Agenda Papers

For

13th Meeting of the National Board for Micro, Small & Medium Enterprises

18th January, 2016
Vigyan Bhawan
New Delhi
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ITEM NO.1

Confirmation of the Minutes of the 12th Meeting of NBMSME held on 10th July, 2015.

The Minutes of the 12th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10th July, 2015 under the chairmanship of Hon’ble Minister, MSME, were circulated to all Members of the said Board Vide Letter No. 08(01)/2015/NBMSME dated 31st July, 2015.

The Minutes are enclosed at ANNEX-I.
Minutes of 12th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10.07.2015 at Vigyan Bhawan, New Delhi.

12th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) was held under Chairmanship of shri Kalraj Mishra, Hon'ble Minister, and MSME on 10.07.2015 at Vigyan Bhawan, New Delhi. List of participants is appended (Annex-A). The meeting started with a welcome by Secretary (MSME).

2. The Hon'ble Minister of State in his opening remarks greeted distinguished guests and said that the agenda of the meeting include the Government vision as per Prime Minister's 'Make in India' drive. He said that when we think of 'Make in India' or GDP contribution or the quantum of employment generation etc. it is the MSME sector which always comes in as the focal point of discussion. So it is the time to take some major steps to resolve the issues that MSME sector faces, which in turn will give boost towards achieving the aim & objective of India's development. He expressed concerns about the unorganized sector which has not been able to get benefits of the Schemes of the Government due to not being included in EM Filing. He stressed on the establishment of "Technology Bank" for the benefit of the potential as well as the existing entrepreneurs. He thanked the Hon'ble Prime Minister for Launching "MUDRA BANK". He also mentioned that online registration will very soon be simplified by adopting the 'AADHAR UDYOYOG' as per the recommendations of the Kamath Committee.

3. The Hon'ble Minister (MSME) who is the Chairman of the Board welcomed Vice Chairman, Secretary, SS & DC, Members, Special Invitees of the Board and other dignitaries and mentioned that the growth of the economy is MSME driven and MSMEs are doing better than large industries. He said that agriculture and industry are the two wheels in development of India. The envisaged Indian manufacturing hub will make India more competitive in global world. He stressed upon the importance of MSME manufacturing in Prime Minister's vision of 'Make in India'. According to him manufacturing excellence should be more qualitative and pollution-free to make the product 'zero effect and zero defect'. He emphasized on enhancement of the capacity of MSMEs which will be helpful in employment generation. He stressed on the need of a MSME friendly Banking
Sector and continued focus on skill development and Entrepreneurship development being done through PPP mode. He thanked Development Commissioner (MSME) for undertaking systematic skill mapping of the different districts of the country. He also focused on cluster development. Public Procurement Policy, Defence Offset Policy, Digital Employment Exchange, revamped SFURTI and establishment of new tool rooms etc. He informed the Board about the new ASPIRE Scheme under which the business oriented Livelihood Incubation Centres would be established for nurturing the innovation at the grassroots level.

4. Hon’ble Minister of Industry, Govt. of Madhya Pradesh informed that the MSMEs are the spinal cord of the country and that the views of Members, Special Invitees and Associations are very valuable. She informed that the Madhya Pradesh Govt. has taken many steps to facilitate the MSME sector i.e., implementation of Progressive Industrial Policy, online registration, 15% of capital subsidy and 5% interest subsidy, 20% land premium for MSMEs in each industrial area, CM Yuva Yojna & CM Udyami Yojna, Incubation centres, exemption of nine labour laws, creation of Venture Capital Fund and online NOC for pollution etc. Hon’ble Minister suggested that the problem of delayed payment needs to be taken up in for early action besides stressing upon the enhancement of investment limit for MSMEs, setting up of incubation centre in other parts of M.P., expediting provision of seed capital for new entrepreneurs, ensuring better implementation of Public Procurement Policy, need for Committee to be formed to ease the procedure of cluster, enhancement of the cap for CLCSS from Rs. 1 cr. to Rs. 3 cr. and setting up of a new Tool Room in other cities of M.P. She also requested to have a decentralized system with respect to MSE-CDP, ASPIRE & SFURTI to get the maximum benefit out of these Schemes at the lowest level.

5. Hon’ble Minister of Industry, Govt. of Odisha pointed out that MSMEs are doing better than large industries but they are neglected. He said that to develop the States, MSMEs are the only way out as compared to mega projects because the small units have positive externalities. As per him the MSMEs are very cooperative; furthermore, the bank debts are created mainly by large units not by MSMEs. He informed that the Government of Odisha is fully implementing the Public Procurement Policy in the State. He suggested that real assessment of units should be done while raising the capital limit for MSME (as per the MSMED Act, 2006), and also for raising the limit under PMEGP. While informing about the
success of online EM Filing in Odisha, he put light on the existence of the system of online distribution of the subsidy. He requested for the conversion of IED of Odisha into National Institute of Entrepreneurship (NIE) and also for the establishment of 5 business oriented Livelihood Incubation Centres under the ASPIRE Scheme.

