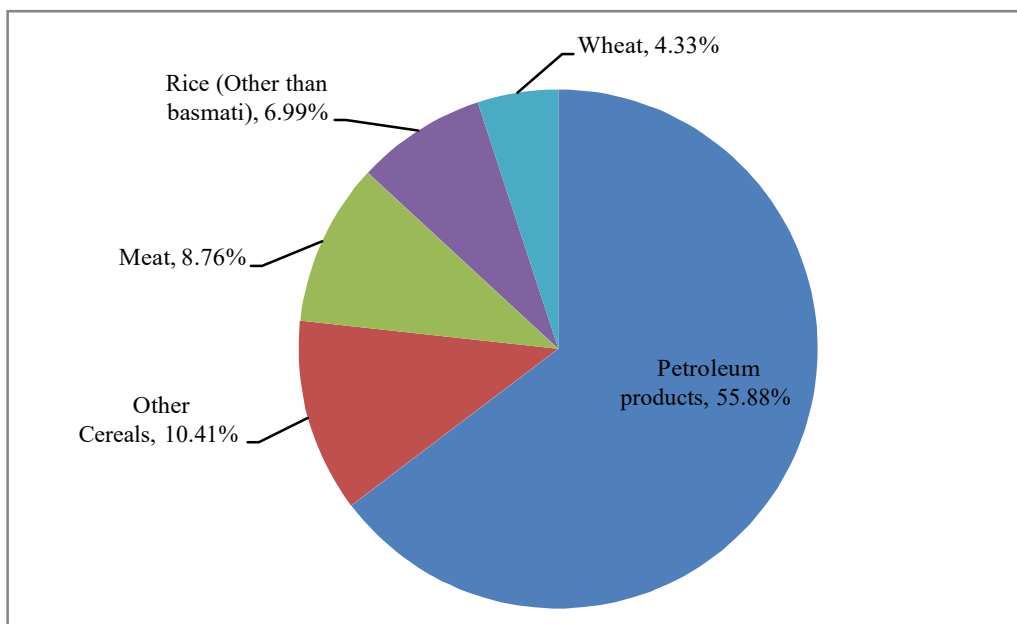


Figure 2.8 Share of Commodity wise exports from Bihar in FY 2021-22

Linkages of MSME vendors to PSEs, and major anchor buyers

Presently in the state, Bihar Industries Associations (BIA), Bihar Chamber of Commerce (BCC), Bihar Chamber of Commerce & Industries (BCCI), Bihar Solar Energy Development Association (BSEDA), Bihar Food Industry Association (BFIA), Bihar Drug Manufacturers Association (BDMA), etc. are the key associations for promoting the business of allied sector MSMEs. These associations either have the established or propose to have the linkages with the other prominent associations, vendors and PSEs like FICCI, ASSOCHAM, Dalit Indian Chamber of Commerce & Industries, Confederation of Indian Industries etc, and lined-up the existing MSMEs for up-scaling their businesses.

In addition, there is only one anchor buyer which is High spirit ventures of private sectors with its head quarter in Mumbai have entered in to the state in the manufacturing sector of bagbacks and leather products; apart from it was also engaged in manufacturing of tannery and their products a decade back i.e. June 2012. The anchor buyer extends support in production of backpacks, handbag, chrome tanning & dressing of leather, saddler, footwear etc and their products marketing & selling under the brand name of Priority Backpacks. The bag cluster in Narayanpur, Bela Industrial area, Muzaffarpur is one of the biggest flagship convergence projects of Department of Industries and Bihar Rural Livelihoods Promotion Society-Jeevika which employees around 750 workers under its fold at present and will provide employment opportunities to approx 1400+ members when operated on full capacity.

MSME Clusters and the Aspirational districts

Till the date, Bihar has 29 established geographic clusters in 12 districts i.e. Bhagalpur (2), Lakhisarai (1), Madhubani (1), Muzaffarpur (4), Nalanda (5), Nawada (1), Paschim Champaran (3), Patna (4), PurbiChamparan (2), Saran (1), Supaul (2), and Vaishali (3) and 03 more potentially identified clusters are proposed to be established in the districts of Medhepura, Gaya and Darbhanga (Table 2.13).

As per the Ministry of MSMSE, Government of India, 13 districts of Bihar are identified as the most aspirational districts i.e. Araria, Aurangabad, Banka, Begusarai, Gaya, Jamui, Katihar, Khagaria, Muzaffarpur, Nawada, Purnea, Sheikhpura and Sitamarhi(http://my.msme.gov.in/myMsme/List_of_AspirationalDistricts.aspx, 2023). Out of 12, only 2 districts viz. Muzaffarpur and Nawada are having the established geographic clusters and in Gaya clusters are proposed, but in rest of the 10 aspirational districts the designated product specific clusters need to be established.

Formal financial institutions and Access to credit for MSMEs

The state has an extensive network of financial institutions including banks of public and private sectors. Presently in the state, 27 Commercial banks (PSU and Pvt bank with 5083 branches), 2 Regional Rural Bank (RRBs with 2110 branches), 01 State Cooperative and 23 Central Co-operative (with 289 branches), and 4 Small Finance banks (with 231 branches) i.e. Jana, Utkarsh, Utkarsh and ESAF are providing services (SLBC, 2022). Besides these, there are 40,482 number of CBS enabled Customer Service Points (CSPs/ bank Mitras) across the state, and the average population served per branch in the state is about 13,238 which is relatively higher as compared to the national average i.e. 8006. Additionally, there are several payment banks like India Post, Paytm, Fino, Airtel etc. are providing payments/remittances service, assistances/ handholding in opening of saving accounts to the small unorganized sectors of labour and workforce. The State Bank of India is the convener of the State Level Bankers' Committee (SLBC) in Bihar, and the lead bank responsibility has been allocated among seven public sector banks is summarized in (Table 2.7).

Table 2.7 Summary of banks along with the allocated districts in Bihar

Sl. No.	Bank Name	No. of districts	District name
1.	State Bank of India	7	Araria, Jamui, Kishanganj, Madhepura, Purnea, Saharsa, Supaul
2.	Central Bank of India	10	Darbhanga, Purbi Champaran, Gopalganj, Katihar, Madhubani, Muzaffarpur, Saran, Siwan, West Champaran, Vaishali
3.	Panjab National Bank	12	Arwal, Aurangabad, Bhojpur, Buxar, Gaya, Jehanabad, Kaimur, Lakhisarai, Nalanda, Nawada, Patna, Rohtas
4.	Canara Bank	1	Sheikhpura
5.	UCO Bank	4	Banka, Begusarai, Bhagalpur, Munger
6.	Bank of Baroda	2	Sheohar, Sitamarhi
7.	Union Bank of India	2	Khagaria, Samastipur

Source: SLBC, Bihar

The Government of Bihar is providing an enabling system to promote financial inclusiveness in the state with the growing number of financial institutions in the state. To cater the need of banking ecosystem at the grassroot level for MSMEs, a total of 7961 commercial bank branches are functioning in the state. These institutions play a crucial role in providing access to credit for Micro, Small, and Medium Enterprises (MSMEs) in Bihar (Table 2.8 & 2.9). They offer various financial products and services tailored to the specific needs of MSMEs, enabling them to grow and contribute to the state's economy. These formal financial institutions work in coordination with the government and regulatory authorities to create an enabling environment for MSMEs to access credit easily. They provide not only credit but also financial advisory services, capacity-building programs, and technology-driven solutions to foster the growth and sustainability of MSMEs in Bihar. Along with these the government of Bihar is promoting NBFCs and MFIs to support MSMEs through innovative products, attractive interest rates, subsidies and interest subvention offers.

Table 2.8 List of commercial banks with number of functioning branches in Bihar

Population Group/Bank-wise Quarterly Number of Functioning Offices of Commercial Banks in Bihar (Source: RBI (ON3310))						
Bank Group	Banks	January-March (Q4)				
		Rural	Semi-urban	Urban	Metropolitan	Total
SBI and Its Associates	State Bank of India	373	399	226	97	1095
Nationalised Banks	Bank of Baroda	97	99	71	38	305
	Bank of India	136	135	59	33	363
	Bank of Maharashtra	2	14	21	8	45
	Canara Bank	116	83	83	46	328
	Central Bank of India	197	138	71	33	439
	Indian Bank	119	87	63	45	314
	Indian Overseas Bank	13	18	21	9	61
	Punjab and Sind Bank	1	2	10	4	17
	Punjab National Bank	379	194	134	58	765
	UCO Bank	113	75	41	12	241
	Union Bank of India	61	74	61	40	236
Foreign Banks	Standard Chartered Bank	-	-	-	1	1
Regional Rural Banks	Dakshin Bihar Gramin Bank	799	216	58	15	1088
	Uttar Bihar Gramin Bank	637	354	54	-	1045
Private Sector Banks	Axis Bank Limited	17	53	40	28	138
	Bandhan Bank Limited	297	268	75	18	658
	DCB Bank Limited	6	1	2	1	10
	Federal Bank Ltd	-	3	2	3	8
	HDFC Bank Ltd.	6	66	46	29	147
	ICICI Bank Limited	11	39	37	29	116
	IDBI Bank Limited	21	21	24	14	80
	IDFC First Bank Limited	-	3	2	5	10
	IndusInd Bank Ltd	9	4	16	12	41

	Jammu & Kashmir Bank Ltd	-	-	-	1	1
	Karnataka Bank Ltd	-	-	-	1	1
	Karur Vysya Bank Ltd	-	-	-	1	1
	Kotak Mahindra Bank Ltd.	7	8	3	7	25
	Rbl Bank Ltd	4	-	-	2	6
	South Indian Bank Ltd	-	-	-	2	2
	Yes Bank Ltd.	-	-	2	3	5
Small Finance Bank	Au Small Finance Bank Limited	-	-	-	1	1
	Capital Small Finance Bank Limited	0	0	0	0	0
	Esaf Small Finance Bank Limited	1	3	5	1	10
	Fincare Small Finance Bank Limited	7	27	7	-	41
	Jana Small Finance Bank Limited	1	1	15	5	22
	Ujjivan Small Finance Bank Limited	7	17	15	3	42
	Unity Small Finance Bank Limited	1	10	9	-	20
	Utkarsh Small Finance Bank Limited	81	96	28	6	211
Payments Bank	Airtel Payments Bank Limited	2	-	-	1	3
	Fino Payments Bank Limited	1	10	8	-	19
	India Post Payments Bank Limited	-	-	-	-	-
Bihar	Total	3522	2518	1309	612	7961

Non-Banking Financial Companies (NBFCs)

Bihar has become the point of attraction for NBFSs due to a huge demand and growing number of MSMEs in the state. NBFCs play a crucial role in complementing the efforts of formal banking institutions in meeting the credit requirements of MSMEs. These NBFCs offer various financial products and services tailored to the specific needs of MSMEs, making credit more accessible and flexible for them. The state is providing ambience for their development to cater the credit requirements of underserved or niche MSME segments, such as small traders, artisans, start-ups, and rural enterprises.

Along with Banks, NBFCs, MFIs, the government of Bihar is continuously putting efforts to introduce new support programs at the state level, implementing it to reach out to the last mile of the state. Also, the state has been engaged with the Government of India to implement their schemes at the state. Some of the examples are:

Pradhan Mantri Mudra Yojana (PMMY): PMMY has been a success in Bihar and has helped to create jobs and stimulate economic growth. Pradhan Mantri Mudra Yojana (PMMY) is a government program that provides loans to small businesses in India. The program was launched in 2015 and has since provided loans to over 100 million businesses. This scheme aims to provide financial support to micro-enterprises by offering three categories of loans - Shishu (up to INR 50,000), Kishore (up to INR 5 lakh), and Tarun (up to INR 10 lakh).

PMMY loans are available from a variety of lenders, including banks, non-bank financial companies (NBFCs), and microfinance institutions. The interest rates on PMMY loans are typically lower than the interest rates on loans from traditional banks.

As of March 2023, PMMY has provided over 10 million loans to businesses in Bihar. The average loan amount is Rs. 50,000. The most popular industries that receive PMMY loans are manufacturing, trade, and services.

Bihar State Financial Corporation (BSFC) Schemes: BSFC offers various financial assistance schemes for MSMEs, including term loans, working capital loans, and machinery loans. These schemes support the growth and modernization of existing MSMEs and encourage the establishment of new enterprises.

Mahila Udyami Yojana (BMUY): This scheme is specifically designed to promote women entrepreneurship in Bihar. MMUY provides financial assistance and training to women entrepreneurs to establish and run their MSME ventures.

Table 1.9 Accesses to Finance for the MSMEs in Bihar

Sr. No	Sector	Achievement (Disbursement) up to the end of current quarter	
		No. of Acc.	Amount
1	Priority Sector (1A+1B+1C+1D+1E+1F+1G+1H)		
1A	Agriculture= 1A(i)+1A(ii)+1A (iii)	6452226	638710800
1A(i)	Farm Credit	4552045	539117100
1A(ii)	Agriculture Infrastructure	7052	5802900
1A(iii)	Ancillary Activities	1893129	93790800
	<i>Out of 1A(iii) above, loans upto 50 crore to Start-ups engaged in Agri & Allied services</i>	950	1505000
	<i>Out of Agriculture, loans to Small & Marginal Farmers</i>	478656	51137900
1B	MSMEs = 1B(i)+1B(ii)+1B(iii)+1B(iv)	1135436	348314500
1B(i)	Micro Enterprises (Manufacturing + Service) (including Khadi & Village Industries)	987546	188942900
1B(ii)	Small Enterprises (Manufacturing + Service)	50408	89748700
1B(iii)	Medium Enterprises (Manufacturing + Service)	2755	30492900
1B(iv)	Khadi and Village Industries	1073	543100
1B(v)	Other finance to MSMEs	93654	38586900
	<i>Out of 1B(iv) above, loans upto 50 crores to Start-ups</i>	0	0
1C	Export Credit	585	173500
1D	Education	15972	3727500
1E	Housing	30450	24210800
1F	Social Infrastructure	2977	72400
1G	Renewable Energy	16	6500
1H	Others	1016338	80387400
	<i>Out of 1H above, loans upto 50 crore to Start-ups (other than Agri/ MSME)</i>	0	0

2	Sub total Priority Sector Lending = 1A+1B+1C+1D+1E+1F+1G+1H	8654000	1095603400
3	Loans to weaker Sections under PSL	6393702	319288100
	<i>Out of 3 above, loans to individual women beneficiaries up to ₹1 lakh</i>	1183386	62716500
4	Non-Priority Sector (4A+4B+4C+4D+4E)		
4A	Agriculture	29892	24341500
4B	Education	2671	1680500
4C	Housing	11414	28921800
4D	Personal Loans under Non-Priority Sector	233094	103578300
4E	Others	922886	354240200
5	Sub-total Non-Priority Sector Lending = 4A+4B+4C+4D+4E	1199957	512762300
	Total = 2+5	9853957	1608365700

Factors determine production of MSMEs

The land, Energy, Water, Labour, Transport, and R&D/testing facilities are the key factors to determine the production of MSMEs.

Land

Bihar is a landlocked state, with the total geographical area of 9.4 million hectares, while its share in country's population is around 8.6%. The area under forests as a proportion of total area has remained constant at 6.6% over the last 5 years at 6.22 lakh hectares. This pattern continues for areas such as barren and uncultivable land (4.6%), land under tree crops (2.6%), fallow land (1.3%), cultivable waste land (0.5%), area under permanent pastures (0.2%), and water bodies (3.8%) over the five-year period. Rational use of land is important for its implications on economic growth, food supply and ecosystem management.

Bihar Industrial Area Development Authority (BIADA) and Infrastructure Development Authority (IDA) are the two key institutions in the state for the development of physical and social infrastructures, and to attract private sector participation in designing, financing and construction of infrastructural projects. To address the issues of land availability, a "Land Bank" has already been established in IDA to ensure timely land acquisition by providing the immediate funding (<https://www.idabihar.com/>). However, BIADA is an institution with the mission to promote and augment industrialization and create awareness about the Industrial Policy of state as well as creating environment for consistent-growth of Industries in the state (<https://www.biadabihar.in/Default.aspx>). The BIADA Land Allotment Policy, 2022 states the objectives of Land allotment for the Industries, establishing industries across the state in a mechanism to ease the allotment process time bound manner and strengthening single window. Till September 2023, BIADA has acquired 8231.9 acres of land, spread across the nine clusters and engaged in the conducive infrastructural development and the full furnished shed allocation for the MSMEs and entrepreneurs (Table 2.10).

Table 2.10 Details of acquired land and shed allocation status across the clusters by BIADA (till September 2022)

Cluster	Total acquired land & sheds		Reserve Land (acres)	Total allotted land & sheds		Litigated land (acres)	Total vacant & shed for allotment	
	Land (acres)	Sheds (Nos.)		Land (acres)	Sheds (Nos.)		Land (acres)	Sheds (Nos.)
Begusarai	739.3	68	67.3	389.7	66	53.2	229.1	2
Bhagalpur	856.6	72	29.9	34.3	65	787.9	4.4	7
Gaya	528.5	84	44.8	329.4	76	14.7	139.7	8
Patna	2439.7	136	159.6	1636.8	136	115.3	528	0
Darbhangha	530.3	95	51.1	240.2	95	11.1	227.9	0
Hajipur	456.2	0	88.3	217.7	0	2.1	148.1	0
Muzaffarpur	1950.2	158	150.2	512.4	140	23.4	1264.1	18
Purnea	559.5	18	45.3	253	18	71.4	189.9	0
Saharsa	171.6	49	4.8	9.7	38	5.5	151.5	11
Total	8231.9	680	641.3	3623.2	634	1084.6	2882.7	46
Data source: BIADA, GoB; Bihar Economic survey, 2023								

Energy

The available power capacity in the state is 7785 MW by the end of financial year 2021-22. The total power generation capacity in the state is met by mainly two types of power generating units i.e. coal based Thermal Power Plants (TPP), renewable energy harvesting systems i.e. Hydroelectric Power Plants (HPPs), solar power plants. In the aforesaid financial year the growth rates of these two generating units has been observed as 9.1% and 130.6% respectively. The energy demand in the state has been evidently reported increasing i.e. from 4965 MW in 2017-18 to 6475 MW in 2021-22, which about 31% growth over the period of four years. The per capita energy consumption has risen from 280 kwh in 2017-18 to 329 kwh in 2021-22 that implies about 17.5% growth in four yours. The rapidly increasing energy demand in the state is due to the increasing number of different enterprises in the state and/or the up scaling of many existing enterprises in the state.

To meet the increasing demand of power in the state, the government has already planned for the additional capacity of 5841 MW from different sources in a phased manner by 2024-25. It is expected, that in financial year 2024-25, the power demand in the state would be about 8003 MW, with an annual energy requirement of 42,320 MU. The Bihar State Power

Generation Company Limited (BSPGCL) is responsible for the coordination with the companies currently engaged in electricity generation and also advises them on various issues like construction, operation and maintenance of generating stations and associated facilities. The Bihar State Power Transmission Company Limited (BSPTCL) engaged in development and establishment of intra-state transmission lines for electricity and connecting load centres to the generating stations. The two DISCOMs i.e. North and South Bihar Power Distribution Companies Limited (NBPDC and SBPDCL) are responsible for the distribution of electricity to all consumers and the trading of electricity.

Water

The state is situated in the plains of Ganga river basin, and is endowed with abundant water resources including ponds, lakes/ taals, springs, traditional aahars and pynes, wells, small and big river channels. Some of the prominent river channels which are the tributaries of the main river Ganga are Ghaghara, Gandak, Budhi-Gandak, Bagmati, Kamla-Balan, and Mahananda drains across the north Bihar, while other rivers originating from the Deccan plateau i.e. Sone, Koyal, Punpun, Panchane, Karmnasha, Falgu etc. drains across the south Bihar. All these water resources of the state are the assurance about the adequate water availability in the state. However, still the Southern Bihar often faces the situations of water scarcity during the periods of summer, while the northern Bihar almost annually faces the flooding situations.

To resolve the above situations, the state and central government have been continuously working for the proper storage and management of existing water resources and enhance the capacity of water supply mechanisms to all under two key schemes like Jal Jeevan Hariyali Mission (JJHM), and Har Ghar Nal ka Jal. Till date, 2,25,078 Water Conservation Structures (WCS) has been identified across the state and after making required modifications, about 78,433 of total WCS have been connected with the pipe line (<https://www.jaljeevanhariyali.bih.nic.in/JalJeevanHaryali/UploadData.aspx>) for the water supply under the Scheme of JJHM. The “Ganga Water Supply Scheme” is launched to extract and supply the surplus water of river Ganga to the four cities i.e. Rajgir, Bodhgaya, Gaya and Nawada.

Labour/ Manpower

As per the periodic Labour Force Survey Report (LFPR), 2021, Ministry of Statistics and Programme Implementation, Government of India, Bihar has about 42.2% of its total population as the labour force, and out of that about 42.5% labour force are located in rural, 40.2% in urban and remaining 17.3% are in the semi-urban locations. The overall work population ratio (WPR) of the state is 40.1%, which is 15.6 point lower as compared to the national level i.e. 55.7%. The aforesaid data indicates about the huge number of unemployed labour force in the state and it can be utilised in the different MSME sectors after appropriate skilling.

Currently in the state, almost all 38 districts are provided with the 30 Skill Development Centres (SDCs) under the provisioning of Industries Department, Government of Bihar, with the financial assistance of state and central government. As per the portal of Bihar Skill Development Mission, the state has 1780 Centres of Kaushal Yuva Programme (KYP), and 1472 centres of Domain specific skilling programmes. Till the date, about a total of 92,193 labour forces have been trained in different sectors by the aforesaid SDCs from the financial year 2017-18 to 2022-23, and about 8791 (9.54%) of them are engaged in the their domain specific MSME sectors (<https://skillmissionbihar.org/>). The labour force in the state is adequately available for running the MSMEs, but still there is a long way to be covered to make them skilled more and more to be absorbed in our MSMEs.

Transport

The Bihar state is having good connectivity with the road, rail, air and waterways transport mediums. The total length of national highways (NHs of 4, 6 and 8 lane), state highways (SHs), major district roads, and the rural roads is 5,977; 3,638; 15,637; 1,08,123.9 kms respectively by the month of September 2022. The total road density (kms per thousand sq. Kms) across the state is 3166.9. Besides it, under the programme of Seven Resolution – II of the state government (2020-2025), the state has initiated Sulabh Samparkta Yojana (Easy Connectivity Scheme) of rural areas to the important places and to the important facility centres by creating the bypasses, flyovers, bridges, tunnels etc. Additionally, the Bihar State Road Development Corporation has given approval for 4-laning of 95 kms of length of NH-82, from Gaya-Manpur-Hisua-Rajgir-Nalanda-Biharsarif, by JICA. The State is also developing state highways under various initiatives. Many projects have been undertaken and

planned under the Bihar State Highways Project (BSHP) with support mainly from the Asian Development Bank. The Phase III of the program which started in 2019, under BSHP is in progress. Six projects involving a budget of Rs. 2,829 crores for upgrading 286 kms of SH into 2-lane are in pipeline. Further, a total of 75 projects were undertaken under the Prime Minister Package, out of which 12 are completed, 39 are in progress and DPR is being prepared for the remaining 24 projects. Apart from the road network, it has incorporated mega bridges on rivers within Bihar including Ganga, Sone, Gandak, etc. These projects are estimated to have a cost of Rs. 50,711 crores and construction of 3,023 kms of road length. Similarly, under the Bharatmala Pariyojana Phase-1, which is a major road connectivity programme of Government of India, 9 projects within Bihar have been identified with an aggregate length of 751 kms. The Central government has also under the National Highways Projects identified nine different projects for construction or upgrading 673 kms of NH road network in Bihar with an estimated investment of Rs. 6637 crores.

The total *railway* network in the state is of about 3,803 kms with the rail route density (kms per 1000sq.kms) of 39.6 (Ministry of Railways, 2021). Hajipur in Bihar is the head quarter of the East-Central Railway. The state's main railway junctions are at Patna, Gaya, Muzaffarpur, Katihar and Samastipur. Several link-lines, such as Muzaffarpur-Samastipur-Barauni-Katihar and Muzaffarpur-Chapra-Siwan, have been converted to broad gauge from metre gauge. Additionally, the Government of India has signed agreements with Alstom and General Electric for production of electric and diesel locomotives. The two green-field locomotive factories are in the process of being established in the state; however one locomotive factory is already operational in Madhepura, while the other is being set up. Further, in September 2020, the Prime Minister, Mr. Narendra Modi inaugurated the „Kosi Rail Mahasetu“ project for laying new rail lines and electrification projects in Bihar. These projects include a new railway bridge on the Kiul River, two new railway lines, five electrification projects, one electric locomotive shed at Barauni and a third line between Barh and Bakhtiyarpur.

The *air connectivity* of Bihar is mainly operated through one domestic airport in Patna and one international airport in Bodh Gaya. Several domestic airlines connect Patna to Delhi, Kolkata, Mumbai, Lucknow, Bengaluru, Hyderabad and Ranchi. The airport in Bodh Gaya is

used for international connectivity with Bangkok (Thailand), Colombo (Sri Lanka), Yangon (Myanmar), Dhaka (Bangladesh), Paro (Bhutan) and Kuala Lumpur (Malaysia). The Patna Airport i.e. Jaiprakash Narayan Airport is one of the most important (with the Air Quality Service Index i.e. AQSI: 71) and having wide domestic connectivity (www.aai.aero/). In 2020-21, the total passenger traffic and freight handled at Patna airport was 14,75,677 and 7,224 MT, respectively. In March 2021, the Ministry of Civil Aviation announced that the Darbhanga Airport in Bihar is being expanded under the „UDAN Regional Connectivity“ scheme. On December 17, 2020, SpiceJet announced the launch of 30 new domestic flights, including six new flights from Darbhanga, Bihar, which stated its operations on a phased basis from December 20, 2020.

The state has huge potential of establishing the *waterways* as it is provided with two big rivers i.e. Ganga and Gandak along with the well connected networks of their tributaries. As per the provisions of National Waterways Act, 2016; the state had approval for implementation of the Jal Marg Vikas Project (JMVP) in January 2018. Under this project, planning for development of NW-1, ferry services, ship repair facilities, roll-on roll-off (RO-RO) services, state-of-the-art terminals at Kalughat and Gaighat will be developed in the state of Bihar. The projects are likely to create direct and indirect employment for more than 50,000 people in the state. In March 2021, the Government announced that a riverine or inland port will be constructed on the banks of Gandak River in Saran district. Till date, the National waterways-1 (NW-1) developed across the Ganga-Bhagirathi-Hoogly river systems of length 1620 kms between Haldia and Allahabad. The infrastructural facility developed across the stretch of Bihar is five terminals i.e. Bateshwarsthan, Bhagalpur, Munger, Semaria and Buxar, out of total 20 terminals (iwai.nic.in/).

Entrepreneurship

The ease of doing business environment in the state has been improved significantly after the intervention of various policies as mentioned earlier in section-1. Till the date, a huge number of applications have been received for the new entrepreneurship from entire state under different schemes like Bihar Start-Ups, Mukhyamantri Udyami Yojana (MMUY), PM Mudra Yojana (PMUY), PMEGP, PMFME, and Stand-up India, and the approved applications are summarised in the below (Table 2.11).

Table 2.11 Summary of approved number of entrepreneurs in Bihar under different schemes

Scheme	Bihar Start-Up	Bihar MMUY	PMFME	PMEGP	PMUY	Stand-up India
Total no. of approved entrepreneurs	407	28,534	3,154	19,616	21,33,442	--

R & D, and testing facility

The Office of the Development Commissioner (Micro, Small and Medium Enterprises) has been functioning as an apex/Nodal organisation and provides link between the Ministry/Department and field organizations. It has been working as an attached office to the Ministry of Micro, Small and Medium Enterprises since 6th September, 2001. Over the years, it has witnessed its role evolve into an agency for advocacy, handholding and facilitation of the small industries sector. The Development Commissioner (MSME) have a network of 30 MSME-Development Institutes (MSMEDI), 28 Bihar MSME Development Institutes (Br. MSME-DI), 4 MSME-Testing Centers (MSME-TCs), 7 MSME Testing Stations (MSME-TSs), 21 Autonomous bodies which include 10 Tool Rooms (TRs) and Tool Design Institutes (TDI), 4 MSME-Technology Development Centre (MSME-TDC), 2 MSME-Technology Development Center Footwear (MSME-TDC), 1 Electronics Service & Training Centre (ESTC), 1 Institute for Design of Electrical Measuring Instruments (IDEMI), 2 National Level Training Institutes, and 1 Departmental Training Institute and 1 Production Centre. The institutions, inter-alia, include facilities for testing, tool making, training for entrepreneurship development, preparation of project and product profiles, technical and managerial consultancy, assistance for exports, pollution and energy audits etc. The organisation provides economic information services and also advises Government in policy formulation for the promotion and development of MSME sector. Its field offices also work as effective links between the Central and the State Government for the area of MSME development. In the state of Bihar, the support facilities and services of the Offices of the Development Commissioner (MSME) are rendered through the network of two MSME Development Institutes located at Patna and Muzaffarpur.

Table 2.12 Performance/ Overview of MSMEs by NIC code

NIC Code	Industry Name	No. of Micros	No. of Small	No. of Medium	Total MSMEs	Proportion of MSMEs in total MSMEs in the State (%)	Proportion of women Entrepreneurs in the sector	Employment in sector
01	Crop and animal production, hunting and related service activities	16829	227	3	17059	2.331	2965	215265
05	Mining and quarrying	1894	15	3	1912	0.261	238	16204
06	Extraction of crude petroleum and natural gas	801	96	4	901	0.123	147	7474
07	Mining of metal ores	2612	32	1	2645	0.361	490	37531
08	Other mining and quarrying	13845	71	7	13923	1.902	1810	95774
09	Mining support service activities	38702	642	20	39364	5.378	7056	248177
10	Manufacture of food products	13411	364	75	13850	1.892	3024	120194
11	Manufacture of beverages	1838	32	3	1873	0.256	266	29712
12	Manufacture of tobacco products	2695	13	0	2708	0.370	333	37163
13	Manufacture of textiles	34821	479	8	35308	4.824	3155	165944
14	Manufacture of wearing apparel	3835	28	0	3863	0.528	1031	44324
15	Manufacture of leather and related products	1366	24	1	1391	0.190	191	16219
16	Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	7536	276	18	7830	1.070	966	82696
17	Manufacture of paper and paper products	18845	610	51	19506	2.665	2539	169118
18	Printing and reproduction of recorded media	6716	65	1	6782	0.927	1068	63943
19	Manufacture of coke and refined petroleum products	8745	64	2	8811	1.204	1408	49576
20	Manufacture of chemicals and chemical products	3393	42	1	3436	0.469	617	31513
21	Manufacture of pharmaceuticals, medicinal chemical and botanical products	74190	5122	233	79545	10.868	12689	441433
22	Manufacture of rubber and plastics products	158523	3076	130	161729	22.097	27409	680251
23	Manufacture of other non-metallic mineral products	9252	585	44	9881	1.350	1236	123471
24	Manufacture of basic metals	3789	75	6	3870	0.529	706	32710
25	Manufacture of fabricated metal products, except machinery and equipment	2514	142	7	2663	0.364	428	53994

NIC Code	Industry Name	No. of Micros	No. of Small	No. of Medium	Total MSMEs	Proportion of MSMEs in total MSMEs in the State (%)	Proportion of women Entrepreneurs in the sector	Employment in sector
26	Manufacture of computer, electronic and optical products	21429	249	13	21691	2.964	4140	197165
27	Manufacture of electrical equipment	9046	113	3	9162	1.252	1018	83400
28	Manufacture of machinery and equipment n.e.c.	776	31	1	808	0.110	130	19672
29	Manufacture of motor vehicles, trailers and semi-trailers	9722	357	14	10093	1.379	1237	127257
30	Manufacture of other transport equipment	7519	223	4	7746	1.058	1007	71971
31	Manufacture of furniture	2082	35	0	2117	0.289	281	16840
32	Other manufacturing	14877	187	23	15087	2.061	1728	105961
33	Repair and installation of machinery and equipment	3567	65	14	3646	0.498	547	51334
35	Electricity, gas, steam and air conditioning supply	7254	66	2	7322	1.000	1805	80190
36	Water collection, treatment and supply	1308	15	0	1323	0.181	183	8753
37	Sewerage	4683	178	8	4869	0.665	639	64936
38	Waste collection, treatment and disposal activities; materials recovery	522	2	0	524	0.072	95	4828
39	Remediation activities and other waste management services	1648	43	1	1692	0.231	201	22694
41	Construction of building	12870	126	16	13012	1.778	4379	94278
42	Civil Engineering	2513	193	45	2751	0.376	332	39926
43	Specialized construction activities	2267	88	24	2379	0.325	345	43720
45	Wholesale and retail trade and repair of motor vehicles and motorcycles	12856	172	45	13073	1.786	1420	98038
46	Wholesale trade, except of motor vehicles and motorcycles	60902	559	56	61517	8.405	14694	388537
47	Retail trade, except of motor vehicles and motorcycles	8321	151	12	8484	1.159	1120	59717
49	Land transport and transport via pipelines	8876	194	12	9082	1.241	1111	67996
50	Water transport	1003	9	0	1012	0.138	194	20715
51	Air Transport	917	41	1	959	0.131	130	11279

NIC Code	Industry Name	No. of Micros	No. of Small	No. of Medium	Total MSMEs	Proportion of MSMEs in total MSMEs in the State (%)	Proportion of women Entrepreneurs in the sector	Employment in sector
52	Warehousing and support activities for transportation	3071	114	16	3201	0.437	534	26009
53	Postal and courier activities	1632	3	0	1635	0.223	199	15029
55	Accommodation	1440	32	2	1474	0.201	229	30718
56	Food and beverage service activities	11986	231	9	12226	1.670	2264	101935
58	Publishing activities	4085	17	0	4102	0.560	569	31709
59	Motion picture, video and television programme production, sound recording and music publishing activities	4087	28	0	4115	0.562	572	41135
60	Broadcasting and programming activities	2359	14	3	2376	0.325	494	22349
61	Telecommunications	13377	229	20	13626	1.862	1756	150003
62	Computer programming, consultancy and related activities	14254	125	7	14386	1.966	3751	129970
63	Information service activities	11367	137	3	11507	1.572	1893	127169
64	Financial service activities, except insurance and pension funding	7946	69	7	8022	1.096	1774	75396
65	Insurance, reinsurance and pension funding, except compulsory social security	5101	75	7	5183	0.708	845	30000
66	Other financial activities	1980	13	2	1995	0.273	350	17524
68	Real estate activities	2519	56	7	2582	0.353	354	25562
69	Legal and accounting activities	4812	39	1	4852	0.663	583	38406
70	Activities of head offices; management consultancy activities	788	101	4	893	0.122	141	22382
71	Architecture and engineering activities; technical testing and analysis	61788	1359	88	63235	8.640	14004	621759
72	Scientific research and development	3428	86	2	3516	0.480	598	94195
73	Advertising and market research	4916	86	3	5005	0.684	700	72382
74	Other professional, scientific and technical activities	8291	73	5	8369	1.143	1063	58631
75	Veterinary activities	2979	26	0	3005	0.411	466	48271
77	Rental and leasing activities	1412	19	1	1432	0.196	166	20546

NIC Code	Industry Name	No. of Micros	No. of Small	No. of Medium	Total MSMEs	Proportion of MSMEs in total MSMEs in the State (%)	Proportion of women Entrepreneurs in the sector	Employment in sector
78	Employment activities	4510	67	4	4581	0.626	702	68840
79	Travel agency, tour operator and other reservation service activities	3798	56	2	3856	0.527	593	54079
80	Security and investigation activities	8662	64	2	8728	1.193	1041	81031
81	Services to buildings and landscape activities	2306	95	9	2410	0.329	349	96025
82	Office administrative, office support and other business support activities	5427	113	8	5548	0.758	648	77542
84	Public administration and defence; compulsory social security	6359	170	7	6536	0.893	744	54255
85	Education	9066	49	3	9118	1.246	1309	71876
86	Human health activities	5105	161	7	5273	0.720	860	49228
87	Residential care activities	1479	14	1	1494	0.204	268	8413
88	Social work activities without accommodation	8032	202	13	8247	1.127	1109	66469
90	Creative, arts and entertainment activities	4146	10	1	4157	0.568	752	47524
91	Libraries, archives, museums and other cultural activities	5679	84	0	5763	0.787	865	51112
93	Sports activities and amusement and recreation activities	11044	69	12	11125	1.520	1845	150501
94	Activities of membership organizations	1236	5	2	1243	0.170	165	16280
95	Repair of computers and personal and household goods	12541	141	4	12686	1.733	1701	67800
96	Other personal service activities	28302	114	7	28423	3.883	3495	179931

Table 2.13 Overview of District wise Geographic Clusters, MSMEs and the main sectors in Bihar

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
Araria**	0	Not available	15163	2803	Agro based, Jute based, Wood/ wooden based, Metal based, Computer Training Institute, Computer Hardware and Repairing Centre
Arwal	0	Not available	2847	497	Agro based, Readymade Garments, Wooden based and Wooden Furniture, Mineral based, Metal based, Repairing & Servicing
Aurangabad**	0	Not available	12855	2174	Agro based, Cotton Textiles, Woolen, Silk & Artificial thread based clothes, Readymade Garments & Embroidery, Earthen & Plaster statues, Wood/Wooden based furniture, Metal based (Steel fabricated) Engineering units and Transport equipment, Repairing and Servicing
Banka**	0	Not available	10589	1948	Agro based, Cotton Textiles, Woolen, Silk & artificial, based Clothes, Readymade Garments, Wood/Wooden based furniture, Metal based (Steel fabricated) Engineering Machinery repairing, Repairing and Servicing
Begusarai**	0	Not available	21583	4465	Dairy, Sugarcane, Bamboo, Oil Refinery, Thermal Power Plant, Hindustan Fertilizer Corporation, Bihar Carbon Pvt. Ltd., Neo Carbon Pvt. Ltd., Premier Industries, Graphite India, Repairing and Servicing,
Bhagalpur	2	1. Sanitary Pad Cluster, Sabour 2. Readymade Garments Cluster, Mulachak	24861	5208	Agro based, Cotton Textiles, Woolen, Silk & artificial, based clothes, Cane, Bamboo, Readymade garments, Wood/Wooden based furniture, Food processing, Electrical, Farming equipments, General fabrication, Mineral water, Plastic, Cardboard, Computer hardware maintenance, DTP & Screen Printing, Repairing of Vehicles

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
Bhojpur	0	Not available	12323	1866	Agro-based, Cotton textile, Jute based, Carpets, Readymade garments, Wooden furniture, Imitation Jewellery, Paper products, Leather based, Chemical based, Rubber Plastic and Petro based, Mineral based, Metal based (Steel fabricated) engineering machinery repairing and Services
Buxar	0	Not available	8503	1318	Agro-based- Rice and Oil Mills, Soap industry, Timber and furniture, Leather based, Brass utensils, Singhara, Metal based (Steel fabricated) engineering machinery repairing and Services
Darbhanga	0	1. Makhana Cluster*	21591	3724	Makhana, Terra-cotta, Paper mills, Sugar mills, Handloom, Artisan based, Imitation jewellery, Wooden based and Wooden furniture, Repairing and Servicing
Gaya*	0	1.Agarbatti Cluster*	25836	4555	Agro-based, Rice mill, Pulses milling, Agarbatti, Tilkut, Lai, Stone Craft, Power looms, Handlooms, General fabrication, Cane & bamboo, Folk printing, Sikki work, Mineral water, Metal based (Steel fabricated) engineering machinery repairing, Wooden based and wooden Furniture, Repairing and Servicing
Gopalganj	0	Not available	14810	2147	Food processing, beverages, Paper products, Chemical products, Metal based (Steel fabricated), Wooden furniture, Repairing and Servicing
Jamui**	0	Not available	9763	2110	Agro based, Readymade garments, Wooden based and wooden furniture, Electrical machinery, Metal based, Repairing & Servicing, Vehicles repairing
Jehanabad	0	Not available	5343	1025	Agro based - crop grains, Vegetables, Oil, Seeds, Gur, Stone chips and servicing, Repairing of Vehicles

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
Kaimur (Bhabua)	0	Not available	6726	1337	Rice milling & polishing, Vegetable oils, Pulses milling, Repairing of Vehicles
Katihar**	0	Not available	17460	2750	Agro based, Readymade Garments, Food products, Wooden based and Wooden furniture, Mineral based, Metal based, Repairing & Servicing
Khagaria**	0	Not available	11241	3808	Food products, Furniture, Wooden products, Agro-processing, Metal based, Repairing & Servicing
Kishanganj	0	Not available	7808	1101	Agro based, Plywood, Jute based, Tea processing, Poultry, Bullock cart wheel making, Silk based, Repairing & Servicing
Lakhisarai	1	1. Rice Mill Cluster, Durdih	5094	954	Agro based -Rice & Pulse, Readymade garments, Wooden based and Wooden furniture, Mineral based, Metal based, Repairing & Servicing
Madhepura	0	1. Sweet and Namkin Cluster*	10773	1912	Food processing -Fruits & Vegetables, Wood/wooden based furniture, Steel fabrication, Repairing & Servicing
Madhubani	1	1. Silver Ornaments Cluster, Basopatti	22530	3950	Agro based - Makhana Processing, Artisan based, Madhubani Art & Craft, Textile, Wearing apparel, Metal products, Wooden products & Wooden furniture, Repairing & Servicing
Munger	0	Not available	8891	1799	Agro based - Rice, Honey & Mentha oil, Brass & Bell metal, Imitation jewellery, Rail Crane workshop, Goods wagon for railway in Railway Workshop, ITC Tobacco factory, Gun making, and Servicing, Vehicles Repairing
Muzaffarpur*	4	1. Honey Processing Cluster 2. Lahthi Cluster 3. Footwear Cluster	40049	7250	Bharat Wagon & IDPL, Cane, Bamboo Food processing, Lac products, Shoes, Textiles, Wooden products & Wooden furniture, Metal based (Steel fabricated) engineering, Machinery repairing,

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
		4. Leather Goods Park			Engineering units, Electrical machinery Repairing & Servicing
Nalanda	5	1. Footwear Cluster, Moratalab 2. Jhula Cluster, Kanhaiyaganj 3. Khaja Cluster, Silao 4. Agriculture Implements Cluster, Noorsarai 5. Sriram Swawalambi Sahyog Samiti, Onda	17332	3585	Agro based -Khaaja, Block printing, Readymade garments, Jhula making (Amusement), Agriculture implements, Wooden based and Wooden furniture, Mustard oil, Mineral based, Metal based, Repairing & Servicing, Tourism
Nawada**	1	1. Green Yarn Cluster, Khanwan	11656	2616	Agro based, Sugar Mills, Handloom Silk, Bidi making, Wooden based and Wooden furniture, Mineral based, Metal based, Repairing & Servicing, Tourism
Pashchim Champaran	3	1. Utensils Cluster, Bettiah 2. Utensils Cluster, KaseraTola, Bettiah 3. Food Processing Cluster, Bettiah	19437	3002	Food processing, Sugar mills, Rice mills, Cottage units, Gur (raw-sugar), Basket, Rope, Mat weaving, Block printing, Financial services, Veterinary activities
Patna	4	1. Brass and Bronze metal Utensil Cluster, Pareo 2. Aparna Leather Cluster, Fatuha 3. LED Bulb Cluster, Patna City 4. Leather Footwear Cluster, Patna City	82412	18653	Agro-based, Soda water, Cotton Textile, Woolen, Silk and Artificial Silk based clothes, Jute based, Readymade garments and Embroidery, Food processing, Wooden furniture, Paper products, Leather based, Chemical based, Rubber plastic and Petro based, Mineral based, Metal based (Steel fabricated) Engineering machinery repairing and various types of Services, Sikki Work, Food services

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
Purbi Champaran	2	1. Seep Button Cluster, Mehshi 2. Seep Button Cluster, Bathna 3. Rice Milling Cluster 4. Small Machine and Tools Manufacturing Cluster	33089	4828	Pearl button based, Fishery, Agro-based, Hand embroidery, Sheet box containers, Wooden based, Metal based, Chemical based industries, Sea shell craft, Repairing and Servicing
Purnea**	0	Not available	25384	4361	Agro processing-Masala (Mirchi, Haldi), Banana chips, Papad, candle/wax works, Juteworks, Agarbatti, Wooden products & Wooden furniture, Sheet box containers, Metal based (Steel fabricated), Engineering units, Electrical machinery Repairing & Servicing
Rohtas	0	Not available	16098	2716	Agro based, Cotton textiles, Woolen, Silk & Artificial thread based clothes, Readymade garments & embroidery, Wood/Wooden based furniture, Leather based, Metal based (Steel fabricated) Engineering Machinery repairing, Stone carving, Engineering units, Electrical machinery and Transport equipment, Repairing and Servicing
Saharsa	0	Not available	11327	2115	Food products, Makhana based, Sheet box containers, Tobacco, Textiles, Wooden products & Wooden furniture, Other non-metallic mineral products, Paper products, Electrical equipment, Food services, Publishing activities, Other professional & Technical

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
					activities
Samastipur	0	Not available	27345	4915	Food products, Wearing apparel, Sugar, Jute mill, Oil, Railway wagon wheel factory, Wooden products & Wooden furniture, Other non-metallic mineral products, Paper products,
Saran	1	1. Footwear Cluster, Bathnaha	20201	3084	Agro-based, Soda water, Cotton textile, Woolen, Silk and Artificial silk based clothes, Jute based, Readymade garments and Embroidery, Food Processing, Wooden furniture, Paper products, Leather based, Chemical/Chemical based, rubber, Plastic & Petro based, Mineral based, Metal based, Engineering units, Repairing & Servicing, Food services, Publishing activities, Other professional & Technical activities
Sheikhpura**	0	Not available	4297	791	Agro based, Food processing, Sheet box containers, Metal based (Steel fabricated) engineering machinery repairing, Wooden based and Wooden furniture, Engineering units, Repairing and Servicing
Sheohar	0	Not available	3578	661	Food products, Textiles, Wooden products & Wooden furniture, Electrical equipment, Food services & Technical Activities
Sitamarhi	0	Not available	17689	3526	Food products, Textiles, Wooden products & Wooden furniture, Electrical equipment, Fabricated metal products except machinery and equipment, Motor vehicles, Trailers, Food services & Technical activities, Sheet box containers, Repair and

District	No of Geographic Clusters	Cluster details	No. of MSME	Number of women MSMEs	Main Sector in District
					Installation of Machinery and equipment
Siwan	0	Not available	17841	1050	Food Products, Beverages, Chemicals and Chemical Products, Wooden Products & Wooden Furniture, Chemical, Fabricated Metal Products
Supaul	2	1. Silk Reeling Cluster, Triveniganj 2. Makhana Processing Cluster, Balha	13276	2184	Food Products, Textiles, Tobacco, Basic Metals, Other Non-Metallic Mineral Products, Electrical Equipment, Food Services, Information Service Activities, Financial Services, Personal Service Activities
Vaishali	3	1. Copper-Bronze alloy Utensil Cluster 2. Handloom & Khadi Post Processing Cluster 3. Handicraft Cluster	27268	4612	Food Processing, Banana and its products, Packaged Drinking Water, Poultry, Bio Fertilizer, Beverages, Cane & bamboo, Folk Printing, Confectionary, Electrical Machinery and Transport Equipment, Palm stick Cluster, Copper Bronze Alloy utensils Cluster, Wooden Based and Wooden Furniture, Food Services, Information Service Activities, Financial Services, Personal Service Activities, Veterinary Activities
Total	29		6,64,869	1,23,410	

**Aspirational Districts of Bihar; *Potentially identified Clusters

In the state of Bihar, there are more than 34 lakh MSMEs and out of them only 7.0 lakhs are formally registered. Still, about 79.69% of MSMEs in the state are scattered and not having the easy access to perform with their full efficiency due to multiple obstacles across the state. However, the Bihar state as well as Central government agencies are trying their level best to reach-out to each and every MSMEs to extend the hand-holding support through various sartorial schemes, not only to incorporate them into formal section, rather to make to them eligible to scale-up their business by multiple folds. There are various schemes already running in the state, but still a huge number of MSMEs are lagging behind due to the key constraints like poor institutional coordination, un-awareness/ poor awareness about the MSMEs schemes, lack of infrastructural facilities, funding, market and raw materials related access, lacking of skilled manpower etc. To bridge these kinds of gaps, the Central Government in cooperation with the World Bank has launched a Scheme of RAMP i.e. Raising and Accelerating the MSMEs Programme across the country. This programme aims at improving access to market and 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. The Fund flow through RAMP is strictly followed against the six Disbursement Linked Indicators (DLIs) to support the MSMEs across the country and make them competitive among all. In context of Bihar, the key objectives of this document of Strategic Investment Plan (SIP) are:

- i. To on-board and empower maximum number of MSMEs of Bihar in the national level competitiveness
- ii. To establish strong Institutional coordination between the Bihar state and National level
- iii. To establish an Integrated Digital Platform for having easy access of MSMEs for the information dissemination
- iv. To enhance the total number of MSMEs to becomes the Champions
- v. To increase the total number of Green MSMEs, women, transgender, social category and physically challenged
- vi. Strengthening and enhancing the receivable financings, and online dispute resolutions (ODR)

All the objective of this SIP is designed in the inclination of the Disbursement Linked Indicators (DLIs) of RAMP programme. The six DLIs of the Programme are as follows:

- Implementing the National MSME Reform Agenda
- Accelerating MSME Sector Centre-State collaboration
- Enhancing effectiveness of Technology Upgradation Scheme (CLCS-TUS)
- Strengthening Receivable Financing Market for MSMEs
- Enhancing Effectiveness of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) and "Greening and Gender" delivery
- Reducing the incidence of delayed payments

Bibliography

Bihar Economic Survey. (2023).

COMFED. (2022).

Directorate of Animal Husbandry, GoB. (2022).

http://my.msme.gov.in/myMsme/List_of_AspirationalDistricts.aspx. (2023). *List of Aspirational Districts (Phase - 1).*

http://my.msme.gov.in/myMsme/List_of_AspirationalDistricts.aspx.

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1909928>.

<https://skillmissionbihar.org/>.

<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>.

<https://www.biadabihar.in/Default.aspx>.

<https://www.idabihar.com/>.

<https://www.jaljeevanhariyali.bih.nic.in/JalJeevanHaryali/UploadData.aspx>.

iwai.nic.in/.

Kapoor, R. (2022). *Stylized Facts on the Evolution of the Enterprise Size Distribution in India's Manufacturing Sector*. ICRIER.

Ministry of Railways. (2021).

nfdb.gov.in/.

www.aai.aero/.

CHAPTER - 3

Materials and Methods for assessing the challenges/ key constraints in Bihar

3. Materials and Methods for assessing the challenges/Key constraints in

Bihar Methodology adopted

The primary data has been generated after an extensive survey of 10,400 MSMEs through questionnaire across the fifteen districts i.e. Patna, Muzaffarpur, Purbi Champaran, Gaya, Madhubani, Vaishali, Bhagalpur, Darbhanga, Purnea, Samastipur, Nalanda, Saran, Katihar, Rohtas, and Begusarai which covers almost entire geographic area of the state (Table 3.1). The sample size of 10,400 has been decided on the basis of stratified sampling method and as per the total number of registered MSMEs on the Udyam portal in different districts across the state. The aforesaid fifteen districts were selected for the questionnaire survey not only because of highest number of registered MSMEs on Udyam portal rather these are having significant number of manufacturing units as well as enough number of MSMEs are led by women and having enough representation of different social categories. A questionnaire having 25 questions aligning with the business environment, major constraints/ challenges including labour, skills, finance and market access etc. were circulated to all the identified MSMEs for the answering.

Further, the Stakeholders consultation meeting and Focused group discussions (FGDs) with multiple stakeholders including the representatives from NABARD, Jeevika - NRLM, National Urban Livelihood Mission (NULM), Agriculture, Fishery and Animal husbandry department, District labour and employment departments, banks, FPOs, Industrial Associations and leading MSMEs were conducted in all the districts including 23 districts where the questionnaire survey was not conducted and having relatively low number of registered MSMEs. The aforesaid stakeholders for were roped into the consultation meetings and FGDs at the every district headquarters under the chairmanship of GM-DIC of the respective districts to address the concerns of MSMEs and the provide their ideas/ opinions to find out the potential solutions for the raised concerns, and/or if required to make any policy level modifications and/or new policy planning. The survey and consultations meetings were organised to understand the key issues of MSMEs and to develop/ modify the existing business infrastructures, and wherever needed to set-up new business infrastructural facilities for the accelerating the growth and performance of the MSMEs in the policy planning scenarios across the state. During the consultations, all the stakeholders had rigorous discussions over the issues and views of the MSMEs, investors, financial support systems, industry players, and infrastructural development sectors.

Table 3.1 Districts wise MSME survey details

Sl. No.	District	No. of MSME surveyed	Women	SC	ST	OBC	Other category
1	Patna	2500	500	250	50	450	1250
2	Muzaffarpur	1700	340	170	34	306	850
3	Nalanda	450	90	45	9	81	225
4	Gaya	550	110	55	11	99	275
5	Madhubani	550	110	55	11	99	275
6	Bhagalpur	450	90	45	9	51	225
7	Darbhanga	450	90	45	9	51	225
8	Purbi Champaran	550	110	55	11	99	275
9	Purnia	450	90	45	9	51	225
10	Samastipur	450	90	45	9	51	225
11	Vaishali	550	110	55	11	99	275
12	Saran	450	90	45	9	51	225
13	Katihar	450	90	45	9	51	225
14	Rohtas	450	90	45	9	51	225
15	Begusarai	400	80	40	8	72	200
	Total	10,400	2080	1040	208	1872	5200

The questionnaire format (Appendix-I) and the agendas of discussions (Appendix-II) in the stakeholders' consultation meeting and FGDs are presented here as appendices I & II.

The secondary data has been accessed from the annual reports of various departments and institutions of the state and centre, published articles in the journals, and from the concerned department official websites.

The selected photographs of Stakeholder Consultation meetings held at every DIC headquarters across the state are inserted below



Questionnaire for MSMEs Survey in Bihar

Mention enterprise details

- Enterprise Name:
- Whether registered (Yes/No):
- Enterprise Registration No. & Year:
- Registration type:
- Linkage with Industrial Association (name):
- Udyam registration No:
- Owner's name:
- Full address:
- Owner's Mobile & email:
- Owner's Gender (M/F/Others):
- Owner's Category (Gen/OBC/SC/ST):

Mention your enterprise type

- (a) Micro
- (b) Small
- (c) Medium

What is/are the major activities of your enterprise?

- (a) Manufacturing
- (b) Service
- (c) Others

How much employment is available in your enterprise?

- (a) Less than 10
- (b) 10 to 50
- (c) More than 50

What is the mode of financing to your enterprise; mention the detail?

	Name	Size of financial support (in rupees)
Bank		
Govt. Scheme		
NBFC		
Private investment		
Others		

How do you manage your financial mechanisms?

- (a) In cash
- (b) Digital cash
- (c) Both

Do you have financial management system in your place (Yes/No)?

How do you deal with operational cash flow shortage

- (a) Loan from commercial banks
- (b) Loan from NBFCs/ MFI
- (c) From Money lenders
- (d) Equity financing
- (e) Reduction in operational cost

How do you resolve the delayed payment/financial issues?

- (a) TReDS portal
- (b) SAMADHAN portal
- (c) Others

How your enterprise is accessing the raw materials, mention the details.

	Availability (in %)	Cost range (in rupees)
(a)Local market purchase		
(b)Outside but within the state		
(c)Outside the state		
(d)Others		

How do you deal with shortage of raw materials

- (a) Reduction in production
- (b) Outsourcing the orders
- (c) Increasing the procurement price
- (d) Opting alternate procurement channel
- (e) Delaying goods delivery
- (f) No shortage

How many scheme/s is/ are being availed by your enterprise, mention the details

	Name	Financial size (in rupees)
(a) Central Govt. Scheme:		
(b) State Govt. Scheme:		
(c) Other Schemes:		

How your enterprise/s is/are selling its product/services in the market?

- (a) Counter sell
- (b) Whole selling
- (c) Through Salesman
- (d) Through order booking
- (e) Others

What type of cluster/CFCs is/are located near you and how are you being benefited?

- (a) Cluster Name:
- (b) Your engagement with the cluster (Yes/No):
- (c) Whether you have the allocated shed (Yes/No):
- (d) Benefits availed due to engagement (brief the details):

What is the annual turnover of your enterprise?

Whether your product/ services is/ are quality certified, mention the details

(a) Certifying agency name:

(b) Registration year:

Whether you are aware about the followings (Mention **Yes** or **No**):

(a) Udyam registration

(b) Samadhan portal

(c) MSME Dashboard

(d) MSME Sambandh

(e) MSME Design

(f) Procurement & Marketing support schemes

(g) IPR

(h) Champions Portal

(i) ZED portal

(j) MSME data bank

(k) MSME Global Mart

(l) MSME International Cooperation scheme

Whether your enterprise is ZED certified, mention the certification level

(a) Bronze

(b) Silver

(c) Gold

(d) Not certified

How do you deal with the manpower shortage in enterprise?

(a) Wage increment

(b) Technological intervention

(c) Outsourcing of order

(d) Delay in delivery

(e) No manpower shortage

What kind of manpower skilling/ training programmes your enterprise has conducted

Name of training	No. of manpower trained	Financing source of training (Enterprise/Employee / Govt. schemes/others)

In how many market fairs/ expos/ visits your enterprise has participated, mention the details

Name of Expo/ Fair/ Visit	Financing source		

Whether your enterprise has conducted the followings:

Activities	Agency Name	Cost
Environmental Impact Assessment (EIA)		
Environmental Audit (EA)		
Social Impact Assessment (SIA)		
Waste management		
Others		

After CoVD-19 Pandemic, how your enterprise is recovering/ recovered, mention your key initiatives against the following indicators:

Indicator	Initiative 1	Initiative 2	Initiative 3
Logistics			
Manpower			
Finance			
Work orders			

Mention your key constraints relating the following indicators:

Land/ work Space	
Energy supply	
Financing	
Manpower skilling's	
Technological interventions	
Digitization of business	
Transportation	
Compliances	
Exports	

Appendix-II

Summary sheet of stakeholder consultation meeting

		Entrepreneurs		DDM - NABA RD	Lead District Manager	RUL M	NUL M	DA O	Animal husbandry & Fisheries	FPOs	District Industrial Associations	Commercial Banks	MFIs	Private Banks	Regional Rural Banks
		Issues	Suggestions for resolution												
Business Environment	Land/ Space														
	Energy														
	Connectivity														
Finance	Loan/ Credit														
	Delayed payment														
	Refinancing														
Manpower	Labour														
	Skills														
Market Access	Raw material supply														
	Products' marketing														
	Export														
	Import														
	Processing & Packaging														
Technological intervention & Digitalization	Technology up-gradation														
	Digitalization of Business														
	Any other														

Data compilation and analysis

The surveyed MSMEs of Bihar are categorised into two broad categories i.e. manufacturing i.e. 6972- (67.04%) and service i.e. 3428 (32.96%) sectors on the basis of their major activities. The maximum number of MSMEs is of Micro type i.e. 10,171 (97.8%), followed by small i.e. 196 (1.88%) and the medium which is only 33. Their social category wise distribution including women (20.18%), SC (8.07%), ST (1.21%), OBC (36.45%) and unreserved (40.02%) categories are depicted (Figure 3.1).

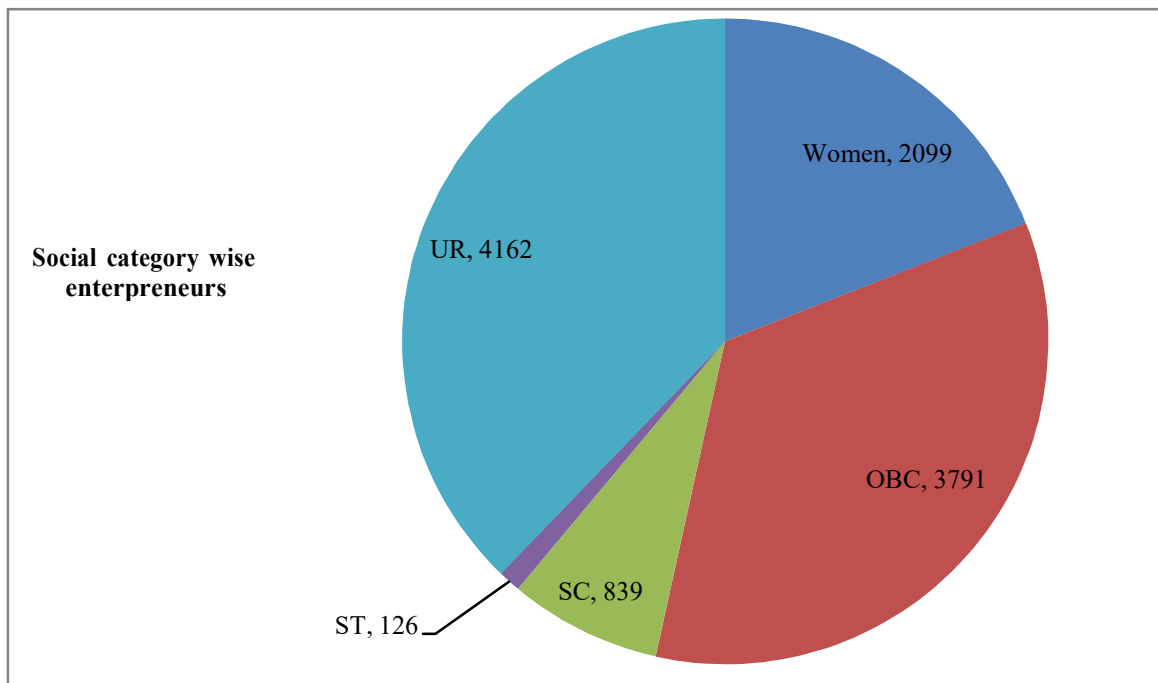


Figure 3.1 Summary of surveyed MSMEs and their distribution under different social categories

Out of total surveyed MSMEs, the key scheme wise benefits availed are summarised below (Figure 3.2). The maximum number (about 85%) of surveyed MSMEs have not yet availed the benefits of key schemes i.e. MMUY, PMFME, PMEGP, Bihar Start-Ups, however many of the MSMEs have applied for these schemes but could not get due to not meeting the eligibility conditions. These MSMEs runs their business either on their own investments or aligning with the other department schemes.

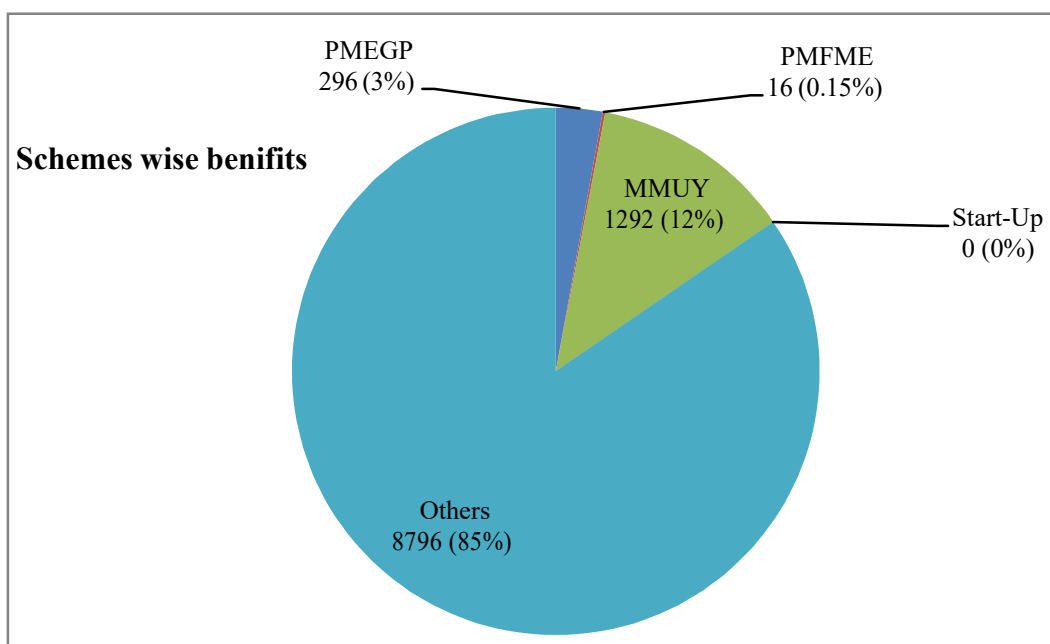


Figure 3.2 Summary of surveyed MSMEs' responses for availing the benefits of key schemes

The total **employments** across the surveyed MSMEs are 28,474 and about 9,365 (77.65%) are the male employees and 6,365 (22.35%) are the female employees. On the basis of total number of employment generation per MSMEs, all these MSMEs are categorized in to three classes like Category-A, B and C having the employments numbers up to 10, between 11 to 50, and more than 50 respectively and their details are summarized in the (Table 3.2).

Table 3.2 Summary of employment generation across the surveyed MSMEs

Number of employments in the surveyed MSMEs	Male	Female	Total	
	22,109 (77.65%)	6,365 (22.35%)	28,474	
Number of MSMEs under different categories on basis of employment generation				
	Category-A	Category-B	Category-C	Total
Employment generation	More than 50	Between 11-50	Up to 10	
No. of surveyed MSMEs	58	1,437	8,905	10,400
Percentage of MSMEs	0.56	13.82	85.63	100

The **financial** management of the MSMEs has also been assessed through the survey, and only 21 MSMEs are found with existence of proper financial management systems like record keeping of all kind of transactions mainly through their traditional/ manual system of accounting. However, many of the surveyed MSMEs i.e. about 2280 (21.92%) are still dealing their financial transactions only in cash, 571 (5.49%) MSMEs exclusively deal in

digital cash and 7,528 (72.38%) MSMEs are dealing in both i.e. cash and digital cash. As per the opinions of many MSMEs' owners, they are trying to adopt the digital mechanisms of financial managements. In case of the operational/ working capital shortages, the maximum number of MSMEs i.e. 5,046 (48.52%) prefers to reduce their operational cost, while the rests go for the financial arrangements by the several ways like loan from banks (3239; 31.14%), private lenders (1930; 18.55%), equity financing (171; 1.65%) and from NBFCs/MFIs (14; 0.14%). The finance related issues of surveyed MSMEs either in the setting and/or scaling up of their business along with the operational financial requirements are mainly met by the loan credits from different banks. The eight key banks i.e. State Bank of India, Panjab National Bank, Bank of Baroda (BoB), Canara bank, Indian bank, Bank of India (BoI), Central Bank of India (CBI), North and South Bihar Gramin Bank (BGB). The loans credited to the surveyed MSMEs are reported in the range of 20 lakh – 717.38 lakhs. The SBI credits the maximum value of loans, which is followed by PNB, Bank of Baroda, Indian bank, Canara bank, Central bank of India, and others that have credited the loans to the MSMEs in their sampling areas are summarised in (Table 3.3).

Table 3.3 Summary of Loan credit value to the surveyed MSMEs

Loan credit value (in INR lakh)									
	SBI	PNB	BoB	BoI	CBI	Canara	IB	BGB	Others
Total	717.38	556.59	437.03	133.99	309.22	327.77	412.29	20.61	2347.99
Min	10	10	2	10	10	6	200	10	0
Max	100	100	100	55	100	60	200	10	600
Average	38.67	33.75	53.00	32.50	37.50	22.71	200.00	10.00	113.90

The surveyed MSMEs have also been accessed about the *awareness of various portals* and schemes of MSMEs for making them competitive and it has been found that maximum MSMEs are well aware about the Udyam portal (62.52%), in succession with ZED (26.62%), SAMADHAN (14.79%), MSME dashboard (6.88%), IPR (5%), MSME data bank (0.99%), Champion (0.3%), Design (0.1%) portals (Figure 3.3). The 02 MSMEs has been found registered on the TReDS portal, and 373 on the SAMADHAN portal, while rests are 10,025 (96.39%) MSMEs are not registered on these portals and settle their delayed payment issues through conventional ways.

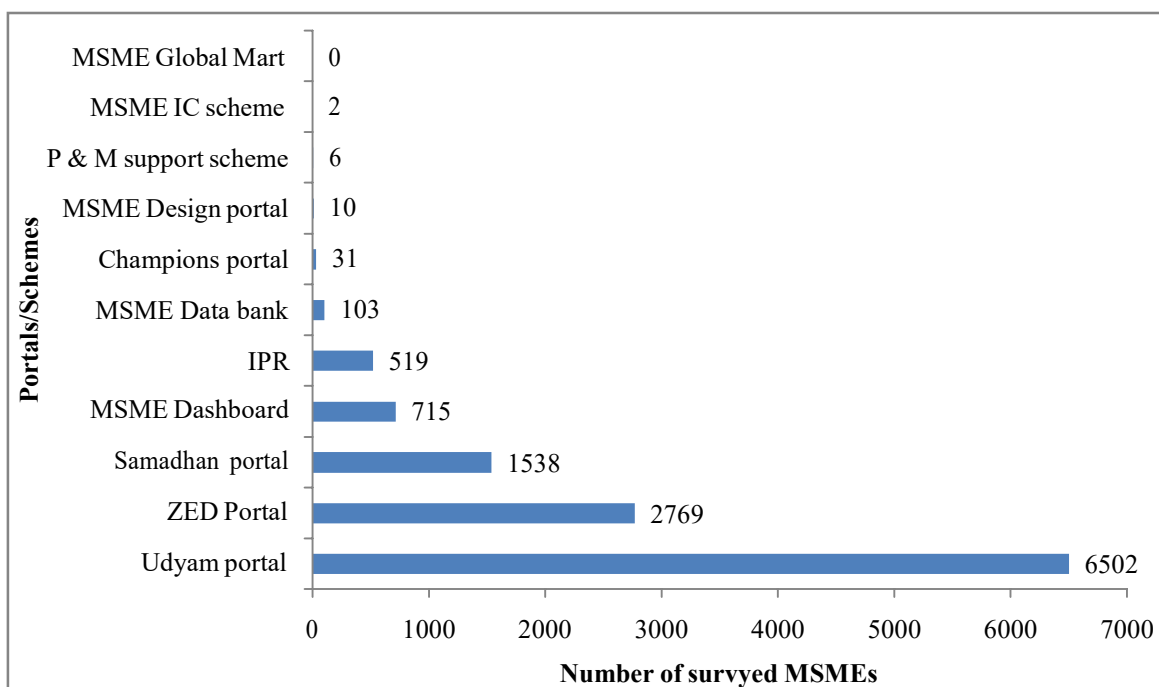


Figure 3.3 Summary of surveyed MSMEs about the Awareness of different portals & MSME schemes

The responses on the overall scenarios of *raw material availability* in local market, markets across the state, and outside the state for the surveyed MSMEs are summarised in (Figure 3.4). The overall raw material availability for the manufacturing MSMEs in the state is one of the biggest constraints as about 6,848 (66%) MSMEs have either not responded or responded as of no shortage to the specific question; however they have responded that the raw materials of various sectors used to be hoarded by middlemen/ brokers and therefore their business used to compromise. In cases of raw material shortage, the surveyed MSMEs operate by reducing their production (about 30% MSMEs), delaying their product delivery (about 11% MSMEs), outsourcing their orders (about 7% MSMEs) and by opting other means like increasing procurement price and using of trusted channels (about 4% of each) as summarised in (Figure 3.5).

