

GUIDELINES 2022

MSME COMPETITIVE (LEAN) SCHEME

(A component of MSME Champions Scheme)



सत्यमेव जयते

सूक्ष्म , लघु और मध्यम उद्यम मंत्रालय

MINISTRY OF

MICRO, SMALL & MEDIUM ENTERPRISES



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ABBREVIATIONS

CFC	Common Facility Center
DSR	Diagnostic Study Report
GoE	Group of Enterprises
IA	Implementing Agency
ISO	International Standard Organisation
LMC	Lean Manufacturing Consultant
Lean Scheme	MSME Competitive (Lean) Scheme
MoMSME	Ministry of Micro, Small and Medium Enterprise
MSME	Micro, Small and Medium Enterprises
MSE-CDP	Micro & Small Enterprises - Cluster Development Program
MSME-DFO	MSME-Development and Facilitation Office
NPC	National Productivity Council
OEM	Original Equipment Manufacturer
PMAC	Project Monitoring and Advisory Committee
PMU	Project Monitoring Unit
QCI	Quality Council of India
SFURTI	Scheme of Fund for Regeneration of Traditional Industries



1.0 Introduction

As domestic & global competitiveness becomes intensive, there is a need for MSMEs to transition to a new business environment especially with the disruption in the global supply chains and convergence of multiple sourcing as a methodology in vendor development. MSMEs form an integral part of almost every value chain and there is a symbiotic relationship between the large corporations and relatively small sized suppliers. Recognizing the importance of overall economic growth of a country and the need for enhancing its productivity, competitiveness and employment generation besides resource optimization, many countries have initiated institutional mechanism for a national approach on improving the quality of manufacturing & services.

Ministry of Micro, Small & Medium Enterprises, Government of India, aims to implement the MSME Competitive (Lean) Scheme for MSMEs with an objective to enhance their productivity, efficiency, and competitiveness by reduction of wastages in processes, inventory management, space management, energy consumption, etc.

2.0 About MSME COMPETITIVE (Lean) Scheme

MSME Competitive (Lean) Scheme is an extensive drive and continuous effort on the part of Ministry of Micro, Small and Medium Enterprises for enhancing the competitiveness of MSME Sectors through implementation of Lean Tools and Techniques. Lean Tools and Techniques are a tested and proven methodology for improving the competitiveness of MSME sector.

Lean Scheme is proposed to be implemented in 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 Lean.

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.

Scheme Validity: The financial support, incentives, benefits & other provisions contained in the scheme herein will be valid till March 31, 2026.



2.1 Objectives of Scheme

The objective of the scheme is to enhance the Domestic and Global Competitiveness of MSMEs through the application of various Lean Techniques that inter-alia includes:

- **Reduction in:**
 - ❖ Rejection Rates
 - ❖ Product and Raw Material Movements
 - ❖ Production Cost
- **Optimization of:**
 - ❖ Space Utilization
 - ❖ Resources Like Water, Energy, Natural Resources etc.
- **Enhancement of:**
 - ❖ Quality in Product and Process
 - ❖ Production & Export Capabilities
 - ❖ Workplace Safety
 - ❖ Knowledge & Skill Sets
 - ❖ Innovative Work Culture
 - ❖ Social & Environmental Accountability
 - ❖ Profitability
 - ❖ Introduction & Awareness to Industry 4.0
 - ❖ Digital Empowerment

2.2 MSME Competitive (Lean) Scheme Levels

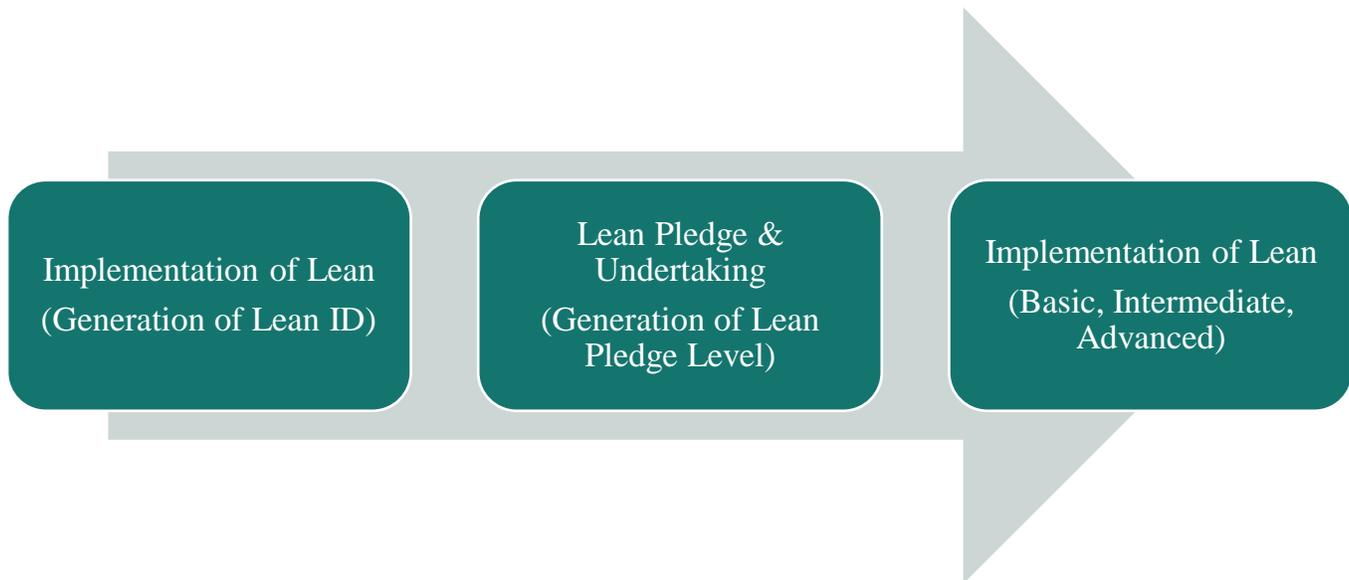
MSME Competitive (Lean) Scheme can be attained in **THREE** Levels after registering and taking the Lean Pledge:

