



Zero Defect Zero Effect Scheme

Why in News

According to the recent data, as many as **23,948 [Micro, Small and Medium-sized Enterprises \(MSMEs\)](#)** had registered with intent to adopt the principle of the **[Zero Defect Zero Effect Scheme \(ZED\)](#)**.

Key Points

▪ About the Scheme:

- **Launched in 2016 by the Ministry of MSME**, the scheme is an integrated and comprehensive certification system.
- The **scheme accounts for productivity, quality, pollution mitigation**, energy efficiency, financial status, human resource and technological depth including design and IPR in both products and processes.
- Its mission is to **develop and implement the 'ZED' culture in India** based on the principles of Zero Defect & Zero Effect.
- **Zero Defect:**
 - The Zero defect concept is focusing on the customer.
 - Zero non-conformance or non-compliance
 - Zero waste
- **Zero Effect:**
 - Zero **air pollution**, liquid discharge, solid waste
 - Zero wastage of natural resources

▪ ZED Certification\Rating:

- The Rating is a **weighted average of the marks** obtained on each parameter.
- The MSMEs will be assessed & rated on defined enabler & outcome parameters on operational level indicators and organisational level indicators at the operational level.
- Based on the assessment, the MSME will be **ranked as Bronze-Silver-Gold-Diamond-Platinum enterprises**.
- There are **50 parameters for ZED rating** and additional 25 parameters for ZED Defence rating under ZED Maturity Assessment Model.

▪ Objective of the Scheme:

- **To develop an Ecosystem** for Zero Defect Manufacturing in MSMEs.
- **To promote adaptation of quality tools/systems** and energy efficient manufacturing. Enable MSMEs for manufacturing of quality products.
- **To encourage MSMEs to constantly upgrade** their quality standards in products and processes.
- **To develop professionals** in the area of ZED manufacturing and certification.
- To support the **'Make in India' campaign**

▪ Implementation Agency of the Scheme:

- **Quality Council of India (QCI)** has been appointed as the National Monitoring & Implementing Unit (NMIU) for implementation of ZED.

- The **Quality Council of India (QCI)** is a non-profit organization registered under the **Societies Registration Act of 1860.**

▪ **Other Initiatives to Promote MSMEs Sector:**

- [Prime Minister's Employment Generation programme \(PMEGP\)](#)
- [Scheme of Fund for Regeneration of Traditional Industries \(SFURTI\)](#)
- [A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship \(ASPIRE\)](#)
- [Interest Subvention Scheme for Incremental Credit to MSMEs](#)
- [Credit Guarantee Scheme for Micro and Small Enterprises](#)
- [CHAMPIONS portal](#)

MSMEs & Indian Economy

- They are the **growth accelerators of the Indian economy**, contributing about 30% of the country's [Gross Domestic Product \(GDP\)](#).
- **In terms of exports**, they are an **integral part of the supply chain** and contribute about 48% of the overall exports.
- MSMEs also **play an important role in employment generation**, as they employ about 110 million people across the country.
- Interestingly, **MSMEs are intertwined with the rural economy** as well, as more than half of the MSMEs operate in rural India.

What's MSME

Revised Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

[Source: PIB](#)

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