ONLINE Filing of Entrepreneurship Memorandum Part- I & II
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ABSTRACT
An Entrepreneur Memorandum (EM) is to be filed with the District Industries Center (DIC), by a Micro, Small or Medium enterprise, as the case may be, under sub-section (1) of section 8 of the MSMED Act, 2006. Currently, EMs are filed physically at the DICs by entrepreneurs in Odisha. Several challenges have been identified with respect to the manual process followed at DICs for issuance of EM-I acknowledgement. Separate files are maintained for both EM- I and EM- II applications of a single enterprise. This leads to inability in tracking implementation of intent of investments; i.e. conversion of EM Part – I to EM Part – II. The DICs do not adhere to fixed time scales for issuing the EM- I acknowledgement and it is not possible for the investor to track the status of the EM-I application. The entrepreneurs need to visit the DICs physically to submit the EM-I application and many of them do not look forward to dealing directly with DICs as they are not perceived to be very investor-friendly. MSME Department, Government of Odisha intends to have the provision for online filing of EM-I form by an applicant with the aim of achieving of following objectives.

- Encourage higher rates of EM-I registration to enable more MSMEs to become organized and eligible for benefits under various Government schemes
- Make the process of filing of EM-I form easier for the applicant through anytime- anywhere registration
- Real-time status tracking to make it more transparent for the applicant
- Track the conversion of EM-I to EM-II

Index Terms – DIC, EM-I, EM-II, MSME.

INTRODUCTION
MSMEs are integral to the growth of the Indian economy. To spur their growth and development the MSMED Act was introduced in 2006. Several states in the country have taken initiatives as well to promote MSMEs. In the State of Odisha, there are provisions for attractive incentives governed by clear policies. Owing to the recognized importance of the MSME sector in the State’s economy, it has witnessed an average investment growth of 10% in the last six years.

A detailed study was carried out on business process reengineering of MSME and DICs. The objective of this exercise was to understand the current processes followed by MSME and DICs to support the MSME development. NIC evaluated the efficacy of the key activities and processes with a view to recommend process improvement, eliminate redundant activities and rationalize the manpower needs of MSME and DICs. “Encouraging online filing of EM and automation of EM filing system” is one of the key improvement areas highlighted in the report.

After submission of “Business Process Reengineering and Manpower Planning for DICs/RICs and Directorate of Industries” report to MSME Department and subsequent discussions with the officials of MSME Department, Directorate of Industries, NIC prepared a Business Requirement Specification Document. Based on this document Software Requirement Specification, design and develop the Software application for online registration of EM-I was carried out.

CONSTITUENTS OF ONLINE EM-I AND EM-II

- User Registration : Entrepreneur who desires to apply EM-I has to visit http://msmeodisha.gov.in and Register him/herself. During registration an identity proof is asked i.e Voter Id / Passport / PAN Card etc. A user id will be created along with an initial password. This has a provision of sending the same to the mail and through SMS.

- Help Desk : A help desk has been established to help the entrepreneur for asking any queries to GM, DIC / NIC or Directorate. The query if not relevant to the concerned officials they can forward to the competent authority. Selected queries can be posted as FAQ by the directorate.

- Management of Govt and Local Holidays : A module is made available for the DIC/directorate to capture the government holidays and local holidays so that during approval of EM-I it checks for the same.
• **Managing the Role:** Role is also defined for the users so when one officer proceeds on leave he delegates the role to other official so they can use the system for approving EM-I.

• **Role of the DSC:** DSC have been issued to all the 31 DIC officials, so for approving any EM-I system checks for the DSC and if it matches then GM,DIC can approve the same.

• **EM-I Filing:** The user has to fill up the form ONLINE which is of four pages and also he has to upload the relevant documents i.e. partnership affidavit, signature of applicant etc. Once he fills up the application the entrepreneur is able to take a final printout of the application and a reference number is generated.

