Government of India
Ministry of Micro, Small & Medium Enterprises

Agenda Papers
for
15th Meeting of
National Board for Micro, Small & Medium Enterprises

27th April, 2017
Vigyan Bhawan, New Delhi
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Venue: Vigyan Bhawan, New Delhi  
Date: 27.04.2017  
Time: 10.00 A.M

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Agenda Item No.1

Confirmation of the Minutes of 14th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 11.08.2016

Minutes of 14th meeting of NBMSME held on 11.08.2016 under the chairmanship of Hon’ble Minister, MSME were circulated vide letter No. (43)/2016-NBMSME dated 28.09.2016. A copy of the Minutes is annexed (page 23-26).

Agenda Item No.2

Action Taken Report

The Action Taken Report on the suggestions made by the Members of National Board for Micro, Small and Medium Enterprises (NBMSME) in its 14th meeting held on 11.08.2016 at Vigyan Bhawan, New Delhi is as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Issues/Points raised in the meeting</th>
<th>Action taken/ Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Conversion of Institute of Entrepreneurship Development (IED), Odisha to a National Institute for which proposal has been already submitted to M/o MSME. (Point 4)</td>
<td>IED has been sanctioned an assistance of Rs.2.5 crore under ATI Scheme.</td>
</tr>
<tr>
<td>2 (a)</td>
<td>Timely approval of 10 CFCs under MSE-CDP in the current financial year to Odisha State. (Point 4)</td>
<td>No proposal is pending for consideration of Steering Committee.</td>
</tr>
<tr>
<td>(b)</td>
<td>There is a need to make the scheme of MSE-CDP on fast track. (Point 5)</td>
<td>The scheme has been put on fast track after carrying out many amendments.</td>
</tr>
<tr>
<td>(c)</td>
<td>Under MSE-CDP, Exhibition Centres need to be set up and funds for diagnostic studies and soft intervention should be released immediately. (Point 6)</td>
<td>As advised, the scheme has been revised.</td>
</tr>
<tr>
<td>(d)</td>
<td>Under MSE-CDP, there is need for timely release of funds for implementation of the projects in Manipur State. (Point 7)</td>
<td>Funds for MSE-CDP are being released timely to all States including Manipur.</td>
</tr>
<tr>
<td>3</td>
<td>The size of PMEGP scheme needs to be enlarged. (Point 5)</td>
<td>Suggestion has been noted. However, the size of the scheme will be defined by the overall allocation of the Ministry.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----</td>
<td>-----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>4</td>
<td>There is a need for revival of MSMEs by issuing necessary directives to the Banks. (Point 5)</td>
<td>Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs) has been notified and is operational. 41417 cases have been referred to Committees under the Framework till December 31, 2016.</td>
</tr>
<tr>
<td>5</td>
<td>There is a need for skilled manpower for the MSMEs and fund should be made available to the State Government for this purpose. (Point 6)</td>
<td>Ministry of Skill Development &amp; Entrepreneurship has been requested to do the needful.</td>
</tr>
<tr>
<td>6</td>
<td>Revival/restart of the North East Industrial &amp; Investment Promotion Policy (NEIIP), 2007 which has been suspended w.e.f. 01 December, 2014. (Point 7)</td>
<td>A Committee under the chairmanship of CEO, Niti Ayog has been constituted by DIPP to suggest a roadmap for a new industrial policy for NER and Himalayan States. The Committee has held three meetings so far.</td>
</tr>
<tr>
<td>7</td>
<td>FFDC centre is to be set up in Manipur State. (Point 7)</td>
<td>A full-fledged Technology Centre is being set-up in Manipur and flavour and fragrance will form part of it.</td>
</tr>
<tr>
<td>8</td>
<td>Suggestion for 30% reservation for women entrepreneurs' in in-flatted factory and 4% interest for women entrepreneurs in bank lending. {Point 9(i)}</td>
<td>Suggestion noted.</td>
</tr>
<tr>
<td>9</td>
<td>Though the CGTMSE scheme provides guarantee cover of Rs.1.00 crore loan, some banks insist for collateral security, such cases need to be brought to the notice of RBI. {Point 9(ii)}</td>
<td>Appropriate action is taken on reporting of such instances on a case to case basis. However, CGTMSE scheme has been made more liberal after the last meeting.</td>
</tr>
<tr>
<td>10(a)</td>
<td>RBI is requested to advise banks not to publish the photographs of MSME units for their NPAs/default in payment. {Point 9(iv)}</td>
<td>Suggestion noted.</td>
</tr>
<tr>
<td>10(b)</td>
<td>MSMEs are moving towards sickness due to delayed payment. Suggestion was made for the solution for delayed payment that once the quality inspection report is received from PSUs, MSME can submit the bill and the nodal bank can release payment. PSUs will have to pay interest also. {Point 9(ix)}</td>
<td>MSEFC portal has been launched to monitor the cases of delayed payment. Further, efforts are on to operationalize and activate Trade Receivable and e-Discounting System (TReDS).</td>
</tr>
<tr>
<td>11</td>
<td>MSMEs are finding it difficult to get environmental pollution clearance. Under ZED Scheme, if a unit is getting silver</td>
<td>Suggestion noted.</td>
</tr>
<tr>
<td></td>
<td>standard then such unit should automatically be granted the environmental clearance. M/o MSME is requested to take initiative to make ZED certificate globally accepted. (Point 9 (v))</td>
<td>All Officers of MSME-DIs have been asked to send monthly report on various issues of implementation including policies and programmes.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>12</td>
<td>MSME-DI, Bangaluru office in Karnataka should be strengthened and trained to implement the policies and programmes of M/o MSME in the Karnataka State (Point 9 (vi))</td>
<td>State Level Bankers Committee (SLBC) meetings are held regularly at Headquarter of respective States.</td>
</tr>
<tr>
<td>13</td>
<td>Organization of a Bankers Conclave at Guwahati. (Point 9(vii))</td>
<td>Ministry of Human Resource Development has been requested to take appropriate action.</td>
</tr>
<tr>
<td>14</td>
<td>Entrepreneurship should be included in the curriculum in all the State Government run schools and colleges. (Point 9(vii))</td>
<td>NSIC has facilitated supply of 11.36 lakh metric ton of raw materials during 2016-17 as against 10.12 lakh metric ton in 2015-16.</td>
</tr>
<tr>
<td>15</td>
<td>M/o MSME has to facilitate in setting up of warehouses across the country through NSIC to provide marketing support to MSMEs as the online marketing is growing rapidly and this will help large scale MSMEs to deliver products on time. {Point 9(ix)}</td>
<td></td>
</tr>
</tbody>
</table>

**Agenda Item No. 3**

**Presentation on achievements of Ministry during 2016-17 and targets for 2017-18.**

Presentation will be made before the Members of the National Board for MSME

**Agenda item No.4(i)**

**Implementation Status of Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises**

Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated May 29, 2015 has notified a ‘Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises’. However, RBI has carried out certain changes in the framework in order to make it compatible with the existing regulatory guidelines and issued revised framework to all Scheduled Commercial Banks dated March 17, 2016. In addition, to operationalise the framework, RBI has advised all scheduled Commercial Banks (excluding Regional Rural Banks) to put in place board approved policy by June 30, 2016 to address the stress in the accounts of MSMEs.
2. Under this framework, the branch maintaining the account should consider forwarding the stressed accounts with aggregate loan limits above Rs. 10 lakh to the Committee for a suitable Corrective Action Plan (CAP). A Committee has to be constituted by the banks with representatives from State Governments, experts, regional or zonal head of the bank and the officer in charge of MSMEs credit department of the bank. The Committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lender’s loans and also to allow the enterprise to continue with its business.

