OFFICE MEMORANDUM

Subject: Minutes of the 16th Meeting of National Board of MSME held on 26.02.2018 under the Chairmanship of Hon’ble Minister of State (IC), MSME.

The undersigned is directed to refer to the 16th Meeting of national Board of MSME held on 26.02.2018 at The Ashok, New Delhi under the Chairmanship of Hon’ble Minister of State (IC), MSME and to forward herewith the minutes of the meeting for necessary action.

2. This issues with the approval of Hon’ble MOS(IC), Ministry of MSME.

Encl: As above.

(Santosh Kumar Tiwari)
Dy. Director (NBMSME)
Ph: 011-23061430

To

As per the List

Copy for information to:-

1. PS to Minister of State (I/C), MSME, M/O MSME, Udyog Bhawan, New Delhi.
2. PPS to Secretary (MSME), M/O MSME, Udyog Bhawan, New Delhi.
3. PS to AS & DC (MSME), O/o DC(MSME), Nirman Bhawan, New Delhi.
4. PS to ADC(SM), O/o DC(MSME), Nirman Bhawan, New Delhi.
Inaugural Session:

1. The 16th Meeting of the National Board of MSME was held on the 26th February 2018 at The Ashok, New Delhi.

2. The inaugural session began with a warm welcome offered to the Hon’ble Minister of State (Independent Charge) of MSME, Shri Giriraj Singh, Hon’ble MP, Shri Pradeep Tamta and other members of the National Board.

3. The welcome address, delivered by Shri Ram Mohan Mishra, Additional Secretary & Development Commissioner (MSME), highlighted the importance of the MSME Sector in the country’s economy and emphasized the need for collaborative efforts by all the stakeholders in the MSME ecosystem. The following submissions were underlined by him:

   - Need for continuous dialogue amongst all the stakeholders of the MSME Ecosystem.
   - That a “Center for Communication, Outreach and Dialogue” has been established by the Ministry of MSME, Govt. of India wherein there are emerging opportunities for Industry Associations other MSME sector stakeholders to collaborate and pursue mutually beneficial engagements. Chambers of Commerce and Industry Associations may consider nominating resource person(s) in their organization to become part of the Working Groups at this Centre.

4. Speaking on the occasion, Dr. Arun Kumar Panda, Secretary, M/o MSME, made a mention of the special importance given to the MSME sector. He briefed the House about the changes introduced in the Credit Guarantee Scheme (CGTMSE) of the Ministry to make it more demand driven and also shared the details of the progress made under Public Procurement Policy framework particularly by way of the services offered under “MSME-SAMBANDH” & “MSME-SAMADHAN” portals. In his Address, the Secretary MSME also referred to the following:

   i. Initiatives under the SC-ST Hub and related issues:

      - Conclaves where the SC/ST Entrepreneurs, Bankers, CPSEs and other stakeholders get the opportunities to interact and explore the avenues for collaboration and partnerships. He suggested that maintaining a directory of participants would enable us to ensure further handholding and facilitation support.
      - Studies are needed to find out if there are any entry barriers for the SC-ST entrepreneurs in the tender process run by CPSEs and efforts need to made to address the related issues.

   ii. Khadi sector:

      - He emphasized the need for promoting greater participation of artisans and opening up of avenues for value addition in Khadi sector. Towards this end, exclusive Khadi Corners may be established to promote market access for Khadi.
• The flow of funds to the artisans has been made online and their Bank Accounts have been directly linked with Aadhaar Number in order to ensure greater transparency and accountability.
• Informed that there was a meeting in Mumbai with retail chains like Pantaloons, Big Bazar, etc., to promote & introduce Khadi corner in their marketing system, which in turn will be directly beneficial for improving market access for Khadi products all over the country.

iii. The MSEs may be encouraged to go in for Registration at the GeM Portal in which they will get emerging opportunities for market access.

iv. The organizing of MSME Pakhawada, a fortnight long initiative/ campaign aimed at awareness about existing and emerging opportunities with regard to promotion and development of MSMs.

