

Agenda Papers for 11th Meeting of the National Board for Micro, Small & Medium Enterprises.

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Confirmation of the Minutes of the 10th Meeting of NBMSME held on 17th December, 2013.

The Minutes of the 10th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 17th December, 2013 under the chairmanship of Hon'ble Minister, MSME, were circulated to all Members of the said Board Vide Letter No.2(4)/2013-NBMSME dated 5th March, 2014.

The Minutes are enclosed at **Annexure-I.**

Minutes of 10th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 17.12.13 at Vigyan Bhawan, New Delhi.

10th Meeting of NBMSME was held under Chairmanship of Hon'ble Minister, MSME on 17.12.13 at Vigyan Bhawan, New Delhi. List of participants is appended.

At the outset Development Commissioner (MSME) welcomed Chairman, Vice Chairman, Members, Special Invitees of the Board and other dignitaries. He said that the National Board for Micro, Small and Medium Enterprises (NBMSME) was constituted to advise the government on all policy matters relating to the development of MSME sector. He was of the view that the discussion on Main Agenda "Public Procurement Policy for Micro and Small Enterprises" would be beneficial to the sector and also informed that the current procurement policy for MSEs which supercedes the earlier policy opens up a vast market for MSEs.

Shri K H Muniyappa, Hon'ble Minister, who is the Chairman of the Board, in his opening remarks greeted distinguished guests and requested for suggestions from all participants and assured that the Ministry would consider the same for appropriate action.

The Hon'ble Minister also outlined the various facets of MSME sector. He mentioned that growth of the economy is MSME driven and MSMEs are doing better than large industries. But they have to compete internationally for which elements of competitiveness require a thrust. He emphasized on development of common clusters, technology training centres, training centres on PPP Mode, etc. He also stressed on quality and competitiveness in exports and also called for the MSMEs to emulate China in these aspects.

Development Commissioner (MSME) in his presentation informed that the new procurement policy is mandatory and will have to be adopted in 3 years time. He also emphasized that the percentage stipulation of 20% is the minimum and the PSUs are welcome to go above that. Every PSU, according to him, has to come out with an Annual Procurement Plan. He flagged the issue of the subcategory of 4% for SC & ST and informed that PSU Banks are not disclosing this subcategory. He requested banks to do that necessarily. He also requested the PSUs to choose a nodal person and also inform the complete product profile and suppliers' profile. He informed that letters have been written to all Chief Ministers and all Chief Secretaries to come out with similar policy in their states.

He also explained the working of a software developed by office of DC(MSME) for search of suppliers, products, buyers which is hosted in the National Portal. He also highlighted the progress of NMCP, Design Clinic Scheme, Bar Code Scheme, etc.

Shri Mohan Suresh, Managing Director, M/s. Technospark Industries requested the Chairman to pursue with Hon'ble Chief Minister of Karnataka for implementation of procurement policy in his state.

The representative of FISME complained that each department has its own system of product certification which is creating problems. He also pointed out that every PSU have their niche suppliers and only when they back-out, then only they come to others. He also highlighted the issue of fluctuation in raw material prices and the glaring difference between international rate and domestic rate.

Shri B. P. Shashidhar, President, KASSIA, Bangalore, emphasized the need for a monitoring Cell for Vendor Development Programme necessitating the registration of Vendors. He also called for uniform tax structure and called for payment within stipulated time. He emphasized the need for procurement Policy at the State level.

Shri R. Shiv Kumar, President, FKCCI, Bangalore, requested to fix a meeting with the PSUs of Karnataka as they are not buying from MSEs there.

Shri Venketa K. Reddy brought to the attention of the Chair the insistence of banks for collaterals and the problem of delayed payments. He highlighted the electricity problem in Kolar District of Karnataka and requested for subsidy for the solar energy sector. He requested for hand holding in creation of publicity for cottage industry.

Ms. Pushpa Chopra, President, Bihar Mahila Udyog Sangh emphasized the need for marketing support through Melas, buyer-seller meets, provisions of boarding, lodging facilities to women entrepreneurs for attending international exhibitions. She requested for appointing a officer to take care of women's concerns. She brought out the issue of cheap Chinese imports, inflation, skill development and lack of awareness about the cluster development initiatives.

Shri Hansraj Ahir, Member of Parliament, called for penal action for not adhering to the new procurement policy. He also highlighted the issue of coal, iron-ore and bauxite supply. He called for uniform rate of electricity for MSEs across states. He also took note of the challenge of Chinese imports.

Shri Raghavindra emphasized the need of bringing in more and more States under the ambit of procurement policy. He also raised the issue of raw material prices and requirement of an anti-dumping policy.

Shri Mohd. Shafiulla, President, Sir M. Visvesvaraya District Industrial Welfare Association, Kolar, stressed the importance of special programme especially for SC, ST & Minorities for a backward district like Kolar.

Ms. Latha Girish, President, Peenya Industry Association raised the issue of Vendor Registration and setting up of a Vendor development cell.

Shri J.B. Surana of Precision Granites Pvt. Ltd., Bengaluru, brought to the notice of the Chair the many challenges faced by Granite Industry. He requested for a revamp in the licensing system for the industry in the new foreign trade policy.

Shri Ravi Kapoor, Joint Secretary, Ministry of Commerce & Industries, New Delhi, informed about the availability of NIC-portal through which all tenders of the State Governments are carried out. He also informed that an e-procurement cell of Ministry of Finance takes care of all tenders for Central Government. According to him, anti-dumping cases require at least 12-18 months to revoke

but we have safeguards which lead to immediate relief. As far as granite industry is concerned, he opined that they should prepare a case and forward it to Department of Commerce.

Ms. P. Saudamini, President, Confederation of Women Entrepreneurs, Hyderabad emphasized the need for a special cell for women entrepreneurs and requested for including women in the 4% subcategory in the procurement policy. She also raised the collateral issue from the banks while availing loans faced by entrepreneurs.

