

Note on LMCS Scheme

Introduction

Worldwide, micro, small and medium enterprises (MSMEs) have been accepted as **the engine of economic growth and for promoting equitable development**. MSMEs constitute over 90% of total enterprises in most of the economies and are credited with **generating the highest rates of employment growth** and account for a **major share of industrial production and export**.

Scenario of Indian economy is not different from the economies of rest of world. Micro, Small and Medium Enterprises are the backbone of the Indian economy. MSME is the second largest employment generation sector after Agriculture.

The Micro, Small and Medium Enterprises (MSMEs) are a vital part of the Indian economy contributing to over 45% of Industrial production and around 40% of the total exports. MSMEs are the largest contributor in terms of employment generation in the manufacturing sector. MSMEs are present as part of the value chain in almost all distinguished industry sectors like automotive industry, garments and textile industry, leather industry etc.

Recognizing the importance of overall economic growth of a country and the need for enhancing its productivity, competitiveness and employment generation, many countries have initiated institutional mechanism for a national approach on manufacturing.

The Development Commissioner, Ministry of Micro, Small and Medium Enterprises (DC-MSME), Govt. of India is implementing the Lean Manufacturing Scheme for the benefit of Micro, Small and Medium Enterprises.

The objective of the scheme is to enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) Techniques. The general approach involves engagement of Lean Manufacturing Consultant (LMC) to work with selected MSMEs in the chosen clusters with financial support by the Government.

➤ Completed Clusters have testified savings of more than Rs. 60 crores across the clusters

Major Problems Faced by MSME Sector

Some of the major challenges faced by MSME sector are as follows

- **Sub -Optimal Scale of Operation**
- **Technological Obsolesce**
- **Supply Chain Inefficiencies**
- **Limited Capital and Knowledge**
- **Demand of product**
- **Complicated Regulatory Policies for Starting a Business**

As matter of fact in whole production process i.e. total lead time, it has been found that more than 95% activity being carried in manufacturing set up are non-value added activity.

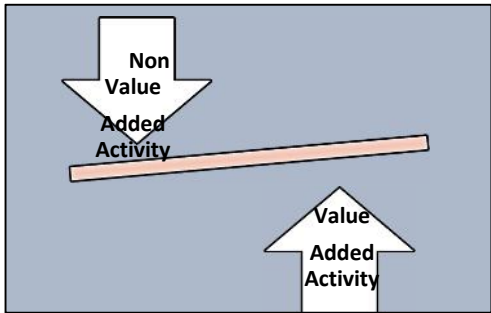
Typically >95% of Total Lead Time is Non-Value Added!!

RUN TIME	Order Processing, Transport, Storage, Waiting, Re Work, Machine Set Up, Inspection, Machine Breakdown etc.
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LEAN:

*A systematic approach to identifying and eliminating waste (**non-value-added activities**) through continuous improvement by flowing the product at the pull of the customer in pursuit of perfection.*



Non-value added is an activity that takes time, resources or space, but does not add to the value of the product or service itself.

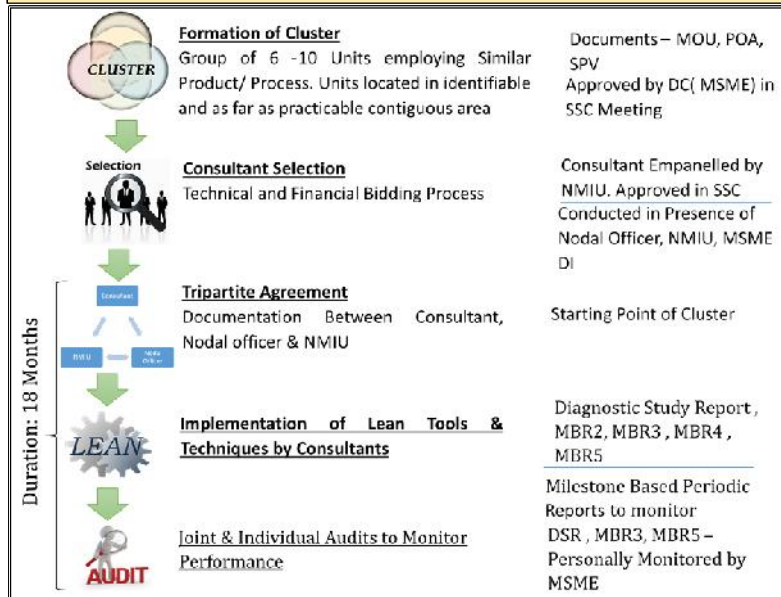
Value-added is an activity that transforms or shapes raw material or information to meet customer requirements.

Benefits of Lean

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| <ul style="list-style-type: none"> ➤ Quality performance, fewer defects and rework (in house and at customer) ➤ Fewer Machine and Process Breakdowns ➤ Lower levels of Inventory ➤ Greater levels of Stock Turnover ➤ Effective utilization of space | <ul style="list-style-type: none"> ➤ Higher efficiencies, more output per man hour ➤ Improved delivery performance ➤ Greater Customer Satisfaction ➤ Improved employee morale and involvement ➤ Improved Supplier Relations ➤ Higher Profits! |
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Lean Manufacturing Competitiveness Scheme

Scheme in Brief



80% cost of implementation of lean tools & techniques - borne by Ministry of Micro, Small and Medium Enterprises (MSME); 20% cost is borne by Industry

Key Achievements (PAN India)

- 216 Clusters formed
- 300 Awareness Programs conducted
- 35 Clusters successfully completed
- **Completed Clusters have testified savings of more than Rs. 60 crores across the clusters**

Scale (Investment in P&M - Manufacturing Units)	No Of Units	Total Savings lakhs	Savings Per Unit (Lakhs)	Investment in P&M Per Unit (Lakhs)	% Savings/Per Unit Investment
Micro (< 0.25 Cr)	47	₹624.00	₹13.28	₹14.8	89.9%
Small (< 0.25 Cr & < 5 Cr)	204	₹634.32	₹31.09	₹183.4	17.0%
Medium (< 5 Cr & < 10 Cr)	24	₹114.54	₹47.73	₹750.2	6.4%
	275	₹811.26	₹29.50	₹204.0	14.5%



BEFORE



AFTER

Initially inventory on shop floor was kept in haphazard manner. After applying 5S, it was properly sorted, segregated and proper location to sustain it was deployed.



BEFORE



AFTER

Fabric Section was made to focus on the improvement of the overall shop floor bringing in practices for systematic disposal of material and cleaning

For more details on the scheme, please contact

- a) O/o DC-MSME, Ministry of Micro, Small and Medium Enterprises - website: www.dcmsme.gov.in, and
- b) National Accreditation Board for Education and Training (NBAET) - website : <http://nabet.qci.org.in/MSME/>