5. The Secretary MSME also spoke about the 115 Most Backward/Aspirational Districts identified by NITI Aayog and informed that the Ministry of MSME, Govt. of India has already designated nodal officers who will visit the Aspirational Districts to assess the status of the implementation of various schemes, policies and also get feedback about credit flow and other issues relating to MSMEs.

6. The House was next addressed by Shri Giriraj Singh, Hon'ble Minister of State, Independent Charge, M/o MSME, Govt. of India. He said that agriculture and industry are the two key sectors for driving the development process in India. The emphasized the need for enhancement of the capacity of MSMEs, which in turn will be helpful in employment generation and. He pointed out that it is extremely important to conduct such regular meetings of NBMSME to ensure proper exchange of ideas and suggestions on a common platform. Hon'ble Minister emphasized the need for focus on the promotion of labour intensive techniques like Solar Charkha, Bio-compost and other means of decentralized and labour intensive production so that a large number of people can get employment opportunities.

7. Hon'ble Minister next briefed the house about the approval of Union Cabinet on the change of the definition of the MSMEs. As per the new definition, which is based on turnover as reported for GST, Micro, Small and Medium units are now redefined, as those with GST turnover up to Rs. 5 Cr., Rs. 75 Cr. and Rs. 250 Cr. He stated that under the able leadership of the Hon'ble Prime Minister, India has risen globally to the 100th rank from the 142nd rank in the Index of ease of doing business. He also recounted the contribution made by the Ministry of MSME in promoting the ease of doing business with the help of initiatives such as UAM Registration System, MSME Samadhaan, MSME Sambandh etc.

8. Hon'ble Minister also highlighted the following:

i. MSE-CDP programme of the Ministry.
ii. Collaborative project of the Flavour & Fragrance Development Centre (FFDC) under the Ministry of MSME and the Central Institute of Medicinal & Aromatic Plants (CIMAP) under the Department of CSIR to promote growth of medicinal plants like citronella, lemon grass, etc.

iii. On-going efforts to build up 15 additional Technology Centres with support from World Bank, in addition to the existing 18 Technology Centres,

iv. A special project taken up by Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) aimed at transforming human hair into amino acid, which will act as plant growth promoter.

9. While concluding, Hon’ble Minister reiterated the need for all MSME stakeholders to work together in a co-ordinated manner to pave the way for the desired results for the MSME sector and welcomed suggestions and ideas from all Board Members to plan the road ahead.

10. National Secretary of BMS praised the Hon’ble Minister for his efforts and initiatives, and suggested that a meeting of the NBMSME may be arranged under the Chairmanship of the Hon’ble Prime Minister.

Technical Session:

11. Shri B. H. Anil Kumar, JS (ARI), M/o MSME explained through a detailed Power Point Presentation (PPT) how the Ministry of MSME is implementing a number of important schemes and initiatives for development and promotion of MSME sector in the country such as (i) Credit Guarantee Scheme for Micro and Small Enterprises, (ii) TCSP (iii) Micro & Small Enterprises-Cluster Development Programme (MSE-CDP) (iv) SC-ST Hub (v) MSME-Sambandh (vi) Coir Udyami Yojana (vii) Solar Charkha Mission (viii) Khadi Corner under the umbrella of KVIC. He also detailed explained about (i) MSME Samadhaan (ii) VDP and EDP state level conclaves (iii) Gem Portal (iv) MSME Pakhwada (v) MSME Sambandh

12. After the presentation, following suggestions/observations were made by the Members of the Board:-

i. Shri Pradeep Tamta, Hon’ble Member of Parliament (Rajya Sabha), emphasized the need for induction of new technology with a view to promoting competitiveness of the Industry. He also stated that, for the SC/ST entrepreneurs aspiring for separate target for Public Procurement, the Partnership and Proprietary firms need to brought in the Forum for SC/ST entrepreneurs.

ii. Shri C. P. Radhakrishnan, Chairman, Coir Board, suggested that we should be having a Samadhaan scheme in respect of credit issues.