3. The options under Corrective Action Plan (CAP) by Committee may include: (i) Rectification- regularise the account so that the account does not slip into the non-performing asset (NPA) category, (ii) Restructuring -restructuring the account if it is prima facie viable and the borrower is not a willful defaulter, and (iii) Recovery-when none of the options at (i) and (ii) above are seen as not feasible.

4. Status of implementation of above mentioned Framework during the reporting period from July 01, 2016 to December 31, 2016 as compiled by RBI is given in the table below:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Bank Category</th>
<th>No. of Committee formed</th>
<th>No. of cases referred</th>
<th>No. of cases resolved by committee</th>
<th>Corrective Action Plan (CAP) by the committees [out of (3)]</th>
<th>Rectification</th>
<th>Restructuring</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public Sector Banks</td>
<td>1558</td>
<td>34903</td>
<td>23546</td>
<td>11978</td>
<td>86</td>
<td>11482</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Private Sector Banks</td>
<td>208</td>
<td>6492</td>
<td>6027</td>
<td>2779</td>
<td>9</td>
<td>3239</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Foreign Banks</td>
<td>4</td>
<td>22</td>
<td>22</td>
<td>21</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scheduled Commercial Banks</td>
<td>1770</td>
<td>41417</td>
<td>29595</td>
<td>14778</td>
<td>95</td>
<td>14722</td>
<td></td>
</tr>
</tbody>
</table>

**Agenda Item No.4(ii)**

**Launch of Micro and Small Enterprises Facilitation Council (MSEFC) portal**

Micro and Small Enterprises Facilitation Council (MSEFC) portal has been launched. The portal facilitates implementation of the delayed payment provisions of the MSMED Act 2006 and assists in monitoring of delayed payment cases. Most of the States have uploaded the information regarding delayed payment cases on MSEFC portal. As on 31.03.2017, 3690 cases involving an amount of Rs.1660 crore are pending before various MSEFCs.

In consultation with various stakeholders including States/UTs, draft MSEFC Rules were revised and were circulated to all States/UTs in September, 2016 as an advisory for consideration and adoption.
Members of the Board are requested to take note of the same. They may also bring to the notice of various enterprises which can see the progress of their cases on the portal.

**Agenda Item No.4(iii)**

**Status on Setting up and functioning of Finance Facilitation Centre (FFCs)**

Finance Facilitation Centre (FFCs) at NSIC have dedicated online platform (www.nsicffconline.in) under which credit to MSMEs will be facilitated through web linkages between NSIC portal and Bank’s portal. The Salient features of this portal are given herein under:

1. To operate as a nodal point for aggregating various financing options of MSMEs.
2. Speedy disposal of credit proposals thus saving time and cost of MSMEs.
3. To facilitate larger number of MSMEs who are desirous of availing credit.
4. To provide handholding support to MSMEs.

**I. Functioning of Finance Facilitation Centre.**

The MSME Unit can either directly log in at www.nsicffconline.in or can also contact to its nearest NSIC Finance Facilitation Center with the loan proposal. The official at the Finance Facilitation Center will provide hand holding support by assisting the unit in documentation for online submission of the loan proposal to any three preferred banks as opted by MSME unit which are under MOU agreement with NSIC. The operational methodology of FFCs is mentioned herein under:

(i) After keying all relevant details on the portal, a unique electronic reference no. will be generated which will be quoted for all future correspondence and tracking of the loan proposal and the nodal officer at FFC shall validate the contents of loan application form before submitting it to bank.

(ii) The concerned bank(s) will evaluate and decide about the funding of loan proposal based on its lending policy after viewing the lead from FFC on this portal.

(iii) In case of in principle sanction of proposal, the concerned bank will login into NSIC’s portal and will mention the terms of sanction; the same will be conveyed by the bank to the unit and concerned FFC through auto-mail system.

(iv) The concerned FFC nodal officer after receipt of auto-mail from bank will send the hard copy of the proposal (offline) along with the prescribed documents as required by the bank.
through covering letter mentioning therein the unique reference no. generated by NSIC’s portal. Rigorous follow up with banks thereafter shall be made by concerned FFC nodal officer.

(v) In case of rejection of proposal, the concerned bank will login into NSIC’s portal and will mention the reasons for rejection; the same will be conveyed by the bank to the unit and concerned FFC through auto-mail system.

II. Setting up of Finance Facilitation Centre (FFCs)

NSIC has presently set up seven finance facilitation centres at the following locations:-

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Location of the Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Jalandhar</td>
</tr>
<tr>
<td>2.</td>
<td>Peenya</td>
</tr>
<tr>
<td>3.</td>
<td>Guwahati</td>
</tr>
<tr>
<td>4.</td>
<td>Ludhiana</td>
</tr>
<tr>
<td>5.</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>6.</td>
<td>Jaipur</td>
</tr>
<tr>
<td>7.</td>
<td>Chennai</td>
</tr>
</tbody>
</table>

Agenda Item No.5(i)

Implementation of Public Procurement Policy, 2012 including procurement by Defence PSUs

The Policy:

- Public Procurement Policy for MSEs order, 2012 has been notified under section 11 of MSMED Act 2006.
- The Policy is effective from 1st April, 2012 (Gazette notification on 26th March’ 2012.) and has become mandatory w.e.f 1st April, 2015
- The objective of Policy is promotion and development of Micro and Small Enterprises by supporting them in marketing of products produced and services rendered by them. However the policy rests upon core principle of competitiveness, adhering to sound procurement practices and execution of supplies in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

Salient features of the Policy:

- Every Central Ministry /Dept./Central PSUs shall set an annual target for 20% procurement from MSE Sector.
- A sub-target of 4% out of 20% target of annual procurement earmarked for procurement from MSEs owned by SC/STs.
Overall procurement goal of minimum 20% shall be mandatory after three years i.e. from 1\textsuperscript{st} April 2015.