- **Level 1: BASIC**
- **Level 2: INTERMEDIATE**
- **Level 3: ADVANCED**

- a) Every MSME that embarks on the journey of Lean (Basic, Intermediate, Advanced) will have to take a “Lean Pledge” before undertaking the journey of implementation of lean tools and techniques.



- b) The intent of taking a Lean Pledge is to take a “pre-commitment” or a solemn promise by MSMEs to uphold the values of Lean Practices and Philosophy in their functioning and to urge them to move ahead on the journey of Lean.
- c) After taking the Lean Pledge, the MSME can apply for handholding of its units depending on the need and level of preparedness and interest of MSME unit. Lean Scheme can be implemented by MSME units in the above three levels.



2.3 MSME Competitive (Lean) Scheme Components

- i. **Industry Awareness Programmes/Workshop:** MSMEs will be made aware of the Scheme through Nation-wide awareness programmes (online and/or face-to-face, as appropriate) with the assistance of stakeholders like Industry Associations, Implementing Agencies, MSME-DFOs, District Industries Centres (DICs), Large Enterprises/OEMs.
- ii. **Training Programmes:** Stakeholders like the MSME Officers, Assessors and Consultants will be trained on the MSME Competitiveness (Lean) Scheme to enable an effective implementation by Implementing Agencies like QCI, NPC.
- iii. **Handholding:** MSMEs will be provided handholding towards the implementation of Lean Tools and Techniques at three different levels – Basic, Intermediate, and Advanced. Completion of each stage is verifiable end term assessment or assessment by Implementation Agency along MSME -DFOs as the case may be.
- iv. **Benefits/Incentives:** Graded incentives will be announced by the Ministry of MSME for MSMEs for encouraging MSME units’ participation under the scheme.



- v. **PR campaign, Advertising & Brand Promotion:** For popularizing the Lean Scheme, a Nation-wide publicity will be done.
- vi. **Digital Platform:** Lean Scheme process will be e-enabled through a single window digital platform which will be utilized for the implementation of the scheme.

2.4 Coverage & Eligibility

- i. All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible to participate in MSME Competitive (Lean) Scheme and avail related benefits/incentives.
- ii. Scheme is also open to Common Facilities Centers (CFCs) under SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and Micro & Small Enterprises - Cluster Development Program (MSE-CDP) Schemes.

3.0 Stakeholders and their expected roles

a) Ministry of MSME

The Ministry of MSME shall create an enabling environment and assist its partners in achieving the objectives of the scheme by:

- i) Providing the approved guidelines for the development of various strategies and frameworks
- ii) Monitoring, evaluation and necessary approvals.
- iii) Creating a PMU for smooth operations and coordination.
- iv) Identifying and partnering with Implementing Agencies for implementation of Lean Scheme.
- v) Co-ordinating with various Ministries/Departments/States and other stakeholders regarding the Lean Scheme, including obtaining relevant consents/approvals wherever needed.
- vi) Ensuring Nation-wide Media/PR activities for wide publicity of the Lean Scheme.
- vii) Instituting incentives for MSMEs implementing Lean Scheme.
- viii) Developing synergies with States/ UTs and DICs to take forward the scheme into underserved and un-served sectors, clusters, industrial units.

b) Implementing Agencies:

Implementation of the Lean Scheme will be carried out through Quality Council of India (QCI) and National Productivity Council (NPC), who will work as Implementing Agencies (IAs).