6. Hon’ble Minister of Industry, Govt. of U.P. stressed the need to facilitate the Handicraft Artisans on domestic markets as well as international markets by organizing the buyer-seller meets regularly. He demanded for the setting up of Expo Hubs at Lucknow and in ASEAN countries and Dubai etc. for easy availability of buyers at international markets. He requested for the establishment of an EXPO-MART in the state’s capital near airport to make exports easier. He suggested making the rate of interest on MSME loans at par with that on agricultural loans. He requested for action on the Cluster particularly those in which infrastructure is ready but function is yet to start. He also requested to have a PMEGP budget for the State on the basis of the potential and population of the State and to do the monitoring of the PMEGP Scheme through State Advisory Committee at the district level. He also requested to have a provision of more subsidies to the Food processing enterprises established in the rural area.

7. Shri B.K.Hariprasad, Hon’ble Member of Parliament (RS) reminded the statement of the First Prime Minister of Independent India i.e. ‘Industrialize or perish’ and requested to protect the ancillary units in existence in and around the large units at various places of the country. He also requested to protect the artisans of the tribal areas of the different States so as to let the micro level units to grow and employment generated. This according to him should cover the khadi & village industries. He also expressed his concern about the way the banking system is working in the MSME segment and requested the banking system to help the MSME sector to address their issues properly.

8. Chief General Manager, Reserve Bank of India, informed that initiative have been taken for the betterment of the situation which are faced by the sector. Furthermore, the credit facility has grown in the last three year by 23% in the MSME sector. She informed that training of officers has been initiated at upto the level of branch manager on regular basis where specialist trainer, industry association and industry of excellence are invited to discuss how to get the better result in connection with the credit facilities under the various financial schemes of the ministry of MSME like PMEGP,CGTMSE, CLCSS etc. A Cluster based Town
Hall programme is also organized by the Reserve Bank of India and after the online tracking facility of the loan applications it is expected to have a better result.

9. The Chairman & MD, SIDBI elaborately explained in detail the procedure of the MUDRA BANK which according to him is based on the concept of funding the unfunded and banking the unbanked -so as to have maximum credit delivery to the micro level enterprise, particularly those at the bottom level of pyramid. MUDRA Card will be the revolutionary aspect which has already been conceived, by means of which micro units would be able to address their problems as per their need.

10. Principal Secretary, Industry, Govt. of Tamil Nadu suggested that the entry barrier to the sector should be lifted by constituting a Committee for the MSME and by announcing the reward of Rs. 100 Crore as grant to the states achieving the said reduction of entry barrier level either in the form of Scheme orientation programme or some other means. He added that there should be an integration of the MSMEs having the potential of utilizing the Foreign Direct Investment (FDI) in the near future so that area of focus could be directed at ancillary-units development in that region.

11. President (TANSTIA) expressed concerns about the delayed payment and requested for the establishment of a Facilitation Centre for timely disposal of the issue of delayed payment. He also requested for the enhancement of central excise limit from Rs.1.5 cr. to Rs.5 Crore.

12. National President, Bhartiya Majdoor Sangh said that there must be a provision of marketing in the new policy of MSMF and start-up development by having the awareness programmes launched at the ground level.

13. Chairman, Federation of Industry & Commerce of North Eastern Region (FINER), informed that the industrial policy for NER has been suspended by DIPP on 31.12.2014. He requested that the Ministry of MSME may take the matter with DIPP for revoking the suspension for the betterment of MSMEs in NER. He demanded that a new Task Force may be constituted by the government in line with PM’s Task Force on MSMEs (2009). He also asked for a New Company Act exclusively for MSMEs. He also raised the issue of early implementation of GST, criteria for NPA, more effective role of Associations, provision of mechanism for conversion of lease hold land allotted to MSMEs into free hold land etc.
14. President (CODESSIA) requested the Board that under defence offset policy-existing defence related enterprise should be enlisted.

15. Secretary (Industries), Andaman & Nicobar Island, expressed the problems regarding need of raw material and marketing of the product in regards and requested to have a portal where the products could be displayed for sale at the Govt. level. The need for the establishment of Tool Room in A&N Island was demanded by her for the benefit of the unemployed educated youth of the area.

16. Chairman (SME-Chapter-PHD CCI) thanked for the consideration of amendment for definition of MSMEs and expressed concerns over the credit availability by the banks.

17. National Secretary General (LUB) said that import from China is adversely affecting the MSMEs of India. He also talked about 5% interest subsidy for MSME lending and relaxation of NOC norms for pollution for MSMEs. He emphasized on the need for labour reforms and called for setting up of a National Commission for MSMEs with judicial power.

18. President (TMI GROUP) expressed concern over MSMEs not getting finance to close the viability gap, and NSDC being the funding agency for meeting the viability gap grant. He asked for the constitution of a State level MSME Board with top seven states.

19. President (ASMKI) requested to have a MSMEs road map for the ease of doing business within the set up of the concerned Inter-Ministerial Committee.

20. President, All India Confederation of Small & Micro Industries Associations (AICOSMIA), requested to encourage National level Industry Associations to organize periodic seminars/conferences by financial support from the Government and get them telecast in TV and media channels for creating awareness on the policy. Schemes of Ministry of MSME.

21. Chairman (MCCCCI) suggested having better delivery system which will ultimately solve the loopholes of the Schemes.

22. National President & Founder, AlMA suggested that there should be a provision for Lady Entrepreneurs in Public procurement Policy 2012. As per him need for a nod from Pollution control board for small scale enterprises should be
relaxed and there should be priority Sector Board for lending priority sector for MSMEs.