Ministry /Department/CPSUs shall prepare their annual procurement plan to be uploaded on official website.

Benefits available to registered MSEs under the Policy

- Tender sets free of cost
- Exemption from payment of earnest money to MSEs.
- MSEs quoting price within price band $L-1 + 15\%$ shall be allowed to supply upto 20\% of tendered value at $L-1$ subject to lowering of price by MSEs to $L-1$.
- 358 items are reserved exclusively for procurement from MSEs

Points for deliberation

The Ministry is looking into amendments to this Public Procurement Policy Order. Some of amendments being considered are:

(i) Besides Govt. departments and CPSUs, this should be explicitly made applicable to all statutory and autonomous bodies and other societies and trusts owned by Government of India. It will also be applicable to other bodies such as Central Universities, Technology Centres and other autonomous bodies or institution working under various Departments or Ministries of Government of India.

(ii) A Committee has been framed to look into list of 358 items. This list needs to be clear and specific.

(iii) Efforts will be made to prescribe clear cut tender conditions.

(iv) Purported ‘Order’ will prescribe the punishment to enterprises which are taking this benefit without being eligible.

(v) Procurement made by CPSUs at present is detailed below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Procurement</th>
<th>Procurement from MSEs (including SC/ST owned MSEs)</th>
<th>Procurement from MSEs owned by SC/ST</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 (104 CPSUs)</td>
<td>82535.55</td>
<td>12425.89 (15.06%)</td>
<td>80.45 (0.10%)</td>
</tr>
<tr>
<td>2014-15 (133 CPSUs)</td>
<td>131766.86</td>
<td>15300.57 (11.61%)</td>
<td>59.37 (0.05%)</td>
</tr>
<tr>
<td>2015-16 (124 CPSUs)</td>
<td>134640.26</td>
<td>18204.15 (13.52%)</td>
<td>99.06 (0.07%)</td>
</tr>
</tbody>
</table>

Members are requested to deliberate upon the issue and make their suggestions in this regard.
Agenda Item No. 5(ii)


(A) MSMED (Amendment) Bill, 2015

The MSMED (Amendment) Bill was introduced in the Parliament in 2015 after due consultation with the stakeholders. The objectives of the Micro, Small and Medium Enterprises Development (Amendment) Bill, 2015 are as follows:

(i) To enhance the existing limit for investment in plant and machinery considering changes in price index and cost of inputs consistent with the emerging role of the MSMEs in various Global Value Chains,

(ii) To include medium enterprises apart from small enterprises in section 7(9) to enable the aforesaid category of enterprises to avail the benefits and become competitive and

(iii) To empower the Central Government to revise the existing limit for investment, by notification, considering the inflation and dynamic market situation.

The MSMED (Amendment), Bill-2015 proposes as under:

(1) The investment limit in Plant & Machinery (for manufacturing) and Equipments (for services) may be enhanced (under section 7 of MSMED Act, 2006) as under:

<table>
<thead>
<tr>
<th>Manufacturing Enterprise</th>
<th>Investment Limit in Plant &amp; Machinery</th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Up to Rs.25 Lakh</td>
<td></td>
<td>Up to Rs.50 Lakh</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>Above Rs.25 Lakh &amp; upto Rs.5 Crore</td>
<td></td>
<td>Above Rs.50 Lakh &amp; upto Rs.10 Crore</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>Above Rs. 5 Crore &amp; upto Rs.10 Crore</td>
<td></td>
<td>Above Rs. 10 Crore &amp; upto Rs.30 Crore</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Enterprise</th>
<th>Investment Limit in Equipments</th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Up to Rs.10 Lakh</td>
<td></td>
<td>Up to Rs.20 Lakh</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>Above Rs.10 Lakh &amp; upto Rs.2 Crore</td>
<td></td>
<td>Above Rs.20 Lakh &amp; upto Rs.5 Crore</td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>Above Rs. 2 Crore &amp; upto Rs.5 Crore</td>
<td></td>
<td>Above Rs. 5 Crore &amp; upto Rs.15 Crore</td>
</tr>
</tbody>
</table>
(2) After sub-section (1) (of Section 7) the following sub-section shall be inserted, namely:–

(1A) The Central Government may, by notification, vary the investment limits, which shall not exceed thrice the limits, specified in clauses (a) and (b) of sub-section (1) for the purposes of development of micro, small and medium enterprises.”

(3) In sub-section (9) (of Section 7):

(i) For the words “criterion of investment”, the words “criterion of higher investment” shall be substituted;

(ii) For the words “as part of small enterprises”, the words “as part of small and medium enterprises” shall be substituted.

(4) Amendment of Section 29.

In the principal Act, in Section 29, in sub-section (3), for the words and figure “under section 9” the words, brackets, figure and letter “under sub-section (1A) of section 7, section 9” shall be substituted.

(B) Recommendations made by various Committees on MSME Definitions

(i) Recommendations of Committee of Secretaries on “Review of MSME Sector”

Ministry of MSME may examine and work out suitable criteria involving parameters such as turnover and employment which could be used in combination for classification of firms as MSME. While proposing the criteria for classification of firms, it may be ensured that small businesses/trading establishments are also covered.

(ii) Recommendations of One Man Committee

Definition of MSME has also been studied by One Man Committee for National MSME policy. One Man Committee has not favoured the use of turnover and employment to define MSME. The Committee examined the two suggested bases of redefining the MSMEs, i.e. turnover and employment and found that they do not add anything worthwhile over the present system.

It is recommended that the Government may set up a group to look into the structures of different industries and suggest appropriate investment-bands for each subsector. The revised definition as proposed by the Committee is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Up to Rs. 50 lakh</td>
<td>Up to Rs. 25 lakh</td>
</tr>
<tr>
<td>Small</td>
<td>Above Rs. 50 lakh &amp; Up to Rs. 7 crore</td>
<td>Above Rs. 25 lakh &amp; Up to Rs. 4 Crore</td>
</tr>
<tr>
<td>Medium</td>
<td>Above Rs. 7 Crore &amp; Up to Rs. 25 Crore</td>
<td>Above Rs. 4 Crore &amp; Up to Rs. 15 Crore</td>
</tr>
</tbody>
</table>
It is also recommended that the Central Government may be empowered to change the investment limits for Micro, Small and Medium enterprises from time to time instead of being forced to go to the Parliament. The Act of 2006 may accordingly be amended.

