



## MSME Competitive (LEAN) Scheme

**For Prelims:** Lean Manufacturing, UDYAM Platform, Raising and Accelerating MSME Performance (RAMP) Scheme, Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE), Interest Subsidy Eligibility Certificate (ISEC), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Zero Defect & Zero Effect (ZED).

**For Mains:** Significance of MSME Sector for India, Current Challenges Related to MSME Sector, Recent Government Initiatives Related to MSMEs.

### Why in News?

- Recently, Ministry of [MSMEs](#) launched the MSME Competitive (LEAN) Scheme to provide a **roadmap to global competitiveness** for the MSMEs of India.
  - The idea is to **improve quality, productivity, performance and capability** to change the mind-sets of manufacturers and **transform them into world class manufacturers**.

### What is Lean Manufacturing?

- **About:** Lean Manufacturing or Lean Production, known simply as LEAN, is a **production practice that considers the expenditure of resources for any goal, other than the creation of value for the end customer, to be wasteful** and hence should be eliminated.

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- **Lean Principles:** Lean manufacturing includes a set of principles that lean thinkers use to achieve

improvements in productivity, quality, and lead-time by **eliminating waste through kaizen.**

**Principles of Lean Manufacturing are:**

- **Identify Value:** Determine what value means from the customer's perspective. This includes understanding what the customer wants, needs, and is willing to pay for.
- **Map the Value Stream:** Create a map of the value stream, which is the sequence of steps required to produce a product or service. This helps identify areas of waste and inefficiency.
- **Create Flow:** Create a smooth, uninterrupted flow of work through the value stream. This involves eliminating bottlenecks and interruptions that slow down the process.
- **Implement Pull:** Implement a pull system that produces products only as they are needed, based on customer demand. This helps to reduce inventory and waste.
- **Strive for Perfection:** Continuously strive for perfection by identifying and eliminating waste, improving processes, and ensuring quality.

**Note:**

- Kaizen is a Japanese word that essentially means "**change for the better**" or "good change."
- The goal is to provide the customer with a **defect free product or service when it is needed** and, in **quantity, it is needed.**

**What are the Key Points of the Scheme?**

- **Objective:**
  - Through the LEAN journey, MSMEs can reduce wastage substantially, increase productivity, improve quality, work safely, expand their markets, and finally become competitive and profitable.
- **Tools:**
  - Under the scheme, MSMEs will implement LEAN manufacturing tools like 5S, Kaizen, KANBAN, Visual workplace, Poka Yoka etc under the able guidance of trained and competent LEAN Consultants to attain LEAN levels like Basic, Intermediate and Advanced.
- **Government Support:**
  - The government will contribute **90% of implementation cost** for handholding and consultancy fees.
  - There will be an **additional contribution of 5%** for the MSMEs which are part of **SFURTI clusters, owned by Women/SC/ST and located in Northeast region.**
  - There will be an **additional contribution of 5% for MSMEs which are registering through Industry Associations/ Overall Equipment Manufacturing (OEM) organizations** after completing all levels.
    - This is a unique feature to encourage Industry Associations and OEMs for motivating their supply chain vendors to participate in this scheme.

**What are the Recent Government Initiatives Related to MSMEs?**

- [Raising and Accelerating MSME Performance \(RAMP\) Scheme](#)
- [Credit Guarantee Trust Fund for Micro & Small Enterprises \(CGTMSE\)](#)
- [Interest Subsidy Eligibility Certificate \(ISEC\)](#)
- [A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship \(ASPIRE\)](#)
- [Credit Linked Capital Subsidy for Technology Upgradation \(CLCSS\)](#)
- [Zero Defect & Zero Effect \(ZED\)](#)

**UPSC Civil Services Examination, Previous Year Question:(PYQ)**

## **Prelims:**

**Q.1 What is/are the recent policy initiative(s) of Government of India to promote the growth of the manufacturing sector? (2012)**

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of 'single window clearance'
3. Establishing the Technology Acquisition and Development Fund

**Select the correct answer using the codes given below:**

- (a) 1 only  
(b) 2 and 3 only  
(c) 1 and 3 only  
(d) 1, 2 and 3

**Ans: (d)**

**Q.2. Which of the following can aid in furthering the Government's objective of inclusive growth? (2011)**

1. Promoting Self-Help Groups
2. Promoting Micro, Small and Medium Enterprises
3. Implementing the Right to Education Act

**Select the correct answer using the codes given below:**

- (a) 1 only  
(b) 1 and 2 only  
(c) 2 and 3 only  
(d) 1, 2 and 3

**Ans: (d)**

## **Mains:**

**Q.1** Account for the failure of manufacturing sector in achieving the goal of labour-intensive exports. Suggest measures for more labour-intensive rather than capital-intensive exports. **(2017)**

[Source: PIB](#)