



Ministry of Economic Affairs
Department of Cottage and Small Industry

Cottage and Small Industry Policy 2019

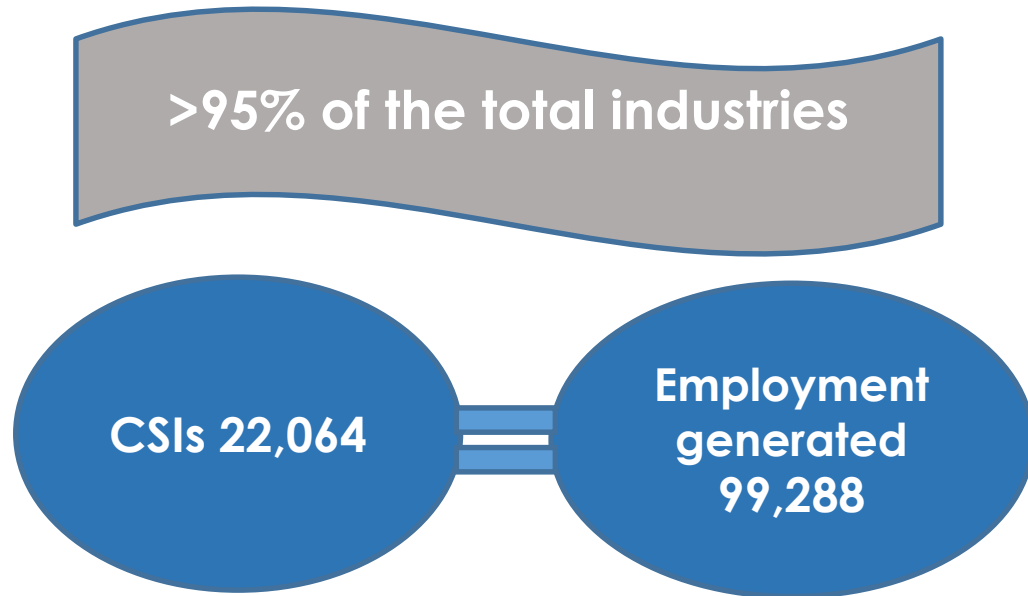
Outline

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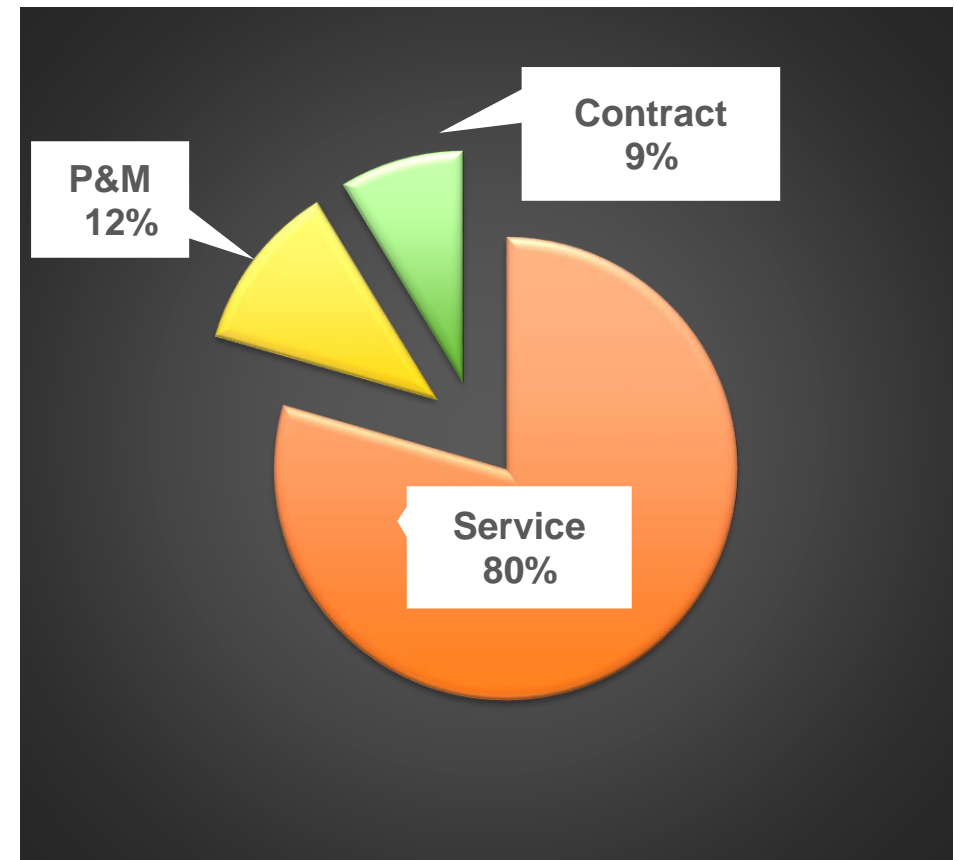


Background

- Department of Cottage and Small Industry created in 2010 to spearhead the development of the CSIs.
- The Cottage, Small and Medium Industry Policy (CSMI) was adopted in 2012.