(C) Other Amendments in the MSMED Act, 2006 proposed by various Associations from time to time

It is informed that M/o MSME has received letters/representations from association/unit/organization suggesting amendment in other provisions of the MSMED Act as well. These are listed below:-

Delayed payment

(i) If purchase Order is of before 23.09.1992, (i) upto 23.09.1992 simple interest @ 9% may be given as directed by Supreme court in Assam Small Scale Industries Development Corporation Ltd. Vrs. J.D. Pharmaceuticals till 23.09.1992.

(ii) MSMED Act, 2006 (Act of 2006) and The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993(Act of 1993) are Special Acts. Hence, these should supersede all earlier Special Acts. But according to various decisions of High Courts and Supreme Court, some earlier Special Acts like Limitation Act, 1963, The Sick industrial Companies (Special Provisions) Act, 1985 etc., supersedes this act of 2006. MSME Ministry had given affidavits in Courts that this Special Act of 1993 supersedes earlier Special Act like Limitation Act, 1993. Hence, it is urged that a section should be included in the Act of 2006 that this Act supersedes all earlier Special Acts.

(iii) If the MSE’s money is held back for more than 45 days from due date, by anybody due to any reason (money receivable due to other reasons than supply of goods and services also, MSE should receive interest for delay made in such payment. Interest will be paid to MSEs as per provisions in Chapter 5 of MSMED Act, 2006.

(iv) Penalty, Price variation, Earnest money and Security deposit should be also be covered and MSE Facilitation Council should be authorized to order refund and give interest on these, if delay has taken place in any case.

(v) MSE Facilitation council should also be authorized to grant damages, besides interest.

(vi) The Clarification ‘Para’ to be added in Section 17 (recovery of amount due) of the MSME Act, 2006 may be as under:

(a) Any amount due from the buyer including interest thereon as provided under Section 16, shall be first charge on the assets of the buyer and shall be ‘Set Aside’ and paid to the supplier in priority to all other debts including any payments to workers and secured creditors’. This section is applicable under all circumstances including the buyer becoming ‘Sick’ and/ or becoming ‘Insolvent’.

(b) Further if a buyer does not file any appeal under Section 19 of the Act for setting aside the decree, award or other order made either by the council itself or by any institution or centre or if such appeal is dismissed, is that situation such decree,
award or order shall be executed by the Collector of the district concerned and the amount due shall be recovered as arrears of land revenue.

(vii) There is a need for provisioning of factoring without recourse for tackling delayed payments through a factoring vehicle.

(viii) Implementation of Trade Receivables Discounting System (TReDS) for facilitating financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs) through multiple financiers.

Ease of Doing Business

(i) Start-up and Micro enterprises should be allowed a special dispensation from various compliances related to taxation, labour laws, etc for an initial period of 3 years i.e. the start-up phase, to remove hurdles in their growth.

(ii) MSMEs should be allowed self-certifications and conduct self-attestations to avoid visits by inspectors.

(iii) The submission of all reports and document for filing of returns, approvals, licences, etc. must be made online through single window system and online portals.

(iv) There must be greater flexibility in the deadlines for submissions of forms, filing of returns, etc. especially for SMEs.

(v) An effective time bound dispute resolution mechanism must be implemented with clearly stated course of action.

Constitution of a Group of Ministers

An informal Group of Ministers has been constituted to look into issues of definitions and amendment. The Members of the Board are requested to give their suggestions which can be taken before the Group in an informal way.

Agenda Item No. 5(iii)

Report of One Man Committee on National Policy for MSMEs

Ministry of MSME has set up a ‘One Man committee’ with Shri Prabhat Kumar, former Cabinet Secretary, Govt. of India and also former Governor, Jharkhand as Chairman to make appropriate recommendations for a National Policy on MSMEs. The Committee submitted its report to the Ministry of MSME on 27.01.2017. It has been uploaded on the website of DC(MSME). However, for ease of perusal of Members, summary of Recommendations made by One Man Committee in its report is reproduced below:-
(A) Major Policy Concerns for MSME

(i) The government should take a new look on policies to reap the advantages of a growing young MSME entrepreneurial class. It is this group of entrepreneurs that will make the next wave of massive employment and value addition a reality in India.

(ii) It is the time to pause and consider the MSME policy environment in totality and then to initiate the process of developing a synergistic ecosystem. The Prime Minister says that in order to face the challenges of the future, the country will have to embark on ‘rapid transformation’ instead of ‘incremental progresses’.

(iii) The Committee believes that changing mindset of the institutional stakeholders, honouring the entrepreneurship spirit and restoring the dignity of entrepreneurship should be the guiding mantras of our MSME policy.

(iv) The Committee is of the view that considering the growing importance of the sector, an overarching policy making structure needs to be created for broad policy formulation at the Centre with adequate institutional arrangements for coordination with state governments.

(v) In view of the Committee, the Public-Private-Participation mode should be increasingly utilized.

(vi) The federations and associations need to be involved in actual support activities and business development services including infrastructure development for MSMEs.

(vii) It is time to utilize the capabilities and resources of the private sector in providing much needed business development services to the micro and small entrepreneurs.

(viii) It is proposed to strike a balance between the interests of the upward mobile small and medium manufacturing sub sectors and the vast aggregation of livelihood oriented micro enterprises.

(ix) The Committee feels that it is absolutely essential to have a transparent database that can be gainfully used by the key stakeholders at the national, state and local levels. It is, therefore, recommended that a task Force should be constituted to give a comprehensive template for the interactive database within a short time.

(B) Governance Issues and Legislative matters

(i) The Committee examined the two suggested bases of redefining the MSMEs, i.e. turnover and employment and found that they do not add anything worthwhile over the present system.

(ii) It is recommended that the Government may set up a group to look into the structures of different industries and suggest appropriate investment-bands for each subsector.

(iii) The revised definition as proposed by the Committee is as follows:
(iv) It is also recommended that the Central Government may be empowered to change the investment limits for Micro, Small and Medium enterprises from time to time instead of being forced to go to the Parliament. The Act of 2006 may accordingly be amended.

(v) In the interest of a comprehensive development of all MSMEs, it is necessary that overarching policy making architecture is established in Government of India. To accord the importance the MSME sector deserves, it is imperative to create an apex authority under the chairmanship of the Prime Minister. The Authority may be called the National MSME Authority.

(vi) It will also be desirable to have an institutional forum for constant consultation between Centre and the States. An Advisory Service may also be considered for communication with the states.

(vii) The Committee recommends the abolition of the Advisory Committee from the MSMED Act 2006.

(viii) The Committee feels that there is an urgent need for creating a comprehensive MSME database, which can be used to deliver a range of services to individual and groups of enterprises.

(ix) It may be emphasized that the data should not be used for any coercive action against the entrepreneurs. The database should also have the provision for updating itself.

(x) The Ministry of MSME has recently initiated a new database based on the Udyog Aadhaar Memorandum. It is a great improvement on the earlier arrangement in several aspects.