These IAs will co-ordinate with MoMSME to enable effective implementation of MSME Competitive (Lean) by:

- i) Nominating a Nodal Officer for effective coordination with the Ministry.
- ii) Developing Lean Scheme monitoring and implementation mechanism, dedicated digital platform, E-learning modules, etc.
- iii) Developing mechanism for handholding of MSME units and on boarding of consultants for the same.
- iv) Training of Stakeholders on the Lean Scheme
- v) Performing as an Implementing Agency (IA)

c) Organisations under the administrative control of MoMSME & the office of DC-MSME

These organisations (such as MSME-DFOs, Technology Centres, Testing Centres, NIMSME and others) will enable effective implementation of the Lean Scheme by:

- i) Nominating a Nodal Officer for effective coordination with the Ministry
- ii) Creating a mechanism for widespread dissemination of information on this initiative through its offices and assisting maximizing awareness & outreach of Lean Scheme Guidelines to enroll MSMEs on the Lean journey
- iii) Assisting the Ministry in capacity building of the industry
- iv) Assisting the Ministry in institutionalizing incentives for MSME units availing Lean Scheme
- v) Assisting in milestone assessment along with Implementing Agencies (IA's)

d) State Governments

- i) Nominate a Nodal Officer for effective coordination with the Ministry
- ii) Activate all DICs & related divisions/offices under its administrative control/purview and sensitize them on Lean Scheme with the assistance of Implementing Agencies
- iii) Create a mechanism for widespread dissemination of information on this initiative through its divisions/offices in the State and assist the Ministry of MSME in maximum awareness & outreach of the Lean Scheme guidelines and urging the MSMEs to join the Lean journey
- iv) Assist the Ministry in capacity building of the Industry in their State
- v) Incorporate Lean Scheme guidelines as a part of their respective Industrial policy
- vi) Extend graded benefits (that come under the purview of the State) to MSMEs that have implemented Lean tools and techniques under Lean Scheme.



e) Lean Consultants

- i) Preparation of Diagnostic Study Report (DSR) and Action Plan.
- ii) Providing Remote / Onsite handholding to MSMEs for Lean implementation.
- iii) Maintenance of record of Lean implementation activities carried out in units.
- iv) Preparation of case studies, progress reports of GoEs and any other report as desired from time to time by the MoMSME.
- v) Any other task as advised by the MoMSME

f) OEMs and Industrial Associations

Ministry of MSME will identify and partner with OEMs and Industrial Associations for:

- i) Disseminate information amongst its MSME members and assist the Ministry in creating awareness & outreach of the Lean Scheme
- ii) Motivating MSMEs to apply for Lean scheme
- iii) Ensure the MSMEs joining the Lean Scheme to complete the journey

g) Micro, Small & Medium Enterprises

- i) Undergo Awareness Programmes & Training for a better understanding of the Lean Scheme guidelines
- ii) Exhibit intent and commitment towards improving their systems and processes so as to achieve higher lean implementation level in their unit

h) Other Ministries & Departments

- i) Explore benefits/incentives relevant to their respective Ministry/Department for MSMEs who undertake lean implementation
 - ii) Explore extending preference in procurement to Lean Implemented MSMEs
-



4.0 Scheme Implementation (*Implementation Mechanism*)

A. Lean Pledge

- a) Every MSME that embarks on the journey of Lean Scheme will have to take “Lean Pledge” (**Annexure -1**) before submitting its application.
- b) After taking “Lean Pledge”, MSME can apply for implementation of Lean Tools and Techniques. Every MSME embarking on the journey of Lean Scheme must submit an undertaking as per **Annexure -2**.

B. Basic Level-2 Months

- a) The BASIC Level can be achieved by MSMEs individually, without forming any cluster/ group and is aimed at motivating them and creating awareness about the principles & benefits of Lean manufacturing.
- b) Subsequent to taking Lean Pledge, the MSME will register itself for the Lean BASIC Level through the dedicated online portal of the scheme.
- c) This will be achieved through self-paced learning with the help of online Module developed and hosted on dedicated Lean Scheme portal.
- d) There will be a provision of online technical support for MSMEs in case of clarification of doubts in the online module.
- e) The MSME will ensure dissemination of the learnings achieved after undergoing the BASIC Level module to an adequate number of employees for sustenance and continuation.
- f) **Basic level is free of cost for MSMEs.**



Certificate Validity: The validity of the certificate is for a period of 03 years. The applicant will have to apply afresh in order to continue availing associated benefits/ incentives as per the validity of the scheme.