The representative of Indian Industry Association highlighted the unwillingness of CPSUs to take supply from new MSMEs, delayed payments issue, lack of finance and proper information, simplified registration procedure, subsidy for capital expenditure, etc.

The representative of Chairman, SME Chapter, PHDCCI, New Delhi, emphasized the importance of consortia formation and mentoring in marketing products. He also called for expanding the reach of NMCP.

Shri Milind Kamble, Chairman, Dalit Indian Chamber of Commerce & Industries called for strong intervention in the delayed payment issue and procurement policy being made an integral part of tender document.

Ms. Madhavi Sharma of RBI informed that if banks are insisting on collateral for below Rs. 10 lakhs loans from MSEs, the matter should be taken up with appropriate authorities. As far as NPA norms are concerned, they are bound by international requirements. As per her, the solution lies in developing the factoring services.

Shri H. P. Kumar, Chairman & MD, NSIC, New Delhi informed that they are working all over the country in procuring raw materials for MSMEs. He emphasized on having more and more VDPs and working with the associations.

Shri N.K. Maini, Deputy Managing Director, SIDBI, informed about the intervention through a line of credit under delayed payment Act. He emphasized that leading industrial associations should take up the case of unwillingness of PSUs in taking new MSEs as suppliers. He also informed the need of creation of a Factoring Guarantee Fund which can undertake factoring without recourse. According to him the banks can also do in house factoring.

Development Commissioner (MSME) emphasized the need for model Associations for all these problems.

Secretary (MSME) in his closing remark also emphasized that if the associations are strong, policy level problems are less. Government can only support the associations. Benchmarking of issues are to be taken up with Associations. He agreed in principle to the call for a separate Cell for women and procurement policy being made a condition in the tender document. He informed the gathering about the creation of an Indian Innovation Fund, putting in place Legal Framework for factoring services and creation of 15 new tool rooms.

The meeting ended with Vote of Thanks to the Chair.

List of Participants for 10th Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 17th December, 2013 (Tuesday) at Hall No. - 4, Vigyan Bhawan, New Delhi

1. Shri K.H. Muniyappa, Hon'ble Minister of State (Independent Charge) MSME / Chairman of the NBMSME.
2. Shri Gunreddy Vekateshwar Reddy, Vice-Chairman of the NBMSME.
3. Shri Hansraj G. Ahir, Member of Parliament (Lok Sabha), New Delhi
4. Shri Madhav Lal, Secretary, Ministry of MSME, New Delhi
5. Shri Amrendra Sinha, AS&DC (MSME) and Member Secretary of NBMSME.
6. Shri Anil Kumar Choudhary, Joint Director (I&C Department) Representative of Hon'ble Minister-in-charge of Micro, Small Scale Enterprises, Chandigarh, Haryana
7. Shri Ravi Kapoor, Joint Secretary, Ministry of C&I.
8. Shri Shakti Singh, Assistant Director, Representative of Secretary, Ministry of Food Processing Industries, New Delhi.
9. Shri N.K. Maini, Deputy Managing Director, SIDBI
10. Ms. Madhavi Sharma, Representative, RBI, Mumbai
11. Ms. P. Soudhamini, President, COWE, Hyderabad
12. Ms. Pushpa Chopra, President, Bihar Mahila Udyog Sangh, Patna
13. Ms. Rama Devi S., Representative of President, Emerg, Bangalore.
14. Shri Milind Kamble, Chairman, DICCI, Pune
15. Shri Ganga Dharan N, Representative of President, KTSID, Kannur, Kerala
16. Shri Mohd. Shafiulla, President, Sir M. Visvesvaraya District Inds. Welfare Assn. Kolar
17. Shri Parmod Miglani, President, Indian Industries Association, Lucknow
18. Ms. Pratibha Gohani, Representative of President, FINER, Guwahati
19. Ms. Latha Girish, President, Peenya Industries Association, Bangalore
20. Ms. Archana Goutam, Representative of Gems and Jewellery Export Promotion Council, Mumbai.
21. Representative of Chairman, SME Chapter, FICCI, New Delhi.
22. Representative of Chairman, SME Chapter, ASSOCHAM, New Delhi
23. Representative of Chairman, SME Chapter, PHDCCI, New Delhi
24. Shri P. Murugesan, MD, M/s SAARC Tool Tech. Pvt. Ltd., Coimbatore
25. Ms. Pratibha Devi, Bangalore
26. Shri Praveen Chopra, New Delhi
27. Shri Mukesh Galav, Secretary, Hind Mazdoor Sabha, New Delhi

Special Invitees:

28. Shri Udai Pratap Singh, CEO, KVIC, Mumbai
29. DR. H. P. Kumar, Chairman & MD, NSIC, New Delhi
30. Shri S.B. Naik, "Ashirwad", 206/A, Township, Dandeli, Uttara kannada District.
31. Shri N. Venkat Ramana Reddy, Road No.10/C, Jubilee Hills, Hyderabad.
32. Shri T.V. Ratna Rao, 83/B, MIGH, Sanjeev Reddy Nagar, Hyderabad
33. Shri Venketa Krishna Reddy, Kyasambally Village & Post, Bangerpet Taluk
34. Shri Mohan Suresh, MD, M/s. Technospark Industries, Bangalore.
35. Shri Manish Kalani, Secretary, All India Manufacturers Association, Indore
36. Shri Jayyaa N. Shetty, Chairman, Jay Vidya Shikshan Prasark Mandal, Pune.
37. Shri B. P. Shashidhar, President, KASSIA, Bangalore.
38. Bommasandra Industrial Association, Bommasandra Indl. Area, Hosur Road, Bangalore.
39. Shri R. Shiv Kumar, President, Federation of Karnataka Chambers of Commerce & Industry, K.G. Road, Bangalore.
40. Shri D Gandhi Kumar, Federation of Indian Small & Medium Enterprises (FISME), New Delhi.
41. Ms. Shanti Baleshwar, 60/4, Sanvid Nagar, Telephone Chauraha, Kanadia Road, Indore, Madhya Pradesh.
42. Shri Biswanath Bhattacharya, President, Federation of Small & Medium Enterprises (FOSME), 23, R. N. Mukherji Road, Kolkata.
43. Shri Jagjeeth Singh Sethi, MD, Hardware Care Links (J) Pvt. Ltd, Bangalore,
44. Shri L.S. Narayan Reddy, No. 450, Brindavana, 4th Main, H.M.T. Layout Anand Nagar, Bangalore.
45. Shri Mihir Subohdbhai Shah, A/203, Krishna Tower, Anand Nagar Road, Shyamal Cross Road Satellite, Ahmedabad.
46. Shri L. Krishnamurthy, Vishwa Building, Chikkanna Layout, Nelamangala Town Bangalore Rural District.
47. Shri J.B. Surana, Precision Granites Pvt. Ltd., 2nd Phase Bommasandra Industrial Area, Anekal Taluk, Bengaluru.
48. Raghavenddhiraa, No. 333, 3rd Block, "The Embassy", Ali Askar Road, Bangalore.