(xi) It is proposed that the registration should be broad based to include all the enterprises which seek assistance from the government schemes. It may not be mandatory, but any entrepreneur desirous of availing the benefit of government programme or scheme should, as a rule, be enrolled. The banks should also be required to register the MSME units which approach them for funds.

(xii) In order to give an incentive to the micro entrepreneurs to get registered, the government can offer them free insurance based family medical care scheme on the lines of RSBY. The premium for the insurance can be shared between the Central and state governments.

(xiii) We would recommend that the issue of a comprehensive MSME database be considered in consultation with state governments and other subject matter ministries and then placed before the proposed National Authority at the earliest.
(xiv) It is proposed that the new entrepreneurs should be given a provisional registration. Further, a new field of women entrepreneurs, Scheduled Caste entrepreneurs and Scheduled Tribe entrepreneurs should be added in the alphanumeric registration number.

(xv) Also, appropriate Grievance Redressal Mechanism and facility for online application for Central and State Government schemes may be suitably incorporated in the portal. Ideally, a single application for bank loans should also be incorporated in the proposed portal to reach the banks.

(xvi) It is proposed that a Task Force be constituted for preparing the scheme of a comprehensive Database to consider the Committee's suggestions and submit a proposal for MSME INDIA within a short time.

(xvii) Good programmes and schemes should be adopted with such modifications as appropriate e.g. Credit Guarantee Scheme, Credit Linked Capital Subsidy scheme, SFURTI, PMEGP etc.


(xix) It is urged that the discussions on a single legislation for MSEs with less than 40 workers should gather pace and culminate into a positive outcome for the benefit of the MSE Sector.

(xx) The Committee recommends that efforts should be made to provide social security cover for micro entrepreneurs.

(xxi) Micro and small enterprises play a major role in employment generation in the country and the Bankruptcy Code may cause avoidable hardship for them. It is therefore suggested that a study may be undertaken to assess the likely impact of the code on the MSME Sector.

(xxii) The Telangana model for ensuring statutory clearances for start ups could be worth replicating.

(xxiii) In Gujarat also DICs have facilitation counters at five centres in the big cities. This number is going to be increased to 10. This is also worth considering.

(xxiv) There is need to start a series of annual research publication entitled SME India Monitor/Index on the lines of the above referred world documents including GEM-India Report 2014. The suggested Monitor/Index may cover the stage SMEs development in India, ease of doing business, access to finance, and competitiveness.

(C) Infrastructure

(i) There have been requests from the industries to pave the way for:

- conversion of all leasehold plots to freehold
- easy conversion of agricultural land for industrial use
The Committee sees merit in these requests and advocates the State Governments to allow conversion of lease hold industrial plot to free hold bases after evaluating the success of a unit after five years. Similarly the Committee feels that if a particular entrepreneur is willing to satisfy all norms; especially those related to pollution and environment, easy conversion of agricultural land for micro and small industrial uses may be allowed.

(ii) It is proposed that a Land Bank be created by State Governments with support from the Central Government to promote them for Industrial development.

(iii) There is a critical need for restoration and renovation of existing Industrial Estates.

(iv) To promote Micro units in the Rural Areas, it is recommended that small Rural Business Zones (RBZ) be created after conducting baseline survey of the resources and skills available in the rural areas so that these resources and skills can be utilized by the entrepreneurs who set up their micro enterprises in these Zones.

(v) It is also proposed that the State Governments may be encouraged to identify mid-sized land parcels in urban and semi-urban areas for development as Business Parks to be leased to SMEs.

(vi) The Central Government may request the State Governments to lease land to the State Industrial Development Corporation and/or Private Promoters who will, through Public Private Partnership develop an Integrated Business Park (IBP) (mostly Sector Specific) through an SPV company. The Integrated Business Park should be on a “Plug and Play Model” so that the SMEs come to and rent out / take on lease the facility with their business knowledge supported by their investment in Plant and Machinery.

(vii) This Integrated Business Park may also offer Sector Specific Common Infrastructure like common facility centres for storage, research & development, product and prototype testing, shared critical and high investment machineries.

(viii) Industrial and Artisan Clusters grow naturally and many times in an unplanned manner and as such their growth gets stunted. It is recommended that such clusters be identified and appropriate infrastructure be planned for them. Such Infrastructure can be called Cluster Parks.

(ix) The Central and the State Governments should be sensitive to the need for funding Infrastructure projects. Adequate budgetary provisions need to be made to fund Industrial Infrastructure specific to the MSMEs.

(x) DICs should be developed as Udyam/Udyog Bandhus with block and panchayat level presence with the supporting infrastructure. A specialized cadre of trained officials employed by the Udyam/Udyog Bandhus need to work with local partners to counsel, mentor and to train small business.
(xi) The Udyam/Udyog Bandhus can also provide handholding of micro entrepreneurs in getting them financing through MUDRA. They can also play a major role in timely online grievance redressal carried out through a digitalized platform.

(xii) The Committee feels that the MSME-DIs should be developed as Udyam/Udyog Mitras and Information, awareness and Guidance on all Schemes should be their core activities. Furthermore, Reimbursement based schemes should be administered directly by DIs as much as possible. They can be converted into clearing houses of available technologies and helpers in technology adaptation.

(xiii) A dedicated TV Channel named as Udyam Bharat can be started in the lines of Lok Sabha TV and Rajya Sabha TV. This could be an effective instrument for disseminating information and will enable best practices and progressive entrepreneurial culture to be showcased.

(xiv) There is an urgent need for accreditation of truly representative Associations by the Government and to encourage creation of forum of Associations industry wise/zone wise. Accredited Associations can find a place in the Boards of Public sector Banks/FIs.

(D) Developing Employment oriented Micro Enterprises in Rural Areas

(i) The Committee strongly recommends the need to significantly upscale the MUDRA Scheme to bring it under the ambit of an exclusive MUDRA Bank, which could be established on a stand-alone basis exclusive of SIDBI.

(ii) To promote the culture of rural entrepreneurship in the country, and encourage low cost manufacturing by utilizing rural infrastructure, rural manpower and rural inputs, import substitution and to generate rural self employment, low cost Rural Livelihood Nurturing Centres should be established in and around rural areas in Public Private Partnership (PPP) mode. The Rural Livelihood Nurturing Centres would be providing complete entrepreneurship training with handholding support in setting up and operating units to rural youth and nurture them to set up their own micro & small enterprises.

(iii) All such trained persons at the Rural Livelihood Business Nurturing Centres should be given overriding preference in ‘MUDRA’ financing scheme of the Prime Minister in order to help these trainees to access loans for their micro businesses.

