



GOVERNMENT OF KERALA

Abstract

Industries Department - One Local Body One Product and MSME Insurance Scheme - Proposal/Guidelines approved - Orders issued

INDUSTRIES (B)DEPARTMENT

G.O.(Rt)No.940/2023/ID Dated,Thiruvananthapuram, 15-09-2023

Read 1) GO(Rt)No.436/2023/ID dated 20.05.2023

2) Letter No.DIC/2516/2023-TC-T4 dated 31.07.2023 from the Director of Industries and Commerce

ORDER

Government as per Order read above, accorded Administrative Sanction for the scheme "Local Economic Development and Sustainability of Enterprises" for an amount of Rs. 687.08 Lakh (Rupees Six Crore Eighty Seven Lakh and Eight Thousand only) under the Head of Account 2851-00-102-98 from plan fund limiting the expenditure to the current year's budget provision. Two major programmes under this Scheme are (i) One Local Body One Product and (ii) MSME Insurance Scheme.

2) As per the letter read above, Director of Industries and Commerce has furnished proposal/guidelines of One Local Body One Product and MSME Insurance Scheme and requested to approve the same.

3) Government have examined the matter in detail and are pleased to approve the proposal/guidelines in respect of One Local Body One Product programme and MSME Insurance Scheme.

4) The approved proposal/guidelines are appended to this Order.

(By order of the Governor)

SHIBU ISSAC

ADDITIONAL SECRETARY

To:

Director of Industries and Commerce , Thiruvananthapuram

Chief Executive Officer, K- Bip, Thiruvananthapuram
Principal Accountant General (Audit/A&E), Kerala,
Thiruvananthapuram
District Treasury Officer, Thiruvananthapuram
Finance Department
Local Self Government Department.
Planning & Economic Affairs Department
Industries (J) Department
Information and Public Relation (Web and New Media Department)
Stock File / Office Copy

Forwarded /By order

Section Officer

Proposal for One Local Body One Product (OLOP) Scheme

Introduction

The One Local Body One Product (OLOP) scheme is a joint initiative undertaken by the Department of Industries & Commerce and Department of Local Self-Government in Kerala. The scheme aims to identify and promote locally available resources to manufacture and market unique products to the global market. The scheme also aims to provide fair prices for farm products and significant returns to farmers and entrepreneurs who are engaged in the value addition of products.

Background

Kerala is blessed with abundant natural resources, which can be harnessed to develop unique products with high market potential. The OLOP scheme is a step towards utilizing these resources and promoting them to the global market. Under the scheme, the District Industries Centres have conducted a study to identify a list of products that can be manufactured using locally available resources at each local self-government level. Based on this list, various local bodies have already selected their product to be manufactured and marketed under the OLOP scheme.

Proposal

The Department of Industries through the Directorate of Industries and Commerce (DIC) proposes to assist the local bodies in the preparation of a detailed project report (DPR) for the development of OLOP projects. The assistance of up to Rs. 50,000 per local body will be provided towards the cost of preparation of the OLOP project report. The assistance will be released in two stages (i) 50% as advance for the preparation of DPR based on the request of local body (ii) 50% after completion of DPR and based on the recommendation from local body council accepting the DPR. The total financial outlay expected for the financial year 2023-24 is Rs. 18 lakhs.

Objectives

The objectives of providing financial assistance towards the preparation of the OLOP project report are:

- To facilitate the development of OLOP projects in each local body in Kerala.
- To ensure that the OLOP projects are developed based on a detailed project report, ensuring their financial viability and sustainability.
- To promote local entrepreneurship and value addition to locally available resources, thereby contributing to the overall economic growth of the state.
- To provide employment opportunities to the local population and thereby reduce rural-urban migration.

Implementation

The following steps will be taken to implement the proposal:

DIC in coordination with the LSGD will issue a circular to all local bodies in Kerala, inviting them to submit their proposals for OLOP projects.

A committee consisting of representatives from the Department of Industries and Local Self-Government Department will scrutinize the proposals and select the eligible proposals for OLOP projects.

The selected local bodies will be provided with financial assistance of up to Rs. 50,000 towards the cost of preparation of the OLOP project report.

The local bodies will engage consultants or experts to prepare the DPR for their OLOP project. The local bodies will be provided with technical assistance to set up their OLOP project. The OLOP products will be marketed through various channels, including e-commerce platforms, government exhibitions, and fairs.

Forms

The Director of Industries & Commerce shall have the full authority to prepare application forms, form of agreement and any other formats required for the proper implementation of the scheme, and to make, sub-rules, check list if any, required.

Conclusion

The One Local Body One Product (OLOP) scheme is an initiative to

harness the potential of locally available resources to develop unique products with high market potential. Providing financial assistance towards the preparation of the OLOP project report will help local bodies develop their projects based on a detailed project report, ensuring their financial viability and sustainability. This initiative will promote local entrepreneurship, value addition to locally available resources, and provide employment opportunities to the local population. The total financial outlay expected for the financial year 2023-24 is Rs. 18 lakhs, which will be used to provide financial assistance of up to Rs. 50,000 per local body towards the cost of preparation of the OLOP project report. Expenditure can be met from the Head of Account 2851-00-102-98 provided in the annual plan for the financial year 2023-24.