Officers of Ministry of MSME and office of DC (MSME) were also attended the meeting.

Action Taken Note on the issues/points raised in the Tenth Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 17th December, 2013.

The action taken as per the suggestions made by the Members of National Board for Micro, Small and Medium Enterprises (NBMSME) at its 10th Meeting held on December 17, 2013 is reported at **Annexure-II**.

Action Taken Report on Issues / Points raised in the Tenth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held at Vigyan Bhawan, New Delhi on 17th December, 2013.

Issues/Points raised in the meeting	Action taken/ Comments
<ul style="list-style-type: none"> • MSMEs have to compete internationally for which elements of competitiveness require a thrust. • Emphasis on development of common clusters, technology training centres, training centres on PPP Mode, etc. • Stress on quality and competitiveness in exports and also call for the MSMEs to emulate China in these aspects. <p>(Para no. 3)</p>	<p>Office of the Development Commissioner (MSME), Ministry of MSME, have launched a Programme, titled – Technology Centre Systems Programme, under which 15 new Technology Centres are to be established in various parts of the Country and the existing Technology Centres (Tool Rooms and Technology Development Centres) are to be upgraded. The estimated cost of the Programme is Rs.2200 crore (including World Bank loan assistance of USD 200 million). The Programme is to be implemented over a period of 6 years. It is anticipated that with the implementation of the Programme, world class technology development services will be available to MSMEs enabling them to compete in the national and international markets.</p> <p>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).</p> <p>The government has adopted the cluster approach as key strategy for enhancing the productivity and competitiveness as well as capacity building of MSEs and their collectives in the country. During the year 2014-15, 43 new clusters have been taken for various interventions like Diagnostic Study – 27 Nos., Soft Interventions – 12 Nos. and Common Facility Centres (CFCs) – 04 Nos. So far, total 966 clusters have been taken for various interventions like diagnostic study, soft interventions and Common Facility Centres (CFCs). Apart from these clusters, 171 Infrastructure Development projects have also been undertaken for providing financial assistance.</p> <p>National Manufacturing Competitiveness Programme (NMCP) is a flagship programme of the Ministry of MSME, which aims at equipping MSMEs with technology-based tools in areas of quality up-gradation, productivity, design development, energy efficiency and marketing. The implementation of this innovative programme would go a long-way in promoting global competitiveness amongst Indian MSMEs.</p> <p>To educate MSE Entrepreneurs about the scientific packaging techniques, latest design of packaging technology, improve their packaging standards and to highlight the importance of packaging in marketing, O/oDC(MSME) has been organizing specialized training programmes on packaging for exports for MSE units through field offices i.e. MSME-DIs in collaboration with Indian Institute of Packaging (IIP), Mumbai and other such Institutes since the year 1979. The training programme is being organized for one, two, three and five days duration as per the need and concentration of MSMEs.</p>

<ul style="list-style-type: none"> • The new procurement policy is mandatory and will have to be adopted in 3 years time. <p>(Para no. 4)</p>	<p>As per the policy, 20% procurement is minimum and mandatory from 1st April, 2015, 42 Nos. of CPSUs have procured more than 20% of their total procurement. Complete procurement data has been received from 103 CPSUs in 2013-14. 15 Ministries and 120 CPSUs have nominated their Nodal Officers and 54 CPSUs have shared their product profile, 22 CPSUs shared suppliers profile and 32 CPSUs uploaded the details of procurement in their website.</p>
<ul style="list-style-type: none"> • The software developed by office of DC (MSME) for search of suppliers, products, buyers which is hosted in the National Portal. <p>(Para no.5)</p>	<p>Software for buyer-seller match making based upon ITC HS Code for product is under stabilization. For 358 items reserved exclusively for procurement from MSEs, ITC-HS codes have been selected by this office and the same forwarded to DGFT for confirmation.</p>
<ul style="list-style-type: none"> • To pursue with Hon'ble Chief Minister of Karnataka for implementation of procurement policy in his state. <p>(Para no.6)</p>	<p>Letters have been written by Hon'ble Minister, MSME to Chief Minister of states to come out with similar policy in their State to enhance the procurement from MSEs. Recently Uttar Pradesh has come out with a procurement policy based on the Policy notified by this Ministry.</p> <p>Secretary had conducted one to one interaction meeting with 4 (four) CPSUs of Karnataka State i.e. Bharat Electronics Ltd., Bharat Earth Movers Limited, Hindustan Aeronautics Ltd. and Hindustan Machine Tools, on the strategy for the effective implementation of Public Procurement Policy with action plan for enhancing procurement from MSEs and capacity building of MSE vendors of the relevant CPSUs.</p>
<ul style="list-style-type: none"> • Each department has its own system of product certification which creates problems. • Every PSU have their niche suppliers and only when they back-out, then only they come to others. • The issue of fluctuation in raw material prices and the glaring difference between international rate and domestic rate. <p>(Para no.7)</p>	<p>The office is making efforts for use of ITC HS Code in matters relating to Public Procurement Policy.</p>