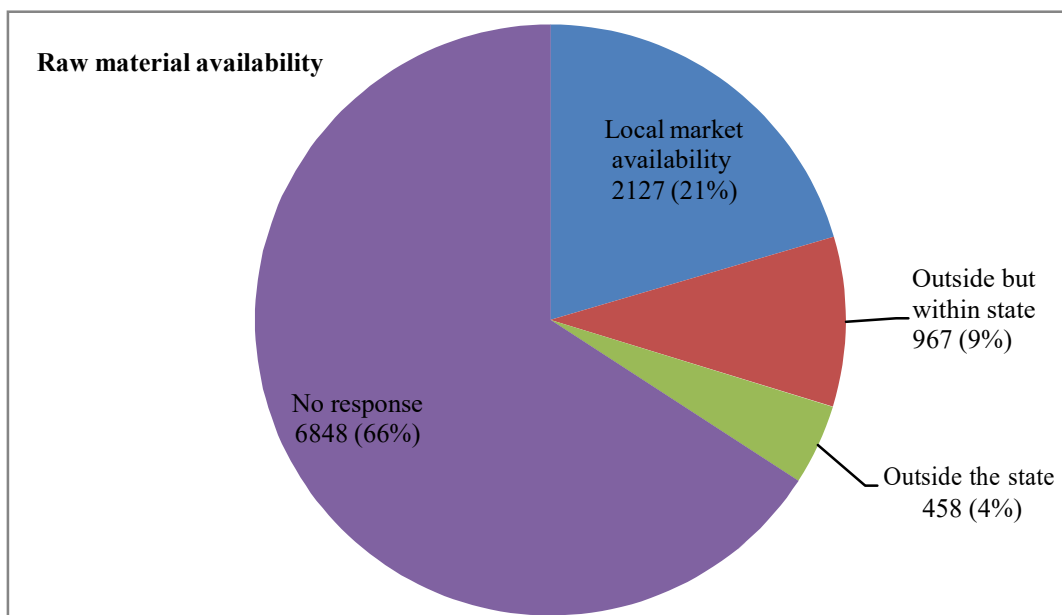


Figure 3.4 Summary of responses on the Raw material availability of surveyed MSMEs

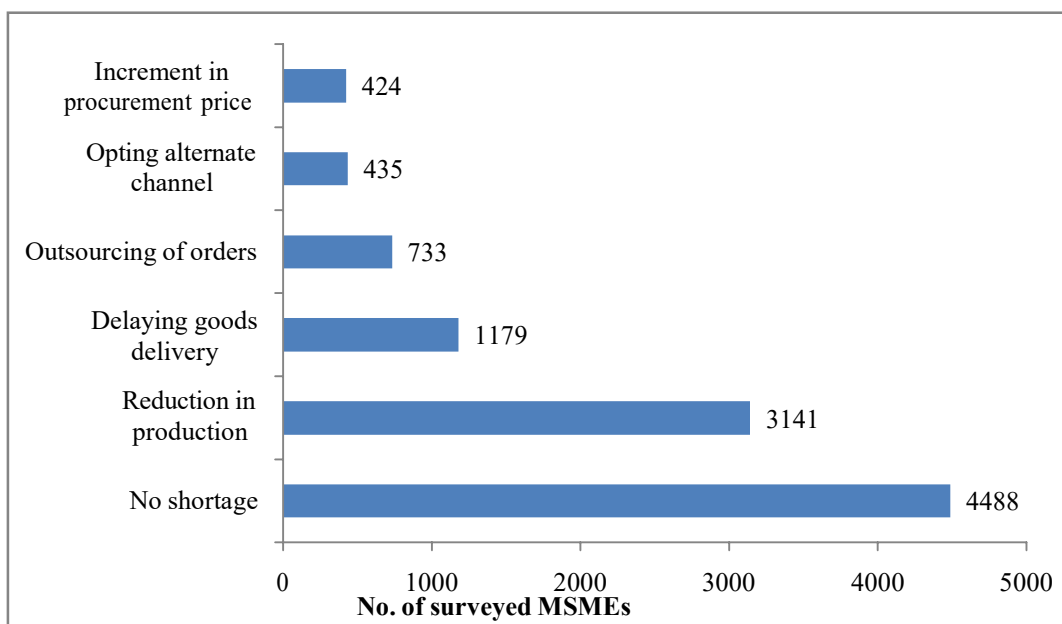


Figure 3.5 Summary of surveyed MSMEs' responses in case of raw material shortage

The shortages of *manpower/ labours* to the MSMEs in the state is another issue of big concerned, as about 60% of the surveyed MSMEs are facing the problem of skilled manpower. As per the noting of survey and the stakeholders' consultation meetings, it is observed that this kind of manpower shortages prevails across MSMEs in the state mainly due to in-appropriations in daily wage/ salary decisions. To cope up of this scenario, the surveyed MSMEs operate their business by delaying the delivery (about 32% of MSMEs), shifting to technological interventions (about 20% of MSMEs), outsourcing their orders (about 5% of

MSMEs), and by increasing the wages/ salaries of manpower to retain them (about 3% of MSMEs) as summarised in (Figure 3.6).

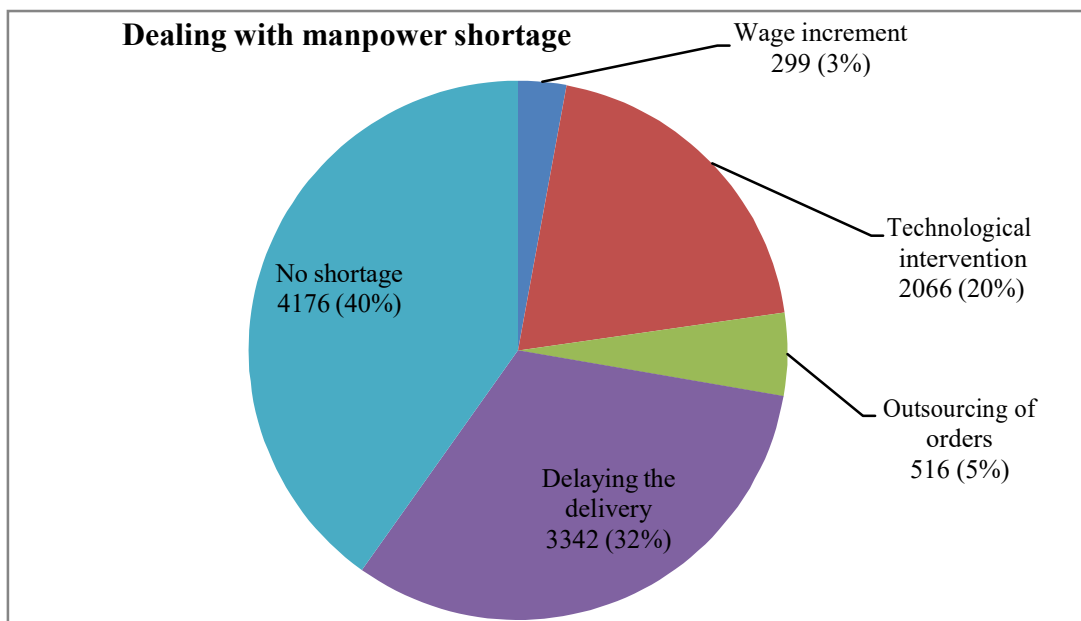


Figure 3.6 Summary of surveyed MSMEs' responses in case of manpower shortage

The *market access for selling of products and services* of the surveyed MSMEs has also been assessed. The maximum MSMEs (about 66% MSMEs) sell their products/services through their counter, which is followed by whole selling (about 20% MSMEs), through salesmen (about 8% MSMEs), through order bookings (about 5% MSMEs) and through online mode (only about 1% MSMEs), summarised in (Figure 3.7). Among all the surveyed MSMEs, only 16 (0.2%) are found registered on the GeM portal. It has been observed that the surveyed MSMEs reaching to the market through the whole sale, order booking i.e. either via physical or online mode are having a great challenge of competitions with other products/ services of similar kinds which already exist in the markets, on basis of their quality approvals.

The quality certifications of the products and services of the surveyed MSMEs are very much limited. Only 478 (about 5%) MSMEs have the quality certifications for their products/ services, from two certifying agencies i.e. FSSAI (450 MSMEs) and BIS (28 MSMEs).

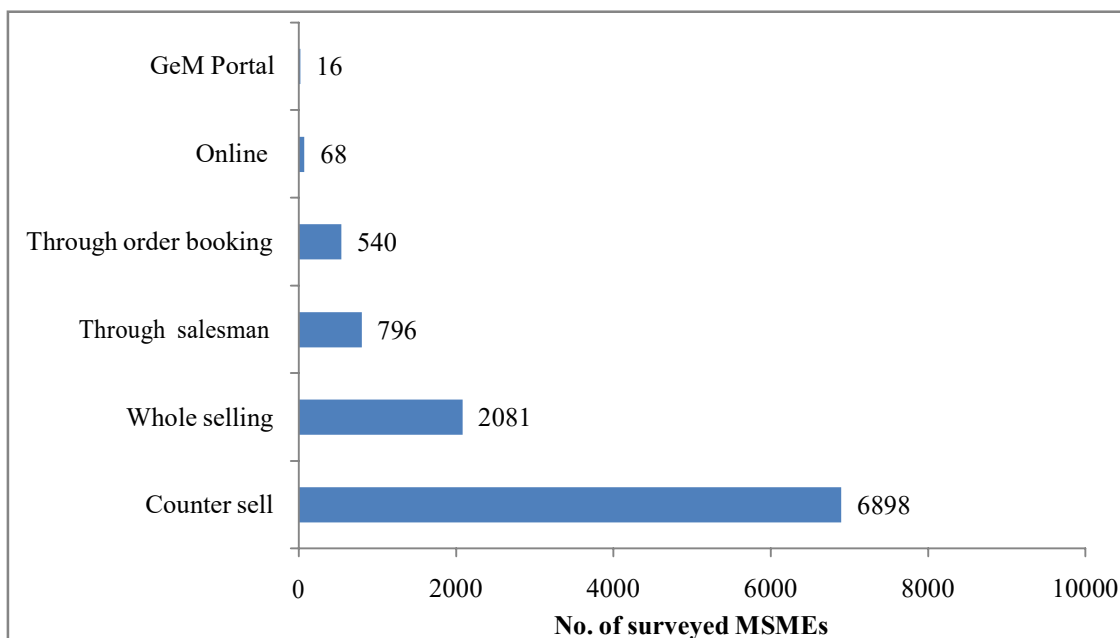


Figure 3.7 Summary of surveyed MSMEs' responses in selling of their products/ services

The surveyed MSMEs have also been assessed for having the compliances of the environmental and social security, and only four MSMEs are found to have the same in the partial mode. Almost all the surveyed MSMEs are found lagging or not having any mechanisms for establishing the formal compliancing through Environmental Impact Assessment (EIA), Environmental audit (EA) and Social Impact Assessment (SIA). However, they have been informally taking care of key agenda like the efficient resource utilization, greening their business through technology adoption and others; but still they face the issues of resource wastages and their recovery.

Main challenges/ Key constraints to MSME growth

Business environment

The overall performance of Bihar MSMEs specifically allied with agriculture and food processing, textile, leather are growing significantly after the various policies level interventions, but still many other sectors, specifically IT manufacturing sector is somehow lagging in comparison of national scenario. The state MSMEs face the key challenges of limited access to finance, lack of databases, low Research & Development (R & D) expenditures, undeveloped/ poorly developed marketing channels, low levels of financial inclusion, shortage of skilled manpower, less/non awareness about the business supporting schemes, and the slow rate of technology inclusion/ adoption and digitization of the MSMEs.

These challenges have been prevailing across the state due to the inappropriate coordination among the different institutions of lining departments.

The factors conditions like land, energy, finance, labour, market size, technology and common infrastructure development to support the MSMEs' business in the state have been improving, since the implementation of Bihar Investment Promotion Policy, 2016.

Infrastructure: Identify key infrastructure gaps

Most of the MSMEs which are not allocated with the BIADA shades in the state face the key issues of separate working premises i.e. land along with the allied facilities like power & water supply, sanitation & hygiene, connectivity and warehousing for the storage of raw materials and their products. The power supply to these MSMEs is one of the biggest concerns after the working premises i.e. land, as they use to face complications in getting the new connections for up scaling of their business.

To address the key issues BIADA has been engaged in developing the industrial areas across, allocating land as well as furnished sheds to the eligible MSMEs. Even though, in the industrial areas and in the allocated sheds too, the issue of continuous power supply is concern. Besides it, in some of the industrial areas inappropriate connectivity like poor road infrastructures and inappropriate of drainage systems are the major issues of concern.

Credit

Credit facilities for Micro, Small, and Medium Enterprises (MSMEs) in Bihar face several challenges, which can hinder their access to finance and impede their growth and development. Unlike, large enterprises; MSMEs don't have a greater capacity to negotiate for a better deal with financial institutions. Thus, their growth is exponential with no dearth of financial inputs. But with MSMEs, this doesn't hold true. However, credit requirement is constant in their sustainable growth. Some of the key challenges in credit availability to MSMEs of Bihar are:

- High Interest Rates: MSMEs often have to bear higher interest rates on loans compared to larger businesses. This can be a significant financial burden, making it challenging for MSMEs to service the debt.

- Lack of Awareness: Many MSMEs in Bihar have limited knowledge about the credit facilitation schemes and initiatives available to them. Many MSMEs and even some lending institutions may have limited awareness of the schemes and its benefits. Lack of awareness can result in eligible MSMEs not utilizing the scheme, and banks may not actively promote it to potential borrowers.
- Informal Nature of Business: A significant portion of MSMEs in Bihar operates in the informal sector, which means they may not have formal financial records and documentation. As a result, they may face challenges in proving their creditworthiness to formal financial institutions.
- Untimely Disbursal of Funds: MSMEs often require quick access to funds for their operations. Delays in the approval and disbursement of loans often deter entrepreneurs to access credit facilities from formal credit institutions.
- Risk Aversion of Banks: Banks and financial institutions might perceive lending to MSMEs in Bihar as riskier compared to larger enterprises. As a result, they might be cautious in extending credit to MSMEs, especially start-ups or businesses in specific sectors.
- Limited Financial History and Collateral: MSMEs, especially startups and small enterprises, often have limited financial history or lack substantial collateral to offer as security for loans. Banks and financial institutions typically require collateral for lending, and the absence of it can hinder MSMEs' ability to access credit. Developing innovative credit assessment methods and introducing alternative financing options can help address this challenge.
- Seasonal Nature of Businesses: Many MSMEs in Bihar are engaged in seasonal businesses, such as agriculture. Their income may vary significantly during different periods, making it challenging to maintain a steady repayment schedule.
- Lengthy application process: The application process for loans to MSMEs can be lengthy and complex. This can discourage MSMEs from applying for loans.
- Stringent Lending Requirements and documentations to provide loan facility to MSMEs
- Inadequate Credit Assessment Mechanisms: The lack of proper credit assessment mechanisms to evaluate the creditworthiness of MSMEs is a significant challenge.

- Limited Access to Institutional Credit: MSMEs in remote or rural areas of Bihar may face challenges in accessing institutional credit due to limited bank branches and financial infrastructure. The absence of branch networks and difficulties in verifying the creditworthiness of borrowers can restrict credit availability for MSMEs.
- Insufficient Collateral Registry: The absence of a comprehensive and reliable collateral registry poses challenges for MSMEs in offering movable assets as security for loans.

Delayed Payments to MSME

Mostly Indian start-ups and MSMEs face this issue in their early phases because of an overabundance of rules and regulations. Even though India has improved its ranking in the World Bank's Ease of Doing Business Index, the system still has major flaws that inhibit businesses from growing and prospering. Most the MSMEs face challenges related to MSME loan, credit linkages and delayed payments. Delayed payments disrupt the cash flow of MSMEs that makes difficult for MSMEs to pay their suppliers, employees, and other operational expenses on time. Besides, the small MSMEs and start-up which has little negotiation power face huge problems if payment delayed for longer times. The MSMEs in Bihar often struggle to meet stringent collateral requirements and also face high interest rates imposed by financial institutions. Lack of financial literacy and credit history further exacerbates their problem. Some of the key reasons for delayed MSME payments are:

- Incomplete or Incorrect Documentation: Delayed payments can occur if there are issues with the invoice or supporting documentation provided by the MSME, leading to disputes and extended processing times.
- Lack of Financial Discipline: Some buyers, including other businesses and government entities, may have poor financial discipline, leading to delays in settling payments.
- Cash Flow Constraints of Buyers: Buyers facing their own financial challenges may delay payments to MSMEs, even if they have received the goods or services as agreed.

To mitigate the problems of delayed payment a National level monitoring system was launched - MSME SAMADHAAN. It is a Delayed Payment Monitoring System, is an online platform that was launched by the Ministry of Micro, Small and Medium Enterprises (MSME) in 2017. The platform is designed to help MSMEs resolve delayed payment issues with their buyers. The platform can help you to track, resolve, and enforce delayed payment problems. As on March 2023, a total of 54 applications are pending at the portal against 445 application files by the MSME.

Target Markets and product standards

In Bihar, Small and Medium enterprise has been emerging as one of the important sector in last few years. As the population of the State is about 14 crores, it is a big consumer market as well as a suitable place for sending textiles and leather goods to Nepal, Bhutan, Bangladesh and neighboring States. There is an abundance of skilled craftsmen for the Textile & Leather industries in the State and the State Government is providing support in this through various schemes.

The state enjoys a great geographical advantage by virtue of its proximity to big markets in eastern and northern India as well, access to ports such as Kolkata and Haldia, raw material sources and mineral reserves in the neighboring states, and has close proximity to South-East Asian country. This provides MSMEs a huge market of its products. In Bihar, the MSMEs in manufacturing sector produce a diverse range of products, including consumer goods, textiles, food and beverages, and more. In textile which is a priority sector in Bihar, produces clothes, fabrics, and related products. Similarly, in food and beverage processing, due to Bihar has a large agricultural and animal production base, it offers abundant of raw materials to be processed to other parts of the country.

However, the marketing is one of the important areas for the growth of industries in Bihar, it face some serious problems. Now a day's technology is one of the most significant drivers of the markets. The proliferation of digital technologies, internet connectivity, and mobile devices has revolutionized the MSMEs sector. In the era of digital transformation, MSMEs in Bihar fails to stand out in the crowded e-commerce landscape. Due to lack of technical knowledge the building online visibility and implementing effective marketing strategies to attract potential customers is major challenges for them. The handloom sector in the state has

witnessed a gradual decline in recent decades. Despite various schemes of the state government, the production in handloom sector is continuously declining. In the leather industry, Bihar is rich in bovine population, According to a survey conducted by Central Leather Research Institute (CLRI), Chennai, Bihar annually produces 2.64 million bovine hides and 5.09 million bovine skins. The state is known for best quality goat skins, cow hides and buffalo's calf skins. Goat skins are smaller in size and the best material for the production of glazed kid leather products, which are mostly exported. Despite the quality of the leather, cost effective and efficient work force, mostly the production centre shifts to another state of India.

Bhagalpur silk has received GI tag and silk cluster holds 2nd position in India after Karnataka in production & export of silk fabric. In Asia, only Bhagalpur weavers are expert in blending of silk with cotton, jute, viscose, linen, and wool. Besides, The silk which is produced in Bihar mainly Tashar silk is a special product of Bihar. Banka and Jamui is the major Tassar cocoon producing districts of the state. Despite, standard textile and quality weavers, the state has still looking for investors for the state.

Technology

MSMEs in Bihar, like in many other regions, face specific challenges related to technology adoption and implementation. Despite the potential benefits that technology can bring, many MSMEs owners and entrepreneurs have limited exposure to technology and digital tools. The reason behind the low technology adoption is limited access to technology infrastructure, financial constraints, and resistance to change. Similarly, the lack of skilled IT force and integration of available process are also major challenges in the growth of MSMEs. Technology solutions, such as customer relationship management (CRM) software and online support systems can enhance the overall customer experience by enabling better communication and faster response times.

Linkages of MSMEs with R&D labs, centers, academia and factors that constrain technology transfer and access

Linkages between Micro, Small, and Medium Enterprises (MSMEs) and Research & Development (R&D) labs, academia, and other technology centers can be mutually beneficial

for both parties. These linkages foster innovation, technology transfer, and knowledge exchange, which are essential for the growth and competitiveness of MSMEs. Lack of professional business management skills limits appreciation of MSME entrepreneurs on the value of research and development (R&D) and innovation in promoting productivity. This eventually affects growth of MSMEs to a higher value knit along the global value chain. By collaborating with incubation centre, centre of excellence and sector specific institution the MSMEs in Bihar can grow as Incubation centres, canters of excellence, and sector-specific institutions are typically equipped with subject matter experts and specialized knowledge. MSMEs can tap into this expertise to address technical and industry-specific challenges more effectively. The department of industry in Bihar has been emphasizing on the innovation and fostering MSMEs continuously. For this, Industry department has partnered with SIDBI, QCI, IED Ahmadabad, BIADA, and many centers.

Strengthening of Firm capabilities and adoption of Resource Efficient and Cleaner Production (RECP) practices by MSME

The wise and efficient resource utilisation is very important for the economic viability and to reduce the wastages of resource, specifically in case of micro, small and medium enterprises. Most of the MSMEs and enterprises in the state rarely have any strategies for measuring the efficient resource utilization and waste recovery processes. This gap is mainly due to the unawareness about schemes and policies like ZED, LEAN etc.

Gender gaps

Women in Bihar are actively involved in various entrepreneurial activities, including MSMEs. They contribute significantly to the state's economy and employment generation. Women-led MSMEs in Bihar operate across diverse sectors such as agriculture, handicrafts, textiles, food processing, garment manufacturing, beauty and wellness, retail, and service. As per Udyam Registration Portal, the total number of MSMEs in Bihar is 7,16,746. Out of these 103258 MSMEs are led by women. The challenges being faced by women led MSMEs in Bihar

- Access to trusted business advisors and entrepreneurial education: Due to lack of business experience and business related information, many women entrepreneurs fear failure and doubt their potential, mostly new business starters lack support from business

mentors and advisors that support them through areas they are unsure about, especially during the initial growth phase. It is relatively easier for women to initiate a business venture; they often fall short when aiming to scale up. Due to lack of business understanding and ability to manage growth, either they limit the business activity or hand it over to husband / any other male member from family or go for closure. To manage growth, it is crucial for women to receive knowledge and strategic training.

- Access to timely finance: Financial inclusion in Bihar has improved significantly with better access to banking outlets / customer service points. Women, especially who have recently started their enterprise have limited access to capital, primarily due to lack of financial records. Often their requirements are of small ticket size or a credit line – different from the product offering of banks and other formal financial institutions. Further, woman led enterprises are perceived to be riskier by lenders due to small size and uncertainties involved with continuity of the business. Digital inclusion: Limited business intelligence and knowledge of trends due to technical challenges such as limited digital literacy-lack of understanding on implementing ideas to ongoing business and marketing of products is a concern. Digital understanding acts as a catalyst for boosting women, differently abled and transgender in participation in economic roles. Lack of skills and access to connectivity and digital devices pose challenges for them to use services available over digital platforms and benefit from digital economy.
- Lack of support network: Women, differently abled and transgender entrepreneurs often face challenges in accessing information on available financial markets and how to materialize linkage. Owing to limited business intelligence and knowledge of trends due to technical challenges such as digital literacy and lack of understanding on implementing ideas to ongoing business and marketing of products. In the absence of support networks, these special groups of entrepreneurs face constraints related with access to financial and technical support to expand the business from home based to commercial level.
- Gender barriers: Women and transgender entrepreneurs often face gender-based barriers to starting and growing their businesses, like social norms blocking access to participation for business networking, limited mobility and access to information and networks. These challenges hinder advancement and their integration in the mainstream.

The burden of household and family care responsibilities leaves women with little time to learn and network, and expand their enterprises. Similarly, Many transgender individuals face social isolation and a lack of support networks. They may experience strained relationships with family and friends due to societal prejudices and misunderstanding of transgender issues. Building supportive communities and access to peer support can significantly contribute to the well-being and resilience of transgender individuals. They also face barriers in accessing employment opportunities and are more likely to experience unemployment and underemployment.

Skills

Skill is crucial for personal and organizational development. In the sector, there are huge gap in terms of resource constraints. Many Entrepreneurs and MSMEs suffer disproportionately from asymmetric information, including lack of market information. Many entrepreneurs and MSMEs also struggle to find the support needed to strengthen their business management, marketing, record and bookkeeping, strategic and financial planning, and technology related challenges. Though there are so many resource are available but it is scattered. Sometimes it lack because of lack of expertise and generic or irrelevant training content which is used for the training of the MSMEs and Entrepreneurships. In the state of Bihar, Institute of Entrepreneurship Development was established for the capacity building of the MSMEs but over the period of time, the IED started facing institutional barriers in terms of human resources and delivering sustainable knowledge practices at the local level. The Capacity building plays a critical role in enhancing the knowledge, skills, and capabilities of MSMEs, which are essential for their survival and growth in a competitive business. Here are some of the specific challenges that MSMEs in Bihar face in terms of skill workforce:

- Lack of skilled workers in key sectors: Bihar has a large number of MSMEs in the manufacturing sector, but there is a shortage of skilled workers in this sector. This is due to the fact that there are not enough training facilities in Bihar that can provide the skills that MSMEs need.
- Lack of awareness: Many MSMEs in Bihar are not aware of the importance of skills training. They may believe that they can get by with unskilled workers, or they may not know where to find training programs.

- Mismatch between skills and demand: There is a mismatch between the skills that MSMEs need and the skills that are available in the workforce. This is due to the fact that the education system in Bihar is not aligned with the needs of the MSME sector.
- Low wages: The wages offered by MSMEs are often not high enough to attract skilled workers. This is due to the fact that the cost of living in Bihar is low.
- Limited Access to Quality Education and Training
- Migration of Skilled Labour: Skilled workers often migrate from Bihar to other states in search of better economic opportunities and working conditions.
- Affordability: MSMEs, which typically operate on thin profit margins, may find it difficult to invest considerably in employee skilling and training.
- Technological Up-gradation: The rapid advancement and adoption of new technologies necessitate continual up-skilling of the workforce. Amidst limited resources and infrastructure, keeping pace with these technological changes is a significant challenge for MSMEs in Bihar.

Environmental, labour management and occupational health and safety standards compliance

Bihar is one of the most populous states in India, but also provided with the ample amount of natural resources like fertile lands, minerals, enormous number of water resources as well as human resources. The states' economy mainly relies on agriculture and its allied micro, small, medium scale enterprises and lined up industries like sugarcane, silk, textiles, etc. Now a day, many of the manufacturing sector MSMEs and enterprises in the state are somehow aware about the environmental concerns of their businesses, due to continuous pitching on the issues of environmental considerations by the government and various agencies. But a huge number of MSMEs rarely have any kind of mechanism or strategies to take it in account for their monetary benefits due to the key knowledge gaps of schemes and about their accessibility.

The Labor management in Bihar, like in other parts of India, is governed by various labor laws and regulations to protect the rights and welfare of workers. The Directorate General of Factory Advice Service & Labour Institutes, (DGFASLI) being the technical organization of the Ministry, liaises with the State Factory Inspectorates and advises them on the

administration of the Factories Act, 1948, the infrastructural facilities required for the purpose and issuance of Rules under the Act. Some key aspects of labor management include:

- Labour Laws: Bihar follows Indian labor laws, such as the Factories Act 1948, the Minimum Wages Act, the Industrial Disputes Act, and the Employees' State Insurance Act. These laws aim to ensure fair wages, working conditions, and protection from exploitation for the labour force.
- Labour Unions: Labour unions play a significant role in advocating for workers' rights and representing their interests. In Bihar, there are several trade unions representing various sectors of the labour force.
- Employment Opportunities: Bihar has been working on improving its economic conditions and creating more employment opportunities. Initiatives and policies to promote industrial growth and infrastructure development can impact labor management positively.

Occupational health and safety is an essential aspect of protecting workers' well-being and preventing accidents and occupational illnesses. In Bihar, as in other states in India, occupational health and safety is governed by laws and regulations, such as the Factories Act, which mandates safety standards in factories and workplaces. Some key points include:

- Workplace Safety: Employers are required to maintain safe working conditions, provide safety equipment, and adhere to safety guidelines to protect workers from hazards and accidents.
- Health Facilities: Employers may be obligated to provide health facilities and regular health check-ups for their workers, particularly in hazardous industries.
- Awareness and Training: Promoting awareness about workplace safety and conducting training programs can help workers understand potential risks and adopt safety practices.

It is important to note that labor management and occupational health and safety are continuously evolving fields, and the situation in Bihar might have changed in upcoming future but these are the Gaps as of now:

Bihar, like many other states in India, faces challenges in labor management. The informal sector employs a significant portion of the workforce, and labor laws and regulations are not always effectively enforced or followed, leading to issues such as low wages, lack of job security, and limited access to social security benefits.

Gap in Occupational Health and Safety in Bihar:

Occupational health and safety practices have been a concern in Bihar. Many industries, including agriculture, manufacturing, and construction, often lack proper safety measures and training for workers, leading to a higher risk of accidents, injuries, and occupational illnesses. The lack of awareness, inadequate infrastructure, and a shortage of enforcement mechanisms contribute to the problem. For example: A major accident was happened in Bihar's Barauni refinery, where 15 workers in the furnace of Unit AVU (Atmospheric Vacuum Unit) were injured in a blast on 15th September 2021. Boiler blast in factory kills 7 in Muzaffarpur on Dec 26, 2021. The gap in labor management and occupational health and safety in Bihar can be attributed to several factors:

- Weak Enforcement: Labour laws may exist on paper, but enforcement mechanisms are often inadequate or lack the necessary resources to monitor and regulate workplaces effectively.
- Unawareness in Informal Sector: The majority of labourers work in the informal sector, where labour laws are not strictly followed, and workers are vulnerable to exploitation. Many workers, particularly in informal sector, are not aware of their rights or safety measures.
- Inadequate Infrastructure: Lack of proper safety infrastructure and training on the safety instruments in the workplaces contribute to accidents and health hazards.
- Inadequate Access to Social Security: Many workers do not have access to social security benefits, making them financially vulnerable in times of illness or accidents.
- Poverty and Economic Challenges: Poverty and economic struggles in Bihar can push workers into accepting hazardous work conditions due to limited job opportunities.

It is essential to address these gaps through effective policy implementation, raising awareness among workers, promoting the formalization of the labor sector, investing in safety

training and infrastructure, and strengthening enforcement mechanisms to ensure better labor management and occupational health and safety in Bihar. However, for the current situation, it is recommended to refer to the latest reports and data from reliable sources for up-to-date information.

Need for Setting up of an Apex Body on Occupational Safety & Health At present there is no agency or department of the Govt. of Bihar exclusively dealing with matters of Occupational Safety & Health. There is no agency to cover the safety and health of workers in unorganized sectors. Therefore, there is a need for an apex body at state level to deal with matters connected with safety and health of workers in all sectors of economy. Also need for Strengthening of Enforcement Authorities with the help of DGFASLI officials. Enhancement of OSH skills of Key personnel in Industry to ensure and maintain a high level of OSH at industry level, it is necessary that the various key personnel such as Safety Officers, Competent Supervisors, Factory Medical Officers, Occupational Health Nurses, Fire Personnel Industrial Hygienists, Members of Emergency Response Group, Safety Committee Members, Union Representatives, etc. need to be updated periodically on the latest developments of OSH to create a positive safety culture in the industry.

CHAPTER – 4

Key gaps in MSME support, policy development and delivery

4. Key gaps in MSME support, policy development and delivery

The present policies of state Government aims at creating industry-friendly environment for maximizing investment, especially, in priority sectors i.e. agro-based food processing, leather & textile, small machine manufacturing, IT, ITeS, electrical and electronic hardware manufacturing, wood based manufacturing, plastic and rubber, renewable energy, tourism, and technical education sector. The overall objective of existing policies is to maximize the optimal utilisation of the state's natural resources and enhance the value addition to the products by setting up industries across the state, generating revenue and creating employment. Different policies have been drafted in consultation with representatives of industries, industry association, investors, subject matter experts, etc. and efforts have been made to accommodate their views. Till date, there has been following policies existing in the state:

- Bihar State Infrastructural Development Enabling Act, 2006
- Bihar Single Window Clearance Act, 2006
- Bihar Industrial Incentive Policy, 2011
- Information and Communication Technology (ICT) Policy, 2011
- Bihar Policy for Promotion of New and Renewable Energy Sources, 2011 (amended/ revised in 2017)
- Bihar Industrial Investment Promotion Policy, 2016 (amended in 2020)
- Bihar Start-Up Policy, 2017 (amended/ revised in 2022)
- Agro-forestry Policy, 2018
- Bihar Agri Investment Promotion Policy, 2020
- Bihar Wood-based Industries Investment Promotion Policy, 2020
- Special Land Allotment and Amnesty Policy, 2020
- Ethanol Production Promotion Policy, 2021
- Textile and Leather Policy, 2022

It is expected that implementation of these policies will facilitate industrialization of the state, generate employment and add to its overall growth.

Mapping of the Institutions and Agencies in the State for MSME development:

The key institutions in the state for taking care of the MSMEs are Department of Industry and its lined-up institutions in the districts across the state. Bihar has established a diverse institutional framework to support aspiring entrepreneurs, encompassing both private and government-backed entities. Government institutions such as BIADA, Udyog Mitra, Investment Promotion Cell, and the Institute for Entrepreneurship Development are actively involved in fostering business growth. Additionally, government-supported initiatives, including Incubation Centers, Labs, Tool rooms, and specialized colleges like the Central Institute of Petrochemicals Engineering & Technology, Bihar Institute of Silk & Textiles, and Dr. Rajendra Prasad Central Agricultural University, contribute to nurturing entrepreneurial ventures.

Furthermore, various institutes like IIM Bodh Gaya, CIMP, Incubation centres, and Bihar Industries Associations play a vital role in supporting the growth of MSMEs. Other institutions, such as NABARD, Lead Bank, Textile Department, and DEPM, also actively participate in promoting and improving the working conditions of industries. Moreover, banks, MFIs, State Livelihoods Promotion Society, Jeevika, and Rural Development work towards promoting livelihoods in rural areas through a community-based model.

To further aid and encourage the growth of MSMEs in the state, the government has established several supportive institutions with specific roles. These institutions play a crucial role in promoting, rehabilitating, and enhancing the working conditions of industries. The following institutions are assigned for carrying out the development activities for the growth of MSMEs:

- a) Udyog Mitra: Established in 2004 under the Department of Industries, Udyog Mitra serves as a resource for enthusiastic entrepreneurs. Its primary objective is to provide technical assistance and guidance by offering relevant project profiles and policy information for various industries' setups. Udyog Mitra has also been assigned the responsibility of implementing the National Mission for Food Processing, a scheme launched by the central government. The agency conducts training through soft and hard interventions, establishes 'Suvidha Kendras', aids in marketing, and addresses entrepreneurs' challenges.\

- b) District Industries Centre (DIC): DICs are promoting agencies for micro, small, and medium enterprises at the district level. They provide comprehensive support and guidance to entrepreneurs in establishing their units. Additionally, DICs act as the promoting agency for the Pradhan-Mantri Employment Guarantee scheme at the district level. Their objectives include accelerating industrialization efforts in the district, promoting rural industrialization and handicrafts, achieving economic equality across various regions, assisting new entrepreneurs in business establishment, and facilitating financial support and marketing facilities for innovators.
- c) Bihar Industrial Area Development Authority (BIADA): Established under the Act of 1974, BIADA's mission is to promote and develop industrial parks while providing essential facilities and infrastructure such as roads, power, water, and communication. BIADA is the pioneer agency for allotting land to investors in industrial areas. This authority operates through its regional offices in Patna, Darbhanga, Muzaffarpur, and Bhagalpur.

Coordination mechanisms

Bihar faces several key gaps in MSME support, policy development, and delivery coordination mechanisms. Some of the key gaps include:

- **Lack of Coordinated Policy Framework:** The absence of a well-coordinated and integrated policy framework for MSME development leads to fragmented and inconsistent initiatives. Different government departments and agencies have their separate approaches, which create confusion and inefficiencies.
- **Limited Access to Information:** MSMEs face challenges in accessing information about government policies, programs, and incentives. Lack of awareness about available support mechanisms prevents eligible businesses from benefiting from them.
- **Insufficient Support for Technology Adoption:** There is inadequate assistance provided to MSMEs for the adoption of modern technologies. This includes digitalization, Industry 4.0 technologies, and other innovations that could enhance productivity and competitiveness.

- **Inadequate Access to Finance:** The coordination between government agencies, banks, and financial institutions is not optimal, resulting in limited access to finance for MSMEs. This results in hindering their growth and expansion plans.
- **Limited Skill Development Programs:** The coordination of skill development programs with the specific needs of MSMEs is lacking. As a result, MSMEs might face challenges in finding a skilled workforce that matches their requirements.
- **Complex Regulatory Compliance:** The coordination between regulatory bodies and MSMEs might not be seamless, leading to challenges in complying with various legal and regulatory requirements. Simplifying compliance procedures could help alleviate this burden.
- **Inadequate Market Linkages:** Coordination between MSMEs and potential buyers or larger markets is insufficient. Strengthening market linkages is essential for MSMEs to expand their customer base and increase sales.
- **Limited Data Sharing and Analysis:** The lack of coordination in data sharing and analysis between government departments and agencies might hinder effective policy development and targeted support for MSMEs.
- **Inefficient Grievance Redressal Mechanisms:** Coordination in establishing efficient grievance redressal mechanisms is lacking, making it challenging for MSMEs to address their concerns and seek resolution for issues they encounter.
- **Weak Public-Private Partnerships (PPPs):** The coordination between the government and private sector organizations is limited, leading to missed opportunities for meaningful collaborations in MSME development initiatives.

To address these gaps, Bihar needs to focus on improving the coordination mechanisms among various stakeholders involved in MSME support and policy development. This could involve setting up dedicated MSME coordination bodies, enhancing data-sharing platforms, conducting regular consultations with MSMEs to understand their needs, and strengthening partnerships with private sector organizations and industry associations. A more integrated and collaborative approach can lead to more effective and targeted support for MSMEs in Bihar.

Monitoring and Evaluation (M & E) system

Bihar faces significant gaps in Monitoring and Evaluation (M&E) systems for MSME support, policy development, and delivery. Some of the key gaps include:

- **Data Collection and Quality:** The M&E systems suffer from data collection inefficiencies and data quality issues. Lack of standardized data collection methods and reliable data sources could lead to incomplete or inaccurate information on MSME performance and impact.
- **Outcome-Based Evaluation:** The focus of M&E systems is predominantly on outputs rather than outcomes. Evaluating the actual impact of MSME policies and programs on the growth and development of businesses is crucial to ensure the effectiveness of initiatives.
- **Timeliness of Data Reporting:** Delays in data reporting and analysis hinder timely decision-making and responsive policy adjustments. Timely data is essential for identifying emerging challenges and addressing them promptly.
- **Lack of Performance Indicators:** The absence of well-defined and relevant performance indicators make it challenging to measure the success or failure of MSME support policies and initiatives.
- **Inadequate Use of Technology:** The M&E systems do not fully leverage technology for data collection, analysis, and reporting. Modernizing M&E systems through digital solutions can enhance efficiency and accuracy.
- **Limited Capacity for Evaluation:** There is also shortage of skilled personnel with expertise in conducting rigorous evaluations of MSME programs. Building the capacity of evaluators can lead to more robust and insightful assessments.
- **Feedback Mechanisms:** The M&E systems lack effective feedback mechanisms that allow stakeholders, including MSMEs, to provide inputs and suggestions for improvement.
- **Interagency Coordination:** Coordination between different government departments and agencies involved in MSME support might be insufficient. This could lead to duplication of efforts and inefficiencies in M&E processes.

- **Transparency and Accountability:** Ensuring transparency in M&E processes and holding responsible parties accountable for achieving targets and objectives might be challenging.
- **Use of Evaluation Findings:** Even when evaluations are conducted, the findings do not be effectively utilized to inform policy decisions and improve MSME support programs.

To address these gaps, Bihar needs to strengthen its M&E systems for MSME support, policy development, and delivery. This can be achieved through:

- Implementing standardized data collection methods and ensuring data quality.
- Focusing on outcome-based evaluation and measuring the actual impact of MSME initiatives.
- Improving data reporting and analysis timelines for real-time decision-making.
- Defining clear and relevant performance indicators to measure success.
- Utilizing technology for data management and analysis.
- Investing in capacity building for evaluators and stakeholders.
- Establishing effective feedback mechanisms to engage stakeholders in the evaluation process.
- Enhancing interagency coordination to streamline M&E efforts.
- Ensuring transparency and accountability in M&E processes.
- Using evaluation findings to inform policy development and program improvement.

By addressing these gaps, Bihar can enhance the effectiveness and efficiency of its MSME support policies and programs, leading to better outcomes for the MSME sector in the state. For the most up-to-date information,

Portals

Bihar faces several key gaps in MSME support, policy development, and delivery through portals or digital platforms. Some of the key gaps include:

- **Limited Digital Infrastructure:** The digital infrastructure in Bihar is not robust enough to support comprehensive and user-friendly MSME portals. Insufficient

internet connectivity and access to technology also hinders the effective use of portals developed so far.

- **Lack of Awareness:** Many MSMEs in Bihar is not aware of the existence or benefits of online portals provided by the government for support and information. This lack of awareness results in low participation and utilization.
- **Complex User Interfaces:** The user interfaces of MSME portals is complex and challenging for small business owners to navigate. A simple and intuitive design is essential to encourage adoption and engagement.
- **Outdated Information:** Some portals also suffer from outdated or incomplete information regarding policies, schemes, and support available for MSMEs. This creates confusion and makes it challenging for businesses to access the right resources.
- **Limited Language Options:** The availability of content and services in vernacular languages is limited. Providing information in local languages can increase accessibility for MSMEs with varying levels of English proficiency.
- **Insufficient Online Services:** The range of online services provided through MSME portals is limited. For example, lack of online application submission and processing for government schemes or licenses could create unnecessary bureaucratic hurdles.
- **Lack of Integration:** MSME portals are not adequately integrated with other relevant government departments and agencies, leading to fragmented information and services.
- **Inadequate Support and Training:** MSME owners might require guidance and training to effectively use the portals and access available resources. The absence of such support can limit the benefits of these digital platforms.
- **Security Concerns:** MSMEs have reservations about sharing sensitive information online due to concerns about data security and privacy.
- **Limited Feedback Mechanisms:** There might be a lack of efficient feedback mechanisms on the portals, preventing MSMEs from providing valuable input and suggestions for improvements.

To address these gaps, Bihar needs to focus on improving its MSME portals and digital platforms. This could involve:

- Investing in the development and enhancement of digital infrastructure and connectivity.
- Conducting awareness campaigns to inform MSMEs about available online portals and services.
- Simplifying user interfaces and making portals more user-friendly.
- Ensuring that information on portals is up-to-date, accurate, and comprehensive.
- Providing content and services in local languages to enhance accessibility.
- Expanding the range of online services to streamline processes for MSMEs.
- Enhancing integration with other government departments to provide a seamless experience.
- Offering training and support to MSMEs to effectively use the portals and access available resources.
- Addressing security concerns to build trust among MSMEs.
- Establishing effective feedback mechanisms to gather input from MSMEs for continuous improvement.

By addressing these gaps, Bihar can better leverage digital platforms to provide effective support and policies for the growth and development of its MSME sector.

Existing interventions in state

Bihar has faced several key gaps in MSME support, policy development, and delivery concerning the existing capacity of MSMEs in the state. Some of the key gaps include:

- **Limited Access to Finance:** Many MSMEs in Bihar struggle to access formal sources of finance, such as bank loans, due to factors like lack of collateral, credit history, and complex application procedures. This hampers their ability to invest in growth, modernization, and expansion.
- **Skill and Technology Gap:** The MSME sector in Bihar suffer from a shortage of skilled labor and a lack of technological adoption. The absence of skilled workers and low technology adoption can lead to lower productivity and competitiveness.

- **Infrastructure Bottlenecks:** Inadequate physical infrastructure, such as roads, transportation, and power supply, can hinder the efficient functioning of MSMEs and raise operational costs.
- **Market Linkages:** MSMEs in Bihar faces challenges in accessing larger markets, both within the state and nationally. The lack of proper market linkages limits their growth and sales potential.
- **Regulatory Compliance Burden:** Complex and time-consuming regulatory compliance processes can be burdensome for MSMEs, particularly smaller ones, diverting resources from core business activities.
- **Access to Information:** MSMEs lack awareness of various government schemes, incentives, and support available to them. The lack of proper dissemination of information prevents businesses from benefiting from these opportunities.
- **Entrepreneurial Ecosystem:** The entrepreneurial ecosystem in Bihar is still developing, with a limited number of incubation centers, mentorship programs, and networking opportunities for aspiring and existing entrepreneurs.
- **Environmental Sustainability:** Many MSMEs in Bihar not have adopted eco-friendly practices, leading to environmental concerns. The promotion of sustainable practices might be limited.
- **Lack of Innovation:** MSMEs face challenges in fostering innovation and research and development (R&D) due to limited resources and support.
- **Access to Markets for Women Entrepreneurs:** Women entrepreneurs encounter additional barriers to accessing markets and resources due to societal norms and biases.

To address these gaps and strengthen the existing capacity of MSMEs in Bihar, the state government and relevant stakeholders need to take targeted actions, such as:

- **Improving Access to Finance:** Implementing financial inclusion measures and creating specialized financing schemes for MSMEs to increase access to credit.
- **Enhancing Skill Development:** Investing in skill development programs aligned with industry needs to provide a skilled workforce to MSMEs and encourage technological adoption.

- **Infrastructure Development:** Focusing on improving physical infrastructure, such as roads, electricity, and connectivity, to support the smooth functioning of MSMEs.
- **Promoting Technology Adoption:** Encouraging the adoption of modern technologies through training, incentives, and support programs.
- **Simplifying Regulations:** Streamlining regulatory processes and reducing the compliance burden on MSMEs to ease their operations.
- **Strengthening Market Linkages:** Creating platforms and networks to help MSMEs connect with potential customers and larger markets.
- **Enhancing Information Dissemination:** Establishing dedicated information centres and online portals to ensure MSMEs are aware of available support and schemes.
- **Supporting Entrepreneurial Ecosystem:** Establishing and supporting incubation centres, mentorship programs, and networking events to foster entrepreneurship and innovation.
- **Promoting Environmental Sustainability:** Encouraging eco-friendly practices and providing incentives for adopting green initiatives.
- **Women Entrepreneurship Support:** Implementing programs specifically aimed at supporting and empowering women entrepreneurs.

By addressing these gaps, Bihar can create a more enabling environment for the growth and development of its MSME sector, contributing to economic growth and employment generation in the state.

CHAPTER - 5

Interventions in State under the SIP

5. Interventions in State under the SIP

A. RAMP Programme – converging MoMSME and State interventions - to address gaps identified

Competitiveness support:

Sustainable training on digital aspects will enrich and equip MSMEs with the tools and expertise to enhance their competitiveness. The training will provide them insights into market trends, customer preferences, and emerging technologies. By staying abreast of industry best practices and continuously upgrading their skills, MSMEs can develop innovative products, improve service delivery, and respond effectively to changing market demands. This competitive advantage enables MSMEs in Bihar to expand their market share and compete both locally and globally.

The programme will be involving various strategies and practices to improve the efficiency, productivity, and ability to adopt changing market for the MSMEs and entrepreneurs such as the skill development and trainings, branding & marketing, innovation and technology adoption and supply chain optimization.

Dispute resolution for delayed payments:

MSMEs of the state often face challenges related to nonpayment, delayed payment. Resolving these kind of disputes we are planning to ODR platform at our Integrated Portal to resolve the disputes of these kind online. The platform will facilitate communication, evidence sharing through secure online channels. We are also taking various initiatives i.e. establishment of MSME Kendra at district levels for support and guidance to MSMEs, on boarding of as many numbers of MSMEs on the SAMADHAN portal through various kinds of knowledge dissemination activities. This portal will play a vital role among all the MSMEs and the MSEFCs through the user interface, and it will enhance the accountability as well as transparency in dealing the disputes.

Increased digitalization of MSMEs, including use of TReDS portal:

In the digital era of now a days, the maximum number of MSMEs in Bihar is/ are lagging behind in digitization of their business and still performing through their traditional means that needs to be improved, but maximum of them are not yet aware about the digitalization

mechanisms. The very few MSMEs of the state registered on Udyam portal, ZED portal, Champion Portal, TReDS portal, MSME data bank etc. Now, we are taking various initiatives to increase the digitization of MSMEs. For this we have been creating awareness outreach programme, and educating MSMEs on benefits of registration on the portals. Simultaneously, we are engaging agencies to on board our MSMEs on the TReDS portal for addressing the delayed payments and the receivable discounts. The Department of Industries, Govt. of Bihar has already started taking initiatives to collaborate with the agencies and other stakeholders. The Quality Control of India (QCI) has also been supporting by deploying manpower at district level for regular follow-up with the entrepreneurs for registration on the Champions portal that includes the portals of ZED also. By developing the integrated portal, we are simplifying the process of data gathering, validation, and visualizations of their analytics in more transparent and on real time basis. The integrated portal will have the unique features of GIS based mapping for identification of cluster based business, issues. The GIS based mapping will help in digitalization of MSMEs at local levels i.e. village, panchayat, block levels etc.

Partnership with Financial Institutions (FIs) including on-boarding with TReDS:

Micro, Small and Medium Enterprises (MSMEs) are the backbone of State's economy, contributing significantly to the state's Gross Domestic Product (GDP), employment generation and export earnings. However, access to finance remains one of the biggest challenges faced by MSMEs. They often lack the required CIBIL, collateral and required credit history, making it difficult for them to secure loans from traditional banks. This has resulted in a significant portion of the MSME sector being left unbanked and unable to access credit. However, the emergence of India's robust financial service technology ecosystem has the potential to revolutionize the MSME financing landscape. The growth of NBFCs, fintech companies, digital banking, and mobile financial services has created new opportunities for MSMEs to access financing.

We are having the proposal on integrated portal for helping MSMEs of all aspects including directory of service provider viz. Business consultants, incubators, investors and financial institutions. The portal will provide detail information of MSMEs including products/ services financial performance, growth projections and other relevant data that can

assist service providers in making informed investment decisions. Simultaneously the portal will provide information about government schemes, grants, subsidies, loans and other financial assistance programme for MSMEs. The whatsapp chatbot feature will support the MSMEs guiding them through eligibility criteria and requirements. The portal will also be linked with TReDS to address the issues related to the delayed payments. The android/ IOS based mobile apps will also play significant role in user friendly registration, uploading supporting documents such as business registration details, PAN, Aadhar, credit history, financial statements and collateral details, GST etc. which can be accessed by the financial institutions and investors.

Strengthening markets for service provision to MSMEs in the State:

The market play significant role in driving the economy of MSMEs. The currently existing MSMEs market of Bihar is having good access across the state and also in the nearby state like Uttar Pradesh, Jharkhand, Bengal, Odisha and others. In addition to this, it also has an easy international access with Nepal, Bhutan, Vietnam and others.

In attempt to promote the export of the state MSMEs products, several initiatives has already been taken such as establishment of industrial associations, export councils, GI tagging, collaboration with global buyers, and incorporation of B2B E-commerce platforms etc. Besides, the state government provides financial aids in branding and promotion of the products. The state is also taking various initiatives to the create demand of our MSME products in the international markets so that more products and items could be exported from the state which in turn increase the state's share in the total export from the country. The one district one product (ODOP) has been identified for the every districts of the state and the initiatives are continuously being taken to enhance their contributions in the total export from the state.

The proposed interventions under this programme aims to strengthen the export promotion councils as well as improving collaboration and coordination among district export committee, EXIM bank, export consultants at national and international market. We are also proposing different kind of activities such as market research, trade fairs/ exhibitions, product value addition, and capacity building of MSMEs and all kind of business entrepreneurs. We

also propose to enhance the number of MSMEs under the Procurement and Marketing scheme and the scheme of Capacity Building of first time exporter.

Identification of potential Cluster level technical interventions:

The state has already identified the key priority sectors i.e. Textile & leather, Food processing, IT & ITeS, and ESDM. The proposed interventions aim to develop clusters around the aforesaid mentioned priority sectors and few stand-alone innovative clusters such as banana fibre, and water hyacinths. The state has also lay down some of the policies/schemes around the priority sectors as well as the innovative scheme. For the clusters of banana fibre, proposals have already been invited from across the state/national to set up the integrated units of banana fibres processing and manufacture of products like cloth and other items. As for now, we are having total 26 established clusters across the state and we are proposing seven clusters of textile (02), leather & footwear (02), of innovative categories clusters i.e. banana (02) and water hyacinth (01) across the state. The various research institutes and centre of excellence of allied field will roped in to provide technical assistance in establishment, providing research and development (R & D). We also propose to upgrade the existing clusters, as well as new proposed clusters as per the guidelines of MSE-CDP. For this mutual agreements (MoUs) will be signed with relevant stakeholders that would enhance the technical competence of the clusters leading to the MSME sectors in the state.

Support to Women-headed MSMEs:

The Bihar state is having various schemes to support the entrepreneurs of women and of various social categories, however in the state there has been a lacking of supporting schemes of differently able entrepreneurs. Therefore, here we have designed a proposal with special focus of empowering the women as well as differently able led MSMEs and entrepreneurs in the state. The objective of the project proposal is to empower and enable women led MSMEs and entrepreneurs to overcome the barriers, build successful business and contribute to economic growth and social inclusion. The programme will aim to provide those necessary tools, knowledge, and support to thrive as entrepreneur in their communities.

The programme envisages capacity building of about twenty thousand women to ensure effective skill development, gain stakeholders support and engagements. The training will be

based on instructor led module, exposure visit, and up-skilling. There are four modules will be developed under this proposed project such as gender sensitization, innovation and creation, business development & gender equality as well as different skills for the up scaling of the women led business. The project also aims to make value addition to product, their branding and making them global outreach. The project also prefers the women entrepreneurs to be included more in numbers in the cluster programmes like banana, makhana, water hyacinth etc. It is also proposed to maximize the number of women led MSMEs under the schemes of CGTMSE.

B. Details of interventions and financing being converged under State interventions and allied GoI interventions, planned deployment of these interventions

Infrastructure:

The Govt of Bihar aims to facilitate investments, foster innovation, enhance skill development and build world class manufacturing infrastructures in the state so that the industries could flourish and contribute in economic development. For this the state has increased its investments in development of rural and urban roads, railways, waterways, airports, power, ITs and other industrial infrastructures. The state has also allocated 3.9% of the total budget towards the development of roads and bridges in FY 2019-20. Similarly, the connectivity of airways has improved with several domestic airlines of the country under the Udan Regional connectivity scheme. In March, 2021 the Govt. has also announced to develop the riverine or inland ports on the bank of Gandak River in Saran district. To boost the states' petroleum and gas sector the state has introduced ten projects worth Rs. 21 thousand crore (US\$ 2.85 billion). The state has also taken initiatives to develop the four smart cities in Bihar i.e. Patna, Bhagalpur, Muzaffarpur and Biharsharif, and the other 27 cities of the state are considered for the development of infrastructure under the AMRUT scheme of central govt. with worth of 541 crore (US\$ 73.53 million). Besides, development of industrial corridor in Bihar, the central govt has approved the formation of Amritsar Kolkata Industrial Corridor Development Corporation (AKICDC) in 2014, and the corridor development is under progress. The AKIC is proposed to be structured around the eastern dedicated freight corridor as the backbone for the development of industrial zone across seven state of India i.e. Panjab, Haryana,

Uttarakhand, UP, Bihar, West Bengal. Under the AKIC plan Gaya is one of the cities which has proposed pilot integrated manufacturing cluster in its first phase. The integrated development of cluster will cater better quality of infrastructures, help in improving ease of doing business index, and also attract external talents and quality of work to grow over a period of time. Apart from it, the State Govt has launched the policy for the development of private industrial park in 2013. The Govt has encouraged the establishment of sector specific parks especially for the priority sectors. The IDA and BIADA are the key agencies of state to identify, acquire and develop the infrastructures and their allocations to the MSMEs for the development and up scaling of their productivity.

We propose our interventions through the RAMP scheme as soft interventions like establishment of testing laboratory facilities, technical and technological i.e. IT infrastructures and manpower hiring.

Finance:

Single Window Credit Facilitation

The Single Window Credit Facilitation (SWCF) scheme for MSMEs in Bihar was launched in 2018 by the Department of Industries, Government of Bihar. The scheme aims to provide a hassle-free and transparent process for obtaining credit from banks and financial institutions for MSMEs. The objective is to make it easier and more efficient for MSMEs to obtain credit from various financial institutions and to reduce the complexities and time involved in the credit application process. Under the SWCF scheme, MSMEs can apply for credit online through the website of the Bihar Industries Department. The application will be processed by a committee comprising representatives from the government, banks, and financial institutions. The committee will assess the creditworthiness of the MSME and approve the loan within a stipulated time period. The SWCF scheme aims to reduce the processing time for loan applications from 3 months to 15 days. Now, MSMEs can interact with a single point of contact for all their credit-related queries. The MSMEs will also get a consolidated credit report from all the banks and financial institutions that they have applied to. This will help them to compare the terms and conditions of different loans and choose the best option for them.

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): CGTMSE has been set up jointly by Ministry of MSME and SIDBI in August 2000 to facilitate access to finance for un-served / under-served borrower segments, making availability of financial assistance from lenders to first generation entrepreneurs and underprivileged section of society who lack collateral security and/or third-party guarantee for supporting their ventures. CGTMSE provides credit guarantees to financial institutions to encourage them to extend collateral-free loans to micro and small enterprises. Through this scheme, MSMEs in Bihar can access credit without having to provide third-party collateral or security. The scheme is implemented through a network of Member Lending Institutions (MLIs) in the state. These MLIs include banks, financial institutions, and non-banking financial companies (NBFCs).

Bihar Performance and Credit Rating Scheme (BPCRS): The will be implemented directly by Government of Bihar (GoB). In alignment with the government's efforts to bolster the MSMEs sector, generate employment opportunities, and foster economic development in the State and on the lines of scheme implemented by NSIC, Bihar State Government will be anchoring BPCRS via RAMP (Raising and Accelerating MSME Productivity) as the Nodal Agency. Under the scheme, MSMEs will be given a subsidy of 25% of the charges of doing Performance and Credit Rating by Empanelled Rating Agencies under RAMP, Bihar. The primary goal of GoB is to enhance MSMEs' access to finance by boosting their creditworthiness. Subsidized ratings encourage MSMEs to undergo assessments, leading to improved business performance, efficiency, and competitiveness. Positive ratings can attract investors and clients, facilitating business growth and expansion.

Additionally, the scheme will promote good governance and transparency as MSMEs strive to meet rating criteria. The rating process will also serve as a capacity-building exercise, empowering MSMEs with valuable insights into financial management and operations. The data generated through these assessments will aid policymakers in formulating targeted support measures tailored to address the specific needs of MSMEs in Bihar. Ultimately, the scheme will create a conducive environment for MSMEs growth, driving sustainable economic progress and prosperity in Bihar. Under the leadership and guidance of GoB, RAMP team will be responsible for designing the scheme guidelines and roll out strategy. RAMP team will identify the Rating Agencies and will empanel them on the

basis of QCBS model (Quality and Cost Based Selection) with a ratio of 60:40 (Quality: Cost). Post conducting Technical and Financial Evaluation, including parameters like coverage of rating agencies in Bihar, services being offered, past performance, feedback from existing and past clients (MSMEs), Rating Agencies will be selected and empanelled for the Scheme, BPCRS. RAMP team will be responsible for maintaining database and monitor the performance of Rating Agencies, quality of services being offered to MSMEs and fees charged for the services. RAMP team has will have the authority to de-empanel the Rating Agencies based on their performance.

Interest Subvention

The government of Bihar is continuously supporting MSMEs by providing priority lending facilities, lower interest rates, and interest subvention through various programs, policies and schemes which are tailored to sector specific needs.

Interest subvention can significantly support the growth of Micro, Small, and Medium Enterprises (MSMEs) in Bihar. The Scheme aims at encouraging both manufacturing and service enterprises to increase productivity and provides incentives to MSMEs helping in formalization of economy, while reducing the cost of credit. It encourages lending to MSMEs, as reduced interest rates mitigate the risk for lenders. This support increases the availability of funds for MSMEs to expand their businesses and invest in new projects.

Incentives under Bihar Industrial Investment Promotion Policy 2016, all units will receive a interest subvention of maximum up to 10% (12% for micro and small units) or on actual rate of interest whichever is less up to 5 years for any unit. Subject to maximum 50% of the fixed capital investment (FCI) or maximum up to INR 20 Crores whichever is less.

Establishing MSME Kendra for one stop centre services to MSMEs

The purpose of this proposal is to outline the establishment of MSME Kendras in each District of Bihar, following the successful model of MSME Facilitation Centres implemented by the MSME department of States like Maharashtra, Gujarat, West Bengal etc. The objective of these MSME Kendra is to provide comprehensive support and assistance to Micro, Small, and Medium Enterprises (MSMEs) in Bihar, thereby promoting their growth and contributing to the overall development of the state. This MSME Kendra will act as a One-Stop Solution

Centre for all MSMEs. By decentralizing resources, expertise, and information, we aim to streamline the processes involved in setting up and running an enterprise, and fostering an enabling environment for MSMEs to thrive. The broad objective of MSME Kendra is:

- To provide a single-window platform for MSMEs to access information, resources, and support services.
- To create awareness among enterprises and entrepreneurs about the provisions and scope of the industry
- To assist MSMEs in understanding and availing government schemes, incentives, and subsidies.
- To offer guidance and counselling services to aspiring and existing MSME entrepreneurs.
- To facilitate networking opportunities, collaborations, and partnerships among MSMEs.
- To organize skill development programs, workshops, and training sessions for capacity building

Skills development:

The Government of Bihar has taken various initiatives for the skill development of MSMEs and its work force. The training programmes include technical skills, entrepreneurship abilities, and managerial expertise to enable MSMEs so that they can operate more efficiently. The Bihar government has set-up the Institute of entrepreneurship development, various centres of excellence, research and development institutes, incubation centres to facilitate MSMEs on different aspects. Over the period, the state has trained as many numbers of trainees in sector specific domain through Bihar Skill Development Mission (BSDM), Recruit-Train-Deploy, Recognition of Prior Learning (RPL), PM Kaushal Vikas Yojana (PMKVY). The sector specific domain aligned to the need of industries in Bihar. Department of industries have also engaged in different agencies of Government of India in up skilling of MSMEs and entrepreneur through customised training module. The DIC and NSIC runs joint outreach programmes as district level to facilitate the MSMEs. At present, MSMEs are being trained on different kind of EDP and sector specific module.

The total allocated budget for the capacity building programmes in the state of Bihar is Rs. 561.88 for the FY 2021-22. The proposed intervention through the hiring of human

resources, development of customised EDP and sector specific modules, resource library, digital IEC & training materials as well as residential & non-residential training of MSMEs are planned. In the capacity building we have proposed two separate proposals i.e. first is to empower the MSMEs and government employees and the second is to empower the women, differently able and trans-genders' led MSMEs.

Science and technology and competitiveness:

The state has identified IT/ ITEs as one of the priority sectors for development of MSMEs of Bihar with the vision to develop Bihar as human and intellectual capital resource hub. Therefore, to address the challenges related to digital divide which separates the MSMEs in urban and rural areas, as well as their ability to access technologies, the govt. of Bihar has brought up the special policy known as Information and Communication Technology (ICT) Policy, 2011. The policy envisages developing Bihar as the next destination of investment in IT/ ITEs. Presently, the state has 16 universities (13 State universities and 03 central) along with 262 government colleges and 231 local body colleges affiliated to the State Government.

The state government has also adopted technology as regulatory framework for efficient administration of departmental works through e-Governance portals. The adoption of technology in government departments has improved citizen services within turn-around time. The Industry department is also aligned with the aforesaid policy of ICT and has also adopted various technologies for ease of doing business in the state. The state has started Single Window Clearance System for hassle free online registration, filing applications, adjustment and reimbursement of incentives. The department has also set-up the call centres for facilitating the MSMEs on different kinds of online registration, grievance redressal and monitoring of the MSME schemes and operational activities. The state has also brought up inclusion of industry related services under the Bihar Right to Public Service Act 2011 in order to ensure accountability for timely processing of requests, additional investor related services under the RTPS Act 21.

The proposed intervention in this programme aims to empower the MSMEs as well as different stakeholders on uses of technology in processing the applications, registration, grievance redressal, financing, demand and supply of products in national and international markets. The proposal of "Implementation of Centralized Integrated Management Systems"

will address the challenges related to generating accurate reports, monitoring Key Performance Indicators (KPI) and improving the overall performance of data visualization and monitoring. The cutting-edge technology like API integration, Artificial Intelligence (AI) and GIS systems will improve ease of access of information and services for the MSMEs, investors, markets and different stakeholders.

Under this proposed intervention the Department of Industries is planning to design a centralized portal and set up of analytical cell which will play a crucial role in streamlining of work flows and various initiatives of industry department, Government of Bihar.

Branding and Communication Strategy:

The branding and communication are important tools for industries to differentiate from the competitors and establishment of strong identity in the market. The state govt and the Dept of industries has been emphasizing on components related to support for branding and marketing in Indian as well as in International markets. The industry department provides the incentives for various products of MSMEs for their marketing in the international markets. The state industry department often organise the programmes for our MSMEs through various mediums to educate and empower them about the product branding, packaging and their advertising on different e-market portals. In recent years, the internet connection and Smartphone base has also increased significantly and is expected to reach 1 billion by 2026 (www.ibef.org/industry/ecommerce). This has helped India's as well as Bihar's digital sector and it is expected to reach US\$ 1 trillion by 2030. This rapid rise in internet users and Smartphone penetration has digitally transformed the market. The local products now required copyrights and intellectual property rights to stay competitive in the markets. Industry Department has also started initiatives known as Invest Bihar to establish communication with the investors at national and international level. This initiative provides opportunities to engage with the potential investors through targeted outreach efforts and providing them with the necessary information and support. Besides, lots of workshop, seminar and outreach program are being conducted at the district, state and national level for promotion of the products vis-à-vis attracting the MSMEs to invest in Bihar.

The proposed intervention under this programme incorporate promotional activities such as seminars, workshops, anchors-buyers meet, investors meet, trade fairs and other for

promotion of the products at local, national and international level. The project envisage module for imparting training on digital transformation of MSME so that they can promote their business on E-commerce, website, and other business portals. It is also proposed that selected MSMEs will participate in national and international trade fairs. We are also hiring the content and communication manager who will continuously work on branding and communication to promote the MSMEs. Besides, there is also a plan to improve the participation of MSMEs in International conference scheme.

Textiles, Agriculture, and Energy Efficiency

Historically, the *textile* industry has been a vital component of Bihar's economy, with handloom and handicrafts being deeply ingrained in its socio-economic fabric. In recent years, Bihar has undertaken several initiatives to rejuvenate its textile industry, seeking to capitalize on its vast resources and talented workforce. The state government, in collaboration with private stakeholders, has worked towards addressing historical challenges and leveraging new opportunities to propel the industry forward. For this, the Government of Bihar has taken several initiatives to promote the industry in Bihar. In Year 2022, the government of Bihar has launched Bihar Industrial Investment Promotion Policy (Textile and Leather Policy) to encourage the investors who can put up the factories in Bihar. The policy aims to provide assistance in terms of all necessary supports as well as no objection certificates and permissions through single window system. Apart from this, roads, electricity and other basic facilities are being provided for the establishment of industries. There is also 24 lakhs sq. feet land has developed plug and play fabricated sheds which is readily available for allotment to textile units in Bihar. It is expected that the special policy for the textile leather industry will prove to be effective in promoting the industries and will also provide employment to a large number of people in the State.

At present, Bihar has huge potential for starting the textile and garmenting units. The presence of weaver's community is an important asset base in terms of availability of skilled and semi-skilled workers for textile units. Apart from the regular weaver community, a large number of youths (especially, the female youth) in the state can be employed in the Textile & Garment manufacturing units which can offer conducive employment opportunities such as sewing, stitching, cutting, and other tailoring requirements. In Asia, only Bhagalpur weavers are

expert in blending of silk with cotton, jute, viscose, linen, and wool. The state has 26,929 weavers as per the 4th national handloom survey (2018-19). Bihar's textile industry has witnessed a gradual resurgence. The state has regained its reputation for producing high-quality handloom products, including fine silk sarees and intricate embroidery. The growing demand for sustainable and handcrafted textiles in both domestic and international markets has also been advantageous to Bihar's textile artisans.

Despite its potential, the textile industry in Bihar faced numerous challenges that hampered its growth and competitiveness such as lack of modernization, skill gap, technology adoption and scaling up etc. Despite challenges, Bihar is on its way to fostering a thriving and sustainable textile ecosystem. Over the period it will create employment opportunities, enhance rural livelihoods, and propel the state towards economic prosperity and growth.

The proposed intervention aims to improve the capacity of MSMEs and Entrepreneurs who are in the textile industry. For this, a multi-faceted intervention strategy has been planned. One of the key areas to focus on is skill development and training for the workforce in the textile industry. Specialized training programs should be designed to upgrade the skills of workers and artisans, enabling them to adopt modern techniques and technologies. This will enhance the quality and productivity of the products, making MSMEs more competitive in the market. The capacity building program will also aim to empower them on knowledge related to finance and credit, technology upgradation, research and development, market linkages, and export promotion. The intervention also aims to develop cluster in the textile sector based on the concentration of textile-related activities, existing infrastructure, and access to raw materials and markets.

Agriculture plays a pivotal role in the economic growth of Bihar, and the state's abundant natural resources and fertile land and ground water make it an ideal location for agriculture and food processing industries. Due to its distinct agro-climatic zones the state is known for production for a variety of commercial crops. In 2013, the state was awarded with Krishi Karman award for rice production. Simultaneously, the state produces a wide range of crops, including rice, wheat, maize, pulses, fruits, and vegetables. Litchi, scientifically known as *Litchi chinensis*, is one of the most important and well-known fruits cultivated in Bihar, India. The state is famous for its high-quality litchi production, and it holds a special place in the

country's litchi cultivation map. Similarly, Bihar is one of the major states in India where Makhana is cultivated. The region's favorable climatic conditions, including ample water bodies like ponds and marshes, make it suitable for Makhana cultivation. Districts like Darbhanga, Madhubani, and Saharsa are known for their significant Makhana production. Besides, Mango, Potato and others vegetable are grown at large scale which is giving impetus to the industry related to agriculture and food processing. The growing demand for potato chips and other packaged foods there are huge opportunities for entrepreneurs in Bihar to set up food processing and manufacturing units. Maize is another important crop in Bihar, and processing units have been set up to produce various maize products, including maize flour, cornflakes, and maize-based snacks.

The department of Industries has been taking various initiatives such as exhibition, buyer seller meet, awareness programs and others to grow the industry related to food processing. The uses of millets are being promoted by the government as well. These food processing units in Bihar have not only contributed to value addition to agricultural produce but have also generated employment opportunities for the local population. However, there is still a considerable scope for further growth and development in the food processing sector in Bihar. The state government, along with private investors, is working to promote investment and provide necessary support to attract more food processing units to the state.

Our proposed intervention plan aimed at promoting the growth of food processing units in Bihar. It involves providing the necessary skills, knowledge, resources, and support to entrepreneurs and existing food processors to enhance their capabilities and competitiveness. It aims to provide specialized training programs and workshops for entrepreneurs in the food processing industry. The programs also focus on various aspects such as food safety and quality standards, technology adoption, product development, marketing, and business management. Besides, it also focuses on development of cluster mainly to promote banana, water hyacinth, makhana, litchi, and other food processing related clusters in Bihar.

There are several initiative has been taken to meet the **energy** requirement in the state. The state has also shown the growth in availability of power in the state. As per the report of economic survey 2022-23, the total power generation capacity of the state is 7785 MW. In the context to promote the renewal energy, the state government has allocated funds to develop

and support renewable energy projects such as solar power plants, wind farms, biomass projects, and small hydropower plants under the green budget 2023. Besides, the Government of Bihar has also been providing power tariff subsidy to the industry.

C. Detailed Project Proposals

Project proposal -1: Capacity Building of MSME and Different Stakeholders in Bihar

Project proposal -2: Empowering women, Differently abled and Transgender led MSMEs and Entrepreneurs in Bihar

Project proposal -3: Implementation of Centralised Integrated Management System (CIMS)

Project proposal -4: Establishment of MSME Kendra – One Stop Centre for Facilitating MSMEs

Project proposal -5: Providing Credit Financing support to MSMEs in Bihar – Performance & Credit Rating and Credit Guarantee

Project proposal -6: Enhancing MSMEs through Export Promotion and other business support with special focus on Geographical Identification (GI) product of Bihar

Project proposal -7: Strengthening MSME Products through Banana, and Water-hyacinth fibre in Bihar

Project proposal -8: Enabling MSMEs Growth by harnessing the ONDC platform under RAMP Programme

PROJECT PROPOSAL – 1

**CAPACITY BUILDING OF MSMEs AND
DIFFERENT STAKEHOLDERS IN BIHAR**

Project Title: Capacity Building of MSMEs and Different Stakeholders in Bihar	
Contents	Page No
Project Snapshot	105
An overview of MSMEs in Bihar in context of capacity building	105
Institutional limitations and critical barriers to sustainable capacity building of MSME	111
Existing Training Mechanism and its performance management	121
Log frame analysis/Result Matrix	129
Risk and Mitigation Strategy	133
Gantt Chart /Timeline	133
Monitoring and Evaluation framework	135
Proposed Outcomes	137

Project Snapshot

Title of Proposal	Capacity Building of MSMEs and Different Stakeholders in Bihar
Objective	The objectives of the project are to collectively contribute in enhancing the competitiveness, sustainability, and growth of MSMEs, ultimately leading to economic development, job creation, and poverty reduction.
Department	Department of Industries, Government of Bihar
Nodal agency	Udyog Mitra
Beneficiary	80,000 MSMEs & 250 State and district level employees of Department of Industries, Bihar and its allied societies
Outcome	MSMEs will develop sustainable business practices and strategies, ensuring their long-term growth and resilience. They will adopt environmentally friendly practices, implement social responsibility initiatives, and embrace sustainable business models. This enables them to thrive in the face of challenges and contribute to a sustainable economy.

An overview of MSMEs in Bihar in context of capacity building

In Bihar, the MSMEs are operating across various industries such as textiles, food processing, handicrafts, engineering goods, and agro-based products. These MSME have been playing a crucial role in the state's economy, employment generation, industrial growth, and inclusive development of the state. As per the 73rd round survey of National Sample Survey, In Bihar¹ there are 34.46 Lakhs MSME operating. However, only 704725 MSMEs has registered on Udyam Registration Portal in the state. The table shows the numbers of MSMEs in Bihar as per its classifications.

¹<https://msme.gov.in/sites/default/files/MSMEANNUALREPORT2022-23ENGLISH.pdf>

Table 5.1.1 Numbers of MSMEs

Types of MSMEs	Total Numbers of MSMEs in Bihar
Micro MSMEs	690599
Small MSMEs	13396
Medium MSMEs	730
Data Source : MSME Udyam Registration Portal , Bihar	

In recent years, for the growth of industries, the government has facilitated continuous investors' meetings in the state. Government of Bihar has also brought up the new start-up policies that envisions to achieve 15% industrial growth rate per annum and to design high-end infrastructure facilities to attract investments in the state. ²In recent years, Bihar is developing fastly and has been a growth engine in the country in terms of growth in per capita income and high-income growth. Besides, the state has formed a start-up cell to handle the registration and recognition process. Following are some important decisions taken by the Government of Bihar to accelerate the MSME sector in Bihar.

- **Single window clearance system ³(SWCS)** - Single window clearance system is an online platform for facilitating the Investors in their investment needs with the Government. This acts as a one-point contact for the investors for availing required services from the concerned departments for establishing business enterprises in the state of Bihar. This system also acts as a platform for making applications and availing incentives as permissible under the "Bihar Industrial Investment Promotion Policy", 2016.
- **Infrastructure Support:** The Government has been providing necessary infrastructure support to start-ups. This includes setting up incubation centers, co-working spaces, and innovation hubs across the state. These facilities offer start-up-friendly amenities, networking opportunities, and access to mentorship and guidance. The Government of Bihar has been favouring small and medium-sized businesses (SME) because of their lower land requirements and higher labour absorption rates per unit of capital and energy.