Proposal For MSME Insurance Scheme

Introduction

The Department of Industries and Commerce, in alignment with the Government's vision to create a sustainable ecosystem for industries in the State, is proposing to provide minimum insurance coverage to the Micro, Small and Medium Enterprises (MSMEs) in the state. This proposal is aimed at providing financial protection to MSMEs against unforeseen risks, which can have a detrimental impact on their businesses. The Department of Industries through the Directorate of Industries and Commerce will implement the scheme as reimbursement benefit on the annual insurance premium paid by the MSME. The total financial implication for this project is estimated to be Rs. 30 lakhs in the financial year 2023-24.

Benefits of Insurance for MSMEs

The multitude of risks faced by MSMEs includes natural disasters, fire, theft, accidents, and market fluctuations, leaving them vulnerable to significant financial losses. These losses can have long-lasting consequences on the sustainability of the business. However, with adequate insurance coverage, MSMEs can protect themselves against unforeseen risks and recover quickly from any losses. By providing financial protection, insurance coverage instills confidence in MSMEs, allowing them to take calculated risks and expand their businesses. Thus, insurance coverage serves as a critical component of risk management for MSMEs, enabling them to thrive in a competitive business environment.

Process Flow

The tentative process of providing insurance coverage to MSMEs in Kerala is given below:

Identification of suitable insurance policies: The Directorate of Industries and Commerce identify the most suitable insurance policies from the existing Insurance Providers in Public Sector segment, for the MSMEs.

Sensitization of the Scheme among MSMEs: The scheme will be communicated among MSMEs to understand their insurance needs and provide them with options for insurance coverage. This can be done through the District Industries Centres with the support of Insurance Providers.

Policy issuance: After the payment of premiums by the MSME, the insurance provider will issue the insurance policies to the MSMEs.

Reimbursement of premiums: The 50% of the annual premium paid by the MSME, limited to Rs 2500, for the insurance coverage will be reimbursed by the DIC to the bank account of the unit.

Renewal of policies: The MSMEs must ensure that they continue to have adequate insurance coverage.

Eligibility for Applicants

All MSMEs in manufacturing, service & trade sector who has enrolled under the Insurance scheme from 1st April 2023, from a Public Sector Insurance Provider are eligible for assistance under this scheme.

Entitlement of a successful applicant

MSMEs engaged in manufacturing, service & trade sector shall be eligible for reimbursement of 50% of the annual premium paid by the unit, limited to Rs 2500 during the financial year 2023-24. The assistance provided under this scheme is in the form of Reimbursement.

Sanctioning Authority/Recommending Authority

The respective Assistant District Industries Officers, Taluk Industries Offices shall be the recommending authority for assistance under the scheme. He shall submit the application before the sanctioning authority with the recommendation for disbursing the assistance/or rejection, whichever the case may be. The General Managers, District Industries

Centres concerned shall be the sanctioning authority.

Mode of application

The application can be submitted online along with the documents as per the checklist. The application will be processed by the Sanctioning Authority and the assistance will be sanctioned based on merit.

Mode of payment

The assistance shall be payable to the bank account of the unit/promoter by the sanctioning authority.

Obligation of an applicant

1. The applicant shall provide all required details and declare such information as to be true.
2. The applicant shall provide clarifications of further details sought by the recommending/ sanctioning authority.
3. The applicant shall allow inspection or verification of any details mentioned in the application including plant and machinery and all other assets if so, required by recommending/ sanctioning authority.

General Provisions

1. The assistance under the scheme shall be released to the eligible entrepreneur through their bank account on a yearly basis.
2. All applications for assistance under the scheme shall be submitted by the applicant by Online and produce the originals along with details before the Recommending Authority.
3. The Officer while accepting the application form should examine whether all necessary details have been furnished. If any information is found inadequate the same should be intimated to the applicant unit both electronically and otherwise and grant 10 days' time to rectify the defects.
4. The assistance shall be disbursed by sanctioning authority through the financing institution/bank of the applicant unit.

Check List

1. Copy of Voters ID/Passport/Ration Card/Driving license/Aadhar of the

promoter/ promoters

2. Udyam Registration.

3. Payment Proof of the Premium paid to the Insurance Company.

Forms

The Director of Industries & Commerce shall have the full authority to prepare application forms and any other formats required for the proper implementation of the scheme, and to make, sub-rules, check list if any, required.

Conclusion

The proposal to provide insurance coverage of Rs. 30 lakhs to MSMEs in Kerala is a critical initiative that will provide much-needed financial protection to MSMEs against unforeseen risks. The partial reimbursement of annual premiums by the Government will create a perception shift among MSMEs about the Government and foster trust and collaboration between the two. This initiative is a significant step towards promoting the growth and development of MSMEs in the state and should be approved and implemented without delay.

The total financial implication of this project is estimated to be Rs. 30 lakhs in the financial year 2023-24. This amount will cover the partial reimbursement of premiums of the insurance policies purchased by the MSMEs. The DIC will be responsible for overseeing the implementation of this project and the identification of suitable insurance policies for MSMEs.

Expenditure can be met from the Head of Account 2851-00-102-98 provided in the annual plan for the financial year 2023-24.