<ul style="list-style-type: none"> • Emphasis on the need for procurement Policy at the State level. • Emphasis on the need for a monitoring Cell for Vendor Development Programme necessitating the registration of Vendors. • Call for uniform tax structure. <p>(Para no. 8)</p>	<p>Letters have been written by Hon'ble Minister, MSME to Chief Minister of states to come out with similar policy in their State to enhance the procurement from MSEs. Recently Uttar Pradesh has come out with a procurement policy based on the Policy notified by this Ministry</p> <p>56 CPSUs have organized 260 Vendor Development Programmes (VDPs) for MSEs in the year 2012-13 and 1007 VDPs in 2013-14. MSME-DIs have organized 50 NVDP and 299 State Level VDPs and NSIC has organized 21 VDPs for MSEs in which 1346 SC/ST entrepreneurs have participated.</p> <p>The facility of Vendor registration is being provided by the participating CPSU for the deserving vendors during Vendor Development Programmes.</p> <p>The implementation of the Goods and Service Tax (GST) will lead to the abolition of other taxes such as Octroi, Central Sales Tax, State-level sales tax, entry tax, stamp duty, telecom licence fees, turnover tax, tax on consumption or sale of electricity, taxes on transportation of goods and services, etc., thus avoiding multiple layers of taxation that currently exist in India. It will reduce distortions by applying the destination principle for levy of taxes. The Union Cabinet approved on 17th December,2014 the proposal for introduction of a Bill in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country.</p>
<ul style="list-style-type: none"> • Request to fix a meeting with the PSUs of Karnataka as they are not buying from MSEs there. <p>(Para no. 9)</p>	<p>Secretary had conducted one to one interaction meeting with 4 (four) CPSUs of Karnataka State i.e. Bharat Electronics Ltd., Bharat Earth Movers Limited, Hindustan Aeronautics Ltd. and Hindustan Machine Tools, on the strategy for the effective implementation of Public Procurement Policy with action plan for enhancing procurement from MSEs and capacity building of MSE vendors of the relevant CPSUs.</p>
<ul style="list-style-type: none"> • The problem of delayed payments. • Requested for hand holding in creation of publicity for cottage industry. <p>(Para no. 10)</p>	<p>All States/UTs, including newly created state of Telangana, have constituted MSEFCs. This office, has requested the MSFCs for speedy disposal of the cases referred to them in accordance to the provisions of the MSMED Act, 2006. Recently, a letter dated 23.01.2015, has been sent to all MSEFCs to send progress report related to settlement of cases filed before MSEFC and status of implementation of award passed by MSEFC.</p>
<ul style="list-style-type: none"> • Emphasis on the need for marketing support through Melas, buyer-seller meets, provisions of boarding, lodging facilities to women entrepreneurs for attending international exhibitions. • Lack of awareness about the cluster development initiatives. <p>(Para no. 11)</p>	<p>This office is supporting MSEs for expansion of their market through</p> <ol style="list-style-type: none"> a) Vendor Development Programme b) Marketing Assistance and Technology Upgradation c) Marketing Assistance Development Schemes <p>Soft interventions under MSE-CDP Scheme, creates awareness of various schemes of Ministry of MSME, other Ministries and departments of state & central government, other developmental agencies, financial institutions etc. Further there is an activity in which participation in one foreign fair can be taken by entrepreneurs in clusters. So far, total 326 Nos. of Soft Interventions have been under taken.</p>

<ul style="list-style-type: none"> • Call for penal action for not adhering to the new procurement policy. • Call for uniform rate of electricity for MSEs across states. • The challenge of cheap Chinese imports. <p>(Para no. 12)</p>	<p>DPE has issued instruction to all CPSUs that they will be penalized upto 1 mark at the time of annual evaluation of MoU in case of non-compliance by the CPSUs with the said policy.</p> <p>Government has been imposing anti-dumping duties, permitted under WTO, for restricting imports when such imports have been established as unfairly affecting the market for goods and services produced by Indian Industries. Government also imposes Safeguard duties to protect domestic industries against a surge of imports from other countries including China. These mechanisms are operated by the Directorate General of Anti Dumping & Allied Duties (DGAD), DOC and Directorate General of Safeguards (DGSG), DOC respectively. Hence, the matter may be forwarded to them for appropriate action.</p>
<ul style="list-style-type: none"> • Emphasis on the need of bringing in more and more States under the ambit of procurement policy. • The issue of raw material prices and requirement of an anti-dumping policy. <p>(Para no. 13)</p>	<p>Letters have been written by Hon'ble Minister, MSME to Chief Minister of states to come out with similar policy in their State to enhance the procurement from MSEs. Recently Uttar Pradesh has come out with a procurement policy based on the Policy notified by this Ministry.</p> <p>The matter pertains to Directorate General of Anti Dumping & Allied Duties (DGAD), Department of Commerce. Such cases may be forwarded to DGAD for appropriate action.</p>
<ul style="list-style-type: none"> • The importance of special programme especially for SC, ST & Minorities for a backward district like Kolar. <p>(Para no. 14)</p>	<p>Government of India implement schemes and policies for development of small and micro enterprises at the all India level covering all regions of the country. However, for the SC and ST categories, there are certain dispersion in some scheme viz. Entrepreneurship Development Programme (EDPs), Micro & Small Enterprises – Cluster Development Programme (MSE-CDP), Market Development Assistance for MSEs and Prime Minister's Employment Generation Programme (PMEGP).</p>
<ul style="list-style-type: none"> • The issue of Vendor Registration and setting up of a Vendor development cell. <p>(Para no. 15)</p>	<p>The facility of Vendor registration is being provided by the participating CPSU for the deserving vendors during Vendor Development Programmes. DC (MSME) and MSME-DI has Vendor Development Cell and one coordinator is nominated for each VDP at DI level to take care the issues related to Vendor Registration.</p>
<ul style="list-style-type: none"> • Request for a revamp in the licensing system for the industry in the new foreign trade policy. <p>(Para no. 16)</p>	<p>The issue of licensing system for the industry is the subject under policy matter looked after by the DGFT. Hence these issues may be forwarded to DGFT for their consideration and needful action.</p>
<ul style="list-style-type: none"> • Emphasis on the need for a special cell for women entrepreneurs. • Request for including women in the 4% subcategory in the procurement policy. • The collateral issue from the banks while availing loans faced by entrepreneurs. <p>(Para no. 18)</p>	<p>These aspects are being considered in various for a within the Ministry.</p> <p>To tackle the issue of collateral free loans, efforts are being undertaken to set up State specific and Department specific Credit Guarantee Schemes wherein the concerned States/Departments would contribute to the corpus and CGTMSE will be the Trustee.</p>