23. President (DICCI) asked for the provision of 4% purchase preference with reference to SC/ST to be implemented properly. He stressed the necessity of following the Revival & Rehabilitation scheme of MSME, Govt of Maharashtra.

24. Director General (India SME Forum) opined that there should be a framework for the implementation of Make in India plan (i) one for existing entrepreneurs and (ii) for the start-up. It is also necessary for arming local associations with the introduction of flatted factory system and to give level playing field to the lady entrepreneurs.

25. Co-Chairman (ASSOCHAM) thanked for simplification of online filing of EM through AADHAR UDYOOG and requested for the enhancement of the MSME limits. He called for increasing the excise exemption limit from Rs.1.5 cr. To Rs.5 cr., enhancing of service tax limit from Rs. 10 lakh to Rs. 20 lakh, taking cognizance of turnover limits, giving teeth to IFC and on the need for promoting the smaller clusters.

26. President & Director General (ICC) stressed the need for promoting the ancillary units, providing assistance to the NIITs and IITs to develop entrepreneurship by utilizing the available resource in their campus.

27. National President (IIA, MSMF) requested that the data centre for MSME should be developed and that SIDBI should be given the charge of financing MSME units directly.

28. President (KASSIA) suggested increasing the level of investment limit under CLCSS from Rs. 1 crore to Rs. 5 crore.

29. President (AWAKE) requested that any upfront investment in stall part in the trade fairs by SMEs participating in the international trade fairs should be exempted.
30. Chairperson (CWEI) suggested setting up manufacturing hub in the region where the production is taking place with the provision of facilities for Geographical Indication registration.

31. Among the Special Invitees Shri Anil Gupta, Ms Manjula Mishra, Shri Sunil Rama, Shri Shishir Kumar Poddar, Shri Rajesh Kumar Sharma, Ms Swati Sharma, Shri Amit Gupta and Shri Rajnish Goenka suggested abolition of leasehold concept, protection from imports, sharing government revenue with MSMEs, Establishment of Mahila udyami Commission, insurance Scheme for MSMEs and collection of quarterly data on delayed payments etc. In view of the shortage of time (it was already past 2:30pm) the Secretary suggested that discussion may continue during lunch. He also offered to give separate time slots to anyone interested continuing the discussion further.

The meeting ended with Vote of Thanks to the Chair.
Annex-A

List of Participants for 12th Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10.07.2015 (Friday) at Hall No. - 3, Vigyan Bhawan, New Delhi:-

1. Shri Kalraj Mishra, Hon’ble Union Minister (MSME) / Chairman of the NBMSME.
2. Shri Giriraj Singh, Hon’ble Minister of State (MSME) / Vice-Chairman of the NBMSME.
4. Shri Bhagwat Saran Gangwar, Hon’ble Minister in Charge of MSME, State of Uttar Pradesh.
6. Shri B.K. Hariprasad, Hon’ble Member of Parliament (Rajya Sabha).
7. Dr. Anup K. Pujari, Secretary, Ministry of MSME, New Delhi
8. Shri Amarendra Sinha, SS&DC (MSME) and Member Secretary of NBMSME.
9. Shri Jagmohan Singh Raju, Principal Secretary, Industry, Representative of Hon’ble Minister in Charge of MSME, State of Tamil Nadu.
10. Shri John Thangtinrhum, Director (commerce & Industries), Representative of Hon’ble Minister in Charge of MSME, State of Manipur.
11. Smt Rashmi Krishnan, Secretary (Industries), Representative of Lt. Governor, Andaman & Nicobar Island (UT).
12. Smt. Reetu Jain, Director, Representative of Secretary, Department of Industrial policy & promotion, New Delhi.
13. Dr. Ajay Negi, Director, Representative of Secretary, Ministry of Food Processing Industries, New Delhi.
14. Smt Madhavi Sharma, Chief General Manager, Reserve Bank of India, Mumbai
15. Dr. K. Shivaji, CMD, SIDBI, Mumbai
16. Dr. S. Saravanavel, CGM, NABARD, Mumbai
17. Shri Jatin Govil, Joint General Manager, ICICI Bank corporate office, Mumbai
18. Dr. Avinash K Dalal (Nallawala), National President, All India MSME Association (AIMA), Mumbai.
19. Shri Nalin Kohli, President, Association of Small & Medium Knowledge Industries (ASMKI), New Delhi.
20. Shri Rishabh Kothari, Chairman, MCC Chamber of Commerce and Industry, Kolkata.
21. Shri O.P. Mittal, General Secretary, Laghu Udyog Bharti, New Delhi.
22. Shri Sudarshan Sareen, National President, All India Confederation of Small and Micro Industries, New Delhi.
23. Smt. Sushma Morthania, Director General, India SME Forum, Mumbai.
24. Shri R.S. Joshi, Chairman, Federation of Industry & Commerce of North-Eastern Region (FINER), Guwahati.
25. Shri Muthusami C., President, Tamil Nadu Small & Tiny Industries Association (TANSTIA), Chennai.
26. Shri Milind Kamble, Chairman, DICCI, Pune.
27. Shri Mangnirish Pai Raiker, Co-Chairman, SME Chapter, ASSOCHAM, New Delhi.
28. Shri Tapan K. Bhattacharya, President-Director, Indian Chamber of Commerce (ICC), Kolkata.
29. Shri E.K. Ponnuswamy, President, Coimbatore District Small Industries Association (CODESSIA), Coimbatore.
30. Shri Ashok Saigal, Chairman, SME Chapter, CH, New Delhi.
31. Shri Sanjay Bhatia, Chairman, SME Chapter, FICCI, New Delhi.
32. Shri Vishwa Nath, Chairman, SME Chapter, PHDCCI, New Delhi.
33. Shri V.K. Dikshit, President, Karnataka Small Scale Industries Association (KASSIA), Bangluru.
34. Smt. Jyothi Balakrishna, President, Association of Women Entrepreneurs of Karnataka (AWAKE), Bangluru.
35. Smt. Shashi Singh, Chairperson, Consortium of Women Entrepreneurs of India (CWEI), New Delhi.
36. Shri T. Murlidharan, Chairman, TMI Group, Hyderabad.
37. Shri Manish Goel, National President, HA.
38. Shri Baij Nath Rai, National President, Bhartiya Majdur Sangh, 24 Pargana.