²<https://msme.gov.in/sites/default/files/MSMEANNUALREPORT2022-23ENGLISH.pdf>

³<https://swc2.bihar.gov.in/investor/homepage>

Besides, in Bihar, the emphasis is being given on the industrial cluster development. The Bihar industrial services envisage that investors who choose to build units outside of these specified regions would locate adequate land on their own, even though the state government will help them, for this, Amritsar-Kolkata industrial corridor is being developed. The BIADA ⁴ is responsible for promoting and assisting rapid development of industries and industrial development in the state.

- **Introduced new policies:** The Government of Bihar has adopted pro-active approach to attract investors and recently have formulated/amended several policies such as
 - ✓ *Industrial Investment Promotion Policy 2016*
 - ✓ *Bihar Start-Up Policy, 2017*⁵
 - ✓ *Textile and Leather Policy 2022*⁶
 - ✓ *Special land allotment and amnesty policy 2020*
 - ✓ *Bihar Agri Investment Policy 2020*
 - ✓ *Policy for joint venture with state public sector enterprises 2020 and others*

Besides, the Government of Bihar has been actively implementing various measures to support and promote MSMEs, including outreach programs at the district level. Some of the initiatives and strategies employed by the government are as follows:

Skill Development and Training: Skill development and training programs are conducted at the district level to enhance the capabilities of the MSME workforce. These programs aim to improve technical skills, entrepreneurship abilities, and managerial expertise, enabling MSMEs to operate more efficiently. The program is being conducted with the support of Bihar Skill Development Mission.

Entrepreneurship Development Programs: The government organizes entrepreneurship development programs and workshops at the district level to foster a culture of innovation and encourage new business ventures. These programs provide aspiring entrepreneurs with knowledge, guidance, and mentorship to help them establish and grow their enterprises.

⁴<https://www.biadabihar.in>

<https://www.biabihar.com/images/PDF/Bihar-Industrial-Investment-Policy-2016-book.pdf>

⁵https://www.startupindia.gov.in/content/dam/invest-india/Templates/public/state_startup_policies/Bihar-Startup-Policy-2017.pdf

⁶https://state.bihar.gov.in/industries/cache/26/09-Jun-22/SHOW_DOCS/Textile%20&%20Leather%20Policy%202022%20English.pdf

Overview of enrolment of MSME in different scheme

Ministry of MSME has been implementing credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS) for promoting competitiveness amongst Micro, Small and Medium Enterprises (MSMEs) by the way of wastage reduction through Lean Manufacturing, support for Design improvement, building awareness on Intellectual Property Rights, Zero Defect Zero Effect (ZED) Scheme, digitally empowerment of MSME through Digital MSME and to promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing. But In Bihar, very few MSMEs have grabbed the opportunity of the schemes. As per the data provided by the Department of Industry, Bihar only have 3455 MSME had taken the pledge for Champion Schemes. Out of these MSMEs, only 4 MSMEs has received Gold, , 7 have received silver and 905 MSMEs have received Bronze till 30th June 2023. However we have ranked 3rd position among other state. But still there are very few MSMEsknow about the benefits of schemes and other financial supports provided by the state and centre under various schemes. The Department of Industries is rigorously putting its efforts for educatingthe MSMEs about the schemes through outreach program. The National Small Industries Corporation has been also outreaching at the district level for providing the customized training to the MSMEs and supporting DoI in the growth of MSMEs.

Institutions in Bihar readily available for facilitating MSMEs strengthening

In Bihar, the responsibility for the training of MSMEs (Micro, Small, and Medium Enterprises) lies with various entities, including government agencies, industry associations, and specialized training institutes. Here are the key stakeholders involved in the training of MSMEs in Bihar:

Bihar Skill Development Mission (BSDM):⁷BSDM is an autonomous body under the Department of Labor Resources, Government of Bihar. It is responsible for the planning, coordination, and implementation of skill development initiatives in the state. BSDM collaborates with training partners, industry associations, and vocational training institutes to provide domain skilling for MSMEs. These programs cover a wide range of domains such as manufacturing, construction, healthcare, IT/ITeS, hospitality, retail, textile and more. The training programs are conducted in collaboration with training partners, institutes, and industry experts.

⁷<https://skillmissionbihar.org>

District Industries Centers (DICs):⁸ District Industries Centers (DICs) play a crucial role in promoting and facilitating industrial development at the district level. They are established by the respective state governments to support and nurture the growth of industries, particularly Micro, Small, and Medium Enterprises (MSMEs). DICs are responsible for implementing the industrial policies and initiatives of the state government at the district level. They act as the interface between the government and entrepreneurs, ensuring effective implementation of industrial development schemes and policies. It helps MSMEs in the registration process and streamlining the establishment of MSMEs. DICs promote entrepreneurship development by organizing various programs, training sessions, and workshops. These initiatives aim to enhance the entrepreneurial skills, knowledge, and capabilities of aspiring and existing entrepreneurs. DICs provide guidance on business planning, market research, financial management, and other aspects of starting and running an enterprise. It collaborates with recognized entrepreneurship institutes and vocational training centers to facilitate the skill development program.

Institute of Entrepreneurship Development (IEDs):⁹ Bihar has an Institute of Entrepreneurship Development that offer training and support to aspiring and existing entrepreneurs. The institutes provide comprehensive entrepreneurship development programs, including skill training, business planning, financial management, sector specific training as well as marketing strategies for MSMEs.

Bihar Industry Associations:¹⁰ Bihar Industries Association (BIA) plays an active role in training and capacity building for MSMEs. The associations often organize workshops, seminars, and training programs focused on enhancing the skills and knowledge of MSME entrepreneurs.

Vocational Training Institutes and Centre of excellence: Bihar has a network of vocational training institutes that offer skill development programs for various trades and sectors. Institutes such as Industrial Training Institutes (ITIs), polytechnic colleges, and skill development centers provide technical training and vocational courses that are relevant to MSMEs. Besides, Bihar has identified several institutes as Centre for excellence. The Institute is organizing Skill Development

⁸<https://msmedipatna.gov.in/dics.htm>

⁹<https://ied.eu>

¹⁰<https://www.biabihar.com>

Trainings in the Institute as well as in out reached areas for the benefit of educated unemployed youths. Some of the programmes are exclusively for SC/ST, Women and Weaker Sections. The activity includes

- *Industrial Motivation Campaigns for Industry Associations/Clusters/Prospective Entrepreneurs*
- *Entrepreneurship and Skill Development Programmes*
- *Entrepreneurship Awareness Programmes*

Administration structure for implementation

Department of Industries: The Department of Industries is headed by Principal Secretary and directors.

Udyog Mitra: Established under the Societies Act 21, 1860, Udyog Mitra was formed in 2004 by dissolving and merging two societies – Industrial Data Bank & Single Window System. Initially, Industrial Data Bank was functioning since 1986 for providing industrial data/information. Udyog Mitra has become the Centre for Industrial Documentation and Information for Industrial Development and Promotional activities.

District Industries Centre: To promote uniform growth of industries across districts, the state government has established District Industries Centres (DIC) in all 38 districts of the state. The major task of the DICs is to facilitate the progress of Prime Minister's Employment Generation Programme and Prime Minister's Mudra Yojana. The DICs have emerged as an important nodal agency to promote micro, small and medium enterprises.

Bihar Industrial Area Development Authority (BIADA): Under the aegis of the Bihar Area Development Act, 1974, BIADA was established to develop infrastructure for industries. Among its various tasks, BIADA performed a key role in acquiring land for different industrial projects. In Bihar, given the paucity of land, BIADA's role to allot land to industrial units assumes great importance. Presently, BIADA has four regional offices (Patna, Darbhanga, Bhagalpur, and Muzaffarpur) which together cover 50 industrial areas or development centers and mega industrial

parks. In the recent past, several steps have been taken by the State for development of industrial areas and industrial clusters in the state.

Institutional limitations and critical barriers to sustainable capacity building of MSME

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in driving economic growth, promoting employment, and fostering entrepreneurship in Bihar. However, despite their significance, MSMEs often face challenges in improving their expertise and competitiveness.

Lack of infrastructure and Human Resource in IEDs centre: The lack of infrastructure and human resources in Institutes of Entrepreneurship Development (IED) centers is a significant challenge that hampers their effectiveness in supporting MSMEs. IED play a crucial role in providing training, mentoring, and advisory services to aspiring and existing entrepreneurs. However, inadequate infrastructure and human resources limit their capacity to deliver comprehensive support.

Inadequate Infrastructure: IED often face challenges related to infrastructure at the district level. It lacks modern technological infrastructure, including computer labs, audio-visual equipment, digital library and library and software applications, to deliver effective training programs and support services. However, the lack of such infrastructure limits the delivery of up-to-date and practical training modules.

Insufficient Human Resources: In IED there were 18 sanctioned positions that includes, training officers, data entry operators, assistant, steno typist, technician, and others. But at present there are only 7 staff are working in IED and out of them only two posts retain by the training officer. Rests of the employee are retired. IED also lack a dedicated administrative team to manage operations, coordinate programs, handle logistics, and provide administrative support to trainers, mentors, and participants.

Lack of Industry Connections: IED need strong industry connections to facilitate networking, internships, industry visits, and collaborations for MSMEs. However, the absence of dedicated personnel responsible for building and maintaining industry relationships limits the opportunities available to MSMEs.

Lack of fund: IED plays a crucial role in fostering entrepreneurship and supporting the growth and development of MSMEs (Micro, Small, and Medium Enterprises). At present, the IED requires 150 Lakhs to administer the training program but from last few years it is not meeting the expenses of its officials.

Insufficient Coordination among Stakeholders: The coordination among various stakeholders involved in MSME development, including government agencies, industry associations, educational institutions, and financial institutions, often falls short in Bihar. This lack of coordination leads to fragmented efforts and a disjointed approach to improving MSME expertise. The absence of effective collaboration and knowledge sharing among these entities hinders the provision of comprehensive training programs, mentorship opportunities, and access to finance, which are crucial for enhancing MSME capabilities. Networking enables MSMEs to connect with potential partners, mentors, suppliers, and customers, fostering business growth and knowledge sharing. Insufficient coordination limits the creation of platforms for networking, such as industry-specific events, conferences, and business matchmaking sessions, depriving MSMEs of valuable opportunities to expand their networks. By strengthening coordination, stakeholders can synergize their efforts, leverage their expertise, and provide a more comprehensive and cohesive support ecosystem for MSMEs in Bihar. This will enhance their access to information, training, finance, and networking opportunities, ultimately contributing to the development of their expertise and overall growth.

Limited Availability of Entrepreneurship Development Programs: Entrepreneurship Development Programs (EDPs) are instrumental in equipping MSME entrepreneurs with the necessary skills, knowledge, and mindset for success. However, in Bihar, the availability and accessibility of EDPs tailored specifically for MSMEs are limited. This poses a significant institutional limitation as entrepreneurs may not have access to relevant training on financial literacy, digital literacy, marketing strategies, and technological advancements. The limited exposure to entrepreneurship development hampers the ability of MSMEs to innovate, scale their businesses, and compete effectively. Similarly, MSME in Bihar has been facing significant challenges in accessing digital literacy and financial literacy, which are crucial for their growth, competitiveness, and sustainability. Many MSMEs in Bihar have limited knowledge and understanding of various financial services available to them. They may not be aware of the

different financial instruments, banking products, and funding options that can support their business growth. Lack of awareness limits their ability to make informed financial decisions hence the MSMEs often struggle with financial management practices such as budgeting, cash flow management, and financial forecasting. Limited financial literacy makes it challenging for entrepreneurs to make informed financial decisions, monitor their financial performance, and effectively manage their finances. They also face difficulties in accessing formal credit from banks and financial institutions. Collateral requirements, lengthy application processes, and strict eligibility criteria act as barriers for MSMEs, particularly those with limited assets or a lack of credit history.

Challenges in accessing digital literacy and financial literacy program: MSMEs in Bihar face several challenges in accessing digital literacy and financial literacy programs. These challenges hinder their ability to acquire the necessary knowledge and skills to effectively leverage digital technologies and manage their finances. Following are some genuine challenges

Limited availability of digital literacy manual: The availability of digital literacy programs specifically tailored for MSMEs in Bihar is often limited. Many training initiatives primarily focus on basic digital literacy for individuals, overlooking the specific needs and challenges faced by MSMEs. As a result, MSMEs struggle to find suitable and relevant programs that address their unique requirements.

Geographic Constraints: MSMEs located in remote and rural areas of Bihar encounter difficulties in accessing digital literacy programs. The lack of training centers, internet connectivity, and infrastructure in these areas makes it challenging for MSMEs to participate in training sessions or workshops. This geographic constraint restricts their ability to acquire digital skills and knowledge.

Lack of Customization of module as per need of MSMEs and other stakeholders: Generic digital literacy programs may not adequately address the diverse sectors and industries represented by MSMEs in Bihar. The training content and delivery methods need to be customized to align with the specific requirements of different sectors, such as manufacturing, food processing, textile, or services. Without customization, MSMEs may struggle to apply the acquired digital skills effectively in their respective domains.

The lack of technology advancement and know-how to: The lack of technology advancement and know-how is a significant challenge faced by MSMEs in Bihar. This limitation hinders their ability to adopt and leverage technology for business growth and competitiveness. Besides, without the necessary infrastructure, MSMEs struggle to implement digital tools, automation systems, and advanced machinery that could enhance their productivity and efficiency. Similarly, Many MSMEs in Bihar have limited exposure to technological advancements and their potential benefits for business operations. The lack of awareness about emerging technologies, industry bestpractices, and innovative solutions makes it difficult for MSMEs to identify and adopt suitable technologies. This result into a missed opportunity to streamline processes, improves product quality, and enhance customer experiences.

Limitation in acquiring sector specific training: Acquiring specific sector training, particularly in textile, food processing, and leather, poses unique challenges for MSMEs in Bihar. Following are the specific challenges.

Limited Availability of Training Programs: MSMEs in Bihar, often face a scarcity of sector-specific training programs in textile, food processing, and leather industries. The availability of formal training institutions or centres that offer specialized courses tailored to the needs of these sectors may be limited. This scarcity restricts the opportunities for MSMEs to acquire industry-specific skills and knowledge.

Lack of Trained Trainers and Experts: The availability of trained trainers and subject matter experts in these sectors are limited. This major gap in delivering effective training programs, share industry insights, and provide hands-on practical knowledge in MSMEs sector in Bihar. The scarcity of such experts makes it challenging to conduct sector-specific training initiatives.

Lack of centralized information portal: Establishing a centralized online portal or platform that compiles information about available training programs for MSMEs in Bihar. This portal should provide comprehensive details about the programs, including eligibility criteria, course content, duration, training providers, and contact information. Regular updates and notifications should be provided to ensure the accuracy and relevance of the information.

Cultural Adaptation in training module: Considering cultural nuances and preferences while localizing training content. The training should involve adapting examples, case studies, and

references to align with the cultural context of MSMEs in Bihar in local language. Incorporating culturally relevant examples enhances the reliability and effectiveness of the training materials. There are also unavailability of training materials, course outlines, brochures, and instructional content into local languages spoken and understood by MSMEs in Bihar. This ensures that the information about training programs is accessible and comprehensible to a wider audience.

Limited Networking and Collaboration Opportunities: Networking and collaboration play a significant role in the growth of MSMEs. MSMEs in Bihar may lack access to market information, including industry trends, customer preferences, and competitor analysis, which are essential for expanding into new markets. Limited knowledge about market dynamics makes it difficult for MSMEs to position their products or services effectively and cater to the demands of customers outside Bihar.

Branding and Marketing Constraints: lack of standard branding practices and marketing strategies is limiting the visibility and recognition of MSMEs in outside markets. Limited resources and expertise in branding and marketing activities has been preventing MSMEs from effectively promoting their products or services to customers outside Bihar.

Lack Technical Knowledge and Skills among government employees of industries department: One of the primary gaps is the lack of technical knowledge and skills among government employees in the industries department. With rapidly evolving industries and emerging technologies, it is crucial for employees to stay updated and equipped with the latest industry- specific knowledge. Training programs should focus on areas such as industrial processes, technological advancements, regulatory frameworks, and industry best practices.

The above critical barriers pose significant challenges to the development and sustainability of MSME in Bihar.

Why there is a need of sustainable knowledge development practices for MSMEs

MSME contributes to employment generation, poverty reduction, and fostering entrepreneurship. However, in order for MSMEs to thrive and remain competitive in today's dynamic business environment, there is a crucial need for sustainable knowledge development. Sustainable knowledge development encompasses the acquisition of knowledge, skills, and practices that

promote economic growth, environmental sustainability, social responsibility, and innovation. Enterprise Development and Entrepreneurship Development is the central focus of NI-MSME function as well. The training of new corners of information technology, need based programmes and empowering the under-privileged through micro-enterprise creation are important aspects. Therefore, to enhance competitiveness and promote sustainable practices is key aspect to build ecosystem for MSMEs in the State of Bihar.

Enhancing Competitiveness: In the digital era, the MSME in Bihar lags behind on many standard parameters such as we have few numbers of MSME enrolled in ZED certification, Udyam Registration and also very few numbers of MSMEs taking benefits of TReDS as well. Thus, the MSME of Bihar could not enhance their competitiveness as per global markets. Sustainable training on digital aspects will enrich and equip MSME MSMEs with the tools and expertise to enhance their competitiveness. The training will provide them insights into market trends, customer preferences, and emerging technologies. By staying abreast of industry best practices and continuously upgrading their skills, MSMEs can develop innovative products, improve service delivery, and respond effectively to changing market demands. This competitive advantage enables MSMEs in Bihar to expand their market share and compete both locally and globally.

Promote sustainable practices: By acquiring knowledge about sustainable business models, resource conservation, digital aspects, champion scheme, Lean, TReDS and eco-friendly production processes, MSMEs can minimize their environmental footprint.

Encourage Innovation: Innovation is a key driver of growth and success for MSMEs. Sustainable knowledge development nurtures a culture of innovation by fostering creativity, critical thinking, and problem-solving skills. It encourages MSMEs in Bihar to explore new business models, develop novel products or services, and leverage emerging technologies. By embracing innovation, MSMEs can gain a competitive edge, create differentiation in the market, and drive economic growth. Sustainable knowledge development provides MSMEs with the necessary resources, mentorship, and access to research institutions to fuel their innovation journey.

Access to Finance and Funding: MSMEs often face challenges in accessing finance and funding. Sustainable knowledge development will play a vital role in facilitating access to financial resources. Financial institutions and investors are increasingly focusing on sustainable business

practices and environmental, social, and governance (ESG) criteria when making investment decisions. MSMEs that demonstrate a strong understanding of sustainable practices and responsible business conduct are more likely to attract financing and funding opportunities. Sustainable knowledge development equips MSMEs in Bihar with the knowledge and skills to navigate sustainable finance options and engage with impact investors.

Building Resilience: The MSMEs are fraught with uncertainties and challenges. Sustainable knowledge development practices will help MSMEs build resilience to withstand and overcome these obstacles. By acquiring knowledge about risk management, contingency planning, and adaptability, MSMEs in Bihar can respond effectively to economic downturns, market disruptions, or environmental disasters. Sustainability-focused practices, such as diversification, resource efficiency, and flexible business models, enhance the resilience of MSMEs and enable them to thrive in the face of adversity.

Collaboration and Networking: Sustainable knowledge development promotes collaboration and networking among MSMEs, industry associations, research institutions, government bodies, investors, markets and others. Knowledge-sharing platforms, workshops, and industry events create opportunities for MSMEs to connect, learn from each other, and collaborate on projects. By engaging in collaborative efforts, MSMEs can leverage collective knowledge, share resources, and explore new market opportunities. Collaboration will foster innovation, strengthen supply chains, and support the growth of MSMEs in Bihar.

Stakeholders who can play important role in capacity building of MSMEs and Entrepreneurs

Stakeholder identification in MSMEs is necessary for training initiatives to ensure targeted and effective skill development, gain stakeholder support and engagement, gather feedback for improvement, access valuable resources, and comply with regulatory requirements. Engaging with stakeholders throughout the training process enhances the overall success and impact of training programs in MSMEs. Here are the following stakeholders who will play a crucial role in the success of the project.

Table 5.1.2 Detail of Strategies for engagement of the stakeholders

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
MSME and Entrepreneurs	MSMEs and Entrepreneurs are the driving force of the sector. They often face challenges in accessing financial resources, capital, and business support services.	The projects will focus on enhancing the skills and capabilities of MSMEs and entrepreneurs. These projects provide training programs, workshops, and mentoring sessions to improve their business management skills, financial literacy, marketing strategies, product development, and other relevant areas.	This project will provide a comprehensive training and will plan to keep stakeholders informed and engaged throughout the training program. We will also determine the most effective channels and methods of communication for training of each stakeholder group
Government employee (State and district level employee of Department of Industries, Bihar)	Government employees are crucial in engaging and collaborating with various MSMEs and entrepreneurs in the industrial sector. They also collaborate with industry associations, businesses, local communities, and other government agencies.	Government employees can provide policy insights and updates during and after the training program. They can highlight any recent policy changes, upcoming initiatives, or regulatory updates relevant to the industry. This helps participants stay informed about the latest developments and understands their implications on business operations.	The government employee will gather input on MSME-related policies, programs, and initiatives. We will encourage them to share their insights, suggestions, and experiences related to MSME engagement.
Employee of Udyog mitra and other societies of Department of Industries such as BIADA, BIA, BIIPB, BSFC, IED	Udyog Mitra is State Nodal Agency for implementation of the RAMP project. It is registered under society Registration Act , 1860	Udyog Mitra can collaborate with training institutions, industry experts, and relevant stakeholders to design effective training programs for MSMEs.	Udyog Mitra is the primarily implementer of the project. It will collaborate, procure and implement the proposed activities in the state.

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
Institute of Entrepreneurship Development	IED focuses on developing and enhancing entrepreneurial skills among individuals. This includes not only technical skills but also soft skills such as communication, problem-solving, decision-making, and adaptability. By fostering skill development, IED empowers aspiring entrepreneurs to navigate the challenges of the business environment and increase their chances of success.	IED can offer skill enhancement programs targeted at MSMEs to address specific skill gaps and challenges faced by these enterprises. IED can cover a range of skills such as financial literacy, digital literacy, product development, quality management, supply chain management, and customer relationship management. By enhancing the skills of MSME owners and employees, IED can strengthen the overall capacity of these enterprises to compete in the market.	IED will be the main stakeholders for conducting the training of MSMEs and entrepreneurs in the state of Bihar. It will assess the training needs; develop the training calendar in coordination with DIC and other stakeholders. Similarly, it will engage specific
Identified Priority sector institutions such as textile, leather, Food processing and others within and outside state	Identified specific sectors possess specialized knowledge and expertise in their respective fields. They understand the unique challenges, trends, and best practices relevant to their sector. Their role in capacity building is to share this expertise through training programs, workshops, and mentorship, providing participants with sector-specific skills and knowledge.	Specific sectors can design and deliver training programs focused on building the necessary skills and competencies within their industry. This includes technical skills, industry-specific knowledge, and practical experience. By offering sector-specific training, they contribute to the development of a skilled workforce capable of meeting the demands and requirements of the sector.	They will engage will engage them as mentors for another MSMEs and entrepreneurs

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
Centre for excellence in Bihar	CoEs provide specialized training programs tailored to the needs of MSMEs and entrepreneurs. They focus on specific industries or domains, offering in-depth knowledge and skills development in areas such as technology adoption, process optimization, market trends, innovation, and business management.	CoEs often engage in policy advocacy to support the interests and needs of MSMEs and entrepreneurs. They work closely with policymakers, industry associations, and government agencies to provide inputs, recommendations, and evidence-based research on policies impacting the sector. CoEs can play a vital role in advocating for policy reforms, regulatory changes, and support programs that create an enabling environment for MSMEs and entrepreneurs to thrive.	The project will engage them as mentors in development of training course materials as well as knowledge exchange, and collaborations that can lead to business opportunities, partnerships, and shared learning.
Other line department and society for GoB such as Agriculture departments, Labour Resource Department, Jeevika, Department Women and child welfare, Department of energy, Department of science and technology, Department of Rural Development, Department of skill and Development and others	Line departments provide sector-specific support and guidance to participants in capacity building programs. They offer mentorship, advice, and assistance in navigating industry challenges, accessing resources, and leveraging opportunities. Line departments act as trusted advisors, helping participants apply their newly acquired knowledge and skills in real-world contexts.	Line departments are responsible for allocating resources, including financial support, infrastructure, and equipment, within their sectors. In capacity building, they can allocate resources to support training initiatives, provide training venues, fund scholarships or grants, and facilitate access to relevant facilities. This resource allocation enhances the effectiveness and reach of capacity building efforts.	The project will collaborate with line departments through coordination meetings

Existing Training Mechanism and its performance management

At present, the Department and different societies of the Department of Industries are providing skill training to the youths. They provide skill up-gradation training to existing entrepreneurs and working force to enhance their performance. Skill development programs aim to enhance the technical and vocational skills of individuals in sectors relevant to MSMEs. These initiatives include training in specific trades, such as manufacturing, textile, food processing, and construction. We also offer training on schemes and schemes under national initiatives like champion schemes and others.

These programs typically include workshops, seminars, mentoring sessions, and business plan competitions to support aspiring and existing entrepreneurs. Here are the existing various modules for stakeholders.

Existing Training Module for MSMEs & other stakeholders and Gap Analysis

Modules are vital in MSME training as they provide structure, focus, and progressive learning, while also promoting standardization, customization, and assessment. By incorporating modules into MSME training programs, individuals and entrepreneurs can acquire the necessary knowledge and skills to effectively manage and grow their businesses in a competitive market environment.

EDP Module for MSMEs and Entrepreneurs: There are so many EDP modules that exist for MSMEs and entrepreneurs. These modules delve into topics related to optimizing operational efficiency, production planning and control, supply chain management, quality management, inventory management, and process improvement. The module also educates participants on the legal and regulatory framework relevant to MSMEs, including business registration, licenses and permits, tax compliance, intellectual property, labour laws, and environmental regulations.

Module for Government Employees: Government employees play a crucial role in the effective functioning of public administration and delivering essential services to MSMEs and Entrepreneurs. One of the primary gaps is the lack of technical knowledge and skills among government employees in the industries department. With rapidly evolving industries and

emerging technologies, it is crucial for employees to stay updated and equipped with the latest industry-specific knowledge but there is no such module available that trains them on the sector specific. However, BIPARD provides them training on the administrative work. Therefore, addressing these capacity building gaps is vital to empower government employees in the industries department with the knowledge, skills, and tools necessary to drive industrial development, promote sustainable growth, and ensure regulatory compliance.

Stakeholders	Training Module covers
MSMEs and Entrepreneurs	Sector Specific Module, EDP, organizational Plan, Product Planning and Development, Financial management
Government employee (State and district level employee of Department of Industries, Bihar)	Module on administrative work, Record keeping and Documentation, Office supplies and inventory management

At present, there is no module available on Digital Training, Digital Financial literacy, Current scheme (Champion, TReDS, CGTMSE and others), Lean manufacturing and optimization as well as talent management and leadership.

The Module required for MSMEs and Entrepreneurs

Module 1: Digital Training Module: As per the analysis of the existing modules and training content, there is a huge gap in current curriculum as there is no such course on IOT, AI, block chain, and machine learning. However, AI and IOT play a crucial role in optimization and offer significant benefits to MSMEs. AI and IoT technologies enable MSMEs to automate processes, streamline operations, and improve overall efficiency. IoT devices can collect real-time data from machines, equipment, and processes, allowing MSMEs to monitor and optimize performance. Similarly, IoT devices and AI-powered applications can enhance the customer experience for MSMEs. For example, connected devices can provide personalized recommendations, enable seamless transactions, and offer convenient customer support. AI chatbot and virtual assistants can provide 24/7 assistance, answer customer queries, and improve response times. It also helps MSMEs in MSMEs with scalability and flexibility in their operations. IoT devices can be easily

deployed and scaled according to business needs, allowing MSMEs to adapt to changing requirements.

Apparently, the digital training module will cover following topics

- a) Digital transformation
- b) Cyber security
- c) Data privacy and protection
- d) Digital collaboration and communication
- e) Digital marketing and social media management
- f) Website development and design
- g) Data analytics and reporting
- h) AI and machine learning
- i) Internet of things (IOT)
- j) Virtual and augmented reality
- k) Digital ethics and technology

Module 2: Digital financial literacy module: There are enough resources available for financial training to MSMEs but still there is a gap of digital financial modules. The digital financial literacy module focuses on digital payment methods available to MSMEs. It covers online payment gateways, mobile wallets, payment apps, and digital invoicing. It also addresses the security and compliance considerations associated with digital transactions.

The digital financial literacy module will cover following topics:

- a) Digital financial management
- b) TReDS
- c) CGSTME
- d) Digital banking and online account management
- e) Cloud based accounting software
- f) Cash flow management
- g) Digital Tax compliance
- h) Financial security and fraud prevention

- i) Integration and automation

Module 3: Module on different schemes for MSME: At present, there is no such comprehensive module available for MSMEs. The module on different scheme for MSME should covered

- a) Introduction to MSME Schemes
- b) Classification and Eligibility
- c) Financial Assistance Scheme
- d) Champion Schemes
- e) Skill Development and Training Schemes
- f) Technology Upgradation and Innovation Schemes
- g) Market Promotion and Export Schemes
- h) Regulatory Compliance and Ease of Doing Business schemes
- i) Cluster Development and Networking Schemes
- j) Women and Minority Entrepreneurship Schemes
- k) Monitoring and Evaluation of Scheme Benefits

Module 4: Lean Manufacturing and Process Optimization: This module focuses on implementing lean manufacturing principles and optimizing business processes in MSMEs. It covers topics such as value stream mapping, waste reduction, continuous improvement methodologies (e.g., Six Sigma), and automation. It helps MSMEs improve operational efficiency, reduce costs, and enhance overall productivity.

Module 5: Leadership Development Module: This module addresses advanced strategies for talent management and leadership development in MSMEs. It covers topics such as recruitment and retention strategies, performance management, succession planning, and fostering a culture of innovation. It helps MSMEs build high-performing teams and develop effective leaders.

Module 6: Sector Specific Module: The specific training module will be based as per the need of the sector of textile, apparel, leather, footwear and food processing. The sector depends on various factors, including the nature of the industry, its technological advancements, market demands, and

regulatory requirements. During the development of the module the niche area of training will be identified and incorporated in the module.

Proposed framework for engagement of stakeholders in training and capacity building program

Capacity building is a critical process that aims to enhance the knowledge, skills, and capabilities of MSMEs, Entrepreneurs and different stakeholders. It enables them to effectively address challenges, seize opportunities, and achieve their goal. Here is the proposed framework for capacity building of MSMEs and different stakeholders.

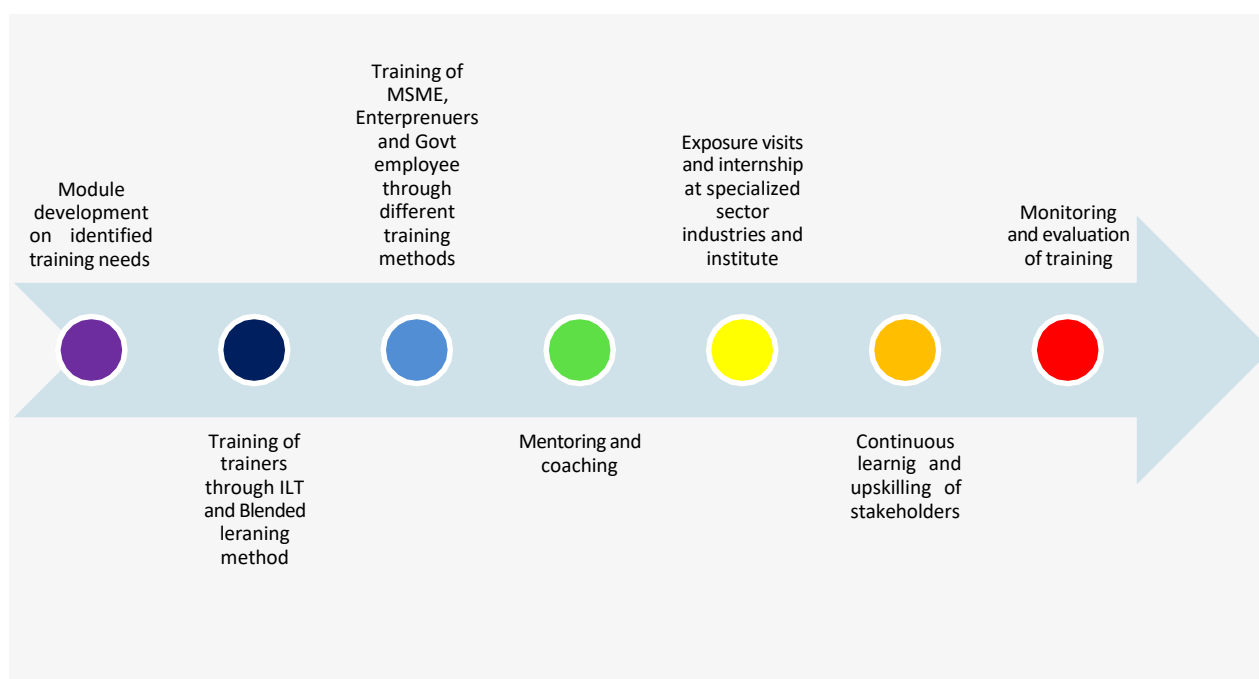


Figure 5.1.1 Process of Capacity building of MSMEs & Stakeholders

Module development: Project will engage an agency for development and customization of the module.

Training delivery methods: Training delivery methods refer to the various approaches and techniques used to impart knowledge, skills, and information to the participants during a training program.

Instructor-Led Training (ILT): This traditional method involves a qualified trainer delivering the training content in a classroom or physical setting. The trainer will facilitate discussions, deliver presentations, conduct practical exercises, and engage participants through interactive activities. ILT allows for immediate feedback, personalized attention, and real-time interaction among participants. The project will engage the agency for training of trainers and also hire master trainers for continuous training of MSMEs and Entrepreneurs.

Blended Learning: Blended learning combines both online and in-person training components. It integrates e-learning modules with face-to-face sessions, workshops, or practical exercises. This approach combines the benefits of self-paced online learning with the interactive and collaborative elements of instructor-led training, catering to different learning styles and preferences.

On-the-Job Training (OJT): On-the-job training involves learning while performing tasks or activities in the actual work environment. Participants receive hands-on training, guidance, and supervision from experienced colleagues or mentors. OJT allows for practical skill development, observation of real work scenarios, and immediate application of knowledge. This will especially happen in sector specific training.

Simulations and Gamification: Simulations and gamification involve creating interactive and immersive experiences that replicate real-life scenarios or games. Participants engage in simulated activities or challenges that require problem-solving, decision-making, and application of knowledge. This method promotes active learning, motivation, and experiential skill development.

Mentoring and Coaching: Mentoring and coaching involve pairing participants with experienced professionals or subject matter experts who provide guidance, support, and personalized feedback. This method facilitates knowledge transfer, skill development, and individualized learning.

Residential and non-residential training: It is important to consider the cost implications, logistics, and participant preferences. So the training will happen residential and non-residential. The specific objectives, nature of the training content, and the target audience will be carefully evaluated to determine the most appropriate format for the training delivery.

Exposure visit and internships: Sector-specific exposure visits at the national and international level will provide significant benefits to MSMEs and Entrepreneurs. The project will facilitate

Networking and collaboration opportunities for MSMEs. By visiting national and international companies, industry associations, trade fairs, and business events, MSMEs can connect with potential partners, suppliers, distributors, and customers. Building a strong network can lead to collaboration opportunities, joint ventures, and access to new markets.

Continuous Learning and Up skilling through refresher training program: Industries are constantly evolving with advancements in technology, changing market dynamics, and new industry practices. Continuous learning allows professionals to stay updated with the latest trends, innovations, and emerging technologies in their field. The project will do refresher training of stakeholders as refresher training helps participants refresh their understanding and knowledge of previously learned concepts, processes, and procedures.

Monitoring and Evaluation of training: Monitoring and evaluation of training programs are essential processes that help assess the effectiveness, impact, and outcomes of the training initiatives. For this project will identify key performance indicators (KPIs) or metrics that align with the training objectives. These indicators should provide measurable data on the progress and impact of the training program. Project will be tracking attendance, participation rates, and adherence to the training schedule. Also, it will Evaluate the impact and outcomes of the training program based on the established objectives and indicators.

Organizational structure for implementation of Capacity building

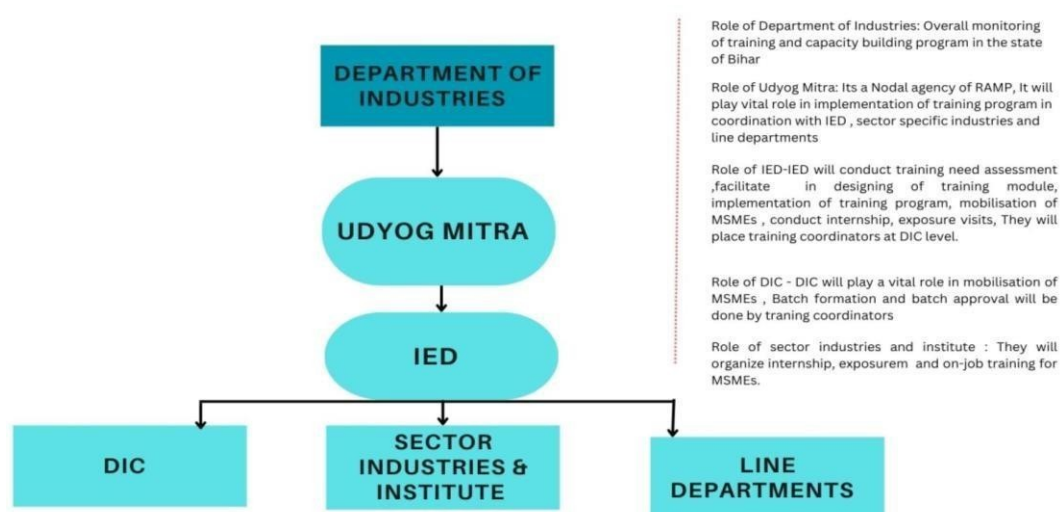


Figure 5.1.2 Organizational structure

Department of Industries will be the main implementer for the capacity building project under RAMP project and Udyog Mitra will be nodal agency. Udyog Mitra will coordinate with IED and line department to conduct the training of MSMEs and Entrepreneurs in the state. IED will be the main implementer of training program at the ground level. IED will hire 38 training coordinators at DIC level and also engage training partners imparting the trainings. The training coordinators with the help of DIC mobilize the MSMEs and form the batches of participants, training calendars as per the training needs. Similarly, IED will conduct seminars, workshops with other stakeholders, sector specialist and help MSMEs to get internship and exposure visit opportunities at national and international level. The selection of MSMEs and entrepreneurship for internship and exposure visit will be based on certain criteria. The criteria for selection will be developed by IED. For the training of MSMEs and other stakeholders, the following structure will be followed in the state of Bihar.

Human Resource

The following Human Resource is required to execute the project.

HR manager: The project will engage one HR manager at IED level. The HR Manager will be responsible for developing, implementing, and updating policies and procedures that promotes IED. They will be engaged in recruitment, employee engagement and support. The HR Manager will ensure compliance with legal requirements related to IED.

Account Officer: The project will engage one account officer in IED. The Account Officers will be responsible for maintaining accurate and up-to-date financial records for the IED. This involves recording financial transactions, such as income, expenses, and receipts, and ensuring that they are properly categorized and documented. They will also responsible for verification of invoices, budgets and disbursement of funds for the activities of the project. They will also responsible of preparing the utilization reports for financial analysis. Overall, they will be accountable for maintaining the financial health and integrity of IED.

Training Coordinators at DIC level: The project will engage 38 training coordinators at IED level, the training coordinators will be based out at the DIC level. The training coordinators will be accountable for outreach program, mobilization of MSMEs, Batch formation, Batch approval,

ensure training quality, feedback collection, reporting and documentation of training and uploading the invoice of the training after its completion.

Master Trainers: The project will engage 72 master trainers who will be based at the IED level. The trainees will be accountable for training of MSMEs and stakeholders at the district and IED level.

Empanelment of Legal Adviser and Chartered Accountant: The project will empanel 15 legal Adviser and 20 Charter Accountant at commissioner level and some will be placed in the major potential districts. They will advise and support the MSMEs in the redressal of legal disputes and grievances. They will educate and assist them in fulfillment of the legal compliances.

Log frame analysis/Result Matrix

Goal of the training and capacity building project: The project seeks to enhance the overall capacity of MSMEs to operate and compete in their respective industries.

Table 5.2.2 Log frame analysis/Result Matrix

Activities	Targets	Indicators	Means of Verification	Assumptions
Development of training Module	5	# No of modules	Hard and Soft copy of module,	The module assumes that the learners are motivated and willing to engage in the training activities of prepared module. It also assumes that learners have different learning styles and preferences.
Module 1: Digital Training Module				
Module 2 : Digital Financial Literacy Module				
Module 3: Module on different schemes for MSMEs				
Module 4: Lean manufacturing and process optimization module				
Module 5: Leadership Development Module				
Module 6: Adoption of Sector Specific module (Textile, Apparel, Foot-wear, Leather, Food Processing)				
Hiring of Human Resource Manager, Finance Manager at IED	2	#No of person hired	Advertisement, offer letter, Salary disbursement and attendance	Person meets the qualification and eligibility criteria
Hiring of Training coordinators (One at each district level)	38	# No of training coordinator hired by RAMP and engaged by IED at district level	Advertisement, offer letter, Salary disbursement and attendance	The training coordinator has a solid understanding of training principles, methodologies, and best practices of the training and relevant qualification and fulfill the requirement of the job
Hiring of Trainers by IED	72	# No of hired master trainers by RAMP and engaged by IED at	Advertisement, offer letter, Salary disbursement and attendance	The Master trainer has a solid understanding of training principles, methodologies, and best practices of the training and relevant qualification

Activities	Targets	Indicators	Means of Verification	Assumptions
		district/cluster level		and fulfil the requirement of the job
Empanelment of Legal Advisors and Chartered Accountants	35	#No of Legal Advisers empaneled #No of Chartered Accountant empaneled	Advertisement, Offer letter, Salary disbursement sheet, Attendance	The legal advisors and Chartered Accountant will stay motivated to facilitate the MSMEs on legal and tax compliances
Training of training coordinators & Trainers (ToT)	110	# No of training coordinators trained out of 38 # No of trainers trained out of 72	Training Report, Attendance, Photographs, and Certifications by agency/institution. MIS Report	The training coordinators and trainers keep high level of adaptability and flexibility to respond the diverse learning method and stay update about the content and practical knowledge
Training of Government employee	250	# No of Government employee trained	Training Report, Attendance, Photographs, Certifications by agency/institution, MIS Report	The Government employee keep high level of adaptability and flexibility to respond the diverse learning method and stay update about the content and practical knowledge
				Government employee have time constraints from their day-to-day official work
Training of MSMEs and Entrepreneurs on EDP (Module 1 to Module 5)	80, 000	# No of MSMEs and Entrepreneurs trained	Training Report, Attendance, Photographs, Certifications by agency/institution, MIS Report	The MSMEs and Entrepreneurs keep high level of adaptability and flexibility to respond the diverse learning method and stay update about the training, content and practical knowledge

Activities	Targets	Indicators	Means of Verification	Assumptions
Training of MSMEs and Entrepreneurs on sector specific module	20,000	# No of MSMEs and Entrepreneurs trained	Training Report, Attendance, Photographs, Certifications by agency/institution, MIS Report	The MSMEs and Entrepreneurs keep high level of adaptability and flexibility to respond the diverse learning method and stay update about the training, content and practical knowledge
Exposure visits of MSMEs at State (1000 MSMEs), National (500 MSMEs) and International Level (90 MSMEs)	1,590	# No of exposure visit conducted	Visit Report	Selected location offers valuable learning opportunities for the team to gain insights into best practices, innovative technologies, and successful models in the manufacturing sector.
Industrial Practicum of MSMEs and Entrepreneurs at 1000 MSMEs at National level and 60 MSMEs at International level	1,060	# No of exposure visit conducted	Report	Selected location offers valuable learning opportunities for the team to gain insights into best practices, innovative technologies, and successful models in the manufacturing sector.
Knowledge sharing workshop with stakeholders/partners/Investors (100 participants in each workshop)	10	# No of workshop organized	Workshop Report, Attendance, Photographs	It is assumed that they will actively participate in discussions, group activities, or presentations to facilitate the exchange of ideas and experiences.
Impact Analysis of the training Programmes	2	# 1 at the end of Second year of the project # At the end of Year 4	Impact analysis report	It is assumed that there is a group or situation that closely resembles the intervention group but did not receive the intervention. This counterfactual group allows for a comparison of outcomes and helps estimate the causal impact of the intervention.

Table 5.1.3 Risk and Mitigation Strategy

Risk	Mitigation
Insufficient practical exercises in sector specific training, can result in low knowledge retention and limited skill development	We will ensure that trainers and the sector specific institute have the necessary expertise, technology and training skills to effectively deliver the practical knowledge.
MSMEs belongs to remote area may not be interested in long duration training	We will provide residential facilities at the training centre
External factors such as natural disasters, political instability, or unforeseen events may disrupt the training schedule or accessibility, impacting the training delivery.	This may involve having alternative training venues, leveraging virtual training platforms, or rescheduling sessions if necessary.

Table 5.1.4 Gantt chart /Timeline of Proposal 1

Activities	FY (2023-24)=Y1	FY (2024-25)=Y2	FY (2025-26)=Y3	FY (2026-27)=Y4
Development of 5 training Module	5			
Hiring of Training coordinators (One at each district level)	38			
Hiring of 1-HR,1- Finance Manager, and 72-Trainers	74			
Training of training coordinators & Trainers (ToT)	110			
Training of Government employees	250			
Training of 80,000 MSMEs and Entrepreneurs on EDP (Module 1 to Module 5)	5,000	30,000	25,000	20,000

Activities	FY (2023-24)=Y1	FY (2024-25)=Y2	FY (2025-26)=Y3	FY (2026-27)=Y4
Training of 20,000 MSMEs and Entrepreneurs on sector specific module	500	7500	7000	5000
Exposure visits of MSMEs with RAMP team at State (1000 MSMEs) , National (500 MSMEs) and International Level (90 MSMEs)	100	540	590	360
Industrial Practicum of MSMEs and Entrepreneurs at 1000 MSMEs at National level and 60 MSMEs at International level	50	320	420	270
Knowledge sharing workshop with stakeholders/partners/Investors (100 participants in each workshop)	1	3	4	2
Impact Analysis of the training Programmes		1		1

Monitoring and Evaluation framework

The Monitoring refers to the process of observing, tracking, and analyzing the status, performance, or behavior of a system, process, or activity over time with respect to above stated result matrix. It involves the collection and analysis of data to ensure that operations are running smoothly, identify any issues or anomalies, and make informed decisions based on the information gathered. For the monitoring of the project, the project will design one single portal for single portal for monitoring data related to capacity building. The single portal or MIS system will provide several benefits, including centralized access to information, streamlined data management, and enhanced analysis and reporting capabilities. The portal will facilitate the collection and integration of data from various sources involved in capacity building initiatives. This can include data from training programs, workshops, assessments, evaluations, participant feedback, and performance metrics. For this, the project will use a structured format that allows for efficient retrieval, dashboard updates, and analysis.

The portal will have following features:

Data Collection and Integration: This can include participant information, training attendance, assessment scores, feedback surveys, resource utilization, and any other relevant data.

Dashboard and Visualizations: The dashboard will provide real-time data updates or near-real-time refresh data in the dashboard. This will ensure that user have access to the most current information and can respond promptly to any emerging needs. This will include the ability to select specific metrics or time periods, adjust chart types, or save personalized views.

Data Storage and Management: Data storage and management are critical components of a monitoring portal to ensure the secure and efficient handling of the collected data. This can include relational databases or cloud-based storage solutions. Similarly, the project will establish a backup and disaster recovery strategy to safeguard against data loss, regularly back up the data to separate storage locations or employ automated backup mechanisms will be established.

Alerts and Notifications: The project will determine the appropriate notification channels for delivering alerts and notifications regarding the training program to the MSMEs and other stakeholders. This can include email, SMS messages, in-app notifications, or integration

User Roles and Permissions: User roles and permissions are essential for controlling access to different functionalities and data within a monitoring portal. By assigning specific roles and permissions to users, organizations can ensure that individuals have appropriate levels of access and can perform their respective tasks effectively. For this, the system will develop a user registration and on boarding process that assigns appropriate roles and permissions to new users. This ensures that users are granted the necessary access levels based on their roles and responsibilities.

Integration with Existing Systems: The portal will be integrated with existing institution, scheme and other relevant data source. This may include MSME information, training records, financial data, performance metrics, or any other relevant data required for monitoring and evaluating of capacity building project. The project will ensure the regularly monitor of the integration process to ensure data is being successfully synchronized.

Data Governance and Quality Assurance: Data governance refers to the overall management and control of data within Department of Industries. Department of Industries will be accountable for the data governance. It will assign the roles and responsibilities to agency and individuals who will be further accountable for quality, integrity and security of the data. The agency will be responsible for Implementing processes and controls to monitor, measure, and improve the quality of data, including data profiling, cleansing, and validation. They will be responsible for managing the data including data acquisition, storage, retention, archiving, and disposal.

Feedback and Collaboration: Feedback and collaboration are essential elements in data governance and quality assurance processes. The feedback collection process will include cross- sectional sharing of best practices, lessons learned, and experiences of stakeholders. Collaboration is essential for successful data governance and quality assurance efforts. It will involve the active involvement and coordination of various stakeholders across the organization.

Users: The users of this portal will be MSMEs, Department of Industries, Udyog Mitra, IED and other stakeholders. The specific design and appearance of a user interface for a monitoring portal will vary depending on the requirements, target audience, and the type of data being monitored.

Data centre: Department will establish a data centre. Data centres employ software systems to manage and monitor server and network infrastructure, track resource usage, automate processes, and provide insights into the performance and efficiency of the data centre.

Evaluation: The Department of Industries/ Udgyog Mitra will engage an agency for the evaluation of the project. The selection of the agency will follow a systematic process to ensure that the chosen agency is qualified, experienced, and capable of conducting the evaluation effectively. For this, the department will publish Expression of Interest (EOI) and RFP and set criteria for selection of the agency. These criteria may include factors such as the agency's expertise, experience, track record, methodology, resources, cost, and alignment with project goals. The RFP should clearly outline the evaluation requirements, evaluation criteria, timeline, and any specific expectations of the project. The selection process may vary depending on the specific context, organizational policies, and legal requirements. Prior to hiring of agency for the evaluation, The SPMU will clearly define the purpose and scope of the evaluation. We will also determine what specific aspects of the projector initiative need to be evaluated and what outcomes or insights the project aim to achieve through the evaluation.

Proposed Outcome

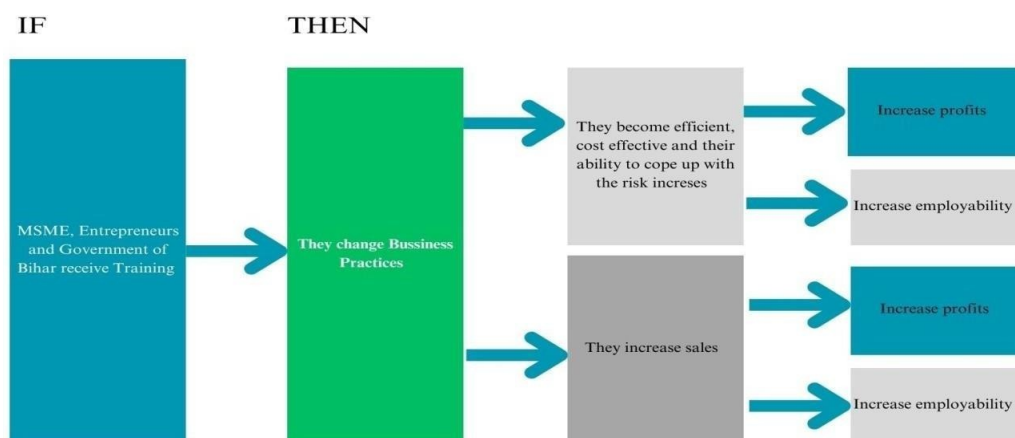


Figure 5.1.3 Proposed outcome

Overall, the outcome of MSME and stakeholder training programs is the empowerment, growth, and development of MSMEs and the stakeholders associated with them. Here are the following proposed outcomes of the project.

Enhance knowledge and skill: MSME and entrepreneurs will acquire new knowledge and relevant skills to their industry and business operations. They will learn about the business management, technology, marketing strategies, financial management, regulatory compliance, innovation adoption, and other critical areas.

Technology Adoption and Innovation: MSMEs embrace technology and innovation, leveraging tools and techniques learned during the capacity building project. They adopt new technologies, automate processes, digitize their operations, and explore innovative approaches to product development, service delivery, and customer engagement.

Improved Productivity and Efficiency: Through training programs, MSMEs and stakeholders can gain insights into best practices, process improvements, and efficient business strategies. This can result in increased productivity, streamlined operations, optimized resource utilization, and improved cost management. By adopting more efficient practices, MSMEs can enhance their profitability and competitiveness in the market.

Strengthened Entrepreneurial Mindset: Training programs will focus on developing an entrepreneurial mindset among MSMEs and stakeholders. This includes fostering creativity, innovation, problem-solving abilities, and a proactive approach to business challenges. It will help in cultivating a culture of continuous learning, adaptability, and resilience, which are vital for the long-term success of MSMEs.

Access to New Markets and Opportunities: Training programs will provide MSMEs with insights and strategies for market expansion, international trade, e-commerce, and accessing new business opportunities. By acquiring knowledge, MSMEs can diversify their customer base, explore new markets, and tap into growth opportunities.

Compliance with Regulatory and Quality Standards: After training of MSMEs on financial literacy and different schemes, they will learn about regulatory requirements, quality standards, and industry certifications relevant to their operations. This will help them understand and comply

with legal and regulatory obligations, ensuring they meet quality standards and maintain ethical business practices. Compliance with standards can open doors to new markets, partnerships, and funding opportunities.

Increased Access to Finance and Support: The project will also enhance MSMEs' understanding of financial management, investment readiness, and accessing finance options. By equipping MSMEs with the necessary knowledge and skills, training programs can improve their chances of securing funding and support for business growth.

Positive Socio-Economic Impact: MSMEs and stakeholders will have broader socio-economic impacts. By empowering MSMEs with knowledge and skills, these programs contribute to job creation, economic growth, poverty reduction, and overall socio-economic development. They can also help bridge the gender gap by providing opportunities for women entrepreneurs and promoting inclusive economic development.

PROJECT PROPOSAL – 2

**EMPOWERING WOMEN, DIFFERENTLY
ABLED AND TRANSGENDER LED MSMES
AND ENTREPRENEURS IN BIHAR**

Project Title: Empowering Women, Differently abled and Transgender led MSMEs and Entrepreneurs in Bihar

Contents	Page No
Project Snapshot	140
Background	140
Status of Women, differently abled and transgender led MSMEs in Bihar	143
Institutional limitations and critical barriers to sustainable capacity building of MSME in Bihar	150
Existing Training Mechanism and its Performance Management	162
Proposed framework for engagement of stakeholders in training and capacity Building Program	164
Log Frame analysis/Result Matrix	169
Risk and Mitigation Strategy	172
Gantt Chart /Timeline	173
Monitoring and Evaluation Framework	175
Proposed Outcomes of the Project	177

Project Snapshot

Title of Proposal	Empowering of women, differently-abled and transgender led MSMEs and Entrepreneurs in Bihar
Objective	The objective of the project is to empower and enable women, differently-abled and transgender led MSMEs and individuals to overcome barriers, build successful businesses, and contribute to economic growth and social inclusion. The program aims to provide them with the necessary tools, knowledge, and support to thrive as entrepreneurs and make a positive impact in their communities.
Department	Department of Industries , Government of Bihar
Nodal agency	Udyog Mitra
Beneficiary	20,000 MSMEs led by women , differently-abled and Transgender of Bihar and individual entrepreneurs
Outcome	The outcomes of a training program for women, differently-abled individuals, and transgender MSMEs contribute to their personal growth, business success, and overall socioeconomic empowerment. These outcomes have a positive ripple effect, creating a more inclusive and equitable entrepreneurial ecosystem that benefits the individuals involved their communities, and the broader society.

Background

Bihar is one of the economically less developed states in India, and per capita income levels have historically been lower than the national average. However, the state has adopted various initiatives which is boosting the economic condition of the women, differently abled and transgender in Bihar. ¹However, there are specific challenges still exist with women, differently abled and transgender. Women in Bihar, face a range of social, economic, and cultural challenges such as gender disparities, unequal access to education and limited economic opportunities. Similarly, differently abled and transgender individuals in Bihar face various challenges related to accessibility, education, employment, and social inclusion.

¹[Press Release \(English\).pdf \(bihar.gov.in\)](#)

Transgender persons in Bihar face unique challenges related to identity recognition, discrimination, and access to healthcare, education, and employment. However, the efforts have been made to improve their participation, but more attention is required to ensure barrier-free environments and services for them.

The efforts to address the women related issues in the state

In Education Sector-Bihar has made progress in improving female literacy rates which is now 62.6%, although they still lag behind male literacy rates. Initiatives such as the Mukhyamantri Balika Cycle Yojana, Kishori Shakti Yojana, and Beti Bachao Beti Padhao campaign aim to promote education for girls and reduce the gender gap in literacy. There are also various scholarships are provided to the girls for higher education.

Healthcare: Access to healthcare remains a challenge for women in Bihar, particularly in rural areas. Maternal and infant mortality rates are relatively high. Government programs such as the Janani Suraksha Yojana and the Pradhan Mantri Matru Vandana Yojana aim to improve maternal and child healthcare services and reduce maternal and infant mortality.

Livelihood: Women in Bihar predominantly engage in agriculture, both as wage laborers and cultivators. However, they often face limited access to resources, including land ownership, credit facilities, and modern farming techniques. Self-help groups (SHGs) have played a crucial role in empowering women economically by providing financial assistance, skill training, and entrepreneurship opportunities. State Rural Livelihood Mission (Jeevika) has formed more than 10 lakhs Self Help Group. Now a day, These SHGs play a significant role in Bihar's socio-economic development, particularly in empowering women and fostering community development. They have engaged women in a wide range of income-generating activities, including agriculture, livestock rearing, handicrafts, small-scale businesses, and service-oriented ventures. These activities not only contribute to the economic well-being of SHG members but also foster community development.

Efforts have been made to address the differently-abled related issues

Education: Special schools and inclusive education initiatives have been established to provide education and support to differently-abled children. However, there is a need for more

inclusive infrastructure, trained teachers, and specialized resources to ensure equal educational opportunities.

Employment: Employment opportunities for differently abled individuals in Bihar remain limited. The Rights of Persons with Disabilities Act, 2016, provides reservations in government jobs and promotes inclusive hiring practices.

Accessibility: Access to public infrastructure and transportation is often inadequate for differently abled individuals, hindering their mobility and participation in society. Bihar's government has introduced several welfare programs such as Mukhyamantri Viklang Sashaktikaran Yojna (SAMBAL) to provide financial support and social assistance to differently abled individuals. Schemes like the Chief Minister's Assistance Program provide financial aid for medical treatment, education, and livelihood support. The government also endeavors to create awareness and sensitization campaigns to promote inclusion and reduce discrimination.

Efforts have been made to address the transgender related issues

Legal Recognition: The Transgender Persons (Protection of Rights) Act, 2019, provides legal recognition and protection to transgender individuals. It mandates the formation of welfare boards and prohibits discrimination against them. However, implementation and awareness of the law remain ongoing challenges.

Healthcare: Transgender individuals often face difficulties accessing transgender-friendly healthcare services. Sensitization of healthcare providers, ensuring inclusive healthcare policies, and creating safe spaces are crucial for their well-being.

Education and Employment: Access to education and employment opportunities for transgender individuals is limited. Inclusive policies, anti-discrimination measures, and affirmative action can help create an enabling environment for their education and employment.

Social Acceptance: Society's acceptance and understanding of transgender individuals continue to be areas that require improvement.

Status of women, differently abled and transgender led MSMEs in Bihar

Women in Bihar are actively involved in various entrepreneurial activities, including MSMEs. They contribute significantly to the state's economy and employment generation. Women-led MSMEs in Bihar operate across diverse sectors such as agriculture, handicrafts, textiles, food processing, garment manufacturing, beauty and wellness, retail, and services. These enterprises cater to both local and national markets. The Government of Bihar has implemented several initiatives and schemes to promote women's entrepreneurship and support women-led MSMEs. These initiatives aim to provide financial assistance, skill development, training, access to markets, and infrastructure support to women entrepreneurs. Several organizations and institutions are actively working to support women-led MSMEs in Bihar. These include government agencies, non-governmental organizations (NGOs), industry associations, and financial institutions. They provide training, mentoring, networking opportunities, and financial support to empower women entrepreneurs.

Similarly, differently abled and transgender people are deprived of social and cultural participation and hence they have restricted access to education, health care and public places, which further deprives them of the constitutional guarantee of equality before the law and equal protection under laws

Numbers of Women, differently and transgender led MSMEs in Bihar

As per Udyam Registration Portal, the total number of MSMEs in Bihar is 7,16,746. Out of these 103258 MSMEs are led by women. There are no disintegrated data available for differently abled and transgender related MSMEs on the portal. The below table shows the classifications of women-led MSMEs in Bihar.

Table 5.2.1 Classification of women-led MSMEs in Bihar

Type of MSMEs	No of Udyam Registration
Micro	101933
Small	1278
Medium	47
Total	103258
Data source: Udyam portal	

Women, differently abled and transgender are benefitting from various schemes runs by the state and central government. The below table shows the number of women benefitting from the schemes.

Table 5.2.2 Scheme wise enrolment of women and transgender data

Schemes	Female	Transgender
Start up	61	1
MMUY	4109	0
PMFME	12997	0
PMEGP	6093	9
Stand-up India	450	-
Total	23710	10

There are no data available related to differently- able individuals on the portals. The Central and Bihar government has implemented various initiatives and support measures to promote and empower women-led Micro, Small, and Medium Enterprises (MSMEs) in the state. Some of the key support provided by the Bihar government to women, differently abled and transgender in Bihar.

Key support to Women -led MSMEs in Bihar

The Government of Bihar has taken various measures to support and promote women-led Micro, Small, and Medium Enterprises (MSMEs) in the state. These initiatives aim to encourage entrepreneurship, provide financial assistance, enhance business skills, and create a supportive ecosystem for women entrepreneurs.

Financial Assistance: The Government of Bihar offers various financial schemes and incentives specifically for women entrepreneurs. These include subsidies on loans, interest rate concessions, capital investment assistance, and financial assistance for land acquisition. In Bihar, there are various schemes being implemented from the department of Industries and Bihar Rural Livelihood Promotion Society (BRLPS) such as Mukhyamantri Mahila Udhyami Yojna, Start-up Village entrepreneurship, National Rural Economical Transformative Project, SJY (Satat Jeevikoparjan Yojna) etc.

Skill Development and Training: The government provides skill development and training programs to enhance the business acumen and entrepreneurial skills of women. These programs cover various aspects such as business planning, financial management, marketing, and technology adoption.

Business Incubation Centers: Bihar has established Business Incubation Centers (BICs) to provide a nurturing environment for women-led startups and MSMEs. These centers offer infrastructure support, mentoring, networking opportunities, and access to markets.

Policy and Regulatory Support: The government works on formulating policies and regulations that encourage women's participation in the MSME sector. Simplified registration procedures, ease of compliance, and supportive policies specific to women entrepreneurs are emphasized. The GoB also has brought the provision to purchase 35% goods and services from women-led MSMEs through Gem Portal.

Key support to differently abled led MSMEs in Bihar

Support in capacity building-The NSIC and NIMSME are providing necessary reservation/preference for the training in different fields of entrepreneurship development and related training modules.

PMEGP- Under PMEGP differently-abled beneficiaries are treated as special category and are entitled for higher rate of subsidy and lower personal contribution.

Key support to differently-abled led MSMEs in Bihar

Transgender persons interested in starting a trade can get together to form an SHG-the social welfare department is ready to give seed money to the transgender self-help group members. There are over 40,000 transgender persons in the state as per Census 2011. The state has started facilitating the transgender-led MSMEs accessing the finance through formal banking and microfinances. The state also offers vocational training programs and skill development initiatives tailored to the needs and aspirations of transgender individuals. This can include training in business management, marketing, accounting, and other relevant skills necessary for running successful MSMEs.

The key challenges being faced in initiating and growing a business by women, differently abled and transgender

Access to trusted business advisors and entrepreneurial education: Due to lack of business experience and business-related information, many women entrepreneurs fear failure and doubt their potential, mostly new business starters lack support from business mentors and advisors that support them through areas they are unsure about, especially during the initial growth phase. It is relatively easier for women to initiate a business venture; they often fall short when aiming to scale up. Due to lack of business understanding and ability to manage growth, either they limit the business activity or hand it over to husband / any other male member from family or go for closure. To manage growth, it is crucial for women to receive knowledge and strategic training.

Access to timely finance: Financial inclusion in Bihar has improved significantly with better access to banking outlets / customer service points. Women, especially who have recently started their enterprise have limited access to capital, primarily due to lack of financial records. Often their requirements are of small ticket size or a credit line – different from the product offering of banks and other formal financial institutions. Further, woman led enterprises are perceived to be riskier by lenders due to small size and uncertainties involved with continuity of the business. Digital inclusion: Limited business intelligence and knowledge of trends due to technical challenges such as limited digital literacy-lack of understanding on implementing ideas to ongoing business and marketing of products is a concern. Digital understanding acts as a catalyst for boosting women, differently abled and transgender in participation in economic roles. Lack of skills and access to connectivity and digital devices pose challenges for them to use services available over digital platforms and benefit from digital economy.

Lack of support network: Women, differently abled and transgender entrepreneurs often face challenges in accessing information on available financial markets and how to materialize linkage. Owing to limited business intelligence and knowledge of trends due to technical challenges such as digital literacy and lack of understanding on implementing ideas to ongoing business and marketing of products. In the absence of support networks, these

special groups of entrepreneurs face constraints related with access to financial and technical support to expand the business from home-based to commercial level.

Gender barriers: Women and transgender entrepreneurs often face gender-based barriers to starting and growing their businesses, like social norms blocking access to participation for business networking, limited mobility and access to information and networks. These challenges hinder advancement and their integration in the mainstream. The burden of household and family care responsibilities leaves women with little time to learn and network, and expand their enterprises. Similarly, many transgender individuals face social isolation and a lack of support networks. They may experience strained relationships with family and friends due to societal prejudices and misunderstanding of transgender issues. Building supportive communities and access to peer support can significantly contribute to the well-being and resilience of transgender individuals. They also face barriers in accessing employment opportunities and are more likely to experience unemployment and underemployment.

Institutions in Bihar readily available for facilitating MSMEs strengthening

In Bihar, the responsibility for the training of MSMEs (Micro, Small, and Medium Enterprises) lies with various entities, including government agencies, industry associations, and specialized training institutes. In Bihar, the responsibility for the training of MSMEs (Micro, Small, and Medium Enterprises) lies with various entities, including government agencies, industry associations, and specialized training institutes. Here are the key stakeholders involved in the training of MSMEs in Bihar:

Bihar Skill Development Mission (BSDM): BSDM is an autonomous body under the Department of Labor Resources, Government of Bihar. BSDM has been facilitating the implementation of six different flagship schemes some funded by the state government and other funded by the central government. Kushal Yuva Programme promotes the Recognition of Prior Learning (RPL) concept, which acknowledges and certifies the existing skills and knowledge of individuals. Through RPL, BSDM assesses and certifies individuals who have acquired skills through informal or non-formal means. This initiative helps individuals gain formal recognition for their skills and enhances their employability. It is responsible for the

planning, coordination, and implementation of skill development initiatives in the state. BSDM collaborates with training partners, industry associations, and vocational training institutes to provide skill development programs for MSMEs and other sectors. These programs cover a wide range of domains such as manufacturing, construction, healthcare, IT/ITeS, hospitality, retail, and more. The training programs are conducted in collaboration with training partners, institutes, and industry experts.

District Industries Centers (DICs): District Industries Centers (DICs) play a crucial role in promoting and facilitating industrial development at the district level. They are established by the respective state governments, including in Bihar, to support and nurture the growth of industries, particularly Micro, Small, and Medium Enterprises (MSMEs). DICs are responsible for implementing the industrial policies and initiatives of the state government at the district level. They act as the interface between the government and entrepreneurs, ensuring effective implementation of industrial development schemes and policies. It helps MSMEs in the registration process and streamlining the establishment of MSMEs. DICs promote entrepreneurship development by organizing various programs, training sessions, and workshops. These initiatives aim to enhance the entrepreneurial skills, knowledge, and capabilities of aspiring and existing entrepreneurs. DICs provide guidance on business planning, market research, financial management, and other aspects of starting and running an enterprise. DIC collaborates with recognized entrepreneurship institutes and vocational training centres to facilitate the skill development program. Besides, it plays various roles such as cluster development, monitoring and evaluation and grievance redressal.

Institute of Entrepreneurship Development (IEDs): Bihar has an Institute of Entrepreneurship Development that offers training and support to aspiring and existing entrepreneurs. The institutes provide comprehensive entrepreneurship development programs, including skill training, business planning, financial management, sector specific training as well as marketing strategies for MSMEs.

Bihar Industry Associations: Bihar Industries Association (BIA) plays an active role in training and capacity building for MSMEs. The associations often organize workshops, seminars, and training programs focused on enhancing the skills and knowledge of MSME entrepreneurs.

Vocational Training Institutes and center of excellence: Bihar has a network of vocational training institutes that offer skill development programs for various trades and sectors. Institutes such as Industrial Training Institutes (ITIs), polytechnic colleges, and skill development centers provide technical training and vocational courses that are relevant to MSMEs. Besides, Bihar has identified several institutes as Centre for excellence. The Institute is organizing Skill Development Trainings in the Institute as well as in out reached areas for the benefit of educated unemployed youths. Some of the programmes are exclusively for SC/ST, Women and Weaker Sections. The activity includes

- *Industrial Motivation Campaigns for Industry Associations/Clusters/Prospective Entrepreneurs*
- *Entrepreneurship and Skill Development Programmes*
- *Entrepreneurship Awareness Programmes*

Administration and implementation structure

Department of Industries: The Department of Industries is headed by Principal Secretary (Industries). Every district has a District Industries Centre (DIC) headed usually by a General Manager. The Directorate of Industries earlier used to provide EMs in Part I & II to Micro, Small & Medium Enterprises for manufacturing & service industries, makes recommendations for import of raw materials and capital goods, Central Purchase of Stores for the State Government, grants. The Department is working for the overall Industrial development in the State.

Udyog Mitra: Established under the Societies Act 21, 1860, Udyog Mitra was formed in 2004 by dissolving and merging two societies – Industrial Data Bank & Single Window System. Initially, Industrial Data Bank was functioning since 1986 for providing industrial data/information. Udyog Mitra has become the Centre for Industrial Documentation and Information for Industrial Development and Promotional activities.

District Industries Centre: To promote uniform growth of industries across districts, the state government has established District Industries Centres (DIC) in all 38 districts of the state. The major task of the DICs is to facilitate the progress of Prime Minister's Employment

Generation Programme and Prime Minister's Mudra Yojana. The DICs have emerged as an important nodal agency to promote micro, small and medium enterprises.

Bihar Industrial Area Development Authority (BIADA): Under the aegis of the Bihar Area Development Act, 1974, BIADA was established to develop infrastructure for industries. Among its various tasks, BIADA performed a key role in acquiring land for different industrial projects. In Bihar, given the paucity of land, BIADA's role to allot land to industrial units assumes great importance. Presently, BIADA has four regional offices (Patna, Darbhanga, Bhagalpur, and Muzaffarpur) which together cover 50 industrial areas or development centres and mega industrial parks. In the recent past, several steps have been taken by the State for development of industrial areas and industrial clusters in the state.

Institutional limitations and critical barriers to sustainable capacity building of MSME in Bihar

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in driving economic growth, promoting employment, and fostering entrepreneurship in Bihar. However, despite their significance, MSMEs often face challenges in improving their expertise and competitiveness.

Lack of infrastructure and Human Resource in IEDs centre: The lack of infrastructure and human resources in Entrepreneurship Development Institutes (EDIs) centers is a significant challenge that hampers their effectiveness in supporting MSMEs. EDIs play a crucial role in providing training, mentoring, and advisory services to aspiring and existing entrepreneurs. However, inadequate infrastructure and human resources limit their capacity to deliver comprehensive support.

Inadequate Infrastructure: IED often face challenges related to infrastructure at the district level. It lacks modern technological infrastructure, including computer labs, audio-visual equipment, digital library and library and software applications, to deliver effective training programs and support services. However, the lack of such infrastructure limits the delivery of up-to-date and practical training modules.

Insufficient Human Resources: In IED there were 18 sanctioned positions that includes, training officers, data entry operators, assistant, steno typist, technician, and others. But at present there are only 7 staff are working in IED and out of them only 2 posts retain by the training officer. Rest of the employee is retired. IED also lack a dedicated administrative team to manage operations, coordinate programs, handle logistics, and provide administrative support to trainers, mentors, and participants.

Lack of Industry Connections: IED need strong industry connections to facilitate networking, internships, industry visits, and collaborations for MSMEs. However, the absence of dedicated personnel responsible for building and maintaining industry relationships limits the opportunities available to MSMEs.