iii. Mrs. Sushma Morthania, Director General, India SME Forum, emphasized the need for budgetary support for the marketing efforts of the MSMEs.
iv. **Shri R. S. Joshi, Ex-Chairman, FINER,** emphasized the need for a separate Companies Act for MSMEs. Referring to the recent concept of turnover based definition of MSMEs, he pointed out that there is a need for specific demarcation of benefits to the Micro, Small & Medium Enterprises under Public Procurement Policy and other incentive frameworks. He also suggested that there should be a provision for affordable Industrial Sheds to the MSMEs in coordination with State Governments.

v. **Ms Anju Bajaj, PHD Chamber, SME Head,** appreciated the initiatives of the Ministry of MSME for development and promotion of the MSMEs and suggested that more women should be encouraged under National SC/ST Hub scheme. She also emphasized the need for introduction of health insurance and pension schemes for the entrepreneurs, promotion of Khadi by giving gifts of Khadi products in various Govt. functions and display of schemes of MSME by Banks / DICs across the country.

vi. **Shri M. P. Raiker, President, ASSOCHAM,** recommended effective support for the Technology up gradation through Start-ups and opening of Facilitation Centres with dedicated teams for hand holding and facilitation support.

vii. **Shri V. Sundaram, President, CODESSIA,** emphasized that:-

- The Small Factories Act should be enacted to specifically take care of the needs of the MSMEs.
- He requested the Ministry of MSME to have an interaction with the Ministry of Labour & Employment to make a provision for three years of compulsory apprenticeship for 50% of the workers in the factory.

viii. **Shri Shreekant Somany, President, CII,** stated that the issues of the artisans in the crafts sector across India should also be taken up by the Ministry of MSME apart from the Khadi and Village industries.

ix. **Shri Sanjay Bhatia, Chairman, FICCI,** requested for special focus on Medium Enterprises and problems of not getting “Export Refund” after introduction of GST by MSMEs.

x. **Shri Anil Gupta, IIA,** suggested for:-

- The introduction of a Technology Development Assistance Scheme (TDAS) in line with Marketing Development Assistance Scheme.
- Various stages of delaying of payments / finance in transactions with MSMEs should be checked and removed. For example, cheque bouncing has been made an offence but the process of seeking remedial action under that system needs to be simplified.
xii. **Ms Sonali Sen Gupta, CGM, RBI**, explained that in the monetary policy announced recently, the RBI had decided to remove currently applicable loan limits of ₹ 5 crore and ₹ 10 crore per borrower to Micro/ Small and Medium Enterprises (Services) respectively, for classification under priority sector. As per RBI Circular dated March 1, 2018, the sub-target of 7.50 percent for bank lending to the Micro Enterprises shall also become applicable for the foreign banks with 20 branches and above from FY 2018-19. These measures would lead to increase in credit flow to the MSMEs.

xiii. **Shri K.V. Sekhar Raju, President, FASII**, raised the issue of procurement of bicycles by the State Governments under scheme for distribution of bicycles to boys and girls, and pointed out that the provisions of Public Procurement Policy are not followed for these procurements.

xiv. **Shri K.P.S. Keshari, President, Bihar Industry Association (BIA)**, raised:-

- The issues regarding Marketing Assistance & Technology Upgradation wherein he pointed out the delay in reimbursement of payment/subsidies in respect of foreign visit for participation in the international trade fairs and other subsidy under the MATU Scheme.
- He also raised the issues of Insolvency and said that minimum wages of workers as per the 7th Pay Commission would render the MSMEs uncompetitive.

xv. **Shri Puran Dawar, Dawar Footwear Industries**, raised the issue of social security and requested that a provision be made for 10% of the total income tax to be utilized for social security measures.

xvi. **Shri T. Muralidharan, Chairman, TMI Group**, informed the house that his Group had submitted the suggestions for the creation of employment and these may be looked into.