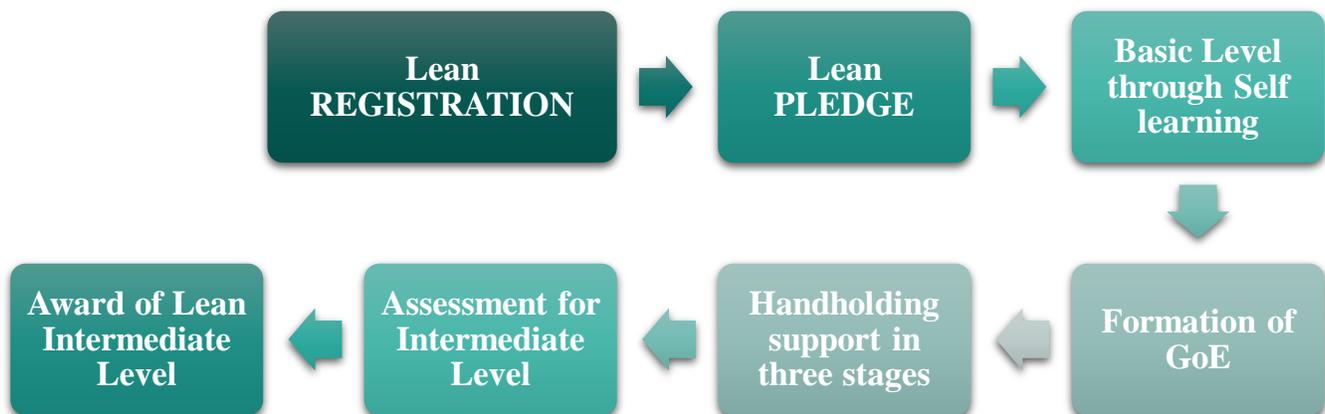


C. Intermediate Level

- After completion of BASIC Level MSMEs would be eligible for applying for Intermediate Level through the dedicated online portal of the scheme
- For achieving the Intermediate Level, the eligible MSMEs will have to form a Group of Enterprises (GoE).
- Intermediate Level encompasses application of Lean tools and techniques through onsite handholding provided by the designated consultant.
- The cost of implementation of the Intermediate level is up to Rs. 1.2 Lakh (excluding taxes) per unit. The details of financial assistance are available at para 9.0.
- The three stages through which the Intermediate Level will be achieved are given in the table below:

Implementation Mechanism – Intermediate Level	
Duration	6 Months*
Implementation Phases	3 Phases
Duration of Phases	2 months each
1st Stage	DSR and Action Plan
2nd Stage	Implementation
3rd Stage	Final and Last Stage of Implementation
Note	Minimum onsite holding of 12 -14-man days per unit of GoE

* From the date of signing of Tri-Partite Agreement (TPA)



Certificate Validity: The validity of the certificate is for a period of 03 years subject to surveillance audit at the end of 18 months. The applicant will have to apply afresh in order to continue availing associated benefits/ incentives as per the validity of the scheme.

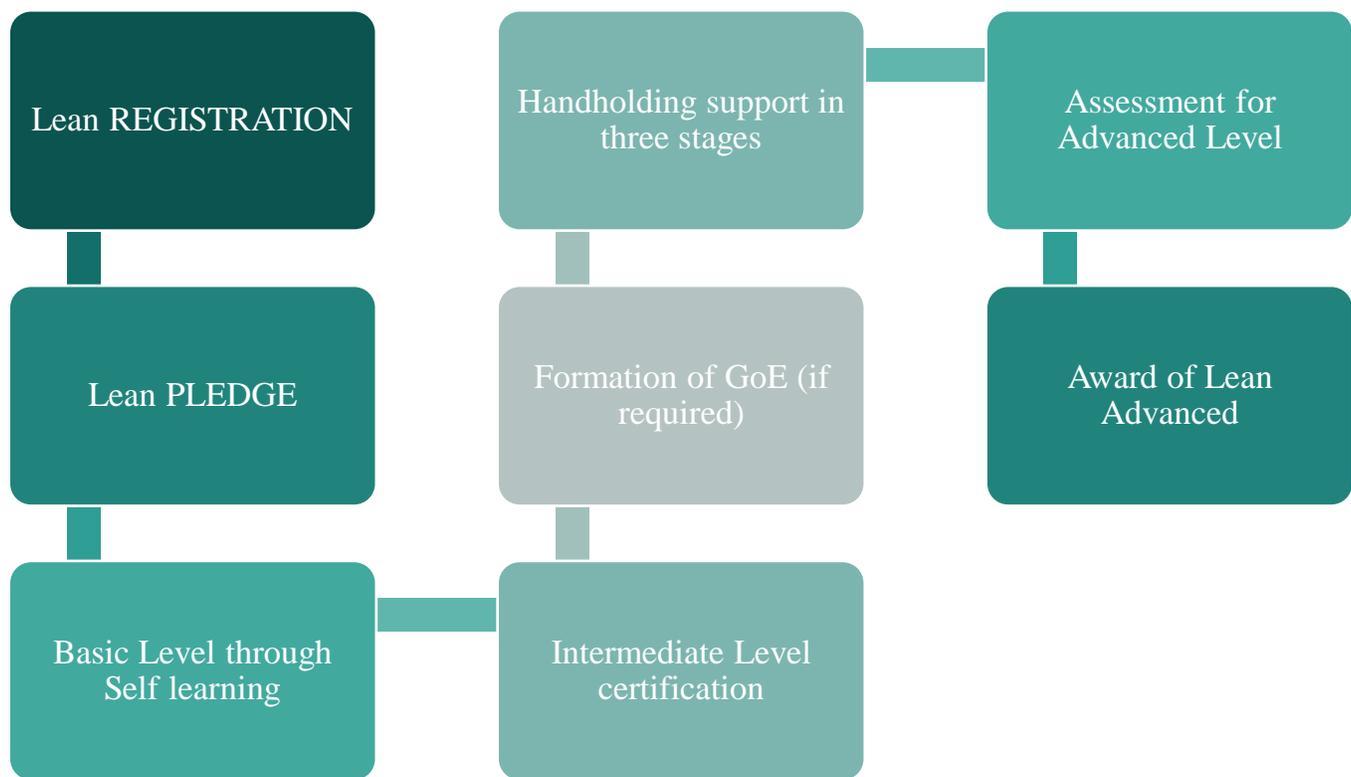


D. Advance Level

- After completion of Intermediate Level MSMEs would be eligible for applying for Advanced Level through the dedicated online portal of the scheme.
- For achieving the Advanced Level, the eligible MSMEs will have to form a Group of Enterprises (GoE).
- Advanced Level encompasses application of Lean tools and techniques through onsite handholding provided by the designated consultant.
- The cost of implementation of Advanced level is up to Rs. 2.4 Lakh (excluding taxes) per unit. The details of financial assistance are available at para 9.0.
- The three stages through which the Advanced Level will be achieved are given in the table below:

