

## NOTIFICATION

Dated: 24<sup>th</sup> December, 2020

No.-25/04/2020-4IB-I- in pursuance to Haryana Micro, Small and Medium Enterprise (MSME) Policy, 2019 notified vide No. 25/03/2019-4IB-I dated 26th February, 2019, the Governor of Haryana is pleased to notify the “**State Mini Lean Manufacturing Competitiveness Scheme**” with following provisions:

### 1. Objective:-

The objective of State Mini Lean Manufacturing Competitiveness Scheme is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques by

- Reducing waste
- Increasing productivity
- Introducing innovative practices for improving overall competitiveness
- Inculcating good management systems

Under the Scheme, MSMEs will be assisted in reducing their manufacturing costs with the application of LM techniques through:

- Proper personnel management
- Better space utilization
- Scientific inventory management
- Improved process flows
- Reduced engineering time

The Scheme is basically an initiative to reduce "waste" in manufacturing. Lean Manufacturing involves applying Lean Techniques (e.g. Total Productive Maintenance (TPM), 5S, Visual control, Standard Operation Procedures, Just in Time, Kanban System, Cellular Layout, Single Minute Exchange of Dies, Poka Yoke, etc.) to identify, eliminate waste and streamline the manufacturing process. These interventions shall lead to increase in competitiveness of the individual units i.e. manufacturing better quality products with less cost by improvement in process flow, standardization of process, reduction in waste, processing time, etc.

### 2. Quantum of Assistance:

Under the State Mini Lean Manufacturing Competitiveness Scheme, the State Government shall provide financial assistance of up to 80% of the project cost, subject to a maximum of INR 2 lakh per unit. The project cost would include the consultancy fee paid to Lean Management Consultant for implementation of lean techniques in the industry. A minimum of 8 industrial units would be required to form a mini cluster under this scheme, there is no limit on maximum number of units.

### 3. Commencement and Applicability :

The Scheme shall commence with effect from the date of notification of Haryana Micro, Small and Medium Enterprise (MSME) Policy, 2019 i.e. 26/02/2019 and shall remain in operation for a period of 5 years up-to 25/02/2024 or till the validity of Haryana Micro, Small and Medium Enterprise (MSME) Policy, 2019. The assistance shall be available to clusters formulated during this period.

### 4. Implementation Procedure:

The scheme will follow cluster-based approach for enhancing the productivity and competitiveness of MSMEs. The general approach involves engagement of Lean Manufacturing Consultants (LMC) to work with selected MSMEs in the chosen clusters with financial support by the Government of Haryana. Under the Scheme MSMEs will be assisted in reducing their manufacturing costs through proper personnel management, better space utilization, scientific inventory management, improved process flows, reduced engineering time etc. with the application of Lean Manufacturing techniques. The scheme will be operationalized as per the procedure mentioned below:

1. The scheme will be implemented in mini clusters spread all over the state for all manufacturing sectors across MSMEs.
2. The group of industries willing to participate in the scheme will submit a preliminary application as per format along with list of SPV members, to their respective DICs/MDOs. The format of the application is enclosed as Annexure I.
3. Physical verification of units will be carried out by DIC/MDO and recommendation letter along with application and verification report will be forwarded to Director General, Micro, Small and Medium Enterprise (MSME) by DIC/MDO for consideration of approval.
4. Upon approval of the application, the interested units will be required to form an SPV (including signing of a MoU as per Annexure-III) and open a project specific bank account.
5. Subsequently the SPV will be required to sign a bi-party agreement (as per Annexure -IV) with the State Government. The SPV will submit the signed bi-party agreement along with other documents i.e. MoU and details of bank account to the State Government.
6. After acceptance of submitted documents, the department shall allow SPV to select Lean Manufacturing Consultant through cost competitive bidding process (The Lean Management Consultants empanelled with Quality Council of India and National Productivity Council of India, under the Lean Manufacturing Scheme of Government of India from time to time, shall only be engaged as consultants by SPVs. The SPV shall obtain at least three budgetary quotations from empanelled LMCs). The

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following link contains the list of empanelled consultants:  
<http://www.npcindia.gov.in/wp-content/uploads/2014/06/List-of-Empaneled-Consultants.pdf>,  
<http://nabet.qci.org.in/eiafile/Consultant%20Organization%2029052018.pdf>,  
<http://nabet.qci.org.in/eiafile/List%20of%20Individual%20Consultant.pdf>

7. After engaging the consultant, the project will be completed in four stages, the first stage of the project would be conducting a diagnostic study and submission of Diagnostic Study Report (DSR) to the department.

The DSR must be validated by the SPV members before submission to the department. The DSR will ascertain the potential of lean manufacturing techniques for productivity improvement by capturing the existing manufacturing scenario and proposing the solutions applicable with envisaged reduction in production/manufacturing cost, time, rework & wastages with quantifiable and tangible benefits. The format of DSR is enclosed as Annexure V.