<ul style="list-style-type: none"> • The issue related to the unwillingness of CPSUs to take supply from new MSMEs. • Delayed payments issue. • Lack of finance and proper information. <p>(Para no. 19)</p>	<p>a) Secretary, MSME has conducted 11 one to one meetings with different CPSUs for preparing the strategy for the effective implementation of the Policy. CPSUs have been directed to make action plan for enhancing Procurement from MSEs and Capacity Building of MSME Vendors and also in order to bring in more and more MSEs in vendor registration.</p> <p>b) MA Division is continuously chasing CPSUs for collection of data relating to procurement made by them from MSEs.</p> <p>c) In pursuance of reminder letters to Central Ministers/Deptt/CPSUs, so far 163 Nos of CPSUs responded with data. However, out of 163 CPSUs only 42 CPSUs achieved the target of 20% from MSEs.</p> <p>d) Rendering support to CPSUs by providing clarifications to their queries/issues related to the Policy.</p> <p>All States/UTs, including newly created state of Telangana, have constituted MSEFCs. This office, has requested the MSFCs for speedy disposal of the cases referred to them in accordance to the provisions of the MSMED Act, 2006. Recently, a letter dated 23.01.2015, has been sent to all MSEFCs to send progress report related to settlement of cases filed before MSEFC and status of implementation of award passed by MSEFC.</p> <p>In terms of the recommendations of the Prime Minister’s Task Force on Micro, Small and Medium Enterprises (MSMEs), banks were advised by Reserve Bank of India (RBI) vide circular dated June 29, 2010 as under:</p> <ol style="list-style-type: none"> i. Achieve a 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow; ii. The allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13 and iii. Achieve a 10% annual growth in number of micro enterprise accounts. <p>The RBI is closely monitoring the achievement of targets by banks and holding one to one meeting with banks to know the constraints and also impress upon the banks to devise strategies to gear up the credit mechanism for the sector. The RBI has taken up the matter with the banks that have failed to achieve the targets prescribed by the Task Force. As decided in the 12th Standing Advisory Committee meeting held in RBI on July 5, 2011 with a view to sensitize the branch level functionaries on various MSE policies, the SCBs were advised to understand the problems of the sector and devise strategies to gear up their credit mechanism structure so as to achieve the prescribed target of lending to the sector.</p> <p>RBI has advised banks vide circular dated May 4, 2009 to introduce Central Registration of loan applications and the same technology may be used for online submission of loan applications as also for online tracking of loan applications. To ensure that the guidelines are implemented RBI in September 2011 advised all its Regional Offices to discuss the issue in the Empowered Committee meetings on MSMEs and ensure compliance. The RBI has reiterated vide circular dated January 4, 2012 that the banks should mandatorily acknowledge all loan applications, submitted manually or online, by their MSME borrowers and ensure that a running serial number is recorded on the application form as well as on the acknowledgement receipt.</p> <p>SIDBI has made the Loan applications available in its website. These application forms can be used by the borrower and forwarded electronically for processing. The inwards of loan application is inbuilt in the software for processing the loan application and each stage of the processing is recorded in the software enabling borrowers to view the status on real time basis. The status is published in website (www.sidbi.in) for which a link “Know your Application status” has already been created. The borrowers can view the status.</p>
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<ul style="list-style-type: none"> • Emphasis on the importance of consortia formation and mentoring in marketing products. • Call for expanding the reach of NMCP. <p>(Para no. 20)</p>	<p>NSIC is the only CPSU of this Ministry has made 75.58% Procurement from MSE in the year 2013-14. NSIC is forming/maintaining the consortia with MSEs for supply of goods and Services as required for CPSUs.</p> <p>The components NMCP scheme is being implemented throughout the country and has demonstrated tremendous success in the last few years.</p>
<ul style="list-style-type: none"> • Call for strong intervention in the delayed payment issue. <p>(Para no. 21)</p>	<p>The office of DC (MSME) has requested the MSFCs for speedy disposal of the cases referred to them in accordance to the provisions of the MSMED Act, 2006. Recently, a letter dated 23.01.2015, has been sent to all MSEFCs to send progress report related to settlement of cases filed before MSEFC and status of implementation of award passed by MSEFC.</p>
<ul style="list-style-type: none"> • Working all over the country in procuring raw materials for MSMEs. <p>(Para no. 23)</p>	<p>To improve the procurement from SC/ST owned entrepreneurs, this office has requested the Association like Dalit Industry Chamber of Commerce (DICCI) to supply the list of MSEs registered with them so that the same can be made available on the website of this office for easy access to CPSUs.</p>
<ul style="list-style-type: none"> • About the creation of an Indian Innovation Fund. <p>(Para no. 26)</p>	<p>Since National Innovation Council and Planning Commission cease to exist hence revision has to be made in the three level of management structure. The revised Cabinet Note is under submission for approval.</p>

Action Plan for ‘Make in India’

A Note on the Action Plan for “Make in India” is placed at **Annexure-III** for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Action Plan for ‘Make in India’

The MSME sector in India is diverse in terms of its size, levels of technology employed and range of products and services produced. Starting from grass root village Industries, the products from the sector span into auto components, micro-processors, electronic components and electro-medical devices. This sector has even contributed in terms of vital inputs for space satellites such as Mangal-yan and Chandra-yan. MSMEs have shown constant growth rate of over 10% in recent years, much ahead of the large-scale corporate sector. This sector contributes 37.5 per cent of the country’s GDP, 36 per cent of the manufactured output and 40 per cent of its exports. The MSMEs provide employment to over 80 million persons through over 36 million enterprises producing over six thousand products.

