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GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL and MEDIUM ENTERPRISES
OFFICE OF THE DEVELOPMENT COMMISSIONER
(MSME)

Nirman Bhavan. New-Delhi - 110001
Dated : 17-07-2008

Office Memorandum

SUB: Scheme on Trade Related Entrepreneurship Assistance and Development (TREAD) for Women.

Women have been among the most disadvantaged and oppressed section of our country with regard to access to and control over resources. Problems faced by them continue to be grave particularly for illiterate & semi literate women of rural and urban areas. In order to alleviate their problems, Govt. of India launched a scheme entitled "Trade Related Entrepreneurship Assistance and Development" (TREAD) during the 9th plan period. The scheme envisaged economic empowerment of such women through trade related training, information and counseling extension activities related to trades, products, services etc. The Scheme provided for financial loans through NGO's who were also provided GoI grant for capacity building. This Assistance was to be provided for self-employment ventures by women for pursuing any kind of **non- farm activity**. The Scheme is fully women specific.

1. PROGRESS UNDER THE SCHEME DURING 10TH PLAN

1.1 Office of the Development Commissioner (MSME) is operating the scheme w.e.f. May, 2004.

1.2 The 10th Plan outlay for the scheme was Rs.6.2 crore. During the period 25 NGOs / Institutes were provided assistance for projects / training of Rs.1.65 crore to benefit 4304 women beneficiaries.

2. OBJECTIVES

2.1 Experience has revealed that apart from counseling and training, delivery of credit poses the most serious problem for the poor women. Also there is dearth of information with regard to existing status of women and their common needs for providing necessary support. Therefore, it was considered necessary that if poor women are to be economically empowered, appropriate programmes and schemes are to be designed so as to assist them in all respects. Since such women will not be able to have an easy access to credit, it has also been envisaged that the credit will be made available to applicant woman through NGOs who would be capable of handling funds in an appropriate manner. These NGOs will not only handle the disbursement of such loans needed by women but would also provide them adequate counseling, training

and assistance in developing markets. It has, therefore, also been envisaged that a portion of funding be also provided to such NGOs for capacity building

3. SALIENT FEATURES OF THE REVISED TREAD SCHEME FOR EMPOWERMENT OF WOMEN

A. Credit

Government Grant up to 30% of the total project cost as appraised by lending institutions which would finance the remaining 70% as loan assistance to applicant women, who have no easy access to credit from banks due to cumbersome procedures and the inability of poor & usually illiterate/semi-literate women to provide adequate security demanded by banks in the form of collaterals. GOI Grant and the loan portion from the lending agencies to assist such women shall be routed through NGOs engaged in assisting poor women through income generating activities. Only those NGOs, who are having considerable experience (minimum 3 years) in taking and managing funds, taken either as loan or grant, shall be eligible under the Scheme. While the loan amount will be passed on to women beneficiaries, the Grant shall be utilized by the NGOs for activities accepted as grant activities in the appraisal report of the lending agency and capacity building of the NGOs. NGOs will be free to approach lending agencies of their choice, but such lending agencies are to be approved by the respective State/UT Govts. and finally by the Office of the DC (MSME). Lending agency (ies) will sign MOU with the Office of DC (MSME) detailing the criteria of lending and related terms and conditions. The Govt. Grant portion would be finally approved by the Steering Committee, after taking into account the appraisal of the Project Costs by lending agency (ies) and, in principle, acceptance to grant the loan component, which will be not less than 70% of the project cost.

B. Training & Counseling

Training organizations viz. Micro, Small and Medium Enterprises – Development Institutes (MSME-DIs), Entrepreneurship Development Institutes (EDIs), nimsme, NIESBUD and the NGOs conducting training programmes for empowerment of women beneficiaries identified under the scheme would be provided a grant upto maximum limit of Rs. 1.00 lakh per programme provided such institutions also bring their share to the extent of minimum 25% of the Government grant and 10% in case of NER, subject to the condition that applications from NER are recommended by NSIC/ IIE , Guwahati. The batch size for such a training activity will be at least 20 participants. Organizations will apply for such assistance directly to Office of DC(MSME) giving details of the training programmes, expenditure involved, grant needed etc.