8. The DSR must be submitted within one month from the engagement of Lean Manufacturing Consultant and must cover the action plan for implementation of proposed solution over a span of 10 months from the approval of DSR.
9. The entire action plan must be articulated to implement the lean manufacturing techniques in three stages with envisaged work plan divided accordingly and with milestones assigned for completion of each phase with tangible outcomes. The completion of each of the stages must be supported with a well-documented Milestone Based Report (MBR) to be submitted to the department after validation by the SPV.
10. The first MBR shall be submitted after an interval of three months from the submission of DSR. The detailed format of Milestone Based Report is enclosed as Annexure VI.
11. The last stage of implementation must be supported by a detailed Milestone Based Report (MBR 3) highlighting the before and after scenarios in terms of shop floor layout improvements, quality improvements manufacturing cost and time reduction etc. achieved over the course of the project. The report must also contain assumptions made, detailed analysis of cost and time reductions and monetary savings envisaged thereof.
12. The SPV shall develop a comprehensive and well documented case study to present productivity improvements and cost savings achieved through this scheme implementation. This case study must be submitted along with utilization statement of financial assistance at the final closure of the project.
13. The project activities and interventions must be completed within a span of one year from the signing of agreement between State Government and SPV. The schedule for submission of deliverables is as under:

| S. No. | Activities and Deliverables                              | Time in months | Release of Grant in Aid |
|--------|--|----------------|-------------------------|
| 1      | Setting up an SPV and signing of agreement between State | T              |                         |

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|   | Government and SPV                                 |             |  |
|---|--|-------------|--|
| 2 | Selection of a Lean Management Consultant          | T+1         | 50% of total contribution              |
| 3 | Submission of DSR                                  | T+2         |  |
| 4 | Submission of MBR One and Two                      | T+5 and T+8 | Remaining 50% of contribution (at T+8) |
| 5 | Submission of MBR Three                            | T+11        |  |
| 6 | Case study submission and Final Closure of Project | T+12        |  |

### 5. Disbursement of Grant-in-aid:

A financial assistance of maximum 80% of the project cost, subject to a maximum of 2 lakh per unit will be provided by the Government of Haryana to the SPV and the remaining 20% is to be borne by the SPV members. The financial assistance from Government of Haryana under the Scheme is envisaged towards the cost of consultancy fee incurred by the mini cluster/SPV.

**Example:** Assume that the total consultancy fee to be paid to LMC amounts to 25 lakh for an 10 member mini cluster. The scheme will only cover up to 80% of project cost subject to maximum of 2 lakh per unit, in this case the financial assistance under the scheme will be 20 lakhs only. The balance 5 lakhs will have to contribute by SPV members.

- I. The SPV members shall raise half an amount of their total contribution after the selection of Lean Manufacturing Consultant and deposit this amount in the SPV account. After submission of LMC selection details, evaluation report and total consultancy fee details by SPV to the Department and acceptance thereafter by the department, the government shall release 50% of its total grant in aid to SPV specific account.
- II. The SPV shall raise the remaining amount of its contribution in the account and the details must be submitted to the department along with submission of MBR two and utilization statement. The department shall release the remaining grant to SPV account after acceptance of submitted deliverables.
- III. At the project closure the SPV must submit the final closure report (Utilization statements, account statements, profile of lean manufacturing cluster, key achievements, before after photographs of visible improvement, project sustainability etc.), along with the case study.

### 6. Project Approval:

The sanctions under the scheme will be accorded to SPV/mini lean cluster in the

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following manner:

- I. The Director General, Micro, Small and Medium Enterprises (MSME), Haryana shall be competent authority for approvals & sanctions.
- II. The Diagnostic Study Report and Milestone Based Reports shall be put up to the Additional Director, Micro, Small and Medium Enterprises Deptt., Haryana for approval along with the recommendations of JD, DIC/MDO of concerned district.
- III. The concerned SPV/LMC shall present the summary of findings and achievements as documented in the deliverables to DIC/MDO/ HQ whenever required.
- IV. The approval authority may direct SPV/mini cluster to resubmit the deliverables, in case the findings and achievements presented are unsatisfactory or not supported by necessary justification (documents, analysis, photographs etc.)

## **7. Eligibility Criteria**

All the existing Micro and Small Units located in the State, who have filed Haryana Udhyan Memorandum (HUM) shall be eligible under the scheme.

The eligible units must also comply with the following conditions:

- I. The scheme is applicable for all MSE industries/sectors in the state of Haryana.
- II. The member units should be in commercial production.
- III. The unit should not have been placed in the restrictive list as notified by the State government from time to time.
- IV. The unit must have CLU/NOC, as applicable.
- V. The member units should be in regular production at the time of disbursement and the financial assistance shall not be given to a closed unit.

## **8. Timelines for processing of applications (working days)**

- A. Time limit for approval in case where no deficiency is found - 30 days.
- B. Time limit for approval in case where additional information is required - 45 days.
- C. Time limit for conveying the deficiencies, if any and removal thereof:
  - i. The Department of Industries and Commerce/MSME shall convey the deficiencies to the applicant SPV - 10 days
  - ii. Time limit for removal of all deficiencies to the applicant SPV - 15 days
  - iii. Notice period to the applicant SPV before rejection of application - 07 days

## **9. Appeal**

Appeal against orders passed by the Competent Authority shall lie with the Administrative Secretary, Industries & Commerce, Haryana within a period of 30 days

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from the date of communication of orders appealed against and orders passed by the Administrative Secretary shall be final.