(A) Eco-system for Manufacturing and Services

The Make in India Strategy aims to facilitate investment, foster innovation, enhance skill development and build an **Eco-system for manufacturing infrastructure** in the country. The real objective of this Strategy is to ease the investment caps and controls to open up India’s industrial sectors to global participation. This is a well drawn out Strategy and is the most relevant for India’s MSMEs. The Ministry of MSME is going to be a major plank in the Government’s ‘Make in India’ drive.

Ministry of MSME has been implementing a number of programmes and schemes in the areas of finance, technology, infrastructure, marketing and skill development to address the problems confronting the sector.

Availability of collateral free credit at reasonable rates is one of the biggest problems facing the MSME Sector in India. Also there is virtual absence of venture capital funds, angel funds and innovation funds in India. ‘Make in India’ campaign can attract the foreign corporate/ investors to bring in their investment, set up venture/angel funds to take advantage of the inherent depth of the MSME Sector in terms of range of products and services and marketing networks. The Ministry will also rise to the challenge through action plans directed at provision of collateral free credit, creation of state verticals for extending guarantees to the entrepreneurs of particular state with financial support from state governments, creation of verticals for women entrepreneurs and youth among SC/ ST and NE Regions.

Another advantage in Indian MSME Sector the foreign partners would experience is that production process in this sector is already underway. The various networks required for undertaking the production process are already established. The foreign entity is just required to bring in investment and technical know-how to achieve excellence in these areas.

The vision is to assist SMEs in improving their manufacturing practices to make them competitive in the international market. The aim is to help them collaborate for technological transfer, joint venture projects and encourage interaction with their international peers. Also, In order to become more competitive and enter the global market, small and medium enterprises (SMEs) are increasingly looking across the globe for technical collaboration with their counterparts. A technological collaboration with firms in foreign countries will help improve the quality and reduce costs.

The Ministry has the objective of creating an ecosystem through Technology Centres (TCs) to support MSME Clusters for global competitive manufacturing. This is proposed to be done through setting up of 15 new Technology Centres with World Bank assistance, augmentation of 18 existing TCs with new technologies and testing facilities supported by Cluster Network Mangers (CNM) and a National Portal. The CNM would create a web that increases business opportunity for MSME through new market linkages, provides interactive platform for Industry-Academia-Institutions, establishes closer cooperation of key innovation stakeholders and facilitates closer cooperation amongst skill development and labour market stakeholders. Competitiveness and Productivity of the sector is also aimed to be augmented through simplification and upscaling of Lean Manufacturing Competitiveness Scheme, Design Clinic Scheme, QMS/QTT Scheme and ICT Scheme etc.

MSMEs are the key drivers of innovation and serve as incubators for new technologies and ideas. There is a need to encourage MSMEs to adopt innovative ideas and concepts for the promotion of their business. Supportive interventions towards product and process innovations, diversification and larger market access will help the sector to grow and emerge as a major global player. Efforts are on to bridge the gap between Research Institutions and Industries through signing of MOUs with IISc and CSIR. A UNIDO project on Clean Technology has also been launched.

Public Procurement Policy for MSEs with offset policy, have been two major instruments used by Governments, worldwide, to promote local industry. Public Procurement Policy has promoted

marketing and sales of Local industry, alongwith attendant benefits of (sometimes) investment in design, technology & packaging, whereas the offset policy has been more strategic. It has ensured FDI and Technology inflows as well as growth of local industry. There are obvious overlaps in both policies. Efforts are also on to popularize and enable effective implementation of the new public procurement policy through VDPs (Vendor Development Programmes) and common action plans in collaboration with CPSUs. Defence offset policy is also being leveraged for creating ecosystem of defence manufacturing by MSMEs.

Clustering is a global phenomenon for the sustenance of MSME Sector. More than 50% of the production by the MSME Sector comes from clusters spread all over India. Besides major producers of our core products, namely, Garments, Leather Goods, Engineering Items, Gems and Jewellery etc., produce in clusters which are the nursery of innovative manufacturing on which our MSMEs thrive. The Ministry of MSME is supporting modernisation, and innovation through various initiatives in MSME Clusters. The cluster approach is also being upscaled.

(B) Zero Defect Zero Effect

All these efforts are very much in synergy with **Zero Effect Zero Defect** manufacturing plan to enable the advancement of Indian Industry to a position of eminence in the global market place and lead to India's emergence as the world's supplier through 'Made in India' mark. In this field Ministry has not only aligned its schemes like Lean Manufacturing Competitiveness Scheme, Quality Management Standards (QMS) and Quality Technology Tools (QTT), Technology and Quality Upgradation (TEQUP) Schemes in particular but also with Quality Council of India (QCI) has worked out a 'ZED Certification' model encompassing an array of quality parameters in manufacturing.

Smaller firms can achieve impressive growth by utilizing their network relationships with local strategic partnerships – in particular with multinational subsidiaries. Three key lessons are drawn to this context:

- Recognize the opportunity
- Overcome the obstacles
- Engage proactively

The 'Make in India' strategy does not solely mean inviting the multinationals, but it urgently emphasizes to get our house in order in order to convert India into a manufacturing hub. The ease of doing business in the country should be improved.