Lack of fund: IED plays a crucial role in fostering entrepreneurship and supporting the growth and development of MSMEs (Micro, Small, and Medium Enterprises). At present, the IED requires 150 Lakhs to administer the training program but from last few years it is not meeting the expenses of its officials.

Insufficient Coordination among Stakeholders: The coordination among various stakeholders involved in MSME development, including government agencies, industry associations, educational institutions, and financial institutions, often falls short in Bihar. This lack of coordination leads to fragmented efforts and a disjointed approach to improving MSME expertise. The absence of effective collaboration and knowledge sharing among these entities hinders the provision of comprehensive training programs, mentorship opportunities, and access to finance, which are crucial for enhancing MSME capabilities. Networking enables MSMEs to connect with potential partners, mentors, suppliers, and customers, fostering business growth and knowledge sharing. Insufficient coordination limits the creation of platforms for networking, such as industry-specific events, conferences, and business matchmaking sessions, depriving MSMEs of valuable opportunities to expand their networks. By strengthening coordination, stakeholders can synergize their efforts, leverage their expertise, and provide a more comprehensive and cohesive support ecosystem for MSMEs in Bihar. This will enhance their access to information, training, finance, and networking opportunities, ultimately contributing to the development of their expertise and overall growth.

Limited Availability of Entrepreneurship Development Programs: Entrepreneurship Development Programs (EDPs) are instrumental in equipping MSME entrepreneurs with the necessary skills, knowledge, and mindset for success. However, in Bihar, the availability and accessibility of EDPs tailored specifically for MSMEs are limited. This poses a significant institutional limitation as entrepreneurs may not have access to relevant training on financial literacy, digital literacy, marketing strategies, and technological advancements. The limited exposure to entrepreneurship development hampers the ability of MSMEs to innovate, scale their businesses, and compete effectively. Similarly, MSME in Bihar has been facing significant challenges in accessing digital literacy and financial literacy, which are crucial for their growth, competitiveness, and sustainability. Many MSMEs in Bihar have limited knowledge and understanding of various financial services available to them. They may not be aware of the different financial instruments, banking products, and funding options that can support their business growth. Lack of awareness limits their ability to make informed financial decisions hence the MSMEs often struggle with financial management practices such as budgeting, cash flow management, and financial forecasting. Limited financial literacy makes it challenging for entrepreneurs to make informed financial decisions, monitor their financial performance, and effectively manage their finances. They also face difficulties in accessing formal credit from banks and financial institutions. Collateral requirements, lengthy application processes, and strict eligibility criteria act as barriers for MSMEs, particularly those with limited assets or a lack of credit history.

Challenges in accessing digital literacy and financial literacy program: MSMEs in Bihar face several challenges in accessing digital literacy and financial literacy programs. These challenges hinder their ability to acquire the necessary knowledge and skills to effectively leverage digital technologies and manage their finances. Following are some genuine challenges

Limited availability of digital literacy manual: The availability of digital literacy programs specifically tailored for MSMEs in Bihar is often limited. Many training initiatives primarily focus on basic digital literacy for individuals, overlooking the specific needs and challenges faced by MSMEs. As a result, MSMEs struggle to find suitable and relevant programs that address their unique requirements.

Geographic Constraints: MSMEs located in remote and rural areas of Bihar encounter difficulties in accessing digital literacy programs. The lack of training centers, internet connectivity, and infrastructure in these areas makes it challenging for MSMEs to participate in training sessions or workshops. This geographic constraint restricts their ability to acquire digital skills and knowledge.

Lack of Customization of module as per need of MSMEs and other stakeholders: Generic digital literacy programs may not adequately address the diverse sectors and industries represented by MSMEs in Bihar. The training content and delivery methods need to be customized to align with the specific requirements of different sectors, such as manufacturing, food processing, textile, or services. Without customization, MSMEs may struggle to apply the acquired digital skills effectively in their respective domains.

The lack of technology advancement and know-how to: The lack of technology advancement and know-how is a significant challenge faced by MSMEs in Bihar. This limitation hinders their ability to adopt and leverage technology for business growth and competitiveness. Besides, without the necessary infrastructure, MSMEs struggle to implement digital tools, automation systems, and advanced machinery that could enhance their productivity and efficiency. Similarly Many MSMEs in Bihar have limited exposure to technological advancements and their potential benefits for business operations. The lack of awareness about emerging technologies, industry best practices, and innovative solutions makes it difficult for MSMEs to identify and adopt suitable technologies. These results in a missed opportunity to streamline processes, improve product quality, and enhance customer experiences.

Limitation in acquiring sector specific training: Acquiring specific sector training, particularly in textile, food processing, and leather, poses unique challenges for MSMEs in Bihar. Following are the specific challenges

Limited Availability of Training Programs: MSMEs in Bihar often face a scarcity of sector-specific training programs in textile, food processing, and leather industries. The availability of formal training institutions or centers that offer specialized courses tailored to the needs of

these sectors may be limited. This scarcity restricts the opportunities for MSMEs to acquire industry-specific skills and knowledge.

Lack of Trained Trainers and Experts: The availability of trained trainers and subject matter experts in these sectors are limited. This major gap in delivering effective training programs, share industry insights, and provide hands-on practical knowledge in MSMEs sector in Bihar. The scarcity of such experts makes it challenging to conduct sector-specific training initiatives.

Lack of centralized information portal: Establishing a centralized online portal or platform that compiles information about available training programs for MSMEs in Bihar. This portal should provide comprehensive details about the programs, including eligibility criteria, course content, duration, training providers, and contact information. Regular updates and notifications should be provided to ensure the accuracy and relevance of the information.

Cultural Adaptation in training module: Considering cultural nuances and preferences while localizing training content. The training should involve adapting examples, case studies, and references to align with the cultural context of MSMEs in Bihar in local language. Incorporating culturally relevant examples enhances the reliability and effectiveness of the training materials. There are also unavailability of training materials, course outlines, brochures, and instructional content into local languages spoken and understood by MSMEs in Bihar. This ensures that the information about training programs is accessible and comprehensible to a wider audience.

Limited Networking and Collaboration Opportunities: Networking and collaboration play a significant role in the growth of MSMEs. MSMEs in Bihar may lack access to market information, including industry trends, customer preferences, and competitor analysis, which are essential for expanding into new markets. Limited knowledge about market dynamics makes it difficult for MSMEs to position their products or services effectively and cater to the demands of customers outside Bihar.

Branding and Marketing Constraints: lack of standard branding practices and marketing strategies is limiting the visibility and recognition of MSMEs in outside markets. Limited

resources and expertise in branding and marketing activities has been preventing MSMEs from effectively promoting their products or services to customers outside Bihar.

Lack Technical Knowledge and Skills among government employees of industries department: One of the primary gaps is the lack of technical knowledge and skills among government employees in the industries department. With rapidly evolving industries and emerging technologies, it is crucial for employees to stay updated and equipped with the latest industry-specific knowledge. Training programs should focus on areas such as industrial processes, technological advancements, regulatory frameworks, and industry best practices.

The above critical barriers pose significant challenges to the development and sustainability of MSME in Bihar.

Why sustainable knowledge development required for boosting the MSMEs led by Women, differently-abled and transgender

MSME contributes to employment generation, poverty reduction, and fostering entrepreneurship. However, in order for MSMEs to thrive and remain competitive in today's dynamic business environment, there is a crucial need for sustainable knowledge development. Sustainable knowledge development encompasses the acquisition of knowledge, skills, and practices that promote economic growth, environmental sustainability, social responsibility, and innovation.

Empowerment and Inclusion: Sustainable knowledge development practices provide opportunities for women, differently-abled individuals, and transgender people to acquire the necessary skills, knowledge, and resources to establish and run successful businesses. This empowerment enables them to participate in economic activities, exercise agency, and contribute to their communities' development.

Economic Growth and Job Creation: MSMEs contributes to economic growth, job creation, and poverty reduction. By supporting and strengthening MSMEs led by marginalized groups, such as women, differently-abled individuals, and transgender people, sustainable knowledge development practices can unlock their entrepreneurial potential, drive local economic development, and create employment opportunities.

Overcoming Barriers and Inequalities: Women, differently-abled individuals, and transgender people often face unique barriers and inequalities in accessing education, training, finance, and market opportunities. Sustainable knowledge development practices can address these barriers by providing tailored training programs, mentoring, networking, and financial support, enabling these entrepreneurs to overcome challenges and compete on a level playing field.

Innovation and Diversity: Inclusive MSMEs contribute to a more diverse and vibrant business ecosystem. Women, differently-abled individuals, and transgender people bring unique perspectives, experiences, and skills to entrepreneurship, fostering innovation and creativity. By promoting sustainable knowledge development practices, we can harness the potential of diverse entrepreneurs and encourage inclusive economic growth.

Social Impact and Community Development: MSMEs led by marginalized groups often prioritize social impact and community development. They can address local challenges, create inclusive employment opportunities, promote sustainable practices, and contribute to community well-being. Sustainable knowledge development practices equip these entrepreneurs with the necessary tools and knowledge to effectively address social and environmental issues within their business operations.

Breaking Stereotypes and Challenging Norms: Encouraging women, differently-abled individuals, and transgender people to engage in entrepreneurship challenges traditional gender roles, disability stereotypes, and societal norms. Sustainable knowledge development practices provide platforms for them to showcase their capabilities, challenge biases, and become role models for others facing similar challenges.

Long-term Resilience and Adaptability: Sustainable knowledge development practices emphasize building resilience and adaptability among MSMEs. By equipping entrepreneurs with skills in areas such as business management, marketing, finance, and technology, they are better prepared to navigate changing market dynamics, overcome setbacks, and sustain their businesses in the long term.

Enhancing Competitiveness: In the digital era, the MSME in Bihar lags behind on many standard parameters such as we have few numbers of MSME enrolled in ZED certification,

Udyam Registration and also very few numbers of MSMEs taking benefits of TReDs as well. Thus the MSME of Bihar could not enhance their competitiveness as per global markets. Sustainable training on digital aspects will enrich and equip MSME MSMEs with the tools and expertise to enhance their competitiveness. The training will provide them insights into market trends, customer preferences, and emerging technologies. By staying abreast of industry best practices and continuously upgrading their skills, MSMEs can develop innovative products, improve service delivery, and respond effectively to changing market demands. This competitive advantage enables MSMEs in Bihar to expand their market share and compete both locally and globally.

Access to Finance and Funding: MSMEs often face challenges in accessing finance and funding. Sustainable knowledge development will play a vital role in facilitating access to financial resources. Financial institutions and investors are increasingly focusing on sustainable business practices and environmental, social, and governance (ESG) criteria when making investment decisions. MSMEs that demonstrate a strong understanding of sustainable practices and responsible business conduct are more likely to attract financing and funding opportunities. Sustainable knowledge development equips MSMEs in Bihar with the knowledge and skills to navigate sustainable finance options and engage with impact investors.

Collaboration and Networking: Sustainable knowledge development promotes collaboration and networking among MSMEs, industry associations, research institutions, government bodies, investors, markets and others. Knowledge-sharing platforms, workshops, and industry events create opportunities for MSMEs to connect, learn from each other, and collaborate on projects. By engaging in collaborative efforts, MSMEs can leverage collective knowledge, share resources, and explore new market opportunities. Collaboration will foster innovation, strengthen supply chains, and support the growth of MSMEs in Bihar.

Stakeholders who can play important role in capacity building of MSMEs and Entrepreneurs

Stakeholder identification in MSMEs is necessary for training initiatives to ensure targeted and effective skill development, gain stakeholder support and engagement, gather feedback

for improvement, access valuable resources, and comply with regulatory requirements. Engaging with stakeholders throughout the training process enhances the overall success and impact of training programs in MSMEs. Here are the following stakeholders who will play a crucial role in the success of the project

Table 5.2.3 Mapping of Stakeholder

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
MSME and Entrepreneurs	MSMEs led by women, differently-abled and transgender are the driving force of the sector. They often face challenges in accessing financial resources, capital, and business support services.	The projects will focus on enhancing the skills and capabilities of MSMEs and entrepreneurs. This project will provide training programs, workshops, and mentoring sessions to improve their business management skills, financial literacy, marketing strategies, product development, and other relevant areas.	This project will provide a comprehensive training and will plan to keep stakeholders informed and engaged throughout the training program. We will also determine the most effective channels and methods of communication for training of each stakeholder group
Government employee (State and district level employee of Department of Industries, Bihar)	Government employees are crucial in engaging and collaborating with various MSMEs and entrepreneurs in the industrial sector. They also collaborate with industry associations, businesses, local communities, and other government agencies.	Government employees can provide policy insights and updates during and after the training program. They can highlight any recent policy changes, upcoming initiatives, or regulatory updates relevant to the industry. This helps participants stay informed about the latest developments and understands their implications on business operations.	The government employee will gather input on MSME-related policies, programs, and initiatives. We will encourage them to share their insights, suggestions, and experiences related to MSME engagement.
Employee of Udyog mitra and other societies of Department of Industries such as BIADA, BIA, BIIPB, BSFC, IED	Udyog Mitra is State Nodal Agency for implementation of the RAMP project. It is registered under society Registration Act , 1860	Udyog Mitra can collaborate with training institutions, industry experts, and relevant stakeholders to design effective training programs for MSMEs.	Udyog Mitra is the primarily implementer of the project. It will collaborate, procure and implement the proposed activities in the state.

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
Institute of Entrepreneurship Development	IED focuses on developing and enhancing entrepreneurial skills among individuals. This includes not only technical skills but also soft skills such as communication, problem-solving, decision-making, and adaptability. By fostering skill development, IED empowers aspiring entrepreneurs to navigate the challenges of the business environment and increase their chances of success.	IED can offer skill enhancement programs targeted at MSMEs to address specific skill gaps and challenges faced by these enterprises. IED can cover a range of skills such as financial literacy, digital literacy, product development, quality management, supply chain management, and customer relationship management. By enhancing the skills of MSME owners and employees, IED can strengthen the overall capacity of these enterprises to compete in the market.	IED will be the main stakeholders for conducting the training of MSMEs and entrepreneurs in the state of Bihar. It will assess the training needs, develop the training calendar in coordination with DIC and other stakeholders. Similarly, It will engage specific
Identified Priority sector institutions such as textile, leather, Food processing and others within and outside state	Identified specific sectors possess specialized knowledge and expertise in their respective fields. They understand the unique challenges, trends, and best practices relevant to their sector. Their role in capacity building is to share this expertise through training programs, workshops, and mentorship, providing participants with sector-specific skills and knowledge.	Specific sectors can design and deliver training programs focused on building the necessary skills and competencies within their industry. This includes technical skills, industry-specific knowledge, and practical experience. By offering sector-specific training, they contribute to the development of a skilled workforce capable of meeting the demands and requirements of the sector.	The will engage will engage them as mentors for another MSMEs and entrepreneurs

Stakeholders	Importance of stakeholders	How stakeholders will contribute the project	Strategy for engagement of the stakeholders
Center for excellence in Bihar	CoEs provide specialized training programs tailored to the needs of MSMEs and entrepreneurs. They focus on specific industries or domains, offering in-depth knowledge and skills development in areas such as technology adoption, process optimization, market trends, innovation, and business management.	CoEs often engage in policy advocacy to support the interests and needs of MSMEs and entrepreneurs. They work closely with policymakers, industry associations, and government agencies to provide inputs, recommendations, and evidence-based research on policies impacting the sector. CoEs can play a vital role in advocating for policy reforms, regulatory changes, and support programs that create an enabling environment for MSMEs and entrepreneurs to thrive.	The project will engage them as mentors in development of training course materials as well as knowledge exchange, and collaborations that can lead to business opportunities, partnerships, and shared learning.
Other line department & society for GoB such as Agriculture, Labour Resource Dept, Jeevika, Dept of Women and child welfare, Dept of energy, Dept of science & technology , Dept of Rural Development, Dept of skill & Development and others	Line departments provide sector-specific support and guidance to participants in capacity building programs. They offer mentorship, advice, and assistance in navigating industry challenges, accessing resources, and leveraging opportunities. Line departments act as trusted advisors, helping participants apply their newly acquired knowledge and skills in real-world contexts.	Line departments are responsible for allocating resources, including financial support, infrastructure, and equipment, within their sectors. In capacity building, they can allocate resources to support training initiatives, provide training venues, fund scholarships or grants, and facilitate access to relevant facilities. This resource allocation enhances the effectiveness and reach of capacity building efforts.	The project will collaborate with line departments through coordination meetings

Existing Training Mechanism and its performance management

At present, the Department and different societies of the Department of Industries are providing skill training to the youths. They provide skill up-gradation training to existing entrepreneurs and working force to enhance their performance. Skill development programs aim to enhance the technical and vocational skills of individuals in sectors relevant to MSMEs. These initiatives include training in specific trades, such as manufacturing, textile, food processing, and construction. They also offer training on schemes and schemes under national initiatives like champion schemes and others.

These programs typically include workshops, seminars, mentoring sessions, and business plan competitions to support aspiring and existing entrepreneurs. There are huge gaps in training which are being provided to women, differently abled and transgender led MSMEs. The reason of such gaps are absence of the customized module.

Existing Training Module for MSMEs & other stakeholders and Gap Analysis

Modules are vital in MSME training as they provide structure, focus, and progressive learning, while also promoting standardization, customization, and assessment. By incorporating modules into MSME training programs, individuals and entrepreneurs can acquire the necessary knowledge and skills to effectively manage and grow their businesses in a competitive market environment.

Module for MSMEs and Entrepreneurs: There are so many modules that exist for MSMEs and entrepreneurs. These modules delve into topics related to optimizing operational efficiency, production planning and control, supply chain management, quality management, inventory management, and process improvement. The module also educates participants on the legal and regulatory framework relevant to MSMEs, including business registration, licenses and permits, tax compliance, intellectual property, labor laws, and environmental regulations.

Module for Government Employees: Government employees play a crucial role in the effective functioning of public administration and delivering essential services to MSMEs and Entrepreneurs. One of the primary gaps is the lack of technical knowledge and skills among government employees in the industries department. With rapidly evolving industries and emerging technologies, it is crucial for employees to stay updated and equipped with the latest

industry-specific knowledge but there is no such module available that trains them on the sector specific. However, BIPARD provides them training on the administrative work. Therefore, addressing these capacity building gaps is vital to empower government employees in the industries department with the knowledge, skills, and tools necessary to drive industrial development, promote sustainable growth, and ensure regulatory compliance.

Gap Analysis of Module

Stakeholders	Training Module covers
MSMEs and Entrepreneurs	Sector Specific Module, EDP, organizational Plan, Product Planning and Development, Financial management
Government employee (State and district level employee of Department of Industries, Bihar)	Module on administrative work, Record keeping and Documentation, Office supplies and inventory management

At present, there is no module available on Digital Training, Digital Financial literacy, Current scheme (Champion, TReDS, CGTMSE and others), Lean manufacturing and optimization as well as talent management and leadership. Also, there is a huge gap in gender sensitization training and awareness among the different stakeholders. The project will train them on above-mentioned topics through the module being developed in 1st Project and include module on gender sensitization as well.

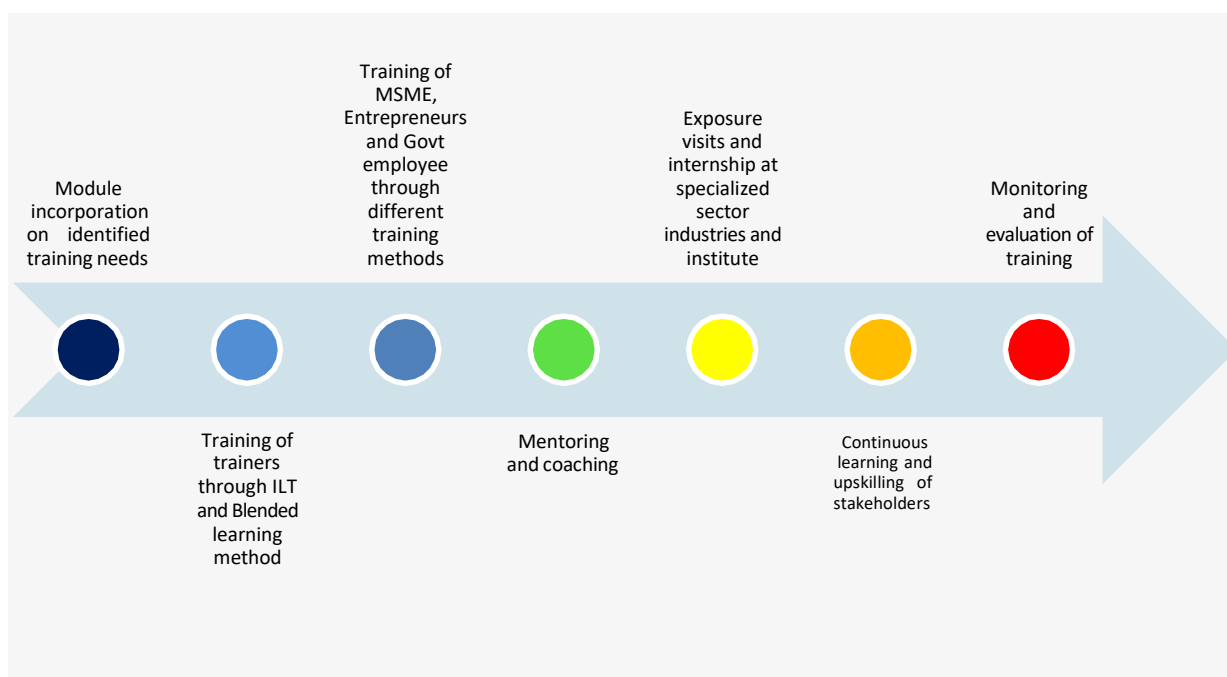
Required intensive training on Module of Capacity Building of Women, differently abled and Transgender led MSMEs

The Module training are very much required for women, differently-abled and transgender led MSME. The comprehensive training programs will be tailored to the needs of women, differently-abled individuals, and transgender entrepreneurs. These programs will cover essential skills such as business planning, financial management, marketing, and negotiation. They will be trained on EDP module. The EDP module will cover, digital transformation, digital financial management, Lean Manufacturing and optimization and Human Resource Management and Leadership Development. These modules will be readily available for all the MSMEs in

Bihar For women, differently-abled and transgender, they would receive the training on the module which will be developed under the Proposal: Capacity Building of MSMEs and Different Stakeholders.

Proposed framework for engagement of stakeholders in training and capacity building program

Here is the proposed framework for capacity building of MSMEs and different stakeholders



Training delivery methods: Training delivery methods refer to the various approaches and techniques used to impart knowledge, skills, and information to the participants during a training program.

Instructor-Led Training (ILT): This traditional method involves a qualified trainer delivering the training content in a classroom or physical setting. The trainer will facilitate discussions, deliver presentations, conduct practical exercises, and engage participants through interactive activities. ILT allows for immediate feedback, personalized attention, and real-time interaction among participants. The project will engage the agency for training of trainers and also hire master trainers for continuous training of MSMEs and Entrepreneurs.

Blended Learning: Blended learning combines both online and in-person training components. It integrates e-learning modules with face-to-face sessions, workshops, or practical exercises. This approach combines the benefits of self-paced online learning with the

interactive and collaborative elements of instructor-led training, catering to different learning styles and preferences.

On-the-Job Training (OJT): On-the-job training involves learning while performing tasks or activities in the actual work environment. Participants receive hands-on training, guidance, and supervision from experienced colleagues or mentors. OJT allows for practical skill development, observation of real work scenarios, and immediate application of knowledge. This will especially happen in sector specific training.

Simulations and Gamification: Simulations and gamification involve creating interactive and immersive experiences that replicate real-life scenarios or games. Participants engage in simulated activities or challenges that require problem-solving, decision-making, and application of knowledge. This method promotes active learning, motivation, and experiential skill development.

Mentoring and Coaching: Mentoring and coaching involve pairing participants with experienced professionals or subject matter experts who provide guidance, support, and personalized feedback. This method facilitates knowledge transfer, skill development, and individualized learning.

Residential and non-residential training: It is important to consider the cost implications, logistics, and participant preferences. So, the training will happen residential and non-residential. The specific objectives, nature of the training content, and the target audience will be carefully evaluated to determine the most appropriate format for the training delivery.

Exposure visit and internships: Sector-specific exposure visits at the national and international level will provide significant benefits to MSMEs and Entrepreneurs. The project will facilitate networking and collaboration opportunities for MSMEs. By visiting national and international companies, industry associations, trade fairs, and business events, MSMEs can connect with potential partners, suppliers, distributors, and customers. Building a strong network can lead to collaboration opportunities, joint ventures, and access to new markets.

Continuous Learning and Upskilling through refresher training program: Industries are constantly evolving with advancements in technology, changing market dynamics, and new

industry practices. Continuous learning allows professionals to stay updated with the latest trends, innovations, and emerging technologies in their field. The project will do refresher training of stakeholders as refresher training helps participants refresh their understanding and knowledge of previously learned concepts, processes, and procedures.

Monitoring and Evaluation of training: Monitoring and evaluation of training programs are essential processes that help assess the effectiveness, impact, and outcomes of the training initiatives. For this project will identify key performance indicators (KPIs) or metrics that align with the training objectives. These indicators should provide measurable data on the progress and impact of the training program. Project will be tracking attendance, participation rates, and adherence to the training schedule. Also, it will Evaluate the impact and outcomes of the training program based on the established objectives and indicators

Organizational structure for implementation of Capacity building of MSMEs & stakeholders

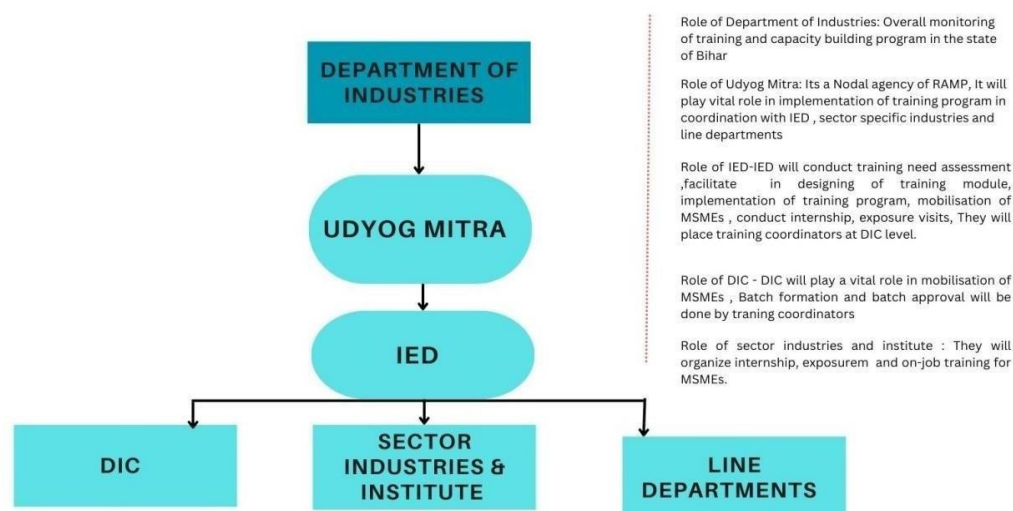


Figure 5.2.2 Organizational structure for implementation

Department of Industries will be the main implementer for the capacity building project under RAMP project and Udyog Mitra will be nodal agency. Udyog Mitra will coordinate with IED and line department to conduct the training of MSMEs and Entrepreneurs in the state. IED will be the main implementer of training program at the ground level. IED will hire 38

training coordinators at DIC level and also engage training partners imparting the trainings. The training coordinators with the help of DIC mobilize the MSMEs and form the batches of participants, training calendars as per the training needs. Similarly, IED will conduct seminars, workshops with other stakeholders, sector specialist and help MSMEs to get internship and exposure visit opportunities at national and international level. The selection of MSMEs and entrepreneurship for internship and exposure visit will be based on certain criteria. The criteria for selection will be developed by IED. For the training of MSMEs and other stakeholders, the following structure will be followed in the state of Bihar.

Table 5.2.4 Log frame analysis/Result Matrix

Goal of the training and capacity building project: The project seeks to enhance the overall capacity of women, differently abled and transgender led MSMEs to operate and compete in their respective industries.

Activities	Targets	Indicators	Means of Verification	Assumptions
Identification and line listing of MSMEs led by women, differently-abled and transgender for their capacity building	20,000	# No of women led MSMEs #No of differently abled led MSMEs #No of transgender led MSMEs	Line listing Report	The line listing will be regularly updated and validated to ensure accuracy and relevance.
Capacity building of women, differently-abled and transgender led MSMEs on existing EDP module	20,000	# No of MSMEs and entrepreneurs trained on EDP and sector specific module (1 to 6) module #No of MSMEs and entrepreneurs trained	Attendance, training report, Photographs	Assumption is that women, differently-abled individuals, and transgender entrepreneurs are willing to participate in capacity-building programs.
Capacity building of women, differently-abled and transgender led MSMEs on sector specific module	2000	#No of MSMEs and entrepreneurs trained	Attendance, training report, Photographs	Assumption is that women, differently-abled individuals, and transgender entrepreneurs are willing to participate in capacity-building programs.

Activities	Targets	Indicators	Means of Verification	Assumptions
		on special module developed for special groups		
Product value addition and branding (packaging materials and brand logos) of selected 10% MSMEs through financial assistance	2000	# No of MSME facilitated for product value addition (packaging and brand logos)	Comparing sales trends before and after packaging and branding initiative	MSMEs are adherent to the two ethical and legal standards in branding practices and meet out the demand and supply of the products
Quarterly networking meeting with govt department (NRLM, NULM, WDC, Bihar state SC corporation, Bihar state Minority finance corporation) and digital platform aggregator for digital marketing and procurement of products through Gem Portal	14	# No of participants in each networking meeting	Minutes of Meeting, Photographs	The participants willing to attend the meeting
Annual Award functions	4	# No of MSMEs received award	Success stories	Assume that the eligibility criteria for the awards have been clearly defined and communicated to potential nominees.

Activities	Targets	Indicators	Means of Verification	Assumptions
Organizing Annual special trade fair for women, differently abled and transgender	4	# No of MSMEs and Entrepreneurs participated in the trade fair	Trade fair Report, Photographs	The target audience, including women entrepreneurs, differently-abled individuals, and transgender individuals, will show interest and actively participate in the trade fair. Also assume that the trade fair will be positively received by the public, media, and relevant industry professionals, generating interest, recognition, and support for the event and its participants.
MSMEs led by these special group will participate national and international trade fair	130	# No of trade fair and no of MSMEs participate	Report, Photographs	Selected location offer valuable learning opportunities for the team to gain insights into best practices, innovative technologies, and successful models in the manufacturing sector.
Quarterly multimedia campaigns, including social media, television, radio, and print media, to reach a wide audience.	14	# No of multimedia campaign runs	Report, Photographs	Assume that the campaign's messages will reach a significant portion of the target audience through these media channels

Activities	Targets	Indicators	Means of Verification	Assumptions
Knowledge sharing workshop with stakeholders/partners/Investors (100 participants in each workshop) to utilize personal stories and narratives to create empathy and connect with the audience on an emotional level.	10	# No of workshop organized	Workshop Report, Attendance, Photographs	It is assumed that they will actively participate in discussions, group activities, or presentations to facilitate the exchange of ideas and experiences. MSMEs and Entrepreneurs willing to share real-life experiences, testimonials, and success stories that highlight the impact of the issue being addressed.
Impact Analysis of the training Programmes	2	# 1 at the end of Second year of the project # At the end of Year 4	Impact analysis report	The counterfactual group allows for a comparison of outcomes and helps estimate the causal impact of the intervention.

Table 5.2.5 Risk and Mitigation Strategy

Risk	Mitigation
Gender Bias and Discrimination during the implementation of the training program	The project will ensure the training of master trainers on gender and it will also ensure the campaign reaches to the last mile of the society, vendors, investors and other stakeholders
Limited numbers of MSMEs led by transgender and differently-abled available in the state	Collaborate with disability rights organizations and transgender advocacy networks to reach potential entrepreneurs and encourage their participation. In case of shortage the number of women enterprises will be consulted
External factors such as natural disasters, political instability, or unforeseen events may disrupt the training schedule or accessibility, impacting the training delivery.	This may involve having alternative training venues, leveraging virtual training platforms, or rescheduling sessions if necessary.

Table 5.2.6 Gantt Chart /Timeline

Activities	FY (2023-24)	FY (2024-25)	FY (2025-26)	FY (2026-27)
Identification and line listing of MSMEs led by women, differently-abled and transgender for their capacity building	20,000			
Capacity building of 20,000 MSMEs led by women, differently-abled and transgender	500	8000	6500	5000
Capacity building of 5000 MSMEs led by women, differently-abled and transgender on sector specific	500	2000	1500	1000
Product value addition and branding (packaging materials and brand logos) of selected 10% MSMEs through financial assistance	0	500	1000	500
Quarterly networking meeting with Govt. department (NRLM, NULM, WDC, Bihar state SC corporation, Bihar state Minority finance corporation) and digital platform aggregator for digital marketing and procurement of products through Gem Portal	0	5	5	4
Annual Award functions	1	1	1	1
Organizing Annual special trade fair for women, differently abled and transgender	1	1	1	1
MSMEs led by these special group will participate in 100 national and 30 international trade fair of MSMEs	25	40	40	25
Quarterly multimedia campaigns, including social media, television, radio, and print media, to reach a wide audience.	3	4	4	3

Activities	FY (2023-24)	FY (2024-25)	FY (2025-26)	FY (2026-27)
Knowledge sharing workshop with stakeholders/ partners/Investors (100 participants in each workshop) to utilize personal stories and narratives to create empathy and connect with the audience on an emotional level.	1	3	4	2
Impact Analysis of the training Programmes		1		1

Monitoring and Evaluation Framework

The Monitoring refers to the process of observing, tracking, and analyzing the status, performance, or behaviour of a system, process, or activity over time with respect to above stated result matrix. It involves the collection and analysis of data to ensure that operations are running smoothly, identify any issues or anomalies, and make informed decisions based on the information gathered. For the monitoring of the project, the project will design one single portal for single portal for monitoring data related to capacity building. The single portal or MIS system will provide several benefits, including centralized access to information, streamlined data management, and enhanced analysis and reporting capabilities. The portal will facilitate the collection and integration of data from various sources involved in capacity building initiatives. This can include data from training programs, workshops, assessments, evaluations, participant feedback, and performance metrics. For this, the project will use a structured format that allows for efficient retrieval, dashboard updates, and analysis.

The portal will have following features

Data Collection and Integration: This can include participant information, training attendance, assessment scores, feedback surveys, resource utilization, and any other relevant data.

Dashboard and Visualizations: The dashboard will provide real-time data updates or near-real-time refresh data in the dashboard. This will ensure that user has access to the most current information and can respond promptly to any emerging needs. This will include the ability to select specific metrics or time periods, adjust chart types, or save personalized views.

Data Storage and Management: Data storage and management are critical components of a monitoring portal to ensure the secure and efficient handling of the collected data. This can include relational databases or cloud-based storage solutions. Similarly, the project will establish a backup and disaster recovery strategy to safeguard against data loss. Regularly back up the data to separate storage locations or employ automated backup mechanisms will be established.

Alerts and Notifications: The project will determine the appropriate notification channels for delivering alerts and notifications regarding the training program to the MSMEs and other stakeholders. This can include email, SMS messages, in-app notifications, or integration

User Roles and Permissions: User roles and permissions are essential for controlling access to different functionalities and data within a monitoring portal. By assigning specific roles and permissions to users, organizations can ensure that individuals have appropriate levels of access and can perform their respective tasks effectively. For this, the system will develop a user registration and onboarding process that assigns appropriate roles and permissions to new users. This ensures that users are granted the necessary access levels based on their roles and responsibilities.

Integration with Existing Systems: The portal will be integrated with existing institutional scheme and other relevant data source. This may include MSME information, training records, financial data, performance metrics, or any other relevant data required for monitoring and evaluating of capacity building project. The project will ensure the regularly monitor of the integration process to ensure data is being successfully synchronized.

Data Governance and Quality Assurance: Data governance refers to the overall management and control of data within Department of Industries. Department of Industries will be accountable for the data governance. It will assign the roles and responsibilities to agency and individuals who will be further accountable for quality, integrity and security of the data. The agency will be responsible for Implementing processes and controls to monitor, measure, and improve the quality of data, including data profiling, cleansing, and validation. They will be responsible for managing the data including data acquisition, storage, retention, archiving, and disposal.

Feedback and Collaboration: Feedback and collaboration are essential elements in data governance and quality assurance processes. The feedback collection process will include cross-sectional sharing of best practices, lessons learned, and experiences of stakeholders. Collaboration is essential for successful data governance and quality assurance efforts. It will involve the active involvement and coordination of various stakeholders across the organization

Users: *The* users of this portal will be MSMEs, Department of Industries, Udyog Mitra, IED and other stakeholders. The specific design and appearance of a user interface for a monitoring portal will vary depending on the requirements, target audience, and the type of data being monitored.

Data Centre: Department will establish a data Centre. Data centers employ software systems to manage and monitor server and network infrastructure, track resource usage, automate processes, and provide insights into the performance and efficiency of the data Centre.

Evaluation: The Department of Industries/ Udyog Mitra will engage an agency for the evaluation of the project. The selection of the agency will follow a systematic process to ensure that the chosen agency is qualified, experienced, and capable of conducting the evaluation effectively. For this, the department will publish Expression of Interest (EOI) and RFP and set criteria for selection of the agency. These criteria may include factors such as the agency's expertise, experience, track record, methodology, resources, cost, and alignment with project goals. The RFP should clearly outline the evaluation requirements, evaluation criteria, timeline, and any specific expectations of the project. The selection process may vary depending on the specific context, organizational policies, and legal requirements. Prior to hiring of agency for the evaluation, The SPMU will clearly define the purpose and scope of the evaluation. We will also determine what specific aspects of the projector initiative need to be evaluated and what outcomes or insights the project aim to achieve through the evaluation.

Proposed Outcome of the project

Overall, the outcome of MSME and stakeholder training programs is the empowerment, growth, and development of MSMEs and the stakeholders associated with them. Here is the following proposed outcome of the project.

Enhanced Business Skills: Participants of the training program develop improved business skills and knowledge in areas such as marketing, finance, operations, and management. They gain a better understanding of business strategies and techniques, enabling them to make informed decisions and effectively manage their enterprises.

Increased Self-Confidence: The training program helps boost the self-confidence and self-esteem of women, differently abled individuals, and transgender entrepreneurs. They gain a sense of empowerment, believing in their abilities to navigate challenges and succeed in their business ventures.

Expanded Market Opportunities: Participants learn strategies to identify and access new markets, expand their customer base, and develop effective marketing techniques. This enables them to reach a wider audience and increase their business opportunities.

Improved Networking and Collaboration: The program provides networking opportunities for participants to connect with peers, mentors, and industry experts. This fosters collaboration, knowledge sharing, and potential partnerships that can benefit their businesses and facilitate further growth.

Policy Advocacy and Support: Participants gain awareness of their rights as entrepreneurs and become better equipped to advocate for supportive policies and regulations. They can engage in advocacy efforts to create a more inclusive and enabling business environment for themselves and other marginalized groups.

Increased Business Sustainability: By acquiring new skills, knowledge, and resources, participants improve their ability to run sustainable businesses. They can develop effective business models, optimize operations, and make informed decisions that contribute to the long-term viability of their enterprises.

Socio-economic Empowerment: The training program leads to the socioeconomic empowerment of women, differently abled individuals, and transgender entrepreneurs. They gain greater control over their financial situations, contribute to their families' well-being, and play a more active role in their communities' economic development.

Role Models and Inspiration: Successful participants of the training program become role models and sources of inspiration for others within their communities. Their achievements demonstrate that entrepreneurship is a viable path for marginalized groups, encouraging others to pursue their own entrepreneurial aspirations.

PROJECT PROPOSAL – 3

**IMPLEMENTATION OF CENTRALISED
INTEGRATED MANAGEMENT SYSTEM
(CIMS)**

Project Title: Implementation of Centralized Integrated Management System (CIMS)	
Contents	Page No
Executive Summary	179
Objectives of the State Managed integrated Portal	179
Why Integrated Portal Required	180
Users of the Integrated Portal	182
Services on Portal	183
Logical Architect of the Integrated Portal	185
Data Analytics Dashboard	186
Work flow of Learning Management System	188
Work Flow Diagram for Human Resource Management System	190
Work Flow Diagram of Grievances Redressal Mechanism	191
Work Flow Diagram for Data Management	191
Process Flow of Mobile Application	192
Technology	192
Implementation Strategy	193
Monitoring of Integrated Portal	194
Gantt chart/Timeline	195
Proposed Outcomes	195

Executive Summary

MSMEs and Department of Industries in Bihar has been struggling with accessing fragmented information. At Present, Information about government schemes, policies, incentives, market trends, and support services are scattered across various sources and portals, these are making it difficult for MSMEs and Department of Industries to find and utilize relevant information effectively. Also, it is creating huge challenges in monitoring and analyzing the data trends of the MSMEs.

The objective of this proposal is to address the challenges faced by MSMEs and Department of Industries in generating accurate reports, monitoring key performance indicators (KPIs), and improving overall performance of the data visualization and monitoring. The portal will consolidate data from different systems and databases into a single repository by leveraging APIs and integration layers to pull data from various systems, ensuring a comprehensive view of the sector's performance. The portal will empower MSMEs to thrive in a competitive business landscape in terms of access of information, business registration, fulfillment of compliances and exploring market and other opportunities. It aids in identifying growth sectors, promoting regional entrepreneurship, attracting investments, and fostering economic diversification strategies specific to each state's strengths and resources. Similarly, it will streamline the workflows of the government employee through HRMIS of department of industries as well.

This project aims to design a portal to cater to the local language preferences and specific needs of MSMEs, Department of Industries and its allied department. It will ensure ease of access, user-friendliness, and familiarity with local businesses. By providing information and services in the local language, the portal will become more inclusive, it will be encouraging greater participation from MSMEs and facilitating effective communication between the MSMEs and government departments.

Objectives of the State managed integrated portal

The primary objectives of developing this portal are as follows:

- To create a Centralized/ Integrated platform for the MSMEs of Bihar with the detailing of all assistances/ resources available from government and non-government sections in the state

- To onboard all the MSMEs with unique identification number through registration and documentation in the state
- To enable the MSMEs for the easy access of this portal in up-scaling of their business
- Foster collaboration and networking among MSMEs, promoting knowledge sharing and partnerships
- Facilitate access to government schemes, incentives, and financial assistance
- Enable MSMEs to showcase their products and services, expanding their market reach
- Enhance the overall growth and sustainability of MSMEs
- Easily Data Retrieve for Analysis of MSME Sector
- All Capacity building record keeping example-trainer, trainee, and Stake holders
- Quickly resolved grievance issue

Why Integrated Portal Required

Presently, we have a centralized portal at the national level for monitoring of MSMEs (Micro, Small, and Medium Enterprises). While monitoring MSMEs through a portal at the central level has its advantages, there are also some challenges associated with this approach. We need a portal in at the state level because it is very necessary to ensure the accuracy and completeness of data submitted by MSMEs, which is presently very challenging on the central portal. It takes long time in data consolidation and verification. Simultaneously, data quality issues are also a major concern for the state due to scattered data information. MSMEs operate in diverse sectors and have different reporting requirements based on their activities. Achieving data standardization and harmonization across various industries and regions is complex. Different states or sectors use different terminologies, classifications, or data formats, the current data management system making it challenging to consolidate and analyze data consistently. There are several reasons why we need a state level integrated portal.

Granular Data Analysis: State-level portals will allow a more detailed and localized analysis of MSME data. Different states may have unique characteristics, industries, and challenges. By having an integrated portal at the state level, policymakers and stakeholders will gain

insights into our specific industries trends, identify sector-specific issues, and formulate targeted strategies accordingly in Bihar.

Timely Decision-Making: MSMEs play a vital role in the economy, and their performance directly impacts employment, investment, and overall economic growth. By having a state-level portal, authorities can monitor MSME data in real-time, enabling prompt decision-making and timely interventions. It will allow for proactive measures to support struggling businesses, identify emerging opportunities, and address challenges specific to each state.

Local Stakeholder Engagement: State-level portal will provide an avenue for local stakeholders, such as industry associations, chambers of commerce, and financial institutions, to actively participate in monitoring and supporting the MSME sector. These stakeholders can contribute valuable insights, feedback, and assistance specific to their regions, enabling a more holistic approach to MSME development.

State-specific Policies and Incentives: MSME policies and incentives are often designed at the state level to cater to specific regional needs. An integrated state-level portal enables state governments to track the implementation and effectiveness of their policies accurately. It helps in assessing the impact of state-specific schemes, identifying gaps, and making necessary adjustments to ensure optimal outcomes.

State-level Monitoring and Evaluation: State governments are responsible for monitoring and evaluating the performance of MSMEs within their jurisdiction. A state-level portal will allow authorities to track key performance indicators, financial metrics, employment generation, and other relevant data. It facilitates the assessment of the effectiveness of state-level policies, identifies areas for improvement, and enables evidence-based decision-making at the local level.

Human Resource Management through HRMIS data: Portal will be designed for monitoring and supporting Human Resource of the departments, and therefore, it will include an HRMIS. HRMIS typically focuses on managing human resource-related data such as employee records, payroll, attendance, and performance management. While important for businesses it is also very much required to manage the district and state level employees of Department of Industries.

In nutshell, the portal will enhance the effectiveness of state-specific policies, enables localized data analysis and monitoring, fosters collaboration with local stakeholders, facilitates regional economic planning, and ensures better accessibility and engagement for MSMEs within the state. It will complement the centralized national portal by addressing the unique needs and characteristics of each state's MSME ecosystem, leading to more targeted and impactful support for the sector's growth and development.

At present, in Department of Industries, Bihar there is several separate portals exists and accessing them by anyone is difficult. Therefore, there is pressing need of a state managed integrated portal in Bihar.

Users of the integrated Portal

The specific users of an MSME portal can vary depending on the design, scope, and objectives of the portal. The below list represents some common users, but additional stakeholders may also be involved based on the unique characteristics and requirements of the MSME ecosystem in a particular region or country.

Stakeholders Users	Activities they can perform
MSME Owners/ Entrepreneurs	The primary users of the portal will be the owners or entrepreneurs of micro, small, and medium-sized enterprises. They would use the portal to access information, resources, and support services provided by the Department of Industries or other stakeholders and other line department of GoB. The portal will offer features such as registration assistance, access to financing options, business development resources, training programs, networking opportunities and most importantly grievance redressal. Similarly, the champion portal and TReDS will also be integrated on the portal.
Department of Industries and other Government Agencies	Various government agencies and departments responsible for MSME development and regulation would use the portal for monitoring, policy implementation, and data analysis. These agencies could include ministries or departments of industry and commerce, finance, labour, taxation and others. The portal helps them track MSME registrations, compliance, financial performance, employment generation, and other relevant metrics.
Financial Institutions	Banks, financial institutions, and lending agencies may use the portal to assess the creditworthiness of MSMEs, access their financial statements, and make informed lending decisions. The portal can provide transparency and

Stakeholders Users	Activities they can perform
	standardized data to financial institutions, facilitating easier evaluation of loan applications and reducing the information asymmetry between lenders and MSMEs.
Business Development Service Providers (Chartered Accountant, Consultant, Proposal developers, incubators, Funders, training institute and others)	The portal will have directory that attract service providers such as business consultants, incubators, accelerators, and training institutes. These entities can offer their services and expertise to MSMEs through the portal. They may provide guidance on business planning, marketing, technology adoption, export promotion, and other areas of business development.
Investors	Investors can browse through the portal to identify promising MSMEs in sectors of interest. The portal can provide detailed information about the MSMEs' products or services, financial performance, growth projections, and other relevant data that can assist investors in making informed investment decisions.
MSEFC Council	MSEFCs typically consist of representatives from MSEs, industry associations, banks, and other relevant stakeholders. They serve as an alternate dispute resolution mechanism to help resolve disputes in a timely and cost-effective manner. They can also use portal for redressal for issues related to delayed payments, non-payment, or other disputes with buyers or customers.

Services on Portal

Registration and Certification: Integrated portal will provide online registration services for new MSMEs. This will allow entrepreneurs to register their businesses and obtain the necessary certifications or licenses required to operate. The portal will facilitate the submission of required documents and provide updates on the status of the registration process. The Udyam Registration portal and other existing portal will integrate at one place.

Resource Library: The integrated portal will offer a range of information and resources to support MSMEs. This can include guidelines, handbooks, and toolkits on various aspects of starting and running a business. The portal will provide access to market research reports, industry trends, government policies, and sector-specific information. The resource library for MSMEs will be developed on the portal.

Financial Assistance and Access to Finance: MSMEs will have access for financial support to grow their businesses. The integrated portal will provide information about government

schemes, grants, subsidies, loans, and other financial assistance programs available for MSMEs. It will also facilitate the application process for these programs, connecting MSMEs with financial institutions and guiding them through the eligibility criteria and documentation requirements. The portal will also be linked with TReDS and other fintech platforms to address the issues related to delayed payments.

Networking and Collaboration: MSME portals will serve as platforms for networking and collaboration among MSMEs. This will offer features such as discussion forums, business directories, and matchmaking services to connect MSMEs with potential partners, suppliers, buyers, or investors. This will enable MSMEs to explore collaboration opportunities and expand their business networks inside and outside Bihar.

Training and Capacity Building: The Integrated portal will provide access to training programs, workshops, and skill development courses to enhance the capabilities of MSMEs. These training modules will cover topics such as entrepreneurship, marketing, financial management, technology adoption, and compliance with regulatory requirements and other.

Grievance Redressal: The portal will include mechanisms for addressing grievances or complaints faced by MSMEs. There would be a dedicated section for filing complaints related to delayed payments, non-compliance by buyers, or any other issues. The portal can facilitate the resolution process by directing complaints to the MSEFC and relevant authorities or agencies responsible for dispute resolution.

WhatsApp Chatbot service: WhatsApp chatbots will offer a convenient and interactive way for MSMEs to engage with their government department and other line departments to know the related services. Chatbots will send notifications, reminders, or alerts to users based on predefined triggers or events. This feature will be useful for sending order updates, payment reminders, service notifications, or personalized promotions.

Analytical dashboard: An analytical dashboard for reports related to MSMEs will provide actionable insights to support decision-making. It will help users identify trends, outliers, and areas requiring attention. This will empower stakeholders to make data-driven decisions to improve performance and address challenge.

GIS information: GIS will allow analyzing the geographical distribution and clustering of MSMEs. By mapping the locations of different businesses, the department of Industries and other line department can identify patterns, understand the proximity to customers and suppliers, and assess the potential for collaboration or competition.

Logical Architect of the integrated Portal

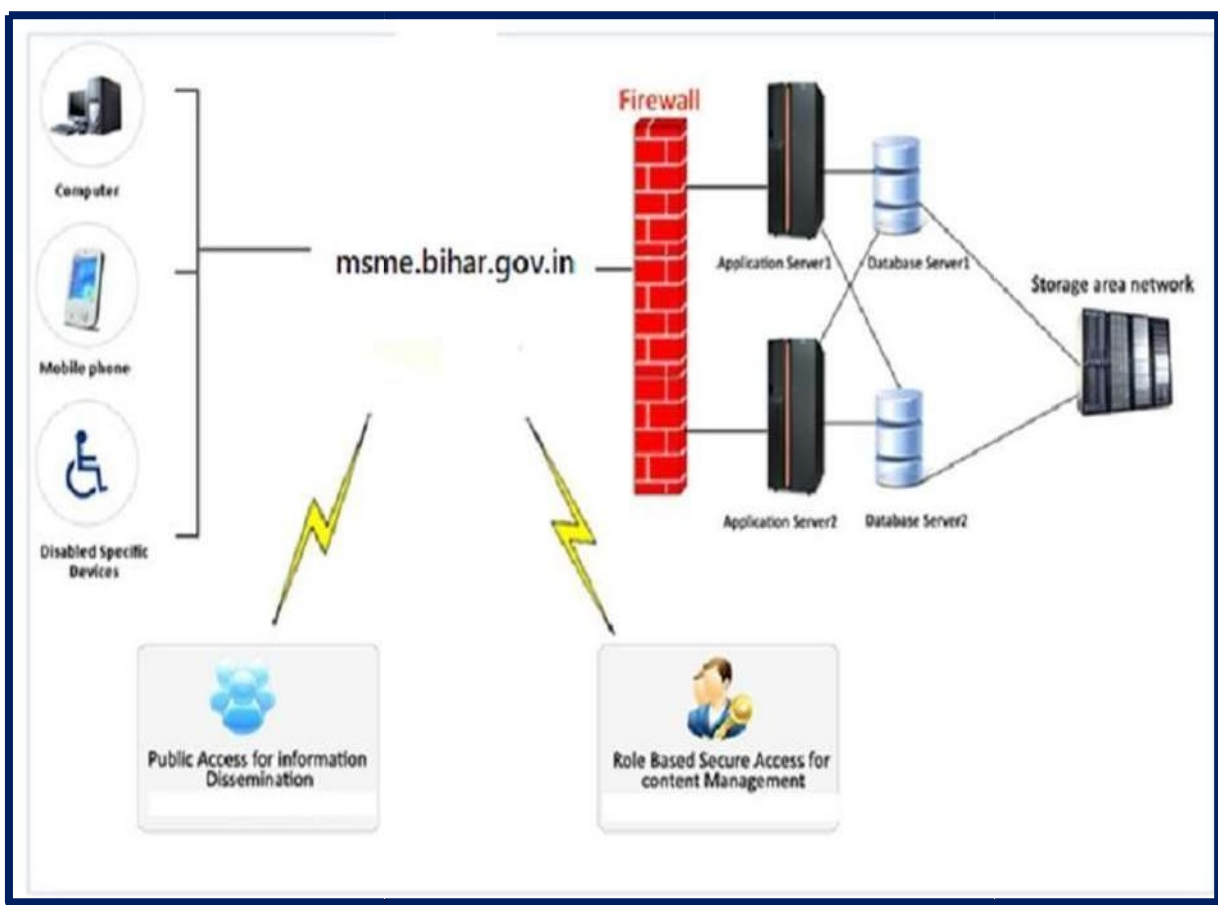


Figure 5.3.1 Logical Architect of the integrated Portal

Dashboard information flow

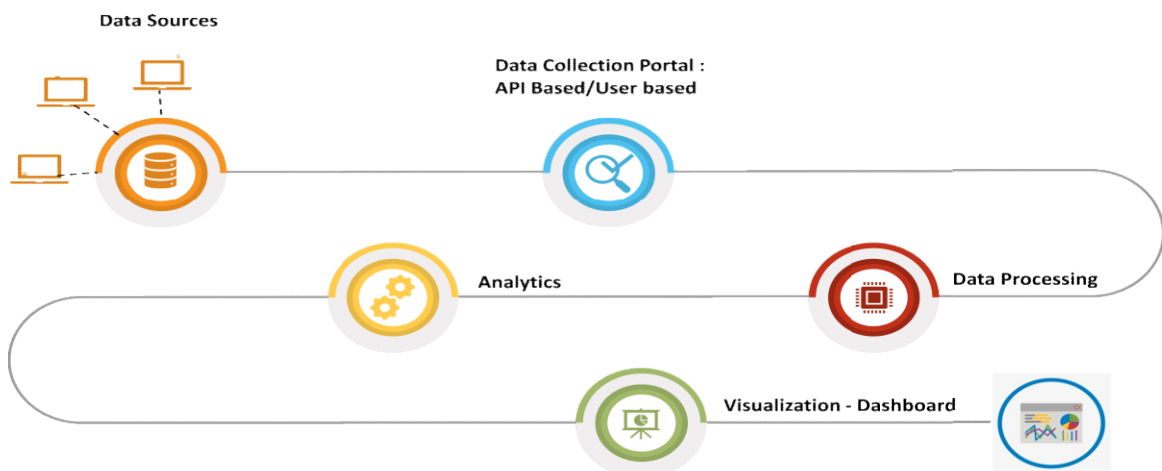


Figure 5.3.2 Dashboard information flow

Data Analytics Dashboard: Output

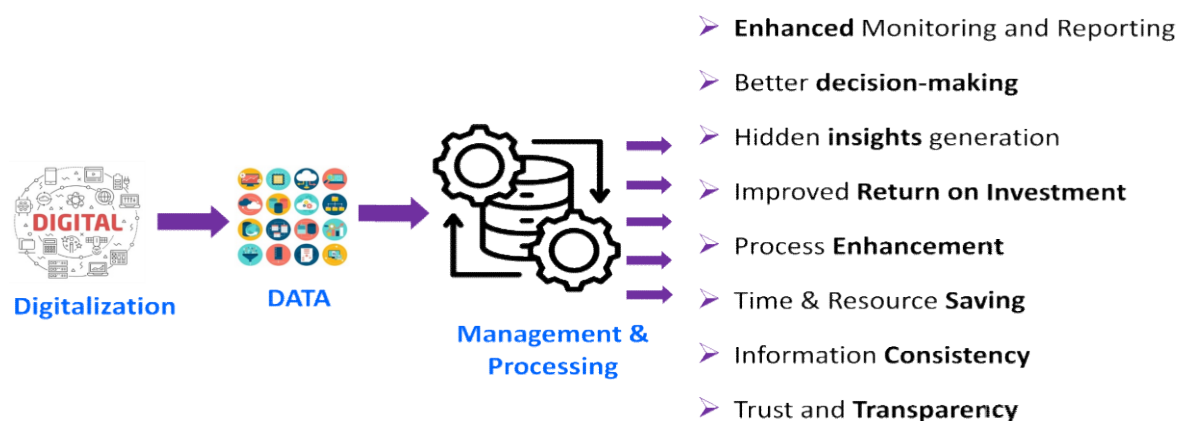


Figure 5.3.3 Data Analytics Dashboard: Output

Analytical Dashboard for MSME: integrated all state Scheme and Central Scheme. The Dashboard will integrate with the APIs of state and central government department's portals to fetch real-time information about schemes, beneficiary, grants, subsidies, and incentives etc for MSMEs. This will allow department of industry and line department stay updated on the latest and real time data and reports.

Registration form for all MSME Entry /Update/deletion Records: The Portal will be incorporating a user-friendly registration form that enables MSMEs to create their profiles and provide essential details such as business name, address, contact information, nature of business, employment details, etc

Scheme Eligibility Checker: The Portal will be including an eligibility checker that enables MSMEs to input their business details and determine which schemes they qualify for, both at the state and central levels

User Creation for all MSME and Update/deletion Records: The app will offer personalized user accounts for MSMEs and enable them to save their scheme preferences, track application history, and manage their records conveniently. User creation for District, Subdivision, Block, Panchayats and as per requirements.

Upload supporting documents for MSME Registration: MSMEs can upload supporting documents, such as business registration certificates, PAN card, Aadhar card, etc., directly through the app. This app will ensure smooth and secure document submission.

Award & Recognition features: Through the API integration, the relevant data will be collected automatically from various sources such as customer reviews, sales data, or performance metrics. This data can be used to evaluate and validate the eligibility of MSMEs for specific awards or recognition programs. The feature will enable us to identify top performers, track key indicators, and ensure that the evaluation criteria for awards or recognition are met.

Report and documentation: Several types of report will be collected for monitoring purpose. The report can be export in word formats as well. Similarly, it will be also available on the android mobile app through which

Geo tagging of MSME Unit: Some industries or government agencies require MSMEs to provide proof of location or document their activities in specific geographic areas. Geo- tagging can help MSMEs fulfill these compliance requirements by providing verifiable location information for their operations.

Job Module for MSME (Labor Pattern, Job Posting) - The data base will be integrated with line department data base and based on that state and investors will know about the workforce status.

Demand and Supply module (Raw Material, Manufacturing Products, Export/Import Analysis, and Sell Analysis): It will provide a quantitative and structured approach to understand the interplay between demand and supply forces in a market.

Directory for Exporter/Importer- It will provide a directory of verified suppliers, manufacturers, and exporters across various industries.

Sector wise training module: Integration service will facilitate the seamless connection and data exchange between the training module and other systems or modules within the integrated portal. For example, it will integrate with user management systems for authentication, HR systems for employee data, or performance management systems for tracking training effectiveness.

Regular update of MSMEs Data: The Regular data updating is crucial for ensuring the reliability and usefulness of MSME information on the portal. The logical architecture should encompass data collection, validation, storage, portal interface, update processes, integration,

communication, and compliance considerations to maintain an accurate and up-to-date database of MSMEs.

Communication via Email and SMS: It will include features such as composing emails, attaching files, and managing email queues for delivery. It may utilize standard email protocols (SMTP, IMAP) or APIs for sending and receiving emails. The app can send push notifications and email alerts to MSMEs about new scheme launches, application deadlines, status updates, and any other relevant announcements.

Credit Linkage Feature- The portal will have a user management system that will authenticate and authorize users, including MSMEs and financial institutions. This ensures secure access to credit linkage features and protects sensitive information. This portal will allow MSMEs to create and manage their profiles, including relevant information such as business details, financial statements, credit history, and collateral details. This information serves as the basis for credit assessment and linking with financial institutions.

Work flow of Learning Management System



Figure 5.3.4 Work flow of Learning Management System

- **Trainer Details Entry**
- **Add Subject Area, Modify Subject Area, Delete Subject Area**

Create a comprehensive course catalogue that lists all available training programs, workshops, and courses offered by the organization or training institution. Include detailed descriptions, objectives, prerequisites, and schedules

- **Training type Define (online, offline)**
- **Add venue details**
- **Training Calendar and Secluded**

Provide a visual training calendar that displays all upcoming training sessions, workshops, and events. Allow trainers and trainees to view and manage their schedules effectively

- **Attendance Marking**
- **Certificate Generation and Feedback from Entry**

Incorporate assessment tools and quizzes to evaluate trainees' understanding and knowledge retention. Upon successful completion, issue digital certificates or badges

- **Document Repository**

Offer a repository of training materials, documents, presentations, and videos related to different courses. This helps trainee's access additional learning resources

- **Communication Via Email and SMS**

Facilitate communication between trainers and trainees through in-app messaging. Send notifications for course updates, schedule changes, and reminders.

- **Progress Reports and Analytics**

Generate detailed reports on trainees' performance, course completion rates, and overall training effectiveness. Provide analytics to assess the impact of training on individual and organizational development.

Work Flow Diagram for Human Resource Management System

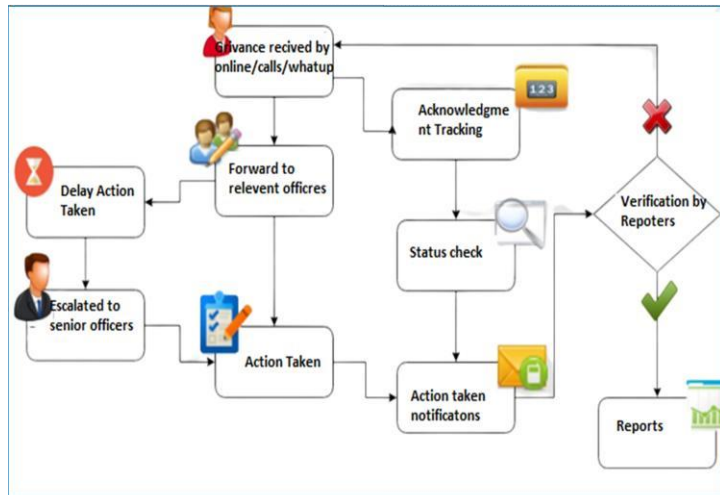


Figure 5.3.5 Work Flow Diagram for Human Resource Management System



Figure 5.3.6 Function of HRMS

Work Flow Diagram of Grievances Redressal Mechanism



- Apply Grievance
- Grievance Sources (Email, SMS, Chat, Call etc.)
- Multi label Escalation Matrix Feature
- Multi label user management System
- Grievance resolved in time frame
- Track Grievance
- Feedback feature
- Generate Report as per requirements
- Call Centre Setup
- The app includes a support section with FAQs, contact information for hiplines, and access to online help desks to assist MSMEs with any queries related to schemes or the app itself
- Notification Features
- Communication Via Email and SMS

Figure 5.3.7 Work Flow Diagram of Grievances Redressal Mechanism

Work Flow Diagram for data management

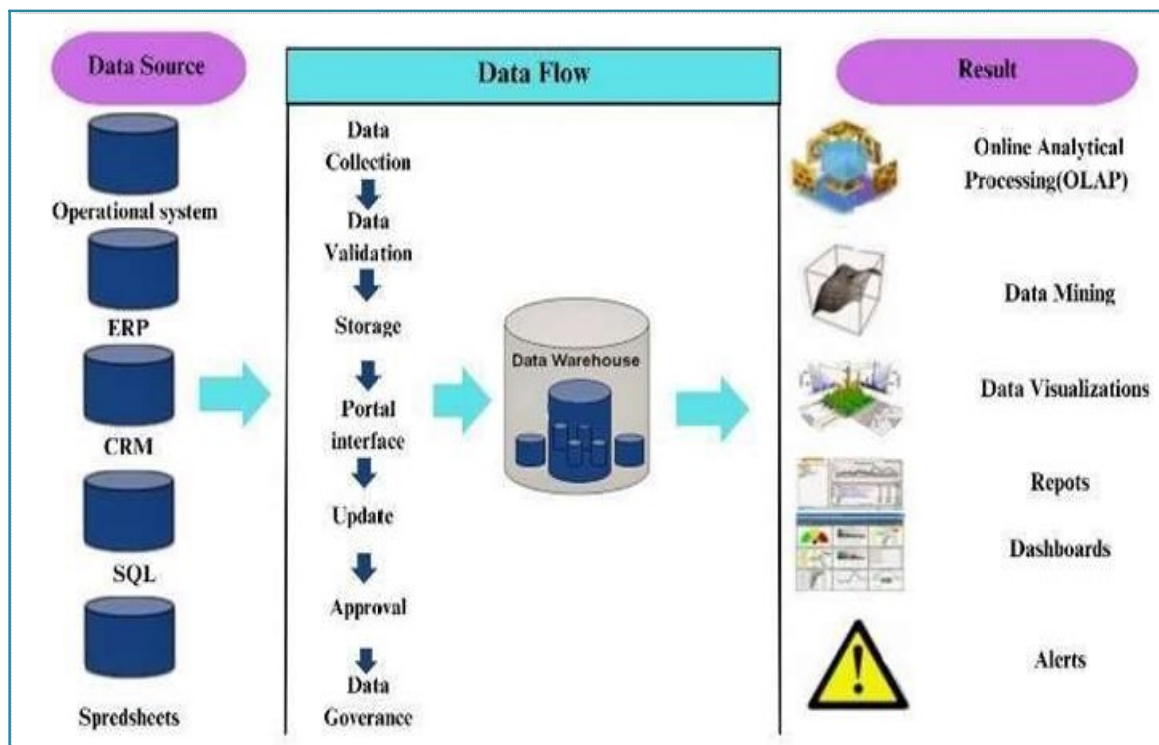


Figure 5.3.8 Work Flow Diagram for data management

Process Flow of Mobile Application



Figure 5.3.9 Process Flow of Mobile Application

Technology

- A. Front-end website will be developed using Adobe Photoshop, Corel Draw, Adobe Flash and Adobe Dreamweaver, Angular, HTML, etc.
- B. The backend engine will be developed using latest .NET framework and MS SQL Database Server.
- C. Portal will be hosted on latest Windows Server with IIS Web Server and SQLDatabase Server with proper security system.
- D. Mobile Application will be developed using Angular or Flutter or Xamarin. Hybrid Mobile Application will be developed compatible to IOS and Android platform.
- E. Application should be bilingual, responsive, user friendly and browser compatibility.

Implementation strategy

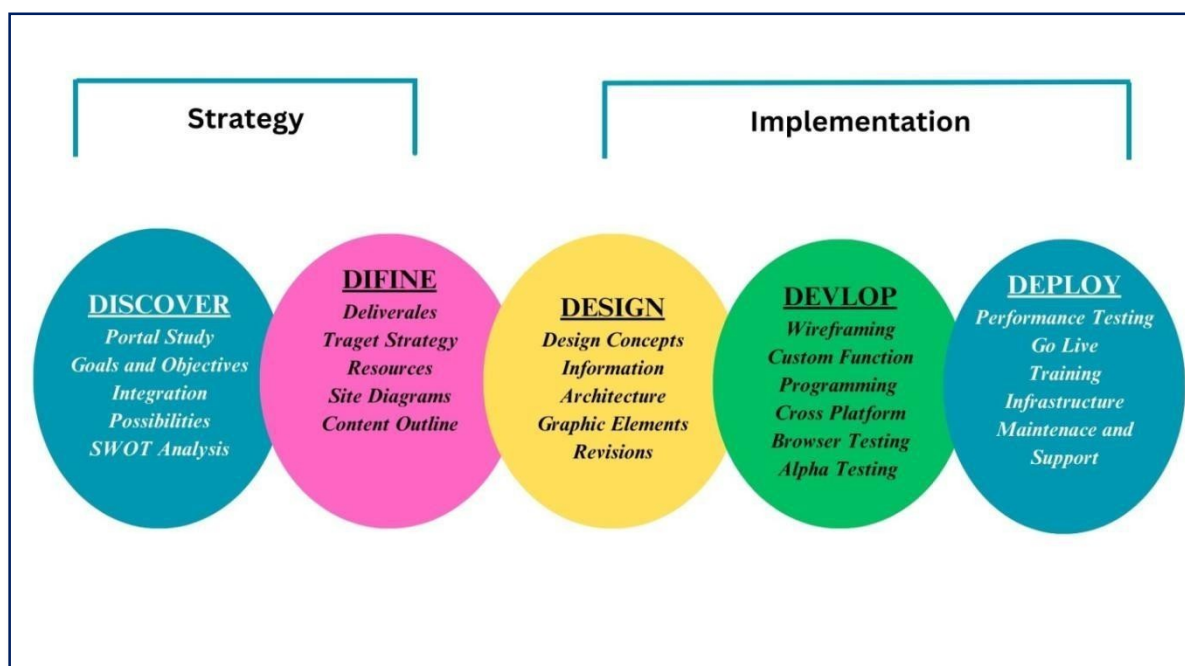


Figure 5.3.10 Implementation strategy

Engagement of Agency: For development, Implementation and maintenance of this integrated portal an expert agency will be engaged by the Udyog Mitra (Nodal agency for implementation of RAMP). The criteria for selection will be further developed by the Department of Industries/Udyog Mitra however the selection will be done through standard procurement norms.

Development and Design of Portal and Mobile App: Agency will design the user interface and user experience (UI/UX) to ensure an intuitive and visually appealing portal and mobile app. They will Implement the integration points with other systems, ensuring data flows smoothly between them.

Engagement of agency for Content Creation: An agency will be engaged through standard procurement norms for creating the content that will populate the portal. They will ensure that the content is relevant, up-to-date, and aligned with the objectives of the portal. Further the project will hire content and communication manager for regular update of content and management of the communication on regular basis.

Testing and Quality Assurance: The project will conduct rigorous testing to ensure the portal functions as intended. We will perform functionality testing, usability testing, compatibility testing, and security testing to identify and fix any bugs or issues. It will also test the integrations with other systems to verify data consistency and accuracy.

Training of users and users' acceptance testing: The project will involve key stakeholders and end users in the training and UAT phase, also it will gather feedback and make necessary adjustments to address any usability concerns or functional requirements that may have been missed during development.

Deployment and Infrastructure set up (Analytical cell): The project will create an analytical cell in the Udyog Mitra. It will consist the team of IT manager (1 Position), Content Manager (1 Position), Communication Manager (1 Position) and data entry operators (12 Positions). In the analytical cell, the basic infrastructure will be developed and it will be ensured that the necessary hardware, software, and network requirements are met.

Maintenance and Support: A maintenance plan will be developed by the agency to ensure the portal's ongoing performance, security, and functionality. Simultaneously, regularly monitoring of the portal for issues will be done to apply necessary updates and patches. The agency will provide technical support to users and promptly address any reported problem.

Monitoring of integrated Portal

Monitoring an integrated portal at the Industries Department in Bihar would involve overseeing its performance, usage, and data management. The project will define Key performance indicators of human resource who will be engaged for real time monitoring of the portal. The Monitoring of the integrated portal will involve following activities

- *Website analytics*
- *Server monitoring*
- *Database monitoring*
- *Application performance monitoring*

Similarly, the it will ensure data quality controls and validation processes to identify and rectify any inconsistencies or errors. Regularly audit and validation of the data sources will be done to maintain data integrity.

Table 5.3.1 Gantt chart/Timeline

Activities	Year 1	Year 2	Year 3	Year 4
Engagement of Agency				
Development and Design of Portal and Mobile App				
Engagement of agency for Content Creation				
Testing and Quality Assurance				
Training of users and users' acceptance testing:				
Deployment and Infrastructure set up (Analytical cell)				
Hiring of Human Resource/Agency				
Maintenance and Support by Agency				

Proposed Outcome

Increased Access to Information: The integrated platform would serve as a comprehensive repository of all assistance and resources available to MSMEs in Bihar. It would provide detailed information about government schemes, policies, subsidies, incentives, and support programs specifically tailored for MSMEs. Additionally, it can include information about non-governmental resources such as industry associations, financial institutions, training programs, and mentorship opportunities. By centralizing this information, MSMEs would have easy access to a wealth of resources that can help them thrive and grow.

Simplified Application Process: The platform can streamline the application process for various government schemes and programs. It can provide online application forms, step-by-step guidelines, and document checklists, making it easier for MSMEs to apply for support. This simplification can save time and effort for MSME owners and increase the likelihood of successfully accessing government assistance.

Data-driven Decision Making: An integrated platform can collect and analyze data on MSMEs in Bihar, including their challenges, needs, and successes. By aggregating this data, policymakers, investors and government agencies can gain insights into the MSME ecosystem, identify trends, and make data-driven decisions to further support and strengthen

the sector. This can result in targeted interventions and policy changes that better align with the needs of MSMEs.

