

MSME Min revamps Zero Defect, Zero Effect scheme for MSMEs; trims number of parameters for certification

Ease of Doing Business for MSMEs: Certified MSMEs would be eligible for concession in banks' processing fees and rate of interest along with preference in lending.



ZED-certified MSMEs will be offered subsidies up to Rs 1 lakh in stall charges, up to Rs 75,000 in airfares, and up to Rs 25,000 in freight charges for participating in businesses exhibitions and fairs abroad. (Image: pexels)

Ease of Doing Business for MSMEs: The MSME Ministry on Thursday launched the revamped Zero Defect, Zero Effect (ZED) scheme christened as MSME Sustainable (ZED) Certification scheme for Udyam-registered MSMEs. The number of parameters for the certification, categorised into three stages — bronze, silver, and gold, was also narrowed to a total of 20 from 50 in the erstwhile scheme. While bronze certification marks MSMEs on five parameters including workplace safety, quality management etc., silver certification has 14 parameters for MSMEs to comply with. On the other hand, gold certification involves 20 parameters such as supply chain management and corporate social responsibility.

The erstwhile ZED scheme was launched in October 2016 by Prime Minister [Narendra Modi](#) to help reduce wastage in the manufacturing process substantially, increase the productivity of MSMEs, enhance their environmental consciousness, save energy, expand their markets, etc., in order to boost MSMEs' competitiveness.

The number of categories has also been trimmed in the new scheme from the earlier five including bronze, silver, gold, diamond, and platinum.

"We had received feedback from MSMEs and industry associations that it is tough to comply with all 50 parameters. Hence, we have reduced them while ensuring that there is no compromise on the quality and safety of products," said Ateesh Kumar Singh, Joint Secretary, Ministry of MSME during his presentation of the scheme. The scheme will help MSMEs with improved quality, reduced rejection rate, higher revenues with credible recognition from the industry for being ZED certified, said Singh.

The government also proposed an 80 per cent subsidy on the certification cost for micro enterprises, 60 per cent for small enterprises, and 50 per cent for medium enterprises. There would be an additional 10 per cent subsidy for women or SC/ST entrepreneurs-owned units.

Speaking at the launch of the scheme, MSME Minister Narayan Rane said the new scheme is among the measures taken by the government in terms of new technologies and policies to support MSME entrepreneurs toward a self-reliant India.

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"The scheme will help MSMEs to improve their quality, boost production, increase profits, and protect the environment. The feedback from MSMEs for such schemes should continue to reach us so that we can work towards enhancing MSMEs' contribution to India's GDP," said Rane.

In terms of benefits, ZED-certified MSMEs will be offered subsidies up to Rs 1 lakh in stall charges, up to Rs 75,000 in airfares, and up to Rs 25,000 in freight charges for participating in businesses exhibitions and fairs abroad. Certified MSMEs would also be eligible for concession in banks' processing fees and rate of interest along with preference in lending. Also, the credit rating of certified MSMEs is also likely to be better.

"We have been working with various credit bureaus to look at how credit rating of ZED certified MSMEs will improve," said Singh without disclosing details on the cost of certification and concessions offered.

The new scheme will be implemented in two phases. Currently, the certification will be provided to manufacturing enterprises under the first phase while the second phase will include services MSMEs and enterprises that are registered with a state government but not on the Udyam portal. However, the launch date for the second phase wasn't disclosed by Singh.

According to the data shared by MoS MSME Bhanu Pratap Singh Verma in a written reply to a question in the Lok Sabha on March 24, 2022, 23,948 MSMEs had registered under the ZED scheme, of which the site assessment was carried out for 503 MSMEs. The bronze certification was provided to 131 MSMEs, silver to 132 MSMEs, gold to 62 units, and diamond certifications to four MSMEs.