No. 8/(01)/2017/NBMSME  
Dated: 05.05.2017

Subject: Minutes of the 15th Meeting of National Board for MSME (NBMSME) held on 27.04.2017 at Vigyan Bhawan, New Delhi - reg.

A copy of the minutes of the 15th meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 27th April, 2017 at Vigyan Bhawan, New Delhi, is enclosed. The minutes may also be accessed at our website www.dcmsme.gov.in.

Kindly acknowledge the receipt.

Encl: As above

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To

All Members and Special Invitees, NBMSME

Copy also to:

1. PS to Hon’ble Union Minister (MSME)/Hon’ble Minister of State (GS)/ Hon’ble Minister of State (HPC), M/o MSME, Udyog Bhawan, New Delhi.
2. PPS to Secretary (MSME), Udyog Bhawan, New Delhi.
3. PS to AS&DC (MSME), Nirman Bhawan/PS to AS&FA, Udyog Bhawan, New Delhi.
4. JS(ARI)/JS (SME)/ EA, M/o MSME, Udyog Bhawan, New Delhi.
5. JS (Tech.)/ DDG(PKM)/ ADC(PS)/ ADC(SM)/ JDC(SRS)/ AIA(SG)/ AIA (DC), O/o DC(MSME), Nirman Bhawan, New Delhi.
6. SENET Division, O/o DC(MSME) with a request to kindly upload the soft copy of approved minutes on the official website appropriately.
MINUTES OF THE 15TH MEETING OF NATIONAL BOARD FOR MSME
HELD ON APRIL 27, 2017

1. The list of participants is annexed.

2. Hon’ble MoS, MSME in his opening remarks welcomed the delegates and stressed upon
the favourable and conducive environment that had been generated with the change in
Government in 2014. He emphasized upon the role of MSMEs in employment generation and
contribution to GDP. He also stressed upon the achievements of the Ministry and highlighted
performance of some of its major schemes. He also suggested that MSMEs had emerged as
major job providers and this should be continued.

3. Hon’ble Minister, MSME Shri Kalraj Mishra in his opening remarks talked about the
recent changes in Credit Guarantee Scheme and the progress of major schemes of the Ministry
such as PMEGP, ASPIRE, SFURTI and Procurement Policy. He also talked about Udyog
Aadhaar Memorandum(UAM) scheme and expressed his satisfaction on its progress and
mentioned that more than 29 lakh UAM have been filed since its inception in September, 2015.
Hon’ble Minister also highlighted the cases referred under the Framework for Revival and
Rehabilitation of MSMEs during the year. He encouraged banks to assist in revival including
restructuring of sick MSMEs rather than recommending their closure.

4. The occasion was also utilized for launch of MSEFC web portal and MyMSME Mobile
App. These were launched by Hon’ble Union Minister, Urban Development and Information
and Broadcasting Shri Venkaiah Naiduji. He in his address also expressed happiness over the
achievements made by the Ministry of MSME. The Hon’ble Minister also highlighted the
employment creation potential of MSME and urged all the stakeholders to work together to
achieve the goal of new India envisioned by the Hon’ble Prime Minister.

5. Minister, Government of Uttar Pradesh appreciated the contribution of MSME to national
GDP and employment potential. He requested the Ministry to formulate a specific policy for
generation of employment to Ghumantu, a Scheduled Caste community in U.P. He also
suggested that services sector owing to its employment potential should be very aggressively
promoted. He assured the chair that he would send his suggestions in writing in the next few
days.

6. Minister, Government of Gujarat, impressed upon instituting a coordination mechanism
for better implementation of State and Central Government policies. He also spoke of the
inhibition of the banks in providing credit under CGTMSE Scheme without collateral. He requested that the Centre, on the pattern of Gujarat Government Scheme, may compensate the MSMEs for annual fee charged to them under the scheme. He also suggested that Central Government may formulate a special incentive scheme for MSMEs on the lines of Gujarat Government scheme under which interest subsidy upto 7% and a special incentive for procurement of modern plant and machinery (upto Rs. 25 lakhs) were provided to MSMEs.

7. After the inaugural comments, the Agenda items were taken up as follows:

**Agenda Item No. 1- Minutes of the 14th Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on August 11, 2016.**

8. Minutes were confirmed.

**Agenda Item No. 2 – The Action Taken Report on the suggestions made by the Members of National Board for MSME in its 14th meeting held on August 11, 2016.**

9. The Action Taken Report was accepted.

**Agenda Item No. 3 – Presentation on achievements of Ministry during 2016-17 and targets for 2017-18.**

10. A presentation on achievements of the Ministry during 2016-17 and targets for 2017-18 was made before the Members of the National Board. The members appreciated the achievements of the Ministry during 2016-17 and complimented the Hon’ble Ministers for such significant achievements. It was also felt that these achievements be highlighted through various media.