Advanced Level	
Duration	12 months*
Implementation Phases	3 Phases
Duration of Phases	1 st Stage (2 months); 2 nd Stage (5 months); 3 rd Stage (5 months)
1st Stage	DSR and Action Plan
2nd Stage	Implementation
3rd Stage	Final and Last Stage of Implementation
Note	Minimum onsite holding of 24–26-man days per unit of GoE

** From the date of signing of Tri-Partite Agreement (TPA)*



During the Advanced Stage units forming a GoE may choose to continue with same GoE/ Consultant or may form a new GoE/appoint a new consultant with the approval of PMAC based on the recommendation of Implementing Agency (IA).

Lean Certificate Validity: The validity of the certificate is for a period of 03 years subject to surveillance audit at the end of 18 months. The applicant will have to apply afresh in order to continue availing associated benefits/ incentives as per the validity of the scheme.

- i. The details of the topics covered in each certification level of Lean Scheme are available at **Annexure -3.**



E. Group of Enterprises (GoE)

A Group of Enterprises will comprise at least 4 and up to 10 MSMEs located within an identifiable, and as far as practicable, contiguous area and manufacturing same/similar products. However, MSMEs manufacturing dissimilar products may also be allowed to form Group of Enterprises (GoE).

<i>Level</i>		<i>Individual/ (GoE)</i>	<i>Mode and Duration</i>
Level -1	Basic Level	MSME as Individual Units	Self – learning Phase through e- learning module <u>Duration up to 2 Months</u>
Level -2	Intermediate Level	MSMEs as Group of Enterprise (GoE).	Self – learning Phase through e- learning module and Handholding <u>Duration up to 6 months</u>
Level -3	Advanced Level	MSMEs as Group of Enterprise (GoE).	Handholding Phase: <u>Duration up to 12 months</u>

Formation of GoE: The eligible MSMEs would be required to form a Group of Enterprises (GoE) for applying for intermediate and Advanced Levels. The following are the stages for the formation of GoE:

- (i) Identification of MSMEs by IAs.
- (ii) Signing of MoU amongst the identified MSMEs.
- (iii) Selection of a Nodal Officer and Power of Attorney.
- (iv) Applying through online portal for registration of GoE.
- (v) Forwarding of proposals of eligible GoEs by IAs after scrutiny to Ministry of MSME.
- (vi) Approval of GoE by PMAC.



F. LEAN Manufacturing Consultant (LMC)

Lean Consultant will provide, inter-alia, remote/ onsite handholding to MSMEs for Lean implementation, maintenance of record of Lean implementation activities carried out in units and preparation of case studies, progress report of GoEs, and any other reports as desired from time to time by the MoMSME.

The procedure for empanelment and selection of Lean consultant is as below:

Empanelment:

- (a) The criteria for empanelment of Lean consultants would be developed by the IAs, which will be approved by the PMAC.
- (b) The criteria so developed must facilitate the selection of consultants having adequate expertise, knowledge, training & consulting skills, experience and adequate territorial presence etc.

Selection:

- (a) IAs would develop criteria for the selection of Lean consultants which will be approved by PMAC.
- (b) The Lean consultants which have been empanelled would be selected for the GoE for carrying out the implementation of Lean activities.
- (c) The IAs would carry out the selection process through a competitive bidding process ensuring fair and transparent selection as per GFR/ CVC norms. The consultant so selected shall be approved by the PMAC.
- (d) IAs would develop criteria for monitoring/ evaluating the performance of the consultants. In case of unsatisfactory performance/ withdrawal/ any unforeseen circumstances leading to the change of consultants, the IAs would ensure the approval of PMAC before doing the same.
- (e) A Tri-Partite agreement shall be signed amongst GoE, IA and the approved Lean Consultant.
- (f) IAs shall ensure the same Lean consultant is not selected for more than 01 GoE at a time.