(C) **Skill Mapping**

Skilling is one of the most important drivers of job creation and is crucial for the development of vibrant formal small and medium sized (SME) enterprises. It enhances productivity growth and can also help find practical business solutions to social and environmental challenges. The emphasis has been placed on **skill mapping** and creation of industry responsive skilled manpower through effective training of educated youth in both conventional and advanced production and management technologies. This would be supported by institutional anchoring in the form of creation of Indian Enterprise Development Service and Web based Employment Exchange for Industry. The Ministry is in the process of skill need mapping in each district based on various parameters i.e. clusters, products made and the institutional anchoring needed over there.

(D) **Skill Development**

To be attuned to the 'Make in India' drive on a long term basis, the Government should encourage the budding entrepreneurs to set up start ups. There are almost 16 lakh students passing out each year from the engineering, management and polytechnic set ups in India. In advanced countries, the conversion of engineers into entrepreneurs both in manufacturing as well as services sector is high. What are the reasons as to why in India, the conversion ratio is not even 10%? By this logic we have more than a crore of technical manpower in India who have, upto 5-6 years experience, are apparently young/ below 30. But why is it that trained manpower is not looking at starting an enterprise as a viable career option? The need for the reduction of entry barriers (including costs) facing new businesses can be explored.

Promoting entrepreneurship is a core activity of Ministry of MSME. The Ministry is the one among the pioneers to organise entrepreneurship programmes to inculcate entrepreneurial qualities in the Indian Youth. The Ministry of MSME is providing **skill development** training to the rural and urban poor in the widest range of skill sets, from those required for the khadi and village industries to the skill sets required by the globally competitive industries such as auto-components, electronic items, pharma products etc. However, efforts are now being directed for a more co-ordinated approach in the areas of skill development i.e. accreditation of institutions, certification, curriculum development,

industry linkage, training of trainers, trend spotting etc. The Ministry, with a focussed attention towards this has already come up with an up-scalable model of designed syllabus and industry certified course curriculum as being done in the Tool Rooms and FFDCs.

To strengthen the training capacity across the country and to promote 'Make in India' initiative, Ministry has started a joint initiative with Samsung India Electronics to set up MSME-Samsung Technical School in PPP mode. Now the government aims to establish ten MSME-Samsung Technical Schools at MSME Technology Centres for conducting joint training programmes at various parts of the country. This is one of the possible models under which the training imparted to youth, increases to a great extent the possibility of their subsequent employment as well as motivates them to establish their own enterprises.

We have to look '**Make in India**' concept in integrated manner by creating an enabling Eco-system consisting of quality manufacturing with the help of industry responsive manpower. Towards achieving that objective, we are in the process of formulation of a MSME Policy which aims at giving a roadmap for the sector. The objective is to shift from a predominantly Subsidy framework to an enabling framework, a supporting framework and only for very small businesses, a revamped subsidy framework. The major elements of the policy would range from a start-up regime framework to on exit policy framework which will provide the necessary vision to the MSME entrepreneurs in the coming years.

Creation of Reliable Database of MSMEs

A Note on the Creation of Reliable Database of MSMEs is placed at Annexure-IV for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Subsequent to implementation of Micro Small Medium Enterprises Development Act (MSMED), 2006, the compulsory registration of MSMEs had been dispensed with to facilitate ease of doing business which has been one of the revolutionary policy initiatives on the part of Ministry of MSME to encourage and promote entrepreneurship in the country. However, dispensing with the compulsory registration since the implementation of the MSMED Act, 2006 (2007-08 onwards) the availability of information at various States and UTs on filing of Entrepreneurs Memorandum - Part II (EM Part-II) - indicating the commissioning of projects - depend on the preparedness of District Industries Centres (infrastructure availability such as computers, manpower) and its reach. Out of the 10 leading States accounting for nearly 95% of the total number of EM Part-II filed in the country during 2013-14, (Tamil Nadu, Gujarat, Uttar Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Kerala, West Bengal, and Andhra Pradesh) all have initiated online filing of EM Part-II except Maharashtra and Madhya Pradesh . Among other States, Oddisa has also started online filing of EM Part-II. Ministry of MSME has provisioned for online filing of EM Part-II which could now be availed of by States / UTs which are yet to develop online platform for filing of EM Part-II through the website of the Ministry. However EM Part-II filing provide information only at the point of commissioning of the project and updated information needed for policy interventions and programme implementation is required to be developed.

2. In view of the need for information on programme interventions, government announcements and policy initiatives, Hon'ble Minister of MSME has desired to launch an ambitious programme for registering MSMEs using suitable technology and methods so that in a year's time we should have a data base of at least a crore MSMEs and also institutionalize an arrangement to keep updating information periodically.

Upgradation of Data Base on MSME Sector

3. Office of DC, MSME conducts periodic census under the Plan Schemes and four such census has been conducted on which in addition to publication of various reports on enterprise level information on 13.75 lakh SSIs (2001-02) and 16.9 lakh (15.64 lakh in registered sector and 1.26 lakh as sample survey in unregistered sector) MSME level information has been put out in public domain. Information on number of EM Part-II filed since the implementation of the MSMED Act 2006 has

also been collected State-wise for the years 2007-08 to 2013-14 and as on December 2014. Discounting for the usual rate of closures, a total of nearly 33.50 lakh working MSMEs are in operation in the country which are either registered with District Industries Centers prior to implementation of MSMED Act or those which have filed EM Part-II as per provisions of the Act.

4. As part of Upgradation of database more frequently action has been initiated to compile an Index of Industrial Production for MSME sector. The Working Group set up for the purpose has finalized the draft reports on methodology. A request for Expression of Interest has been invited for hiring of four zonal agencies for collection of periodic data on a set of variables including production for approximately one lakh MSMEs. In addition, Office of DC, MSME is in the process of initiating the fifth census of MSME sector ensuring complete enumeration of registered MSMEs and sample survey of unregistered section with ten percent sample size depending on availability of funds. The proposal envisages web enabled online data collection from working MSMEs through complete enumeration in the country.