% share of CSIs by Sector



Rationale for the Policy revision

- To evaluate the progress/status of the CSMI Policy 2012
- Policy will focus only to CSIs
- “One size fits all” approach undertaken.
- Platform to bridge the gap and enable smooth transition of startups into the mainstream CSIs.
- To bring about collaborative and whole of government approach.
- Informal sector development overlooked.
- Will cover the six main domains of entrepreneurship ecosystem
- Policy review is timely because the DCSI will be implementing the CSI FS program and the CSI FS will be pursued as the 1st Action Plan (2019-2023) of the revised Policy.



Proposed Policy Objectives:



Objective



The overall objective of the policy is to promote establishment of new CSIs and improve the performance and competitiveness of existing CSIs to enhance their participation and contribution to the Bhutanese economy.



1. Policy and Legislative Framework

- 1.1 Prepare a strategy to establish the vision, targets and strategic objectives based on the CSI policy.
- 1.2 Build forum for CSIs to ensure regular, proactive, two-way public private dialogue between the CSI sector and the relevant RGoB agencies.
- 1.3 Establish consultation forum for tax administration reforms affecting CSIs to bring about ease in tax filing by the CSIs.
- 1.4 Adopt and implement the Rules and Regulations for the Establishment and Operation of Commercial and Industrial Ventures in Bhutan, 1995.
- 1.5 Assess the feasibility of providing protection to CSIs under the Bankruptcy Bill.
- 1.6 Adopt an integrated business licensing system - end to end automation for CSIs to ease doing business.
- 1.7 Establish integrated e-platform for tax filing and licensing and registration.
- 1.8 Develop e-commerce regulatory framework and provide necessary support to use e-commerce platforms by CSIs.
- 1.9 Adopt registration system for cottage scale industries with validity of 3 years for those activities not requiring any sector clearance and those not in the restricted category.
- 1.10 Encourage corporate entities to support CSI development as part of their CSR.
- 1.11 Prepare satellite CSI accounting to account the contribution of CSIs to the economy.



2. Entrepreneurship Culture and Human Capital Development

- 2.1 Develop an advocacy program for promotion of entrepreneurship culture
- 2.2 Integrate entrepreneurship learning and culture at all educational levels.
- 2.3 Encourage entrepreneurship competition and fairs at all educational levels.
- 2.4 Create platform to recognize promising and successful entrepreneurs.
- 2.5 Support the winning ideas of various entrepreneurship competitions.
- 2.6 Conduct skills needs assessment of the CSIs for TVET curriculum revision and development
- 2.7 Review, monitor and evaluate TVET curricula to keep pace with changing market needs and standards.
- 2.8 Map and match CSI skills database with Bhutan Labor Market Information System, Job Portal System, Employment Registration System for coordinated demand and supply of workforce with Bhutan Labor Market Information System, Job Portal System, Employment Registration System for coordinated demand and supply of workforce.



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- 2.9 Promote private sector participation in entrepreneurship curriculum review and development boards to foster greater linkage between the human resources demanded by the economic sectors and the skills supplied by the training and education institutions.
 - 2.10 Promote industry collaboration and linkages between TVET institutions and CSI in implementation of TVET programmes.
 - 2.11 Develop and institutionalize support professions such as mentors to guide and advise entrepreneurs.
 - 2.12 Ensure collaborative and synchronized efforts amongst agencies in providing skills development training with a focus to encourage women and youth entrepreneurship.
 - 2.13 Promote women entrepreneurship in CSIs to maximize the economic contribution of both genders through provision of preferential business development services.
 - 2.14 Promote entrepreneurship amongst vulnerable groups including PWDs in CSIs to improve their livelihoods through provision of preferential business development services.