C. **Eliciting Information on Related Needs**

Institutions such as Entrepreneurship Development Institutes (EDIs), nimsme, NIESBUD, IIE, MSME-DIs, EDIs sponsored by State Govt. and any other suitable institution of repute will be provided need based Government grant primarily for undertaking activities aiming at empowerment of women such as field surveys, research studies, evaluation studies, designing of training modules, etc. covered under the scheme. The activities are to be undertaken by the institution itself. No grant shall be provided for creation of posts. The grant could be used for meeting the expenses towards books, periodicals, consultants, computers including miscellaneous expenses etc. (related to specific projects). The grant shall be limited up to Rs. 5 lakhs per project.

Interested institutions will apply for such assistance directly to the Office of DC(MSME) giving all the relevant details.

4. **The Criteria for Registration of NGOs.**

- (a) Be a legal entity with a minimum registration of three years.
- (b) Having experience in thrift and saving programmes with SHGs / individuals.
- (c) Be engaged in entrepreneurship and income generation activities for women.
- (d) Have basic infrastructure, qualified support staff and services to undertake micro-enterprise development for women.
- (e) Prepare project proposals on behalf of women entrepreneurs / women Self Help Groups for income activity and take loan from financial institutions for onward disbursement to them.

5. **Grant Assistance for Capacity Building of NGOs**

- (a) Training expenses of operating staff on reducing scale.
- (b) Part of the expenses on operating a management and monitoring system viz. Computer Hardware and Software for MIS and vehicles.
- (c) Charges for legal documentation viz. for payment of stamp duty for loans agreement, hiring of legal experts, valuation of assets, examination of title deeds etc.
- (d) Auditor's fee for auditing credit programme records.
- (e) For establishment of new SHGs
- (f) Common training / consultancy / networking inputs for the members (borrowers) relating to marketing, designing, packaging, quality control, technologies etc.

6. Grant Assistance to be used by NGOs for ultimate borrowers

- i) Training in credit usage, credit management and basic accounting practices.
- ii) Skill Development training and professional consultancy inputs viz. Marketing, designing, packing, quality control, technology transfer, financial training etc.
- iii) Equity/margin money contribution for acquisition/establishment of infrastructure (including machine & equipment) in group, entrepreneurship projects.
- iv) Payment of insurance premium on productive assets acquired by beneficiaries.
- v) Expenses trips to successful micro credit programmes.
- vi) Legal documentation charges for loan documentation, if any.
- vii) Legal, consultancy and training expenses for building institutions of the borrowers viz. SHG federation or Credit Cooperative etc.
- viii) Participation in exhibition and other marketing events

7. ADMINISTRATIVE ARRANGEMENTS

7.1 A Steering Committee under the Chairmanship of AS&DC (MSME) has been constituted. Other members of the Committee would be Additional Secretary & Financial Adviser of the Ministry of MSME, Joint Secretary, Department of Women & Child Development, Chairman & Managing Director, Lending Agencies (Banks) Additional Development Commissioner, Office of the DC(MSME) would be the Member Secretary. Any other members can be co-opted by the Committee, if required. The Steering Committee will provide overall guidance for selection of the beneficiaries, Organisations, NGOs and Lending Agencies for Govt. Grants under the Scheme.

7.2 **Steering Committee (SC) shall approve and sanction the GOIs grant portion released/proposed to be released by the lending agency (ies) during its periodic meeting.** In case of credit linked projects received from NGOs for assisting the poor women, office of DC (MSME) coordinating the scheme, shall first conduct preliminary scrutiny of such projects to ensure that project submitted by NGO does meet the overall objectives of the scheme and shall then forward them to the lending agency for detailed appraisal and assistance of NGO. The value of the Government grant component shall be sanctioned based on the appraisal & recommendations of the lending agency.

7.3 SC shall undertake regular monitoring and review of implementation of projects in consultation with State Governments, lending agencies, NGOs, Training Institutions and all other stake holders in the programmes.

7.4 In States/UTs the Secretary (Industries) shall act as Nodal Officer to facilitate infrastructural and support services needed for the TREAD projects. NGOs would send their proposals directly to the Office of DC (MSME). A reference, if required, could be made on behalf of SC to the Nodal Officer for ascertaining views on the proposals received from NGOs.