5.0 Monitoring Mechanism

a) Basic Level

Duration	2 Months
Monitoring Mechanism	This will be achieved through self- paced learning with the help of online Module Developed for the same. Monitoring of Basic Level Certification will be based upon online assessment examination at the end of the Basic Level self-paced learning modules. Subsequent to successful completion of the online assessment examination, the MSME Unit will be eligible for the Basic Level Certification.

b) Intermediate Level

Duration	6 Months
Monitoring Mechanism	a) 1 st Stage (DSR Stage): Online by Implementing Agency b) 2 nd Stage: Online by Implementing Agency c) 3 rd Stage: Physical by Implementing Agency along with MSME DFO Official

c) Advanced Level

Duration	12 Months
Monitoring Mechanism	a) 1 st Stage (DSR Stage): Online by Implementing Agency b) 2 nd Stage: Online by Implementing Agency c) 3 rd Stage: Physical by Implementing Agency along with MSME DFO Official

Note:

- At Intermediate level, consultant will be provided a grace period of 3 months for completion of work at Intermediate Level; while at Advanced Level, consultant will be provided a grace period of 6 months for completion of work at Advanced Level
- MSME DFO offices need to appoint SPOC for interaction with Implementing Agency



- c. MSME DFO offices are expected to provide date for assessment within 7 working days of receipt of request for date from Implementing Agency. In absence of receipt of date from MSME DI office within 7 working days of receipt of request, Implementing Agency can proceed to carry the audit of designate GoE with intimation to MSME DI office.
- d. Implementing Agency will be submitting assessment report of stages available for scrutiny by Mo MSME through online mode.
- e. MoMSME is free to conduct surprise assessment of GoE allocated to Implementing Agency for assessing the ground realities of implementation in GoE.
- f. Monitoring will be carried out in all three Stages for verification of achievement of targets in each stage through a mix of virtual and on-site monitoring mechanisms.

6.0 MSME Competitive (Lean) Scheme Activities

a) Awareness & Training

The activities in this component will leverage the already existing partnerships of the Ministry of MSME with other public/private organisations and also explore to forge new partnerships so as to enable a more conducive environment for MSMEs which are on the Lean Journey.

Following activities shall be organised by the stakeholders:

S.No	Type of Programme	Deliverables	Amount limit
1.	Industry Awareness Programmes /Workshops / Registration Camps	Half-day workshops. Minimum 50 participants. Minimum 15 (new) Pledges.	Webinar: Rs. 40,000/- Face to Face: Rs. 70,000/-
2.	Training of officials of MSME- DFOs, MSME- Testing Centres, Technology Centres, Design Incubation Centres, IPFC, etc.	5-Day training programme ~20-25 participants per training	Virtual: Rs. 60,000/- per day Face to Face: Rs. 1 Lakh per day (Prorated for both modes)
3.	Consultants/Assessors/Master Trainers' Training	5-Day training programme ~20-25 participants per training	Virtual: Rs. 60,000/- per day Face to Face: Rs. 1 Lakh per day (Prorated)

The Annual targets will be allocated by the PMAC based on the industry requirements.



b) International Benchmarking and Learning Best Practices and Foreign Travels/Delegations, International Trainings related to MSME Competitive (Lean) Certification

Adoption of world class practices for Lean implementation is required for effective implementation of MSME Competitive (Lean) Certification. To facilitate learning of relevant world class practices, proposal(s) relating to the activity will be prepared by IAs, which will be considered on case-to-case basis on its merit. IA will submit a report regarding the findings of the visit that will be shared with stakeholders. The PMAC will approve the finer details and financial requirements.

c) Marketing and Other Initiatives

- i. Nationwide prolonged Awareness Campaigns through Print / Electronic Media shall be undertaken to reach entire industrial belts of the country in vernacular languages.
- ii. Animated Audio/Video developed on the Knowledge repository on 'Lean Tools and Techniques' for showcasing 'Body of Knowledge' to be dissipated for enhancing 'Trained manpower' on Lean for the industry as well as academia.
- iii. A portal shall be developed for the scheme implementation and monitoring. This portal shall also contain the e-learning modules developed for all three levels of the scheme.

7.0 E-Certificate

- a) E- Certificate towards participation under the scheme will be issued by MoMSME after completion of Basic Level, Intermediate Level, and Advanced Level.
- b) The Implementing Agencies (IA) will establish a mechanism for the issue of Certifications which is verifiable and authentic.
- c) The list of MSMEs that have taken the Lean Pledge and achieved any Lean Implementation Level will be displayed on the Lean Scheme portal.

8.0 Benefits/ Incentives

Graded incentives will be announced for MSMEs so as to motivate MSMEs to participate in the Scheme. Details attached as **Annexure -4**.



9.0 Financial Assistance for MSME Units

	Basic Level	Intermediate level	Advanced Level
Implementation Cost (Max. per unit)	Free	₹ 1,20,000 + Taxes	₹ 2,40,000 + Taxes
Beneficiary Contribution	-	10% of Total Cost of Implementation i.e., up to ₹ 12,000 + Taxes per unit (Max.)	10% of Total Cost of Implementation i.e., up to ₹ 24,000 + Taxes per unit (Max.)
GOI Contribution	-	MSME unit will be entitled for up to ₹ 1,08,000 (max.) towards the Implementation cost (Taxes Extra)	MSME unit will be entitled for up to ₹ 2,16,000 (max.) towards the Implementation cost (Taxes Extra)
Additional Benefit	-	<p>a) Additional 5% GOI contribution for MSMEs which are part of SFURTI Clusters, Woman/SC/ ST owned, NER located MSMEs.</p> <p>b) OEM/ Industry Association route</p> <p>(i) Additional 5% GoI contribution shall be given to the MSMEs registering through Industry Association/ OEM after completion of all levels.</p> <p>(ii) ₹ 5000/ per MSME shall be given to OEM/ Association after completing all stages of lean intervention.</p> <p>(iii) For availing this benefit MSME unit need to mention on while applying – Applying under Original Equipment Manufacturer (OEM) or Applying under Industry Association (IA).</p>	



