

MSME Sustainable (ZED) Certification Scheme

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In news- The Union Minister for Micro, Small and Medium Enterprises (MSME) has launched the MSME Sustainable (ZED) Certification Scheme recently.

About the scheme-

- **This Scheme is an extensive drive to enable and facilitate MSMEs adopt Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED Certification** while also encouraging them to become MSME Champions.
- **The number of parameters for the certification, categorized as bronze, silver, and gold, have also been narrowed down from 50.**
- **Through the journey of ZED Certification, MSMEs can reduce wastages substantially, increase productivity, enhance environmental consciousness, save energy, optimally use natural resources, expand their markets, etc.**
- ZED has the potential to become a national movement and that it aims to provide a roadmap to global competitiveness for the MSMEs of India.
- **Under the Scheme, MSMEs will get subsidy as per the following structure, on the cost of ZED certification:**
 - Micro Enterprises: 80%.
 - Small Enterprises: 60%.
 - Medium Enterprises: 50%.
- There will be an **additional subsidy of 10% for the MSMEs**

owned by Women/SC/ST Entrepreneurs OR MSMEs in NER/Himalayan/LWE/Island territories/aspirational districts.

- In addition to above, **there will be an additional subsidy of 5% for MSMEs which are also a part of the SFURTI OR Micro & Small Enterprises – Cluster Development Programme (MSE-CDP) of the Ministry.**
- Further, a **limited purpose joining reward of Rs. 10,000/-** will be offered to each MSME once they take the ZED Pledge
- **A provision of up to Rs. 5 lakh(per MSME)** will be made available for handholding and consultancy support for MSMEs under ZED Certification for assisting them to move towards Zero Defect Zero Effect solutions.
- The MSMEs can also avail a number of other incentives offered for ZED Certification by States & UTs, Financial Institutions etc. and can also apply for free Certification under the MSME KAWACH (COVID-19 Support) initiative.

Components of the scheme-

This Scheme is proposed to be implemented in the following 2 Phases:

- **Phase 1:** For Manufacturing MSMEs with UDYAM Registration. This phase will focus largely on maximizing inclusion of manufacturing MSMEs and taking them through the journey of ZED.
- **Phase 2:** Inclusion of Service Sector MSMEs. This phase will also strive to integrate those MSMEs (manufacturing and Service Sectors) who are registered under a State Government protocol/system but not on UDYAM. From this phase onwards, additional information regarding MSME operations/performance may be collected so as to create a National MSME Competitiveness Index.

- In phase 2, it is also envisaged to provide funding to the ZED Certified MSMEs to obtain international certifications, as necessary for international market and further, making provisions to align ZED Certification with the international certifications for its global acceptance.

Zero Defect and Zero Effect (ZED) scheme of MSME-

- Launched in 2016, the scheme envisages promotion of Zero Defect and Zero Effect (ZED) manufacturing amongst MSMEs and ZED Assessment for their certification with the following objectives:
 - To promote adaptation of Quality tools/systems and Energy Efficient manufacturing.
 - To encourage MSMEs to constantly upgrade their quality standards in products and processes.
 - To drive manufacturing with adoption of Zero Defect production processes and without impacting the environment.
- The scheme is an extensive drive to create proper awareness in MSMEs about ZED manufacturing and motivate them for assessment of their enterprise for ZED and support them.
- After ZED assessment, MSMEs can reduce wastages substantially, increase productivity, expand their market as IOPs, become vendors to CPSUs, have more Intellectual property Rights(IPRs), develop new products and processes etc.
- In theory, 'zero defect' is a term propounded by renowned management expert Philip Crosby in his book 'Absolutes of Quality Management'.
- 'Zero defect' is a concept of pursuit of perfection in order to enhance quality.
- In other words, MSME industries to manufacture goods in India with "Zero Defects" so that the goods that are exported are not returned due to bad quality.

- The certified good must also ensure “Zero Effect” meaning the goods shouldn’t have a negative effect on the environment.