## 10. Penal Action

In case, it is found at any stage that the applicant has claimed the assistance on the basis of wrong facts, the applicant shall besides refunding assistance with compound rate of interest @ 12% per annum and facing legal action, will be debarred from grant of any incentives/assistance from the State Government.

## 11. Other Terms and Conditions

- a) That the Beneficiary will allow the officers of the Government of Haryana or any other person or persons authorized by Government of Haryana to inspect implementation of lean techniques under the scheme, as required from time to time.
- b) The Beneficiary unit shall remain in commercial production for a period of at least three years from the date of disbursement of subsidy otherwise the entire amount of subsidy on pro rata basis shall be recovered from the unit.

## 12. Implementation Arrangements:

1. Mini Cluster (MC) - Mini-Cluster is a group of preferably 8-10 MSEs located within an identifiable and as far as practicable, contiguous area and manufacturing same/similar/ products, trades or industrial sectors. A mini cluster may be formed by new SPV or as a Sub group of an Association or Existing SPV. MSEs will be motivated to avail the scheme through awareness programmes. MSEs are expected to assess the suitability of forming a Mini Cluster by exploiting the benefits of synergy, collective bargaining and economies of scale. The scheme may be availed by existing Special Purpose Vehicle (SPV) by bringing in suitable changes in the mandate of the SPV. In case SPV is not available in the cluster, the scheme may be availed through another legal entity i.e. concerned association by grouping the MSEs in the form of Distinct Product Groups (DPGs) or Sub Groups. DPG and SG will be small groups within the Association or existing SPVs. formed with the approval of Management of SPV or Association, as the case may be. More than one DPG / SG may be formed within one association or cluster. A Mini Cluster will consist of ideally minimum of 8 MSEs. All the units of the MC would work with the assigned LMC to implement the specific LM techniques. In case the scheme is being availed by SPV (existing or new), a separate joint Bank Account will be opened in a Scheduled Commercial Bank for receiving the funds under the scheme. In case DPG / SG is formed for taking benefit of the scheme, the project specific account will be operated jointly by Head of the SPV or Association and the Nodal Officer of the DPG / SG.

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2. A nodal officer (from SPV) would be identified to be a point of contact for all requirements of the Scheme. He would also be authorized signatory on behalf of the Mini Cluster and a Power of Attorney would be signed to that effect, as per the format given at Annexure II.
3. Responsibilities of Lean Manufacturing Consultants:
  - a) Assess the existing system at each member unit of the concerned mini cluster
  - b) Diagnostic Study Report for each cluster shall be prepared by assigned LM Consultant. The report includes measurable targets with respect to baseline data. The baseline data and monitorable incremental improvements may be different for each unit.
  - c) Stipulate detailed step by step procedures and schedules for implementation of the LM techniques (pre-defined milestones);
  - d) Identify the end targets in quantified parameters to be achieved by each unit at the end of the Scheme;
  - e) Work in close co-operation with each of the units to assess and then achieve the LM techniques implementation;
  - f) Respond to specific queries raised by SPV or Department of Industries on its performance.
4. Selection of LMC and Payment terms:
  - a) The Lean Manufacturing Consultants empanelled with National Productivity Council and Quality Council of India for implementation of LMCS scheme of Government of India would only be eligible to be selected as consultants for the state mini lean manufacturing scheme of Government of Haryana
  - b) The SPV shall shortlist relevant LMC from the empanelled list. The shortlisted LMCs will be asked to submit technical and financial proposals in accordance with the scheme guidelines to the SPVs
  - c) The proposals will be evaluated by the members of SPV and the evaluation details/report must be submitted to the Department of Industries.
  - d) The payment (as per financial proposal) to consultant shall be given in 5 equal instalments on the basis of completion of specific milestones/deliverables (DSR, MBR1, MBR2 & MBR3 and Case Study/Final Closure).

### 13. Interpretation of Rules

The Administrative Secretary, Industries & Commerce, Haryana shall be competent to make interpretation and removal of difficulties in provisions of this scheme.

Dated:-

A.K. Singh, IAS  
Principal Secretary to Government Haryana  
Industries & Commerce Department

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Annexure I

## Application Format for the Preliminary Application

### 1. Basic Information of Individual Unit

|   |  |  |
|---|--|--|
| Unit's Name   |  | Passport Size<br>Photograph of<br>Unit Owner |
| Unit Owner's Name<br>& Designation  |  |  |
| Category of Unit<br>(Micro / Small)   |  |  |
| Year of Establishment   |  |  |
| Address of Unit   |  |  |
| Turnover  |  |  |
| Contact Details   |  |  |
| Email ID  |  |  |
| Business Activity   |  |  |
| Category of the Entrepreneur<br>(General, SC, ST, Woman,<br>Physically Handicapped) |  |  |
| Udyam Registration Number (URN) & date  |  |  |
| Haryana Udhyam Memorandum (HUM) No. & date  |  |  |
| No. of Employees  |  |  |

### 2. List of SPV members for Mini Lean Manufacturing Competitiveness Scheme

| S. N. | Contact Person | Company Name | Contact No. | Address of Unit | HUM No | Products |
|-------|----------------|--------------|-------------|-----------------|--------|----------|
| 1     |                |              |             |                 |        |          |
| 2     |                |              |             |                 |        |          |
| 3     |                |              |             |                 |        |          |
| 4     |                |              |             |                 |        |          |
| 5     |                |              |             |                 |        |          |



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Annexure II

**POWER OF ATTORNEY  
(BY SPV TO ITS AUTHORIZED SIGNATORY)  
(On a Stamp Paper of relevant value and to be notarized)**

Whereas the Department of Industries and Commerce, Government of Haryana, has announced State Mini Lean Manufacturing Competitiveness Scheme for Micro, Small and Medium Enterprises.