Special Invitees:

39. Shri Ashwani Kumar, CMD, Dena Bank, Mumbai.
40. Shri Anil Gupta, Lucknow.
41. Smt Manjula Mishra, Greater Noida.
42. Shri Suneel Rama, Bulandsahar.
43. Shri Rajnish Goenka.
44. Shri Shishir Kumar Poddar, Ranchi.
45. Shri Rajesh Kumar Sharma, Hamirpur.
46. Smt. Swati Sharma, Raipur.
47. Shri Amit Gupta, Lucknow.
48. Shri Jyoti prakash Jaiswal.
49. Shri Atul Mukhi.
50. Dr. Ajay Narang.

Officers of Ministry of MSME and office of DC (MSME) also attended the meeting.
Action Taken Note on the issues/points raised in the Eleventh Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10th July, 2015.

The action taken as per the suggestions made by the Members of National Board for Micro, Small and Medium Enterprises (NBMSME) at its 12th Meeting held on July 10, 2015 is reported at ANNEX-II.
## Action Taken Note of the 12th meeting of the National Board for MSME held on 10.07.2015.

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<th>Issues/Points raised in the meeting</th>
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<td>* Establishment of “Technology Bank” for the benefit of the potential as well as the existing entrepreneurs.</td>
<td>The Ministry has notified Udyog Adhaar Memorandum vide notification dated 18\textsuperscript{th} September, 2015. The Udyog Aadhaar Memorandum can be filed online at Udyog Aadhaar Portal maintained by the Ministry of MSME at <a href="http://udyogaadhaar.gov.in">http://udyogaadhaar.gov.in</a>. There is no fee for filling the Udyog Adhaar Memorandum. There is no restriction on filing more than one Udyog Adhaar Memorandum. The memorandum can be filed on self–declaration basis etc.</td>
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<td>* Simplification of Entrepreneurs Memorandum by adopting the ‘UDYOG AADHAR’ as per the recommendation of the Kamath Committee. (Para no. 2)</td>
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<td>* Need of a MSME friendly Banking Sector * Focus on skill development and Entrepreneurship development being done through PPP mode. * Focus on cluster development, Public Procurement Policy, Defence Offset Policy, digital employment exchange, and establishment of new tool rooms * Revamped SFURTI and the new ASPIRE Scheme under which the business oriented Livelihood Incubation Centre would be established for nurturing the innovation at the grassroots level. (Para no. 3)</td>
<td>To ensure smooth flow of credit to MMSE sector, Reserve Bank of India (RBI) has issued detailed guidelines to all scheduled commercial banks on lending to the MSME sector which, inter alia, provide for a time frame for disposal of loan applications, loan limit for dispensing the collateral requirement and sub-targets for micro enterprises within the micro and small enterprise (MSE) lending. RBI has advised the banks to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts. The banks have also been advised that the allocation of 60 per cent of the MSE advances to the micro enterprises is to be achieved. Further, the Government is implementing various schemes namely, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme, Performance and Credit Rating Scheme, etc. to facilitate credit flow to the MSE sector. Pradhan Mantri Mudra Yojana has been launched for loans up to Rs. 10 lakh and is progressing well with more than 1.17 crore loans approved and more than Rs. 61300</td>
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The Micro and Small Enterprises – Cluster Development Programme (MSE-CDP) is being implemented for holistic and integrated development of micro and small enterprises in clusters through soft interventions (such as capacity building, marketing development, export promotion, skill development, technology upgradation, organizing workshops, seminars, training, study visits etc), Hard Interventions (setting up of Common Facility Centre) and Infrastructure Upgradation (create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs). This will result in enhancing the productivity & competitiveness as well as Capacity Building of Micro & Small Enterprises in the country which is in line with Hon’ble Prime Minister’s vision of Make in India.

Under ASPIRE, 22 LBIs and 2 TBIs have been approved and Rs 10.91 crore has been released. Fund of Rs 60 crore has been released to the SIDBI to set up ‘Fund of Funds’. The total release under the Scheme is Rs.70.91 crore.

Under the revised SFURTI, out of the target of 71 clusters to be set up, 67 clusters have been assigned in-principle-approval and 26 out of the same have been assigned final approval. Rs 10.76 crore has been released.