Streamlined Workflows of Department of Industries: By integrating different systems and applications, an integrated portal can streamline workflows and processes of Government Department. They can perform tasks more efficiently and effectively, reducing manual effort and time spent on redundant or repetitive tasks. This streamlined workflow can enhance overall operational efficiency and productivity of the MSMEs sector.

Improved Data Accuracy, visibility and Consistency: The portal will facilitate the exchange of data between different applications in a controlled and standardized manner. This will help to ensure data accuracy, visibility and consistency across various systems, reducing errors and data duplication. Having reliable and up-to-date information leads to better decision-making and reporting.

Data Insights and Analytics: The portal will capture and analyze data from various integrated systems, it will provide valuable insights and analytics. The concerned department, investors can gain a holistic view.

PROJECT PROPOSAL - 4

**ESTABLISHMENT OF MSME KENDRA –
ONE STOP CENTRE FOR FACILITATING
MSMEs**

Project Title: Establishment of MSME Kendra – One Stop Centre for Facilitating MSMEs

Contents	Page No
Project Snapshot	197
Background of the Project	198
MSME Industry	198
MSMEs In Bihar	199
Micro, Small & Medium Enterprise Development & Facilitation office (MSME-DFO)	199
Initiatives of MSME Department of Bihar	202
Challenges of MSME in Bihar	204
Purpose & Objectives	206
Logical Framework Analysis For Establishing the MSME Mitra Kendra in Bihar	211
Key components of MSME Kendra	213
Timeline, Budget and sustainability of the Project	215
Budget and Financing	215
Timeline of the Project	216
Sustainability: Risk and Mitigation	217
Outcomes of the Project	219

PROJECT SNAPSHOT

Title of Proposal	Establishment of MSME Kendra
Objective	The project is aimed to establish MSME Mitra Kendra in each district of Bihar. These Kendra will act as one stop Centre providing comprehensive support and assistance to Micro, Small, and Medium Enterprises (MSMEs) in Bihar, thereby promoting their growth and contributing to the overall development of the state.
Department	Department of Industries, Government of Bihar
Nodal agency	Udyog Mitra
Beneficiary	50,00,000 MSMEs and upcoming entrepreneurs in all 38 Districts of Bihar
Expected Outcome	The MSME Kendra will be highly beneficial for small businesses in the state. This will simplify bureaucratic procedures and reduce the time taken for various approvals and clearances, allowing businesses to focus more on their core operations. It will provide networking opportunities, access to credit and market linkages. The MSME Kendra will also promote entrepreneurship in the state and will contribute in job creation.

BACKGROUND OF THE PROJECT

The Department of Industries in Bihar is responsible for promoting industrial development in the state. Some of the key functions of the department include:

- Granting approvals and clearances for setting up new industries and expansion of existing ones.
- Providing incentives and subsidies to promote industrial development in the state.
- Developing infrastructure facilities like industrial parks, estates and townships.
- Creating an enabling environment for entrepreneurship and innovation.
- Facilitating technology transfer, skill development and capacity building.
- Promoting exports and attracting investments.
- Providing financial assistance and other support services to small, medium and micro enterprises (MSMEs).

The department offers various schemes and initiatives for investors and entrepreneurs, such as the Bihar Industrial Investment Promotion Policy, 2016, the Start-Up Policy, 2017 and the MSME Policy, 2016. It also operates through various agencies that work towards promoting industrial growth in the state including Bihar Industrial Area Development Authority (BIADA), institutions like Bihar Rural Industries Development Council (BRIDCUL), and Bihar State Financial Corporation (BSFC).

MSME Industry

The MSME sector in India has grown rapidly over the past few decades and has become an important part of the economy. It contributes significantly to the country's economic and social development by promoting entrepreneurship and creating many job opportunities at a lower cost compared to other industries, except agriculture. MSMEs work alongside larger industries as supporting units and play a crucial role in the inclusive development of the country's industries. They operate in various sectors, producing a wide range of products and services to meet the needs of both domestic and global markets

MSMEs in Bihar

In the early 2000s, the MSME sector was at a very nascent stage in Bihar and needed much more aid than just finance but the industry has been gradually growing and contributing to the state's economy. Today Bihar has a significant number of MSMEs spread across various sectors such as textiles, handicrafts, agriculture-based industries, food processing, engineering, and more. Bihar is the 6th State in terms of the highest number of Microindustries operating in the State. The state government has been taking initiatives to promote and support the growth of MSMEs, recognizing their potential for employment generation and economic development.

Table 5.4.1 Comparative distribution of top ten states of India in number of MSMEs

State/UT	NSS 73rd round*		Fourth All India Census of MSME and Fifth Economic Census**	
	Number (In Lakh)	Share (%)	Number (In Lakh)	Share (%)
Uttar Pradesh	89.99	14	44.03	12
West Bengal	88.67	14	34.64	10
Tamil Nadu	49.48	8	33.13	9
Maharashtra	47.78	8	30.63	8
Karnataka	38.34	6	20.19	6
Bihar	34.46	5	14.70	4
Andhra Pradesh***	33.87	5	25.96	7
Gujarat	33.16	5	21.78	6
Rajasthan	26.87	4	16.64	5
Madhya Pradesh	26.74	4	19.33	5
Total of above ten States	469.4	74	261.04	72
Other State/UTs	164.5	26	100.72	28
All	633.9	100	361.76	100
*NSS 73 rd Round, 2015-16, ** Fourth All India Census of MSME, 2006-07 (Unregistered sector) and Fifth Economic Census, ***Including Telangana in Fourth All India Census of MSME				

Micro, Small & Medium Enterprises Development & Facilitation Office (MSME-DFO)

Micro, Small & Medium Enterprises Development & Facilitation Office (MSME-DFO) (formerly known as Micro, Small & Medium Enterprises Development Institute), Patna, a field office of Development Commissioner (Micro, Small & Medium Enterprises) under the

Ministry of Micro, Small & Medium Enterprises (MSME) is the nodal office for the State of Bihar having another office located at Muzaffarpur. It is responsible for the development and promotion of Micro, Small & Medium Enterprises (MSMEs) in the state. It formulates policies, implements programs, and provides support services to enhance the growth and competitiveness of MSMEs in Bihar. The department works towards creating a conducive business environment, facilitating access to finance, promoting skill development, encouraging technology adoption, and fostering entrepreneurship in the MSME sector. The department also plays a key role in coordinating and implementing central government schemes and initiatives targeted at the MSME sector.

Bihar has a diverse industrial landscape with significant potential for MSME growth. The state is rich in natural resources and has strengths in sectors such as agriculture, food processing, textiles, leather, handicrafts, engineering, and renewable energy. In recent years, for the growth of industries, the government has facilitated continuous investor meetings in the state. The government of Bihar has also brought up new start-up policies that envision achieving 15% industrial growth rate per annum and designing high-end infrastructure facilities to attract investments in the state. Following are some important decisions taken by the Government of Bihar to accelerate the MSME sector in Bihar:

Infrastructure Support: The State Government has been providing necessary infrastructure support to start-ups. This includes setting up incubation centres, co-working spaces, and innovation hubs across the state. These facilities offer start-up-friendly amenities, networking opportunities, and access to mentorship and guidance. The Government of Bihar has been favouring small and medium-sized businesses (SME) because of their lower land requirements and higher labour absorption rates per unit of capital and energy. Besides, in Bihar, the emphasis is being given on industrial cluster development. The BIADA is responsible for promoting and assisting the rapid development of industries and industrial development in the state.

Introduced new policies: The government of Bihar has adopted a pro-active approach to attract investors and recently has formulated/amended several policies such as

- Industrial Investment Promotion Policy 2016
- Bihar Start-Up Policy, 2017

- Special land allotment and amnesty policy 2020
- Bihar Start-up Policy 2017
- Bihar Agri Investment Policy 2020
- Information and communication technology (ICT) Policy 2011
- Policy for a joint venture with state public sector enterprises 2020 and others

Besides, the State Government has been actively implementing various measures to support and promote MSMEs, including outreach programs at the district level. Some of the initiatives and strategies employed by the government are as follows:

Skill Development and Training: Skill development and training programs are conducted at the district level to enhance the capabilities of the MSME workforce. These programs aim to improve technical skills, entrepreneurship abilities, and managerial expertise, enabling MSMEs to operate more efficiently. The program is being conducted with the support of the Bihar Skill Development Mission.

Entrepreneurship Development Programs: The government organizes entrepreneurship development programs and workshops at the district level to foster a culture of innovation and encourage new business ventures. These programs provide aspiring entrepreneurs with knowledge, guidance, and mentorship to help them establish and grow their enterprises.

Although Bihar is developing at a fast rate and has been a growth engine in the country in terms of growth in per capita income. Despite this, as per the RBI report of 2021, 95% of the industries in Bihar fall under the Micro Small and Medium Enterprises (MSMEs) category, of which, only 5% are exposed to banks. This has a direct impact on the economic contribution of these MSMEs in the State's economy. Despite having 34 lakh micro industries in the State and the dedicated effort of the State Department, there have been multiple challenges and issues faced by the MSME sector in Bihar. Some of these challenges include limited access to finance, inadequate infrastructure, lack of skilled labour, technological constraints, and a complex regulatory environment. These factors have impacted the growth and competitiveness of MSMEs in the state.

As the Ministry of Micro, Small & Medium Enterprises (M/o MSME) is promoting and aiming to support the growth and development of the MSME sector, including Khadi, Village,

and Coir Industries, the Bihar State government is also seeking to work proactively with them to provide assistance to Bihar's existing enterprises, promote the adoption of advanced technologies, and encourage the establishment of new businesses across the state.

Initiatives of MSME Department of Bihar

The Bihar State Government has taken several schemes and initiatives to promote Micro, Small, and Medium Enterprises (MSMEs) in the state. Some of these initiatives include:

Bihar Industrial Investment Promotion Policy 2016:

This policy provides a range of incentives to attract investments in the state, including MSMEs. The incentives such as capital subsidies and interest subsidies reduce the financial burden on MSMEs, making it more attractive for them to set up operations in Bihar. The policy also aims to improve the ease of doing business by simplifying administrative procedures and providing a conducive business environment. These measures have contributed to an increase in MSME investments and the overall growth of the sector in Bihar.

Bihar Start-up Policy 2017:

The Start-up Policy focuses on fostering a favourable ecosystem for start-ups, including those in the MSME sector. By providing financial assistance, incubation support, mentorship, and networking opportunities, the policy has encouraged entrepreneurship and innovation in Bihar. Start-ups have emerged across various sectors, contributing to job creation, economic growth, and the overall development of MSMEs in the State.

Credit Guarantee Scheme:

The Credit Guarantee Scheme helps MSMEs access loans without the need for collateral or third-party guarantees. This reduces the risk for financial institutions and encourages them to provide credit to MSMEs. By facilitating easier access to finance, the scheme has enabled MSMEs in Bihar to invest in expansion, technology up gradation, and working capital, leading to their growth and development.

Skill Development Programs:

Skill development programs have played a crucial role in enhancing the employability and entrepreneurship skills of individuals in Bihar. By providing training in various trades and

sectors, these programs have created a skilled workforce that is essential for the growth of MSMEs. Skilled individuals are better equipped to start their own ventures or contribute effectively to existing MSMEs, thereby boosting the sector's growth and productivity.

Bihar Industrial Infrastructure Development Corporation (BIIDC):

BIIDC focuses on developing industrial infrastructure, including industrial estates, parks, and clusters, with proper amenities and connectivity. The availability of well-planned industrial infrastructure has attracted MSMEs to set up operations in Bihar. It has provided a conducive environment for MSMEs to flourish, reducing logistical challenges and improving productivity.

Bihar MSME Development Institute (MSME-DI):

MSME-DI offers a range of support services to MSMEs in Bihar. These services include technical assistance, training programs, market research, and consultancy services. By availing these services, MSMEs can enhance their operational efficiency, improve product quality, explore new markets, and expand their businesses. The MSME-DI acts as a catalyst for MSME growth by providing the necessary guidance and support.

Single Window Clearance System:

The Single Window Clearance System simplifies the approval process for setting up MSMEs by providing a centralized platform for obtaining various clearances and licenses. This has significantly reduced bureaucratic hurdles and saved time and effort for MSME entrepreneurs. The streamlined process has encouraged more entrepreneurs to start MSMEs in Bihar and has facilitated the ease of doing business, thereby fostering the growth of the sector.

Vendor Development Programs:

Vendor development programs connect MSMEs with larger industries and government procurement agencies. These programs help MSMEs establish business linkages and collaborations, enabling them to become suppliers or service providers to larger entities. Such partnerships provide opportunities for MSMEs to expand their customer base, increase sales, and access new markets. By facilitating these connections, the programs have supported the growth and sustainability of MSMEs in Bihar.

Export Promotion Initiatives:

The export promotion initiatives by the Bihar government have aimed to encourage MSMEs to explore international markets. By supporting their participation in trade fairs, exhibitions, and buyer-seller meets, these initiatives have created avenues for MSMEs to showcase their products and connect with potential overseas buyers. This has opened up new export opportunities for MSMEs in Bihar, contributing to their growth and expanding their reach beyond domestic markets.

Industrial Training Institutes (ITIs):

The focus on strengthening the ITI ecosystem in Bihar has helped in imparting vocational training and skills to individuals. This has created a pool of skilled workers who can meet the demand of the MSME sector. ITIs provide training in various trades, aligning with the specific skill requirements of MSMEs. The availability of skilled manpower has positively influenced the growth and productivity of MSMEs in Bihar.

While the mentioned initiatives have contributed to the growth of MSMEs in Bihar, it is important to note that the overall growth of MSMEs in India is influenced by a multitude of factors, including national-level policies, economic conditions, market dynamics, and access to finance and technology. The initiatives in Bihar have certainly played a role in creating a supportive ecosystem for MSMEs and have contributed to the sector's growth and development in the state.

Challenges of MSME in Bihar

The present mode of interaction of the MSME department of the Bihar State Government with concerned enterprises and entrepreneurs faces the following challenges:

Lack of Awareness and Outreach:

One of the major challenges with the Udyam scheme is the lack of adequate awareness and outreach efforts. Many MSMEs, especially those in remote areas or belonging to marginalized communities, are unaware of the benefits and procedures under the scheme. There is a need for an extensive awareness campaign to ensure maximum participation and utilization of the scheme.

Simplification of Registration Process:

While the Udyam registration process has been simplified compared to the earlier Udyog Aadhaar registration, there is still room for further simplification. The registration process can be complex and time-consuming for small business owners who may not have the resources or technical knowledge to navigate the online registration portal. Streamlining the process and making it more user-friendly would encourage more MSMEs to register and avail the benefits.

Access to Credit and Finance:

Access to credit and finance continues to be a significant challenge for MSMEs. Although the Udyam scheme aims to address this issue by facilitating easier loan availability and collateral-free credit, there is a need for better coordination between the Udyam portal and financial institutions. Simplifying the loan application process, ensuring timely disbursement of funds, and expanding the reach of credit facilities to remote areas are crucial steps to bridge this gap.

Skill Development and Training:

MSMEs often face skill gaps and a lack of technical knowledge, limiting their ability to adapt to changing market dynamics and technological advancements. While the Udyam scheme focuses on capacity building, there is a need for more comprehensive skill development programs tailored to the specific needs of MSMEs. Collaborating with training institutes, industry associations, and technology providers can help in delivering targeted training programs.

Infrastructure and Logistics:

Inadequate infrastructure, including transportation, power supply, and logistics, poses challenges for MSMEs. Enhancing infrastructure facilities in industrial clusters and ensuring reliable connectivity would significantly benefit MSMEs, enabling them to operate efficiently and access larger markets.

Limited Availability of Entrepreneurship Development Programs:

Entrepreneurship Development Programs (EDPs) are instrumental in equipping MSME entrepreneurs with the necessary skills, knowledge, and mindset for success. However, in

Bihar, the availability and accessibility of EDPs tailored specifically for MSMEs are limited. This poses a significant institutional limitation as entrepreneurs may not have access to relevant training on financial literacy, digital literacy, marketing strategies, and technological advancements. The limited exposure to entrepreneurship development hampers the ability of MSMEs to innovate, scale their businesses, and compete effectively.

In addition to the above-mentioned broader challenges of the industry, many Micro, Small & Medium Enterprises and entrepreneurs are not able to realize the benefits of schemes simply because they are not conversant with the relevant Acts and rules, compliances, application forms, and the location of government offices to submit the applications for approvals certificates and licenses to start enterprises or to avail government incentives. Entrepreneurs are required to visit various offices to enquire, consult, and finally submit applications. Apart from running around, they often become victims of unscrupulous middlemen. Even after all this, more visits were required to be made to follow up and finally collect certificates or licenses. This remained one of the biggest challenges, a de-motivating factor and a disincentive for entrepreneurs who want to start new ventures, diversify or expand.

To overcome this challenge, the MSME Department of Bihar intends to launch the concept of MSME Kendra in each of the 38 districts of Bihar under the convergence of the RAMP Scheme; a Central Sector Scheme and the MSME- Department of Bihar State government.

OBJECTIVES AND SCOPE OF THE PROJECT

Purpose & Objective

The purpose of this proposal is to outline the establishment of MSME Kendra in each District of Bihar, following the successful model of MSME Facilitation Centres implemented by the MSME department of States like Maharashtra, Gujarat, and West Bengal etc. The objective of the MSME Kendra is to provide comprehensive support and assistance to Micro, Small, and Medium Enterprises (MSMEs) in Bihar, thereby promoting their growth and contributing to the overall development of the state. The MSME Kendra will act as a One- Stop Solution Centre for all MSMEs.

By decentralizing resources, expertise, and information, we aim to streamline the processes involved in setting up and running an enterprise, reducing bureaucracy, and fostering an enabling environment for MSMEs to thrive.

Scope of Work in MSME Kendra

- **Simplifying Business Registration and Licensing:** The centre will provide a simplified and expedited process for business registration and obtaining necessary licenses and permits, reducing the administrative burden on MSMEs. The provision of additional human resources/agency is being proposed for this. Following are some of the priority Schemes which will be facilitated through these Kendra. The complete list of schemes is mentioned in the (Table 00)

Table 5.4.2 List of schemes for which MSME Kendra will be the facilitation centres at local level

Sl. No.	Name of the scheme/ program	Key activities	Benefits	Target beneficiaries
1	Udyami Mitra Portal	Improve accessibility of credits for the MSMEs	Brings transparency in the processing of loans by the banks.	All MSMEs
2	Udyog Aadhaar Memorandum	Replaces the filing of entrepreneurs' memorandum which states/ UTs	Improve ease of doing business	All MSMEs
3	SAMARTH		Free skill development programs 20% discounts on annual processing fee on NSIC's commercial schemes	Women entrepreneurs
4	MSME Innovation Scheme	Promote and support untapped creativity and promote adoption of the latest technologies in MSMEs. Improve intellectual property rights culture in India.	Financial assistance for ideas and procurement of plants & machines.	All MSMEs
5	MSME Sustainable (ZED) certification Scheme	To enable and facilitate MSMEs adopt Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED certification	Subsidy for MSMEs for certification	All MSMEs

- **Access to Information and advisory support:** A team of experienced professionals will be available at the centre to provide guidance, counselling, and information on

various aspects of starting and operating an MSME, including legal requirements, finance, marketing, and technical support. Simultaneously, awareness campaigns will be done on a regular basis to create awareness about the MSME Kendra and other Schemes of the sector. Different modes like IEC materials, newspapers, radio etc will be used to create awareness.

- **Finance and Funding Support:** Facilitating access to finance is crucial for MSMEs. The centre will collaborate with financial institutions, venture capitalists, and government schemes to provide guidance on accessing loans, grants, subsidies, and other financial resources. Dedicated human resources will be stationed at the Regional or District level; as the case may be for facilitating collaboration with financial institutions. Bihar MSME Department is working to map and analyse the demand and supply of financial assistance for MSMEs in the State. A digital platform may also be created to facilitate this collaboration.
- **Technology and Innovation Support:** The centre will stay updated with emerging technologies and assist MSMEs in adopting and integrating them into their operations, thereby enhancing productivity, efficiency, and competitiveness.
- **Market Development and Export Promotion:** The centre will facilitate market linkages, both domestic and international, by organizing trade fairs, buyer-seller meets, and networking events. Additionally, it will provide guidance on export procedures, regulations, and documentation to encourage MSMEs to explore global opportunities.
- **Grievance Redressal and policy advocacy:** The centre will act as a platform for MSMEs to voice their concerns, advocate for policy reforms, and address grievances, ensuring that the government remains responsive to their needs.
- **Capacity Building and Skill Development:** The centre will organize training programs, workshops, and seminars to enhance the entrepreneurial and technical skills of MSME owners and their employees, enabling them to adapt to evolving market demands and technological advancements. Training programs will be designed and curated at the State level in association with Development/Technical Knowledge Partner. Provision of Master Trainers in each District will also be ensured under MSME Kendra.

To summarize following are the broad objectives of the proposed MSME Kendra:

- To provide a single-window platform for MSMEs to access information, resources, and support services.
- To create awareness among enterprises and entrepreneurs about the provisions and scope of the industry
- To assist MSMEs in understanding and availing government schemes, incentives, and subsidies.
- To offer guidance and counselling services to aspiring and existing MSME entrepreneurs.
- To facilitate networking opportunities, collaborations, and partnerships among MSMEs.
- To organize skill development programs, workshops, and training sessions for capacity building.

Logical Framework Analysis for establishing the MSME Mitra Kendras in Bihar

Objective of the project

To create a dedicated centre to enable universal access to MSME schemes and services through information and communication technologies (ICTs).

Problem Analysis	Assumptions
Lack of awareness	A low number of MSMEs registered at online portals even though a lot of MSMEs are operational.
Lack of knowledge and accessibility to do MSME registration	Lack of digital infrastructure in registering units
Lack of dedicated unit at the district level to promote MSMEs through government channels	Limited outreach points of government
Ease of registration process	Low number of dedicated support channels and process facilitation staff

Goal:

To increase accessibility to government-led programs and schemes at the ground level and increase formalization of existing as well as new enterprises.

Goal Statement	Indicators	Means of Verification
Establish MSME Mitra Kendra	Number of MSME Kendra operationalized in the state	DIC
Promote accessibility to MSMEs	Number of MSMEs used e-portal	Number of new registrations
Increase satisfaction	Positive feedback of MSME and grievances being addressed	Testimonials and feedback at the portal
Simplifying Registration and Licensing		

Objectives:

Table 5.4.3 Key objectives of the project

Objective	Indicators	Means of Verification
To develop a comprehensive plan for the MSME Kendra	Completion of the project charter and scope statement	Project plan documentation
To set up MSME Kendra in each district of Bihar	Number of MSME Kendra established in the district	Physical inspection by GM-DIC
Hiring and deployment of a dedicated team in each district of Bihar	Number of recruits	Number of professionals joined their respective positions and their attendance

Activities:

Table 5.4.4 List of key activities for the project

Activity	Inputs	Outputs	Assumptions
Develop project charter and scope statement	Project team, designated budget, clear objectives	Documented Project charter and scope statement	Availability of stakeholders to provide inputs
To set up MSME Kendra	Finalize locations to establish MSME Kendra	Detailed operational plans	Availability of physical infrastructure
Hire and place recruits at each district	Design policies, budget and ToR for new recruits	Setup a district coordination unit for MSME	A good number of professionals available in the market
Training of staffs	Newly hired staff, training materials, time	Trained staff ready for operations	Successful completion of training
Set up MSME cell at State level	Dedicated team, physical and digital infrastructure, Hiring of services from partners	Smooth facilitation for monitoring and handholding of the project	Budget availability, interested third party for establishing a state level MSME Cell

Resources:

Table 5.4.5 List of resources required for the project

Resources	Inputs	Outputs	Assumptions
Physical infrastructure for establishing MSME Kendra	Availability of physical space in the district for opening up MSME Kendra	Improved accessibility to MSMEs	Physical space available at desired locations
Project team	Team members	Completed project deliverables	Team members able to work in collaboration efficiently
Budget	Funding of the project	Completed project deliverables within budget	Adequate funding to complete the project
Digital tools and equipment	Digital devices and software	Completed customer facilitation center	Availability of tools and equipment

Key Components of MSME Kendra

MSME Kendra in each District is proposed for four years till the FY 2026-2027. The MSME facilitation centres will consist of the following key components:

- **Infrastructure Establishment:** The MSME Kendra will be set up in the General Managers District Industrial Centre (GM DIC) office of the district concerned. In case of unavailability of space in the General Manager-District Industry Centre (GM- DIC), State MSME Department in consultation with the district administration will arrange office space for the setting up of MSME Kendra. The office space should be strategically chosen so as to be placed close to the MSME cluster of the district; if any.
- Equipping the existing GM DIC centres for proposed services or
- Rent a temporary office in the district equipped with office space, training halls, and necessary technology infrastructure to support the operations of the center.

b) Information Desk:

A dedicated desk to provide information, guidance, and support to MSMEs will be set up in each MSME Kendra which will act as the interaction point of the MSME department with the existing MSMEs and aspiring entrepreneurs of the region.

c) Human Resources/Agency:

Funding to be done under the RAMP scheme and gap funding will be done by the State MSME Department of Bihar

- **MSME cell - Project Manager:** For effective monitoring and support, a MSME cell will be set up at the state office led by Project Manager at the State headquarters will be responsible for the overall implementation of the intervention. He/she will be working under the guidance and direct leadership of the Director- MSME.
- **Centre Manager, credit manager and Young Professionals:** One Centre Manager and credit manager and two young Professionals will be stationed at each MSME Kendra. Young Professionals will be doing advisory and information dissemination work for the MSMEs of the region. Whereas Centre Manager will be responsible for the overall functioning and management of the MSME Kendra concerned.
- **MIS Manager and data operator** - Each MSME Kendra will be equipped with one MIS manager and one Data operator who will be responsible for facilitating representatives of MSMEs in filling forms and also doing all sorts of reporting for the MSME department
- **MSME Mitra** - Each MSME Kendra will have 4 MSME Mitra, who will be responsible for creating awareness among potential entrepreneurs and existing MSMEs about various government schemes, policies, and initiatives. They will be doing outreach activities on a regular basis disseminating information and educating individuals about the support available for starting, expanding, or improving their businesses. They will be doing hand-holding and facilitation to MSMEs in availing all possible support extended by the government under MSME. They may be provided by Tablet for their outreach activities in the region.
- **Business Incubation:** Provision of incubation facilities to nurture and support start-ups and innovative MSMEs. Centre Managers and Young Professionals with the help of Technical/Knowledge Partners will facilitate MSMEs in setting up their business.

d) Skill Development Center:

Conducting training programs and workshops to enhance the skills of MSME entrepreneurs and employees. Master trainers will be selected from the RAMP team for imparting the training on ERP platform.

e) Networking and Collaboration:

Organizing events/workshop/trade fairs, and interactive sessions to foster networking and collaborations among MSMEs.

f) Technology Support and Financial Assistance:

Facilitating access to technology tools, digital platforms, and e-commerce solutions for MSMEs through Technical/Knowledge Partners. Guidance on availing loans, credit facilities, and financial support for MSMEs. Centre Manager and Young Professionals will facilitate collaboration with industry associations, financial institutions, academic institutions, and other organizations to leverage their expertise, resources, and networks, thereby strengthening the support ecosystem for MSMEs.

TIMELINE, BUDGET AND SUSTAINABILITY OF THE PROJECT

Budget and Funding

The proposed budget for establishing and operating the MSME Kendra will be determined based on various factors such as infrastructure requirements, staffing, technology needs, and promotional activities. Funding for this project can be sought through a combination of government grants, corporate sponsorships, and public-private partnerships. Following are the broad budget heads for the activities involved in setting up of MSME Kendra

Table 5.4.6 Details of activities, implementation & fund for establishment of MSME Kendra

Major activity	Mode of implementation	Funding Source
Recruitment of Project Manager, Centre Manager, credit manager, MSME Mitra, YP, MIS Manager	State MSME department as per Standard recruitment process	RAMP Scheme
Office establishment materials for MSME Kendra	Through standard procurement norms	State MSME Dept.
Tablets for MSME Mitra for outreach and awareness activity	Through standard procurement norms	State MSME Dept.
Capacity Building activities for MSME Kendra staff and MSMEs/Entrepreneurs	As per State MSME Dept. in consultation with Technical Partners	RAMP Scheme
On boarding of Technical/ Knowledge Partners and Individual Experts	State MSME Dept. will empanel professional services (RFP)	RAMP Scheme
Development of ERP Platform , module of process flow and IEC materials etc.	As per State MSME Dept. in consultation with Technical Partners, Partners will be empaneled by RFP	RAMP team

Time line

Table 5.4.7 Timeline of the project

Task Name	Start Date	End Date	Duration
Project Planning and approval	August'23	September' 23	
Set up MSME cell	December' 23	January'24	
Hiring professionals	December' 23	January'24	
Establishing MSME Mitra Kendra	February'24	March'24	
Training	March'24	April'24	
Marketing and Promotion	March'24	March'27	
Monitoring and Evaluation	September'23	March'27	

This chart represents each task required to establish MSME Mitra Kendra in each district of Bihar, along with its start and end date and its duration in days. The tasks are arranged in a logical order and show the expected timeline for the project's completion.

1. **Project Planning:** The first step is to plan the project in detail. This includes identifying all the tasks that need to be completed, creating a budget, identifying resources and forming a team for the project.
2. **Designing the project:** In this step, the design and layout of the MSME Kendra are developed. This includes the layout of the center, the equipment and resources required IT infrastructure, and any other physical aspects.
3. **Setting up MSME cell:** It will be formed under the chairpersonship of the director, MSME to monitor the progress of establishing MSME Mitra Kendra.
4. **Sourcing and Procuring Equipment:** After the design is completed, equipment and resources such as computers, printers, scanners, furniture, etc. are procured and installed.
5. **Training and placements:** Staff is recruited and trained on the use of technology and processing online requests. This includes training on the service delivery process, service level agreements, quality control, data protection legislation and regulations, privacy policies and procedures, and on communication with customers.
6. **Establishing MSME Mitra Kendra**
7. **Marketing and Promotion:** Marketing and advertising campaigns are designed and executed to generate awareness about the common service center, and to attract local MSMEs. **Monitoring and Evaluation:** This step is critical in ensuring that the service center remains efficient and effective over time. It involves monitoring performance metrics such as customer satisfaction, service quality, and response times consistently and regularly and identifying new needs and feedback within design, marketing, prices and service delivery parameters.

Sustainability: Risks and Mitigation

Setting up MSME Kendra in each district of Bihar can bring numerous benefits, but it is essential to consider and address potential risks. Following are some possible risks and mitigation steps associated with establishing MSME Kendra:

a) **Infrastructure Challenges:**

- **Risk:** Insufficient infrastructure, inadequate office space, and lack of necessary facilities may hinder the smooth functioning of MSME Kendra.
- **Mitigation:** A thorough assessment of infrastructure requirements will be conducted beforehand in each district to ensure adequate office space, utilities, and equipment are available. Proper communication channels will be established with local authorities to address any infrastructure gaps and necessary support will be extended by the State MSME Department for the establishment of Kendra.

b) **Resource Allocation:**

- **Risk:** Inadequate allocation of resources, such as human resources, technology, and financial support, may impact the effectiveness of MSME Kendra.
- **Mitigation:** A comprehensive resource allocation plan will be developed by the State MSME Department to ensure sufficient staffing, including skilled personnel, at each Kendra. Appropriate budgeting and process flow of funds will be defined for infrastructure development, technology implementation, and training programs. State MSME Department will be conducting regular reviews and assessments of resource utilization to ensure the optimal functioning of the Kendra. Empanelment of hiring agencies and technical partners may be done if required, which can reduce administrative time and will ensure timely service delivery to MSMEs.

c) **Lack of Awareness and Participation:**

- **Risk:** Limited awareness among MSMEs about the existence and services offered by the Kendra may result in underutilization or non-participation.
- **Mitigation:** Extensive awareness campaigns will be conducted by the State MSME Department to educate MSMEs about the Kendra and the benefits they offer. Various communication channels, including digital platforms, local radio channels, local newspapers, workshops, seminars, and industry-specific events, will be explored to reach out to MSMEs and create awareness about the services and support available. Collaboration with local industry associations and organizations will also be done to enhance outreach and participation.

d) Operational Bottlenecks:

- **Risk:** lengthy processes, bureaucratic hurdles, and delays in service delivery may impede the smooth operation of MSME Kendra.
- **Mitigation:** Streamline processes and clear guidelines will be issued for the implementation of the intervention to ensure efficient and timely assistance to MSMEs. Technology-driven solutions, such as online portals and application systems, and tablets for field officials will be provided to automate and expedite various processes. Regular training programs for MSME Kendra staff to enhance their knowledge, skills, and customer service capabilities will be conducted in association with already empaneled Knowledge/Technical partners. A dedicated State Cell will also be set up to ensure the proper functioning of the MSME Kendra.

e) Sustainability:

- **Risk:** Ensuring the long-term sustainability of MSME Kendra and their continued effectiveness in supporting MSMEs can be a challenge.
- **Mitigation:** The intervention is proposed for 4 years till FY 2026-27, funding provision to run the MSME Kendra will be provided by the State MSME Department till this period only. During this period, regular monitoring and performance evaluation of MSME Kendra will be done. Continuous feedback mechanisms will be established to monitor and improve the performance and coverage of MSME Kendra and to adapt the services offered by Kendra to cater to evolving requirements. Post 4 years, State MSME Department will decide the future course of action to run the MSME Kendra.

By identifying and addressing these potential risks through effective mitigation strategies, the establishment of MSME Kendra in each district of Bihar can be carried out in a manner that maximizes their impact and benefits for the MSME sector.

Outcomes

The MSME (Micro, Small, and Medium Enterprises) sector holds immense importance for Bihar and plays a vital role in the state's economic development. Prioritizing the MSME industries as the core sector in the State, Bihar will succeed in generating employment, both for skilled and unskilled workers, contributing to reduced unemployment rates and improved

livelihoods. This will also promote entrepreneurship, Innovation and Adaptability in the State. Bihar, with its entrepreneurial culture and aspiring youth, can leverage the MSME sector to encourage and nurture a vibrant start-up ecosystem, fostering innovation, productivity, and the urge to stay competitive in the dynamic business landscape.

Improved service delivery of state and central government schemes.

The growth of MSME will contribute to the growth of the manufacturing and service sectors, leading to increased production, export potential, revenue generation, and overall economic development of Bihar. Growth in the industry will also anchor regional development in Bihar by decentralizing economic activities. It will contribute to social development and inclusive growth and narrow socio-economic disparities.

Given these factors, promoting and creating awareness of the MSME sector, creating an enabling environment, providing targeted interventions, and establishing dedicated support mechanisms like **MSME Kendra** at the local level will further enhance the relevance and impact of the MSME sector in Bihar.

List of Schemes to be promoted and facilitated through MSME Kendra

- Udyam Registration
- MSME Dashboard
- Incubation Support
- MSME Samadhaan
- MSME Sambandh
- Credit Linked Capital Subsidy Scheme
- Cluster Development Programme
- Procurement and Marketing Support Scheme
- MSME-DI Training
- Intellectual Property Rights
- Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
- MSME Testing Centre
- International Cooperation
- Grievance Monitoring System

- MSME Data Bank
- Tool Rooms - SDMIS
- Zero Defect Zero Effect
- B2B Portal
- Credit Guarantee (CGTMSE)
- MSME Innovate (Design)
- Prime Minister Employment Generation Programme (PMEGP)
- A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)
- MSME Project Profiles
- National MSME Trainee Database
- Any other Central or State level Scheme concerning MSME and Entrepreneurs

PROJECT PROPOSAL - 5
PROVIDING CREDIT FINANCING
SUPPORT TO MSMEs IN BIHAR –
PERFORMANCE, CREDIT RATING AND
CREDIT GUARANTEE

Project Title: Providing Credit Financing Support to MSMEs in Bihar – Performance, Credit Rating and Credit Guarantee	
Content	Page No
Project Snapshot	222
Background of the Project proposal	223
MSME-DFO, Patna	225
Initiatives of MSME Department of Bihar	226
Challenges of MSME in Bihar	228
Credit Financing	230
Credit Guarantee	230
Performance and Credit Rating	230
Performance and Credit Rating Scheme for MSMEs	232
Constraints in coverage of Performance and Credit Rating	233
Sources of MSME Finance	235
Constraints in MSME finance	237
Role of CGTMSE in facilitating Institutional loans	238
Member Lending Institutions (MLIs)	240
Challenges of CGTMSE	240
Project Methodology	243
Part -1 Performance and Credit Rating for MSME	243
Part - 2 Credit Gap Financing for MSMEs	247
1.Purpose and Objective of the project - Bihar Credit Guarantee Scheme (BCGS)	247
2.Proposed Collaboration with the State Government of Bihar	248
3.Proposed Guarantee Coverage Structure	249
4.Guarantee by the Trust (CGTMSE)	250
5.Eligibility under the Scheme	250
6.Agreement to be executed by the lending institution	253
7.Responsibilities of lending institution	253
8.Responsibilities of administrative agency/implementing agency (CGTMSE)	254
9.Corporus building	255
Monitoring and Evaluation Mechanism	256
Risk and Mitigation	256
Performance Metrics	259
Monitoring and Evaluation Mechanism for BPCRS and BCRS	261
Expected impact of the Project	262
Sustainability of the Project	264

Project Snapshot

Title of Proposal	Providing Credit Financing support to MSMEs in Bihar – Performance & Credit Rating and Credit Guarantee
Objective	The proposed project's objective is to boost the growth and development of Bihar's Micro and Small Enterprises (MSMEs) by extending support in managing their creditworthiness and performance and enhancing access to finance through collaboration with CGTMSE. It aims to provide rating agencies 25% fees and lending agencies with 95% fund assurance, encouraging them to offer credit to MSEM's without substantial collateral.
Department	Department of Industries, Government of Bihar
Nodal agency	Udyog Mitra
Beneficiary	1. 5,000 MSMEs of Bihar (Credit Rating) 2. 1,25,000 registered MSMEs of the State (CGTMSE)
Outcome	The proposed support to ensure availability of Performance and Credit Rating at subsidized rate of 75% service fee being charged by Rating Agencies will enable MSMEs to actively manage their creditworthiness and performance thus enhancing their chances of success and growth in the market. Additionally, the enhanced coverage of 95% of the loan would improve the financial viability of loans giving more comfort to Member Lending Institutions and thus help the MSMEs to avail assistance from the Member Lending Institutions in a timely manner. This significant financial backing is estimated to create more jobs in the State and promote green field projects. New-to-bank MSME borrowers are also expected to benefit, fostering entrepreneurship and driving economic growth in the state.

Background of the Project proposal

The MSME sector in India has grown rapidly over the past few decades and has become an important part of the economy. It contributes significantly to the country's economic and social development by promoting entrepreneurship and creating many job opportunities at a lower cost compared to other industries, except agriculture. MSMEs work alongside larger industries as supporting units and play a crucial role in the inclusive development of the country's industries. They operate in various sectors, producing a wide range of products and services to meet the needs of both domestic and global markets.

In the early 2000s, the MSME sector was at a very nascent stage in Bihar and needed much more aid than just finance but the industry has been gradually growing and contributing to the state's economy. Today Bihar has a significant number of MSMEs spread across various sectors such as textiles, handicrafts, agro-based industries, food processing, engineering, and more. Bihar is the 6th State in terms of the highest number of Micro industries operating in the State. The state government has been taking initiatives to promote and support the growth of MSMEs, recognizing their potential for employment generation and economic development.

Table 5.5.1 Comparative distribution of top ten states

Sl No	State/UT	NSS 73 rd round*		Fourth All India Census of MSME and Fifth Economic Census**	
		Number (in lakh)	Share (%)	Number(in lakh)	Share (%)
1	Uttar Pradesh	89.99	14	44.03	12
2	West Bengal	88.67	14	34.64	10
3	Tamil Nadu	49.48	8	33.13	9
4	Maharashtra	47.78	8	30.63	8
5	Karnataka	38.34	6	20.19	6
6	Bihar	34.46	5	14.7	4
7	Andhra Pradesh	33.87	5	25.96	7
8	Gujarat	33.16	5	21.78	6
9	Rajasthan	26.87	4	16.64	5
10	Madhya Pradesh	26.74	4	19.33	5
11	Total of above ten states	469.4	74	261.04	72
12	Other States/Uts	164.5	26	100.72	28
13	All	633.9	100	361.76	100
NSS 73 Round, 2015-16, * Fourth All India Census of MSME, 2006-07 (Unregistered sector) and Fifth Economic; Census, *Including Telagana in Fourth All India Census of MSME					

Table 5.5.2 State wise distribution of estimated number of MSMEs/ Enterprises (No. in lakh)

Sl. No.	State/UT	Micro	Small	Medium	MSME
1	Uttar Pradesh	89.64	0.36	0	89.99
2	West Bengal	88.41	0.26	0.01	88.67
3	Tamil Nadu	49.27	0.21	0	49.48
4	Maharashtra	47.6	0.17	0	47.78
5	Karnataka	38.25	0.09	0	38.34
6	Bihar	34.41	0.04	0	34.46
7	Andhra Pradesh	33.74	0.13	0	33.87
8	Gujarat	32.67	0.5	0	33.16
9	Rajasthan	26.66	0.2	0.01	26.87
10	Madhya Pradesh	26.42	0.31	0.01	26.74
11	Telangana	25.94	0.1	0.01	26.05
12	Kerala	23.58	0.21	0	23.79
13	Odisha	19.8	0.04	0	19.84
14	Jharkhand	15.78	0.1	0	15.88
15	Punjab	14.56	0.09	0	14.65
Source: NSS 73rd Round, 2015-16					

MSME-DFO, Patna

Micro, Small & Medium Enterprises Development & Facilitation Office (MSME-DFO) (formerly known as Micro, Small & Medium Enterprises Development Institute), Patna, a field office of Development Commissioner (Micro, Small & Medium Enterprises) under the Ministry of Micro, Small & Medium Enterprises (MSME) is the nodal office for the State of Bihar having another office located at Muzaffarpur. It is responsible for the development and promotion of Micro, Small & Medium Enterprises (MSMEs) in the state. It formulates policies, implements programs, and provides support services to enhance the growth and competitiveness of MSMEs in Bihar. The department works towards creating a conducive business environment, facilitating access to finance, promoting skill development, encouraging technology adoption, and fostering entrepreneurship in the MSME sector. The department also plays a key role in coordinating and implementing central government schemes and initiatives targeted at the MSME sector.

Bihar, has a diverse industrial landscape with significant potential for MSME growth. The state is rich in natural resources and has strengths in sectors such as agriculture, food processing, textiles, leather, handicrafts, engineering, and renewable energy. Despite this, as per RBI report of 2021, 95% of the industries in Bihar fall under the Micro Small and Medium Enterprises (MSMEs) category, of which, only 5% are exposed to banks. This has a direct impact on the economic contribution of these MSMEs in the State's economy. Despite having 34 lakhs micro industries in the State and dedicated effort of the State department, there have been multiple challenges and issues faced by the MSME sector in Bihar. Some of these challenges include limited access to finance, inadequate infrastructure, lack of skilled labor, technological constraints, and a complex regulatory environment. These factors have impacted the growth and competitiveness of MSMEs in the state.

As the Ministry of Micro, Small & Medium Enterprises (M/o MSME) is promoting and aiming to support the growth and development of the MSME sector, including Khadi, Village, and Coir Industries, Bihar State government is also seeking to work proactively with them to provide assistance to Bihar's existing enterprises, promote the adoption of advanced technologies, and encourage the establishment of new businesses across the State.

Initiatives of MSME Department of Bihar

The Bihar State Government has taken several schemes and initiatives to promote Micro, Small, and Medium Enterprises (MSMEs) in the state. Some of these initiatives include:

Bihar Industrial Investment Promotion Policy 2016:

This policy provides a range of incentives to attract investments in the state, including MSMEs. The incentives such as capital subsidies and interest subsidies reduce the financial burden on MSMEs, making it more attractive for them to set up operations in Bihar. The policy also aims to improve the ease of doing business by simplifying administrative procedures and providing a conducive business environment. These measures have contributed to an increase in MSME investments and the overall growth of the sector in Bihar.

Bihar Start-up Policy 2017:

The Start-up Policy focuses on fostering a favourable ecosystem for start-ups, including those in the MSME sector. By providing financial assistance, incubation support, mentorship, and networking opportunities, the policy has encouraged entrepreneurship and innovation in Bihar. Start-ups have emerged across various sectors, contributing to job creation, economic growth, and the overall development of MSMEs in the State.

Credit Guarantee Scheme:

The Credit Guarantee Scheme helps MSMEs access loans without the need for collateral or third-party guarantees. This reduces the risk for financial institutions and encourages them to provide credit to MSMEs. By facilitating easier access to finance, the scheme has enabled MSMEs in Bihar to invest in expansion, technology upgradation, and working capital, leading to their growth and development.

Skill Development Programs:

Skill development programs have played a crucial role in enhancing the employability and entrepreneurship skills of individuals in Bihar. By providing training in various trades and sectors, these programs have created a skilled workforce that is essential for the growth of

MSMEs. Skilled individuals are better equipped to start their own ventures or contribute effectively to existing MSMEs, thereby boosting the sector's growth and productivity.

Bihar Industrial Infrastructure Development Corporation (BIIDC):

BIIDC focuses on developing industrial infrastructure, including industrial estates, parks, and clusters, with proper amenities and connectivity. The availability of well-planned industrial infrastructure has attracted MSMEs to set up operations in Bihar. It has provided a conducive environment for MSMEs to flourish, reducing logistical challenges and improving productivity.

Bihar MSME Development Institute (MSME-DI):

MSME-DI offers a range of support services to MSMEs in Bihar. These services include technical assistance, training programs, market research, and consultancy services. By availing these services, MSMEs can enhance their operational efficiency, improve product quality, explore new markets, and expand their businesses. The MSME-DI acts as a catalyst for MSME growth by providing the necessary guidance and support.

Single Window Clearance System:

The Single Window Clearance System simplifies the approval process for setting up MSMEs by providing a centralized platform for obtaining various clearances and licenses. This has significantly reduced bureaucratic hurdles and saved time and effort for MSME entrepreneurs. The streamlined process has encouraged more entrepreneurs to start MSMEs in Bihar and has facilitated the ease of doing business, thereby fostering the growth of the sector.

Vendor Development Programs:

Vendor development programs connect MSMEs with larger industries and government procurement agencies. These programs help MSMEs establish business linkages and collaborations, enabling them to become suppliers or service providers to larger entities. Such partnerships provide opportunities for MSMEs to expand their customer base, increase sales, and access new markets. By facilitating these connections, the programs have supported the growth and sustainability of MSMEs in Bihar.

Export Promotion Initiatives:

The export promotion initiatives by the Bihar government have aimed to encourage MSMEs to explore international markets. By supporting their participation in trade fairs, exhibitions, and buyer-seller meets, these initiatives have created avenues for MSMEs to showcase their products and connect with potential overseas buyers. This has opened up new export opportunities for MSMEs in Bihar, contributing to their growth and expanding their reach beyond domestic markets.

Industrial Training Institutes (ITIs):

The focus on strengthening the ITI ecosystem in Bihar has helped in imparting vocational training and skills to individuals. This has created a pool of skilled workers who can meet the demand of the MSME sector. ITIs provide training in various trades, aligning with the specific skill requirements of MSMEs. The availability of skilled manpower has positively influenced the growth and productivity of MSMEs in Bihar.

The above-mentioned initiatives have contributed to the growth of MSMEs in Bihar, it is important to note that the overall growth of MSMEs in India is influenced by a multitude of factors, including national-level policies, economic conditions, market dynamics, and access to finance and technology. The initiatives in Bihar have certainly played a role in creating a supportive ecosystem for MSMEs and have contributed to the sector's growth and development in the state.

Challenges of MSME in Bihar

The present mode of interaction of the MSME department of the Bihar State Government with concerned enterprises and entrepreneurs faces the following challenges:

- i. **Lack of Awareness and Outreach:** One of the major challenges with the Udyam scheme is the lack of adequate awareness and outreach efforts. Many MSMEs, especially those in remote areas or belonging to marginalized communities, are unaware of the benefits and procedures under the scheme. There is a need for an extensive awareness campaign to ensure maximum participation and utilization of the scheme.

- ii. **Simplification of Registration Process:** While the Udyam registration process has been simplified compared to the earlier Udyog Aadhaar registration, there is still room for further simplification. The registration process can be complex and time-consuming for small business owners who may not have the resources or technical knowledge to navigate the online registration portal. Streamlining the process and making it more user-friendly would encourage more MSMEs to register and avail the benefits.
- iii. **Access to Credit and Finance:** Access to credit and finance continues to be a significant challenge for MSMEs. Although the Udyam scheme aims to address this issue by facilitating easier loan availability and collateral-free credit, there is a need for better coordination between the Udyam portal and financial institutions. Simplifying the loan application process, ensuring timely disbursement of funds, and expanding the reach of credit facilities to remote areas are crucial steps to bridge this gap.
- iv. **Skill Development and Training:** MSMEs often face skill gaps and a lack of technical knowledge, limiting their ability to adapt to changing market dynamics and technological advancements. While the Udyam scheme focuses on capacity building, there is a need for more comprehensive skill development programs tailored to the specific needs of MSMEs. Collaborating with training institutes, industry associations, and technology providers can help in delivering targeted training programs.
- v. **Infrastructure and Logistics:** Inadequate infrastructure, including transportation, power supply, and logistics, poses challenges for MSMEs. Enhancing infrastructure facilities in industrial clusters and ensuring reliable connectivity would significantly benefit MSMEs, enabling them to operate efficiently and access larger markets.

In addition to the above-mentioned broader challenges of the industry, many Micro, Small & Medium Enterprises and entrepreneurs are not able to realize the benefits of schemes simply because they are not conversant with the relevant Acts and rules, compliances, application forms, and the location of government offices to submit the applications for approvals certificates and licenses to start enterprises or to avail government incentives. Entrepreneurs are required to visit various offices to enquire, consult, and finally submit applications. Apart from running around, they often become victims of unscrupulous middlemen. Even after all

this, more visits were required to be made to follow up and finally collect certificates or licenses. This remained one of the biggest challenges, a demotivating factor and a disincentive for entrepreneurs who want to start new ventures, diversify or expand.

Credit Financing

1. Credit Guarantee

Micro, Small and Medium Enterprises (MSMEs) represent a significant part of the Indian economy and are one of the strongest drivers of economic development, innovation and employment. Access to finance is frequently identified as a critical barrier to growth for MSMEs. Creating opportunities for MSMEs in emerging markets is a key way to advance economic development and reduce poverty. With a sustained growth rate of over 10% in the past few years, the MSME sector has come to represent the ability of the Indian entrepreneur to innovate and create solutions despite the challenges. As the Nation's largest employer, generating more than 111 million jobs through 63.38 million enterprises and contributing over 28% of the Nation's GDP and more than 40% of the country's overall exports, the relevance and role of the MSME sector as the central driving force behind India's assertive vision to be a dominant global economic power cannot be overemphasized. In view of the fact that banks are the predominant source of finance in India and the Reserve Bank of India includes micro and small enterprises in the list of priority sectors lending. Banks have also been advised to achieve a year-on-year growth of 20% in credit to micro and small enterprises and an annual growth of 10% in the number of microenterprise accounts. The Government of India has been making new policies from time to time for support to this sector and particularly for smooth flow of credit to this sector.

2. Performance and Credit Rating

Performance and credit ratings are essential for MSMEs as they impact access to financing, establishment of trust and credibility with stakeholders, opportunities for partnerships and collaborations, competitive positioning, and eligibility for government support. By actively managing their creditworthiness and performance, MSMEs can enhance their chances of success and growth in the market. Performance and credit ratings are crucial for Micro, Small, and Medium Enterprises (MSMEs) in India for several reasons.

Access to financing: MSMEs often require external funding to support their operations, invest in growth, or recover from financial setbacks. Financial institutions, such as banks and lenders, use credit ratings to evaluate the creditworthiness of MSMEs. A good credit rating increases the likelihood of obtaining loans and credit facilities at favorable terms, such as lower interest rates and longer repayment periods.

Supplier and customer relationships: Performance evaluations play a crucial role in establishing trust and credibility with suppliers and customers. Positive performance ratings demonstrate reliability, efficiency, and adherence to quality standards. This can lead to stronger relationships with suppliers, better access to raw materials and resources, and increased customer loyalty and retention.

Business partnerships and collaborations: MSMEs often seek partnerships, collaborations, and joint ventures with other businesses to expand their reach and market presence. A strong credit rating and positive performance evaluations help in building confidence and trust among potential partners. It increases the likelihood of securing strategic alliances, accessing new markets, and engaging in mutually beneficial business relationships.

Risk Assessment: Lenders need to evaluate the risk associated with lending to MSMEs. A positive credit rating and a track record of good financial performance indicate that the MSME is likely to be a responsible borrower and less likely to default on its obligations. On the other hand, a poor credit rating or weak performance might indicate higher risk and may lead to either a loan rejection or higher interest rates to compensate for the increased risk.

Competitive advantage: In a highly competitive business environment, having a strong credit rating and positive performance evaluations can differentiate an MSME from its competitors. Performance evaluations are significant for MSMEs as they help gauge their productivity and efficiency. Performance ratings allow owners and managers to identify areas of improvement and make informed decisions to enhance their business operations. Moreover, a good credit rating signals financial stability and responsible financial management, making the MSME an attractive prospect for investors, lenders, and suppliers. Positive performance evaluations indicate operational efficiency and higher standards of product or service quality, giving the business a competitive edge.

Setting Loan Terms: A strong credit rating and positive performance metrics can help MSMEs negotiate more favorable loan terms, including lower interest rates, longer repayment periods, and higher loan amounts. Conversely, weak performance and credit ratings may result in less favorable loan terms or reduced access to credit altogether.

Government support and incentives: In many countries, including India, governments provide various support measures, incentives, and schemes targeted towards MSMEs. Some of these programs may require MSMEs to meet specific eligibility criteria, including creditworthiness and performance evaluations. By maintaining good credit ratings and positive performance records, MSMEs can access these support programs, which can include financial assistance, tax incentives, technical assistance, market access, and more.

Access to International Markets: For MSMEs seeking to expand globally or engage in international trade, a strong credit rating can be crucial. It can facilitate access to international markets and attract foreign partners, investors, and customers.

Overall, performance and credit ratings are crucial for MSMEs in India as they directly impact their ability to access financing, build credibility, and seize growth opportunities. MSMEs should strive to maintain a good credit rating and aim for positive performance evaluations to enhance their chances of success in the highly competitive business landscape.

3. Performance and Credit Rating Scheme for MSMEs

In the year 2005, RBI made The National Small Industries Corporation (NSIC) the Nodal Agency for implementation of its new Scheme - Credit Rating Scheme for encouraging SSI units to get themselves credit rated by reputed Credit Rating Agencies. Banks may consider these ratings as per availability and wherever appropriate structure their rates of interest depending on the ratings assigned to the borrowing SME Units". RBI reiterates these guidelines every year vide its master circular. The existing provision under this scheme envisaged that the fee payable by MSMEs to the rating agencies is subsidized up to 75% of the fee, which is categorized into three slabs based on the turnover of the units Reserve Bank of India (RBI) also recognized the Scheme at the time of informing the Policy Package for stepping up credit to Small & Medium Enterprises.

Performance & Credit Rating Scheme was formulated in consultation with Industry Associations, Indian Banks „Association (IBA) and Rating Agencies, with the objective of creating awareness amongst Small Scale Units (now known as micro & small enterprises) about the strengths and weaknesses of their existing operations and to provide the manoppportunity to enhance their organizational strengths. The Scheme launched in April, 2005 has been well appreciated by the various stakeholders. Indian Banks“ Association (IBA) circulated the scheme among its member banks mentioning that the government expects the rating product to help SSI units in accessing credit from banks faster and on better terms. Rating under the scheme is being carried out through empaneled rating agencies i.e. CRISIL, ONICRA, ICRA, SMERA, Brickwork, India Ratings (earlier known as FITCH) and CARE.

The scheme is combination of credit and performance factors including operations, finance, business and management risk, allowing uniform rating scale for all empaneled rating agencies. MSMEs have the liberty to choose from the empaneled Rating Agencies. The fee structure is turn-over based. Partial re-imbursement of rating fee may be obtained through NSIC. A uniform rating scale, covering the combination of credit and performance factors, is prescribed under the scheme, which is being followed by all empaneled rating agencies. Micro & Small enterprises are at liberty to select any of the rating agencies. The entire process of rating is to be completed by the rating agency in a month from the date of receipt of all information from the applicant unit.

Turnover of MSMEs	Re-imbursement of fee through NSIC
Up to Rs.50 lakh	75% of the fee or Rs.25,000 (whichever is less)
Above Rs.50 to 200 lakh	75% of the fee or Rs.30,000 (whichever is less)
More than Rs.200 lakh	75% of the fee or Rs.40,000 (whichever is less)

However, the scheme is not active and Rating Agencies are not being re-imbursed for their fees of conducting performance and credit rating of MSMEs, as discussed above.

4. Constraints in coverage of Performance and Credit Rating

Despite M/o MSME is extending support to MSMEs up to 75% of fees being charged by the empaneled Rating Agencies by the NSIC, the scheme has not been successful in reaching out

to around 25% of the registered MSMEs (as per data available until FY 2015-16). Since inception of the scheme in 2005 to March, 2015, around 1,10,828 units have been rated under the Scheme.

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Units rated (Nos)	3850	5011	7531	10327	13547	19676	24886	23374

The implementation of the Performance and Credit Rating Scheme of the National Small Industries Corporation (NSIC) have been facing several challenges as mentioned below which is hindering its coverage. Some of the key challenges include:

Awareness and Participation: Many Micro and Small Enterprises (MSMEs) have limited awareness of the benefits of the scheme and the importance of credit ratings. Encouraging MSMEs to participate voluntarily in the scheme and undergo credit rating assessments is a challenge.

Cost of Rating: Some MSMEs find the cost of obtaining credit ratings prohibitive, especially for smaller businesses with limited financial resources. Addressing the affordability aspect can be a challenge for wider adoption of the scheme.

Quality of Financial Reporting: Accurate and comprehensive financial reporting is essential for an effective credit rating. Some MSMEs lack proper accounting systems or maintain incomplete financial records, making it challenging to assess their credit worth inessaccurately.

Perception of Credit Rating: Some MSMEs still view credit ratings as a negative evaluation rather than a tool for improving their financial management and access to credit. Overcoming this perception and promoting the positive aspects of credit rating is crucial.

Lack of Standardization: Ensuring consistent and standardized credit rating practices across various rating agencies is essential to maintain credibility and comparability of ratings. Variations in methodologies and criteria can lead to inconsistent assessments.

Data Accessibility: Some MSMEs face challenges in providing the necessary data required for credit rating assessments. Issues related to data availability and accuracy can affect the reliability of ratings.

Cultural and Regional Factors: Cultural factors and regional variations may also influence the perception and understanding of credit ratings. Tailoring communication and education about credit rating to different regions and cultures is necessary.

Capacity of Rating Agencies: Ensuring the availability of qualified and competent rating agencies to assess a large number of MSMEs can be a challenge, particularly in remote or underserved regions.

Resistance to Change: Some MSMEs resist adopting credit rating practices due to traditional business practices or lack of familiarity with such assessments. Encouraging a shift towards a more transparent and formalized credit assessment process may require time and effort.

Measuring Impact: Assessing the actual impact of the scheme on MSMEs' access to credit and business growth is challenging. Monitoring and evaluation mechanisms are essential to measure the scheme's effectiveness.

Addressing these challenges requires a comprehensive approach that involves awareness campaigns, financial incentives, capacity-building efforts, and collaboration between government agencies, rating agencies, and MSMEs associations. By overcoming these challenges, the Performance and Credit Rating Scheme of NSIC can be a powerful tool to enhance the creditworthiness and growth prospects of MSMEs in India.

5. Sources of MSME Finance

There are two types of sources of MSME finance in India. One is non-institutional which includes loans from local money lenders, friends and relatives who charge a high rate of interest. And others are institutional. The institutional lending to MSMEs in India that are regulated by Reserve Bank of India includes Scheduled Commercial Banks (Public Sector Banks, Private Sector Banks including Small Finance Banks, Foreign Banks, Co-operative Banks and Regional Rural Banks) and Non- Banking Financial Companies including NBFC- MFIs. In addition to this, Securities and Exchange Board of India (SEBI) regulates the institutions engaged in providing or mediating capital to MSMEs such as SME Exchanges,

Angel Investors, Venture Capital and Private Equity. Apex institutions such as SIDBI and MUDRA provide sectoral support and come within the purview of the Central Government. The MSMEs depend on both the sources as per their need from time to time. As per the 4th census of MSME only 5.18% of the units (both registered and unregistered) had availed of finance through institutional sources, 2.05% from non-institutional sources and the majority of units i.e., 92.77% had no finance or depended on self-finance. Despite increase in financing to MSMEs in recent years, the addressable credit gap in the MSME sector is estimated to be INR 25.8 trillion (USD 397 billion), which formal financial institutions can viably finance in the near term.

Table 5.5.3 Credit Flow to the MSME Sector by Banks

(No. of A/cs in lakh) (Amount ₹ in crore)

Year ended	Public Sector Banks		Private Sector Banks		Foreign Banks		All Scheduled Commercial banks	
	No. of A/cs	Amt. O/s	No. of A/cs	Amt. O/s	No. of A/cs	Amt O/s	No. of A/cs	Amt O/s
March 2015	86.08 (1.37%)	852689.27 (12.44%)	50.23 (30.15%)	281548.83 (13.93%)	2.84 (-3.14%)	36787.95 (6.85%)	139.15 (10.05%)	1171026.05 (12.61%)
March 2016	106.82 (24.10%)	820548.0 (-3.77%)	96.42 (91.95%)	359085.34 (27.54%)	1.86 (-34.40%)	36373.76 (-1.13%)	205.10 (47.40%)	1216007.11 (3.84%)
March 2017	111.97 (4.82%)	828933.42 (1.02%)	119.59 (24.04%)	430962.70 (20.02%)	2.07 (11.10%)	36502.70 (0.35%)	233.63 (13.91%)	1296398.82 (6.61%)
March 2018	111.01 (-0.85%)	864597.79 (4.30%)	148.33 (24.03%)	410760.21 (-4.69%)	2.20 (6.21%)	48881.34 (33.91%)	261.54 (11.95%)	1324239.35 (2.15%)
March 2019	112.97 (1.76%)	880032.90 (1.76%)	205.31 (38.41%)	563678.47 (37.23%)	2.40 (9.30%)	66939.14 (36.94%)	320.68 (22.61%)	1510650.52 (14.08%)

Source: Report on 24th Standing Advisory Committee on MSME, FIDD, RBI, September 17, 2019

Note: Figures in parenthesis indicate Y-o-Y % growth/decline

From the above table it is seen that the outstanding credit growth of all scheduled Commercial Banks as on March 2019 vis-à-vis March 2018, is 14.08%, and private sector banks are also playing an active role in granting loans to the MSME sector. Despite growth in credit, a large number of MSMEs are not depending on bank credit due to lack of timely credit, information asymmetry, issue of collateral and procedural delays. Therefore, there is a need for alternative sources of finance. On the recommendation of the Prime Minister's Task Force Committee, Bombay Stock Exchange (BSE) launched the SME Platform in which listing of MSMEs is paving the way for a new source of finance by attracting investors from diversified fields. The role of Risk-Capital and Angel funding can play an important role for modern technology and innovation-oriented start-ups. Unlike developed countries, these are not popular in India. But Indian MSMEs are in need of external equity financing through Private Equity (PE) and

Venture Capital (VC) Funds. Keeping in view its importance, the Government of India has announced the creation of a scheme named Fund of Funds for MSMEs, set up with a corpus of Rs. 10,000 crore which will help the growth potential and viable MSMEs who face shortage of equity. Factoring is also a source of finance for MSMEs. It is a financial transaction between a business owner and a third party that provides instant cash to the former in exchange for the account receivables of the business, at a discounted price. The enactment of Factoring Regulation Act, 2011 is helping this sector in accessing working capital finance.

To address the problem of delayed payment related issues faced by MSMEs in India, RBI introduced the concept of Credit Financing and launched a Credit Financing Scheme in 2000 and Trade Receivables Discounting System (TReDS) in 2014, which is a mechanism of trade receivables financing for MSMEs in a secure digital platform.

6. Constraints in MSME finance

Out of all sources of finance, besides the timely credit from non-institutional sources at an exorbitant rate of interest, bank loans are becoming popular due to the spread of bank branches across the country. But despite many policy initiatives and regulations there are many constraints to MSME finance, as the Indian Banking System is still small relative to the increasing debt demand in this sector. From the Banks' perspective, MSMEs are high risk borrowers due to insufficient assets and low capital. This sector is highly vulnerable to market and economic fluctuation. There is also fear of sickness of units in this sector. As per RBI provisional data of September, 2016, there are 4,80,280 numbers of sick Micro & Small enterprises with Rs. 326.74 billion outstanding credits. MSMEs typically are more opaque than large firms because they have less publicly available information. Consequently, it becomes difficult for banks to assess the creditworthiness of MSMEs, which can discourage lending and the lenders can substitute the lack of information with higher requirements of collaterals. Indian MSMEs are also lacking collateral, due to which they are unable to get timely and adequate finance.

Information asymmetry in this sector results in inadequate bank finance. Due to heavy dependence on cash transactions the reported data is different from actual figures of sales and profitability. This difference arises due to lack of documentation of large volumes of small ticket cash transactions. As a result of which, the MSMEs qualify for less loan than what is

required. Besides this, due to high transaction cost and lower margins, lack of product innovation by the enterprises and low-risk appetite of Financial Institutions, MSMEs are unable to get timely and adequate credit. NPA is another factor in this segment which creates fear among the bankers in providing loans. The year-on-year growth NPA data from June- 2018 to June-2019 is 12% in the MSMEs as compared to 10.8% in large enterprises

7. Role of CGTMSE in facilitating Institutional loans

CGTMSE has been set up jointly by Ministry of MSME and SIDBI in August 2000 to facilitate access to finance for un-served/ under-served borrower segments, making availability of financial assistance from lenders to first generation entrepreneurs and underprivileged section of society who lack collateral security and/or third-party guarantee for supporting their ventures. In the recent year (2021-22) of operations, CGTMSE has approved over 7 lakh guarantees covering loans amounting to over Rs. 56 thousand crores. Any collateral / third party guarantee free credit facility (both fund as well as non-fund based) extended by eligible institutions, to new as well as existing Micro and Small Enterprise, including Service Enterprises, with a maximum credit cap of Rs. 200 lakh (Rupees Two Hundred lakh only) are eligible to be covered.



Recently, guarantee coverage was made eligible to select NBFCs and Small Finance banks. The guarantee cover available under the scheme is to the extent of 50% / 75% / 80% & 85% of

the sanctioned amount of the credit facility. The extent of guarantee cover is 85% for micro enterprises for credit up to Rs. 5 lakhs.

The extent of guarantee cover is 50% of the sanctioned amount of the credit facility for credit from Rs. 10 lakhs to Rs. 100 lakhs per MSMEs borrower for retail trade activity. The extent of guarantee cover is 80% (i) Micro and Small Enterprises operated and/or owned by women; and (ii) all credits/loans in the Northeast Region (NER) for credit facilities up to Rs. 50 lakhs. In case of default, Trust settles the claim up to 75% of the amount in default of the credit facility extended by the lending institution for credit facilities upto Rs. 200 lakhs.

Credit Guarantee Scheme has over the years emerged as a successful tool in facilitating MSMEs access to formal credit sources. The Scheme attempts to reorient the lender's perspective from collateral based lending to project liability. CGTMSE has been able to instill confidence and encourage MLIs to enhance credit flow to MSMEs, backed by the comfort of guarantee cover. Considering that the Scheme is exclusively focused on the MSMEs sector which is the backbone of the Indian economy, the positive externalities in terms of contribution to GDP and employment generation is immense. CGTMSE has always been responsive and proactive in ensuring sustainable growth of the trust and meeting the needs of the MSME sector.



8. Member Lending Institutions (MLIs)

The number of MLIs of the Trust for CGS-I is 95 where, 12 Public Sector Banks, 22 Private Sector Banks, 21 Regional Rural Banks, 6 Foreign Banks, 9 other Financial Institutions, 6 Small Finance Banks and 19 Co-operative Banks are registered MLIs for availing guarantee cover from the Trust. 41 Non-Banking Financial Companies have been registered as MLIs under CGS-II. Further, 36 Scheduled Commercial Banks have got registered as MLIs of CGTMSE under Credit Guarantee Scheme for Subordinate Debt (CGSSD) and 149 Lending Institutions (LI) have been registered with CGTMSE under PM SVANidhi. Total number of MLIs of CGTMSE as at the end of the FY 2022 was 321 for all the Schemes.



9. Challenges of CGTMSE

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) is a valuable initiative to support Micro and Small Enterprises (MSMEs) in India by providing credit guarantees to lending institutions. However, like any financial scheme, CGTMSE faces practical challenges in its implementation. Some of the notable challenges include:

- i. **Limited Awareness:** Many MSMEs and even some lending institutions may have limited awareness of the CGTMSE scheme and its benefits. Lack of awareness can

result in eligible MSMEs not utilizing the scheme, and banks may not actively promote it to potential borrowers.

- ii. **Stringent Eligibility Criteria:** While CGTMSE has specific eligibility criteria for MSMEs, meeting all the requirements can be challenging for some small businesses. This may restrict their access to the benefits of the scheme.
- iii. **Risk Assessment and Coverage:** The CGTMSE relies on risk assessment to provide guarantees to lending institutions. However, accurately assessing the credit risk of small businesses can be challenging, leading to variations in guarantee coverage and potential losses for lenders.
- iv. **Timely Disbursal of Funds:** MSMEs often require quick access to funds for their operations. Delays in the approval and disbursement of loans with CGTMSE guarantees can hinder the effectiveness of the scheme.
- v. **Documentation and Collateral Requirements:** MSMEs may face difficulties in meeting the documentation and collateral requirements set by the lending institutions for availing loans under the CGTMSE scheme.
- vi. **Risk Aversion by Lenders:** Some lenders may remain risk-averse despite the CGTMSE guarantee, leading them to prefer larger, established borrowers over smaller MSMEs.
- vii. **Fraud and Misuse:** There may be instances of fraud or misuse of the CGTMSE scheme by unscrupulous borrowers or lending institutions, affecting its credibility and financial sustainability.
- viii. **Inadequate Coverage for High-Risk Sectors:** Certain sectors or industries with a higher risk profile may find it challenging to obtain credit coverage under CGTMSE, limiting their access to financing.
- ix. **Administrative and Operational Challenges:** The administrative and operational processes involved in implementing the CGTMSE scheme can be cumbersome, leading to delays and inefficiencies.
- x. **Funding Constraints:** Adequate funding is essential for the CGTMSE to sustain its guarantee commitments. Funding challenges may impact the scheme's ability to cover a large number of loans.

Addressing these challenges requires continuous efforts from the government, lending institutions, and MSMEs. Raising awareness about the benefits of CGTMSE, streamlining application processes, improving risk assessment models, and ensuring adequate funding are some measures that can enhance the effectiveness and reach of the CGTMSE scheme.

Table 5.5.4 Financial year wise CGTMSE - Guarantee coverage for the State of Bihar

Particulars	Guarantee Approved for Bihar		All India Guarantee Approved		%Age Guarantees approved in Bihar vis a vis All India	
	No.	Amount	No.	Amount	No.	Amount
FY 2020	24531	1303	846650	45851	3%	3%
FY 2021	22317	1086	835592	36899	3%	3%
FY 2022	24217	1661	717020	56172	3%	3%
FY 2023	42360	3468	1165786	104781	4%	3%
Cumulative as on 31/03/2023	277918	15045	7025480	419665	4%	4%

Table 5.5.5 Bihar data on credit outstanding to the MSE sector by Scheduled Commercial Banks & CGTMSE coverage in Bihar

Amt. in crore	Total Credit to MSE	Guarantees in Bihar	%age
State Name	Amount	Amount	Amount
Bihar	31196	3942	13
Source: As per RBI data as on as on March 31, 2021			

It may be seen that only 13% of credit going to the MSMEs segment has been covered under CGTMSE which indicates that Banks still prefer collateral security over CGTMSE. In a way, this is also an indication about loan / credit not being extended for want of collateral security which never gets reflected in credit data.

Moreover, lending institutions have been hesitant to provide credit to this sector majorly because of non-availability of realizable assets and high-risk perception of banks to lend the MSMEs. As indicated above, the coverage under credit Guarantee Scheme for Bihar, when viewed in the context of other States, is also low at 3% of the total guarantee approved by CGTMSE.

Project Methodology

Part 1 – Performance and Credit Rating for MSMEs

1. Purpose and Objective of the project - Bihar Performance and Credit Rating Scheme (BPCRS)

The Scheme shall be known as the **Bihar Performance and Credit Rating Scheme (BPCRS)** for Micro and Small Enterprises, and will be implemented directly by Government of Bihar (GoB). In alignment with the government's efforts to bolster the MSMEs sector, generate employment opportunities, and foster economic development in the State and on the lines of scheme implemented by NSIC, Bihar State Government will be anchoring BPCRS via RAMP (Raising and Accelerating MSME Productivity) as the Nodal Agency. Under the scheme, MSMEs will be given a reimbursement of 75% of the charges of doing Performance and Credit Rating by Empaneled Rating Agencies under RAMP, Bihar. The primary goal of GoB is to enhance MSMEs' access to finance by boosting their creditworthiness. Subsidized ratings encourage MSMEs to undergo assessments, leading to improved business performance, efficiency, and competitiveness. Positive ratings can attract investors and clients, facilitating business growth and expansion.