Whereas, the industry units are interested in forming a mini lean cluster as required in the Scheme for taking benefits of the Scheme, and adopt Lean Manufacturing techniques in their industries, in accordance with the terms and conditions of the Scheme and other related documents in respect of the Scheme, and

Whereas, it is necessary as per the Guidelines of the Scheme for the members of the mini lean cluster to appoint a Nodal Officer with all necessary power and authority to do for and on behalf of the units, all acts, deeds and things as may be necessary in connection with the mini lean cluster's proposal for the implementation of Scheme who, acting jointly, would have all necessary power and authority to do all acts, deeds and things on behalf of the mini lean cluster, as may be necessary in connection with the mini lean cluster's application for the Scheme.

NOW THIS POWER OF ATTORNEY WITNESSETH THAT; We,  
M/s.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

do hereby designate Mr/ Ms. \_\_\_\_\_ as the Nodal Officer for the mini lean cluster, to do on behalf of the Cluster, all or any of the acts, deeds or things necessary or incidental to the mini lean cluster's proposal for the Scheme, including submission of application/proposal, participating in meetings, responding to queries, submission of information/documents and generally to represent the mini lean cluster in all its dealings with the Department of Industries and Commerce, Haryana; Lean Manufacturing Consultant (LMC); or any other Government Agency or any person, in connection with the Scheme. We hereby agree to ratify all acts, deeds and things lawfully done by the Nodal Officer, our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us.

Dated this the \_\_\_\_\_ day of \_\_\_\_\_ 2019

IN WITNESS WHEREOF, we have executed this POWER OF ATTORNEY in the presence of the witnesses attesting hereunder at \_\_\_\_\_

EXECUTANTS: SIGNATURES

(To be executed by all the members of the Consortium)

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1. FIRST PART

2. SECOND PART

3. THIRD PART

4. FOURTH PART

5. FIFTH PART

6. SIXTH PART

7. SEVENTH PART

8. EIGHTH PART

IN THE PRESENCE OF:

1.

2.

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Annexure-III

(To be executed on Stamp Paper of INR 100/-)

## MEMORANDUM OF UNDERSTANDING AMONGST MINI CLUSTER (MC) FOR FORMATION OF SPECIAL PURPOSE VEHICLE (SPV)

This Memorandum of Understanding is entered into on the \_\_\_\_\_ day  
of \_\_\_\_\_ 2014 at \_\_\_\_\_

### AMONGST

1. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the First Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
2. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Second Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
3. \_\_\_\_\_ having its registered office at \_\_\_\_\_ hereinafter referred to as the Third Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
4. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Fourth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
5. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Fifth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
6. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Sixth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
7. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Seventh Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
8. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Eighth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
9. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Ninth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)
10. \_\_\_\_\_ having its registered office at \_\_\_\_\_ (hereinafter referred to as the Tenth Part, which expression shall, unless repugnant to the context include its successors and permitted assigns)

The above-mentioned parties of the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Part are collectively referred to as Parties and each is individually referred to as a Party.

### WHEREAS

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## 1. Purpose

The purpose of this MoU is to enable units who are signatories of this agreement to join together for implementation of ***State Mini Lean Manufacturing Competitiveness Scheme*** (herein after referred to as Scheme) of Department of Industries & Commerce, (herein after referred to as Department) Government of Haryana.

## 2. Reference

- a. State Mini Lean Manufacturing Competitiveness Scheme.

## 3. Background

With the advent of Globalization, the competition in the manufacturing sector is ever increasing. In this competitive environment, the enterprises need to adopt efficient practice to sustain. While the big industries usually have dedicated funds and resources for innovation and efficiency, the micro and small enterprises have hardly any time or resource for this important but not so direct activity.

Hence, with the view to help these industries gain efficiency, the Department of Industries & Commerce has launched State Mini Lean Manufacturing Competitiveness Scheme. In this Scheme, ideally minimum 8 MSEs producing similar products, and having similar production process, would come together.

## 4. Scope

This Memorandum of Understanding defines the term between the units for implementation of the Scheme in the Mini Cluster.

## NOW IT IS HEREBY AGREED AS FOLLOWS:-

### 1. Consortium

1.1 The parties do hereby irrevocably constitute a consortium (the Consortiums) for the purpose of jointly participating in the implementation of the Scheme.

1.2 The parties hereby undertake to participate in the implementation process only through this consortium and not individually and/or through any other consortium constituted for this purpose, either directly or indirectly or through any of their Associates.

### 2. Covenants

The parties hereby undertake that in the event the consortium is declared to be selected, it shall incorporate a Special Purpose Vehicle as per scheme guidelines for entering into a Joint Agreement for performing all its obligations as the participants in terms of the Joint Agreement for the purpose.