*The problem of delayed payment needs to be taken up in for early action besides
* Stressing upon the enhancement of investment limit for MSMEs, setting up of incubation centre in other parts of M.P.,
* To expedite provision of seed

Provisions are already there in Chapter V of MSME D Act, 2006 to address the problems related to delayed payment to MSEs from their buyers. The Director of industry of the State concerned is the Chairman of the MSE Facilitation Council constituted to arbitrate the dispute between MSE supplier and its buyer.
capital for new entrepreneurs,
* Ensure better implementation of Public Procurement Policy,
* Need for Committee to be formed to ease the procedure of cluster, enhancement of the cap for CLCSS from Rs. 1 cr. to Rs. 3 cr. and setting up of a new Tool Room in other cities of M.P.
* Request to have a decentralized system with respect to MSE-CDP, ASPIRE & SFURTI to get the maximum benefit out of these Schemes at the lowest level (Para no. 4)

MSMED (Amendment) Bill, 2015 has been already introduced in Lok Sabha to revise the investment limit prescribed for MSMEs in the country.

Raising the ceiling under CLCSS is not currently under consideration due constraint of additional fund requirement / allocation.

The policy has been circulated on 25.4.2012 by Secretary (MSME) to all the Central Ministries / Departments / CPSUs for better of Public Procurement Policy. Follow up D.O. letters from Hon’ble Minister for MSME to all the concerned Union Ministers as well as D.O. letter from Secretary, MSME to the concerned Secretaries of the Ministry to ensure effective implementation of the Policy. In the year 2014-15, 53 National Vendor Development Programmes(VDP) and 322 State Vendor Development Programmes focusing on effective implementation of Public Procurement Policy have been conducted by the field offices, MSME-DIs and 109 VDPs for MSEs conducted by NSIC and 400 VDPs conducted by 58 CPSUs. NSIC has opened a special window for SC/ST with providing 20% special concession on the registration fee by NSIC.

A Grievances cell is active for the redressal of the grievances for MSEs. Department of Public Enterprises has issued directions that non-compliance of the Public Procurement Policy, CPSUs will be penalised upto 1 mark at the time of annual evaluation of MoU.

Good numbers of proposals have been received from the State of Madhya Pradesh. So far, (i) Diagnostic Study Report - 13 nos. (ii) Soft Interventions - 5 nos. (iii) Infrastructure Development - 11
nos. have been considered. The proposals forwarded by the State Govt./MSME-DI are placed in the Steering Committee of the MSE-CDP for approval. One LBI at Dewas has been approved and Rs 45.10 lakh has been released to Govt. of Madhya Pradesh in Oct 2015.

* Suggested that real assessment of units should be done while raising the capital limit for MSME (as per the MSMED Act, 2006), and also for raising the limit under PMEGP.
* Request of the conversion of IED of Odisha into National Institute of Entrepreneurship (NIE); and
* The establishment of 5 business oriented Livelihood Incubation Centres under the ASPIRE Scheme. (Para no. 5)

Suggestion noted.

Hon’ble Minister, MSME has also requested all the Chief Ministers of State Governments for formulating similar policy in their State as per provision under section 11 of MSMED, Act 2006. Online Udyog Aadhaar (UA) is available on website of this office www.dcmsme.gov.in to register for MSEs. More than 500 grievances /clarification sorted out in the current financial year so far.

4 LBIs have been identified and out of which 3 have been approved at Bhubaneswar, Chhatrapur and Mancheswar through Coir Board, IED Odisha and EP&M. Govt. of Odisha. Rs 50 lakhs has been released in Oct 2015 to Coir Board.

* Stressed the need to facilitate the Handicraft Artisans on domestic markets as well as international markets by organizing the buyer-seller meets regularly.
* Setting up of Expo Hub at Lucknow and in ASEAN countries and Dubai etc. for easy availability of buyers at international markets.
* Establishment of an EXPO-MART in the state’s capital near airport to make exports easier.
* Suggestion to make the rate of interest on MSME loans at par with that on agricultural loans.
* Action on the Cluster particularly

The interest rates have been deregulated by RBI. Banks may determine their actual lending rates on loans and advances with reference to their base rate and not permitted to lend below this rate except certain categories of loans specified in RBI Master circular on ‘Interest rates on advances’. Banks have however been advised that the actual lending rates charged by them should be transparent and consistent.

This office has received three proposals related to upgradation of Industrial Estate in the State of Uttar Pradesh i.e. (i) Industrial Estate at Partapur, Meerut; (ii)
those in which infrastructure is ready but function is yet to start.
* Request to have a PMEGP budget for the State on the basis of the potential and population of the State and to do the monitoring of the PMEGP Scheme through State Advisory Committee at the district level.
* Requested to have a provision of more subsidies to the Food processing enterprises established in the rural area.  
(Para no. 6)

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<th>Suggestions not noted.</th>
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<td>Industrial Estate at Nunhai, Agra; and (iii) Industrial Estate at Sikhohabad, Firozabad. Final approval for all the three has been issued. 1st installment of Rs.200.00 lakh has been released in respect of Industrial Estate at Partapur, Meerut in the month of December, 2015. In the remaining two Industrial Estates, the funds would be released after receiving the funds under RE stage.</td>
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*Request to protect the ancillary units in existence in and around the large units at various places of the country.
* Request to protect the artisans of the tribal areas of the different States so as to let the micro level units to grow and employment generated.
* Concern about the way the banking system is working in the MSME segment and requested the banking system to help the MSME sector to address their issues properly. 
(Para no. 7)