• **Approval of EM-I:** The module is meant for GM,DIC (31 DICs for Odisha) where they can login and a dashboard is available. They can visit the applications submitted and check for the relevant documents (documents are appropriate or not). If any of the documents found to be incorrect then they can send it back to the Entrepreneur. EM-I can be approved through system by GM,DIC or else system generates approval after 1 day.

• **EM-II Filing:** The Entrepreneur can file the EM-II through the portal [http://memeodisha.gov.in](http://memeodisha.gov.in) and to facilitate the entrepreneur user manual and ONLINE tips are available.

• **Verification of Documents:** The documents uploaded by the entrepreneur is verified by the DIC / RIC using their credentials. Entrepreneur usually has to submit the Documents supporting the Type of Organisation, Electricity Bill, Raw material bill, First Sale Bill, Identity Proof. Once the same is verified then the officer has to fix the date of inspection.

• **Status Tracking:** The entrepreneur can check the status of the EM-I or EM-II which he had submitted and can know whether it has been verified or pending due to non-availability of the documents.

• **Inspection of Industry:** Once the document is found to be in order the GM,DIC / RIC fixes a date for inspection which is intimated through the application. After inspection the Inspecting Officer comes back and submits the inspection report ONLINE and depending on the same EM-II is issued.

• **Issuance of EM-I and EM-II:** The entrepreneur can download the EM-I and II from the portal once the activity is completed.

**PROCESS FLOW**

The Process of Filing of EM-I and EM-II has been represented diagrammatically below.
Building Online EM-I and EM-II

The applicant who intends to file the EM-I form, has to submit the filled up EM-I form physically at the concerned DIC office. In case of micro and small enterprises 3 copies of the memorandum is to be filed, whereas in case of medium enterprises 4 copies of memorandum should be filed. The EM-I is basically intend at the expression of interest to setup a micro / small / medium enterprise in Odisha. So this is basically at the conceptual level. When the entrepreneur setup the organization he is also interested in availing subsidy and it was practically full of

- Program Management
  - Planning: MSME, Odisha decided to go for ONLINE of EM-I and EM-II. In order to achieve that, a meeting was organized to understand the requirement and how to achieve the goals in stipulated time period. After discussion as the existing procedure does not talk about the transparency and the process adopted is different places it will be wiser to engage a consultant to study the system as is process and place it for Re-engineering the same. For the same Govt of Odisha hired Earnest and Young for the job.
  - Risk Management: Initially in order to outline the process existing a lot of discussions took place. The As is process was shared and presented to all

the GM, DICs and their opinion was recorded. Several VCs were conducted to understand the process adopted at DICs and how to overcome the differences and adopt an uniform procedure. The IPR 2007 was taken as the base document. After convincing through the VC a conclusion was drawn regarding the procedure to be followed at state level. Lots of thought were given regarding how all the stakeholders will interact with the portal in order to achieve the goal. The entrepreneurs should be able to track their applications and also the motive is to encourage the entrepreneurs for filing.

- Stakeholder Management: There are different stakeholders viz. Entrepreneurs, MSMEDI, Directorate of Industries, GM (DIC / RIC).

- Performance Management: It was decided that 1 day time will be given for approval of EM – I else automatic approval will be adopted and EM-I will be issued. And for EM-II, 15 days were allowed as inspection has to be completed within that.

- Organization Change Management: The changes in the entire process was well informed to the stakeholders through the VC and conducting awareness campaign. The top were also informed by involving them in the process.

- Communication Management and Governance: Core committee has been formed to support the entire activities. 2 no of co-ordinators use have been identified to support and finalise the process changes. They use to communicate the same to the top management.

- Process Reengineering: Earlier, the entrepreneur had to run to the DIC office to collect the EM-I form and submit at DIC office. This process was changed to ONLINE mode where the form can be filled up by the entrepreneur. The GM, DIC has to verify the documents and approve, reject or keep in hold ONLINE. In case the GM, DIC does not go
through the ONLINE mode or does not verify it then the EM-I is automatically generated within 24 hours.