### 3. Role of the parties

a. It is the collective and joint responsibility of all members of the Mini Cluster to carry out the scheme in their Mini Cluster. The members shall allocate the responsibility of implementing the scheme to a team comprising of representation

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from all levels of the organization.

b. The units would adhere to Terms & Conditions of the scheme throughout the period of implementation.

c. The units would co-operate and work in collaboration with the Lean Manufacturing Consultant (LMC) for carrying out the diagnostic study of their process and will provide all necessary inputs and information required by the LMC for the purpose.

d. The units also undertake to implement the suggestions given by the LMC, and in case they are unable to do so in some of the conditions, explain the same in writing to the satisfaction of the Consultant, who may try to solve the problem and make fresh recommendation to improve the processes in the Industry.

e. The units understand that the Government grant up to 80% of the cost is for a period of 12 month, and units agree to fund and implement the scheme post period of 12 months by themselves through this SPV, if desired.

f. The units would report their progress from time to time as required by the Scheme. The failure to do so may result in delay/stopping of re-imburement by the department.

#### **4. Monetary and Performance terms**

i. The units in the Mini Cluster will form a SPV for the purpose of the Scheme once the approval is accorded to the Mini Cluster.

ii. The SPV then will search for Lean Manufacturing Consultants from the Empanelled list and will evaluate the proposals for finalization of the engagement of LMC. The terms of reference for the LMC shall be as described in the Guidelines of the Scheme.

iii. After the appointment of the Consultant for the Mini Cluster, the units shall contribute an amount equal to 20% of the total fees of the Lean Manufacturing Consultant to an account of the SPV.

iv. An account will be opened by SPV with designation of the nodal person to operate the account.

v. The LMC shall conduct diagnostic study for the SPV and shall submit its report with set of action items, along with the Invoice.

vi. The department shall release its first grant-in-aid to the SPV once the matching contribution has been made by the SPV members in the SPV account.

vii. For the next grant-in-aid, the SPV will have to submit a Utilization certificate along with the receipt from the LMC for the fees paid.

viii. The Government grants for the Scheme shall be restricted to 80% of the Consultancy fees of LMC.

#### **5. Monitoring Mechanism**

The units would be required to submit through LMC their progress report from time to time. Inability to submit progress report or inadequate progress may lead to suspension of the unit from the Mini-cluster, and no compensation for the amount

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initially paid would be given to such a unit.

**IN WITNESS WHEREOF THE PARTIES ABOVE NAMED HAVE EXECUTED AND DELIVERED THIS AGREEMENT AS OF THE DATE FIRST ABOVE WRITTEN**

SIGNED SEALED AND DELIVERED BY FIRST PART

WITNESS

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SIGNED SEALED AND DELIVERED BY SECOND PART

WITNESS

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SIGNED SEALED AND DELIVERED BY THIRD PART

WITNESS

1.

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SIGNED SEALED AND DELIVERED BY FOURTH PART

WITNESS

1.

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SIGNED SEALED AND DELIVERED BY FIFTH PART

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SIGNED SEALED AND DELIVERED BY SIXTH PART

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SIGNED SEALED AND DELIVERED BY EIGHTH PART

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SIGNED SEALED AND DELIVERED BY NINTH PART

WITNESS

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SIGNED SEALED AND DELIVERED BY TENTH PART

WITNESS

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2.



## **Format for Agreement between Special Purpose Vehicle (SPV) and State Government for funding under State Mini Lean Manufacturing Competitiveness Scheme (SMLMCS).**

This agreement is made at ..... on this the .....th day of ..... 20.... between

(1) the Governor of Haryana, acting through and represented by Director of Micro, Small and Medium Enterprise (MSME), Haryana (hereinafter after referred to as the “State Government”),

(2) Special Purpose Vehicle (SPV), having its registered office at..... represented by its Managing Director/Chief Executive Officer (hereinafter referred to as the „SPV“) duly authorized by their Board of Directors/society.

WHEREAS the State Government has introduced a scheme named as “State Mini Lean Manufacturing Competitiveness Scheme” with the objective to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques by reducing waste, increasing productivity, introducing innovative practices for improving overall competitiveness, inculcating good management systems.

AND WHEREAS the SPV has been created and constituted as a partnership firm/trust/ DPG/ society/co-operative society/company, inter alia, to implement lean manufacturing techniques in the member units for the benefit of its members.

AND WHEREAS the SPV has submitted an application for approval of the State Government under the State Mini Lean Manufacturing Scheme; AND WHEREAS the State Government has approved the application submitted by the SPV subject to the conditions mentioned in the sanction letter No. .... dated ....., which shall be deemed to be a part of this Agreement and the State Government has also agreed to contribute towards the consultancy fee for the implementation of sate lean manufacturing scheme; AND WHEREAS for binding the Parties to their respective obligations and to ensure sustainability of lean techniques by the enterprises in the Cluster, the Parties are desirous to enter into an agreement as per the following terms:

1. It is the collective and joint responsibility of all members of the SPV to carry out the State Mini Lean Manufacturing Competitiveness Scheme in their Mini Cluster. The members shall allocate the responsibility of implementing the Scheme to a team comprising all levels of the organization.
2. The units would adhere to Terms & Conditions of the State Mini Lean Manufacturing Competitiveness Scheme throughout the period of implementation
3. The units understand that the Government grant up to 80% of the cost is for a period of 12 month or till completion
4. The SPV shall nominate one of its members as a Nodal Officer who would also be authorized signatory and single point contact on behalf of the Mini Cluster/SPV
5. The SPV will select the Lean Manufacturing Consultant from the empaneled list of Quality Council of India and National Productivity Council through cost competitive process of selection.
6. After the selection of LMC and the consultancy fee agreed upon, the SPV shall mobilize an amount equal to half of their total contribution towards the consultancy fees of the Lean Manufacturing Consultant from the cluster members to the account of the SPV.