Additionally, the scheme will promote good governance and transparency as MSMEs strive to meet rating criteria. The rating process will also serve as a capacity-building exercise, empowering MSMEs with valuable insights into financial management and operations. The data generated through these assessments will aid policymakers in formulating targeted support measures tailored to address the specific needs of MSMEs in Bihar. Ultimately, the scheme will create a conducive environment for MSMEs growth, driving sustainable economic progress and prosperity in Bihar.

2. Performance and Credit Rating Agencies

Performance and credit rating agencies are specialized organizations that evaluate the financial health, creditworthiness, and operational performance of businesses, governments, and other entities. These agencies provide objective assessments and ratings based on extensive analysis of financial data, historical performance, and various qualitative and quantitative factors.

Performance Rating Agencies:

Performance rating agencies assess the operational efficiency and overall performance of businesses. They analyze key performance indicators, financial ratios, market presence, management effectiveness, and other relevant factors to provide a performance rating. This rating helps businesses understand their strengths and weaknesses, identify areas for improvement, and make informed decisions to enhance their operations and competitiveness. Performance ratings are commonly used by companies to benchmark themselves against industry peers and demonstrate their capabilities to stakeholders.

Credit Rating Agencies:

Credit rating agencies evaluate the creditworthiness of borrowers, such as businesses, governments, or financial instruments like bonds and securities. They assess the ability of the borrower to repay debt obligations based on factors like financial stability, cash flow, past repayment history, and the economic environment. Credit ratings provide an objective assessment of credit risk and play a critical role in determining the interest rates and terms at which borrowers can access loans and capital. Investors, lenders, and other stakeholders rely on credit ratings to make informed decisions about investment and credit risks.

Role and Importance:

Performance and credit rating agencies serve as independent and trusted entities that offer valuable insights and transparency to the financial markets. The Bihar Performance and Credit Rating Scheme (BPCRS) will empanel such notable Rating Agencies like CRISIL Limited, India Ratings and Research Private Limited (a subsidiary of Fitch Ratings), CARE Ratings Limited, SMERA Ratings Limited (a subsidiary of Acute Ratings), Brickwork Ratings India Private Limited, Onicra Credit Rating Agency of India Limited etc.

It's crucial for RAMP, Bihar to maintain good relationships with these agencies and ensure accurate and up-to-date financial reporting to obtain reliable ratings that support their financial objectives.

3. Proposed Implementation Model of the Scheme

Under the leadership and guidance of GoB, RAMP team will be responsible for designing the scheme guidelines and roll out strategy. RAMP team will identify the Rating Agencies and will empanel them on the basis of QCBS model (Quality and Cost Based Selection) with a ratio of 60:40 (Quality: Cost). Post conducting Technical and Financial Evaluation, including parameters like coverage of rating agencies in Bihar, services being offered, past performance, feedback from existing and past clients (MSMEs), Rating Agencies will be selected and empaneled for the Scheme, BPCRS. RAMP team will be responsible for maintaining database and monitor the performance of Rating Agencies, quality of services being offered to MSMEs and fees charged for the services. RAMP team has will have the authority to de-empanel the Rating Agencies based on their performance.

Micro & Small Enterprise will have full liberty to select any of the empaneled Rating Agencies under the rating scheme with RAMP, Bihar. The rating process will be undertaken in the following manner:

- a) Request for Rating from MSMEs
- b) Collection of Information from the MSMEs.
- c) Onsite meeting with MSMEs Management.
- d) Analysis of Information obtained from the MSMEs
- e) Assign Rating
- f) Issuance of the Certificate

The validity of the rating will be for a period of one year from the date of issue of the rating letter. MSMEs can apply directly to the empaneled Rating Agency or through any branch of RAMP, Bihar, clearly indicating the name of the Rating Agency from whom they want to get rated. Although the Rating Agencies have different fee structure for their rating of various clients including Micro & Small Enterprises, the Rating Agencies will be asked to devise their fee structure for MSMEs under this Scheme separately. As the evaluation criteria for award of Rating is different with various Rating Agencies and their acceptability also varies with the users, the rating fee to be charged by the Rating Agencies may vary. The Rating Agencies will be free to decide their rating fee which is being intimated to RAMP, Bihar at the time of empanelment, so that fee is well known in advance to the applicant unit as RAMP, Bihar.

However, the rating fees may, however, be reviewed by Rating Agencies from time to time due to the competition and the number/ size of clientele.

4. Proposed Financial Support Structure

To propagate the scheme and create wider awareness among Micro & Small Enterprises in the country, RAMP, Bihar in association with Local Industry Associations and Banks will be organizing focused campaigns and seminars highlighting the benefits accruing to MSMEs under the scheme, so that they can get themselves rated under the scheme.

The MSMEs will be charged only 25% of the fees being quoted by the Rating Agency. However, MSMEs will be free to opt any other Rating Agencies, beyond the empaneled ones, but will have to bear the total cost of its own. After issuance of Rating Certificate, the empaneled Rating Agencies will have to raise request on the portal of RAMP, Bihar seeking re-imbursement of 75 % of the fees being charged by them to the MSMEs. The re- imbursement will be done to the Empaneled Rating Agencies on monthly basis. The fee to be paid to the Rating Agencies shall be based on the turnover of the MSMEs which has been categorized into three slabs. The slabs of the Turnover and the share of Department of MSME, GoB towards the fee charged by the Rating Agency have been indicated in the table given below:

Table 5.5.6 Number of MSMEs to be covered under CGTMSE in Bihar

Turnover of MSMEs	Re-imbursement of fee through RAMP, GoB	No of Units targeted in the segment in First Phase	Maximum Fund Requirement
Annual Turnover; more than Rs. 5 Cr	75 % of the fee or Rs.40,000 (Whichever is less)	5,000	Rs. 20 Cr

Eligibility under the Scheme

As part of the Guidelines of the Scheme (BPCRS), RAMP, Bihar will be deciding the criteria for selection of MSMEs as per the numbers mentioned in para 3 above. In First Phase of the Scheme, GoB will be attempting to reach out to at least 10% of the UDYAM registered MSMEs of the State.

Part 2 – Credit Gap Financing for MSMEs

1. Purpose and Objective of the project - Bihar Credit Guarantee Scheme (BCGS)

The Scheme shall be known as the Bihar Credit Guarantee Scheme (BCGS) for Micro, Small and Medium Enterprises, and it is implemented in collaboration with CGTMSE and Government of Bihar (GoB). CGTMSE while making efforts, for increased coverage of

beneficiaries to increase the flow collateral free credit to MSMEs, Bihar State Government is proposing to make additional financial contribution to support MSMEs of the State. Enhancing the coverage and impact of CGTMSE, Bihar State Government is proposing to contribute coverage of 10% /15% /20% to the existing support extended by CGTMSE to MLIs supporting MSMEs. CGTMSE itself will be governing and implementing body for the proposed scheme (BCGS) whereas the Government of Bihar will be supplementing the budgetary requirement of the gap financing.

The proposed enhanced coverage of 90% / 95% of the loan would improve the financial viability of such loans giving more comfort to Member Lending Institutions and thus help the MSMEs to avail assistance from the Member Lending Institutions in a timely manner.

2. Proposed Collaboration with the State Government of Bihar

Government of Bihar can rely on the experience gathered by CGTMSE has over more than 2 decades of experience in its operations. Currently, the guarantee coverage under the scheme of CGTMSE is generally 75% / 85%. Experience under Emergency Line of Credit, introduced in the wake of COVID 19 is quite encouraging where 100% guarantee coverage is provided. However, one limiting factor is that guarantee cover under this Scheme is available only to neither existing borrowers of lending institutions, which does not support creation of new enterprises nor 1st time borrowers.

As proposed by CGTMSE, Government of Bihar is willing to collaborate where additional coverage can be extended (upto 10% - 20%) so that the entire ecosystem is benefited with 95% coverage. This will also prevent the issue of moral hazard as minimum 5% stake of MLIs would also be there. In addition, a ceiling of 10% of NPA may be stipulated from a particular portfolio. Accordingly, additional guarantee from the Bihar State Government will be available only till the NPA from a particular portfolio reaches 10%, beyond which guarantee from CGTMSE would only be available as per its normal Scheme.

For this, the Government of Bihar will be placing a small fund with CGTMSE which would be used for honouring the part of guarantee issued on behalf of the State Government. As entire commitment of the fund/corpus may not be required immediately, initially Government of Bihar will contribute a small amount to kick off the collaboration. The balance amount will

be paid to CGTNSE in tranches as per requirement. As the existing scheme has a lock-in period wherein the Lending Institutions are only allowed to mark NPA whereas actual claims is settled only after completion of lock-in period which is currently at 18 months. Hence the actual requirement of entire funds may not be required immediately.

As up to 95% is covered under the proposed structure, this can encourage the lending institutions, given their apprehension towards lack of realizable security cover, collateral security etc. Bihar State Government is very appreciable to the proposal made by CGTMSE that they will not be charging any additional fee for the enhanced coverage portion and would charge fee based on its share of coverage and State Government's share shall not have any fee.

It is also proposed that the interest earned on the fund placed with CGTMSE will also be credited back to the fund to for meeting claim liabilities which makes this proposal to have a multiplier effect for the State Government. Although, a small management fee, mutually agreed upon will be charged by CGTMSE to cover its operational cost.

3. Proposed Guarantee Coverage Structure

The Guarantee Coverage under Bihar Credit Guarantee Scheme is eligible for MSME units as follows:

Table 5.5.7 Proposed Guarantee Coverage Structure

Credit facility	Category of Borrower	Maximum extent of coverage (%)		
		CGTMSE	Bihar State Govt (%)	Total
0 –Rs 5 lakh	Micro	85%	10%	95%
Above Rs 50-200 lakh	Micro & Small	75%	20%	95%
Women Entrepreneur	Micro & Small	85%	10%	95%
MSMEs situated in Aspirational Districts	Micro & Small	85%	10%	95%
ZED certified MSMEs	Micro & Small	85%	10%	95%
SC/ST Entrepreneurs	Micro & Small	85%	10%	95%
All other eligible category	Micro & Small	75%	20%	95%

The above extent of coverage is as per current structure and is subject to modification from time to time and will be applicable to all lending Institution taking coverage under BCGS. In such case, the relevant modified structure would be applicable

The guarantee coverage under BCGS shall be 95% at unit level, as the case may be, up to the maximum NPA level of 10% of the crystallized portfolio of the MLI of a particular year. All proposals for sanction of guarantee approvals for credit facilities above Rs. 50 lakhs upto Rs. 200 lakhs will have to be rated internally by the MLI and should be of investment grade.

The guarantee cover will commence from the guarantee start date and shall run through the agreed tenure of the term credit in respect of term credit / composite credit. Where working capital alone is extended to the eligible borrower, the guarantee cover shall be for a period of 5 years or a block of 5 years or for such period as may be specified by the trust in this behalf.

4. Guarantee by the Trust (CGTMSE)

- i. Subject to the other provisions of the Scheme, the Trust undertakes, in relation to credit facilities extended to an eligible borrower from time to time by an eligible institution which has entered into the necessary agreement for this purpose with the Trust, to provide a guarantee on account of the said credit facilities.
- ii. Such guarantee under the Scheme will be issued only after the guarantee application has been cleared by the State Government for coverage under BCGS. For this, all applications received by CGTMSE from its various MLIs, will be made available to the designated nodal officer of the Govt of Bihar. Only those cases will be covered under BCGS which will be cleared by the State Government. All such movement of information would be web-based with no manual intervention. The guarantee applications not cleared by the State Government for coverage under BCGS will be covered under CGS – I & II of CGTMSE as the case maybe.
- iii. The Trust reserves the discretion to accept or reject any proposal referred by the lending institution which otherwise satisfies the norms of the Scheme.

5. Eligibility under the Scheme

The Trust shall cover credit facilities extended by Member Lending Institution(s) to a single eligible borrower in the Micro and Small Enterprises sector for credit facility

- i. Not exceeding Rs. 200 lakhs (Scheduled Commercial Banks, select Financial Institutions, NBFCs, Small Finance Banks (SFBs) and Scheduled Urban Co-operative Banks by way of term loan and/or working capital facilities on or after entering into an

agreement with the Trust, without any collateral security and/or third party guarantees or such amount as may be decided by the Trust from time to time.

- ii. Not exceeding Rs. 50 lakhs for Regional Rural Banks / select Financial Institutions;

Each Portfolio of MLI would get crystallized at the end of financial year (March 31 every year) in which the portfolio is built up and the guarantee cover is issued. Accordingly, fresh portfolio would commence from the beginning of the subsequent financial year.

The cap of Rs. 200 lakhs is the maximum guarantee coverage limit per borrower based on the outstanding credit facilities and the borrowers can avail incremental credit facilities (i.e. to the extent of reduction in the outstanding exposure limit) under Credit Guarantee Scheme of CGTMSE, subject to maximum cap of ₹200 lakhs.

Provided further that, as on the material date:

- i. Credit facility is standard and regular (not SMA) as per RBI guidelines in the books of the MLI
- ii. Credit facility is having nil over dues and not having been slipped into SMA 2, as defined by RBI (i.e account where overdue is between 61 to 90 days) for last one year with Lending Institution
- iii. The business or activity of the borrower for which the credit facility was granted has not ceased
- iv. The credit facility has not wholly or partly been utilized for adjustment of any debt deemed bad or doubtful of recovery, without obtaining a prior consent in this regard from the Trust.

Coverage to Trading (Retail/Wholesale Trade) is eligible:

Present limit is Rs. 200 lakh and the same is subject to modification from time to time as per Credit Guarantee Scheme of the Trust

Coverage under Hybrid model of CGTMSE is also eligible:

Under “Hybrid Security” product, the MLIs are allowed to obtain collateral security for a part of the credit facility, whereas the remaining part of the credit facility, upto a maximum of Rs. 200 lakhs, can be covered under BCGS. CGTMSE will, however, have notional second

charge on the collateral security provided by the borrower for the credit facilities extended. Under the hybrid security product, there is no requirement for MLIs to create security/charge in favour of CGTMSE by way of legal documentation.

Apart from Guarantee Coverage as provided in BCGS, all other norms for NBFCs will as per the extant guidelines as applicable under CGS II scheme of CGTMSE.

Credit facilities not eligible under the Scheme:

The following credit facilities shall not be eligible for being guaranteed under the Scheme:

- i. Any activity / MSME not satisfying the norms of CGTMSE credit Guarantee Scheme.
- ii. Any credit facility in respect of which risks are additionally covered under a scheme operated / administered by Deposit
- iii. Insurance and Credit Guarantee Corporation or the Reserve Bank of India, to the extent they are so covered.
- iv. Any credit facility in respect of which risks are additionally covered by Government or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity, to the extent they are so covered.
- v. Any Credit facility shall not be eligible to covered under the Scheme if the said credit facility has been covered for guarantee through NCGTC Ltd.
- vi. Any credit facility, which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which may, for the time being, be in force.
- vii. Any credit facility granted to any borrower, who has availed himself of any other credit facility covered under this scheme or under the schemes mentioned in clause (i), (ii) and (iii) above, and where the lending institution has invoked the guarantee provided by the Trust or under the schemes mentioned in clause (i), (ii) and (iii) above, but has not repaid any portion of the amount due to the Trust or under the schemes mentioned in clause (i), (ii) and (iii) above, as the case may be, by reason of any default on the part of the borrower in respect of that credit facility.
- viii. Any credit facility which has been sanctioned by the lending institution against collateral security and/or third-party guarantee. However, after the introduction of

Hybrid Security model, MLIs can cover the unsecured part of the credit facility under CGTMSE up to the overall exposure of Rs. 200 lakhs.

- ix. Any credit facility which has not been specifically approved by the State Government for coverage under BCGS.

6. Agreement to be executed by the lending institution

A lending institution shall not be entitled to a guarantee in respect of any eligible credit facility granted by it unless it has entered into an agreement with the Trust in such form as may be required by the Trust for covering by way of guarantee. Existing MLIs under CGS I & CGS II are eligible for coverage under BCGS. Lending Institutions who are otherwise not eligible under CGS I and CGS II scheme of CGTMSE are required to execute fresh agreement/undertaking with CGTMSE for that institution.

7. Responsibilities of lending institution

- i. Overall monitoring and direction for scheme implementation
- ii. Timely release of required initial corpus to the tune of Rs. 20 Crores. CGTMSE would be honouring the claims to the extent of corpus available. Additional requirement to be provided by GoB in advance. The total corpus commitment towards the proposed BCGS will be Rs 100 crores.
- iii. Timely release of fund towards one-time administrative charges/ management fee of 0.75% of the corpus amount or actual expenditure.
- iv. The lending institution shall evaluate credit applications by using prudent banking judgment and shall use their business discretion/ due diligence in selecting commercially viable proposals and conduct the account(s) of the borrowers with normal banking prudence.
- v. The lending institution shall closely monitor the borrower account
- vi. The lending institution shall ensure that the guarantee claim in respect of the credit facility and borrower is lodged with the Trust in the form and in the manner and within such time as may be specified by the Trust in this behalf and that there shall not be any delay on its part to notify the default in the borrowers account which shall result in the Trust facing higher guarantee claims.

- vii. The payment of guarantee claim by the Trust to the lending institution does not in any way take away the responsibility of the lending institution to recover the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all the necessary precautions and maintain its recourse to the borrower for entire amount of credit facility owed by it and initiate such necessary actions for recovery of the outstanding amount, including such action as may be advised by the Trust.
- viii. The lending institution shall comply with such directions as may be issued by the Trust, from time to time, for facilitating recoveries in the guaranteed account, or safeguarding its interest as a guarantor, as the Trust may deem fit, and the lending institution shall be bound to comply with such directions.
- ix. The lending institution shall, in respect of any guaranteed account, exercise the same diligence in recovering the dues, and safeguarding the interest of the Trust in all the ways open to it as it might have exercised in the normal course if no guarantee had been furnished by the Trust. The lending institution shall, in particular, refrain from any act of omission or commission, either before or subsequent to invocation of guarantee, which may adversely affect the interest of the Trust as the guarantor. In particular, the lending institution should intimate the Trust while entering into any compromise or arrangement, which may have effect of discharge or waiver of personal guarantee(s) or security. The lending institution shall also ensure either through a stipulation in an agreement with the borrower or otherwise, that it shall not create any charge on the security held in the account covered by the guarantee for the benefit of any account not covered by the guarantee, with itself or in favour of any other creditor(s) without intimating the Trust. Further the lending institution shall secure for the Trust or its appointed agency, through a stipulation in an agreement with the borrower or otherwise, the right to list the defaulted borrowers' names and particulars on the Website of the Trust.

8. Responsibilities of administrative agency/implementing agency (CGTMSE)

- i. CGTMSE shall confirm the Credit Guarantee Scheme for BCGS guidelines for the guarantee operations.

- ii. CGTMSE would have the discretionary power to register the MLIs as per scheme guidelines, if any.
- iii. CGTMSE will develop a portal for guarantee operations including guarantee approvals and claim settlements.
- iv. CGTMSE would be submitting the MIS to GoB as and when required.

9. Corpus building

Assuming a NPA of 10% under the proposed mechanism, since 95% loan guarantee is proposed, the likely creation of portfolio at 20% additional coverage by State Government is given below:

Table 5.5.7 Proposed Corpus building plan

Particulars	Amount (in Rs Crore)
Portfolio created out of collaboration	100
Expected NPA in Portfolio of 100 Cr (10%)	10
CGTMSE portion of Loss (75%) of the Guarantee	7.5
State Govt. Fund portion of Loss (20%) of the Guarantee	2.0
Since 2.0 crore of fund is leading to a creation of Rs. 100 crores of portfolio, a corpus size of Rs. 100 crores will create a portfolio	5,000

For simplicity, the fee to be utilized/ adjusted from the corpus is not taken into account

It is seen that multiplier effect under the Scheme is creating leverage of about 50 times of the Funds placed.

As per the table given above, it is seen that multiplier effect under the Scheme is creating leverage of about 50 times of the State Government of Bihar corpus. As NPA from the portfolio is assumed to be at 10%. Accordingly, a small contribution of Rs. 100 crores by the Government of Bihar (that too, over a period of time, may be 3-4 years) is expected to support a portfolio of approx. Rs. 5,000 crores with 95% coverage.

By entering into collaboration with CGTMSE, Government of Bihar can have multipronged approach where a special emphasis to specific industry, cluster, geographical area can be prioritized basis the Government prerogative ex- special assistance to weaker sections of the

Society, Special Scheme for Women Entrepreneur, etc. The same can be covered out of the special fund contributed by the Government of Bihar.

Monitoring and Evaluation Mechanism

Risk and Mitigation

Risk and mitigation are critical aspects when it comes to State, Rating Agencies and CGTMSE supported financial advice and credit gap financing. All the concerned stakeholders preferably, the State government and CGTMSE need to be aware of potential risks and implement appropriate measures to mitigate them. Here are some of the risks associated with State, Rating Agencies and CGTMSE supported credit gap financing, along with potential mitigation strategies:

Table 5.5.8 Proposed risks and mitigation strategies

Potential Risk	Description	Proposed Mitigation
Insufficient Awareness about the performance and credit rating scheme	MSMEs may not be aware of the benefits and importance of performance and credit ratings, leading to low participation and adoption of the scheme.	Conduct awareness campaigns, workshops, and outreach programs to educate MSMEs about the scheme's advantages, how it can improve their access to finance, and the significance of ratings for their growth and Competitiveness.
Less turnout of Rating Agencies	Rating Agencies doesn't show interest in associating with the Scheme	Hold pre consultative meetings and discussions with the Rating Agencies available in the sector. Ensure proper publicity of the RFP for empanelment of the agencies.
Lack of Trust in Rating Agencies	MSMEs might be skeptical about the objectivity and credibility of rating agencies, especially if they have limited experience with such assessments.	Ensure that only reputable and accredited rating agencies are empanelled under the scheme. Promote transparency in the rating process and provide a platform for MSMEs to provide feedback and grievances related to the ratings.
Cost and Affordability	MSMEs, particularly smaller ones, may find the cost of obtaining performance and credit ratings prohibitive, leading to limited participation.	Provide subsidized or discounted rating services to MSMEs, as demonstrated by NSIC's credit rating scheme. This can incentivize MSMEs to opt for ratings and reduce the financial burden on them
Data Privacy and Security Concerns	MSMEs may be apprehensive about sharing sensitive financial information with rating agencies due to concerns about data privacy and Security breaches.	Ensure that rating agencies comply with data protection regulations and industry standards for data security. Establish confidentiality agreements between MSMEs and rating agencies to protect Sensitive information.
Subjectivity in Ratings	There might be variations in rating outcomes among different agencies, leading to confusion and inconsistency	Implement a robust framework and guidelines for rating agencies to ensure the rating process is standardized, transparent, and objective. Regularly review and monitor the rating methodologies to maintain consistency.
Limited Impact on Access to Finance	Even with favorable ratings, some MSMEs might still face challenges in obtaining loans from risk-averse lenders	Collaborate with financial institutions and encourage them to recognize and accept the ratings provided under the scheme. Highlight the benefits of lending to rated MSEs, such as reduced information Asymmetry and enhanced creditworthiness.

Capacity and Resources of Rating Agencies	A surge in demand for rating services may strain the capacity of empanelled agencies, leading to delays in the rating process.	Regularly assess the performance of rating agencies and their ability to handle the demand. Expand the pool of empanelled agencies if needed to ensure sufficient capacity to cater to MSMEs' requirements
Credit Default by Borrowers	Some MSMEs may fail to repay their loans, resulting in credit defaults for the MLIs	Implement stringent borrower eligibility criteria and thorough credit assessment to identify borrowers with a higher probability of loan repayment. Encourage lending institutions to conduct proper due diligence before granting loans to MSMEs. Offer borrower counseling and financial education to enhance their understanding of loan terms and responsibilities.
Insufficient Collateral	Many MSMEs may lack sufficient collateral to secure traditional loans	Utilize the CGTMSE scheme to provide credit guarantees to lending institutions, reducing the need for collateral and encouraging them to lend to MSMEs. The state government can consider providing additional collateral support or collateral substitution schemes for high-priority projects or sectors.
Information Asymmetry	Lenders may lack access to reliable and accurate information about MSMEs, making it difficult to assess creditworthiness	Develop and maintain a comprehensive database of MSMEs, including their credit histories and financial performance. Encourage MSMEs to maintain proper financial records and documentation to provide transparency to potential lenders. Promote credit rating and financial literacy among MSMEs to improve information availability.
Market and Sector Volatility	Market fluctuations or changes in the business environment can impact the financial stability of MSMEs.	Diversify the portfolio of supported MSMEs across various sectors and geographic locations to reduce concentration risk. Conduct regular risk assessments to identify vulnerable sectors and take timely corrective actions.
Inadequate Funds and Budget Constraints	State funding limitations and budget constraints may affect the availability of credit gap financing support.	Secure sufficient funding from the state budget to ensure a continuous flow of credit gap financing support. Explore partnerships with other development finance institutions and private investors to supplement funding.

Political and Regulatory Environment	Changes in government policies or regulations may impact the availability of credit gap financing.	Establish stable and supportive policies to ensure the continuity and predictability of credit gap financing programs. Engage in dialogue with relevant stakeholders to understand and address potential regulatory challenges
--------------------------------------	--	---

Proper risk assessment, transparent communication, and continuous monitoring are essential for successful state and CGTMSE supported credit gap financing initiatives. By identifying and mitigating risks effectively, these programs can contribute significantly to the growth and development of Micro and Small Enterprises while providing a safety net for lending institutions.

Performance Metrics

The both Schemes will be reviewed periodically to assess the health of portfolio and change the covenants, if required. The review should happen at mutually acceptable frequency but not less than on an annual basis,

a) Performance Metrics for BPCRS

For the project (BPCRS), the performance metrics can be designed to measure the scheme's effectiveness in achieving its objectives and providing tangible benefits to MSMEs. Regularly tracking and analyzing these performance metrics will provide valuable insights into the scheme's effectiveness and help identify areas for enhancement. It will also support evidence-based decision-making to ensure the scheme continues to meet the needs of MSMEs and contributes to their growth and development. Here are some potential performance metrics:

Participation rate: Measure the total number of MSMEs that have participated in the scheme and obtained performance and credit ratings. This metric reflects the level of awareness and adoption of the scheme among MSMEs.

Rating Distribution: Analyze the distribution of ratings received by MSMEs, including performance ratings and credit ratings. This metric helps evaluate the overall financial health and creditworthiness of the participating MSMEs.

Access to Finance: Monitor the impact of the scheme on MSMEs' access to finance. Measure the percentage of MSMEs that have successfully secured loans or financial assistance after obtaining ratings compared to those without ratings.

Business Growth and Expansion: Assess the performance metrics of MSMEs before and after obtaining ratings to determine if there is a positive correlation between ratings and business growth indicators, such as revenue growth, employment generation, and market expansion.

Feedback and Satisfaction: Collect feedback from MSMEs that have participated in the scheme to gauge their satisfaction with the rating process, the usefulness of the ratings, and any suggestions for improvement.

Financial Institutions Engagement: Track the number of financial institutions that have recognized and accepted the ratings provided under the scheme. Measure the extent to which ratings have influenced lending decisions by banks and other financial institutions.

Awareness and Outreach: Measure the effectiveness of awareness campaigns and workshops conducted to promote the scheme. Monitor the increase in awareness levels among MSMEs regarding the benefits of obtaining ratings.

Cost-Effectiveness: Evaluate the cost-effectiveness of the scheme by comparing the expenses incurred in administering the scheme to the benefits and value it provides to MSMEs.

Timeliness of Ratings: Monitor the time taken by rating agencies to complete the rating process for MSMEs. Assess whether there are any delays and take corrective actions if necessary to ensure timely ratings.

Improvement in MSMEs' Financial Practices: Assess whether the scheme has led to a positive impact on the financial practices and transparency of MSMEs, as indicated by improvements in financial reporting, governance, and compliance.

b) Performance Metrics for BCRS

For the proposed project involving (BCRS) collaboration between the MSME department and the Bihar State government to extend financial support to lending agencies under CGTMSE, it is essential to establish robust performance metrics and a monitoring and evaluation (M&E) mechanism to assess the project's effectiveness and progress. Here are some key performance metrics and elements of the M&E mechanism for the project:

Performance Metrics:

- i. **Number of Supported Lending Agencies:** Track the number of lending agencies that have partnered with the project to offer loans with CGTMSE guarantee coverage.
- ii. **Amount of Guaranteed Loans:** Measure the total value of loans disbursed by lending agencies under the CGTMSE guarantee for MSMEs in Bihar.
- iii. **Number of Supported MSMEs:** Monitor the number of MSMEs that have received financial support through the project.
- iv. **Employment Generation:** Assess the number of jobs created or sustained in MSMEs as a result of the financial support provided.
- v. **Loan Disbursement Turnaround Time:** Measure the average time taken from loan application to loan disbursement to gauge the efficiency of the process.
- vi. **Default Rate:** Track the percentage of loans guaranteed under CGTMSE that result in defaults to assess the overall risk and sustainability of the project.
- vii. **Regional Distribution:** Analyze the distribution of supported MSMEs and lending agencies across different regions in Bihar to ensure equitable access to financial support.
- viii. **Financial Inclusion:** Evaluate the extent to which the project has contributed to bringing previously excluded or underserved MSMEs into the formal financial system.

c) Monitoring and Evaluation Mechanism for BPCRS and BCRS

- i. **Data Collection and Management:** Set up a robust data collection system to gather accurate and timely information related to the performance metrics. Additional human/agency resource might be required to be deputed specially for this work in the department.

- ii. **Regular Reporting:** Establish a periodic reporting system to update key stakeholders on the project's progress, challenges, and achievements.
- iii. **Impact Assessment:** Conduct periodic impact assessments to understand the project's tangible and intangible outcomes on MSMEs, lending agencies, and the overall economy.
- iv. **Risk Assessment and Mitigation:** Continuously assess potential risks and challenges that could impact the project's success and implement appropriate mitigation measures.
- v. **Review Meetings:** Organize regular review meetings with project stakeholders to discuss progress, address issues, and make necessary adjustments to the project strategy.
- vi. **Independent Evaluation:** Consider conducting an independent evaluation of the project at specific intervals to gain an unbiased assessment of its effectiveness.

By implementing a comprehensive M&E mechanism and defining clear performance metrics, the project can track its progress, identify areas for improvement, and ensure the efficient utilization of resources, ultimately leading to positive outcomes for MSMEs and the state's economy.

Expected impact of the Project

a) Expected impact of BPCRS

- i. It can greatly improve the efficiency and transparency of the financial system by providing investors and lenders with standardized information about a borrower's creditworthiness and payment history.
- ii. It will enable applicants to identify areas of improvement and take strategic measures to enhance their operational efficiency and competitiveness. This can lead to better product quality, cost-effectiveness, and customer satisfaction, positioning them favorably in the market.
- iii. It will enable applicants and lenders to make more informed decisions about lending, ultimately leading to more efficient allocation of credit and reduced risk of defaults.

b) Expected impact of BCGS

- i. It is seen that multiplier effect under the Scheme is creating leverage of about 50 times of the Funds placed with CGTMSE by providing additional guarantee of 10%-20%.
- ii. Considering average ticket size of 7 lakh of the loan, more than 70,000 MSME borrowers would be supported in the State.
- iii. Assuming minimum 3 employees per unit, more than 2 lakh employment opportunities would be created.
- iv. Assuming 50% new units, more than 35,000 green field projects / new to bank MSME borrowers would be supported.

Sustainability of the Project

- i. Regular awareness campaigns and outreach efforts are essential to sustain participation from MSMEs. Educate MSMEs about the benefits of the scheme, its impact, and how ratings can support their growth and access to finance.
- ii. BPCRS Scheme's financial sustainability relies on an appropriate budget allocation and cost-effective implementation. Subsidized rating fees and optimized resource utilization can ensure the scheme's financial viability.
- iii. In longer term, the subsidized rates will be normalized as per the market rates.
- iv. The Fund given by GoB would be kept by CGTMSE separately as Bihar State Government Corpus to run the Scheme.
- v. The interest realized will be credited back to the State Government Corpus at the end of a year or as and when realized, after reimbursing the costs incurred for popularizing the scheme and incentivizing collections, recoveries, etc. by GoB on this front.
- vi. The funds shall be placed with CGTMSE by Bihar Government in advance for smooth operation of the Scheme and for commencement of the State-run Scheme, as decided upon.
- vii. The extent of coverage of guarantee by GoB would be adjusted from the funds placed and same would be replenished by the State government on utilization of 75% fund by the CGTMSE.

- viii. Claim settlement of the State Government Share would be subject to availability of fund being made available by the State Government. CGTMSE would approach State Government for replenishment of funds once 75% of the corpus is utilized.
- ix. The BCGS will commence tentatively from April 2024 and continue till March 2026 or till the portfolio reaches a level commensurate with the contribution from the State Government, whichever is earlier. This can be extended by mutual agreement between CGTMSE and the State Government. This could also be terminated earlier by mutual agreement, but will continue till all the loans which are covered under this scheme are serviced as per the agreed terms of this coverage.

Sustainability of the project

In spite of a plethora of policy and schemes from the Government and RBI this sector is struggling to get timely and adequate finance. This problem persists from the side of both entrepreneurs and bankers. In the era of Digital India and Aatma Nirbhar Bharat, India is witnessing many small but innovative start-ups in the service sector which need assistance in the form of risk capital and timely credit. MSMEs are also making partnerships with larger firms and bringing out competitive products in the market.

In spite of the fact that a large number of enterprises are becoming sick, we cannot deny that the rate of NPA is less than the large enterprises and the Banks should consider this fact. There is also a need to ensure access to banking facilities in the remote unbanked/under-banked areas. Banks have an important role to play in addressing several problems faced by MSMEs in India. Banks have to view themselves not merely as a credit provider but as partners in the growth of these enterprises, through a process of hand holding support of first-generation entrepreneurs and startups, while they find their feet in the business. Banks should therefore, provide financial consultancy/financial management services to their MSME borrowers to give them holistic guidance and support and nurturing them. Banks could set up special industrial and management consultancy departments to address functional inadequacies and market gaps. There might be a higher failure rate for start-up MSMEs, but despite the risk, the financing of these enterprises is a must for ensuring inclusive growth and here Credit Guarantee Scheme can play a major role.

The expected outcome of the project is highly promising, as it showcases a remarkable multiplier effect under the Scheme. With approximately 50 times leverage on the Funds placed with CGTMSE and additional guarantees of 10%-20%, over 70,000 MSME borrowers in Bihar are projected to receive support, with an average ticket size of 7 lakh for each loan. This significant financial backing is estimated to create more than 2 lakh employment opportunities, assuming a minimum of 3 employees per unit. Moreover, around 35,000 Greenfield projects and new-to-bank MSME borrowers are expected to benefit, fostering entrepreneurship and driving economic growth in the state.

Performance & Credit Rating and Credit guarantee is not the sole criterion for facilitating MSME's to manage their creditworthiness and performance and credit but one cannot deny the fact that lack of collateral is the major cause of rejection of good projects by Banks. Financial Institutions are also safe while granting loans under Credit Guarantee Scheme. Therefore, this scheme should be popularized among bankers and entrepreneurs.

PROJECT PROPOSAL - 6
ENHANCING MSMEs THROUGH EXPORT
PROMOTION AND OTHER BUSINESS
SUPPORT WITH SPECIAL FOCUS ON GI
PRODUCT OF BIHAR

Project Title: Enhancing MSMEs through Export Promotion and Other Business Support with special focus on GI Product of Bihar

Content	Page No
Executive Summary	266
Background of Projects	267
Focused Area for Export	268
Major Products & Markets	269
Gap Analysis	269
Ways to Overcome the Current Scenario	275
Proposed Structure for Export Promotion	277
Result Matrix/ Log Frame Analysis	279
Monitoring & Evaluation	281
Implementation Strategy	283
Gantt Chart /Timeline	285

Executive summary

India's easternmost state of Bihar is landlocked and shares borders with Nepal, Uttar Pradesh, Jharkhand, and West Bengal. The Gross State Domestic Product (GSDP) of Bihar increased at a significant Compound Annual Growth Rate (CAGR) of 6.5 percent from 2011–12 to 2017–18. As a result, Bihar now contributes more to India's overall GDP. The state's economic progress can be attributed to factors such as increased capital expenditure, industrial expansion, improved logistics, and enhanced public infrastructure.

However, despite these improvements, Bihar's merchandise exports in 2016–17 only made up about 1.3% of its GDP. Although this figure is somewhat better than those of other states with comparable economies, it is still much lower than the national average of 12.1%. Comprehensive actions are required to intervene in the export industry from many aspects in order to further the state's economic progress.

In light of this situation, this proposal delves into the intricate details of Bihar's economic landscape and its export achievements, aiming to align these factors with the demands emerging from the global market. Moreover, the proposal evaluates the export potential by identifying dynamic products and key markets that can maximize benefits for exporters and facilitate government reforms. The research also offers methods for improving state-level trade competitiveness and creating an export-friendly environment in Bihar.

Merchandise exports from Bihar in 2017-18 were valued at US\$ 1.35 billion, a remarkable improvement over the US\$ 0.4 billion of exports recorded during 2012-13. However, as less than 1% of all Indian exports come from the State, there is still a significant amount of space for progress. For the State, petroleum products are a significant export. Due to rising exports in the industries of agriculture and related industries, textiles, and apparel, the non-oil portion of the State's exports has also seen a significant uptick since 2016–17. However, despite this expansion, the non-oil sector still only contributes to one-third of Bihar's total exports, making a plan for the segment's rapid growth necessary. Nepal is the largest export destination for Bihar, on account of the land border of the State with Nepal. During 2017-18, nearly 78 percent of Bihar's exports were directed towards Nepal, followed by Vietnam (share of 4 percent), Bangladesh (3 percent), Thailand and UAE (2 percent each). Analysis indicates that Nepal is also the largest export destination for non- POL exports from the State, albeit the

share is lower at 65 percent. Taiwan, Iraq, Japan and China features among the top destinations for non-POL exports from the State, but not among the top destinations for overall exports. Therefore, continued research into exports to these important markets will be crucial for the diversification of non-POL exports.

The proposal highlights the need for the State to diversify its industrial and exports base and identifies the prospective sectors and markets that can be targeted. The State will need to improve its export competitiveness to expand its exports into these industries and markets, and a successful export strategy will be essential to achieving this. Planning a strategy to promote exports from Bihar will require thinking at several levels in order to adopt a comprehensive approach. These strategies could, in general, be built upon six key pillars: Institutional streamlining, Focus Products and Markets, Infrastructure Leverage and Strengthening, Capacity Building, Fiscal Incentives, Export Promotion Campaign.

Background of the project

Bihar, located in the eastern region of India, stands as the third most populous state in the country, spanning 93.6 lakh hectares. Sharing borders with Nepal, Uttar Pradesh, Jharkhand, and West Bengal, it is a land-locked state with distinctive geographical divisions: North Bihar and South Bihar, separated by the majestic flow of the Ganges. While the northern region boasts fertile alluvial plains, the southern region is primarily utilized for agriculture, both contributing significantly to agricultural output. However, South Bihar has witnessed more extensive industrial activity. Bihar has exhibited remarkable economic growth, with its Gross State Domestic Product (GSDP) recording a Compound Annual Growth Rate (CAGR) of 6.5 percent from 2011-12 to 2017-18. Surpassing the overall GDP growth rate of India, this progress has elevated Bihar's contribution to the national GDP, reaching nearly 2.8 percent in 2017-18. This economic upturn has been propelled by increased capital expenditure, facilitated by an improved investment climate. The state's commendable performance in the Business Reform Action Plan (BRAP) 2017, encompassing regulatory reforms, policy enhancements, and procedural streamlining across various sectors, has boosted Bihar's ease of doing business ranking. Notably, Bihar has been categorized as a 'Fast Mover' alongside Himachal Pradesh and Assam in the BRAP 2017 report. Furthermore, the recent economic growth can be attributed to expanded industrial capacity, enhanced logistics infrastructure,

and substantial investments in public infrastructure. With an inland container depot, integrated check posts, an extensive road and rail network, and promising prospects for inland waterway development, Bihar is well-positioned for further progress. With merchandise exports valued at USD 1.35 billion in 2017–18—a big increase from USD 0.4 billion in 2012–13—Bihar's export performance saw a remarkable improvement. However, there is still ample room for further improvement as Bihar's exports account for less than 1 percent of India's total exports.

Petroleum products play a crucial role in Bihar's export portfolio. The non-oil segment of exports has also shown considerable growth, particularly in agro and allied industries, textiles, and garments since 2016-17. However, the non-oil segment represents only one-third of Bihar's overall exports, indicating the need for accelerated growth in this sector.

Nepal is the primary export destination for Bihar, facilitated by the state's land border with Nepal. Approximately 78 percent of Bihar's exports were directed towards Nepal in 2017-18, followed by Vietnam (4 percent), Bangladesh (3 percent), Thailand, and the UAE (2 percent each). While Nepal remains the largest export destination for non-oil exports, other countries like Taiwan, Iraq, Japan, and China have emerged as important markets for specific product categories. Diversifying non-oil exports would involve exploring opportunities in these key markets.

Focused area for export

Preliminary estimates suggest that Bihar has an untapped export potential of nearly USD 900 million. Realizing this potential could elevate merchandise exports from the state to over USD 2 billion. By adopting an appropriate export strategy, Bihar can further increase its exports in the medium term.

To align with the national growth targets, Bihar's export policy should aim to increase the share of exports in the Gross State Domestic Product (GSDP) to at least match the current national average of 19 percent. The policy should also strive towards reaching a higher level of 25 percent by 2024-25, in line with the national target. The export target for the state should be set at USD 40 billion by 2024-25, with merchandise exports accounting for approximately USD 27 billion and services exports at USD 13 billion.

Major Products and Markets for Export Promotion of Bihar:

Identifying key products and markets is crucial for Bihar to capitalize on export opportunities and achieve economies of scale. The study identifies various product categories based on their comparative advantage in Bihar's exports and matches them with global import demand.

The study categorizes products into "Product Champions" (maximum potential), "Underachievers" (recovering lost ground and increasing exports), "Achievers in Adversity" (diversifying and optimizing resource utilization), and "Declining Sectors" (requiring diversification). Bihar has 81 products in the Product Champions segment, 171 products in the Achievers in Adversity segment, 570 products in the Underachievers segment, and 1137 products in the Declining Sectors segment.

In the short to medium term, Bihar should focus on leveraging opportunities in the Product Champions segment. In the medium to long term, the state needs to develop capacities in the Underachievers segment.

Pharmaceutical products, animal and animal products, textiles and garments, leather and leather products, and vegetable products are among the top sectors in Bihar's Product Champions segment. In terms of export value, chemical and allied products, prepared foodstuffs, pharmaceutical products, and machinery are the top products. Emphasizing these sectors will enhance the resilience of Bihar's exports in the face of global demand fluctuations.

Bihar has significant export potential to countries like Nepal, the Middle East, and East Asia. However, diversification into new markets and the development of inland container depots and container freight stations in the state are necessary steps

Gap analysis in context of export

Warehousing

Insufficient transportation, storage, and distribution services pose a significant challenge for exporters nationwide. This issue is particularly pronounced in Bihar, where perishable products constitute a substantial portion of the state's exports. Agro and allied products hold significant importance as exports from Bihar, and the pharmaceutical sector has been

identified as a Product Champion. To promote exports in these sectors, the presence of adequate warehousing and cold storage infrastructure is crucial.

In Bihar, the total warehousing capacity amounts to 623,741 Metric Tonnes (MT). The State Warehousing Corporation (SWC) has installed 504,221 MT of this capacity, while the Central Warehousing Corporation (CWC) has installed 119,520 MT. The distribution of warehousing capacity across divisions is as follows: Patna division holds the largest share at nearly 38.8 percent, followed by Purnea at 14.3 percent, and Tirhut at 12.8 percent. It is noteworthy that Bihar's overall warehousing capacity accounts for only 1.4 percent of India's total capacity as of August 2018. This proportion is dismally low considering that Bihar contributes to approximately 6.7 percent of the country's total food grain production. Refer to the chart below:

Table 5.6.1 Warehousing Capacity in Bihar (MT)

Division	SWC	CWC	Total	Share in Bihar's Total %
Tirhut	75197	4400	79597	0.128
Saran	26591	13216	39807	0.064
Darbhangha	13258	23870	37128	0.06
Kosi	5660	9211	14871	0.024
Purnea	68956	20000	88956	0.143
Patna	203816	38323	242139	0.388
Magadh	30123	-	30123	0.048
Munger	19037	10500	29537	0.047
Bhagalpur	61583	-	61583	0.099
Bihar total	504221	119520	623741	100%
India Total	35776000	9969000	45745000	-
Share of Bihar in India	0.014	0.012	0.014	-

In addition, the presence of a well-established cold chain infrastructure is vital for various products exported from Bihar. Cold chain facilities play a crucial role in preserving the quality and extending the shelf life of fresh horticulture and floriculture produce, allowing them to reach end-consumers across different regions. Similarly, for processed food items, the cold chain ensures the protection of products until they are consumed. Additionally, sectors such as pharmaceuticals, life sciences, chemicals, and electronics necessitate temperature-

controlled storage to varying degrees. According to data from the State Horticulture Board of Bihar, as of August 2017, Bihar possessed a cold chain infrastructure with a capacity of 1.9 million Metric Tonnes (MT), out of which approximately 1.3 million MT was actively in use. This infrastructure facilitates the efficient handling and storage of temperature-sensitive goods, enabling Bihar to meet the requirements of its export market.

Cold Storage:

The State of Bihar urgently requires an expansion of its warehousing and cold chain infrastructure. Warehousing plays a critical role in ensuring smooth supply chains for food grains within the state. To meet the storage demands effectively, it is estimated that Bihar would need a warehousing capacity of 13 million Metric Tons (MT), assuming a peak storage requirement of approximately 70 percent of the production. However, the current capacity stands at a mere 0.6 million MT, indicating a significant gap that needs to be addressed. In parallel, the cold chain infrastructure also requires substantial improvement. The National Center for Cold Chain Development projected a need for the development of approximately 2.2 million MT of cold chain infrastructure in Bihar in 2015. Although around 0.5 million MT have been added since then, it still falls far short of meeting the state's requirements. To establish an efficient agri-value chain, the encouragement and establishment of cold chains at every stage of the business cycle, from harvesting to the final destination, are essential. In summary, Bihar faces a pressing need to augment both its warehousing and cold chain infrastructure. The state requires a significant expansion of storage capacity to cater to food grain supply chains, while the cold chain infrastructure must be enhanced to meet the demands of various stages within the agricultural value chain.

Table 5.6.2 Zone wise mapping of cold storage capacity in Bihar

Zone	Division	Active		Potential		Total	
		Value	Share	Construction	Inactive	Value	Share
Zone 1	Tirhut	366833.5	28.50%	35349	75922.4	4781049	25.80%
	Saran	182788.2	14.20%	444942	58178.3	285460.6	15.40%
	Darbhanga	219893.8	17.10%	0	33023.5	2529173	13.70%
Zone 2	Kosi	30296	2.40%		12300	42596	2.30%
	Purnea	138339.2	10.80%	31247.5	9733	179319.7	9.70%
Zone 3b	Patna	167629.2	13.00%	25638.8	109720.6	302988.6	16.40%
	Magadh	41550	3.20%	0	55252	96802	5.20%
Zone 3a	Munger	122306.9	9.50%	6103.7	42198.1	170608.7	9.20%

Lack of Special Economic Zones (SEZs) in Bihar:

As defined by the SEZ Act of 2005, can be established collaboratively or individually by the Central Government, State Government, or any entity engaged in manufacturing goods. Even foreign companies have the opportunity to create SEZs within India. The private sector has actively participated in the development of SEZs across various Indian states.

SEZs offer efficient infrastructure, high-quality services, and a favorable business environment, with minimal regulatory constraints. These factors make SEZs conducive to attracting export-oriented foreign direct investment (FDI). Consequently, these zones make a substantial contribution to output, employment, and exports. In fact, the growth in exports from SEZs has exceeded India's overall export growth in recent years. For instance, during 2017-18, while India's merchandise exports witnessed a growth of 5.8 percent in terms of rupees, exports from SEZs increased by 11 percent.

Considering the importance of SEZs in industrial development and exports, it is concerning that Bihar currently lacks any SEZs. Additionally, the state lacks policies, acts, or regulations that promote the establishment of SEZs. To attract export-oriented FDI and boost exports from the state, it becomes crucial to establish SEZs. Potential locations for these SEZs could include Patna, Gaya, Muzaffarpur, or Bhagalpur, which boast robust road and rail connectivity. It would be beneficial to dedicate one of the SEZs to agricultural products, given the significant export potential in this sector.

Enhancing Product Identity: Geographical Indications

Granting Geographical Indications (GIs) to handicrafts, handloom, and agricultural products from Bihar can serve as effective tools for marketing strategies and product differentiation. Highlighting the geographical origin, coupled with the utilization of traditional practices and processing methods, presents significant marketing opportunities. Bihar already boasts a diverse range of products with GI status, encompassing handicrafts, agricultural goods, and food items.

To harness the advantages of GI status, it is crucial to establish the GI brand as a reputable and preferred choice in the market, with a distinctive positioning. Notably, products like Darjeeling Tea have successfully gained substantial market share through brand building efforts. To achieve similar success levels, defining the key value propositions for products with GI status becomes essential. It is necessary to develop and promote the logo and name of the GI brand, while implementing mechanisms to ensure that all products marketed under the GI brand meet the prescribed minimum standards.

In this regard, the Government of Bihar could establish a brand equity fund aimed at creating globally competitive brands for products originating from the state. This fund can also facilitate the marketing of these branded products on the international stage. Additionally, export-related brochures, interactive CDs, and other promotional materials can be developed to popularize Bihar's products in the international market.

Furthermore, efforts should be made to identify additional products from the state that could be eligible for GI status. This could encompass agricultural items like Makhana, as well as food specialties such as Litti Chokha and Laktho.

Table 5.6.3 Bihar's Geographical Indication (GI) products

Sector	Products
Handicraft	Madhubani Paintings
Handicraft	Applique (Khatwa) Work of Bihar
Handicraft	Sujani Embroidery Work of Bihar
Handicraft	Sikki Grass Products of Bihar
Handicraft	Bhagalpur Silk
Agricultural	Bhagalpuri Zardalu
Agricultural	Katarni Rice
Agricultural	Magahi Paan
Agricultural	Shahi Litchi of Bihar
Foodstuff	Silao Khaja
Source: Intellectual property India (https://ipindia.gov.in/)	

Quality Standards and Regulations

Exporters in Bihar must adhere to various quality requirements and standards. Many export destinations prescribe specific product specifications that must be met, and it is the responsibility of stakeholders to ensure compliance with these standards.

It is essential to establish a supportive ecosystem that encompasses Phyto-sanitation certification, organic certification, and rigorous testing to meet the strict requirements of pesticide-free produce, packaging, and labelling. In addition, there is a possibility of providing a refund for expenses related to mandatory certifications such as Conformite European (CE), China Compulsory Certificate (CCC), GMP, etc. This refund could cover 50 percent of the exporters' expenses, with a maximum limit per exporting unit. Furthermore, organizing a one-day training and awareness program in major production hubs would be beneficial for disseminating information about these certifications. The program would cover the application process and the support provided by the Government of Bihar.

Ways to overcome the current scenario

In addition to highlighting the need for the State to diversify its industrial and export base, the report also highlights viable industries and targetable markets. To achieve this, the State needs to enhance its export competitiveness and develop a critical export strategy.

To adopt a comprehensive approach, the planning of an export promotion strategy for Bihar would involve strategizing across various levels. These strategies can be built upon six essential dimensions: Focus Products and Markets, Infrastructure Leverage and Strengthening, Capacity Building, Fiscal Incentives, Export Promotion Campaign, and Institutional Streamlining.

Regarding Focus Products and Markets, diversifying export opportunities can be achieved through value addition and targeting prospective high-value added products. This includes agricultural products, textile and garments, chemicals and allied products, pharmaceuticals, handicrafts products, and tourism and hospitality. The State should also focus on processing agricultural products, technical textiles, and specific segments in chemicals, pharmaceuticals, and other sectors.

The study suggests that Bihar's exporters are not currently tapping into major importing countries for most product categories. Therefore, the State needs to diversify its markets, particularly in high-technology intensive sectors like electrical and electronics and engineering goods. This will depend on attracting export-oriented foreign direct investment (FDI) and implementing a "Make in Bihar" program aligned with the "Make in India" initiative.

Infrastructure development is crucial for higher export growth. Bihar should upgrade its existing export infrastructure by establishing additional Inland Container Depots (ICDs) and custom clearance offices. Furthermore, there is a need to enhance warehousing, cold chain infrastructure, and consider setting up Special Economic Zones (SEZs) in suitable districts.

Capacity building is essential for leveraging Bihar's Geographical Indication (GI) status products and meeting international standards. The State should establish a brand equity fund, facilitate certifications, provide financial support for technology acquisition, and promote GI products.

Fiscal incentives can be introduced to support exporters, such as a freight subsidy scheme to mitigate infrastructural deficiencies. Export awards and the development of clusters will also contribute to export promotion. On the other hand, Institutional streamlining plays a vital role in enhancing Bihar's export performance. The study recommends setting up the Bihar State Export Corporation Ltd (BSECL) to facilitate coordination among the government, exporters, and industry associations.

In conclusion, achieving the ambitious export target of USD 40 billion from Bihar necessitates enhancing trade competitiveness, promoting innovation, strengthening export finance availability, branding efforts, and institutional capacity. The proposed six-pronged strategy outlined in the study will guide the formulation of the State's export policy and action plan for attaining the desired results.

Need for Export Strategy

Despite the significant improvement in merchandise exports, accounting for around 1.3 percent of Bihar's GSDP in 2016-17 (compared to 0.2 percent in 2011-12), the state's export share lags behind economically comparable states such as Haryana, Odisha, and Punjab, as well as the national average. Given Bihar's economic size and potential, a boost in export growth can substantially enhance GSDP and positively impact employment opportunities in the state.

It is evident that Bihar's share in India's exports is not proportionate to its land area, population, and GDP share. While Bihar accounts for a significant portion of India's land area, population, and GDP, its contribution to merchandise exports remains less than one percent.

Fostering Export Growth in Bihar: Perspectives and Implications

Export as a vital player for employment and wages reformation:

Exports play a pivotal role in driving economic growth, not only by expanding market opportunities for producers but also through their influence on efficiency enhancements, technology transfers, and workforce skill improvements. Contemporary research has underscored the link between exports and inclusive growth, particularly in terms of their impact on employment. According to research by the Exim Bank, export-supported employment accounted for approximately 14.5 percent of total employment in India during

2012-13. additionally, a recent study by the World Bank-ILO confirmed the positive effects of exports on employment, including higher wages and a reduction in informality. The study revealed that a \$1,500 increase in India's exports per worker led to a Rs. 8,000 wage increase per worker and a decrease in informality by 12.4 million workers (working paper no. 88, Exim Bank, 2019).

Undoubtedly, a robust export-led growth strategy holds the potential for substantial gains in the labor market. However, the impact of exports on labor market outcomes in Bihar has been limited in recent years. Analysis indicates that between 1999 and 2011, only 1.4 percent of the wage increase in Bihar could be attributed to increased exports, and a mere 0.4 percent of the reduction in informality was due to trade. These figures fall significantly below those observed in several other Indian states.

To address this disparity, a well-designed export growth strategy must be complemented by inclusive policies. Such policies should (1) enhance export connectivity and infrastructure, ensuring that the benefits of trade reach the people; (2) eliminate production distortions, including imbalances in capital and labor inputs, promote women's participation in merchandise exports, and enhance worker mobility; and (3) safeguard workers by investing in education and skills development.

In light of Bihar's consistent economic potential for exports, it is crucial to identify dynamic products, improve the investment climate, and explore leading markets to amplify the state's export profile. This study aims to comprehensively analyze Bihar's economic profile and export performance, linking these factors to international market demands. By mapping out these aspects, the study intends to provide insights into the state's export competitiveness and outline strategies for creating an enabling environment for exports, while urging the government to expedite necessary reforms.

Proposed Structure of Export Promotion cell in the state

a) Export Promotion Cell across the state:



Figure 5.6.1 Proposed organizational structure for the export promotion

b) Key Performance Indicators (KPIs) to be delivered by Export Promotion Cell Team/Agency:

- Strengthening of Export Promotion across the state
- Regularize Meeting of District Export Committee
- Assist in preparation of export action plan
- Mapping of existing and potential product for export
- Gap bridging between MSME and EXIM Bank

- Coordinate with export council at national level
- Ensure participation of MSMEs through IC scheme
- Liaison with export consultant, Industry export of state, national and international level
- Conduct Workshop and seminar (Monthly in initial year and quarterly from 2nd year onwards with concerned stakeholders) on export procedure, international trade, export promotion, financial incentives and market analysis
- Ensure export compliances

c) **Result Matrix of Proposed Intervention:**

Table 5.6.3 Result Matrix of proposed intervention

Key Result Area	Key Result Indicator	Baseline	Target till 2027
Market Research by Agency	Number of new target markets identified	0	50
Product Development	Number of new export-ready products developed	0	30
Trade Shows and Exhibitions at National Level	Number of national trade shows attended	0	24
Trade Shows and Exhibitions at International Level	Number of international trade shows attended	0	8
Export Volume	Percentage increase in export	0	2 X
Export Partnerships	Number of new strategic partnerships formed	0	50
Export Training to MSME by Agency	Number of employees trained in export procedures during the project period	0	2500-3000
Export Promotion Budget	Percentage increase in export promotion budget	0%	20%

Objective 1: Improve export readiness and competitiveness

- **Key Result Area 1:** Increase the number of export-ready businesses by more than 50%
- ✓ Indicator 1: Number of businesses assisted in developing export strategies and plans
- ✓ Indicator 2: Percentage increase in the number of businesses meeting export requirements

- **Key Result Area 2:** Enhance product quality and standards compliance
 - ✓ Indicator 1: Number of businesses supported in obtaining relevant certifications and quality standards
 - ✓ Indicator 2: Increase in the percentage of businesses meeting international quality standards
- **Key Result Area 3:** Strengthen trade-related infrastructure and logistics
 - ✓ Indicator 1: Investment in infrastructure projects supporting export activities
 - ✓ Indicator 2: Reduction in export logistics costs and time

Objective 2: Diversify export markets and expand market access

- **Key Result Area 1:** Identify and target new export markets
 - ✓ Indicator 1: Number of new potential markets identified and assessed
 - ✓ Indicator 2: Number of market entry strategies developed and implemented
- **Key Result Area 2:** Improve market access for existing exporters
 - ✓ Indicator 1: Number of trade agreements and preferential trade arrangements negotiated
 - ✓ Indicator 2: Increase in the number of products with improved market access

Objective 3: Build export capacity and skills

- **Key Result Area 1:** Provide export training and capacity-building programs
 - ✓ Indicator 1: Number of businesses trained in export-related skills and knowledge
 - ✓ Indicator 2: Percentage increase in export-related competencies among trained businesses
- **Key Result Area 2:** Foster innovation and technology adoption in export sectors
 - ✓ Indicator 1: Number of businesses supported in adopting innovative technologies
 - ✓ Indicator 2: Increase in the use of advanced technologies in export processes

Objective 4: Enhance export promotion and branding

- **Key Result Area 1:** Develop and implement effective marketing and promotion strategies
 - ✓ Indicator 1: Number of marketing campaigns and promotional activities conducted
 - ✓ Indicator 2: Increase in export inquiries and leads generated through marketing efforts

- **Key Result Area 2:** Strengthen country branding and reputation
 - ✓ Indicator 1: Improvement in the global ranking of the country's export competitiveness
 - ✓ Indicator 2: Increase in positive perception and recognition of the country's export products

Monitoring and Evaluation

Monitoring and Evaluation (M&E) Key Performance Indicators (KPIs) for export promotion are essential tools for assessing and tracking the effectiveness of export promotion strategies and initiatives. They provide measurable benchmarks against which the progress and impact of export promotion activities can be measured. Here are some key M&E KPIs for export promotion:

- Export Volume: This KPI measures the total value or quantity of goods or services exported within a specific period. It helps gauge the growth or decline in export activities and indicates the effectiveness of promotional efforts.
- Export Market Diversification: This KPI assesses the number of new markets entered or the degree of market diversification achieved. It indicates the success of export promotion initiatives in expanding the range of markets served and reducing dependence on a single market.
- Export Sales Revenue: This KPI measures the total revenue generated from export sales. It reflects the financial impact of export promotion activities and can be used to evaluate the return on investment (ROI) of these initiatives.
- Export Market Share: This KPI compares the organization's exports to the total exports of the industry or sector in the target market. It helps assess the organization's competitive position and market penetration.

- Export Value-added: This KPI measures the value-added content of exports, indicating the level of sophistication and competitiveness of exported products or services. It can be measured by assessing the value of inputs sourced locally versus imported components.
- Export Growth Rate: This KPI tracks the percentage increase in export volume or revenue over a specific period. It provides insights into the pace of export expansion and the effectiveness of export promotion efforts.
- Export Product Diversification: This KPI assesses the number of different products or services exported. It demonstrates the ability to diversify the export basket and reduce reliance on a single product or sector.
- Export Partner Network: This KPI evaluates the number and quality of trade partnerships established with foreign importers, distributors, or agents. It indicates the effectiveness of export promotion in building a strong network of partners for market access.
- Export Competitiveness Index: This KPI assesses the organization's competitiveness in international markets compared to other exporters. It takes into account factors such as price competitiveness, quality, innovation, and market access.
- Customer Satisfaction: This KPI measures the satisfaction levels of export customers, including factors such as delivery times, product quality, responsiveness, and overall customer experience. It helps assess the effectiveness of export promotion in meeting customer expectations.

These M&E KPIs can be customized based on specific objectives, industry characteristics, and organizational goals. Regular tracking and analysis of these indicators provide valuable insights for improving export promotion strategies and ensuring long-term export growth.

Implementation Strategies

Implementation Strategy

Focused areas/ Activities	Work to be done	Stakeholders
Market Research: 1. Identify potential markets 2. Conduct market research 3. Analyze market data	The Export Promotion Cell/Agency will chalk out the potential countries/market areas wherever the product manufactured in Bihar can cultivate demand for e.g. Local markets to NRI's residing in other countries	Export Promotion Cell/Agency
	The Export Promotion Cell/Agency will conduct survey amongst the group of people who have returned back after spending at least 5 Years abroad to identify the products which is in high demand abroad	
Product Development: 1. Determine market entry strategies 2. Assess product readiness 3. Showcase new products 4. Negotiate export contracts	Once, the Product identification is done. The Export Promotion Cell can hire an agency which will be focused on branding, packaging and marketing of the products abroad/potential markets	Export Promotion Cell /Agency for Product Positioning
	The Export Promotion Cell will also re-visit the existing export contracts between the manufacturer and the exporting country to suggest potential inputs which can improve the current scenario	
Export Partnerships: 1. Identify potential partnership opportunities 2. Negotiate and formalize partnerships 3. Collaborate with partners to promote exports	RAMP Team in coordination with Export Promotion Cell will initiate Export Partnership with Countries/Buyers/Existing Agencies/Export Promotion Council and whosoever is interested in Export Promotion of the products of Bihar. The team will facilitate in signing MoU between manufacture and buyers across the globe to promote export Convergence for MSMEs in International Cooperation Schemes	RAMP Team Export Promotion Cell
Export Training: 1. Conduct export training programs 2. Train employees on export procedures	The Export Promotion Cell will empanel an agency to provide training to the manufacturers and their employees about the International Quality Standards, Country specific restricted products/inputs to enhance product readiness for export.	Export Promotion Cell / Agency

<p>Export Promotion Budget:</p> <ol style="list-style-type: none"> 1. Provide ongoing support to exporters 2. Review export promotion budget 3. Allocate budget for future 	<p>The budget proposed in the Export Promotion will work as a catalyst in driving the backend support required to the stakeholders of the export from the governments end. Export Promotion Cell will review the existing export promotion budget and will take cognitive decision in allocating budget for existing and future</p>	<p>Export Promotion Cell</p>
--	---	------------------------------

promotional activities	export promotional activities	
Export Volume: 1. Increase production capacity 2. Streamline export logistics 3. Establish distribution channels 4. Optimize production processes for higher output and efficiency 5. Strengthen quality control measures 6. Implement technology upgrades and automation	<p>Export Promotion Cell will be assigned Targets on Yearly/Monthly/Weekly basis in an incremental manner to increase the export volume. The team will work closely with Export Promotion Councils at District Level to monitor and increase the volume by increasing production capacity across the state, streamlining export logistics in coordination with line departments by improving the distribution channels</p> <p>Export Promotion Cell will sign a MoU with Quality Control of India (QCI) to monitor and improve quality of the products manufacturing in the states for export by enhancing the technological up gradation and automation in manufacturing process</p>	Export Promotion Cell QCI & Other agencies EXIM Bank Export Promotion Council of Bihar
Evaluation:	The Department of Industries in coordination with RAMP Team will provide Key Performance Indicators (KPIs) and also it will evaluate/Review/Monitor the progress and performance of the Export Promotion Cell for Export Promotion	Department of Industries (Bihar) RAMP Team Export Promotion Cell

Table 5.6.4 Gantt Chart/ Timeline

Focused Areas	Activities	FY 2023-24				FY 2024-25	FY 2025-26	FY 2026-27
		Q1	Q2	Q3	Q4			
Market Research	Identification of target markets							
	Conduct market research							
	Analyze market data							
Product Development	Determine market entry strategies							
	Assessment of product readiness							
	Showcasing new products							
	Negotiate export contracts							
Trade shows	Trade shows							
	Participation in international trade shows							
	Networking with potential buyers							
Export Partnerships	Identification of potential partnership opportunities							
	Negotiate and formalize partnerships							
	Collaboration with partners to promote exports							
Export Training	Conduct export training programs							
	Training of employees on export procedures							
Export Promotion Budget	Support to exporters							
	Review of export promotion budget							
	Allocate budget for future promotional activities							
Export Volume	Increase production capacity							
	Streamline export logistics							
	Establishment distribution channels							
	Optimize production processes for higher output and efficiency							
	Strengthening quality control measures							
	Implement technology upgrades & automation							
Evaluation	Evaluate export performance by agency							

Proposal -7
Strengthening Textile industry through
development of Banana Fiber and
Water Hyacinth

Executive Summary

Household and cottage industry clusters are present worldwide, and the success of these clusters depends upon their mutual support and efforts to share the supply chain and other resources. Governments across countries have identified the potential that can be leveraged from these micro and small units and have accordingly launched several programs and schemes to increase their overall competitiveness.

Bihar government has been undertaking cluster development work for more than a decade now by adopting a cluster-based approach to support soft and hard interventions in the cluster. The overall aim of this proposal is to strengthen the MSME ecosystem by designing and implementing strategies to –Strengthen the identified clusters in Bihar, facilitate access of MSMEs to various services, make the supply chain more competitive, and help clusters become self-sustainable.

The cluster development approach presents a transformative opportunity for Bihar to capitalize on its inherent strengths across the Textile, Apparel, Footwear, Food Processing, Banana Fiber, and Water Hyacinth sectors. Cluster development is a strategic approach that fosters collaboration and synergy among businesses in the same industry, aiming to enhance their competitiveness, productivity, and sustainable growth. By leveraging the state's existing resources and promoting innovation, these clusters can contribute significantly to Bihar's economic development.

Bihar boasts a rich heritage in the textile industry, which can be capitalized on through targeted cluster development. By promoting collaboration among textile manufacturers, garment producers, and footwear manufacturers, the state can create an integrated value chain that maximizes resource utilization and reduces costs. Through the clustering approach, these sectors can benefit from shared infrastructure, access to skilled labor, technology upgradation, and improved market linkages. Additionally, the state can focus on skill development and capacity building programs to enhance the overall competitiveness of the cluster.

Further, as the Textile & Clothing industry heads towards a future where textile resources are scarce, natural fibers such as cotton, which remains a resource-intensive material, and petroleum-based fibers like acrylic, polyester, nylon and spandex remain high in demand. But

as the production of these fibers continues to do irreversible damage to the planet, more and more companies are seeking out sustainable alternative fibers and fabrics. In this regard, to support the sustainability and growth of MSMEs development of Clusters in Bihar, innovative fibers like Banana Fibers, Water Hyacinth, etc. can be a potential sector that can be explored. This would also pave way towards a bigger goal of embracing circular economy in the supply chain. Establishing clusters for these two eco-friendly sectors can lead to sustainable economic growth while promoting environmental conservation.

The food processing industry holds immense potential for Bihar due to its abundant agricultural resources. Developing a food processing cluster will enable the state to add value to its agricultural produce, reduce post-harvest losses, and create a market for processed food products. By bringing together farmers, processors, and food technologists, this cluster can stimulate innovation, introduce better processing techniques, and enhance the quality and safety of food products. Moreover, it will open avenues for increased exports and generate employment opportunities in rural areas.

Cluster development in Bihar faces several challenges, including limited access to finance, inadequate infrastructure, and a lack of skilled workforce. To overcome these hurdles, it is essential for the government and relevant stakeholders to collaborate and provide targeted support that may include setting up common facilities, establishing industry-specific training centers, and offering financial incentives to attract private investment. This proposal promotes ease of regulatory burdens and facilitates market linkages to ensure the success of the identified clusters.

By fostering collaboration, encouraging innovation, and providing strategic support, the state can unlock the potential of these clusters, contributing to economic growth, job creation, and environmental sustainability. Embracing a holistic approach and aligning efforts with industry stakeholders will be critical to realizing the full potential of cluster development in Bihar.

Background of the Project

Industrial clusters are an idea that has been used successfully for many years in a number of nations all over the world. Clustering is the practice of putting together businesses that are comparable and complementary in order to gain the advantages of shared resources, specialized labor pools, enhanced supply chains, and knowledge spillovers. The Cluster Development approach has been adopted by the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI), as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the nation. IT IS a subject that has been discussed in Bihar by many different kinds of stakeholders, including the government, financial organizations, and academia's in Bihar have greater opportunities to grow as ancillary industries to unleash higher industrial growth. The state has huge growth potential to create and enhance the capacity of enterprises both in the manufacturing and service sector by using the available resources. There are huge opportunities for the MSMEs to grow as ancillary industries to unleash greater industrial growth. Development of the cluster is therefore extremely important as it holds the key to inclusive growth and plays pivotal roles in holistic development of the state. The potential for the development of clusters in both existing and emerging industries is enormous in Bihar. The most predominant traditional industries include food processing, textiles, and leather, although the extraction of banana fiber and water hyacinth are two important innovation fields with enormous potential for cluster development in Bihar due to the abundant availability of raw materials. The potential for growth in the textile sector is very high, especially in Bihar. The Bihar government has provided major support to the state's traditional textile industry, which is one of the highest priority sectors. The state also launches edits textile and leather policy in June 2022. The labor force, the state's geographic location, and the high proportion of women employed in the textile sector and allied fields all work in the state's favor. Additionally, Bihar is renowned in the industry for producing high-quality leather.

Similarly, more over 90% of the people of Bihar is directly employed in agriculture, which is the main economic driver of the state. As a result, Bihar has enormous potential for the development of the food processing cluster especially in the field of Litchi, Makhana (fox

nuts) and other fruits. Darbhanga is well known for production of quality fox nuts which has also awarded GI in year 2022. Similarly, Shahi litchi of Muzzafarpur district has creating global demands. In the context of cluster development related to banana fiber, Vaishali and Bhagalpur are two major districts in Bihar which is known for the quality banana production and its fiber. In Bihar, around 10 Lacs MT of Banana is produced over 28 thousand Ha of land. Nearly half of the state's banana production is accounted for by the two clusters (Vaishali and Bhagalpur). Robusta and Hari Chaal types are produced in greater than 2 Lac MT in the Bhagalpur (Naugchhia) region. More than 2.5 Lac MT of Muthia and Chinia types are produced in the second cluster in the Vaishali region. For the growth of the banana fiber industry in these clusters, banana presents tremendous prospects.

There are details of traditional existing cluster in Bihar.

Table 5.7.1 Existing Cluster of Textile in Bihar and its products

Name of the cluster	Product specification
Bhagalpur	Silk, Cotton, Furnishing cloth, Staple chadar, Exportable Silk and cotton cloth
Banka	Tasar Silk, Exportable Silk Cloth
Gaya	Cotton and Silk Cloth
Nalanda	Ornamental Curtain, Bed Cover, Interior decoration material and ornamented cloth
Nawada	Tasar Silk and ladies dress material
Darbhanga, Madhubani, Sitamarhi	Fine Cotton long cloth, dhoti, Shirting
Aurangabad, Rohtas	Woolen Blanket, Woolen Carpet and Sari
Kaimur	Woolen Carpet, Banarasi Sari
Patna, Siwan	Cotton cloth and Furnishing Cloth
Purnea, Katihar	Jute bags, Jute-blended material, Interior decorative material

Table 5.7.2 Existing Cluster of footwear in Bihar and its products

Name of the cluster	Product specification
Muzaffarpur	Footwear Cluster, Leather Goods Park, Bag
Patna, Bhojpur, Buxar, Rohtas, Saran	Leather Good

Existing cluster Food Processing

Table 5.7.3.Existing cluster Food Processing

Name of the cluster	Product specification
Darbhanga	Makhana
Muzzafarpur	Litchi, Honey Processing Cluster,
Betiah, Patna, Muzzaffarpur, Bhagalpur, Sheikhpura, Madhepura. Saran, Vaishali	Food Processing Cluster
Mango	Bhagalpur

There are details of innovative cluster mainly in the field of Banana Fibre and Water Hyacinth

Table 5,7.4 Innovative cluster of Banana Fibre and Water Hyacinth

Name of the cluster	Product specification
Vaishali	Banana Fibre Sanitary Pads
Saharsa	Water Hyacinth

Government support for cluster Development

The government has launched the Cluster Development Program to enhance the competitiveness of MSMEs through a comprehensive approach, including infrastructure development, technology up gradation, and skill development. The scheme is known as MSE-CDP. The primary objective of MSE-CDP is to address the common challenges faced by MSEs in specific geographic areas by fostering the development of cluster and providing support in interconnected businesses, suppliers, and associated institutions in a particular sector.

