

Minutes of the 19th Meeting of the National Board of MSME

The 19th Meeting of the National Board of MSME (NBMSME) was held on 11th January, 2023 at Vigyan Bhawan, New Delhi under the chairmanship of the Hon'ble Union Minister (MSME). The list of participants is annexed.

2. The keynote address was delivered by **Secretary (MSME)**. He emphasized that the Ministry of MSME has adopted a multi-pronged approach to address the issues emerging in the MSME sector, especially in the aftermath of the Covid pandemic. He stated that with concerted efforts of all stakeholders, MSMEs will be able to face any challenge. Further, it is a well documented fact that majority of the enterprises in India are in the informal sector. This has led to various challenges for them like lack of institutional credit, lack of dedicated policies, and difficulty in availing benefits of Government schemes/programmes. In this context, the MoU which the Ministry of MSME signed with SIDBI during the meeting gained immense significance. This would enable the Ministry of MSME to work towards bringing in the formal framework for tiny enterprises. He requested all stakeholders to be more active in engaging with the MSME sector and be more sensitive in resolving their grievances swiftly. He also urged all to convey regular feedback, so that the Ministry can devise need-based and timely policy interventions. He requested MSMEs to continue their journey with more vigour in celebrating 'Azadi ka Amrit Mahotsav'.

3. The Global Entrepreneurship Monitor (GEM) India Report 2021-22 was released by Hon'ble Minister (MSME). The GEM is a global study conducted by GEM Consortium with the aim to collect internationally comparative primary data on entrepreneurial activity and its related concepts.

4. A Memorandum of Understanding was signed between the Ministry of MSME and the Small Industries Development Bank of India (SIDBI) for operationalisation of the Formalization Project for bringing Informal Micro

Enterprises into the formal ambit. The Formalization Project was launched by Hon'ble Minister (MSME) by including 8 lakh Informal Micro Enterprises.

5. The members were apprised with a detailed Power Point Presentation by AS&DC in connection with the various activities, performance and achievements of the Ministry of MSME and Office of DC-MSME since the last meeting of the Board held on 14.09.2022, along with the proposed activities in the next few months of the Ministry of MSME.

6. The **Additional Secretary & Development Commissioner** and Member-Secretary NBMSME requested the members to present their views on the agenda points, viz. (i) MSME definition; (ii) RAMP; (iii) Formalisation. The member-wise main points of the deliberations are detailed below:

7. **Shri Vishnu Kumar Raju** appreciated that announcement for the 19th meeting was made by the Hon'ble Minister four months back and it was conducted on time. He thanked the Ministry for providing clarification on works contract. He stated that more clarity is required on this. Enterprises which were registered under UAM should also be included under this. He requested for increasing the turnover of Micro Enterprises from 50 Cr. to 200 Cr. Medium enterprises turnover should be between 200 Cr. to 500 Cr. Many contracts were entered prior to Covid period and there are no price escalation clauses in those work contracts. Extension of time is being given by some PSUs. Further, prices of raw material/input have gone up excessively due to various external factors and Covid. Therefore, price escalation clause should be included in all work contracts.

8. **Shri Kundan Kumar** suggested that in case of downward revision of turnover or investment, there should be a provision similar to the case of upward revision in line with notification of this office dated 18.10.2022. he state that there were 33 lakh MSMEs registered under UAM in Bihar.

However, only 5 lakh registrations have been done under Udyam. In order to increase registrations on Udyam in Bihar, manpower, fund, technical support may be provided to the State. This problem may be addressed by raising fund in consultation with Bihar Government. There should be provision of fund for IT Hub in Bihar under RAMP scheme. He also requested that MSME office should be established in Begu Sarai.

9. **Shri Sampat Toshniwal** stated that GST is required for only those enterprises which have turnover of more than Rs. 40Cr. Udyam requires updation of GST data within one year. However, 99% of enterprises are in Micro category with a turnover of less than Rs. 40Cr. It restricts them from availing the benefit of Udyam. Export turnover should be included in the definition of MSME. Medium enterprises should be excluded from the benefit of PSL. MSMEs should be made MSEs and medium enterprises should be excluded. Investment limit for service sector should be lowered as they do not need so much investment in plant and machinery. Subsidiaries of MNCs should be excluded from UR. Small Factories Act should be contemplated.

10. **Shri Baldevbhai Govindbhai Prajapati** suggested that Common Effluent Treatment plant capacity should be increased to accommodate more enterprises. 40% land should be kept for greenery in order to obtain environmental clearance. This requirement affects establishment of new plants especially in chemical and pharma industry. Environment damage charge (EDC) imposed by the NGT is very high.

11. **Shri Kashi Nath Singh** highlighted that people are facing problem in migrating from UAM to UR in Bihar. It should be addressed. The size of Mudra loan should be increased to benefit more entrepreneurs.