**Under the revised SFURTI, out of the target of 71 clusters to be set up, 67 clusters have been assigned in-principle-approval and 26 out of the same have been assigned final approval including Karnataka. This includes Khadi, Village industries, and Coir clusters. Rs 10.76 cr has been released.**

**Banking issues and credit facilitation as per para no. 3**

* Suggestion regarding the entry barrier to the sector should be lifted by constituting a Committee for the MSME and by announcing the reward of Rs. 100 Crore as grant to the states achieving the said reduction of entry barrier level either in the form of Scheme orientation programme or some other means.
* There should be an integration of the MSMEs having the potential of utilizing the Foreign Direct Investment (FDI) in the near future so that area of focus could be
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<th>Request for the establishment of Facilitation Centre for timely disposal of the issue of delayed payment, and also for the enhancement of central excise limit from 1.5 cr. to 5 Crore. (Para no. 11)</th>
<th>The MSEFCs have already been constituted by all States/UTs to dispose of the cases related to Delayed payment to MSEs. The matter has been taken up with D/o Revenue, Ministry of Finance.</th>
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<td>There must be a provision of marketing in the new policy of MSME and start-up development by having the awareness programmes should be launched at the ground level. (Para no. 12)</td>
<td>Suggestions noted.</td>
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<td>The industrial policy for NER has been suspended by DIPP on 31.12.2014. He requested that the Ministry of MSME may take the matter with DIPP for revoking the suspension for the betterment of MSMEs in NER. A new Task Force may be constituted by the government in line of PM's Task Force on MSMEs (2009). Asked for a New Company Act exclusively for MSMEs. He also raised the issue of early implementation of GST, criteria for NPA, more effective role of Associations, provision of mechanism for conversion of lease hold land allotted to MSMEs into free hold land etc (Para no. 13)</td>
<td>Most of the issues pertain to other Ministries of Govt. of India (DIPP, DONER, Ministry of Corporate Affairs, and Ministry of Finance) and State Governments (for Industrial Land). Issues noted and taken up with appropriate authorities.</td>
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<td>The need for the establishment of Tool Room in A&amp;N Island was demanded by her for the benefit of the unemployed educated youth of the area. (Para no. 15)</td>
<td>The Andaman and Nicobar Island Administration has identified 30 acres of land at Minnie Bay for establishment of Technology Centre in Fragrance &amp; Flavour. To ascertain the suitability of the site, Principal ascertain the suitability of</td>
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the site, Principal Director, FFDC, Kannauj has been requested to visit the site and submit its report before Andaman and Nicobar Island Administration is requested to allot the land for office of DC (MSME).

*Emphasized on the need for labour reforms and called for setting up of a National Commission for MSMEs with judicial power (Para no. 17)  
Suggestions noted. The M/o Labour & Employment is working labour reforms including for MSME sector.

* Constitution of a State level MSME Board with top seven states. (Para no. 18)  
Suggestion noted.

* To have a MSMEs road map for the ease of doing business within the set up of the concerned inter-ministerial committee. (Para no. 19)  
The Ministry has introduced a one page simplified Udyog Aadhaar Memorandum (UAM) in place of earlier EM-I & II as a measure for ease of doing business.

President, All India Confederation of Small & Micro Industries Associations (AICOSMIA), requested to encourage National level Industry Associations to organize periodic seminars/conferences and get them telecast in TV and media channels for creating awareness on the policy, Schemes of Ministry of MSME by financial support from the Government. (Para no. 20)  
Suggestion noted

* Better delivery system which will ultimately solve the loopholes of the Schemes. (Para no. 21)  
Suggestion noted and efforts are on for better delivery of schemes.

National President & Founder, AIMA suggested that there should be a provision for Lady Entrepreneurs in Public Procurement Policy 2012. As per him need for a nod from Pollution control board for small scale enterprises should be relaxed and there should be priority Sector Board for lending priority sector for MSMEs. (Para no. 22)  
Policy applicable to all types of units including lady entrepreneurs.
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<th>* Asked for the provision of 4% purchase preference with reference to SC/ST to be implemented properly. He stressed the necessity of following the Revival &amp; Rehabilitation scheme of MSME, Government of Maharashtra. (Para no. 23)</th>
<th>Necessary instructions have been given to the stakeholders.</th>
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<td>* There should be a framework for the implementation of Make in India plan (i) one for existing entrepreneurs and (ii) for the start-up. It is also necessary for arming local associations with the introduction of flatted factory system and to give level playing field to the lady entrepreneurs. (Para no. 24)</td>
<td>The Govt. may consider constituting a high level committee to take up issues from stakeholders to incorporate the same in National Policy for MSMEs.</td>
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<td>* Enhancement of the MSME limits. * For increasing the excise exemption limit from Rs.1.5 cr. To Rs.5 cr., enhancing of service tax limit from Rs. 10 lakh to Rs. 20 lakh, taking cognizance of turnover limits, giving teeth to IFC and on the need for promoting the smaller clusters. (Para no. 25)</td>
<td>Same as in para -4. For excise matter, the Ministry has taken up with the Dept. of Revenue.</td>
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<td>* Need for promoting the ancillary units, providing assistance to the NIITs and IITs to develop entrepreneurship by utilizing the available resource in their campus. (Para no. 26)</td>
<td>Suggestion noted.</td>
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<td>* Data centre for MSME should be developed and that SIDBI should be given the charge of financing MSME units directly. (Para no. 27)</td>
<td>S&amp;D Division has initiated the process for compilation of data/information on the data base of MSMEs as available with various programme divisions, implementing the Schemes under the O/o DC(MSME). As on date identification details of approximately 13 lakh MSMEs have been compiled. SIDBI is already financing to MSME Sector</td>
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<td>*Increasing the level of investment limit under CLCSS from Rs. 1 crore to Rs. 5 crore. (Para no. 28)</td>
<td>Same as above in para-4.</td>
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<td>*Request for exemption from upfront investment in stall part in the trade fairs by SMEs participating in the international trade fairs. (Para no. 29)</td>
<td>Exemption from upfront investment by SMEs lead them to non-seriousness towards the participation.</td>
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<td>*Suggestion for setting up manufacturing hub in the region where the production is taking place with the provision of facilities for Geographical Indication registration. (Para no. 30)</td>
<td>Suggestion noted.</td>
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<td>*Suggested abolition of leasehold concept, formation of a whatsapp group for data sharing, protection from imports, sharing government revenue with MSMEs, Establishment of Mahila udyami Commission, insurance Scheme for MSMEs and collection of quarterly data on delayed payments etc. (Para no. 31)</td>
<td>Suggestion noted. The quarterly report related to disposal of cases of delayed payments by MSEFCs are already been forwarded by the state govt. to the office of the DC(MSME)</td>
</tr>
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Government has been implementing various schemes/programmers to help the micro, small and medium enterprises for effectively competing with imports from China and other countries. It is also mentioned that representations received from the MSMEs, regarding import duties, dumping, surge in import etc. are forwarded to the concerned Departments for appropriate action as and when received.
Item No- 3