10.0 Implementation Arrangements

The Ministry of MSME will implement the Scheme with the assistance of Implementing Agencies (IA) and **organisations under the administrative control of MoMSME & the office of DC-MSME**. IAs will be paid 15% as implementation charges (inclusive of all taxes) on the GoI grant released to MSMEs in respect of the activities mentioned under para 9.0.

- a) A Project Monitoring and Advisory Committee (PMAC) set up in the O/o DC (MSME) will look after the planning, screening / identification of interventions / projects and such other functions as may be necessary to ensure effective implementation of the scheme. All proposals under the scheme will be received by IAs and submitted to PMAC for approval.

The constitution of PMAC will be as follows:

1.	AS & DC (MSME)	Chairman
2.	Joint Secretary, O/o DC (MSME)	Vice Chairman
3.	EA (IFW)/Representative	Member
4.	ADC/JDC In-charge of MSME-DFOs/TCs at O/o DC (MSME)/Representative	Member
5.	Representative of Ministry of Heavy Industries	Member
6.	Representative of DPIIT	Member
7.	Representative of PMU	Member
8.	Representative of Industry Associations/OEMs	Member
9.	Representative of Implementation Agencies of the Scheme	Member
10.	Special invitees/experts/consultants	Member
11.	Director/Nodal officer handling scheme in MoMSME	Member – Secretary

- b) The Ministry of MSME will implement the Lean Schemewith the assistance of Implementing Agencies and will institute suitable monitoring & fund-flow mechanism. Details of the same will be decided by the PMAC.
- c) The PMAC will have overall responsibility for policy formulation for scheme implementation and monitoring agency. It will be empowered to take all key decisions related to the scheme and



also approve minor modifications for operational expediency. PMAC will hold its meeting as and when required.

- d) **PMU:** A Project Monitoring Unit (PMU) shall be setup to take care of facilitation, implementation and monitoring of the scheme involving Implementing Agencies (IAs) in accordance with established procedure.
- e) **Implementing Agencies:** Ministry of MSME will identify and engage an Implementing Agency (IA). O/o DC (MSME) and its field institutions that are MSME Development and Facilitation Offices, Technology Centres, Testing Centres/Central Government/State Government and its organizations shall also be a part of the implementation.



Lean Pledge

(This will be an online pledge/commitment)

Owner/Partner Name: _____

Enterprise Name: _____

Udyam Registration No. : _____

Unit Address: _____

Lean- ID: _____

*(The above details will be extracted from the Udyam Registration/MSME Competitive
(Lean) Scheme Registration validation)*

1. We undertake to conform to the Principles of Lean Manufacturing in our enterprise and thereby towards elimination of wastes in processes through implementation of Lean Tools and Techniques.
2. We will work towards delivering safe and high-quality products
3. We will give back, in every way we can, to our people, our community and to our planet.

Undertaking

(This will be an online undertaking)

Owner/Partner Name: _____

Enterprise Name: _____

Udyam Registration No.: _____

Unit Address: _____

Lean- ID: _____

*(The above details will be extracted from the Udyam Registration/MSME Competitive
(Lean) Scheme Registration validation)*

I/We understand that the MSME Competitive (Lean) Scheme is voluntary and recognize the authority of the Ministry of MSME, Government of India, in issuance of any Level.

I/We hereby give our commitment to complete the entire Lean Scheme journey as per the guidelines. By proceeding I/We certify that my/our Enterprise/Unit complies with & fulfils all relevant & applicable regulatory & statutory norms/licenses pertaining to the functioning of this manufacturing unit. If not, then efforts will be taken to fulfil those regulatory/statutory requirements by me/us. If at any stage the Enterprise/Unit is found to be non-compliant with any relevant/applicable regulatory & statutory norms, the competent authority will have the right to recall/withdraw any or all reports or Level Issued.



Coverage of Topics

Basic Level

- a. Topics related to existence of organization – Voice of Customer, Voice of Business, Employee Involvement. Current Working Environment for Organization
- b. Basic Concept of Lean
- c. Linkages with Lean /Quality Guru
- d. Conceptual Knowledge on Lead Time, Takt Time, Waste, Value Added, Non-Value-Added Activities
- e. Typical Diagnostic Study Report
- f. Concept of 5S, Kaizen, Visual Management, Value Stream Mapping
- g. Introduction of basic concepts related to Industry 4.0 & Lean Six Sigma

Intermediate Level

- a. Daily 5S; 5S Pledge
- b. Daily Work Management
- c. 8 Waste Awareness Workshop; 8 Waste Identification
- d. Kaizen
- e. Visual control; SOP
- f. Awards and Recognition system within Units