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7. The SPV shall pay the first instalment of 20% of the consultancy fees from the contribution received from SPV members and Government of Haryana.
8. From the next stage onwards, the SPV will have to submit a Utilization certificate along with the receipt from the LMC for the fees paid.
9. The payment (as per financial proposal) to consultant shall be given in 5 equal instalments on the basis of completion of specific milestones/deliverables (DSR, MBR1,2 &3 and Case Study/Final Closure).
10. The units would report their progress from time to time as required by the Scheme. The failure to do so may result in delay/stopping of financial assistance by Department of Industries, Haryana.
11. The units would co-operate and work in collaboration with the Lean Manufacturing Consultant for carrying out the diagnostic study of their process, and will provide all necessary inputs and information required by the LMC for the purpose.
12. The units also undertake to implement the suggestions given by the LMC, and in case they are unable to do so in some of the conditions, explain the same in writing to the satisfaction of the Consultant, who may try to solve the problem and make fresh recommendation to improve the processes in the Industry.
13. The member units also undertake that they have not availed the financial assistance under the Lean Manufacturing Competitiveness Scheme (LMCS) of Government of India.
14. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions, which shall remain in full force.
15. No amendment to this agreement shall be valid unless expressed in writing and duly signed by both the Parties.
16. This agreement does not constitute any partnership of the State Government with SPV and the State Government shall not be responsible for any act, omission, negligence, etc. of the SPV or its employees, agents or contractors or any injury suffered or claim made by any person in respect of implementation of this scheme.

- 1) State Government, Represented by Shri.....
  - 2) Special Purpose Vehicle Represented by Shri.....
- Witnesses:
1. ....
  2. ....

# GOVERNMENT OF HARYANA

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Annexure - V

## Guidelines on Preparation of Diagnostic Study Report (DSR)

### 1. SUMMARY OF DETAILS OF UNITS

| Sr. No. | Name of the Enterprise | Name of Owner | Type of Enterprise (Micro/ Small/ Medium) | Address, Contact No. & Email Id | Category of the Entrepreneur (General, SC, ST, Woman, Physically Handicapped) | HUM and SSI Registration No./EM-II No./UAR No. | Annual Turnover | No. of Employees |
|---------|------------------------|---------------|---|---------------------------------|---|--|-----------------|------------------|
| 1       |                        |               |   |                                 |   |  |                 |                  |
| 2       |                        |               |   |                                 |   |  |                 |                  |
| 3       |                        |               |   |                                 |   |  |                 |                  |
| 4       |                        |               |   |                                 |   |  |                 |                  |
| 5       |                        |               |   |                                 |   |  |                 |                  |
| 6       |                        |               |   |                                 |   |  |                 |                  |
| 7       |                        |               |   |                                 |   |  |                 |                  |
| 8       |                        |               |   |                                 |   |  |                 |                  |
| 9       |                        |               |   |                                 |   |  |                 |                  |
| 10      |                        |               |   |                                 |   |  |                 |                  |

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## 2. Basic Information

|                                     |  |                                    |                    |
|-------------------------------------|--|------------------------------------|--------------------|
| Unit's Name                         |  | Passport<br>Photograph of<br>Owner | Size<br>of<br>Unit |
| Unit Owner's Name<br>& Designation  |  |                                    |                    |
| Category of Unit<br>(Micro / Small) |  |                                    |                    |
| Year of Establishment               |  |                                    |                    |
| Address of Unit                     |  |                                    |                    |
| Turnover                            |  |                                    |                    |
| Contact Details                     |  |                                    |                    |
| Email ID                            |  |                                    |                    |
| Business Activity                   |  |                                    |                    |

## 3. Major Products Categories & Customers:

| Product categories/ customers | Client 1 | Client 2 |
|-------------------------------|----------|----------|
|                               |          |          |
|                               |          |          |
|                               |          |          |
|                               |          |          |

## 4. Organization Structure

Organization structure to be provided

| Manpower Strength |  |
|-------------------|--|
| Officers          |  |
| Staff             |  |
| Workmen           |  |

## 5. Plant Layout & Manufacturing process flow

Plant layout of the unit and process flow chart to be attached.