Agenda point for the 13th Meeting of National Board for MSME

(i) Confirmation of the Minutes of the 12th Meeting of NBMSME.

(ii) Discussion on Action Taken Note of the Last Meeting.

(iii) Promoting Enterprise Registration-Udyog Aadhaar Memorandum (UAM):-

Udyog Aadhaar Memorandum (UAM) scheme was notified in September 2015 under section 8 of the MSME Development Act 2006. This is a path breaking step to promote ease-of-doing-business for MSMEs in India. UAM replaces the cumbersome filing of Entrepreneurs’ Memorandum (EM part-I & II) with the respective States/UTs. MSME entrepreneurs just need to file online, a simple one-page UAM on http://udyogaadhaar.gov.in to instantly get a unique Udyog Aadhaar Number (UAN). The information sought is on self-certification basis and no supporting documents are required at the time of online filing of UAM.

The UAM has emerged from the vision of Honorable Prime Minister of India shared with the Nation through “Mann Ki Baat” telecast on 03-10-2014 and the recommendations for Universalization of Registration in the Report of the Kamath Committee on Financial Architecture of MSME sector. Within a short time of three months, more than 1,14,000 UAMs have been filed in the country.

(iv) Promoting Enterprise Creation (Start-Up):-

The Prime Minister has spoken about “Start Up India, Stand Up India” in his address to the nation from Red Fort on 15th August, 2015. DIPP and M/o MSME along with other Ministries are working on a Start up Policy. The new policy is likely to be unveiled on 16th January, 2016.

A Start-up can be defined as an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding Rs. 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
Hand holding support to Start-ups would be an essential component of the start-up policy. Various incentives including in matters of easy credit, marketing, regulatory mechanisms etc. could be thought of for facilitating the start-ups to grow and develop in initial years.

(v) Promoting Access to Credit (CLCSS, CGTMSE & PMEGP):

**CLCSS**

The Ministry of Micro, Small & Medium Enterprises (MSME) is operating a scheme for technology upgradation of Micro & Small Enterprises (MSE) called the Credit Linked Capital Subsidy Scheme (CLCSS). The Scheme aims at facilitating technology upgradation by providing upfront capital subsidy to MSE units, including tiny, khadi, village and coir industrial units, on institutional finance (credit) availed of by them for modernisation of their production equipment (plant and machinery) and techniques. The Scheme provides a subsidy of 15% upfront up to subsidy cap of Rs.15 lakhs (upto total cost of plant & machinery of Rs.1 crore) with effect from the 29th September, 2005, on institutional finance availed of by them for induction of well established and improved technology in selected sub-sectors/products approved under the Scheme to Micro & Small Enterprises (MSEs).

**CGTMSE**

The Government launched the Credit Guarantee Fund Scheme for Micro and Small enterprises (CGTMSE) in August, 2000 with the objective of making available credit to Micro and Small Enterprises for loans up to Rs. 100 lakh without collateral/ third party guarantees. The scheme is being operated by the Credit Guarantee Fund Trust for Micro and Small Enterprise (CGTMSE) set up jointly by the Government of India and SIDBI. The scheme is being operated by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) set up jointly by the Government of India and SIDBI. The corpus of CGTMSE is contributed by the Government of India and SIDBI in the ratio of 4:1. The corpus of CGTMSE has been enhanced to Rs. 2419.955 crore with the contribution of Rs. 1935.97 crore from the GoI and Rs. 483.985 crore from SIDBI. The Scheme covers collateral free credit facility (term loan and/ or working capital) extended by eligible lending institutions to new and existing micro and small enterprises up to Rs. 100 lakh per borrowing unit. The guarantee
cover provided is up to 75% of the credit facility up to Rs.50 lakh (85% for loans up to Rs. 5 lakh provided to micro enterprises, 80% for MSEs owned/operated by women and all loans to NER) with a uniform guarantee at 50% of the credit exposure above Rs.50 lakh and up to Rs.100 lakh. A composite all-in Annual Guarantee Fee of 1.0 % of the credit facility sanctioned (0.75% for credit facility upto Rs. 5 lakh and 0.85% for above Rs. 5 lakh and upto 100 lakh for Woman, Micro Enterprises and units in NER including Sikkim) is now being charged.