(iv) With a view to provide some incentive to the micro entrepreneur, it is suggested that every micro entrepreneur who volunteers to get registered, should be offered free, cashless family medical insurance on the lines of Rashtriya Swasthya Bima Yojana (राष्ट्रीय स्वास्थ्य बीमा योजना). The insurance premium should be shared by the Central and state governments as in the case of RSBY. It is recommended that a suitable scheme should be framed to operationalize the idea.
(E) **Credit and Finance**

(i) The limits for giving loans under various categories of MUDRA should be enhanced as under:

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<td>Shishu</td>
<td>Rs. 50,000</td>
<td>Rs. 50000 to Rs. 100000 lakh</td>
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<tr>
<td>Kishore</td>
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<td>Tarun</td>
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(ii) MUDRA should be up scaled as a Financial Institution responsible for the entire Micro enterprises sector in the country. MUDRA should cater to the financial needs of entire Micro sector and Micro finance activities of SIDBI should be lived off and transferred to MUDRA.

(iii) MUDRA should also be enabled to provide direct lending to Micro enterprises using a technology platform in addition to its refinancing function.

(iv) MUDRA should undertake developmental activities for the overall development of Micro enterprises sector including regulation and monitoring of Micro Finance industry.

(v) Categorization of Banks’ Credit to MSMEs through NBFCs under the Priority Sector:

- Loans given by banks to NBFCs for the purpose of on-lending to Micro, Small and Medium Enterprises should be treated as indirect finance to MSMEs eligible for classification under the Priority Sector lending of banks.
- Classification of loans to medium enterprises should exclude from the priority sector.
- Priority sector lending certificate should be discontinued.

(vi) Change in classification of NPA norms in Banks’ lending to MSMEs: The Committee recommends that the 90 days limit fixed by RBI for classifying over dues of MSMEs as Non Performing Assets should be increased to 180 days so that MSMEs are not constrained to divert their working capital towards servicing of their loan-instalments and clearing of their over dues at the cost of their normal business operations. This improvement in the RBI guidelines will save a large number of MSMEs from turning sick or getting closed resulting in loss of economic activity and loss of employment, and further preventing avoidable classification of bad debts and unwarranted litigation by banks thereby saving the banks from losses.

(vii) Financing of Supply Bills and Receivables of MSME Suppliers: The Committee recommends that The Reserve Bank of India should permit the establishment of MSME centric Non Banking Finance Companies (NBFCs) and specially created ‘MSMEs’ Receivables Financing Funds’ for limited purpose of promoting financing against Receivables and discounting of their supply bills. These NBFCs or Special Purpose Funds can be promoted in joint sector by the Government through Banks or other Institutions jointly with the Private Sector. These NBFCs & Funds can be allowed to attract investment from domestic and international sources and could be operated by
banks or the private sector to finance MSMEs' book debts or to discount MSME supply bills. These NBFCs would serve only MSME customers primarily to finance their receivables & book debts or to discount their supply bills.

(viii) E-financing Portal for financing of MSME Supply Bills & Receivables: The Committee recommends that in order to obviate the financial constraints faced by MSMEs on account of delayed payment of their bills E-financing web portal where all such supply bills and receivables could be offered for discounting or financing to banks and other financing institutions like NBFCs and factoring companies should be established. This financing mechanism should enable availability of an E-platform on which MSMEs can upload their supply bills for discounting by interested parties who should offer their competitive discounting rates for the MSMEs to opt for any of them keeping in view their competitive rates. This E-platform should enable levying of interest for delayed period on the buyers.

(ix) Accelerating the pace of initial-listing of SMEs at SME Exchanges

- The Committee recommends that the Government should meet a part of expenditure of SMEs incurred by them in the initial listing of their equity on the SME exchanges. This part-reimbursement of listing expenditure could either be limited upto 50% of the total listing expenditure or Rs. 10 Lakhs whichever is lower.
- The Committee recommends that the Government should provide tax exemption for the investments in IPOs of SME companies under section 80C of the Income Tax Act 1961 within the overall prevailing ceiling limit of Rs. 1,50,000/-. 
- The Committee recommends to establish a separate 'SME Equity Investment Fund' by the Ministry of MSME to be managed by a professionally run entity of fund managers. This equity investment fund entity should provide handholding support, to the SMEs intending to go for listing and after undertaking proper due-diligence be empowered through an investment committee to make investments in the initial public offers by SMEs.

(x) Acceptance of MSME Performance and Credit Rating by Banks for lending: The Committee recommends that the Performance and Credit Rating Scheme of the Ministry of MSME for which the Ministry is incurring huge amount of expenditure should be accepted by the Reserve Bank of India as eligible rating for availing Bank loans and no separate Bank Loan Rating should be required from MSMEs.

(xi) E-Tracking of MSME loan proposals and creation of Database of credit to MSME sector: The Committee recommends that a comprehensive e-Portal should be established by the Ministry of MSME which should be available to all MSME applicant borrowers throughout the country so that they can register their loan applications on such portal against acknowledgement number and the bank should provide complete information about disposal of such applications. Any loan applicant should be able to track the current status of his/her application by logging on to such electronic platform / portal.
(F) Technology and Innovation

(i) It is proposed that an MSME Innovation Fund may be created to motivate enterprises to innovate. Through the Fund with an initial corpus of say Rs 1000 Crore, it should be possible to provide financial incentive for developing innovative ideas and promote improvements in processes and techniques.

(ii) It is proposed that an ambitious Technology Mission for MSMEs should be mooted. The Mission may have the following objectives:

- To evaluate the present level of technology in the various sectors and to forecast technology level to be achieved.
- To explore existing and emerging technologies suitable for MSMEs.
- To set up Information Centres/Data Bank for sourcing technologies from within the country and abroad and support institutions for facilitating technology transfer and upgradation. The proposed MSME Portal should be utilized for information dissemination and creating awareness.
- To have constant consultations with various agencies, technical centres and institutions engaged in technology management.
- To carry out detailed technology audit studies.
- To encourage Research & Development of indigenous especially micro/rural technologies, this would help the MSMEs.
- To create incubator infrastructure facilities in various institutions in particularly Technical and Management to encourage and incubate start-ups.
- To motivate MSMEs to obtain BIS/ISO certification and provide for financial incentives for the same.
- To organize awareness campaigns among the MSMEs pertaining to quality, standardization and customer satisfaction.

(iii) It also envisages to nurture enabling activities such as human and institutional capacity building such as fellowships for researchers, training of entrepreneurs to enable identify and select most appropriate technology option, promoting centres of excellence for area specific research.