**Agenda Item No. 4(i) – Implementation status of Framework for Revival and Rehabilitation of MSME.**

11. The members noted the status of implementation. It was felt that the Ministry should pursue with the Department of Financial Services and RBI to ensure that the payment window in case of MSEs should be increased from 90 days to 180 days. Members also expressed their concern that in a very large number of cases the Corrective Action Plan Committees are taking a decision to recover the amount and re-working is only being done in less than 50% of the cases. It was felt that a separate meeting be held with the banks in this regard.
Agenda Item No. 4(ii) – Launch of MSEFC portal

12. This agenda item was for information of the Members of the National Board. It was informed that as on 31.3.2017, 3690 cases involving an amount of Rs. 1660 crores had been uploaded by States/UTs on this portal. It was conveyed that MSEFC portal which was launched today facilitates monitoring of delayed payment cases both at National and State levels. It was however mentioned that some of the MSEFCs were delayed the cases inordinately. It was also felt that training courses should be held for the members of MSEFC. The following suggestions also came up during the discussion:

i. User access may be provided to stakeholders especially MSME Associations.
ii. State-wise resolution of cases should be displayed on this portal.
iii. As per the extant law, companies had to mention about interest and principle owed to MSMEs in their Balance Sheet. However, this was being followed more in breach than in practice. It was suggested that M/o Corporate Affairs may be requested to enforce this provision strictly.

Agenda Item No. 4(iii) – Status of Setting up and functioning of Finance Facilitation Centre (FFCs)

13. This agenda item was for information of the Members of the National Board. So far, seven FFCs have been set-up by NSIC. During the course of the discussions, the following major issues came up:

(i) As there was no FFC set-up in Uttar Pradesh, a request was made that given the size and large population of Uttar Pradesh, Finance Facilitation Centre should be set-up in the State at the earliest.
(ii) Access to the portal may be provided to MSME Associations.
(iii) Guidelines on collateral security for providing loans should be strictly enforced.
(iv) External rating being done by banks before sanctioning loans should be abolished as it usually led to increase in the cost of credit. Loans at lower rate of interest for MSEs could be considered.

Agenda Item No. 5 (i): Implementation of Public Procurement Policy, 2012 (including procurement by Defence PSUs)

14. It was informed that Public Procurement Policy 2012 had become mandatory from 1st April 2015. Under the policy, every Central Ministry/Department/Central PSU had to procure
20% of their procurement from MSEs. A sub-target of 4% is earmarked for procurement from MSEs owned by SC/ST. However, during the last three years, Central PSEs have not been able to meet the target. Further, actual procurement from MSEs owned by SC/ST was only about 0.1% as against 4%. Secretary(MSME) solicited the views of Members on the following four issues:

(i) Extension of Public Procurement Policy to statutory/autonomous bodies and trusts owned by Central Government.
(ii) Review of 358 items reserved for procurement from PSUs.
(iii) Prescribe clear cut tender conditions.
(iv) Incorporate provisions in the policy for penalising the enterprises for breach of its provisions.

15. During the course of the discussion, the following suggestions emerged:

i. Entry into MSME data bank be made mandatory for availing of benefit of Public Procurement Policy.
ii. Disclosure of procurement from MSEs by PSUs be made mandatory in their Balance Sheet.
iii. Items reserved for procurement from MSEs should also have their tariff lines incorporated.
iv. Instead of multiple registrations with respective PSUs, registration with one PSU should be applicable to other PSUs as well.
v. GeM Portal should display the list of items reserved for procurement from MSEs.
vi. Explore the possibility of floating limited tenders for procurement from MSEs owned by SC/ST as PSUs were finding it difficult to procure from SC/ST owned MSEs.

**Agenda Item No. 5(ii): Amendments in the MSMED Act, 2006**

**Agenda Item No. 5(iii): Report of One Man Committee on National Policy for MSME.**

16. Agenda items 5(ii) and 5(iii) were taken up together for discussion. Suggestions of the members were solicited on the following issues:

(i) Definition of MSME solely in terms of investment in plant and machinery; if so, the limits thereof.
(ii) Definition of MSMEs in terms of one or more criteria of investment, turnover and employment.
(iii) Amendment in the delayed payment provisions of MSMED Act, 2006.
(iv) Amendment in the Act to facilitate ease of doing business.
(v) Recommendations made by One Man Committee chaired by Shri Prabhat Kumar on National Policy for MSMEs.