xvii. **Shri Milind Kamble, President, DICCI**, stated that:-

- The CLCSS was not operational properly and implementation of the scheme needs to be streamlined.
- The SC-ST Hub should leverage the Stand up India Scheme.

xviii. **Smt. Manjula Mishra, Special Invitee**, suggested that 20% procurement quota under PPP available for MSEs should also include women segment in the new policy.
xxx. **Shri Sunil Rama, Special Invitee**, while pointing out e-tendering process of Government procurement and demand of earnest money, mentioned that although the MSMEs are exempted from the provision of earnest money but in various tender processes in Uttar Pradesh, this exemption is not given to the MSMEs.

xx. **Shri Sanjay Dalmia, the representative of Bihar Mahila Udyami Sangh**, pointed out:-

- The need for a Committee under the Chairmanship of Secretary (MSME) to study the issue of recovery of interest on delayed payment.
- The issue of cumbersome process of getting loans / credit proposals submitted to the banking system and requested involvement of DICs for ensuring that the system runs smoothly.

xxi. **Dr. Ajay Narang, Special Invitee**, suggested that:-

- There is a need for effective measures to ensure that micro enterprises are not crowded out from the framework of benefits under Public Procurement Policy and availability of financial services.

xxii. **Shri Rajnish Goenka, Special Invitee**, suggested:-

- For a course curriculum in the schools and colleges as an additional subject as regards entrepreneurship development.
- He suggested for introduction of the MSME TV channel under the Ministry of MSME for better dissemination of the information about schemes among the MSME stakeholders.

xxiii. **Ms Rehana Rajiawala, SEWA**, raised:-

- The issue regarding lowering of GST rates for MSMEs’ products.
- Grassroot Entrepreneurship should be developed in the country and to begin with at the village level.

xxiv. **Shri Dinesh Rai, Special Invitee**, has pointed out:-

- The issue of strengthening the DICs of the State Governments for better implementation and dissemination of the MSME activities.
- The Skill Development Schemes of the Ministry of Skill Development should be leveraged to ensure that the MSMEs Sector benefits out of such schemes.
xxv. Shri Raja M Shamungham, President, Tiruppur Exporter’s Association (TEA), pointed out:-

- The need of better implementation of Schemes under the MSE-CDP for Tirupur MSME Cluster.
- To have a relook at the Basel Norms. These should either be made Indianized or be totally given up.

xxvi. Shri Jaimin Vasa, Vice President, Gujarat Chamber of Commerce and Industry (GCCI), suggested for MUDRA-like scheme for Small and Medium Enterprises, using of HS code (under GST) instead of NIC Code and setting up of a Technology Acquisition Fund.

xxvii. West Bengal Industry Association pointed out the need for the study of Environment Impact Analysis in respect of the MSME sector.

xxviii. Shri Jitendra Gupta, National President, Laghu Udyog Bharti (LUB), asserted that the changes in the definition of MSMEs are not in line with the recommendations of the One Man Committee constituted by the Ministry some time back.

xxix. Ms. Mamta Verma, Industry Commissioner, Government of Gujarat, emphasized the need:-

- To create synergy between State Governments and M/o MSME schemes so that the MSMEs can benefit from these schemes in a more holistic manner.
- For reducing the number of clearances to be obtained by prospective MSME units. Sector-wise study needs to be conducted to list out the different clearances required by the MSMEs.
- To learn from the best practices of different States and for having a common knowledge platform at the GOI level where various State Govt. officials can have dialogue aimed at learning from their counterparts.
- For a portal at national level also for data of products being manufactured in different States. This would also help in import substitution in a big way.