Key support to cluster development in Bihar

Infrastructure related support – The MSE-CDP program supports the creation of common facilities and infrastructure that can be shared by multiple MSEs in a cluster, such as testing laboratories, raw material storage facilities, or common production centers. The government of Bihar has taken an initiative of 'Plug and Play' to promote industries in the state, under which 'plug and play' pre-fabricated sheds has been prepared in 24 lakhs square feet . This is providing space to MSMEs at cost effective rate (Rs 4/per square feet). These facilities are being offered for 15 years on initial lease. The MSMEs just need to plug the machine and start he production.

Finance related support: Under this program, funds are allocated for infrastructure development, technology up gradation, skill development, and market access for the units within the cluster. The government of Bihar has been providing capital investment 15% upto 10 Cr. Under the Bihar industrial investment promotion Policy, the Government of Bihar has also been providing employment generation support up to Rs. 5000 per month/employee. There is also provision of power tariff and freight reimbursement up to 30% up to 10 lakhs/per year.

Despite, the support by the government of Bihar, there are some basic challenges/issues has been identified in the cluster development.

Major challenges/Issues in cluster development

Challenges faced by the Textile Cluster

The Bihar textile cluster faces numerous challenges in its development and growth. One of the primary hurdles is the lack of modern infrastructure and outdated technology, which impedes the sector's efficiency and competitiveness. Additionally, there is a shortage of skilled labor in the region, leading to substandard production and reduced product quality. Limited access to credit and financial resources makes it difficult for small and medium-sized enterprises (SMEs) to invest in upgrading their machinery and processes. Moreover, the industry grapples with inconsistent government policies and regulatory bottlenecks, hindering its ability to attract private investment and expand operations. Furthermore, the absence of a well-defined supply chain network and inadequate market linkages further restricts the sector's growth potential. To overcome these challenges, it is crucial for the government and relevant stakeholders to collaborate and implement comprehensive strategies that focus on infrastructural development, skill enhancement, streamlined policies, and fostering a conducive business environment to revitalize the Bihar textile cluster.

Challenges faced by the leather and footwear Cluster

The Leather and Footwear Industry in Bihar confronts several daunting challenges that impede its growth and prosperity. One of the primary hindrances is the lack of adequate infrastructure, including poorly developed road networks and limited access to ports, which hampers the efficient movement of raw materials and finished products. Additionally, the industry grapples with a significant skill gap in the labor force, leading to lower productivity

and hindrance in meeting the demands of the market. Access to finance remains limited, particularly for small and medium-sized businesses, curbing their ability to invest in modern machinery and technology, which is crucial for staying competitive. Furthermore, the sector faces stiff competition from well-established leather and footwear clusters in other states and low-cost imports from neighboring countries. Moreover, environmental concerns and compliance with sustainable practices add to the challenges faced by the industry.

Challenges faced by food processing Cluster

The Key challenges faced by the food processing sector are gaps in supply chain infrastructure which means inadequate primary processing, storage and distribution facilities, the insufficient connection between production and processing, seasonality of operations and low-capacity utilizations, lack of focus on quality and safety standards, and not having enough of product development and innovation.

The main hazard faced by the Indian small-scale food processing enterprise is absence and inadequacy of infrastructure facilities to store raw substances, transportation issue, as well as high competition.

Challenges faced by Banana cluster

The development of banana fiber in Bihar faces several challenges that hinder its progress and widespread adoption. One of the primary challenges is the lack of modern and efficient extraction technologies. Traditional methods of extracting banana fiber are labor-intensive and time-consuming, limiting the scale of production and affecting the overall productivity. Additionally, the availability of suitable banana varieties for fiber extraction may be limited, as certain banana varieties are more suitable for fiber production than others. Moreover, there is a scarcity of skilled artisans who possess the expertise required for extracting and processing banana fiber. The absence of adequate training and support for these artisans further impedes the growth of the banana fiber industry in the state. Furthermore, the lack of proper infrastructure, including storage and transportation facilities, affects the efficient movement of raw materials and finished products, leading to potential losses in quality and value. Access to finance and credit for small-scale banana fiber producers is also a significant challenge, limiting their ability to invest in modern machinery and technology. Inconsistent

government policies and regulatory bottlenecks create uncertainties and hinder private investment in the sector. Market linkages and access to wider markets for banana fiber products are also limited, restricting the industry's expansion and potential for economic growth.

Challenges faced by Water-hyacinth cluster

Water hyacinth-related projects, such as those focused on controlling, mitigating, or utilizing water hyacinth, can indeed face several challenges. Water hyacinth (*Eichhornia crassipes*) is an invasive aquatic plant that can rapidly reproduce and cover water bodies, causing a range of ecological and economic issues. Bihar Rural Livelihood Promotion Society has already done a piloting in Saharsa district in 2022 at Mahishi and Nuahatta blocks. There was some lack at governance, finance and community level, as a result, that pilot project does not scale up and failed in sustain. Some key challenges that were encountered when working on a water hyacinth-related project such as mobilization of community for water hyacinth related cluster is major challenge. Water hyacinth related production is very new in context of Bihar. Therefore, convincing people to become entrepreneurs in new field is always a crucial task. It is also known for its rapid growth rate and ability to spread quickly. Controlling its expansion is a challenging task, as it can cover vast areas of water bodies in a short period of time. Through the intervention Bihar state Livelihood Mission several innovative products were being made such as cutlery, handicraft, papers and floating farming of vegetables but the scale up and market linkage was major challenge as it could not get that much recognition at the state level. Due to not having the proper technology the excavation of water hyacinth was also a major challenge during the pilot.

Available scope for product diversification and market linkages in traditional industry sector (Textile, leather and Food Processing)

Bihar's handloom and textile traditions have a long history. The state's trained worker share and access to raw materials offer prospects for the textile industry to flourish. Its potential is additionally enhanced by the government's emphasis on developing the textile industry through different initiatives and incentives.

The Bihar government has also created state-of-the-art infrastructure that is essential to the growth of the industrial landscape in the state in order to encourage the industries related to textile, leather, and food processing. Along with contributing to societal advancement and the creation of new employment possibilities the Govt. of Bihar is putting effort to build the capacity of cluster and help them developing product range and technology advancement through rigorous training and outreach programme.

At present Indian textile industry is the second largest manufacturing the world only next to China. Bihar has ample potential to contribute in the sector of textiles & Power loom through its value chain activities and availability of market in adjacent states such as Jharkhand, Uttar Pradesh, Chhatisgarh, Odisha and other parts of the country as well as in some of the neighboring countries such as Nepal and Bhutan. In Bihar, presence of weaver's community is an important asset base in terms of availability of skilled and semi-skilled workers for textile units. Apart from the regular weaver community, a large number of youths (especially, the female youth) in the state can be employed in the Textile & Garment manufacturing units which can offer conducive employment opportunities such as sewing, stitching, cutting, and other tailoring requirements.

Similarly, Bihar has huge potential for investment in the leather sector as well. With the availability of raw material base (in terms of hides and skins produced in the State), plenty of low cost as well as skilled and semi-skilled labour, and a huge domestic market for consumption, it offers both comparative and competitive advantage to a prospective investor in this sector. Currently the clusters have a very fragmented sectoral value chain and sustainable eco-system which is not allowing MSMEs to grow as Micro to small and small to Medium Enterprises classification list. Therefore, there are huge scopes to bring the micro and small enterprises at the common space and let them grow them as bigger enterprises.

Despite of having availability of quality raw materials and skill workers the leather-based goods specially, foot wear, bag manufacturing and leather apparel industry are still a subject to improve and create a sustainable ecosystem for textile and leather clusters in Bihar.

Scope of product diversification and market linkages in innovative sector (water hyacinth and Banana Fiber)

Water hyacinth, despite being an invasive species, can present unique opportunities for sustainable product diversification through a pilot project in some parts of Bihar. By transforming the aforesaid mentioned challenge into a resource and using water hyacinth fiber in manufacturing of products will contribute to both environmental conservation and economic development. It will restate the pond, aquatic life and ecosystem as well. In Saharsa district of Bihar, there is huge scope for the development of the cluster because of several reasons. Saharsa has total land area is about 1687 sq km, around 98% of land came under rural demographic conditions. Total wet land in Saharsa is 11,838 acre (Private Land- 10,440 and Government- 1398 acre). In which water hyacinth affected land is 5300 Acre, which from part of 45 % of total wetland. Expected volume of water hyacinth is 53000 tones. Rural parts of the district are mainly dependent upon agriculture and allied activities for their livelihood and this livelihood opportunity is highly hampered due to Water hyacinths present all over water bodies and it is affecting Makhana farming, fisheries and so many economical, health losses.

Scope of product diversification from water hyacinth

- **Handicrafts and Artwork:** Water hyacinth can be dried, treated, and woven into various handicrafts such as baskets, mats, hats, and decorative items. Skilled artisans can create beautiful artwork using the plant's fibers, adding value to an otherwise problematic plant.
- **Organic Fertilizer:** Water hyacinth can be composted or converted into organic fertilizer. The plant is rich in nutrients, especially nitrogen and potassium, which can benefit other crops when used as fertilizer.
- **Animal Feed:** Although water hyacinth is not suitable for direct human consumption, it can be processed and used as feed for livestock and fish. The plant can be dried, chopped, and mixed with other feed ingredients to provide a nutritious and cost-effective food source.
- **Bioenergy Production:** Water hyacinth can be utilized for bio energy production through an aerobic digestion or gasification processes. These processes convert the plant biomass into biogas, which can be used for heating, electricity generation, or even as a source of fuel for vehicles.

- **Paper and Pulp:** The fibers from water hyacinth can be used to produce paper and pulp products. The plant's cellulose content makes it suitable for paper-making, and using water hyacinth as a raw material can help reduce reliance on traditional wood-based sources.
- **Wastewater Treatment:** Water hyacinth has natural abilities to absorb pollutants from water bodies. It can be employed in constructed wetlands or floating treatment systems to treat wastewater by absorbing contaminants like heavy metals and organic compounds.
- **Bio-filters and Phytore mediation:** Water hyacinth can be used as a bio filter or phytore mediation agent to clean up polluted water bodies. The plant's extensive root system helps in nutrient uptake and can assist in the removal of pollutants, improving water quality.
- **Notebook and Lampshades:** Water hyacinth can be used as a Notebook cover and products like Show-pieces; Lampshades etc. can be made out of it.
- **Landless Farming:** The bed of Water hyacinth can be prepared in the pond and same setup can be used as a place for farming and cultivating all types of leafy as well as other types of vegetables.
- **Saree and fabrics:** The fabrics can be made from this invasive plant and can be fused with other plant-based fibers to make Sarees and other clothes from it.

Similarly, The banana Fiber obtained will be used to produce numerous products such as mats (yoga mats, dining mats), ladies bags, school bags, mobile pouch, pencil pouch, lunch bag, shopper bag, office folding files, wall pouch etc. Textiles, Papers, Sanitary Napkins Fiber products such as eco-friendly bags, Ropes, Baskets, bowls, lamps and other eco- friendly products from banana pseudo stem across different online as well as offline stores.

- Navsari Agricultural University (NAU) and CIRCOT Mumbai for technology and process development.
- MANTRA Surat, ATIRA (Textiles Research Institute), and SITRA (South India Textile Research Association) for technical expertise.
- Banana research Station and Krishi vigyan Kendra, Vaishali

- National Research Center for Banana Tiruchirappalli and Indian Institute of Horticultural Research for machinery and technology support

Objective of the proposed intervention

The project will address two major objectives are hereunder:

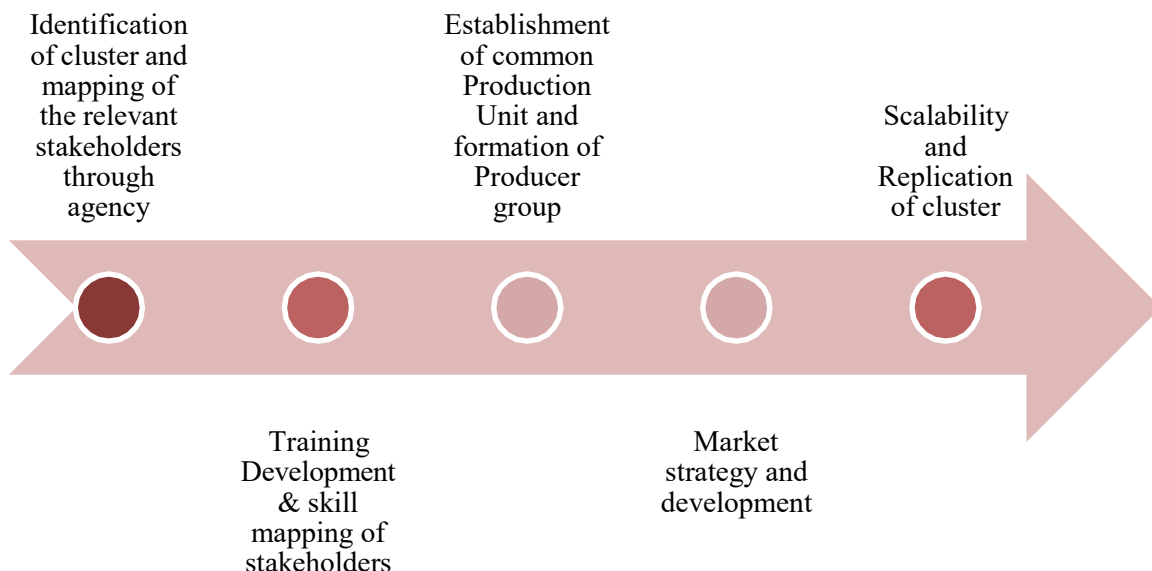
Objective 1: Enhancing Competitiveness and Market Access of Clusters related to development in Banana Fiber, and Water hyacinth through collectively exploring new markets, promoting exports, and leveraging economies of scale.

Objective 2: To provide common and cutting-edge solutions to micro and small businesses in order to assist them grow into a larger scale business.

Implementation strategy (Activities and Result Matrix)

During the implementation, the project will involve an agency to conduct a feasibility study for the cluster development. Similarly, it will identify the relevant stakeholder who will support carrying out the activities considering the short- and long-term outcome of the project.

Implementation approach



Identification of cluster and mapping of the relevant stakeholders through agency:

For the identification of cluster and mapping of the relevant stakeholders, the project will engage the agency which will be hired as per the standard procurement norms of department of industry. In the identification, the cutting-edge technology like GIS will be used for physical map of the clusters in the identified districts. The DIC and district administration will be also engaged for the mapping of the clusters as well. This project will develop 4 cluster (Two cluster of Banana fiber in Vaishali and Bhagalpur and Two cluster of Water Hyacinth in Saharsa District).

Training Development & skill mapping of stakeholders

The project will train MSMEs, entrepreneur and other stakeholders on different aspects of module such as digital transformation, business development, product diversification, and uses of technology, market strategy and others. It will also provide training in sector specific domain through IED and center of excellence which have been identified to provide trainings to MSMEs and stakeholders. The project will train five hundred entrepreneurs in selected clusters.

Establishment of common Production Unit and formation of Producer group

The project will establish 4 common production units (The unit will delicately function for Water hyacinth cluster & Banana fiber clusters). These establishments will be used for production and facilitation for above said clusters. Common production units will comprise with necessary machinery, tools and equipment. Formation of producer group is needed for these projects which will convert into Producer Company in future for production and marketing purpose.

Market strategy and development

The project will identify the products for the value addition and potential target markets, customer preferences, and market trends. The RAMP will identify unique selling points (USPs) and competitive advantages of the cluster's products. This project will ensure attractive and eco-friendly packaging to enhance the product's appeal so that the product gets demand in

the national and international markets. This project will ensure strategy to keep cost effective production so that product can launch in market at competitive price. In this project proper and efficient distribution channel will identify for smooth marketing. Trade fare and exhibition will also be organized for promotion of the products at national and international level. Besides, the project will also raise awareness among general public, potential entrepreneurs about the products. Simultaneously, the project will also work to bring the e-commerce aggregator (Private and Public) who will be engage for e-marketing of the projects.

The approach of marketing is here under:

Table 5.7.5 Approach of marketing

Markets	How to approach
Wholesale markets	Trade fairs/ Exhibitions Sales Representatives Wholesaler Enquiries
Brand Partnership	Pitch Renowned Brands- Though a longer-term process but a long lasting relationship Streamline Quality Control in order to meet brand standards
Setting up own Retail Stores	Decide Location and finding a retail space Manage inventory and Merchandising
E-Commerce Tie ups or own website	Enhanced Visibility Maximum reach in minimal time Developing a logistics team Brand Development

Human Resource

Hiring of Cluster Executive-The project will engage 8 Cluster Executive, who will be engaged at the cluster level. The cluster executive will be assigned for developing the strategic plan for the growth and development of the cluster. They will also be engaged in community mobilization, stakeholder meeting with government, industry association, research institution and other relevant entities. The cluster executive will work to attract investments, talent, and resources. Overall, the cluster executive will be main resource person for execution of the development of cluster.

Marketing Executive: The Project will engage 8 market executives for product campaign management, market analysis, and building the channel marketing of the products. They will also collaborate with various departments such as sales, product development, and operations to ensure that marketing efforts align with overall business objectives. They will be primarily responsible for marketing of the products manufactured in the clusters.

Product Development Executive: The project will engage 8 product development executive who will work for creating and implementing a product strategy that aligns with the overall business objectives. The product development Executive will develop the product for different cluster like Banana fiber, Water hyacinth, footwear and textile

Master Trainer: The Project will engage 8 master trainers for providing comprehensive information about water hyacinth, Banana fibre and its characteristics, the environmental issues to the MSMEs and entrepreneurs. They will assess the need of the training and accordingly they will train them on the module. They will also provide hand holding support for capacity building.

They will teach various methods and techniques to control and manage water hyacinth effectively. This may include manual removal, biological control, mechanical harvesting, chemical treatments (if necessary and permitted), and integrated approaches that combine multiple methods. They will keep track records of training materials, processes, and outcomes to maintain records for future reference and improvement.

Risk and Mitigation Strategy

Table 5.7.6 Risk and Mitigations

Risk	Mitigation
Market Risk: Uncertain demand or market fluctuations can affect the viability of products or services within the cluster.	The project will conduct market research and identify potential buyers and markets in the national and international market
Technology and Innovation Risk Failure to adopt or integrate cutting-edge technologies or innovative practices may hinder the cluster's competitiveness.	The project will create on uses of technologies among MSMEs and Entrepreneurs and provide resource and materials, incentives of schemes through Common Facility Centre (CFC)
Talent and Skill Risk Shortage of skilled workforce or the inability to attract and retain talent can impede cluster growth.	Offer competitive compensation and employee benefits to attract and retain skilled professionals through convergence of government schemes. Will also Encourage knowledge sharing and skill development among cluster members.
Supply Chain and Logistics Risk: Disruptions in the supply chain or inefficient logistics can affect the cluster's production and distribution.	The project will develop a robust supply chain management system with multiple stakeholders.
Competition Risk Intense competition from other clusters or industries may impact the cluster's market share.	The project will try to differentiate products or services through unique features or superior quality. It will Collaborate with cluster members to achieve economies of scale and cost advantages. It will Focus on marketing and branding efforts to highlight the cluster's strengths.
Environmental and Social Risk Neglecting environmental and social responsibilities can lead to reputational damage and regulatory issues.	Adhere to sustainable and eco-friendly practices throughout the cluster's operations. Promote ethical and responsible business conduct. Engage in community development initiatives and maintain positive relationships with local stakeholders.

Table 5.7.7 Log Frame analysis/ Result Matrix

Activities	Targets	Indicators	Means of verifications	Assumption
Cluster formation in the identified districts/Location	4	No of cluster to be develop	GIS Mapping, Project evaluation report	The physical proximity among firms and industries allows for better knowledge sharing, collaboration, and efficient supply chain management.
Hiring of manpower (8-Cluster Development Executive, 8-Product Development Executive-8, Marketing Executive, 8-Master trainers)	32	# No of cluster development executive hired and engaged #No of Product Development executive hired and engaged # No of Marketing executive hired and engaged # No of Mater trainer hired and engaged	Advertisement, offer letter, Salary disbursement and attendance	Advertisement, offer letter, Salary disbursement and attendance
Training of MSMEs and Entrepreneurs on sector specific module	500	# No of MSMEs and Entrepreneurs trained	Training Report, Attendance, Photographs, Certifications by agency/institution , MIS Report	The MSMEs and Entrepreneurs keep high level of adaptability and flexibility to respond the diverse learning method and stay update about the training, content and practical knowledge
Exposure visits of Cluster Development Executive, Designer, Marketing Executive and Master Trainer	32 staff	# No of exposure visit conducted	Visit Report	Selected location offers valuable learning opportunities for the team to gain insights into best practices, innovative technologies, and successful models in the manufacturing sector.

Activities	Targets	Indicators	Means of verifications	Assumption
Establishment of Common Processing facility centre	4	# No of Production centre to be established		
Exposure visit of MSMEs at National level	100 MSME	# No of exposure visit conducted	Visit Report	Selected location offers valuable learning opportunities for the team to gain insights into best practices, innovative technologies, and successful models in the manufacturing sector.
Participation in Trade Fare/Exhibitions	110 MSME	# No of MSMEs participated in trade fare visit conducted	Visit Report	The MSMEs of cluster, will show interest and actively participate in the trade fair. Also assume that the trade fair will be positively received by the public, media, and relevant industry professionals, generating interest, recognition, and support for the event and its participants.
Half Yearly networking meeting with digital platform aggregator for digital marketing	8	# No of networking meeting conducted		
Catalogs Development of Product	3	# No of Catalogs develop		The catalog's information is accurate and comprehensive, the catalog will maintain consistency in terms of branding, design elements, and language throughout its content

Activities	Targets	Indictors	Means of verifications	Assumption
Social and Environmental Impact assessment	2	# No of impact study conducted		It is essential for researchers and stakeholders conducting these studies to be transparent about the assumptions made, as they can significantly influence the study's outcomes and recommendations. Additionally, the identification and validation of these assumptions are crucial for ensuring the study's credibility and accuracy

Gantt Chart/Timeline

Table 5.7.8 Gantt Chart/Timeline

Activities	Target	FY (2023-24)	FY (2024-25)	FY (2025-26)	FY (2026-27)
No of Cluster Development to be develop	4	1	3		
Hiring of manpower (8-Cluster Development Executive, 8-Product Development Executive, 8-Marketing Executive, 8-Master trainers)	32	32			
Training of MSMEs and Entrepreneurs on sector specific module	500	100	300	100	0
Exposure visits of Cluster Development Executive, Designer, Marketing Executive and Master and MSMEs	132	28	42	42	20
Establishment of Common Processing facility Centre	4	1	3		
Participation in Trade Fare/Exhibitions	110	20	35	30	25
Half Yearly networking meeting with digital platform aggregator for digital marketing	8	2	2	2	2
Catalogs Development of Product	3	0	1	1	1
Social and Environmental Impact assessment	2		1		1
Sensitization and Outreach Program (4 in each district)	152	38	38	38	38
Financial assistance for product value addition on reimbursement basis through RAMP to MSME	80	10	40	30	0
Registration of PG/PC (5 for Banana fiber and 5 for water hyacinth)	10			10	
Monthly Community Meeting in four cluster	48	12	12	12	12
Seminar/workshop with research institution	23	4	6	8	5

Replication of the Pilot of Water Hyacinth and Banana Fiber

The water hyacinth related pilot has already been done in Assam Rural Livelihood Mission and Bihar Rural Livelihood Mission between in year 2017-18. During the pilot water hyacinth showcased its potential to transform a challenge into an opportunity for rural livelihoods. In Assam, the project was focused in six blocks of six different districts of Assam with involvement of 850 SHGs members. Training programs were conducted to equip 600 rural artisans with the skills needed for weaving and crafting. Further they selected 60 artisans for advance training with NEDFI R&D center Khetri. Artisans began creating baskets, mats, and furniture from water hyacinth, generating income through six common facility centers. Based on the above learning further it was replicated in the other parts of the country through SRLM. Bihar, Jharkhand, Uttar Pradesh had established the business model related to water hyacinth. Similarly, in the field of cluster development of Banana fiber, Gujarat, Uttar Pradesh has done immense work. In Lakhimpur Kheri's Ishanagar block of Uttar Pradesh, rural women have successfully established a business model centered around banana fiber production. This eco-friendly venture not only generates profits of ₹5-6 lakh annually for the women involved but also assists local farmers in clearing their land for the next farming season. With its success in Lakhimpur Kheri, has seen the major change in development of banana fiber cluster.

Based on the above learning, the project has huge scope of replication and scalability in Bihar due to having the same socio-economic and agro-climatic condition. Here is some case study which has shown the success of cluster replication model.

Case study related to success of water hyacinth cluster development

Case study 1: Cluster was developed in Assam in six blocks of six different districts. At present the clusters has engaged with 850 SHGs members and 60 Artisans. They are manufacturing cutlery items and handicrafts.

(<https://asrlms.assam.gov.in/frontimpotentdata/water-hyacinth>)

Case study 2: Cluster was developed with the help of Swachhata Pukare Foundation in Jamshedpur Jharkhand. They are engaged in handicraft, Saaris production and floating

farming. These crafts not only provide a source of income for rural women but also help to preserve local traditions and promote cultural heritage. (<https://swachhatapukare.com/#>)

Case study 3: Bihar Agriculture University Bhagalpur facilitated a training programme on compost preparation of compost from water hyacinth. This project was carried by Dr. Ranjan Kumar Mishra where more than 70 participants from the three clusters of Asarganj, Kharagpur and Munger Sadar participated.

Case study related to success of Banana cluster development

Case study 1: Green Banana Paper, a company dedicated to sustainable practices, has pioneered the recycling of discarded banana trees to produce various products. By extracting banana fibres from the stems and using them to create items such as wallets, purses, and laptop bags, Green Banana Paper promotes eco-friendly alternatives to conventional textiles. (<https://greenbananapaper.com/>)

Case study 2: Ravi Prasad, a resident of Hariharpur, Uttar Pradesh, transformed his life by establishing Malawa Kela Resa Utpadan Laghu Udyog Kendra. Inspired by witnessing handicraft items made from banana fibre at an exhibition, Ravi recognized the untapped potential of utilizing banana stem waste for creating economically profitable products. (<https://www.thebetterindia.com/264157/banana-fibre-earns-lakhs-waste-business-success-ecofriendly-handicraft/>)

Case study 3: Greenikk, a startup based in Kerala, has developed a waste-to-value system to support the banana fibre-based industry in India. By ensuring a steady supply of banana stem fibre to entrepreneurs and artisans, Greenikk aims to produce high-value goods with significant domestic and global demand. India, being the largest banana producer globally, faces the challenge of large quantities. (<https://www.newindianexpress.com/states/kerala/2023/mar/30/banana-supply-chain-startup-develops-waste-to-value-system-in-kerala-2560776.html>)

Rationale for Banana Fibre Industry in Bihar

The textile industry is increasingly shifting towards sustainable fibres due to concerns about resource depletion and environmental impact. Banana fibre, derived from banana pseudostem waste, offers excellent strength and lustre, making it an attractive alternative. In Bihar, around

10 Lacs MT of Banana is produced over 28 thousand Ha of land. Both cluster (Vaishali and Bhagalpur) account for almost 50 % of banana production in the state. In Bhagalpur (Naughhia) region produces more than 2 Lac MT of Hari Chaal and Robusta varieties. The second cluster around Vaishali region produces more than 2.5 Lacs MT of Muthia and Chinia varieties. Banana offers significant opportunities in these clusters for the development of Banana Fibre Industry.

However, the potential of banana fibre remains largely untapped in Bihar. By utilizing the abundant banana waste generated in the state, Bihar can contribute to the circular economy, reduce waste, and generate additional income for farmers.

Monitoring and Evaluation

Cluster development monitoring and evaluation are processes used to assess and analyze the performance and progress of cluster development initiatives or projects. Clusters are geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular industry or sector. These clusters often foster innovation, competitiveness, and economic growth by promoting collaboration, knowledge sharing, and resource optimization. Monitoring and evaluation (M&E) play crucial roles in cluster development to ensure that objectives are met, resources are utilized effectively, and adjustments can be made if necessary. By conducting thorough monitoring and evaluation, the project team will identify areas for improvement make necessary adjustments and ensure the long-term success and sustainability of the handicraft industry using water hyacinths. To evaluate the project's success, the following activities will be conducted:

Table 5.7.9 Monitoring and Evaluation strategies

A	Monitoring and evaluation	Regular monitoring and evaluation will assess the project's progress against predetermined indicators. This will involve collecting data on the number of handicraft products produced per month, sales revenue, the number of skilled artisans trained, market linkages established.
B	Surveys and interviews	Surveys and interviews will be conducted with artisans, Buyers and other stakeholder. This feedback will help Evaluating the impact of project activities.
C	Impact assessment	Assess the project's impact on the local economy and environment. This can be done through economic analysis, such as assessing job creation and income generation as well as environmental to evaluate the impact of water Hyacinth on pollution.
D	Lessons learned	Share the findings from the evaluation with relevant stakeholders and learn lessons from the project's implementation. These lessons can be used to inform future projects and improve the sustainability and electiveness of similar initiatives.

Proposed Outcome

Textile Cluster:

- Increased production and market access
- Job creation and economic growth
- Fostering innovation and knowledge-sharing
- Improved efficiency and product quality

Leather Cluster:

- Utilization of local raw materials and traditional craftsmanship
- Attraction of investments and technological advancements
- Enhanced competitiveness and sustainability
- Increased exports and revenue generation

Footwear Cluster:

- Specialization and economies of scale in footwear production
- Improved supply chains and infrastructure
- Competitive pricing and market expansion
- Employment generation and higher income levels

Food Processing Cluster:

- Value addition to agricultural produce
- Reduced wastage and better preservation
- Increased income for farmers and revenue generation
- Creation of a market for processed food products

Banana Fibre Cluster:

- Promotion of sustainable practices and eco-friendly products
- Utilization of banana fibre in textiles, handicrafts, and paper-making
- Employment opportunities and revenue generation
- Capitalizing on a unique resource

Water Hyacinth Cluster:

- Addressing environmental challenges through management of water hyacinth
- Creating a market for handicrafts, paper, and biofuel from water hyacinth
- Generating income opportunities
- Turning an environmental problem into an economic opportunity

Photographs of Products made from Water Hyacinth



Photographs of Products made from Banana Fiber



Photographs of Extraction Process of Banana Fiber



PROJECT PROPOSAL - 8
Enabling MSMEs Growth by harnessing the
Potential of Digital Marketing

Enabling MSMEs Growth by harnessing the ONDC platform under RAMP Programme	
Content	Page No
Project Snapshot	
About ONDC	312
Project Overview	312
SDG targeted by the project	314
Project Design	315
Proposed activities and Budget outlay	316
Project Budget	318
Section – 3 Implementation, Monitoring and Evaluation	321
Initiative Implementation and Monitoring	321
Outcome of the initiative	322
Logical Framework Analysis of the Project	324
Risk and Mitigation	327
Outcomes	329

Project Snapshot

Title of Proposal	Enabling MSMEs Growth by harnessing the ONDC platform under RAMP Programme
Project submitted by	Department of Industry, Government of Bihar
Objective	The project aims to facilitate the integration of unregistered MSMEs into the ONDC network and empower existing MSMEs in Bihar by opening up a broader market horizon. ONDC will offer MSMEs in Bihar the opportunity to easily list their products, reducing entry barriers and ensuring fair competition in the e-commerce landscape.
Department	Department of Industries, Government of Bihar
Nodal agency	Udyog Mitra, Bihar
Beneficiary	50,000 MSMEs.
Outcomes	Successful integration of entrepreneurs into the ONDC network, fostering their digital presence and providing them access to a broader market. 50,000 registered MSMEs in the state will benefit from increased competitiveness, improved market access, and enhanced digital skills. The project is poised to stimulate economic growth, job creation, and technological advancement, positioning Bihar as a thriving hub for MSME-driven digital commerce and innovation.

Objective and Scope of the Project

About ONDC

Open Network for Digital Commerce (ONDC):

The Open Network for Digital Commerce (ONDC) is a government initiative in India aimed at creating a standardized and interoperable digital commerce ecosystem. It seeks to provide a common platform that connects businesses, service providers, consumers, and government entities to streamline digital commerce activities. ONDC envisions a unified framework that simplifies the process of online commerce and ensures equitable access to digital resources.

How ONDC Works:

ONDC functions as an open, decentralized, and technology-agnostic framework. It connects various stakeholders through APIs (Application Programming Interfaces) that enable seamless data exchange and interoperability among different systems. This allows businesses, especially MSMEs, to list their products or services, manage orders, interact with customers, and access digital commerce services in a standardized manner.

Project Overview

Digitalization holds a pivotal role in propelling Micro, Small, and Medium Enterprises (MSMEs) into a new era of efficiency and competitiveness. By seamlessly integrating digital technologies into their operations, MSMEs can streamline processes, expand market reach, and gain data-driven insights. This leads to improved productivity, access to broader customer bases, and the ability to make informed decisions. Moreover, digitalization reduces operational costs, encourages innovation, and enhances their overall resilience in an increasingly digital business landscape.

The project aims to facilitate the integration of unregistered MSMEs into the ONDC network and empower existing MSMEs in Bihar by opening up a broader market horizon. ONDC will offer MSMEs in Bihar the opportunity to easily list their products, reducing entry barriers and ensuring fair competition in the e-commerce landscape. Integration with ONDC's open APIs will enable technology optimization, streamlining operations and enhancing competitiveness. Moreover, ONDC will encourage data sharing while safeguarding privacy, granting Bihar's MSMEs valuable insights into market trends and

customer preferences. Additionally, the platform will promote financial inclusion and may contribute to job creation, stimulating economic growth in the state.

The Open Network for Digital Commerce (ONDC) platform has the potential to benefit Micro, Small, and Medium Enterprises (MSMEs) in Bihar, as well as across India, in several ways:

- **Market Access:** ONDC aims to create an open and interoperable e-commerce ecosystem. This means that MSMEs in Bihar can easily list their products and services on the platform, expanding their reach to a larger customer base across India. This broader market access can help Bihar-based businesses increase their sales and revenue.
- **Reduced Entry Barriers:** ONDC is designed to reduce entry barriers for MSMEs and start-ups by providing a level playing field in the e-commerce sector. This means that small businesses in Bihar can compete more effectively with larger players, as they will have equal access to the platform and its resources.
- **Technology Integration:** ONDC promotes the use of open APIs, which allows MSMEs in Bihar to integrate their existing systems and technologies with the platform. This integration can streamline their operations, improve efficiency, and enhance their overall competitiveness.
- **Data Accessibility:** ONDC emphasizes data sharing while ensuring data security and privacy. MSMEs in Bihar can benefit from access to valuable data and insights about customer preferences and market trends, which can help them, make informed decisions and tailor their offerings to customer demands.
- **Financial Inclusion:** E-commerce platforms like ONDC can provide MSMEs in Bihar with access to digital payment solutions and financial services, making it easier for them to conduct online transactions and manage their finances more efficiently..
- **Job Creation:** As MSMEs in Bihar expand their operations and potentially increase their sales through ONDC, there is a potential for job creation within the state, contributing to economic development and employment opportunities.

However, it is important to note that the actual impact of ONDC on MSMEs in Bihar will depend on its successful implementation and adoption. MSMEs should actively engage with the platform, leverage its features, and adapt their business strategies to make the most of the opportunities it offers. Additionally, staying informed about updates and

support programs related to ONDC through government channels and industry associations is crucial for Bihar's MSMEs to maximize these advantages.

This project proposal outlines the strategic initiative of the Department of Industries, Government of Bihar, aimed at on boarding registered MSMEs onto the Open Network for Digital Commerce (ONDC) network. Under the Raising and Accelerating MSME Performance (RAMP) programme, this project seeks to efficiently utilize the ONDC platform to promote MSMEs. The project will be implemented across all districts of Bihar.

Project Objectives

a) On boarding registered MSMEs to the ONDC Network:

- Identify registered MSMEs in Bihar through surveys, outreach, and collaboration with industry associations.
- Organize workshops and training sessions to raise awareness about the benefits of ONDC and the digital commerce ecosystem.
- Simplify the registration process for MSMEs on the ONDC platform by creating user-friendly interfaces and guidance.
- Establish a dedicated helpline to assist MSMEs in the registration process and provide real-time support.

b) Empowering MSMEs to Efficiently Use the ONDC Network:

- Develop comprehensive training modules covering various aspects of ONDC Utilization, including product listing, order management, and customer engagement.
- Conduct training workshops in each district, led by experienced trainers, to educate MSMEs on the nuances of leveraging ONDC effectively.
- Create an online knowledge repository containing video tutorials, FAQs, and best practices for continuous learning.
- Provide ongoing mentorship and support through webinars and virtual assistance to address specific queries and challenges.

SDG targeted by the project





The Government of Bihar (GoB) recognizes the transformative potential of the Open Network for Digital Commerce (ONDC) for its Micro, Small, and Medium Enterprises (MSMEs). By leveraging ONDC, the government aims to empower Bihar's MSMEs with a standardized and interoperable digital commerce framework. GoB through this initiative intends to facilitate and fund MSMEs and upcoming entrepreneurs for onboarding on ONDC platform.

This initiative aligns with the government's broader vision to bolster the state's economic growth and competitiveness. ONDC will offer MSMEs a unified platform to showcase their products, manage orders, and interact with customers, transcending regional boundaries and reaching a wider market. This aligns with Bihar's aspiration to connect its businesses with a national digital marketplace, enabling them to compete on a level playing field with larger enterprises. Moreover, ONDC's integration with government systems simplifies regulatory compliance and provides easier access to schemes and incentives. Overall, harnessing ONDC underscores the government's commitment to fostering digitalization, supporting MSME growth, and positioning Bihar as a vibrant participant in the digital economy.

Project Design

ONDC can serve as a powerful enabler for MSMEs in Bihar by providing them with a digital ecosystem that supports their growth, market expansion, and competitiveness. It aligns with the Ministry of MSMEs' objective of empowering MSMEs and fostering their development in the digital era.

This programme envisages two steps for digital empowerment of MSMEs of Bihar and increase market access through ONDC:

- Step 1: Creating awareness about the ONDC platforms and its advantages

- Step 2: Technical and financial support to facilitate and onboard MSMEs onto ONDC and support e-commerce enablement of MSMEs

Proposed activities and Budget outlay

The process of on boarding an MSME onto an ecommerce portal requires careful planning and execution of various components to ensure a seamless and successful integration. Due to the lack of information, scarcity of resources and unorganized ways of selling, MSMEs often face problems in exploring new markets through e-commerce.

On boarding an MSME merchant of Bihar onto an e-commerce portal involves three primary components such as (i) awareness and outreach (ii) product cataloguing and initial support, and (iii) account management. The first step will be addressed through workshops spread across all districts of Bihar. For product cataloguing and account management both technical and financial support will be provided to MSMEs by RAMP, Bihar under this project to digitally empower MSMEs and increase discoverability of their products to a vast buyer pool.

The initiative aims at the following:

- To create awareness and educate the MSMEs about business benefits of e-commerce for eventual on boarding onto ONDC enabled platforms
- To provide e-commerce compliant cataloguing support to MSMEs and initial handholding support
- To provide account management to MSMEs on e-commerce platforms including catalogue updating, order fulfillment, and long-term handholding etc.

Activity 1: Workshops for creating awareness about the ONDC platforms

In this part awareness workshops will be conducted by RAMP, Bihar in coordination with Department for spreading awareness among MSMEs of Bihar. These workshops will be planned across all districts of Bihar. The primary focus would be on the MSMEs that are aligned with the live categories on ONDC platform like Food & Beverage, Grocery, Fashion & Footwear, Home & Kitchen, Electronics, Beauty & Personal Care, Mobility, Financial Services and Services. RAMP, Bihar with the support of ONDC will conduct various outreach activities for awareness regarding ONDC. The benefits of being part of this network would be showcased during these outreach activities for MSMEs, MSME

Clusters, Start-ups, Industries and Farmer Groups/ Farmer Producer Organization (FPO), Incubation Centres, Artisan Organizations, Special Purpose Vehicle (SPVs) etc and on boarding of MSMEs onto ONDC through existing seller apps. Representatives of RAMP, Bihar team will initiate the registration/KYC process for prospective MSMEs during the workshops and will be responsible for further follow-ups for completing on boarding process.

Indicative workshop agenda mentioned is as mentioned below

Sr No.	Session	Speaker
1	Welcome and Opening Remarks	Representative of Department of Industries/RAMP Bihar
2	Introduction to ONDC	RAMP Team/ONDC Team
3	Understanding ONDC Concept	RAMP Team/ONDC Team
4	My ONDC Experience/Success Story	ONDC network participant (preferably from Bihar)
5	Q&A Session	RAMP Team/ONDC Team
6	Way forward and Vote of Thanks	Representative of Department of MSME
7	Interaction with Network Participants and on boarding/KYC registration of MSMEs	Representative of RAMP, Bihar

RAMP, Bihar team will draw out a calendar in consultation with the On boarding Agencies and Department indicating dates and locations of proposed workshops. The allotment may be decided upon factors such as geographical outreach, availability and confirmation of OAs and MSMEs or any other as deemed fit. The same would then be duly approved by the SMC.

Activity -2 Technical and financial support to facilitate and onboard MSMEs onto ONDC and support e-commerce enablement of MSMEs

Sl.No	Eligible Items	Scale of Assistance
1	Support for OAs towards on boarding expenditure	<p>Cataloguing - capped at INR 50 per Stock Keeping Unit (SKU) and capped at INR 5000 per MSME; which includes product photograph, product description etc</p> <p>The following conditions must be met by the MSME seller for the OA to claim benefit under the Initiative</p> <ol style="list-style-type: none"> Seller to be live on ONDC prior to the claim being made All mandatory attributes for the catalogue as defined by ONDC to be filled At least 2 successfully delivered orders to be placed on the ONDC network prior to submission of claim
2	Support for OAs towards operations for new MSME units on boarded	<p>Financial assistance towards sustenance of online business will, inter alia, include:</p> <ul style="list-style-type: none"> Expenses towards end-to-end handholding, Account management which includes <ul style="list-style-type: none"> ➤ Updation of catalogue, ➤ Order completion, ➤ Order cancellations and returns, ➤ MSME helpdesk etc for 6 months in the following scale of assistance Micro Enterprises - 10% of net sales (inclusive of all taxes) or INR 10,000 whichever is lowest Small Enterprises – 7% of net sales (inclusive of all taxes) or INR 10,000 whichever is lowest Medium Enterprises – 5% of net sales (inclusive of all taxes) or INR 10,000 whichever is lowest

Table 1: Initiative components for Step 2

Project Budget

Activity 1 – Awareness and on boarding workshops spread across all districts of Bihar

Below is the estimated cost to be borne by RAMP, Bihar respectively per workshop:

	State Headquarters	Other Location
Total (in INR)	2,85,000	2,30,000

Details of estimated cost of conducting workshops is as shown below

Expense Categories	State Headquarters (INR)	Other Location (INR)
Venue Rental The cost of renting the venue where the workshop will take place, which may include a conference hall, seminar room, or other similar spaces.	70,000	50,000
Workshop Materials The cost of any ONDC materials required for the workshop, such as handouts, presentation slides, and other necessary items.	15,000	10,000
Catering The cost of food and beverages for the attendees and facilitators during the workshop, which may include snacks, tea/coffee breaks, and lunch/dinner.	1,00,000	80,000
Equipment Rental The cost of any equipment required for the workshop, such as projectors, sound systems, microphones, and laptops.	30,000	30,000
Marketing and Promotion The cost of promoting the workshop to potential attendees, which may include advertising on social media, creating event related brochures and flyers, standees, and other marketing activities.	25,000	20,000
Speaker Fees The cost of hiring a speaker for workshop, which may vary depending on requirement of external speakers (regional language), their level of experience and expertise. This also includes cost of transportation and lodging for the speakers	25,000	25,000
Miscellaneous Expenses Any other expenses that may arise during the planning and execution of the workshop, such as printing costs, internet charges, and taxes.	20,000	15,000
Total Estimated Cost per workshop	2,85,000	2,30,000

Table: Cost of conducting workshops for Step 1

Implementation plan for Activity 1

Duration	Venue Type	Cost per workshop	Total Workshops	Estimated Cost to RAMP (In INR)
FY 2023-24 to 2025-26 (30 months)	Other Location	2,30 ,000	228(2 workshops will be conducted in each District of Bihar per year)	5,24,40,000
	State Headquarters	2,85,000	5 (2 per year)	14,25,000
Total Estimated Cost for 30 months for Step 1				5,38,65,000

Table 2: Workshop summary for Step 1

In the case of additional workshops is required, approval shall be sought from the Department of MSME, Bihar and total financial expenses will be borne by RAMP, Bihar.

Activity -2 Technical and financial support to facilitate and onboard MSMEs onto ONDC and support e-commerce enablement of MSMEs

The Initiative is envisaged to financially benefit around 50,000 MSMEs in Bihar over a period of 3 years with a total budget outlay of INR 80.38 Crores as mentioned below

Component	Cost	No. of MSMEs	Total (INR)
Component 1 - Support for OAs towards on boarding expenditure			
Considering the maximum cap of INR 5000 will be utilized for all 50,000 MSMEs	5,000	50,000	25,00,00,000
Component 2- Support for OAs towards operations for new MSME units on boarded			
Considering maximum cap of INR 10,000 will be utilized by all 50,000 MSMEs	10,000	50,000	50,00,00,000
Total For Components 1 and 2			75,00,00,000
Total of Activity 1 and Activity 2			80,38,65,000

Initiative Management expenses including monitoring and evaluation, publicity, all administrative expenses of the Implementing Agency including hiring of adequate resources, communication, fraud detection and stationery expenses, etc	5% of Initiative outlay		4,01,93250
Total budget outlay			84,40,58,250

Section – 3 Implementation, Monitoring and Evaluation

Initiative Implementation and Monitoring

The Initiative will be monitored through an institutional arrangement as detailed in the Operational Guidelines (to be issued separately by RAMP, Bihar). Supervising and Monitoring Committee (SMC) shall be constituted in the Department of Industries, Bihar with adequate and suitable representation.

All seller apps on ONDC will be treated as on boarding Agencies (OA) for the purposes of bringing MSMEs on board. This will be up to a cut-off date as decided by the SMC.

Implementation for Activity 1

- RAMP, Bihar team will prepare a calendar for workshop venues in consultation with ONDC and OAs prioritizing effective outreach
- The IA will conduct the workshops through its network of extension centers and branch offices spread throughout the state.
- RAMP, Bihar team will prepare a report at the end of each workshop capturing details of attendees and follow up activities by OAs.
- RAMP, Bihar team will prepare a monthly report comprising of the estimated budget required for the coming month and prepare a quarterly Project Implementation Plan (PIP)
- RAMP, Bihar team will share utilization certificate for the expenditures made against PIP to SMC for periodic review

Implementation for Activity 2

- RAMP, Bihar team will create a special cell which will implement the various components of this initiative.

- The OAs will submit proof of execution for Activity 2 as proposed above and claims against the same to RAMP, Bihar team. Verification of the claims will be done with the support of ONDC.
- RAMP, Bihar team will prepare a monthly report comprising of the estimated budget required for the coming month and prepare a quarterly Project Implementation Plan (PIP)
- RAMP, Bihar team will share utilization certificate for the expenditures made against PIP to SMC for periodic review.

Outcomes of the initiative

The expected outcomes of the initiative:

The proposed initiative envisages the following outcomes that would be evident post implementation of the Initiative:

- Permanent Digital Infrastructure:** A permanent platform will be established for MSMEs to exhibit their products to a broader audience, thereby bolstering their visibility.
- Expanded Market Opportunities:** MSMEs will find new avenues for growth beyond their local or traditional customer base. This expansion will grant them access to potential buyers across different regions, states, and even international markets, thereby broadening their customer reach and augmenting sales potential.
- Simplified Online Presence:** MSMEs will benefit from reduced upfront costs and technical complexities associated with establishing an online presence. The ONDC ecosystem offers a pre-built digital infrastructure inclusive of online storefronts, payment gateways, and logistical support.
- Enhanced Financial Access:** MSMEs' prospects for accessing financial services like loans, working capital, and investments will be improved. The ONDC network helps establish a digital footprint and transaction history, facilitating better access to finance. This empowerment allows MSMEs to expand, innovate, and capitalize on growth prospects.
- Facilitated E-Commerce Access:** The initiative will extend e-commerce capabilities to 50,000 MSME units of Bihar that currently encounter limitations in this domain, thereby enabling them to tap into the digital marketplace.

- vi. **Simplified Business Operations:** The initiative will contribute to a more conducive business environment by simplifying various aspects of business operations, facilitating smoother processes for MSMEs.

Logical Framework Analysis of the Project

Project Summary	Indicators	Means of Verification	Assumptions
Goals: Enhanced MSME Competitiveness in Bihar	Number of MSMEs registered to the ONDC	Percentage increase in registered MSMEs on ONDC	Data from ONDC Platform
Outputs: Increased ONDC Utilization by MSMEs in Bihar	Registered MSMEs on ONDC	Number of training workshops conducted and attendance	Training Records
	Training workshops conducted for MSMEs	Feedback scores on user-friendliness of registration interfaces	Feedback Surveys
	User-friendly ONDC registration interfaces developed	Completion rate of training modules by MSMEs	Training Records
	Comprehensive training modules developed	Participation rate in district-level training workshops	Training Records
	District-level training workshops conducted	Utilization rate of the online knowledge repository	Data from ONDC Platform
	Online knowledge repository established	Number of webinars conducted and participation levels	Webinar Participation Logs
	Ongoing mentorship and support activities provided	Number of MSMEs actively promoting their businesses through ONDC	Data from ONDC Platform
Outcomes: Improved Digital Literacy and Skills among MSMEs to use digital platforms	Increased ONDC Utilization by MSMEs in Bihar	Registered MSMEs on ONDC	MSMEs are willing to engage with ONDC
	Improved Digital Literacy and Skills among MSMEs	Training workshops conducted for MSMEs	District-level teams are cooperative
		User-friendly ONDC registration interfaces developed	Required infrastructure is available
Activities	Identify unregistered MSMEs	Feedback Analysis	MSMEs are present and not registered.
	Organize awareness workshops	Training Records	MSMEs willing to participate.
	Develop user-friendly interfaces	Data from ONDC Platform	User friendly platform is available
	Create comprehensive training modules	Training Records	Easy to understand modules are developed by PMU.
	Conduct district-level	Training Records	Training program

Project Summary	Indicators	Means of Verification	Assumptions
	training workshops		organised.
	Establish online knowledge repository	Data from ONDC Platform	Repository available
	Provide ongoing mentorship and support	Webinar Participation Logs	Resources are available
	Monitor MSMEs' ONDC utilization	Data from ONDC Platform	MIS operational

Activities to be done

Phase 1: Design (Months 1-3)	Activities	Roles
Conduct Needs Assessment	Evaluate digital readiness of MSMEs - Identify challenges faced by unregistered and registered MSMEs.	IA, DICs
Formulate Project Strategy and Approach	Define project objectives, outcomes, and outputs. - Determine roles of PMU, DICs, and stakeholders.	IA, DICs
Develop Project Work Plan	Create detailed project timeline with milestones. - Allocate resources for personnel, training, technology, budget.	IA, DICs
Design Training Modules and Material	Develop training modules for ONDC registration, utilization, customer engagement, and best practices. - Prepare training materials.	IA, Technology Experts
Establish Communication Channels	Set up communication tools (email, communication platforms) for efficient information exchange.	IT Team, IA
Define Reporting Mechanisms	Establish reporting protocols for progress updates, challenges, and achievements	RAMP Team
Coordinate with District-Level DICs	Develop channels for effective communication and collaboration between the PMU and district-level DICs.	RAMP Team, DIC Coordinators
Allocate Budget and Resources	Determine budget allocation for operations, personnel, training materials, and technology needs.	RAMP Team
Phase 2: Implementation (Months 4-24)	Activities	Roles
Collaborate with DICs to Plan Workshops	Collaborate with District Industries Centers (DICs) to plan and schedule training workshops. - Identify suitable venues and facilities.	RAMP, DICs
Develop Detailed Training Schedule	Develop a comprehensive schedule for training workshops across all districts. - Ensure equitable	RAMP, DICs

	coverage and efficient use of time.	
Customize Training Modules for Districts	Customize training modules based on district-specific needs and industries. - Incorporate local examples and context.	RAMP, Trainers, DICs
Organize Awareness Campaign	Launch an awareness campaign about the benefits of ONDC through various media, including digital platforms and local newspapers.	RAMP Team, DICs, Communication Team
Create User Support Channels	Establish dedicated helplines and email support for MSMEs to seek assistance and resolve queries related to ONDC.	RAMP team, Technology Experts
Conduct District-Level Training Workshops	Conduct ONDC training workshops in each district as per the developed schedule. - Provide hands-on training for registration and platform utilization.	RAMP Team, DICs, Trainers
Develop Online Knowledge Repository	Collaborate with technology experts to develop a user-friendly online repository containing training materials, FAQs, and video tutorials.	RAMP Team, Technology Experts
Provide Continuous Virtual Support	Organize regular webinars and virtual sessions to address specific queries and provide guidance on utilizing ONDC effectively.	RAMP Team, DICs, Experts
Facilitate Peer-to-Peer Learning	Create a platform for MSMEs to share their success stories, challenges, and best practices with ONDC utilization.	RAMP Team, DICs, Communication Team
Phase 3: Monitoring and Evaluation (Months 24-30)	Activities	Roles
Monitor ONDC Utilization	Continuously Step the number of registered MSMEs on ONDC. - Monitor frequency of product listing, order management, customer interaction.	RAMP Team, DICs
Gather Feedback and Assess Impact	Conduct feedback surveys to evaluate training Effectiveness and project impact.	RAMP Team
Review Progress with DICs	Hold quarterly review meetings with DICs. - Share progress, challenges, best practices.	RAMP Team
Compile Comprehensive Progress Reports	Compile detailed reports summarizing project achievements, challenges, and lessons learned.	RAMP Team
Document Success Stories and Best Practices	Document and showcase success stories, best practices, and outcomes of MSME engagement through ONDC.	RAMP Team
Analyse Impact and Identify Areas for	Analyse project impact on MSMEs and their competitiveness. - Identify areas for further	RAMP Team

Improvement	improvement.	
Facilitate Knowledge Transfer	Organize knowledge-sharing sessions to transfer project insights, experiences, and lessons to stakeholders.	RAMP Team

Risk and Mitigation

Implementing the Initiative in the State of Bihar to onboard MSMEs onto the Open Network for Digital Commerce (ONDC) will address 50,000 of the registered MSMEs in the State, however there are several risks associated with such an initiative that need to be considered, along with corresponding mitigation steps:

a) Lack of Awareness:

Risk: Many MSMEs may not be aware of ONDC or its benefits, leading to low participation.

Mitigation: Conduct extensive awareness campaigns, workshops, and training sessions to educate MSMEs about ONDC's advantages and how to use the platform effectively.

b) Digital Literacy and Infrastructure:

Risk: Some MSMEs in Bihar may lack the necessary digital literacy and infrastructure to operate on ONDC.

Mitigation: Provide training programs to improve digital skills and assist MSMEs in acquiring the needed infrastructure. Consider subsidizing or providing low-cost access to digital tools.

c) Resistance to Change:

Risk: MSMEs may resist transitioning to digital platforms due to the perceived complexity or traditional business practices.

Mitigation: Showcase success stories of MSMEs that have benefited from ONDC, offer guidance during the transition, and provide recognition/rewards for early adopters.

d) Data Security and Privacy Concerns:

Risk: MSMEs may have concerns about the security and privacy of their data when using ONDC.

Mitigation: Implement robust data security measures, educate MSMEs on data protection practices, and assure them of the platform's commitment to data security.

e) Technical Glitches and Downtime:

Risk: Technical issues or platform downtime could disrupt MSMEs' operations.

Mitigation: Establish a responsive customer support system to address technical problems promptly. Regularly update and maintain the ONDC platform to minimize downtime.

f) Scalability Challenges:

Risk: As more MSMEs join ONDC, the platform may face scalability challenges.

Mitigation: Continuously assess the onboarding status and accordingly update ONDC to upgrade the platform's infrastructure to accommodate increasing user numbers and transactions.

g) Compliance and Regulatory Risks:

Risk: Non-compliance with existing e-commerce regulations or evolving regulatory changes could pose legal risks.

Mitigation: Stay updated on e-commerce regulations, work closely with regulatory authorities, and ensure that the Initiative complies with all relevant laws and guidelines.

h) Economic Viability:

Risk: The Initiative may require significant financial resources to support MSMEs, raising concerns about its economic viability.

Mitigation: Conduct a thorough cost-benefit analysis, explore public-private partnerships, and seek support of Central Ministries/Departments to ensure sustainable funding.

i) Inadequate Support Services:

Risk: If support services, such as training, marketing, and logistics, are inadequate, MSMEs may struggle to maximize the benefits of ONDC.

Mitigation: Establish a comprehensive support system that includes training, marketing assistance, and logistical support to help MSMEs navigate the platform effectively.

j) Monitoring and Evaluation:

Risk: Lack of proper monitoring and evaluation mechanisms may hinder the Initiative's success.

Mitigation: Implement robust monitoring and evaluation processes to Step the Initiative's progress, identify issues, and make necessary adjustments.

To mitigate these risks effectively, it's essential to have a well-defined strategy, clear communication channels, and a responsive support system in place. RAMP Bihar will regularly assess the program's performance and adapt mitigation strategies as needed to ensure the successful onboarding of MSMEs onto ONDC in Bihar.

Outcomes

The proposed Initiative to onboard MSMEs in Bihar onto the Open Network for Digital Commerce (ONDC) represents a transformative opportunity for state's economic growth and digital empowerment. While there are challenges and risks to be addressed, the comprehensive mitigation strategies and commitment to the success of this initiative will ensure that MSMEs in Bihar can harness the full potential of ONDC. With proactive awareness campaigns, tailored training programs, robust data security measures, and a focus on compliance and scalability, RAMP Bihar is poised to create a thriving digital commerce ecosystem. RAMP under the guidance and support of MSME Department of Bihar will empower MSMEs of the State, stimulate economic development, and contribute in shaping a brighter and more inclusive future for Bihar.

CHAPTER - 6

Partnership and Outreach Strategy

6. Partnership and Outreach Strategy

Communication and strategy to enhance number of MSMEs supported through competitiveness programmes and the indicative interventions:

To enhance the number of MSMEs various initiatives has been proposed in the aforesaid mentioned proposals. Some of the key steps are as follows:

- i. Identification and classification of MSMEs/ Entrepreneurs/ cluster: MSMEs will be classified based on the size of their investment in plants and machinery and their annual turnover, as well as based on sector specific product manufacturing. Similarly the clusters for piloting will be developed in the identified geographic areas.
- ii. Capacity building: the identified MSMEs and entrepreneurs will be trained through several modules proposed under this programme to aware all those about several schemes and about their benefits. Under this programme MSMEs will be trained on digital transformation, digital financial literacy module that includes digital financial management, TReDS, CGTMSE, digital banking and account management, cloud based accounting software, LEAN manufacturing and process optimisation. They will also be trained on leadership development and sector specific modules. Training will adopt blended methods, simulation and gamification, as well as exposure visit of MSMEs in the sector specific institutes across the country.
- iii. Deployment of manpower: we have the plan of targeting the MSMEs of local levels i.e. from village, phanchyat, block, district and state level, and to meeting the objective we will hire the manpower at every level for providing the assistance and handholding of the MSMEs and entrepreneurs in on-boarding them to the digital platforms like TReDS portal, SAMADHAN portal, and helping MSMEs to get the benefits of the schemes like ZED certification, LEAN, CGTMSE, etc. The deployed manpower will be working with target based approach at the ground levels, and the women led MSMEs/ entrepreneurs along with entrepreneurs of differently able nature will be at our top priority. The manpower will give special handholding support in terms of capacity building, ZED certifications and other certifications to the MSMEs led by Women, differently able and transgender.

- iv. Facilitation through MSME Kendra: this Kendra is proposed to be in every district headquarter i.e. at DIC, and will be facilitating the activities for registration and on-boarding of the MSMEs on different portals under several schemes.
- v. Facilitation through Centralised Integrated Information Management System (CIIMS): The Integrated portal being prepared for facilitation of different kinds of services to MSMEs/Entrepreneur such as registration, certifications, resource library, and grievance redressal mechanism. Through this portal the MSMEs/ Entrepreneurs will access detail information about schemes (ZED certification, LEAN, CGTMSE, TReDS etc) and avail real time services. The WhatsApp chat bot will be unique features on the portal which will be useful in resolving the grievances of MSMEs. The MSEFC will also be having access of user interface of the portal. The portal will have the facilities to apply the grievances, multilevel escalation matrix, grievance resolved in real time frame, tracking facilities for grievances, feedback features and communication via E-mail and SMS.

Preparation of Terms of Reference (ToR) and Hiring of firm to map stakeholders and develop and implement communication, partnerships and outreach strategy

Under the programme, there are multiple scopes of hiring of the different agency and engagement of stakeholders to execute and implement the proposed intervention. During the intervention, the different agency/stakeholders will be engaged for development of module & executing the training program, development of integrated portals, monitoring and evaluation, implementation of TReDS and others. Before, the engagement of the agency and executing any partnership or hiring, the project will define objective scope of work, qualification, experience and timeline clearly in the terms of reference documents. Besides, the evaluation criteria will also be fixed. All the MoU and agreement will be signed by Udyog Mitra/ Industry Department. The agencies will be hired by the procurement process of General Financial Rule (GFR).

Table 6.1 Details of hiring agencies for establishing multiple MoUs & partnerships

Sl No	Agency/ Partners/ Institute	Title of Proposal	Scope of work	MoUs to be signed (in Nos.)
i	Hiring of agency for Module development & training of Trainers	Capacity Building of MSMEs & different stakeholders	In the Programme, there is scope for development of modules training of master trainers and training coordinators.	3
ii	Partnership with Institute/Centre for excellence of sector specific training	Capacity building of MSMEs and Different stakeholders	The identified institute will provide sector specific training of MSMEs	20
iii	Hiring of agency for module development and training of trainers	Empowering women, differently able & Transgender MSMEs in Bihar	In the Programme, there are scope for development of modules and training of master trainers and training coordinators.	2
iv	Hiring of agency for Development of Integrated Portal and content creation	Implementation of centralized information and management system	There has to be requirement of development of integrated portal for centralized monitoring of MSMEs and HRMIS in the project	1
v	Hiring of agency Execution and maintenance of the integrated portal	Implementation of centralized information and management system	The agency will implement and provide maintenance support to Department of Industries in implementation of the integrated portal	1
vi	Partnership with agency for TReDS	-	For implementation of TReDS	4
vii	Partnerships with agency for CGSTMSE	-	For issuing and managing guarantees to eligible MSMEs borrowers on behalf of the lending institutions.	1
viii	Hiring for agency for designing the module and IEC materials & conducting training of government officials & stakeholders	Establishment of MSME Kendra at District Level.	Development of Training modules and IEC.	1
ix	Hiring of agency for Development of ERP Platform &	Establishment of MSME Kendra at district level.	Design and development of online platform.	1

	mobile application.			
x	Hiring of agency for midterm and end term evaluation	Capacity building of MSMEs & different stakeholders	The project has scope of study in the second year and fourth year	2
xi	Hiring of agency for midterm and end term evaluation	Empowering women, differently able & Transgender MSMEs in Bihar	The project has scope of study in the second year and fourth year for evaluation	2
xii	Knowledge partnership with Federation of Import Export Organization	Enhancing MSMEs through export promotion & other business support with special focus on GI product of Bihar	For the export promotion, market analysis and capacity building, the project will tie up with Federation of Import Export Organization	1
xiii	Knowledge Partnership with Export promotion Council	Enhancing MSMEs through export promotion and other business support with special focus on GI product of Bihar	For the export promotion, market analysis and capacity building, the project will tie up with Federation of Import Export Organization	8
xiv	Hiring of agency for Module development and Trainings of Trainer	“Cluster development program for Water hyacinth, Banana fiber, Powerloom, Textile, Leather and Footwear”	In the programe, there are scope for development of module and training of Trainers and training coordinators.	5
xv	Partnership with knowledge Institutions for conducting workshop and Imparting technical knowhow.	“Cluster development program for Water hyacinth, Banana fiber, Power loom, Textile, Leather and Footwear”	In the programe, there is provision for conducting various workshop and knowledge sharing from Various institutions.	5

xvi	Hiring of agency for study of Environment and social impact and evaluation.	“Cluster development program for Water hyacinth, Banana fiber, Power loom, Textile, Leather and Footwear”	In the programme there is need of Environment and social impact assessment, by studying this project can work towards a more sustainable and responsible approach to development, safeguarding both natural ecosystems and human well-being.	1
-----	---	---	--	---

For the execution of the partnership agreement, the standard procurement norms will be followed by department of industries/Udyog Mitra. The procurement process will follow the standard guidelines and procurement Process. It will also follow the GFR rules of GoI.

Procurement process: Based on the budget allocation, the department of industries will prepare detailed tender documents outlining the specifications, terms and conditions, evaluation criteria, and other relevant information and publish it on the official government website and in newspapers to invite bids from potential suppliers or contractors. For the bid evaluation, the bid evaluation committee will be formed by the department of industries.

Outreach and partnership development to Industry Associations, anchor firms and Financial Institutions

For boosting the MSMEs’ growth and their performances in the state, a supportive business ecosystem is required, and in the same line the state has already taken various initiatives. Here in this programme through various proposals we have the plan to align all the ease of doing business and the supporting mechanisms including existing industrial associations, financial institutions, business anchoring firms and others will be partnered with, to enhance our MSMEs performances. Here, we have the following strategies to meet the key objectives:

- i. **Making Accessible and Affordable Credit:** MSMEs often face challenges in obtaining credit due to limited collateral and credit records. The industry department financial institutions should design special lending schemes with reduced interest rates, longer repayment periods, and relaxed collateral requirements for MSMEs. This will make credit more accessible and affordable, promoting business growth.

- ii. Digital Lending Platforms: we have already proposed an integrated digital platform to integrate various portals that to address the credit related issues (lending, and delayed payments), and have target of on boarding as maximum number of MSMEs. Under this programme we will also make capacity building of MSMEs and entrepreneurs about the digital financing and digitization of the business. To facilitate the development of digital lending platforms that use innovative technologies such as AI and big data analytics to assess credit worthiness. These platforms can streamline the loan application process and provide quicker approvals to MSMEs.
- iii. Credit Guarantee Schemes: Governments can collaborate with financial institutions to introduce credit guarantee schemes. These schemes reduce the risk for lenders by providing partial guarantees for loans to MSMEs, encouraging them to lend to smaller businesses.
- iv. Financial Literacy Programs: Organize financial literacy programs and workshops for MSME owners to help them better understand financial management, credit options, and investment decisions. A better-informed MSME sector is likely to make better financial decisions, leading to improved growth prospects.
- v. Venture Capital and Private Equity Support: Encourage financial institutions to invest in MSMEs through venture capital and private equity funds. These investments can provide the necessary capital for expansion and innovation, propelling growth.
- vi. Technology Adoption Support: Financial institutions can assist MSMEs in adopting technology by offering loans or grants to invest in modernizing processes, machinery, and equipment. Technology adoption can enhance productivity and competitiveness.
- vii. Working Capital Support: Shortage of working capital is a common issue for MSMEs. Financial institutions can design working capital loans or lines of credit to help businesses manage their day-to-day operations smoothly.
- viii. Export Credit Facilities: MSMEs with export potential can benefit from export credit facilities, which provide them with working capital and support to explore international markets. This can boost foreign exchange earnings and promote growth.
- ix. Collaborative Networking Platforms: Financial institutions can create networking platforms that connect MSMEs with potential clients, suppliers, and partners. This fosters collaboration and business opportunities, driving growth for the MSMEs.

- x. Incubation and Acceleration Programs: Collaborate with financial institutions to set up incubation and acceleration programs for MSMEs. These programs can offer mentorship, access to resources, and funding opportunities, helping MSMEs scale up their businesses.
- xi. Government Support: Governments should create an enabling environment by implementing favorable policies, tax incentives, and grants to encourage financial institutions to support MSMEs actively.
- xii. Data-driven Decision Making: Financial institutions can leverage data analytics to better understand the needs and performance of MSMEs. This can help tailor financial products and services more effectively to suit their requirements.

We are planning to engage the following underlined stakeholders of the financial institutions which will play a crucial role in boosting MSME growth, thereby contributing to economic development and job creation in the community:

Table 6.2 List of financial institutions for outreach & partnership

Banks	NBFC's	Public Sectors Banks(PSBs)
<ul style="list-style-type: none"> • Reserve Bank of India • SLBC • SIDBI • Representative of Commercial Banks • Representative of Private Banks • Representative of Regional Rural Banks 	<ul style="list-style-type: none"> • State Coordinator of MFIN • Annapurna Finance Pvt • Saija Finance Pvt Ltd • Sonata Finance Pvt Ltd • Utkarsh small Finance Bank • Muthoot Microfin Limited • Arohan Finance Service Limited • Fullerton India Credit Company Ltd • L& T Finance 	<ul style="list-style-type: none"> • Bank of Baroda • Bank of Maharashtra • Canara Bank • Central Bank of India • Indian Bank • Indian Overseas Bank • Punjab and Sind Bank • Punjab National Bank • State Bank of India • UCO Bank • Union Bank of India • Regional Rural Banks • Dakshin Bihar Gramin Bank • Uttar Bihar Gramin Bank • All Private Sector Bank

Industry Association as a stakeholder:

Involving industries associations can be highly beneficial in boosting MSME (Micro, Small, and Medium Enterprises) growth as these associations represent the interests of businesses

within specific sectors. Here are some ways to leverage industries associations to support MSME growth:

- **Policy Advocacy:** Industries associations can advocate for favorable policies and regulations that support MSMEs' interests. They can engage with governments and policymakers to address challenges and create an enabling business environment.
- **Skill Development and Training:** Collaborate with industries associations to organize skill development programs and training sessions for MSMEs. This can enhance the capabilities of MSME owners and employees, making them more competitive and adaptable to industry changes.
- **Access to Market Information:** Industries associations can provide MSMEs with valuable market intelligence, including trends, consumer preferences, and emerging opportunities. This information can help MSMEs make informed decisions and tailor their products/services accordingly.
- **Networking and Collaboration:** Facilitate networking events, trade fairs, and industry-specific conferences where MSMEs can connect with potential clients, suppliers, and partners. Such interactions can lead to collaborations and business growth.
- **Technology Adoption Support:** Industries associations can offer guidance and resources to MSMEs to adopt relevant technologies that improve productivity and efficiency. This can be through workshops, seminars, or collaborations with technology providers.
- **Quality Standards and Certifications:** Encourage MSMEs to meet industry-specific quality standards and certifications. Industries associations can provide information and assistance in obtaining certifications, which can enhance credibility and access to new markets.
- **Research and Development Support:** Collaborate with industries associations to establish research and development (R&D) initiatives that benefit MSMEs. Shared R&D facilities, knowledge exchange, and funding opportunities can foster innovation and competitiveness.

- **Export Promotion:** Industries associations can help MSMEs explore international markets by organizing trade missions, participating in global exhibitions, and providing export-related guidance.
- **Resource Sharing:** Encourage industries associations to facilitate the sharing of resources among MSMEs. This can include shared warehouses, marketing resources, and bulk purchasing, which can result in cost savings and efficiency gains.
- **Mentorship and Guidance:** Set up mentorship programs where experienced members of industries associations can guide and support MSMEs in their growth journey.
- **Recognition and Awards:** Acknowledge and reward outstanding MSMEs through industry-specific awards and recognition programs organized by industries associations. This can motivate MSMEs to excel and inspire others to follow suit.

By collaborating with the underlined industries associations, MSMEs can tap into a broader network of support and resources, enabling them to overcome challenges and leverage growth opportunities within their respective sectors:

- **Bihar Industries Association (BIA):** BIA is a prominent association representing various industries and businesses in Bihar.
- Bihar Chamber of Commerce
- FICCI
- ASSOCHAM
- Dalit Indian Chamber of Commerce & Industry
- Confederation of Indian Industries
- Bihar Chamber of Commerce & Industries (BCCI): BCCI is a leading organization that promotes and supports trade and commerce in Bihar.
- Bihar Food Industry Association (BFIA): BFIA represents and supports businesses in the food processing industry in Bihar.
- Bihar Solar Energy Development Association (BSEDA): BSEDA promotes the adoption and usage of solar energy in the state.
- Bihar Drug Manufacturers Association (BDMA): BDMA represents pharmaceutical and drug manufacturers in the state.

Anchor Buyers

At present, Bihar is having only one anchor buyer: High Spirit Commercial Ventures Private Limited, at the Head quarter in Chembur, Mumbai

- Main Business Activity Detail : Chrome tanning of leather, It Comes Under Division Tanning And dressing of leather, manufacturing of luggage, handbags saddlery, harness and footwear
- Date of Incorporation: 14-Jun-2012

These venture firm purchases the finished goods of Backpacks, Handbags, Duffle bags etc manufactured and assembled by Women-led Bag Cluster project operating in Narayanpur, Bela Industrial Area, Muzaffarpur.

The Muzaffarpur Bag cluster project is amongst one of the major flagship convergence project of Department of Industries and Bihar Rural Livelihoods Promotion Society-Jeevika which employees around 750 workers under its fold at present and will provide employment opportunities to approx 1400+ members when operated on full capacity.