17. The following suggestions emerged during the course of discussion:

i. There should be a single window system for providing all clearances such as pollution control and forest to MSMEs.

ii. Delayed payment clause should be incorporated in the RFP floated by buyers.

iii. Reorient DICs in States to promote development of MSMEs.

iv. Priority sector lending should be restricted to MSEs only.

v. Suggestion of land bank given by One Man Committee should be implemented.

vi. A policy should be framed to extend marketing support to MSMEs.

vii. Lower rate of income tax proposed in the Union Budget 2017-18 apply to private limited companies and not to proprietorship and partnership companies. As most of the MSMEs were proprietorship and partnership, lower rate of income tax should be extended to them as well.

viii. Regulatory compliance requirement for MSMEs should be simplified.

ix. Exemption from inspection for three years as available to Start-up should also be extended to new micro units.

x. Documentation on the basis of self-certification should be encouraged and promoted.

xi. Incentivise creation of mini industrial estate and private industrial parks as acquisition of land has become prohibitively expensive.

xii. Social security scheme be formulated for MSEs.

The meeting concluded with a vote of thanks to the Chair.

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List of Participants for 15th Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 27.04.2017 at Vigyan Bhawan, New Delhi:

(A) Members of National Board for MSME

1. Shri Kalraj Mishra, Hon’ble Union Minister (MSME)/Chairman of NBMSME
2. Shri Haribhai Parathibhai Chaudhary, Minister of State (MSME), Govt. of India
3. Shri Satya Dev Pachauri, Hon’ble Minister In-charge of MSME (Uttar Pradesh)
4. Shri Rohitbhai Patel, Hon’ble Minister In-charge of MSME (Gujarat)
5. Shri K.K. Jalan, Secretary to the Govt. of India, Ministry of MSME
6. Shri Surendra Nath Tripathi, Additional Secretary and Development Commissioner and Member Secretary of NBMSME
7. Shri V. George Jenner, Spl. Secretary, Govt. of Tripura
8. Shri Ranjit Singh Gulati, President, FASII.
10. Shri Puran Dawar, Chairman, Dawar Footwear Industries, Agra.
12. Shri T. Muralidharan, Chairman, TMI Group, Secunderabad.
13. Shri Om Prakash Mittal, National President, Laghu Udyog Bharti.
15. Shri A. Padmanabha, President, KASSIA, Bangalore.
16. Shri Sushil Kumar Triparthi, Under Secretary, Min. of Labour & Employment, Shram Shakti Bhawan, New Delhi.
17. Shri Bikram Nath, Asstt. Director, Ministry of Food Processing Industries, New Delhi.
18. Shri Zakaria Khan Yusufzai, Sr. Development Officer, DIPP, New Delhi.
19. Dr. S. Saravanavel, Chief General Manager, NABARD Head Office, Mumbai.
20. Shri Ramesh Dharmagi, Chief General Manager, SIDBI, New Delhi.
22. Shri Sudarshan Sareen, National President, AICSMIA.
23. Ms. Geeta Goti, National President, Confederation of Women Entrepreneurs (COWE).
24. Shri Dinesh Chandra Tripathi, President, FISME.
25. Shri C. Babu, President, TANSTIA.
26. Ms. Sushma Morthania, Director General, India SME Forum.
27. Shri Milind Kamble, Chairman, DICCI.
28. Shri Manguirish Pai Raiker, Chairman, MSME Council, ASSOCHAM.
29. Shri V. Sundaram, President, CODESSIA.
30. Shri Sanjay Bhatia, President, FICCI, Confederation of MSME.
31. Ms. Leena Pandey, Director, SME Chapter, CII.
32. Shri Mohit Jain, Chairman, SME Chapter, PHD CCI.
33. Shri Manish Goel, President, IIA

(B) Special Invitee

1. Shri Dinesh Kumar, Managing Director, State Bank of India.
2. Shri Dinesh Rai, Greater Noida, GB Nagar.
3. Shri Vinay Kumar Saxena, Chairman, KVIC.
4. Shri C.P. Radhakrishnan, Chairman, Coir Board.
5. Shri Amit Gupta, Adviser, IIA.
7. Ms. Manjula Mishra, Chairperson, Women Entrepreneurs Working Group, IIA, U.P.
8. Shri Shishir Kumar Poddar, JSlA, Jharkhand.
9. Dr. Ajay Narang, Laghu Udyog Bharti
10. Shri Rajneesh Goenka, New Delhi.
11. Shri Ravindra Nath, CMD, NSIC Ltd.
12. Shri Meesala Chandraiah, Hyderabad
13. Shri Jyoti Prakash Jaiswal, Deoria, U.P.
14. Shri Shashi Kant Sharma, Gurgaon, Haryana.
15. Smt. Mithilesh Agarwal, Farrukhabad, U.P.
16. Shri Suneel Rama, Bulandshahar, U.P.
17. Shri N. Sugalchand Jain, Chennai.
19. Shri Subash Oswal Jain, New Delhi.

(C) Others

1. Shri Rajneesh Dube, Principal Secretary, Govt. of UP
2. Shri L.N. Gupta, Principal Secretary, Govt. of Odisha
3. Delegates accompanied with Members of NBMSME and officials of M/o MSME also attended the meeting.