- **Training and Capacity Building**: Training is the important aspect of any project. So the following was arranged for the stakeholders.
  - 9 No of Workshops at Balasore, Bhubaneswar, Sonepur, Sambalpur, Rourkela, Dhenkanal, Cuttack, Ganjam and Koraput has been conducted to create awareness among Entrepreneurs GM, DIC and NIC Officials about ONLINE application.
  - 2 No of Workshops were conducted for GM (DIC / RIC)
  - 5 No of VC has been conducted to give training to DIC officers.

- **Operation and Maintenance**: The Application has been developed in such a way that it can be used by other states without any problem and security aspect has also been taken care of through DSC.

**CHALLENGES FACED**

The following challenges were faced by NIC team during the designing and implementation of the eGovernance initiatives at DIC / RIC:

- **Change Management and Mindset**: The biggest challenge in the entire endeavour was to change the mindset of the officers and officials of various DIC / RIC. There was severe resistance in the beginning from the staff.

- **Standardisation of documents and Process Re-engineering**: The process reengineering was another big challenge due to the manual processes and various formats in various activities.

- **Developing a generic model to cater to the varied processes across DIC / RIC**.

- **E-Readiness Assessment of stakeholders**

- **Resistance to change from Stakeholders** as Entrepreneur usually does not file it. Instead, the consultant use to file EM-I and EM-II

- **Project sustenance & Ownership**

- **Government Process Reforms & Issue of Govt. Orders**

**SERVICE DELIVERY**

As the entire process is ONLINE the service delivery mechanism has been thought of prior to implement the application. Any project bound to fail in case the service delivery mechanism has not been thought off. Here, as this is web enabled application any entrepreneur can access the application from any internet point and also the same can be accessed from any CSC which are 6000 in numbers in Odisha. This will also create a business opportunity for the CSC owners. There are consultants who are primarily engaged for filing the application on behalf of the entrepreneur. It also has been proposed to open one counter at each DIC / RIC which will facilitate the ONLINE filing process.

**BEST PRACTICES FOLLOWED**

A few best practices methods have been followed for the successful design, development and implementation of the project which are listed below:

- **Business Requirement Specification**: The BRS was prepared and shared the ideas with all the stake holders.

- **Advertisement**: Advertisement in the media was given indicating the date from which the manual application has been closed and the ONLINE will be accepted.

- **User Manual**: User Manual was prepared and placed on the portal to act as a helping instrument.

- **Brochure**: Brochure was prepared and distributed to different stake holders.

- **Awareness Campaign**: 9 awareness campaign was organized at 9 different parts of Odisha where all the stake holders were invited to share their views to improvise the system and understand the process adopted.

- **Feedback from Workshop**: Different views of the stake holders were recorded and discussed in the core committee and they were implemented. The same was also communicated to the stake holders.

**ROAD MAP**

The objective of the whole process is to simplify the process of filing of EM-I and convert them to EM-II. And
after the successful implementation of ONLINE of EM-I and EM-II the next step is to bring the following value addition to the project.

- **Subsidy ONLINE.** To simplify the process for applying for subsidy ONLINE in order to facilitate the entrepreneurs availing the same.

- **e-Market**: Looking at today's trend NIC has proposed to create a digital market for EM-II product and services. NIC, Odisha and MSME are coming together to launch an e-Market space for them. This will be the place where the Entrepreneurs and the consumers can meet and the demand and supply can be taken care of. The Portal will be used for placing direct orders with the entrepreneurs and the entrepreneurs will dispatch the products/services as per the requirement. This will encourage the entrepreneurs to file the EM-II more

**CONCLUSION**

The ONLINE of EM-I and EM-II has created an impact that EPM has come forward to create the database of their own as EPM Rate contract is allotted only to the EM-II holders. This also guides the no of EM-I converted to EM-II. The DC, MSME has recently shown interest to implement the application in other states. So an action plan for the above is submitted to them.

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