12. **Dr. J. R. Bangera** stated that new scheme for technology upgradation and modernization should be introduced. In spite of having collateral security, banks are asking for margin money. Listing of MSMEs should be encouraged by reducing limit for it.

13. **Dr. Tina Sharma** appreciated the holding of timely meetings and stated that there should be reservation of products of day-to-day use for MSMEs. Low technology items should be particularly reserved for production exclusively by MSEs. The participation of board members should be increased in other events organized by State Governments and the Ministry of MSME.

14. **Shri Robin Balackei** thanked for all efforts of the M/o MSME. Further, awareness should be provided about packaging and marketing in Manipur. Full – fledged Director should be appointed in MSME-DFO, Manipur. There should be modernization of workshop.

15. **Shri Sudhir Datey** emphasized on effectiveness of MSEFCs and highlighted the problems of delayed payments. Regular monitoring of MSEFC cases should be undertaken. There should be inclusion of legal expert in MSEFC.

16. **Shri Ravindra Dattatreya Vaidya** pointed out that the use of TReDS platform may be encouraged in order to reduce the cases of delayed payments by private layers and corporate buyers. Banks are not willing to fund MSMEs under CGTMSE scheme. So, publicity of CGTMSE scheme should be made. Composite bundling should not be followed wherever HCN/HAC code is available. Central government should fund CGTMSE fee.

17. **Shri Sanjay Dalmia** requested that penal provision should be imposed on banks if they do not fulfill PSL target instead of depositing the equivalent fund with SIDBI and NABARD. Percentage of PSL available for MSMEs should be increased from 40% to 50%. The MSEFC award takes longer than that prescribed by MSMED Act. Director of Industries should be instructed to give these decisions within the timeframe prescribed in the MSEFC guidelines.

18. **Shri Pravat Keshari Mishra**, suggested that the cluster program in Odisha shall be reviewed as there is no successful cluster in state. Need

to develop Gram Panchayat Industrial Estate. Fund flow in rural sector is very low. MSMEs cannot develop in rural sector with such a minimal fund flows.

19. **Shri Rakesh Gupta** requested to look into the issue of SCLCS scheme not working in Punjab effectively. Interest Subvention Scheme has been closed due to which industries are paying higher interest. So, re-launch of the scheme may be considered. NGT has directed to shift from Coal and oil to PNG. However, PNG price hike is affecting survival of many enterprises. Some solution may be thought of, like requesting NGT for grace period. LMSE scheme payment is pending. It should be released. KVIC under CBC Scheme had given loans that had to be returned in 3-4 years. However, even after 27 years, interests on interest are being imposed, requested for one time settlement.

20. **Ms. Anju Singh** suggested that book-keeping period should be same for all Government Departments. The problem of delayed payments was highlighted and suggested interest on delayed payment. Transfer of MSME ownership should be free from tax and stamp duty liability. Under the Procurement and Marketing Support scheme there is a limit on 60 participants. This should be increased.

21. **Shri Naresh Chand Pareek** highlighted that there should be provision of State coordination for board members. NBMSME members should be involved in state/regional level programs/discussions. The limit for declaration of NPA should be increased from 90 days to 180 days.

22. **Smt. Rashmi Mishra** pointed out that there should be single nodal point in Delhi for EAP coordination in all states. EAP should be given more publicity.

23. **Shri Pradeep Kishanrao Peshkar** stated that the CGTMSE relaxation should be implemented by banks at the earliest. Virtual Expo for MSMEs with consulate of G20 countries should be organized to promote exports. There should be timely rehabilitation and restructuring

of MSMEs. Ministry of MSME and bankers should have a common portal for it. Stakeholders committee should be formed to support the same.

24. President, **KASSIA** was of the view that small and micro enterprises should be given 5 to 10 year tax exemption from the date of commencement of commercial production. Budgetary support should be provided for Skill development. Funds should be provided to MSEs for training unskilled workers. Under EPCG, there should be provision of one time settlement.

25. CMD, **SIDBI**, emphasized that it will try to bring as many informal entities as possible in formal ambit. Formalization project will be helpful in getting working capital for tiny enterprises from formal channels. Vyapar Credit Card will be made available to micro enterprises. Overtime, phygital is likely to increase in all aspects of business. SIDBI is attempting to use bank KYC data, microfinance KYC data for providing better credit facilities to MSMEs. It also provided clarification on PSL.

26. CGM, **RBI**, responded to foreclosure charges and stated that the matter was raised in Standing Advisory Committee meeting of RBI. The RBI is currently examining the matter. It was stated that data on PSL is closely monitored by the RBI. Out of the total provision of PSL of 40%, a total of 7.5% is reserved for micro enterprises. The target has been achieved by all banks. The details of PSL is provided in “Trends and progress in banking” report released in by RBI in December every year. Further, credit flow to PSL is monitored at all levels starting from block to state level.