13. The meeting ended with a vote of thanks to the Chair.
List of Participants in the 16th Meeting of National Board for MSME at The Ashok, New Delhi on 26.2.2018

(a) Member of the National Board

1. Shri Giriraj Singh, Hon’ble Minister of State (I/C), Ministry of MSME
2. Shri Pradeep Tamta, Member of Parliament (RS)
3. Dr. Arun Kumar Panda, Secretary, MSME
4. Shri Ram Mohan Mishra, AS & DC, MSME
5. Shri A. K. Mishra, Director, Ministry of Finance,
6. Shri Ramakant Singh, Directorate of Industries, Jharkhand
7. Ms. Mamta Verma, Industries Commissioner, Gujarat
8. Shri H. D. Shrimali, Additional Industries Commissioner, Gujarat
9. Shri S. Saravanavel, Chief General Manager, NABARD,
10. Shri Sanjay Goyal, G. M. SIDBI
11. Ms. Sonali Sen Gupta, Chief General Manager, RBI
12. Ms. Rehana Rajawat, President, SEWA
13. Shri C. Babu, President, TANSTIA
14. Shri R. Hanumant Gowda, President, KASSIA
15. Shri T. S. Umashankar, Hon. Gen. Secretary, KASSIA
16. Shri V. Sundaram, President, CODISSIA
17. Shri Jitendra Gupt, National President, Laghu Udyog Bharti,
18. Ms. Sushma M. DG, India SME Forum
19. Shri R. S. Joshi, Ex. Chairman, FINER
20. Shri Sanjay Bhatia, President, FICCI
21. Shri Hemant Seth, Director, FICCI
22. Ms. Anju Bajaj, Chairperson, PHDCCI
23. Ms. Kanchan Zutshi, Secretary, PHDCCI
24. Dr. H.P. Kumar, Advisor, PHDCCI
25. Shri Shreekant Somany, CMD, CII
26. Ms. Archana Sinha, CII
27. Shri Sudarshanan Sareen, National President, All India Confederation of Small & Medium Industries
28. Shri Baij Nath Rai, Ex. National President, BMS
29. Shri T. Muralidharan, Chairman, TMI Group
30. Puran Dawar, Chairman, Dawar Footwear Industry,
31. Shri Anil Bhardwaj, Secretary General, FISME
32. Shri Pankaj Bansal, FISME
33. Shri R. P. Singh, Dy. Director, FISME
34. Shri K. V. Sekhar Raju, President, FASII
35. Shri Mangurish Pai Raiker, Chairman, Council for MSME, ASSOCHAM
(b) Special Invitees

1. Shri C. P. Radhakrishnan, Ex-MP, Chairman, Coir Board
2. Shri Jaimin Vasa, Sr. Vice President, Gujarat Chamber of Commerce and Industry
3. Shri Haridas K.V., Dy. Managing Director, Corporate Centre,
4. Ms. Preeta Verma. Chief Executive Officer, KVIC
5. Shri A. K. Mittal
6. Shri Somesh Choudhary, Managing Director
7. Dr. Avinash K. Dalal, National President, AIMAMSME
8. Shri Shashikant Sharma, President, All India LPG Federation
9. Shri Raja M Shanmugham, President, Tiruppur Exporters Association
10. Shri Dinesh Rai, Ex Secretary, MSME, AIM
11. Shri Rajnish Goenka, Chairman, MSME Development Forum
12. Shri Sanjay Dalmia, Bihar Mahila Udyami Sangh
14. Dr. Sanjeev Chaturvedi, NIMSME
15. Shri Mithlesh Agarwal
16. Shri K.P.S. Keshri, President, Bihar Industries Association
17. Shri Ajay Mathur, Secretary General, MSME Development Forum
19. Shri Sunel Rama, Rama NFPLBSR
20. Dr. Ajay Narang, Vice President, Laghu Udyog Bharti
21. Shri Santosh Dalmia
22. Shri Gautam Ray, Vice President, FOSMI
23. Shri Anil Gupta, IIA, (Indian Industries Association)

(c) Others

1. Shri K. K. Sharma, GM, NSIC Ltd.
2. Shri V. Raghunath, Manager, NSIC Ltd.
3. Shri Umesh Dixit, DGM, NSIC
4. Shri A. K. Mittal, Director, NSIC
5. Officers of ARI Division, SME Division & O/o DC (MSME), M/o MSME

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