

Benefits of ZED Certification for MSMEs

[Benefits/Incentives | ZED - Zero Defect Zero Effect \(msme.gov.in\)](http://msme.gov.in)

A. Provisions for ZED certified Units by Financial Institutions and Banks

Financial institutions and nationalized banks primarily offer concessions on processing fees and interest rates, which are applicable in across all states

Incentives by Financial Institutions/Banks						
	Banks	Provisioning By Banks		Applicable to Certification Type		
		Concession in Processing Fees	Concession in Interest Rate	Bronze	Silver	Gold
1.	ICICI Bank Limited		25%	N.A	Yes	Yes
2.	YES Bank Limited	50%	0.5%	Yes	Yes	Yes
3.	ESAF Small Finance Bank	50%	1%	Yes	Yes	Yes
4.	Fusion Microfinance	0.5%	0.5%	Yes	Yes	Yes
5.	Punjab National Bank	50%	.10%	N.A	N.A	Yes
		Concession as per the Level of Certification				
6	State Bank of India	Processing Fees		5%	15%	25%
		Interest Rate		.05%	.15%	.25%
7	Central Bank of India	Processing Fees		.5%	.75%	1%
		Interest Rate		N.A	.25%	.50%
8.	Bank Of Maharashtra	Processing Fees		25%	25%	25%
		Interest Rate		.25%	.25%	.25%
9.	HDB Financial Services	Processing Fees		30%	50%	75%
10.	Bank Of Baroda	Processing Fees		25%	25%	25%
		Interest Rate		N.A	.25%	.25%
11.	Federal Bank Of India	Processing Fees		5%	10%	15%
		Interest Rate		.2%	.3%	.5%
12.	AU Small Finance Bank	Processing Fees		20%	33.33%	50%
		Interest Rate		1%	1.75%	2.25%
13.	Canara Bank	Processing Fees		10%	25%	50%
		Interest Rate		.10%	.20% - .25%	.30% - .50%
14.	SIDBI	Processing Fees		5%	15%	25%
		Interest Rate		.05%	.15%	.25%
15	UCO Bank	Processing Fees		5%	15%	25%
		Interest Rate		.25%	.35%	.45%

B. Benefits for ZED Certified Units in UP MSME Policy 2022

As per the MSME Policy 2022, MSME's are encouraged for manufacturing of quality products, so that they attain various quality parameters such as Zero Effect Zero Defect (ZED) etc . Against this, MSME Policy 2022 offers following financial benefits to the certified units.

Components of Benefits	Micro Enterprise		Small Enterprise		Medium Enterprise	
	Percentage of Total Cost	Max Limit (Rs Lakh)	Percentage of Total Cost	Max Limit (Rs Lakh)	Percentage of Total Cost	Max Limit (Rs Lakh)
Cost of certification or approved cost by third party testing	75%	5.00	50%	5.00	25%	5.00
Setting of Laboratory along with the cost of procurement of Testing Equipment	75%	5.00	50%	5.00	25%	5.00
Cost of IT system acquisition	75%	2.00	50%	2.00	25%	2.00
Cost of qualification and mandatory training of employes	75%	.50	50%	.50	25%	.50

C. Provisions for ZED Certified Units by Ministry for Micro, Small and Medium Enterprises.

- Financial assistance upto 75% of the total cost of testing or management systems or product certifications with maximum ceiling of Rs 50,000/-.
- Financial assistance of upto Rs 3 Lakh for technology upgradation from moving towards Zero Effect solutions/Pollution control measures.
- Under Credit Guarantee Scheme: Increased guarantee coverage of 85%.
- Under International Co-operation scheme:
 - a) Stall Charges subject to a maximum of Rs.3.50 lakh or actual rent paid, whichever is lower.
 - b) Economy class airfare subject to a maximum of Rs. 1.75 lakh or actual fare paid, whichever is lower.
 - c) Rebate in freight charges on actuals subject to maximum of Rs. 50,000/- + Rs. 10,000/- per MSME unit and Rs. 75,000/- + Rs. 10,000/- per MSME for Latin American Countries.

D. Provisions for ZED Certified Units by Ministry for Railways.

Powers to Zonal Railways of Uttar Pradesh to grant up-to 45% discount in freight rates on indented parcel trains and indented Parcel Vans in empty direction.

E. Alignment of ZED Certification parameters with other major certificate such as SEDEX certification, SA8000 etc which is highly regarded by importing entities as benchmark of ethical supply chain.

SEDEX certification audit authenticates that the businesses ensure their supply chain is ethical. It checks four main areas:

1. Labor Standards
2. Health & Safety
3. Environmental Management
4. Business Ethics

On similar lines parameters of another certification such as SA8000 is recognized globally and helps organizations demonstrate their commitment to ethical labor practices and social accountability. Audit Parameters of such next level certifications which are recognized globally are very much aligned with the parameters for ZED certification. This way, ZED certification serve as the first step for MSME's to comply with other parameters of globally accepted certifications.