## 6. Identification of Seven wastes:

6.1 Evaluation on a scale of 1 to 5. 5 being 'completely lean' and 1, 'completely traditional'.

| Scale               | Description   |
|---------------------|---|
| 5 - Completely Lean | Fully follows Lean principles in both letter and spirit and thereby enjoys benefits of high efficiency fully meeting customer requirements. |

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| Scale                      | Description   |
|----------------------------|---|
| 4 - Largely Lean           | Follows lean principles in many areas with few of the traditional practices                                     |
| 3 - Moderate               | Follows a mix of lean and traditional practices equally   |
| 2 - Largely Traditional    | Follows Traditional practices largely - just getting aware of lean practices and practicing in few of the areas |
| 1 - Completely Traditional | No existence of any Lean practices  |

### 6.2 Evaluation for current level of wastes found at company.

| S.No | Type of Waste   | Current Level<br>(in no.s) | Comments |
|------|-----------------|----------------------------|----------|
| 1    | Over production |                            |          |
| 2    | Waiting time    |                            |          |
| 3    | Transportation  |                            |          |
| 4    | Over Processing |                            |          |
| 5    | Inventory       |                            |          |
| 6    | Motion          |                            |          |
| 7    | Defects         |                            |          |

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### 7.0 Base Lining of Current level 5S

(On the basis of scale provided below, shade boxes to indicate current level)

| Level  | Baseline 0  | Beginner 1   | Basic 2   | Visual 3  | Systematic 4  | Preventive 5   | Score |
|--|---|--|---|---|---|--|-------|
| <b>Sort</b>                                    | Unsafe items in work area.                            | Needed and un-needed items found in work area.                           | Needed /un-needed items separated, un-needed tagged.  | Red tag area created, all un-needed items removed.                      | List of needed items developed, maintained, posted.   | Un-needed items are not allowed in area.   |       |
| <b>Set in Order</b>                            | Placement of items causes unsafe conditions.          | Needed and un-needed items are placed randomly throughout the workplace. | Needed items stored in an organized manner.           | Needed items have dedicated positions that are clearly indicated.       | Needed items can be retrieved within (cell target) seconds and (cell target) number of steps. | Method for adding/deleting indicators for needed items                           |       |
| <b>Shine</b>                                   | Spills, waste, trash, etc. produce unsafe conditions. | Work area and machines are not cleaned on a regular basis.               | Area and equipment cleaned daily.                     | Standard work layout posted and maintained.                             | Daily inspection of plant and area occurs.  | Root cause sources of dirt, grease & spillage have been eliminated.              |       |
| <b>Standardize</b>                             | No work methods or procedures documented.             | Methods of work not completely documented.                               | Methods of work documented but not consistently used. | Methods of work posted and consistently used by some cell team members. | Methods of work consistently used by all cell team members.                                   | Methods of work are regularly reviewed and improved.                             |       |
| <b>Sustain</b>                                 | No routine review/correction of unsafe conditions.    | Occasional, unscheduled 5S activity.                                     | 5S activities conducted on regular basis.             | 5S assessment conducted occasionally and results posted.                | 5S assessment conducted on a regular basis and recurring problems are identified.             | Root causes of problems revealed by 5S assessment are identified and eliminated. |       |
| <b>TOTAL SCORE (MAX OF 25)</b>                 |   |  |   |   |   |  |       |
| <b>OVERALL 5S SCORE - X % (INDEXED TO 100)</b> |   |  |   |   |   |  |       |

Note: Current State Photographs to be attached

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## 8.0 Visual Baseline Summary

(Detailed explanation of current status of practices to be given, supported by data or photographs)

| S.No | Focus Area     | Current Status |
|------|----------------|----------------|
| 1.   | 5s             |                |
| 2.   | Safety         |                |
| 3.   | Visual Control |                |
| 4.   | Storage        |                |
| 5.   | Maintenance    |                |

## 9.0 Inventory

### 9.1 Inventory data

| Metrics                        | Units        | Preceding 6 Months |  |  |  |  |  |
|--------------------------------|--------------|--------------------|--|--|--|--|--|
| RM                             | Rs. Lakhs    |                    |  |  |  |  |  |
| FG                             | Rs. Lakhs    |                    |  |  |  |  |  |
| WIP                            | Rs. Lakhs    |                    |  |  |  |  |  |
| Non-moving (as on date)        | Rs. Lakhs    |                    |  |  |  |  |  |
| Scrap (as on date)             | Rs. Lakhs    |                    |  |  |  |  |  |
| Total Inventory                | Rs. Lakhs    |                    |  |  |  |  |  |
| Sales turnover (last 6 months) | Rs. Lakhs    |                    |  |  |  |  |  |
| Inventory turnover ratio       | No. of times |                    |  |  |  |  |  |

9.2 Your Comments /reasons on Inventory turnover.

9.3 Other practices carried as on date.

## 10.0 Quality

10.1 Certification: ISO:9001 2008 (YES/NO), if No, other certification, if any ?

10.2 Inhouse PPM and supplier PPM.

10.3 Whether any patents registered (YES/NO), if Yes give the details.

10.4 Whether product designing/development is being particed inhouse or outsourced?

10.5 Are you availing/aware of the GOI schemes availabale for MSME? If yes, please

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provide the details?