(G) Marketing & Exports

(i) The committee recommends that the implementation of Public Procurement Policy needs to be strengthened further so that the procurement from MSEs should reach to the level of 20% of total procurement. In addition, the committee also recommends that the scope of proposed Public Procurement Policy for goods produced and services rendered by Micro and Small Enterprises procured by Central Ministries / Departments and PSUs should be expanded by including purchases made by State Governments and State Public Sector Undertakings.

(ii) The Committee recommends that all similar schemes for Marketing Assistance should be merged and one consolidated scheme with uniform criteria and scale of financial assistance
should be introduced. Uniformity in financial assistance for space rental, airfare etc. by various organizations will make the scheme clearer and commonly acceptable by its end-users.

(iii) NSIC should be restructured to primarily emerge as an Apex Institution for MSME marketing both for domestic and international Marketing needs of the MSME Sector. NSIC should focus more on Consortia and Tender Marketing and help MSMEs to supply to the Government departments and Public Sector Corporations to achieve the targets of 20% procurement as per Government policy.

(iv) The Committee recommends establishment of ‘MSMEs Cluster Marketing Consortiums’ (MCMCs) through formation of ‘Special Purpose Vehicles’ (SPVs) in the form of Co-operative Societies or Companies to support MSMEs to organize their marketing infrastructure and undertake marketing of their products. These SPVs called as ‘MSMEs Cluster Marketing Consortiums’ (MCMCs) can have participation of MSME units located in the cluster, State Small Industries Corporations (SSICs)/State Industrial Development Corporations (SIDCs) and local Industries Associations.

(v) The Committee recommends that The Reserve Bank of India should permit the establishment of MSME centric Non Banking Finance Companies (NBFCs) and specially created ‘MSMEs’ Receivables Financing Funds’ for limited purpose of promoting financing against Receivables and discounting of their supply bills. These NBFCs or Special Purpose Funds can be promoted in joint sector by the Government through Banks or other Institutions jointly with the Private Sector. These NBFCs & Funds can be allowed to attract investment from domestic and international sources and could be operated by banks or the private sector to finance MSMEs’ book debts or to discount MSME supply bills.

(vi) The Committee recommends for introduction of a new ‘Scheme for development of Marketing Infrastructure for MSMEs’. The projects/infrastructure to be funded under the proposed scheme would inter-alia include (1) setting up of new testing laboratories (2) Establishment of Display-cum-sale/Exhibition Centres. Under the scheme, a budgetary provision of Rs. 500 crore should be made in the Ministry of MSME with annual provision of Rs. 100 crore which can be utilized by the implementing agencies on demand basis under Public Private Partnership (PPP) mode.

(vii) The Committee recommends that a scheme to support potential export oriented units which are keen to undertake and outsource market research on areas such as market size and segmentation, growth rates, trends, buying attitudes, regulatory requirements, product requirements, distribution channels, and competitor activity strategy and performance etc. should be introduced.

(viii) The Committee recommends that a scheme for MSMEs ‘Product Certification and brand building should be introduced to facilitate and encourage MSMEs to get their products tested for quality and obtain product quality certification from the accredited certifying bodies and thereafter to register their brands.
(H) Growth Fund for Exports

(i) To put the export-oriented SMEs in the growth trajectory, it is timely to propose an Rs 1000 crore Fund under the MSME Ministry and operated by SIDBI. The Fund will provide holistic support to SMEs in a ‘Basket’ to enhance their international competitiveness.

(ii) The Risks for this Fund can be mitigated through the CGTMSE or the ECGC cover for Exports and through direct charge on the activities and assets financed. This Fund is proposed initially for a period of 5 years to be renewed based on the experiences gained.

(I) National Programme for Enterprise Development

(i) The Committee finds a wide gap between entrepreneurship development on-going programmes and programmes for capacity building of existing ventures. The recommended National Programme for Enterprise development is intended to the existing gap by giving policy intervention which covers conceptual stage with short field level training and hand-holding support till the ventures are commissioned.

(ii) The second important component of NPED is to develop the network of MSME mentors-cum-trainers. These mentors can be categorized as mentor-cum-trainers for Micro Enterprises and mentor-cum-trainers for Small and Medium Enterprises.

(iii) There is need for standard curriculum for MSME development. The curriculum should ensure the desired training and mentoring at every growth stage of Micro, Small and Medium scale of enterprises.

(J) Special proposals for NE, women entrepreneurs, Service enterprises

(i) The Committee suggests that there should be a dedicated north east cell within the Cabinet Secretariat.

(ii) The Committee presents the following suggestions for specific product/service development in the region.

- Setting up Product and Process Development Centres: It is proposed that PPDCs are set up with a Government grant in case of products like citrus fruit processing, herbal products and horticulture/floriculture.

- Mini estates should be encouraged with Common Facility Centres in areas like handicrafts, bamboo and cane products and carpet weaving. The Associations/Federations and the local governments may be made equal partners in this endeavour.

(iii) Opening of women development cells in the proposed Udyam/Udyog Bandhus and Udyam/Udyog Mitras can help the women folks in a great way. Similarly in spite of long time demand from Associations, a dedicated woman cell has not yet been set up at the O/o DC (MSME). This demand should be fulfilled without any delay.
(iv) Assistance should be provided to women entrepreneurs in project formulation by having tie ups with IIMs and leading Management Institutes who can go to rural and semi urban areas and hold one day training camps.

(v) The Government should support setting up of dedicated industrial estates for women micro and small entrepreneurs and also promote women industrial parks. Moreover, in the existing industrial estates a certain percentage of the sheds should be reserved for women entrepreneurs.

(vi) There is no nodal cell for service sector MSMEs in our country. It is the need of the hour that government should set up a nodal cell in the M/o MSME for the smooth functioning of service sector MSMEs and also enable their regulation.

(vii) T-Hub is a unique public/private partnership between the government of Telangana, 3 of India’s premier academic institutes (IIIT-H, ISB & NALSAR) and key private sector leaders. The Committee feels that this is a unique exercise and should be replicated in other parts of the country.

National Board may deliberate upon the recommendations.

Agenda Item No.6

Any other item(s) with the permission of the Chair
MINUTES OF 14TH MEETING OF NATIONAL BOARD FOR MICRO, SMALL & MEDIUM ENTERPRISES HELD ON 11.08.2016 AT 10.00 A.M. AT VIGYAN BHAWAN, NEW DELHI

1. The list of participants is at Annex - A.

2. At the occasion, MSME Data Bank and Finance Facilitation Centre were launched by Union Finance Minister.

3. As regards the proceedings of the National Board Meeting, Secretary (MSME) initiated the discussion. He thanked the Hon’ble Ministers for the time and presence in the meeting and also welcomed all other Members of the National Board. He requested the Ministers from States to present their views.