3. Business Development Support and Infrastructure

- 3.1 Set up Business Incubation Centers, Startup Centers, Fablabs to facilitate the growth of CSIs.
- 3.2 Establish CSI estates in Dzongkhags which are not catered by the industrial estates/parks.
- 3.3 Designate space for Startups in the industrial estates/parks.
- 3.4 Stimulate the development of business cluster and/or value chains to increase competitiveness of CSI products and services.
- 3.5 Facilitate establishment of market infrastructure such as warehouses, cold storage facilities, naturally ventilated store, pack house, etc. for CSI products.
- 3.6 Facilitate establishment of market linkages to link producers to market.
- 3.7 Develop and strengthen, farmers groups, clusters and community-based initiatives in addition to supporting cooperatives.
- 3.8 Design and implement schemes for technological upgradation of the CSIs.
- 3.9 Provide preferential procurement for locally produced CSI products while ensuring the specifications and quality are equally competitive with other products and services in the market.
- 3.10 Invest in areas that will support and facilitate the growth of CSIs with a provision for gradual transfer of ownership to the private/communities.
- 3.11 Identify and institute support measures for informal sector development.



4. Enhancing Access to Finance and Incentives

- 4.1 Strengthen the PSL scheme and apply the coordination mechanism to other credit sources for lending to CSIs.
- 4.2 Incentivize CSI bank and FIs to lend at affordable rates to CSI.
- 4.3 Encourage banks and FIs to commit a certain proportion of their loans towards CSIs.
- 4.4 Expand the coverage of MFIs in rural areas consistent with the RGoB's Financial Inclusion Policy.
- 4.5 Explore means to de-risk lending to CSIs through measures such as adoption of alternate credit scoring models.
- 4.6 Increase access to finance for CSIs by adopting various financing mechanism that address both the equity and debt financing needs of CSIs and Startups at various stages and leveraging financial technology.
- 4.7 Periodically review and provide fiscal and non-fiscal incentives for the development of the CSI sector.
- 4.8 Ensure proactive and effective mobilization of donor funds to complement and supplement the state funds devoted to CSI sector development.



5. Innovation and Technology Adoption

- 5.1 Foster collaboration between incubation unit and entrepreneurship development cells of TTIs and IZC and tertiary institutions with Startup Centers, FIs and CSIs to encourage innovation.
- 5.2 Encourage innovation and creativity through Innovation Voucher Scheme
- 5.3 Foster greater Intellectual Property adoption among CSIs through enhanced awareness activities and capacity building programs.
- 5.4 Provide CSIs with access to global patent (invention), design and brand databases and related services, through the Technology and Innovation Support Centers.
- 5.5 Provide advisory services and related assistance in franchising and licensing of IPR in permissible areas, which offer potential for rapid business development and employment generation.
- 5.6 Develop database for up to date information on appropriate technologies for CSIs
- 5.6 Allow FDI in select small industry sector.
- 5.7 Promote R&D in TVET and tertiary institutions.



6. Access to Market

- 6.1 Facilitate industries to improve the quality of products and services through promotion of standards, facilitation of conformity assessment services including calibration.
- 6.2 Create awareness on standards and conformity assessment including metrological services.
- 6.3 Encourage public and private entities to use and promote CSIs products and services.
- 6.4 Promote and market Brand Bhutan.
- 6.5 Facilitate the participation of CSIs in targeted B2B events, fairs, roadshows, and exhibitions.
- 6.6 Identify regional and international markets for CSI products.
- 6.7 Organize fairs at the domestic and international level to promote CSI products.
- 6.8 Establish dedicated sales outlets for CSI products.
- 6.9 Leverage mission, consulates, embassies in promoting and marketing of CSIs products.
- 6.10 Facilitate use of e-commerce platforms including e-payment systems by CSIs for greater market access.
- 6.11 Support launching of new CSI products in the market.
- 6.12 Conduct product mapping/resource inventory of business opportunities for CSIs.
- 6.13 *Develop mechanisms to prevent products made outside Bhutan being sold as Bhutanese products within Bhutan.*



7. Monitoring and Evaluation

- 7.1 DCSI, MoEA shall in collaboration with lead agencies and relevant stakeholders shall develop, monitor the action plans and its indicators of the policy. A periodic progress report shall be submitted to Committee of Secretaries.
- 7.2 GNHC Secretariat shall ensure that the specified activities for agencies involved are incorporated in their APA and secure adequate resources to implement the Policy.
- 7.3 GNHC shall also monitor the Policy according to the GNHCS Policy Monitoring Framework and carry out post adoption evaluation.
- 7.4 In the event of conflict of interpretation of any part of this policy, the DCSI, MoEA shall be the authority to interpret the provisions of the Policy which shall be final and binding.



8. The way ahead

- 8.1 CSI Policy sets out the overall policy framework for CSI development until 2030.
- 8.2 The CSI Flagship Program will be the 1st action plan (2019-2023) of the revised Policy.
- 8.3 There will be three such CSI action plans covering the overall timeline of the CSI Policy.
- 8.4 The MoEA shall review the Policy as and when required.



THANK YOU