### 10.6 Current Level of quality practices:

| Quality Practices                 | Current Status |
|-----------------------------------|----------------|
| Suggestion scheme                 |                |
| Quality Circles                   |                |
| Shop floor meetings               |                |
| Monthly meetings                  |                |
| Use of problem solving techniques |                |
| Continuous Improvement (Kaizen)   |                |
| Cost of Quality                   |                |

### 11.0 Delivery Performance

Fulfillment level of orders for last 6-12 months

### 12.0 Maintenance

|  |  |
|--|--|
| Breakdown hours (Quantitative figures) |  |
| Maintenance Practices(System followed) |  |
| Breakdown maintenance(System followed) |  |
| Changeover time (in hrs)               |  |

### 13.0 Analysis of Data & Conclusion:

*“Let’s think about making our product which has ‘zero defect; so that it does not come back (get rejected) from the world market and ‘zero effect’ so that the manufacturing does not have an adverse effect on our environment” said the prime minister Sh. Narendra Modi while delivering his maiden Independence Day speech.*

*Keeping in view the “Make in India” campaign of Govt of India, following primary parameters are identified which are needed to be measured; the selected projects in the Action Plan should contain the primary & secondary indicators as applicable. This would be monitored over the entire project period*

#### 13.1 Primary parameters:

| Primary Indicator | Indicative Measurement  |
|-------------------|---|
| Product Quality   | No. of defective parts per million<br>(i) Customer Complaints (Nos)<br>(ii) Customer returns (PPM)<br>(iii) In process rejections (PPM) |



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|  |   |
|--|---|
| <b>Labour Productivity</b>             | Ratio of accepted units to the total no. of employee hours  |
| <b>Inventory turnover ratio</b>        | Ratio of Stock (RM, WIP & FG) to the sales turn over        |
| <b>Delivery Schedule achievement</b>   | Ratio of dispatches achieved against planned                |
| <b>Overall Equipment Effectiveness</b> | Composite measure of Availability, Productivity and quality |
| <b>Floor Space utilization</b>         | Ratio of Inventory value to the shop floor                  |
| <b>Safety</b>                          | Accident frequency rate & Accident severity rate            |
| <b>Impact on Environment</b>           |   |

### 13.2 Secondary parameters:

| <b>Secondary Indicator</b>                                    | <b>Measurement</b>   |
|---|--|
| <b>SMED Index</b>   | Ratio of no. of changeovers in less than 10 min to total changeovers                           |
| <b>Inventory Quality Control (Red, Grey, Green inventory)</b> | Visual control by RGG codes  |
| <b>Floor Space saving</b>                                     | Floor space saved through improvements in Sq.m   |
| <b>Absenteeism &amp; Overtime</b>                             | % absenteeism & Overtime in Rs   |
| <b>Suggestions per employee</b>                               | Ratio of employee suggestions to total employees   |
| <b>Machine breakdown hours &amp; frequency</b>                | Break down hrs for mechanical/electrical and electronic faults. Frequency in no. of occurrence |
| <b>Energy Cost Savings</b>                                    | Energy input in terms of fuel and electricity  |
| <b>Improvements implemented</b>                               | Measure of employee participation levels   |
| <b>Health Hazards</b>   | No. of medical cases reported  |

### 13.3 Training calendar along with topics to be appended below:

| <b>Training Calendar</b> | <b>Training Topic</b> |
|--------------------------|-----------------------|
|                          |                       |
|                          |                       |

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Annexure VI

**Subject: Phase-wise and Unit- wise Action Plan (MBR)**

Dated: .....

|   |                                     |  |        |             |        |          |
|---|-------------------------------------|--|--------|-------------|--------|----------|
| <b>Name of the DPG</b>  |                                     | <b>Name of the Unit</b>  |        |             |        |          |
|   |                                     | <b>Name and contact details (including address, phone and email)</b> |        |             |        |          |
| <b>Location of DPG</b>  |                                     | <b>Name &amp; Address of the Consultant</b>                          |        |             |        |          |
|   |                                     | <b>Date of Appointment of Consultant</b>                             |        |             |        |          |
| <b>Project Details</b>  | <b>Current Status of parameters</b> | <b>PHASES</b>  |        |             |        |          |
|   |                                     | I  | II     | III         | IV     | V        |
|   |                                     | <b>Milestone Completion Date</b>                                     |        |             |        |          |
|   |                                     | <Date>   | <Date> | <Date>      | <Date> | <Date>   |
|   |                                     | <b>Activities &amp; Targets for Each Parameters</b>                  |        |             |        |          |
| <p><b><u>Project 1 - Project Name</u></b><br/>                     A. Define quantified targets for parameters<br/>                         i. Parameter 1<br/>                         ii. Parameter 2.....n<br/>                     B. Training of project teams<br/>                         i. Training 1<br/>                         ii. Training 2.....n<br/> <b><u>Project 2 - Project Name</u></b><br/>                     A. Define quantified targets for parameters<br/>                         iii. Parameter 1<br/>                         iv. Parameter 2.....n<br/>                     B. Training of project teams<br/>                         iii. Training 1<br/>                         iv. Training 2.....n<br/>                     (* Mention similarly, for other Projects. Project nos. may be 1 ..n)</p> |                                     |  |        |             |        |          |
|   |                                     | Quantitative   |        | Qualitative |        | Monetary |
| <b>Overall Realization of benefits</b><br>i. Project 1<br>ii. Project 2<br>iii. Project n   |                                     |  |        |             |        |          |
| <b>Remarks by UNIT (if any)</b>   |                                     |  |        |             |        |          |

Signed by:

(Signature)  
Name of Authorized Signatory,  
LMC

Signed by:

(Signature)  
Name of Authorized Signatory, SPV

Signed by:

(Signature)  
Name of Authorized Signatory,  
Department of Industries and  
Commerce GoH