At present, 133 eligible institutions comprising 26 Public Sector Banks, 21 Private Sector Banks, 73 Regional Rural Banks (RRBs), 4 Foreign Banks and 9 other institutions i.e. Delhi Financial Corporation, Kerala Financial Corporation, Jammu & Kashmir Development Finance Corporation Ltd, Andhra Pradesh State Financial Corporation, Export Import Bank of India, The Tamil Nadu Industrial Investment Corporation Ltd., National Small Industries Corporation (NSIC), North Eastern Development Finance Corporation (NEDFI) and Small Industries Development Bank of India (SIDBI) have become Member Lending Institutions (MLIs) of CGTMSE for participating under the Credit Guarantee Scheme.

PMEGP-

PMEGP is the flagship programme of the Government offering credit linked subsidy to establish new enterprises for generating continuous and sustainable employment opportunities in Rural and Urban areas of the country. In order to expand the base of PMEGP the Ministry has made modifications in the Negative list of the PMEGP Guidelines allowing all rural and urban transport activities, value added products for Tea, Coffee, Rubber etc and to provide for. To enable greater coverage of micro enterprises and to ensure inclusive growth, target of 75 projects per district has been fixed for PMEGP. KVIC has executed a MoU with Monitoring Cell of RSETI (Rural Self Employment Training Institutes) to impart EDP training through RSETI/RUDSETI under PMEGP. 457 model projects including, 150 from NSIC incubation centers prepared and put up on PMEGP website for benefit of potential beneficiaries. Exclusive Retail outlets permitted in LWE, NER and A & N Islands. To showcase and promote the products of PMEGP units, an exclusive web portal developed by KVIC to cater to domestic and international Buyers for PMEGP units. Linkage with existing online marketing agencies like e-bay, Flipkart etc. is under process.
(vi) Access to Market (Public Procurement Policy):-

The Government has notified Public Procurement Policy for Micro and Small Enterprises (MSEs), Order, 2012 under MSMED Act, 2006 which is effective from 1st April, 2012. The policy is applicable for all the Central Ministries / Departments / Public Sector Undertakings (PSUs), and policy has been circulated to all the Ministries / Departments / CPSUs through Secretary (MSME) for taking necessary steps for effective implementation. The policy is also available on the website of O/o Development Commissioner- MSME i.e. www.dcmsme.gov.in. The Policy has become mandatory w.e.f 1st April, 2015. Every Central Ministry/Department/PSU shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs from the latter in a period of three years. Out of 20% target of annual procurement from MSEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy. The participating MSEs in a tender quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such MSE, the supply will be shared equally. Every Central Government Ministry/Department/PSU will report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports. The Central Ministry/Department/Public Sector Undertaking will continue to procure 358 items from MSEs, which have been reserved for exclusive purchase from MSEs. For enhancing the participation of SCs/STs in the Government procurement, the Central Government Ministry/Department/PSUs will take necessary steps including organizing special Vendor Development Programmes, Buyer-Seller Meets etc. Given their unique nature, defence armament imports will not be included in computing the 20% goal for M/o Defence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation. A Committee has been constituted under the chairmanship of Secretary (MSME), inter alia, to review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis and for monitoring and review of the Public Procurement
Policy for MSEs. In addition, a ‘Grievance Cell’ would be set up in the Ministry of MSME for redressing the grievances of MSEs in Government procurement.

The policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.

(vii) New Initiatives (ASPIRE, SFURTI):

**ASPIRE- A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship** has been launched on 18.3.2015 to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry with a fund of Rs 210 crore. 80 Livelihood Business incubators and 30 TBIs are to be set up by March 2017. A total of 1,04,000 incubates adequately skilled and trained would be ready for taking the program forward. 22 LBIs have been approved and funds have been released to the tune of Rs.10.91 crore. For creation and setting up of ASPIRE Fund of Funds, Rs.60 Crore has been released to the SIDBI and the fund has been operationalized. 2 TBIs have been approved. LBIs and TBIs are set up across 14 States of the country including NER. Deoria and Rajkot incubation centres have been started by NSIC. The first batch of 210 youth has been trained and skilled by NSIC in Deoria centre.

**SFURTI:-**

The Revamped SFURTI scheme was started on 1st August 2014 with an outlay of Rs. 149.44 crore for developing 71 clusters (including coir) with coverage of 44500 artisans (approx.) in the first phase. The guidelines were further revised on 30th June 2015 to streamline the approval process, fund flow and to remove the bottlenecks. 43 Agencies have been empanelled as Technical Agencies for preparation of DSR / DPR’s and developing clusters. 67 clusters have been given in-principle approval by Scheme Steering Committee (SSC) and 26 DPRs have been given Final approval. Rs. 62 Crore have been sanctioned under SFURTI of which Rs.10.76 Crore has been released.
Any other issues, with the permission of the chair.