4. Shri Jogendra Behera, Hon’ble Minister In-charge (MSME), Govt. of Odisha expressed his sincere thanks to the M/o MSME for organizing the 14th meeting of Board. He stated that Govt. of Odisha has implemented the rate contract, registration online in line with Udyog Aadhar to facilitate procurement by State Government agencies from local MSMEs. He talked of a new Start Up policy which is to be launched by Govt. of Odisha. He informed that e-Biz online portal has been introduced to get all statutory clearances within the time limit for the benefits of the investor/entrepreneurs. He mentioned that the availability of timely and adequate credit continues to be a major problem faced by the MSMEs. He urged upon the Government of India to inculcate right spirit among the Banking and Financial Institutions for adequate and timely flow of credit to MSMEs. The Minister requested for converting Institute of Entrepreneurship Development, Odisha to a National Institute for which proposal has been submitted to M/o MSME and requested the timely approval of 10 CFCs under MSE-CDP in the current financial year.

5. Shri Subhash Rajaram Desai, Hon’ble Minister, In-charge (MSME), Govt. of Maharashtra stated that MSME Data Bank and Financial Facilitation Centres were commendable initiative. He, however, desired that the size of PMEGP scheme needs to be enlarged. Regarding MSE-CDP, he expressed the opinion that scheme has been implemented in his State, however, there is a need to make it on fast track. He also felt the need for revival of MSMEs by issuing necessary directives to the Banks.
6. Shri Sanjay Pathak, Minister of Industry, Govt. of Madhya Pradesh in his address appreciated the efforts of M/o MSME for initiating online registration through UAM. Hon’ble Minister informed that in the year 2015-16, 48000 registrations were made through UAM which is two and a half times more than that of registration made prior to implementation of UAM. Further, he informed that a target of registration for this year is about 1.00 lakh units through Department effective facilitation. He welcomed establishment of a Tool Room in the State. He opined that there is a need for skilled manpower for the MSMEs and fund should be made available to the State Government for this purpose. He expressed that under MSE-CDP, Exhibition Centres need to be set up and funds for diagnostic studies and soft intervention should be released immediately.

7. Shri Govindas Konthoujam, Hon’ble Minister of Industry & Commerce, Government of Manipur while referring to the MSE-CDP programme in the State, informed that six ID centres have been approved. He referred to the North East Industrial & Investment Promotion Policy (NEIIP), 2007 is suspended w.e.f. 01 December, 2014 and requested that the same needs to be restarted. He urged the need for a FFDC centre to be started in his State. Under MSE-CDP, there is need for timely release of funds for implementation of the projects. He pointed out that KVIC officials sitting in Manipur are not cooperating. Delay in release of funds is delaying the projects. He also referred to the 9 incubation centre approved by M/o MSME.

8. After the address by the Hon’ble Ministers, the Agenda was taken up and the Board was apprised of the progress on the various schemes. The Members appreciated the initiatives taken by the Ministry in implementation of the various schemes. Mr. Mlind Kamble, President, Dalit Indian Chamber of Commerce & Industry (DICCI) appreciated the guidelines framed on National SC / ST Hub.

9. During the course of the discussion, following comments were made by the Members

(i) Ms Jyothi Balakrishanan, President, Association of Women Entrepreneurs of Karnataka (AWAKE) suggested 30% reservation for women entrepreneurs in-flatted factory. She also suggested 4% interest for women entrepreneurs in bank lending.

(ii) Shri Nalin Kohli, President, Association of Small & Medium Knowledge Industries (ASMKI) informed that though the CGTMSE scheme provides guarantee cover of Rs.1.00 crore loan, some banks insist for collateral security, such cases need to be brought to the notice of RBI.
(iii) Shri Anil Gupta, Premier Rolling & Forging Works (P) Ltd., UP opined that NPA of MSMEs is being publicised in a bad way despite the fact that NPA of MSMEs is very small compared to other industries.

(iv) Shri Vishwanath, Chairman, SME Chapter PHD Chamber of Commerce and Industry requested the RBI to advise banks not to publish the photographs of MSME units for their NPAs/default in payment.

(v) Shri Ashok Saigal, Chairman, SME Chapter, Confederation of Indian Industry informed that MSMEs are finding it difficult to get environmental pollution clearance. Under ZED Scheme, if a unit is getting silver standard then such unit should automatically be granted the environmental clearance. He also urged M/o MSME to take initiative to make ZED certificate globally accepted.

(vi) Shri A. Padmanabha, President, Karnataka Small Scale Industries Association (KASSIA), suggested that MSME-DI, Bangaluru office in Karnataka should be strengthened and trained to implement the policies and programmes of M/o MSME.

(vii) Shri R.S. Joshi, Chairman, Federation of Industry & Commerce of the North-Eastern Region (FINER), requested M/o MSME to organize a Bankers Conclave at Guwahati. He informed that in NER region, Credit Deposit ratio is very low. Entrepreneurship should be included in the curriculum in all the State Government run schools and colleges.

(viii) Shri O.P. Mittal, National General Secretary, Laghu Udyog Bharti (LUB) referred to the problem with ONGC on the Public Procurement Policy. According to him, ONGC is not clear whether the provision of 20% procurement is minimum or up to 20%. In this regard, AS & DC (MSME) clarified that as per the provisions, it is not less than 20% and the same can be clarified to ONGC.

(ix) President CODISSIA, Coimbatore desired that M/o MSME to facilitate setting up of warehouses across the country through NSIC to provide marketing support to MSMEs as the online marketing is growing rapidly and this will help large scale MSMEs to deliver products on time. Further, he pointed out that many MSMEs are moving towards sickness due to delayed payment. He suggested solution for delayed payment. Once the quality inspection report is received from PSUs, MSME can submit the bill and the nodal bank can release payment. PSUs will have to pay interest also. A corpus fund as security with a ratio of 80:20 (80% govt. & 20% MSME) be created. The bank will provide hassle free lending against this security.
All these suggestions were replied to by the officers concerned and it was desired that as far as possible they will be taken into consideration while making future policies of the Ministry.

10. Shri Giriraj Singh, Hon’ble MoS (MSME) mentioned that work needs to be done not only in the urban areas but we need to be more focussed on village industries because employment generation can only be happened in the areas of village industries.

11. Shri Hari Bhai Parathibhai Chaudhary, Hon’ble MOS (MSME) in his address requested the members of NBMSME to not only indicate the problems being faced by MSMEs but also suggest remedial measures that are practical and doable. He assured that their problems would receive utmost attention from all the three Ministers.

12. Hon’ble Union Minister of MSME, Shri Kalraj Mishra while closing the proceedings thanked the Members for their useful contribution to the meeting. He stated that he has always been in agreement of having more meetings of the National Board, as stakeholder’s views and interests are foremost in the minds of the Ministry of MSME.

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

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