By increasing the number of anchor buyers for the products manufactured in the state we can achieve a tremendous jumpstart in the era of MSMEs support.

Focused outreach strategy to expand the coverage of women-headed MSMEs

The women-headed MSMEs have emerged as vital contributors to job creation in Bihar. As they have been expanding their businesses, these enterprises create employment opportunities for others, particularly for women and youth. This is fostering inclusive growth and helping alleviate poverty in the state. However, they face several challenges such as socio-cultural barriers, access of finance, lack of skill and education and others. As per Udyam registration portal (till June 2023, the total number of MSMEs in Bihar is 7, 16,746. Out of these 1, 03,258 MSMEs are led by women. Out of these women only 23,710 women has been benefitting from the government schemes. Due to several reasons the women are lagging behind in growing their business.

Therefore, the proposed intervention through various project proposals aims to identify the women headed MSMEs across the state and brings them under the capacity building programme. There are following strategy to be adopted:

- i. Capacity Building of women led-MSMEs and Entrepreneurs: The programme aims to reach out to 20,000 identified women led MSMEs and entrepreneurs and train them on different modules such as scheme related to women, business development, innovation and creation and gender sensitization.
- ii. Product value addition and branding: The project will also focus on educating them on value addition and branding of the product manufacturing by women headed MSMEs. The selection of the MSMEs and product will be based on the criteria developed during the implementation phase.
- iii. Quarterly networking meeting: The Project has also planned to reach out to different government departments such as NRLM, NULM, WDC, Bihar state SC corporation, Bihar state Minority Finance Corporation as well as digital platform aggregator for digital marketing and procurement of products.
- iv. Showcasing women led MSMEs as successful entrepreneurs: In recent years, an increasing number of women entrepreneurs have taken the helm of their businesses, defying stereotypes and societal barriers. These trailblazing women have not only achieved remarkable success but also become role models, inspiring others to embrace entrepreneurship and pursue their dreams. The project aims to identify such success story and present them as inspiring leader among the others women and entrepreneurs.
- v. Annual Award functions: The women headed MSMEs will be encouraged to participate in annual award function. The annual award function will be organized under the project.
- vi. Participation of women in trade fairs: The project aims to increase women participation in trade fairs. For this, the women-led MSMEs and entrepreneurs will be mentored by the MSME Kendra and district team.
- vii. Workshop/ Seminar: Workshops and seminars will provide opportunities for women entrepreneurs to enhance their business skills and knowledge. These events can cover various topics such as business planning, marketing strategies, and financial management, digitalization, and market trends. By gaining valuable insights and

expertise, women MSMEs can improve their business performance and expand their customer base.

Outreach on specific sectors/geographical clusters as required

The outreach strategy is important tools for identification and mobilization of the MSMEs in terms of providing support to the MSMEs for overcoming the drawback. The outreach strategy will enhance efficiency of MSMEs to respond the market challenges in cost effective manner. Here is the key objective of the outreach strategy

- i. To raise awareness and capacity of MSMEs about schemes, product, service, market and new opportunities
- ii. Enhance efficiency of MSMEs through adoption of cutting edge technology
- iii. To streamline the process of financial management through creating awareness on TReDS, CGTMSE and other schemes
- iv. Encourage collaboration and partnership with stakeholders

The state government chief minister cluster development scheme (CM-CDP) is being implemented. Some clusters under state government formed and received the government support. The outreach in the cluster development is being carried in the specific geographic areas. Besides, the government has been focusing on development of roads and making the network of roads and bridges in rapid speed. State Government has embarked on an ambitious plan to add substantial electricity generating capacity in the next few years. It is targeting to achieve a total generating capacity of 1330 MW by 2016-17, 3310 MW by 2017- 18 and 7270 MW by 2021-22. In order to turn its vision into reality, Bihar State Power Generation Corporation Limited (BSPGCL) has entered into joint ventures with reputed companies in the power sector, like National Thermal Power Corporation (NTPC) and National Hydro Power Corporation (NHPC). Some of the major power sector projects, at different stages of commissioning, are Nabinagar Stage-1 Plant, power projects in Buxar, Bhagalpur, Lakhisarai and Banka. Some of the policy level initiative has been taken for industrial growth in specific cluster of the priority sector:

- i. Emphasizing on industries that rely on local production, local skills, and local consumption new policy and investment policy was launched.

- ii. Investing in skill development and technical education so as to make Bihar the preferred source for skilled manpower
- iii. Providing preference to low energy and non-polluting industries
- iv. Encouraging large scale industrial units in the proposed Integrated Manufacturing Cluster under the proposed Amritsar-Kolkata- Industrial Corridor (AKIC)
- v. Establishing the one stop platform for investors to resolve problems/ difficulties faced in establishment of industrial projects in the State

Besides, several other strategies have also been taken for development of cluster and promote the scope of industries in Bihar

- i. Invest Bihar: Invest Bihar is a program by the Department of Industries, Govt. of Bihar, for Investment Promotion, Facilitation and Aftercare of large industries.
- ii. Plug and Play: 'Plug and Play' pre-fabricated sheds has been built in five districts as part of the Bihar government's attempt to boost industries in the state. Under this program, business owners would be able to start factories simply by adding the necessary machinery.
- iii. The Bihar Investors' Meet: The Bihar Investors meet recently at Kolkata in association with the Indian chamber of commerce. More than 50 companies from textile & Leather, Food processing, IT etc participated and showed interest to invest in Bihar.
- iv. Bihar Hai Taiyar: This is initiatives by department of Industries, Govt. of Bihar for IEC of various ongoing scheme and program related to Industries.
- v. Start up Bihar: A Bihar Start-up Policy was established by the Bihar government to make the state a more developed one by offering start-up opportunities to keep this development running smoothly. If a candidate has a viable start-up idea, they can apply and make use of this scheme. An applicant will receive 10 lakhs for 10 years under the Loan for Business in Bihar scheme and that too without interest charges.
- vi. Stake Holders meetings at DIC level: Stake Holders meetings are organized at DIC level time to time for feedback of stake holders of MSMEs.

- vii. MSMEs Connect: Bihar MSME Connect 2023 organized in Patna with heads of many banks. The MSME Connect program was organized by the Industries Department in Patna. In this, the best performing banks and their branches in MSMEs are rewarded.

Here are some steps to conduct outreach in our proposed intervention in align with the government strategy:

- i. Identification of the cluster in specific sector: The project has large scope of research. The proposed intervention will identify cluster, entrepreneurs and engage them in the formation of the cluster at the local level. The project has scope of formation of cluster in priority sector as well identified innovative areas which has been identified in the proposal of cluster development.
- ii. Capacity building and strengthening of the entrepreneurs: The project is proposing an intensive training program for entrepreneur and stakeholders through EDP and sector specific module.
- iii. Collaboration with Local Authorities and Associations: The project will also Partner with local government authorities, industry associations, and trade bodies and various research institutions related to the chosen cluster. Their support and endorsement can give our outreach efforts more credibility and reach.
- iv. Workshops and seminars: Workshops and seminars relevant topics to empower MSMEs in the sector/cluster. These sessions could cover skill development, technology adoption, financial literacy, marketing strategies etc.
- v. Access to Finance: Many MSMEs face challenges in accessing finance. Our Collaboration with banks and financial institutions will offer tailored financial solutions and help MSMEs get access to loans and credit facilities.
- vi. Awareness Campaigns: Awareness drive will be done about government schemes, incentives, and available subsidies for these MSMEs. We will use various communication channels, including social media, local newspapers, workshops and community gatherings.
- vii. Consultation and Support: Through our MSME Kendra and DIC at district level Provide one-on-one consultation and mentoring to MSMEs. Address their specific

challenges, offer guidance on business development, and help them understand market trends.

- viii. Facilitate Market Linkages: To Help MSMEs clusters to connect with potential buyers, suppliers, and distributors. We will organized buyer-seller meets and trade fairs at districts and state level to create networking opportunities. Our dedicated staffs at district and level will help these clusters in market accessing.
- ix. Encourage Innovation and Technology Adoption: Our outreach program will promote the adoption of technology and innovative practices to improve productivity and competitiveness among MSMEs clusters.
- x. Monitor and Evaluate: Continuously monitor the impact of our outreach efforts and evaluate its effectiveness through MSMEs Kendra and DIC will be done. We will use feedback from the MSMEs to improve and refine our initiatives.
- xi. Foster Networking and Collaboration: Encourage collaboration among MSMEs in cluster. A collective approach will lead to shared knowledge, resources, and opportunities. We will organize MSMEs meet of clusters at district and state level.
- xii. Document Success Stories: Outreach program also highlight success stories of MSMEs that have benefited from our outreach program. These stories can inspire others to participate and create a positive impact.

Partnerships with other Government Departments, Institutions for identification and mobilization of MSMEs

Many of the MSMEs in the state are being supported through the multiple schemes of various departments and their data base are somehow restricted with the concerned departments, and there is the lack of coordinating mechanisms in data base management and their inter-departmental access and sharing. The same kind of situation prevails with different institutions, industry associations and other organizations including NGOs which are engaged in supporting the MSMEs of Bihar. The department of industries is the main implementer of the RAMP project in the state, and it would be roping in all the aforesaid institutions through partnering. As per our proposals, the identified departments, technical institutes, industrial associations and other allied organizations specifically women entrepreneur skilling are

summarized in the below (Table 6.3). The following departments and institutions will help in accessing data on MSMEs, understanding their needs, and execution of project.

Table 6.3 List of institutions and stakeholders for partnerships

Departments	Technical Institute	Women Enterprise and Skills	Industry Association
Department of Agriculture	MSME -DI	State Rural Livelihood Mission(Jeevika)	Bihar Industries Association (BIA)
Department of Energy	DC-Handicraft	State Urban Livelihood Mission (SULM)	Bihar Chamber of Commerce
Department of Labour Resources	KVIC	Women Development Corporation	FICCI
Department of IT	NSIC	Bihar skill Development Mission (BSDM)	ASSOCHAM
Department of Rural Development	National Institute of Food Technology Entrepreneurship and Management(NIFTEM)	Bihar State SCs Co-operative Dev.Corp. Ltd. (SCA of NSFDC)	Dalit Indian Chamber of Commerce & Industry
Urban Development and Housing Department	CIPET : Centre for Skilling and Technical Support (CSTS)	Bihar State Backward Classes Finance &Development Corporation(SCA of NBCFDC)	
Department of Revenue and Land Reform	Tool Room & Training Centre		
Department of Transport	Bihar Agricultural Management Extension Training Institute(BAMETI)		
Department of Science & Technology	National Agricultural Cooperative Marketing Federation of India Ltd.		
Department of Commercial Taxes	Bihar Institute of Silk & Textiles		
Bihar State Pollution Control Board	Apparel Training & Design Centre(ATDC)		
Department of Water Resources	Footwear Design & Development Institute (FDDI)		
Environment & Forest Dept	Research Centre for Makahna, Darbhanga		
Department of Sugarcane	Banana Research Centre, Vaishali		

Departments	Technical Institute	Women Enterprise and Skills	Industry Association
Department of Tourism	National Research Centre on Litchi, Muzaffarpur		
Department of Registration	Dr. Rajendra Prasad Central Agricultural University		
	Bihar Agricultural University		
	Centre of excellence		

Preparation of awareness and outreach strategy to increase referrals to ODR in partnership with MSEFCs

The Micro and Small Enterprise Facilitation Council (MSEFC) is an initiative by the government to support the growth and development of micro and small enterprises. It acts as a platform to address the challenges faced by these enterprises and find solutions to help them succeed. The MSEFC focuses on promoting entrepreneurship and provides support to micro and small enterprises through various means. Some of its key objectives include simplifying regulatory procedures, improving access to finance and credit, enhancing market linkages, and offering skill development and training programs to entrepreneurs. The MSEFC aims to create a favourable business environment that encourages the establishment and growth of micro and small enterprises. These enterprises play a vital role in economic development and employment generation. The MSEFC offers a range of services and initiatives to assist these enterprises in their journey towards success.

Online Dispute Resolution for MSMEs in India:

The Indian government has launched a dedicated online platform called the "Champions Portal" to assist MSMEs with various issues, including dispute resolution. The Champions Portal is an integrated system that aims to address grievances and provide support to MSMEs on a range of matters. It enables MSMEs to raise complaints or seek assistance for disputes they encounter with other businesses or government entities. The process generally involves the following steps:

- a) MSMEs to register on the Champions Portal and submit their grievances.

- b) The portal assigns a nodal officer who handles the grievance and attempts to resolve it.
- c) If the issue remains unresolved, it may be escalated to higher authorities within the respective government departments.
- d) The portal also provides real-time status updates on the progress of the complaint.

Preparing awareness and outreach strategies for Micro, Small, and Medium Enterprises (MSMEs) to increase referrals to Online Dispute Resolution (ODR) in partnership with the MSEFCs is an important endeavour for both the MSMEs and Government of Bihar. Here are some strategies that could be considered:

- a) **Conduct targeted marketing campaigns:** Develop marketing materials, including brochures, videos, and social media content that highlight the benefits of ODR for MSMEs. These materials should be tailored to the specific needs and challenges faced by MSMEs and emphasize how ODR can provide them with an effective and efficient means of resolving disputes.
- b) **Collaborate with MSEFCs:** Establish strong partnerships with the MSEFCs at the regional and national levels. Work closely with them to identify MSMEs that could benefit from ODR and develop joint initiatives to raise awareness among these businesses. Leverage the MSEFCs' networks and platforms to disseminate information about ODR and its advantages.
- c) **Organize workshops and training sessions:** Conduct workshops and training sessions in collaboration with the MSEFCs to educate MSMEs about ODR and explain how they can access and use the platform. Provide practical demonstrations and case studies to showcase successful outcomes of ODR for resolving business disputes.
- d) **Engage with industry associations:** Collaborate with industry associations that represent MSMEs, such as chambers of commerce, trade associations, and business networks. Deliver presentations at their events, participate in panel discussions, and engage in one-on-one interactions with MSME representatives to promote ODR and encourage referrals.

- e) **Digital Literacy Programs:** Conduct digital literacy programs and training sessions for MSMEs, especially in rural areas, to familiarize them with online platforms and services, including the online dispute resolution system.
- f) **Provide dedicated support:** Set up a dedicated helpline or support system for MSMEs seeking information or assistance regarding ODR. Allocate resources to respond to their queries promptly and guide them through the referral process. Develop user-friendly guides and FAQ documents that address common concerns related to ODR.
- g) **Utilize digital platforms:** Leverage online platforms, such as websites, blogs, and social media channels, to disseminate information about ODR and share success stories and testimonials from MSMEs who have benefited from the process. Encourage MSMEs to share their positive experiences to increase trust and encourage referrals.
- h) **Simplified Information:** Provide easy-to-understand guides and materials in regional languages to ensure that MSMEs comprehend the dispute resolution process. Clear instructions and FAQs can help in this regard.
- i) **Local Government Participation:** Involve local government officials, such as District Industry Centres and Block Development Officers, to promote the platform and address any queries from MSMEs.
- j) **Monitor and evaluate impact:** Continuously monitor and evaluate the effectiveness of the awareness and outreach strategies. Collect feedback from MSMEs and MSEFCs to identify areas for improvement and make necessary adjustments to the strategies.

By implementing these awareness and outreach strategies in partnership with MSEFCs, the goal of increasing referrals to ODR among MSMEs can be accomplished, ultimately facilitating more efficient and effective dispute resolution for these businesses.

In addition to MSMEs, these awareness and outreach strategies may also be leveraged for other concerned stakeholders, which will ultimately facilitate MSMEs in the State. Though it must be kept in mind to tailor the messaging and strategies to the specific needs and preferences of each target audience group to ensure maximum effectiveness in generating awareness and increasing referrals to ODR. Following stakeholders can be the target audience

- a) **Micro, Small, and Medium Enterprises (MSMEs):** These are the primary audience for the strategies as they are the ones who can benefit from ODR. MSMEs across various sectors and industries can be targeted, including startups, small businesses, and entrepreneurs.
- b) **MSEFCs:** The Micro and Small Enterprise Facilitation Councils (MSEFCs) themselves can be a target audience to ensure they understand the value of ODR and actively promote it among MSMEs. Collaboration with the MSEFCs is crucial to gaining their support and endorsement.
- c) **Industry Associations:** Targeting industry associations, chambers of commerce, trade associations, and business networks can help reach a broader audience of MSMEs. These associations serve as platforms where MSMEs gather, making it an opportune space to disseminate information about ODR and encourage referrals.
- d) **Business Support Organizations:** Organizations that provide support and services to MSMEs, such as business development centres, entrepreneurship hubs, and incubators, can be targeted. Collaborating with these organizations can enable the integration of ODR promotion into their existing support programs.
- e) **Government Agencies:** Relevant government agencies at the National, regional, and local levels that work closely with MSMEs can be another target audience. Engaging with these agencies can ensure their involvement and support in promoting ODR to MSMEs.
- f) **Legal Professionals and Mediators:** Targeting legal professionals, mediators, and other dispute resolution practitioners can create a network of ODR experts who can educate and advocate for the use of ODR among MSMEs.

CHAPTER -7
Strengthening Capacity for Development
and Delivery of MSME Support
Programme in the State

7. Strengthening Capacity for Development and Delivery of MSME Support Programme in the State

Strengthening State Portals and Integration with National portal:

The proposed intervention aims to develop the integrated portal at the state level. Strengthening state portals and integrating them with the National portal for Micro, Small, and Medium Enterprises (MSME) can be a significant step in promoting ease of doing business and fostering economic growth. Such integration can enhance efficiency, accessibility, and data accuracy, benefiting both businesses and the government. Here are some key steps and benefits of strengthening state portals and integrating them with the National MSME Portal:

Standardization and Interoperability: The integration will ensure that state portals adhere to standardized data formats and protocols, enabling seamless communication and data exchange between the state and national portal. This will promote interoperability, making it easier for MSMEs to interact with multiple portals and for the government to aggregate data effectively.

Single Sign-On (SSO) Integration: This will work as unified portal which can be accessed through single user id and password. This will enable businesses to access both state and national portals using a single set of credentials. This will simplify the registration and login process for MSMEs, reducing administrative burden and ensuring a smooth user experience.

Unified Information Portal and Services: The portal will have information and services offered by state portals with the National MSME portal. This will ensure that businesses can access all relevant information, apply for licenses, permits, and incentives seamlessly from a centralized platform, regardless of their location within the state.

Data Sharing and Analysis: This will improve data sharing between state and centre.

Real-time Updates and Notifications: The portal will provide real-time updates and notifications to businesses regarding changes in regulations, incentives, and other relevant information. This will help MSMEs stay informed and compliant with the latest developments.

Digital Payment portal Integration: The portal will facilitate integration with digital payment

platforms to enable online payment of fees, taxes, and other charges. This will reduce paperwork and expedite transactions for MSMEs, improving their overall experience.

Data-Driven Decision Making: By having access to comprehensive data from across the country, policymakers at national level can make more informed decisions, allocate resources effectively, and design targeted support programs for MSMEs.

Increased Transparency: Integrating state and national portals promotes transparency and accountability in the government's dealings with MSMEs, reducing corruption and fostering a business-friendly environment.

Enhanced Access to Markets: By providing a unified platform, MSMEs will access information about market opportunities, potential buyers, and supply chain partners from different regions, boosting their competitiveness.

Improved Investor Confidence: A robust and integrated MSME ecosystem signals a government's commitment to supporting small businesses, enhancing investor confidence, and attracting more investments in the sector.

Strengthening M&E Framework for MSME Support:

Monitoring is the tracking of people, processes and technology involved as per the defined parameters and protocols. It is an ongoing process which enables various stakeholders and scheme owners a three sixty degree view of the programme whether the efforts made under the programme are headed in the right direction and how future efforts need to be improved or fine tuned to get the desired outcome by identifying the gaps and plugging the loopholes. It provides the stakeholders of an ongoing intervention with early indication of progress or the lack of it. Evaluation is the assessment of ongoing or completed schemes/programmes against stated objectives on the basis of output and outcome indicators. Independent analysis of output and outcome indicators helps the government in adapting to new strategies and programmes or amendments in the existing processes towards achieving the larger goal of MSMEs of the last mile. Evaluations are part of a monitoring and evaluation system that is indispensable for every project and programme, in order to accomplish work effectively and achieve objectives in a systematic way. While continuous monitoring is necessary for all

projects and programmes, the timing, frequency and scope of an evaluation (i.e. how many of the projects and programmes it should cover) depend on the type of project or programme and the objectives of the analysis.

By designing of integrated portal the Government of Bihar aims to develop a comprehensive monitoring and evaluation portal which will help the Industry Department in a superior result oriented planning by analyzing past, present and future initiatives and subsequent outcomes. The Monitoring and Evaluation framework will measure and assesses the various schemes and programmes being run by the industry department. It is the most enabling factor in effective management of outcomes and objectives also popularly known as development results (*Programme for Result*). The monitoring will produce real time information, and evaluation will help in depth assessment of implementation strategies and the outcomes of the interventions. However, it is important to mention here that evaluation need not take place at the end of the monitoring and evaluation cycle. The learning's acquired from monitoring and evaluation will be reviewed periodically for ensuring more efficient result oriented actions through informed decision making.

Components of Monitoring and evaluations

The comprehensive and effective Monitoring and Evaluation framework will comprise of two main components.

Framework for Result Based Planning and Management: Based on the intervention areas, a result based planning has been done to identify the key focus areas of a scheme in terms of target group, output, outcome and impact indicators and the changes (Financial, Self Sustainability, capacity building, Behaviour, Quality , export etc.). The result based planning is like a strong foundation required to achieve the long term objectives through optimum allocation/ utilization of resources and monitoring and evaluation of people, processes and goals on the parameters of various performance indicators.

Planning Matrices for M&E: In a robust Monitoring and Evaluation Framework Planning matrices act as strategic tools for consolidating the various types of information derived from varied sources. Monitoring and Evaluation activities are an integral part of all proposed

intervention. Every proposal has planning of activities, indicators and timeline in log frame analysis and Gantt chart.

Areas of monitoring

To obtain a three sixty degree view of the performance of various schemes in terms of inputs, processes and outputs the monitoring and evaluation framework will focus on the following:

Performance monitoring: The emphasis of performance monitoring is on outputs vs inputs.

Compliance monitoring: It is the monitoring of the scheme functionaries at state, district and block level to ensure compliance of protocols and regulations of Industry Department.

Diagnostic monitoring: Diagnostic monitoring primarily focuses on process and reflects for outcomes.

The scope of monitoring and evaluation framework is broadly classified under our intervention aligned with the Programme DLIs

- Capacity building of MSMEs in terms of access of technology, finance and market and opportunities
- Monitoring of people, processes and technology
- Monitoring of environmental and social compliances
- Evaluation of service delivery effectiveness
- Measuring the output, outcomes and impact
- Addressing last mile service delivery and challenges
- Result based interventions and monitoring of the same

Monitoring and evaluation framework

This framework is designed in way that it is functional at all levels of governance at clusters, blocks, districts and the State. The M&E components are also expected to facilitate evaluation/assessment of the contribution of the programme/schemes towards social and financial upliftment of the target groups, their empowerment, improvement in quality of life etc.

Table 7.1 Log Frame Analysis (LFA) Framework

Result	Indicators	Baseline	Target	Means of Verification	Risk and assumption
Activities “Task Undertaken”	Measures of Key targets or action to achieve output	-	-	Reports , case studies, Audit report	Precondition for implementation of activities
Output “Tangible and Intangible services”	Measures of progress against output	-	-	Reports , case studies , Audit report	Risk which constrain the impact
Outcome “Short and medium level changes and development	Measures of progress against outcome	-	-	Reports , case studies , Audit report	Risk which constrain the impact
Impact “Ultimate changes or benefits for target population”	Measures of progress against impact	-	-	Reports , case studies , Audit report	Risk which constrain the impact

Monitoring Architecture

Collection and analysis of the data will draw a clear picture of the progress towards the results. It will also increase the accountability and learning to re-define the goals and decision making as well as will help in improving the capacity of the staff of the projects. Monitoring and evaluation tools have lots of range and through which project’s outcome, output, activities are monitored but it completely deepened on the reliability of data which is collected from the sources for the monitoring purpose.

- (a) Data analysis: This is a very unique tool which entails pictures of the project progress and way ahead to the managers. On basis of this project manager takes project related decision.
- (b) Validation: Validation entails checking and verifying the project progress, its results whether it is rightly documented or not.
- (c) Participation: This is also a unique tool to monitor the projects progress in which feedback is obtained from the stakeholders on progress of the project and proposed action.

- (d) Project Report: The project report presents the performance of the program's output, outcome and impact. It also depicts the major constraints, reason behind the constraints, and process of achieving the impact, way forward and lesson learned from the project. The project report can be monthly, quarterly, half yearly and annual.
- (e) Arrangement and formats of reporting: In any program it is very essential to have a common arrangements and formats of reporting which will be developed during the course of implementation.
- (f) Review with stakeholders: The review of the stakeholder is a key monitoring event. This can be monthly, quarterly or annually.

Environmental and Social Management for MSME support:

Environmental aspect in Industries sector in Bihar

The establishment of industries in Bihar has significant social and environmental impacts. While it provided employment opportunities and economic growth, it also brought about challenges such as urbanization, socio-economic disparities, and environmental degradation. To ensure a sustainable and inclusive development process, the government and industries needed to strike a balance between economic growth and environmental protection while actively involving local communities in the decision-making process. The Government of Bihar considers it important to continue the discussion on climate action at both government and non-government fronts. State Government's vision through Jal-JeevanHaridali Abhiyan is forward-looking and integrally linked to development that foregrounds towards providing immediate infrastructure to achieve the goals of sustainable development and proper action to reduce the effects of climate change. For this, the Government of Bihar has introduced the green budget in year 2022-23. Through this budget, the Government of Bihar has attempted to identify sectoral actions which are directly or indirectly contributing to setting the agenda of environmental sustainability in the State. Introducing the green budgets, the government of Bihar is identifying 'Green' responsive priorities and budgetary provisions of schemes and programmes by the stakeholder departments. The green budgets also aim to save water source from getting polluted which is coming out from the industrial premises. Besides, the Government of Bihar is investing heavily in the plantation schemes to improve the green cover in the State of Bihar, and bring the green cover to 17%. A systematic drive has been

undertaken to improve the overall tree cover in the state. For the industry, the pollution control board has developed online consent management and monitoring station (OCMMS) for submitting online application for clearance to establish industries under the relevant act. There is also a auto-renewal feature of consent has been added. The department of industry also invites tender through e-procurement as green initiative.

The government of Bihar has also taken several initiatives in the sector of renewal energy. To promote the use of renewal energy, the state has created an agency called Bihar Renewal Energy Development Agency (BREDA). The state government provides fund to BREDA for expenditure on subsidies for the scheme and also for the expenditure for establishment. BREDA is currently executing the Grid/off- Grid connection Rooftop Solar Power Plant, Floating Solar Power Plant, Ground Mounted Solar Power Plant. The industries in Bihar have been considering the above guidelines.

Under the RAMP intervention, the industries will be trained on the LEAN management so that they can be able to implement the environmental aspect in their units.

Consideration of Labour Management aspect in Industries sector in Bihar

Though there are national policy on national policy on safety, health and environment at work. On the basis of the policy, the Government is committed to regulate all economic activities for management of safety and health risks at workplaces and to provide measures so as to ensure safe and healthy working conditions for every working man and woman in the nation. Government recognizes that safety and health of workers has a positive impact on productivity and economic and social development. Prevention is an integral part of economic activities as high safety and health standard at work is as important as good business performance for new as well as existing industries. In Bihar, the Labour Department, Bihar has notified the Draft Occupational, Safety, Health and Working Conditions (Bihar) Rules 2021. The policy has been brought in supersession of the following Statutes

- The Bihar Building and Other Construction Workers (Regulation of Employment and Condition of Services) Rules, 2005
- The Bihar Factories Rules, 1948
- The Contract Labour (Regulation and Abolition) State Rules, 1970

- The Bihar Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) State Rules, 1980
- The Bihar Motor Transport Workers Rule, 1961
- The Bihar Beedi and Cigar Workers (Condition of Employment) Rule, 1966, except the activities done or omitted to be done before such supersession
- Child Labour (Prohibitions & Regulation) (Amendment) Act, 2016
- Minimum Wages Act, 1948
- Maternity Benefit Act, 1961

The Government of Bihar has also passed the rules on Bihar Industrial Employment which is known as Bihar Industrial employment rules, 2020.

Key highlights of the policy in context of providing health and safety to the labour

- Every establishment employing 500 or more workers except for the establishment prescribed shall constitute a safety committee consisting of representatives of employers and workers
- The tenure of the safety committee shall be for three years. The safety committee shall meet at least once in every quarter.
- The representative of the workers shall be chosen by the registered trade Union. In case where there is no registered trade union the members may be chosen by the workers of the establishment. Provided that there shall be adequate representation of the women workers in the committee.
- Safety Committee shall have the right to be adequately and suitably informed of the potential safety and health hazards to which the workers may be exposed at workplace as well as data on accidents as well as data resulting from surveillance of the working environment and of the health of employees, conducted at such establishments.
- The owner, employer, occupier, agent or manager shall, within a period of 15 days from the date of receipt of the recommendations of the Safety Committee shall take action to implement the recommendations.

Key highlights of the policy in context of labour management

- The employer of every establishment being factory or relating to contract labour or building or other construction works, shall submit to the Registering Officer in electronically and the notice of cessation of operation shall be enclosed with a certificate that the payment of all dues to the workers employed in the establishment have been made and the premises are kept free from storage of hazardous chemicals and substances within thirty days of the commencement or cessation of operation
- The hours of work shall conform to the rules made under the Occupational Safety, Health and Working Conditions Code, 2020
- The wages shall be paid in accordance with the Code on Wages, 2019.
- It shall be the responsibility of the principal employer to provide the facilities or amenities such as toilet, washroom, drinking water, bathing facilities if required, changing room, first aid box, Canteen and Crèche and all other facilities and entitlements shall be provided by the contractor
- All contract labour shall be made member of EPFO and ESIC subject to applicability as under respective provisions of the Code on Social Security, 2020
- The wages of every person employed as contract labour in an establishment or by a contractor shall be paid before the expiry of seventh day after the last day of the wage period in respect of which the wages are payable
- No woman or adolescents shall be employed or permitted to work in any lead process or in any room in which the manipulation of raw oxide or lead or pasting is carried on

Strengthening Coordination on MSME agenda in the State:

Bihar Government will aims to improve the coordination and collaboration among different stakeholders involved in promoting and supporting micro, small, and medium enterprises (MSMEs) in the state of Bihar. The goal is to create a conducive environment for the growth and development of MSMEs, which play a crucial role in driving economic growth, employment generation, and poverty reduction. The focus will be on addressing the key challenges faced by MSMEs in Bihar, such as limited access to finance, inadequate infrastructure, lack of skilled manpower, and low awareness about government schemes and programs. By strengthening coordination among various stakeholders, including government

agencies, industry associations, financial institutions, and civil society organizations, the project aims to create synergies and maximize the impact of existing initiatives.

Comprehensive mapping with all relevant stakeholders working on the MSME agenda in Bihar. This will include government departments, industry associations, financial institutions, training institutes, business development service providers, and other support organizations.

Based on the focus will be on establishing a platform for coordination and collaboration among the identified stakeholders. This platform will serve as a forum for sharing information, best practices, and resources related to MSME promotion and support. It will also facilitate networking and partnerships among different stakeholders to leverage their respective strengths and expertise. Capacity building activities aimed at strengthening the skills and knowledge of MSME stakeholders in Bihar. This will include training programs, workshops, and seminars on topics such as business management, financial literacy, marketing strategies, technology adoption, and government schemes and programs.

To measure the impact of the interventions, a monitoring and evaluation will be carried out in the state. Key indicators to assess the success of the interventions will include an increase in access to finance for MSMEs, improvements in infrastructure facilities for MSME clusters, an increase in the number of skilled workers available for MSMEs, an increase in awareness about government schemes and programs among MSMEs, and an increase in the number of successful MSME enterprises.

The interventions will collaborate with relevant government departments, as well as industry associations. The interventions will also collaborate with financial institutions, training institutes, business development service providers, and other support organizations working in the MSME sector.

Capacity Building of Key players to deliver on the MSME agenda, including coordination mechanisms:

Strengthening the capacity for development and delivery of MSME support programs in the State of Bihar requires a concerted effort from the government. Here are some key actions the government can take to achieve this:

- **Comprehensive MSME Policy:** Develop and implement a comprehensive MSME policy that outlines the government's vision, objectives, and strategies for supporting the growth and development of MSMEs in Bihar. The policy should address issues related to finance, infrastructure, technology, skill development, market access, and regulatory simplification.
- **Dedicated Human Resources/ sector experts in MSME Department:** The MSME department of the State must have sector experts/Professionals to align the work of State MSME Department as per the relevance and priority of the State and Nation. The dedicated team of experts must oversee the implementation and monitoring of MSME support programs. RAMP, Bihar is one of the initiatives to cater to this requirement of the Department.
- **Capacity Building:** Conduct regular capacity-building workshops and training programs for government officials and stakeholders involved in MSME development. This will enhance their understanding of MSME needs and enable them to design and deliver effective support programs. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB.
- **Minimizing Regulatory compliance:** Streamline and simplify the bureaucratic procedures involved in setting up and running MSMEs. Reducing red tape and bureaucratic hurdles can encourage more entrepreneurs to start and expand their businesses. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB.
- **Financial Support:** Allocate adequate financial resources to support MSME programs. The government can set up a dedicated fund to provide financial assistance, grants, subsidies, and loans to MSMEs. Specific schemes have been proposed for this in the proposal.
- **Enhance access to technology and innovation:** Promote the adoption of technology and digitalization among MSMEs. Provide incentives and training to encourage MSMEs to use digital tools for their operations and marketing. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB. This can include setting up technology parks to foster innovation and technological advancements within the MSME sector.

- **Market Access:** Facilitate access to markets and create linkages between MSMEs and larger industries, export markets, and government procurement opportunities. This can be achieved through trade fairs, exhibitions, and networking events. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB.
- **Incubation and Accelerator Centres:** Set up business incubation centres and entrepreneurship development programs to nurture and support startup MSMEs. These centres can provide mentoring, infrastructure, and access to funding. Initiative of GoB to set up MSME Kendras has provision for incubation centres.
- **Skill Development:** Collaborate with educational institutions and skill development agencies to offer specialized training and skill development programs tailored to the needs of MSMEs. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB. MSME Department must focus to set up State of the Art Research Centres, with special focus on such areas/sectors which is scope in Bihar.
- **Awareness Campaigns:** Launch awareness campaigns to educate MSMEs about the various government support programs available to them. Utilize various communication channels, including social media, to reach a wider audience. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB.
- **Cluster Development:** Focus on developing industrial clusters in different regions of Bihar, which can lead to economies of scale and promote collaboration among MSMEs.
- **Research and Data Collection:** Invest in research and data collection related to MSMEs in Bihar. This data can provide valuable insights into the challenges faced by MSMEs and inform policymaking.
- **Public-Private Partnerships:** Collaborate with private sector organizations, industry associations, and NGOs to jointly design and implement MSME support initiatives. Initiative of GoB to set up MSME Kendras will facilitate in this objective of the GoB.
- **Performance Monitoring:** Implement a robust monitoring and evaluation system to assess the effectiveness of MSME support programs. Regularly review the outcomes and make necessary improvements based on feedback and data.

By implementing these measures, the government can create an enabling environment for the growth and sustainability of MSMEs in Bihar. A comprehensive approach that involves policy reforms, financial support, skill development, and market linkages can help strengthen the capacity for MSME support program development and delivery in Bihar. It is important for the government to collaborate with relevant stakeholders, including MSME associations, industry bodies, and other support organizations, to ensure a coordinated effort and maximize the impact of the initiatives. A strong and supportive ecosystem for MSMEs will contribute significantly to the state's economic development and employment generation.

Summary of Results Targeted

Sl No.	Indicator	Baseline	Year 1	Year 2	Year 3	Year 4	Total
1	Number of MSMEs completing bronze level under ZED	1740	6075	6075	4050	4050	20250
	(of which women -headed)	260	1,519	1,519	1,013	1013	5064
2	Number of women-headed MSMEs accessing credit under CGTMSE	-	1269	1904	1904	1269	6345
3	Number of MSMEs accessing credit under CGTMSE for RECP/Greening investments	-	81	122	122	81	405
4	Number of MSMEs initiated a case for Online Dispute Resolution through Samadhan Portal and direct referrals by State Facilitation Councils (SFCs)	445	450	563	675	563	2250
5	Number of MSMEs completing silver level under ZED	12	1080	1620	1620	1080	5400
6	Numbers of MSMEs completing Gold level under ZED	8	450	675	675	450	2250
7	Number of MSMEs completing Lean	-	450	675	675	450	2250
8	Number of trained and accredited service providers in core focus area developed in State	-	140	140	140	140	560
	(Of which women)	-	30	30	30	30	120
9	Number of MSMEs on-boarded onto TReDs platform	-	2250	2250	3375	3375	11250
	(of which women -headed)	-	450	450	675	675	2250
10	Number of MSME delayed payments cases resolved by ODR through the Samadhan Portal	-	100	150	200	250	700
11	Training & capacity building of State Industries Department and DICs for outreach and implementation support of MSME Programme	Proportion of staff trained	450	550	600	400	2000

Summary of Critical Actions to be supported Under SIP (Year 1-Year 4 of implementation period of SIP)

No.	Critical Actions	Target Outputs and Outcomes			
		Year 1	Year 2	Year 3	Year 4
1.	Capacity of MSMEs & Stakeholders : Strengthening of IED	20000 MSMEs & 250 Government employees will be trained on modules	20000 MSMEs & 250 Government employees will be trained on modules	20000 MSMEs & 250 Government employees will be trained on modules	20000 MSMEs & 250 Government employees will be trained on modules
2.	Empowerment of Women, Transgender & Differently abled MSMEs	Training of 5000 Women, Transgender & Differently abled MSMEs will be trained on Different modules	Training of 5000 Women, Transgender & Differently abled MSMEs will be trained on Different modules	Training of 5000 Women, Transgender & Differently abled MSMEs will be trained on Different modules	Training of 5000 Women, Transgender & Differently abled MSMEs will be trained on Different modules
3.	Strengthening of State portals and Integration of State portals with National portal	Development of Integrated portal	Integration of Different Portals of state with CIMS(Centralized Information Management System) & Training on portal to relevant stakeholders, Testing and Implementation	Implementation of Portal	Implementation of Portal
4.	Establishment of MSME Kendra	Setting of PMU, establishment of MSME Kendra, Marketing and advertising campaigns	Development of e-portals and linkages of schemes and services	On boarding of Technical/ Knowledge Partners and Individual Experts	50000 MSME to be covered through MSME Kendras
5.	Gap Financing	Setting of Bihar Credit Guarantee	Mapping of 20000 MSMEs for credit rating	Mapping of 15000 MSMEs for	Mapping of 10000 MSMEs for

		Scheme (BCGS) and Mapping of 15000 MSMEs for credit rating		credit rating	credit rating
6.	Establishment of Project Management Unit for Export Promotion	Hiring & Deployment of Export Promotion expertise for PMU Team	Mapping of Export potential products, Promoting International Trade fair participation & Exhibits	Alignment of the products as per the international standards & benchmarks	MoUs with the identified markets & other countries to ensure export
7.	Cluster development of Textile, Leather, Footwear, Food Processing, Banana Fibre & Water Hyacinth manufacturing in Bihar	Mapping & Identification of Clusters, Formation of FPO & FPCs, MoUs with stakeholders	Training of MSMEs, FPCs and other stakeholders, Conducting Seminar, enhancing the production	Marketing & Exhibition, Participation in different trade fairs	Replication of Project in different parts of Bihar

SIP BUDGET SUMMARY

Main Interventions under SIP (MOMSME & State schemes-including convergence of Schemes	Total Budgetary Outlay	Convergence of existing scheme financing	Gap Financing required through RAMP Programme
Capacity Building of MSMEs and different Stakeholders in Bihar	180,29,15,010	20,12,85,000	160,16,30,010
Empowering women, Differently abled and Transgender led MSMEs and Entrepreneurs in Bihar	932,33,40,000	888,19,00,000	44,14,40,000
Establishment of MSME Kendra - One stop Centre for facilitating MSMEs	104,82,35,873	25,13,75,000	79,68,60,873
Implementation of Centralized Integrated Management System (CIMS)	20,96,46,800	9,67,50,000	112,89,68,000
Providing Credit Financing support to MSMEs in Bihar -Performance & Credit Rating and Credit Guarantee	510,10,00,000	390,10,000,00	120,00,00,000
Enhancing MSME through Export Promotion and other business support with special focus on Geographical Identification (GI) product of Bihar	85,47,66,000	5,01,50,000	80,46,16,000
Strengthening Textile industry through development of Banana Fiber and Water Hyacinth	25,31,80,680	3,42,31,000	21,89,49,680
Enabling MSMEs Growth by harnessing the Potential of Digital Marketing	-	-	84,40,58,250
SPIU			9,22,75,162
Total	1952,94,17,775	1341,66,91,000	611,27,26,775

BUDGET

Budget Format (Capacity Building)												
RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
Particulars	Unit	Unit Cost	Unit					Amount				
			Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component 1 : Development of Digital Training Module												
A. Module Development												
1. Support for Moddule Development							5	25.00L				25.00L
Module Development	Per Module	5,00,000	5				5	25.00L				25.00L
B. Capacity Building												
1. Training of Trainers and Training coordinator							330	10.23L				10.23L
ToT costing of Master Trainers (Fees of Training Agency)	Per Trainer for 3days	4,500	110				110	4.95L				4.95L
Lodging & Fooding	Per Trainer for 3days	4,500	110				110	4.95L				4.95L
Stationery & Training Materials	Per Participant	300	110				110	33.00K				33.00K
2. Traing of Government Employees under Dept.of Industries							750	20.50L				20.50L
Training cost to Government employees (Fee of Training Agency)	Per Employee for 3days	3,400	250				250	8.50L				8.50L
Lodging & Fooding	Per Employee for 3days	4,500	250				250	11.25L				11.25L
Stationery & Training Materials	Per Participant	300	250				250	75.00K				75.00K
3. Training of MSMEs							320000	303.65L	1821.90L	1518.25L	1214.60L	4858.40L
Training cost related to MSME and different Stakeholders (Fee of Training Agency)	Per MSME for 3 days	3,400	5000	30000	25000	20000	80000	170.00L	1020.00L	850.00L	680.00L	2720.00L
Compensatition as per minimum wage rule of Bihar	Per MSME for 3 days	1,473	5000	30000	25000	20000	80000	73.65L	441.90L	368.25L	294.60L	1178.40L
Breakfast, Lunch & Tea	Per MSME for 3 days	900	5000	30000	25000	20000	80000	45.00L	270.00L	225.00L	180.00L	720.00L
Stationery & Training Materials	Per Participant	300	5000	30000	25000	20000	80000	15.00L	90.00L	75.00L	60.00L	240.00L
4. Sector Specific Training							80000	164.40L	2466.00L	2301.60L	1644.00L	6576.00L
Training cost related to MSME and different Stakeholders	Per MSME for 30 days	7,350.00	500	7500	7000	5000	20000	36.75L	551.25L	514.50L	367.50L	1470.00L
Compensation as per minimum wage rule of Bihar	Per MSME for 30 days	14,730.00	500	7500	7000	5000	20000	73.65L	1104.75L	1031.10L	736.50L	2946.00L
Lodging & Fooding	Per MSME for 30 days	10,500.00	500	7500	7000	5000	20000	52.50L	787.50L	735.00L	525.00L	2100.00L
Stationery & Training Materials	Per Participant	300.00	500	7500	7000	5000	20000	1.50L	22.50L	21.00L	15.00L	60.00L
5. Exposure Visit MSME with RAMP Team							1590	27.00L	157.00L	175.50L	90.00L	449.50L
State level	Per visit per day	17,000.00	50	350	350	250	1000	8.50L	59.50L	59.50L	42.50L	170.00L
National level visit by one person	Per visit per day	37,000.00	50	150	200	100	500	18.50L	55.50L	74.00L	37.00L	185.00L
International level visit for one person	Per visit per day	1,05,000.00	0	40	40	10	90	0.00K	42.00L	42.00L	10.50L	94.50L
Subtotal							402675	550.78L	4444.90L	3995.35L	2948.60L	11939.63L
SubTotal (A)+(B)							402675	550.78L	4444.90L	3995.35L	2948.60L	11939.63L
C. Financial Assistance & Knowledge Sharing workshop Sector Specific							45610	201.50L	304.50L	306.00L	115.00L	927.00L
Empanelment of Professionals (CA & Advocate)	Per MSME	2,000	10000	15000	15000	5600	45600	200.00L	300.00L	300.00L	112.00L	912.00L
Workshop at District level	Per workshop	1,50,000	1	3	4	2	10	1.50L	4.50L	6.00L	3.00L	15.00L
Workshop of MSME at the model Industry							1060	12.30L	94.80L	119.40L	82.50L	309.00L

At National Level	Per Trainee for 10 days	24,600	50	300	400	250	1000	12.30L	73.80L	98.40L	61.50L	246.00L
At International level	Per Trainee for 10 days	1,05,000	0	20	20	20	60		21.00L	21.00L	21.00L	63.00L
SubTotal C							46670	213.80L	399.30L	425.40L	197.50L	1236.00L
D. IED Strengthening												
1. IED establishment cost								50.00L				50.00L
Office / Electrical Equipment's	Per IED	50,00,000	1				1	50.00L				50.00L
Furniture & Fixtures							0					
Fax Machine/Photocopier / Franking machine							0					
LCD Projector							0					
2. Staff Costs & Entitlement (Direct Hiring or Hiring through Agency							600	542.40L	567.24L	593.32L	620.71L	2323.67L
Hiring of HR Manager	Per Manager per annum	6,00,000	1	1	1	1	4	6.00L	6.30L	6.62L	6.95L	25.86L
Hiring of Finance Officer	Per Manager per annum	6,00,000	1	1	1	1	4	6.00L	6.30L	6.62L	6.95L	25.86L
Cost of hiring Master Trainer (EDP)	Per Trainer per annum	4,20,000	50	50	50	50	200	210.00L	220.50L	231.53L	243.10L	905.13L
Cost of hiring of Master Trainer (Sector Specific)	Per Trainer per annum	4,20,000	22	22	22	22	88	92.40L	97.02L	101.87L	106.96L	398.26L
Cost of hiring of training coordinator(District level)	Per coordinator per annum	4,80,000	38	38	38	38	152	182.40L	191.52L	201.10L	211.15L	786.17L
TA/DA	Per IED/month	1,20,000	38	38	38	38	152	45.60L	45.60L	45.60L	45.60L	182.40L
SubTotal (D)			0	0	0	0	600	592.40L	567.24L	593.32L	620.71L	2373.67L
1. Total (A+B+C+D)			0	0	0	0	449945	1356.98L	5411.44L	5014.07L	3766.81L	15549.30L
E. Monitoring, Learning and Evaluation							-					
1. Evaluation							-		15.00L		15.00L	30.00L
End term Impact evaluation	Lump sum						-		15.00L		15.00L	30.00L
2. Reporting and Documentation										5.00L		5.00L
Development of Documentary films	lump sum						-			5.00L		5.00L
Subtotal €							-		15.00L	5.00L	15.00L	35.00L
F. Knowledge Management and Communications							56,000.00	115.00L	109.00L	107.00L	101.00L	432.00L
Printing of Industry Newsletter	Per news letter	250.00	12,000	10,000	10,000	8,000	40,000.00	30.00L	25.00L	25.00L	20.00L	100.00L
Printing of Quarterly Magazine	Per Magazine	2,000.00	4,000	4,000	4,000	4,000	16,000.00	80.00L	80.00L	80.00L	80.00L	320.00L
Press Exhibitions /Campaigns	lump sum						-					0.00K
Publicity through Social Platform/Hoarding/Boarding/Railway TV advertisement	lump sum						-	5.00L	4.00L	2.00L	1.00L	12.00L
Subtotal (F)								115.00L	109.00L	107.00L	101.00L	432.00L
Sub Total (E+F)							56,000.00	115.00L	124.00L	112.00L	116.00L	467.00L
Grand Total of Component							5,05,945.00	1471.98L	5535.44L	5126.07L	3882.81L	16016.30L

Budget Format (Empowering Women,differntly abled and Transgender led MSME)

RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
A. Training of MSMEs							80000	30.37L	485.84L	394.75L	303.65L	1214.60L
Training cost related to MSME and different Stakeholders (Fee of Training Agency)	Per MSME for 3 days	3,400	500	8000	6500	5000	20000	17.00L	272.00L	221.00L	170.00L	680.00L
Compensatitoin as per minimum wage rule of Bihar	Per MSME for 3 days	1,473	500	8000	6500	5000	20000	7.37L	117.84L	95.75L	73.65L	294.60L
Tea, Breakfast & Lunch	Per MSME for 3 days	900	500	8000	6500	5000	20000	4.50L	72.00L	58.50L	45.00L	180.00L
Stationery & Training Materials	Per Participant	300	500	8000	6500	5000	20000	1.50L	24.00L	19.50L	15.00L	60.00L
B. Sector Specific Training							20000	164.40L	657.60L	493.20L	328.80L	1644.00L
Training cost related to MSME and different Stakeholders	Per MSME for 30 days	7,350.00	500	2000	1500	1000	5000	36.75L	147.00L	110.25L	73.50L	367.50L
Compensatitoin as per minimum wage rule of Bihar	Per MSME for 30 days	14,730.00	500	2000	1500	1000	5000	73.65L	294.60L	220.95L	147.30L	736.50L
Lodging & Fooding	Per MSME for 30 days	10,500.00	500	2000	1500	1000	5000	52.50L	210.00L	157.50L	105.00L	525.00L
Stationery & Training Materials	Per Participant	300.00	500	2000	1500	1000	5000	1.50L	6.00L	4.50L	3.00L	15.00L
Subtotal							100000	194.77L	1143.44L	887.95L	632.45L	2858.60L
Sub Total (A)+(B)							100000	194.77L	1143.44L	887.95L	632.45L	2858.60L
C. Knowledge Sharing workshop(Sector Specific) & Value addition through subsidy by RAMP							10	1.50L	4.50L	6.00L	3.00L	15.00L
Knowledge Sharing Work shop	Per workshop	1,50,000	1	3	4	2	10	1.50L	4.50L	6.00L	3.00L	15.00L
Product value addition on Reimbursement basis							2000		250.00L	500.00L	250.00L	1000.00L
Selection of 10% MSME for providing support through RAMP	Per MSME	50,000	0	500	1000	500	2000		250.00L	500.00L	250.00L	1000.00L
SubTotal C							2010	1.50L	254.50L	506.00L	253.00L	1015.00L
D. Workshop, Trade Fair & Linkage Meeting												
Workshop								7.00L	10.00L	10.00L	9.80L	36.80L
Workshop with Govt. Dept for ensuring procurement by Govt. and PSU	Per workshop	20,000	0	5	5	4	14		1.00L	1.00L	80.00K	2.80L
Linkage meeting with aggregator for digital marketing platforms of selected MSMEs at State level	Per Meeting	1,00,000	2	4	4	4	14	2.00L	4.00L	4.00L	4.00L	14.00L
Award function at State level (Annually)	Per Annual function	5,00,000	1	1	1	1	4	5.00L	5.00L	5.00L	5.00L	20.00L
Trade Fair							134	111.40L	126.10L	121.10L	96.40L	455.00L
Special Trade Fair	Per Trade Fair	70,00,000	1	1	1	1	4	70.00L	70.00L	70.00L	70.00L	280.00L
Advertisement about trade fair on print media and electronic media and other platforms	Per Trade Fair	7,00,000	1	1	1	1	4	7.00L	7.00L	7.00L	7.00L	28.00L
Participation in National Trade Fair	Per Participant per fair	47,000	20	30	30	20	100	9.40L	14.10L	14.10L	9.40L	47.00L
Participation in International Trade Fair	Per Participant per fair	1,25,000	5	10	10	5	30	25.00L	35.00L	30.00L	10.00L	100.00L
Sub Total (D)			0	0	0	0	134	118.40L	136.10L	131.10L	106.20L	491.80L
1. Total (A+B+C+D)			0	0	0	0	102144	314.67L	1534.04L	1525.05L	991.65L	4365.40L
E. Monitoring, Learning and Evaluation							-					0.00K
1. Evaluation							-		15.00L		15.00L	30.00L
End term Impact evaluation	Lump sum						-		15.00L		15.00L	30.00L
2. Reporting and Documentation										5.00L		5.00L
Development of Documentary films	lump sum						-			5.00L		5.00L
Subtotal €							-		15.00L	5.00L	15.00L	35.00L
F. Knowledge Management and Communications							14.00	3.00L	4.00L	4.00L	3.00L	14.00L

Quarterly multimedia campaigns, including socila media, television, radio and print media to reach a wide audience	per programme	1,00,000.00	3	4	4	3	14.00	3.00L	4.00L	4.00L	3.00L	14.00L
Subtotal (F)								3.00L	4.00L	4.00L	3.00L	14.00L
Sub Total (E+F)							14.00	3.00L	19.00L	9.00L	18.00L	49.00L
Grand Total of Component							1,02,158.00	317.67L	1553.04L	1534.05L	1009.65L	4414.40L

Budget Format (Integrated Portal)												
RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component 1 : Development of Integrated Portal												
1. Support for Development							2	885.00L				885.00L
Hiring of agency for development implementation, updation of integrated Portal and mobile application (TMIS, HRMS, GRIVANCE REDRESAL)	Lum-Sum	6,90,00,000	1				1	690.00L				690.00L
IT Set up material for Analytical cell and AI / Hiring of Agency for above purpose	Lum-Sum	1,95,00,000	1				1	195.00L				195.00L
2. Direct Hiring or Hiring through Agency ,Manpower (Salary)							60	57.60L	57.60L	57.60L	57.60L	230.40L
IT Manager	Per Employee per annum	8,40,000	1	1	1	1	4	8.40L	8.40L	8.40L	8.40L	33.60L
Communication Manager	Per Employee per annum	6,60,000	1	1	1	1	4	6.60L	6.60L	6.60L	6.60L	26.40L
Content Developer	Per Employee per annum	6,60,000	1	1	1	1	4	6.60L	6.60L	6.60L	6.60L	26.40L
MIS Executive	Per Employee per annum	3,00,000	12	12	12	12	48	36.00L	36.00L	36.00L	36.00L	144.00L
3. Training to Users							848		6.78L			6.78L
Traing on integrated portal to Users	Per training per participant	800	0	848	0	0	848		6.78L			6.78L
4. Training of MSME Mitra Kendra & Support Staffs							848			6.78L		6.78L
Refresher Training Annually	Per Participant	800	0	0	848	0	848			6.78L		6.78L
Subtotal							1758	942.60L	64.38L	64.38L	57.60L	1128.97L
Total (A)+(B)							1758	942.60L	64.38L	64.38L	57.60L	1128.97L

Budget Format (Establishment of MSME Kendra)												
RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component 1 : Development of ERP Platform and Mobile Application)												
A. Development of ERP Platform												
1. Support for Development							39	214.00L				214.00L
ERP Platform	Lum-Sum	1,00,00,000	1				1	100.00L				100.00L
IT Infrastructure Cost	Per District	3,00,000	38				38	114.00L				114.00L
B. Establishment of MSME Kendra												
1. Manpower (Salary) direct hiring/ Hiring through Agency							1372	1285.80L	1350.09L	1417.59L	1488.47L	5541.96L
Project Manager (At State Level)	Per Employee per annum	9,00,000	1	1	1	1	4	9.00L	9.45L	9.92L	10.42L	38.79L
Centre Manager	Per Employee per annum	6,60,000	38	38	38	38	152	250.80L	263.34L	276.51L	290.33L	1080.98L
Young Professional	Per Employee per annum	5,40,000	76	76	76	76	304	410.40L	430.92L	452.47L	475.09L	1768.88L
MIS Manager	Per Employee per annum	4,80,000	38	38	38	38	152	182.40L	191.52L	201.10L	211.15L	786.17L
Credit Manager	Per Employee per annum	4,20,000	38	38	38	38	152	159.60L	167.58L	175.96L	184.76L	687.90L
MSME Mitra	Per Employee per annum	1,80,000	152	152	152	152	608	273.60L	287.28L	301.64L	316.73L	1179.25L
2. Travelling & Other Expenses							1696	310.32L	310.32L	310.32L	310.32L	1241.28L
Project Manager (At State Level)	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Centre Manager	Per Annum	54,000	38	38	38	38	152	20.52L	20.52L	20.52L	20.52L	82.08L
Credit Manager	Per Annum	90,000	38	38	38	38	152	34.20L	34.20L	34.20L	34.20L	136.80L
Young Professional	Per Annum	90,000	76	76	76	76	304	68.40L	68.40L	68.40L	68.40L	273.60L
MSME Mitra	Per Annum	1,20,000	152	152	152	152	608	182.40L	182.40L	182.40L	182.40L	729.60L
3. Training of MSME Mitra Kendra & Support Staffs							2047	21.28L	3.63L	3.63L	3.63L	32.17L
On boarding of technical partners for design of Training Module for training of MSME Mitra Kendra (Module on Proces flow)	Lum-Sum	10,00,000	1				1	10.00L				10.00L
Non Residential Training of MSME Mitra Kendra, DIC & ICFC Staffs	Per participant for 3days	1,500	510				510	7.65L				7.65L
Refresher Training Annually	Per Participant	500	346	346	346	346	1384	1.73L	1.73L	1.73L	1.73L	6.92L
Monthly meeting cost at DIC	Per meeting	5,000	38	38	38	38	152	1.90L	1.90L	1.90L	1.90L	7.60L
4. Quarterly Workshop							168	234.80L	234.80L	234.80L	234.80L	939.20L
At District Level	Per Workshop per district per annum	6,00,000.00	38	38	38	38	152	228.00L	228.00L	228.00L	228.00L	912.00L

At State level with Stake holders	Per workshop	1,70,000.00	4	4	4	4	16	6.80L	6.80L	6.80L	6.80L	27.20L
Subtotal							5322	2066.20L	1898.84L	1966.34L	2037.22L	7968.61L
Total (A)+(B)							5322	2066.20L	1898.84L	1966.34L	2037.22L	7968.61L

Budget Format (Gap Financing)												
RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component : Gap Financing												
1. Support through Gap Financing							0	10000.00L				10000.00L
Credit Guarantee Trust	For Establishment of Credit Guarantee Trust	Lum-sump	0	0	0	0	0	10000.00L				10000.00L
2.Gap financing in credit rating of MSME							5000	200.00L	600.00L	800.00L	400.00L	2000.00L
Turnover above INR 500 lakh	75% of rating cost maximum up to 40000	40,000	500	1500	2000	1000	5000	200.00L	600.00L	800.00L	400.00L	2000.00L
Subtotal							5000	10200.00L	600.00L	800.00L	400.00L	12000.00L
Total (A)+(B)							5000	10200.00L	600.00L	800.00L	400.00L	12000.00L

Budget Format (Export Promotion)												
RAMP												
BIHAR												
BUDGET 2023-24 to 2026-27												
			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component 1 : Enhancing Performance of MSME through Export promotion & other business support with special focus on GI Products of Bihar												
A. Strengthening of Export Promotion												
1. Support for Export							157	1330.00L	240.00L	240.00L	190.00L	2000.00L
Hiring of Agency for Market Research (For identification of Products & their market	Lum-Sum	10,00,00,000	1				1	1000.00L				1000.00L
Training fee to Export Training Agency	Lum-Sum	40,00,000	1				1	40.00L				40.00L
Office Establishment Material	Lum-Sum	1,00,00,000	1				1	100.00L				100.00L
Consultancy charges for preparation of district export annual action plan	Per District	5,00,000	38	38	38	38	152	190.00L	190.00L	190.00L	190.00L	760.00L
Agency Charges for Branding & Packaging	Lum-Sum	50,00,000		1	1		2	0.00K	50.00L	50.00L	0.00K	100.00L
B. Enhancing Performance												
1. Manpower, Direct Hiring or Hiring through Agency(Position at Export Promotion Cell)							76	276.00L	276.00L	276.00L	276.00L	1104.00L
State Manager - Export Promotion	Per Employee per annum	24,00,000	1	1	1	1	4	24.00L	24.00L	24.00L	24.00L	96.00L
Manager- Textile	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Manager- Leather	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Manager- Food Processing	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Manager- Quality Control	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Manager- Handicraft	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Finance officer	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	18.00L	18.00L	18.00L	72.00L
Inter State Marketing Manager/consultant	Per Employee per annum	12,00,000	12	12	12	12	48	144.00L	144.00L	144.00L	144.00L	576.00L
2. Travelling & Other Expenses(At state level position)							2880	28.80L	28.80L	28.80L	28.80L	115.20L
State Manager - Export Promotion	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Manager- Textile	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Manager- Leather	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Manager- Food Processing	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Manager- Quality Control	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
Manager- Handicraft	Per Visit	4,000	120	120	120	120	480	4.80L	4.80L	4.80L	4.80L	19.20L
3. Manpower at District Level (Salary & other TA-DA Expenses							608	565.44L	565.44L	565.44L	565.44L	2261.76L
Manager-Export (salary)	Per Employee per annum	7,20,000	38	38	38	38	152	273.60L	273.60L	273.60L	273.60L	1094.40L
Assistant Manager - Export (salary)	Per Employee per annum	6,00,000	38	38	38	38	152	228.00L	228.00L	228.00L	228.00L	912.00L
Travelling & other Expenses of Manager-Export	Per Employee per annum	90,000	38	38	38	38	152	34.20L	34.20L	34.20L	34.20L	136.80L
Travelling & other Expenses of Assistant Manager-Export	Per Employee per annum	78,000	38	38	38	38	152	29.64L	29.64L	29.64L	29.64L	118.56L
4. Quarterly Workshop							168	234.80L	234.80L	234.80L	234.80L	939.20L
At District Level	Per Workshop per district per annum	6,00,000	38	38	38	38	152	228.00L	228.00L	228.00L	228.00L	912.00L
At State level with Stake holders	Per workshop	1,70,000	4	4	4	4	16	6.80L	6.80L	6.80L	6.80L	27.20L
5. Export Campaign							96	275.00L	275.00L	275.00L	275.00L	1100.00L
At International Level	Lump-sum	30,00,000	2	2	2	2	8	60.00L	60.00L	60.00L	60.00L	240.00L
At National Level	Lump-sum	20,00,000	6	6	6	6	24	120.00L	120.00L	120.00L	120.00L	480.00L
At State Level	Lump-sum	10,00,000	6	6	6	6	24	60.00L	60.00L	60.00L	60.00L	240.00L
At District Level	Lump-sum	2,50,000	4	4	4	4	16	10.00L	10.00L	10.00L	10.00L	40.00L

Export Award	Lump-sum	2,50,000	2	2	2	2	8	5.00L	5.00L	5.00L	5.00L	20.00L
Capacity Building of Industrial Cluster	Lump-sum	5,00,000	4	4	4	4	16	20.00L	20.00L	20.00L	20.00L	80.00L
Meeting Cost							374	140.00L	134.00L	129.00L	123.00L	526.00L
Monthly Export committee meeting at district level	Per meeting per annum	1,80,000	38	38	38	38	152	68.40L	68.40L	68.40L	68.40L	273.60L
Reviw Meeting	Per meeting per annum	1,20,000	38	38	38	38	152	45.60L	45.60L	45.60L	45.60L	182.40L
Coordination meeting with export council at national level	Lump-sum	1,00,000	6	5	5	4	20	6.00L	5.00L	5.00L	4.00L	20.00L
Liaisoning with export consultant, Industry export of state, national and international level	Lump-sum	1,00,000	20	15	10	5	50	20.00L	15.00L	10.00L	5.00L	50.00L
Subtotal							4359	2850.04L	1754.04L	1749.04L	1693.04L	8046.16L
Total (A)+(B)							4359	2850.04L	1754.04L	1749.04L	1693.04L	8046.16L

Budget Format(Strengthening Textile industry through development of Banana Fiber and Water Hyacinth)

RAMP

BIHAR

BUDGET 2023-24 to 2026-27

			Unit					Amount				
	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
Component A: Cluster Development												
Community meeting of cluster							192	2.88L	2.88L	2.88L	2.88L	11.52L
Water Hyacinth PG & PC	Monthly meeting per cluster	6,000	24	24	24	24	96	1.44L	1.44L	1.44L	1.44L	5.76L
Banana	Monthly meeting per cluster	6,000	24	24	24	24	96	1.44L	1.44L	1.44L	1.44L	5.76L
B. Strenghting of clusters												
1. Establishment of common facility centre							132	217.40L	296.52L	201.10L	211.15L	926.17L
Establishment of common facility centre (Banana fiber :02 and Water Hycinth :02,)	Lump-sum	35,00,000	1	3			4	35.00L	105.00L			140.00L
Hiring of Master Trainer	Salary Per Annum	4,80,000	8	8	8	8	32	38.40L	40.32L	42.34L	44.45L	165.51L
Hiring of Product Development Executive	Salary Per Annum	6,00,000	8	8	8	8	32	48.00L	50.40L	52.92L	55.57L	206.89L
Hiring of Cluster Development Executive	Salary Per Annum	6,00,000	8	8	8	8	32	48.00L	50.40L	52.92L	55.57L	206.89L
Hiring of Marketing Executive	Salary Per Annum	6,00,000	8	8	8	8	32	48.00L	50.40L	52.92L	55.57L	206.89L
2. Sector Specific Training							2000	32.88L	98.64L	32.88L		164.40L
Training cost related to MSME and different Stakeholders	Per MSME for 30 days	7,350.00	100	300	100	0	500	7.35L	22.05L	7.35L		36.75L
Compensatition as per minimum wage rule of Bihar	Per MSME for 30 days	14,730.00	100	300	100	0	500	14.73L	44.19L	14.73L		73.65L
Lodging & Fooding	Per MSME for 30 days	10,500.00	100	300	100	0	500	10.50L	31.50L	10.50L		52.50L
Stationery & Training Materials	Per Participant	300.00	100	300	100	0	500	30.00K	90.00K	30.00K		1.50L
3. Financial assistance on reimbursement basis from RAMP to 20 MSMEs,10 ineach product (Product Development)							80	50.00L	200.00L	150.00L		400.00L
Water Hyacinth PG & PC	Financial assistance per product	5,00,000	5	20	15	0	40	25.00L	100.00L	75.00L		200.00L
Banana	Financial assistance per product	5,00,000	5	20	15	0	40	25.00L	100.00L	75.00L		200.00L
4.Reimbursement of Registration, Certification fees of PG/PC (MSME)							10	0.00K	0.00K	15.00L		15.00L
Water Hyacinth PG & PC	Per PG/PC	1,50,000.00	0	0	5	0	5	0.00K	0.00K	7.50L		7.50L
Banana	Per PG/PC	1,50,000.00	0	0	5	0	5	0.00K	0.00K	7.50L		7.50L
Subtotal							2414	303.16L	598.04L	401.86L	214.03L	1517.09L
Sub Total (A)+(B)							2414	303.16L	598.04L	401.86L	214.03L	1517.09L
C.Seminar, Awareness Programe, Workshop, Trade Fair & Linkage Meeting												
Seminar							46	64.00L	105.50L	125.50L	75.50L	370.50L
Awareness programme on usage of products through print,electronic social & other media	Lumpsum	10,00,000	2	4	4	2	12	20.00L	40.00L	40.00L	20.00L	120.00L
Conduct seminar in Bihar Agriculture university,UMSAS PATNA, Banana research center hajipur, ICAR ,RPAU PUSA,DC handicraft, NIFT, ATDC, NID FDDI	Lump-sum	10,00,000	4	6	8	5	23	40.00L	60.00L	80.00L	50.00L	230.00L
Catelog development	Lump-sum	1,50,000	0	1	1	1	3		1.50L	1.50L	1.50L	4.50L
Networking meeting with digital platform aggregator for digital marketing	Lumpsum	2,00,000	2	2	2	2	8	4.00L	4.00L	4.00L	4.00L	16.00L
Trade Fair							110	29.70L	44.40L	39.40L	17.05L	130.55L
Participation in National Trade Fair	Per Participant per fair	47,000	10	20	20	15	65	4.70L	9.40L	9.40L	7.05L	30.55L
Participation in International Trade Fair	Per Participant per fair	1,25,000	10	15	10	10	45	25.00L	35.00L	30.00L	10.00L	100.00L
Exposure Visit							132	14.04L	21.94L	21.94L	12.44L	70.36L
At State level	Per visit per person per day	17,000	2	2	2	2	8	34.00K	34.00K	34.00K	34.00K	1.36L
At National Level	Per visit per person per day	37,000	20	30	30	10	90	7.40L	11.10L	11.10L	3.70L	33.30L
At International Level	Per visit per person per day	1,05,000	6	10	10	8	34	6.30L	10.50L	10.50L	8.40L	35.70L
SubTotal C							288	107.74L	171.84L	186.84L	104.99L	571.41L
1. Total (A+B+C)							2702	410.90L	769.88L	588.70L	319.02L	2088.50L
D. Monitoring, Learning and Evaluation							-			0.00K	0.00K	0.00K
1. Evaluation							-		10.00L	0.00K	10.00L	20.00L

Social and Environmental Impact Assessment	Lump sum							-		10.00L	0.00K	10.00L	20.00L
2. Reporting and Documentation										0.00K	5.00L	0.00K	5.00L
Development of Documentary films	lump sum							-			5.00L		5.00L
Subtotal D								-		10.00L	5.00L	10.00L	25.00L
E. Knowledge Management and Communications								152.00	19.00L	19.00L	19.00L	19.00L	76.00L
Senitazion outreach programme at district level and state level for awareness of product belongs to special group (Campaign)	per programme	50,000.00	38	38	38	38	152.00	19.00L	19.00L	19.00L	19.00L	19.00L	76.00L
Subtotal E									19.00L	19.00L	19.00L	19.00L	76.00L
Sub Total (D+E)							152.00	19.00L	29.00L	24.00L	29.00L	101.00L	
Grand Total of Component							2,854.00	429.90L	798.88L	612.70L	348.02L	2189.50L	

Enabling MSMEs Growth by harnessing the Potential of Digital Marketing										
BUDGET 2023-24 to 2025-26										
Particulars	Unit	Unit Cost	Unit				Amount			
			Year 1	Year 2	Year 3	Total	Year 1	Year 2	Year 3	Total
1.Workshops for Creating awareness about the ONDC platforms						233	117.85L	293.20L	127.60L	538.65L
Workshop at District Level	Per workshop	230000	50	125	53	228	115.00L	287.50L	121.90L	524.40L
Workshop at State level	Per workshop	285000	1	2	2	5	2.85L	5.70L	5.70L	14.25L
2.Technical and financial support to facilitate and onboard MSMEs onto ONDC and support e-commerce enablement of MSMEs						100000	1500.00L	3000.00L	3000.00L	7500.00L
Support for OAs towards onboarding expenditure	Per MSME	5000	10000	20000	20000	50000	500.00L	1000.00L	1000.00L	2500.00L
Support for OAs towards operations for new MSME units onboarded	Per MSME	10000	10000	20000	20000	50000	1000.00L	2000.00L	2000.00L	5000.00L
3.Initiative Management expenses including monitoring and evaluation, publicity, all administrative expenses of the Implementing Agency including hiring of adequate resources, communication, fraud detection and stationery expenses, etc		5% of Initial Outlay					80.89L	164.66L	156.38L	401.93L
Grand total of Component							1698.74L	3457.86L	3283.98L	8440.58L

Estimated Budget for SPIU (RAMP)

Particulars	Unit	Unit Cost	Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total
1. Office Establishment Materials (Laptop, Printer, & Other Assessories	Lum-sum	2000000	1	0	0	0	1	20.00L	0.00K	0.00K	0.00K	20.00L
2. Manpower (Salary), Direct Hiring or Hiring through Agency							44	147.00L	157.29L	168.30L	180.08L	652.67L
State Project Manager	Per Employee per annum	18,00,000	1	1	1	1	4	18.00L	19.26L	20.61L	22.05L	79.92L
Financial & Banking Manager	Per Employee per annum	15,00,000	1	1	1	1	4	15.00L	16.05L	17.17L	18.38L	66.60L
Enterprise Development Manager	Per Employee per annum	15,00,000	1	1	1	1	4	15.00L	16.05L	17.17L	18.38L	66.60L
MIS Specialist	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
M & E Manager	Per Employee per annum	15,00,000	1	1	1	1	4	15.00L	16.05L	17.17L	18.38L	66.60L
Procurement Specialist	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
Financial Management Specialist	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
Environmental Specialist	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
Social Specialist	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
MSME Expert	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
Consultant Texttiles	Per Employee per annum	12,00,000	1	1	1	1	4	12.00L	12.84L	13.74L	14.70L	53.28L
3. Travelling & Other Expenses							3752	62.52L	62.52L	62.52L	62.52L	250.08L
State Project Manager	Per Annum	3,00,000	1	1	1	1	4	3.00L	3.00L	3.00L	3.00L	12.00L
Financial & Banking Manager	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Enterprise Development Manager	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
MIS Specialist	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
M & E Manager	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Procurement Specialist	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Financial Management Specialist	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Environmental Specialist	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Social Specialist	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Consultant MSME	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Consultant Texttiles	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Vechile cost	Per Visit	3,500	924	924	924	924	3696	32.34L	32.34L	32.34L	32.34L	129.36L
Printing & Stationery	Per Annum	60,000	1	1	1	1	4	60.00K	60.00K	60.00K	60.00K	2.40L
Postage & Telegram	Per Annum	18,000	1	1	1	1	4	18.00K	18.00K	18.00K	18.00K	72.00K
Other office expenses	Per Annum	2,40,000	1	1	1	1	4	2.40L	2.40L	2.40L	2.40L	9.60L
Grand Total of components								229.52L	219.81L	230.82L	242.60L	922.75L