Advance Level

- a) Continuation of practices installed or initiated at basic level.
 - i. 5S
 - ii. Kaizen
 - iii. Visual Control
 - iv. SOP
- b) Application of following concept in units based on capability and maturity of unit (at least 7 tools)
 - i. JIT – Kanban
 - ii. VSM – Cross Functional VSM
 - iii. Line Balancing,



- iv. Takt Time,
- v. Process Capability,
- vi. SMED,
- vii. Preventive Maintenance,
- viii. 7 QC tools.
- ix. Poka Yoke,
- x. Cellular Layout,
- xi. Flow of Manufacturing - Single Piece Flow Manufacturing,
- xii. Product Process Matrix,
- xiii. Skill Mapping, (Multi Skilling, Multi-Tasking)
- xiv. TPM
- xv. Low Cost Automation (Jidoko)
- xvi. Hinjunka

c) Concept of Inventory Management / Reduction (Mandatory Project)

d) Introduction of Six Sigma Concept

e) Introduction of Industry 4.0 /Digital Lean Concept

Note:

1. Training shall not be taken as an independent project; it should be a mandatory component under projects taken.
2. The tools stated above are illustrative and non-exhaustive.
3. The selection of the tools will be based on the requirement of MSME units towards implementation of the Certification Levels.



Benefits/ Incentives

Beneficiaries of the MSME Competitive (Lean) Scheme may also take benefit of the interoperability envisaged within the schemes under MSME Champions Scheme of the Ministry of Micro, Small and Medium Enterprises, subject to fulfillment of desired conditions/ parameters.

Examples of such benefits are listed below:

- MSME Competitive (Lean) Scheme, **Advance Level Certification** holder is exempted from Daily Works Management Parameter of the MSME Sustainable (ZED) **Silver Level Certification**.
- MSME Competitive (Lean) Scheme, **Advance Level Certification** holder is exempted from Daily Works Management and Waste Management (Muda, Mura, Muri) Parameters of the MSME Sustainable (ZED) **Gold Level Certification**.

**(This list is evolving; detailed incentives may be found on
www.msmecompetitive.gov.in)**



Leans Tools & Techniques

Lean Tools and Techniques are a tested and proven methodology for improving the competitiveness of MSME sector. Main Lean-C tools & techniques are mentioned below (but not limited to):

1. **5S System**

The 5S systems is a workplace management which helps in getting the “junk out of the work area and set of procedures to keep it that way. 5S stands for Sort, Set in Order, Shine, Standardize & Sustain.

2. **Visual Control**

Visual controls such as cartoons, charts, light signals, Lane marking on floor, Safety instructions, Warning signs, Poka-Yoke instructions etc., can be displayed all over the workplace.

3. **Standard Operating Procedures (SOPs)**

All verbal instructions should be converted to SOPs to remove dependency on skilled personnel in achieving required product quality level, consistency, effectiveness and efficiency.

4. **Just in Time (JIT)**

It's a Japanese manufacturing philosophy to make the right product in right quantity at the right time. This almost results in zero inventory and shortest possible cycle time.

5. **KANBAN System**

In this, components are pulled by assembly or subsequent work centers and the containers are replenished with the right quantities by the previous work center, which reduces the inventory of unwanted components.

6. **Cellular Layout**

In this improved manufacturing system, familywise component completion is aimed at within the smaller self-contained cell, which is a part of a big factory, as compared to operation wise completion in traditional functional layout.

7. **Value Stream Mapping**

It covers all activities, both value added and non-value added, and helps in arriving at best layout of all resources required for making the product.



8. PokaYoke or Mistake Proofing

It is again a Japanese technique used to prevent errors occurring at their source of origin, and it finally leads to a “Zero Defect” situation.

9. Single Minutes Exchange of Dies or Quick Changeover (SMED):

Applying ingenious methods, setup time is minimized and brought to less than ten minutes; thereby smaller batches as required by the customer can be taken up for manufacturing.

10. Total Productive Maintenance (TPM)

TPM involves operators, maintenance staff and management working together to improve overall operation of any equipment. Operators, who first identify noisy or vibrating motors, oil or air leaks, can be trained to make simple repairs to prevent major and costly break downs.

11. Kaizen Blitz or Rapid Improvement Process:

It is an intense management programme, which results in immediate change and bottom-line improvement. Both management staff and workers are involved in this.

12. 7 QC Tools

The 7 QC tools are fundamental instruments to improve the process and product quality. They are used to examine the production process, identify the key issues, control fluctuations of product quality, and give solutions to avoid future defects.

13. Jidoka (Low-Cost Automation)

Design equipment to partially automate the manufacturing process (partial automation is typically much less expensive than full automation) and to automatically stop when defects are detected. After Jidoka, workers can frequently monitor multiple stations (reducing labour costs) and many quality issues can be detected immediately (improving quality).

14. Hinjunka (Level Scheduling)

A form of production scheduling that purposely manufactures in much smaller batches by sequencing (mixing) product variants within the same process. It reduces lead times (since each product or variant is manufactured more frequently) and inventory (since batches are smaller).