7.5. The Steering Committee is empowered to revise the criteria for eligibility for the NGOs based on experience and its past performance, guidelines containing methodology of implementation of the Scheme and format for application to be submitted for availing benefits under the Scheme.

7.6 Applications (in duplicate) in the prescribed format containing details of the projects and the profiles of applicant beneficiaries shall be submitted to the Office of the Development Commissioner (MSME), 7th Floor, Nirman Bhawan, New Delhi-110011. Applications will be subjected to preliminary scrutiny for determining the basic eligibility level. Proposals found acceptable will be forwarded to respective lending agencies for detailed evaluation in respect of viability and feasibility of the proposal and the recommendations for approval of the total project cost, loan component and GOI's grant component for disbursement. The lending agencies shall in accordance with the stipulations laid down in the MOUs disburse the loan and the GOI grant component to the NGO in a proportionate way .

7.7 It shall be mandatory for all NGOs and organizations/agencies to submit the utilization certificate in respect of Government of India grants in the prescribed format.

8. BUDGETARY PROVISION FOR THE SCHEME DURING THE ELEVENTH PLAN

The Plan outlay for the Scheme in the Eleventh Plan has been kept at Rs.7.00 crore and the budget provision in the current financial year 2008-09 has been kept at Rs. 1.00 crore. The budgetary allocation will be utilized for providing grants to Institutions willing to implement the Scheme. Grants up to 30% of the total project cost would be released to financial Institutions, who sign an MOU with Office of the DC (MSME). DC (MSME) signed MoU with State Bank of India, Canara Bank, Syndicate Bank and Allahabad Bank to operate the scheme as lending agencies.

9. This issues with the concurrence of IF Wing vide their Dy.No. 358/F-1/08 dt.07.07.2008.

(K.S. Ludu)
Additional Development Commissioner

To

1. Chairman cum Managing Director,
Small Industries Development Bank of India, SIDBI Tower,
15, Ashok Marg,
Lucknow-226001.
2. Principal Director,
National Institute of MSME
Yousufguda,
Hyderabad-500 045.
3. Executive Director,
NIESBUD, Sector-62,
Noida (U.P.)
.
4. Director,
Entrepreneurship Development Institute of India,
Near Village Bhat, Via Ahmedabad Air Port & Indira Bridge,
Post Office Chandkeda,
Gujarat – 382424.
5. Director,
Indian Institute of Entrepreneurship (IIE),
Lalmati, Bisistha,
Chariali, 37, N.H.Bypass,
Guwahati-781029.
6. Director – All MSME-DIs.
7. E.A., IF Wing, Udyog Bhawan, New Delhi
8. Director of Audit, Civil & Services Ministries,
AGCR Building, IP Estate, New Delhi-110002.

Copy for kind information to:-

1. PS to Minister (MSME), Udyog Bhawan, New Delhi.
2. PPS to Secretary (MSME), Udyog Bhawan, New Delhi.
3. PS to AS & DC(MSME), Nirman Bhawan, New Delhi.
4. PS to AS & FA, Udyog Bhawan, New Delhi.
5. PS to Joint Secretary (MSME), Udyog Bhawan, New Delhi.
6. PS to EA, IFW, Ministry of MSME, Udyog Bhawan, New Delhi
7. PS to Joint Secretary , Udyog Bhawan, New Delhi.
8. PS to Joint Secretary, Deptt.of Economic Affairs, North Block, New Delhi.
9. PS to Joint Secretary, Deptt.of Rural Employment & Poverty Alleviation,
Krishi Bhawan, New Delhi.
10. PS to ADC , O/o DC (MSME), New Delhi.

11. All IAs/AIAs/JDCs/Directors in the Hq.office.
12. CGM, Reserve Bank of India, RPCD, 13th Floor, Central Office, Central Office Building, Mumbai-400001.
13. Adviser, Planning Commission, Yojna Bhawan, New Delhi.
14. CMD, National Small Industries Corporation, “NSIC Bhawan”, Okhla Industrial Estate, New Delhi-110020.
15. Chairman, Coir Board, Kochi- 682016
16. Chairperson , KVIC, Mumbai.
17. Secretary (Industries) – All States/UTs.

(K.S. Ludu)
Additional Development Commissioner