27. The representative of **IBA** appreciated the launch of Udyam Assist Portal of SIDBI. It stated that restructuring shall be taken in timely manner. The IBA would take up the matter of timely restructuring and rehabilitation with banks as well.

28. The representative of **NABARD** informed that it is working closely in Standup India and other schemes of the Govt. of India. It has organized

425 meets for beneficiaries lately. It was suggested that there should be convergence of SCLCS scheme and Standup India scheme for increasing the off take. Further, NABARD is leveraging the benefits of SFURTI scheme in order to help MSMEs.

29. **Shri HK Sharma**, Commissioner-cum-Secretary of Government of Sikkim stated that there is need for awareness in North East region. Training and marketing support in North Eastern region should also be provided. There should be govt. supported marketing outlets in the region.

30. Hon'ble **Minister of State (MSME)** emphasized that the Ministry of MSME is ready to serve MSMEs in all respects. For MSMEs, be it credit accessibility, technology support, marketing assistance, skilled manpower, infrastructure requirement, new ideas/innovations, the ministry of MSME is always ready to provide support.

31. Hon'ble **Minister (MSME)** assured the NBMSME that all the valuable suggestions made by the members during the meeting would be considered appropriately and special emphasis would be laid on addressing issues of Informal Micro Enterprises. He laid emphasis on increasing domestic production for increasing per capita income, and working towards Prime Minister's dream of Aatma Nirbhar Bharat. For achieving these, financing of MSMEs and facilitating their payment needs was emphasised. He also requested for support of all stakeholders present in the meeting towards enhancement of entrepreneurial skills and creating more employment.

The meeting ended with the vote of thanks to the chair.

List of Participants

Members of NBMSME or their representatives

1. Shri Narayan Rane, Hon'ble Union Minister (MSME) and Chairman (NBMSME)
2. Shri Bhanu Pratap Singh Verma, Hon'ble Minister of State (MSME) and Vice-Chairman (NBMSME)
3. Shri B. B. Swain, Secretary, Ministry of MSME and Member (NBMSME)
4. Dr. Rajneesh, Additional Secretary and Development Commissioner (Micro, Small and Medium Enterprises), Member-Secretary (NBMSME)
5. CMD (SIDBI), Member (NBMSME)
6. Smt. Nisha Nambiar, CGM, Reserve Bank of India Shri H.K.Sharma, IAS, Commissioner-cum-Secretary, Government of Sikkim
7. Shri C. Sathyabhama, IAS, Director, Government of Karnataka
8. Shri Sunil Mehta, Chief Executive, Indian Bank Association
9. Shri R. S. Mishra, Officer on Special Duty, Indian Bank Association
10. Shri R.V. Ramakrishna, General Manager, NABARD
11. Shri P. Vishnu Kumar Raju, Member (NBMSME)
12. Shri Kundan Kumar, Member (NBMSME)
13. Dr. Teena Sharma, Member (NBMSME)
14. Shri Sampat Toshniwal, Member (NBMSME)
15. Shri Baldevbhai Govindbhai Prajapati, Member (NBMSME)
16. Shri Kashi Nath Singh, Member (NBMSME)
17. Dr. J.R. Bangera, Member (NBMSME)
18. Shri Robin Blackei, Member (NBMSME)
19. Shri Sudhir Datey, Member (NBMSME)
20. Shri Ravindra Dattatraya Vaidya, Member (NBMSME)
21. Shri Pravat Keshari Mishra, Member (NBMSME)
22. Shri Rakesh Gupta, Member (NBMSME)
23. Smt. Anju Singh, Member (NBMSME)
24. Shri Naresh Chand Pareek, Member (NBMSME)
25. Smt. Rashmi Mishra, Member (NBMSME)
26. Shri Pradeep Kishanrao Peshkar, Member (NBMSME)
27. Shri Sanjay Dalmia, Member (NBMSME)

Other Participants Present:

1. Shri Vipul Goel, Joint Secretary, M/o MSME
2. Shri Ateesh Kumar Singh, Joint Secretary, M/o MSME
3. Ms. Mercy Epao, Joint Secretary, M/o MSME
4. Dr. Ishita Ganguli Tripathy, ADC, O/o DC(MSME)
5. Shri P.Palanivel, Dy. Director General, M/o MSME
6. Shri Shubhendu Kumar, Sr. Technical Director, NIC, O/o DC(MSME)
7. Shri Vinamra Mishra, Director, M/o MSME
8. Shri Supriyo Ghosh, Director, M/o MSME
9. Shri Bharat Prakash, Joint Development Commissioner (MSME)
10. Shir U.C. Shukla, Director, O/o DC (MSME)
11. Shri M.K. Saraswat, Director (MSME), O/o DC (MSME)