5. In view of the fact that Hon'ble Minister has desired for creation of a data-base of at least one crore MSMEs, the planned proposal is required to be scaled up substantially with the help of various associations who are part of MSME Board and also those associations not forming part of the Board. In addition, the registration may be made compulsory for those units who have availed benefit of different Schemes of Govt. of India. In this connection, as desired by Hon'ble Minister, the office of DC, MSME is launching a new website (<http://www.msmehealth.dcmsme.gov.in>) for online capturing of data on working MSMEs through one time updation of database on one crore MSMEs in a planned manner and monthly updation thereon.

6. To start with, at least make it compulsory for having registered information of those MSMEs who avail our Government Schemes like PMEGP, Cluster Development Programme etc. The associations who seek support from the Ministry and the various associations, who are part of MSME Board, should be immediately tasked to register information about all MSMEs that are associated with them.

7. Given the ease with which data could be uploaded on a web enabled platform, which is under development, the Associations and Programme Divisions could hand hold MSMEs to submit available data on the format proposed to be web enabled which is placed as Annexure. With the help of data so

submitted, Office of DC, MSME would be able to generate Sector specific reports. The process of data collection and online updation is planned to be augmented with monthly information on a set of key variables limited to production, sales, exports, employment and tax paid etc., which the MSMEs would find convenient to upload. MSME Associations and Programme Division may offer suggestions for modification needed and approve the proposal and populate the data base with required data. As the number of MSMEs on which data could be so collected would substantially lower than this proposed target of one crore MSMEs, services of specialized agencies would be hired to scale up the size of the data base.

Evolving Industry driven Skill Development Model

A Note on the **Evolving Industry driven Skill Development Model** and bridging gap between job-demand and supply is placed at **Annexure - V** for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Evolving Industry driven Skill Development Model

I. BACKGROUND

The primary role of Ministry of Micro, Small and Medium Enterprises (M/oMSME) is to promote development of micro, small and medium enterprises in the country. Entrepreneurship Development is one of the key elements for promotion of micro and small enterprises, particularly, the first generation entrepreneurs. Entrepreneurship, and resultant creation of employment and wealth, is a major means for inclusive development. In order to ensure that young entrepreneurs are encouraged and suitably equipped to go into new ventures by means of imparting **entrepreneurship and skill development training** (EDP/ESDP) on a regular basis, the Ministry has the following Institutional Structure:

- a) National level Entrepreneurship Development Institutes viz.,
 - National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad,
 - National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, and
 - Indian Institute of Entrepreneurship (IIE), Guwahati.
- b) Office of Development Commissioner (MSME) under the Ministry also provides EDP /ESDP training as well as **skill development /enhancement training** through the following organisations:
 - i. MSME Development Institutes at 30 State Capitals and 28 Branch Offices.
 - ii. MSME Tool Rooms, Testing Centres/Stations and Technology Development Centres at 29 locations.
- c) KVIC undertakes Skill Development Activities through
 - 16 KVI Training Centres.
 - 25 Non departmental training centres.
 - 558 Accredited Training Centres.
 - Skill development training to the artisans in traditional and village industries.
- d) Coir Board provides skill development training through its rearch-cum-training centre and field training centres at 11 locations.
- e) Plan Scheme of Assistance to Training Institutions (ATI): The objective of the Scheme is to accelerate and promote entrepreneurship by providing support for strengthening of training infrastructure as well as training programmes. Under the training component of the Scheme, assistance is being provided to the above named three national EDIs, NSIC and Central Tool Room (Ludhiana) for conducting Entrepreneurship Development Programmes (EDPs); Entrepreneurship-cum - Skill Development Programmes (ESDPs) and Training of Trainers (ToTs) programmes in the areas of Entrepreneurship and/or Skill Development. About 119 Partner Institutions of the national EDIs at various locations are also involved in conducting the approved training programmes. The salient features of the ATI programmes are:

- Beneficiaries are provided **free training**.
- **Standardised training course modules** for 119 trades.
- Web based **on-line maintenance** of data regarding programmes conducted and persons trained with their individual details.
- Details of **post training follow-up action** taken through Udyami helpline.

II. BRIEF OVERVIEW OF STATUS OF TRAINING PROGRAMMES

2. The National Skill Development Policy of 2009 envisages training of 50 crore youth by 2022 out of which M/o MSME will have to train 150 lakhs youth. For the 12th Plan, the ministry is assigned the target of 42.65 lakhs. In the first two years viz. 2012-13 and 2013-14, a total of 11.49 lakhs persons have been given training. It is evident from the above that Ministry of MSME has strong structural set up and developed appropriate mechanisms in the area of skill and entrepreneurship development. For the current year, the following facts are worth mention:

- 3 EDIs organized 5505 programmes for 152834 youth for enterprise creation and make them job ready for industry.
- Under PMEGP over 17073 enterprises set up and employment opportunity for 129380 youths created.
- 29 Job Mela/Talent Mela organized in different parts of the country and over 8588 youth got jobs with in MSME enterprise frame work.
- Technology Development Centre (18) trained over 103867 youths making them industry ready.

III. PRESENT METHODOLOGY:

3. The methodology of the training process being presently followed by the national EDIs involves the following:

- i. Pre-Training Activities
- ii. During the programme
- iii. Post Training Activities

3.1 Pre-training Activities:

1. Advertisements in regional newspaper.
2. Mobilization of trainees.
3. Aptitude/Entrance test for trainee's selection (if any).
4. Counseling of trainees/orientation for prospective business.
5. Consulting with State Govt. DIC, District welfare Officer, Bankers & Micro finance Institute for trainees / discussion with local authorities such as DIC/DWO/MFI on programme prospectus.
6. Selection of candidates preferably through involvement of district welfare officials / selection of candidate through selection committee in case of special category beneficiaries.
7. SC/ST candidates to get the cast certificate duly certified from the competent authority not below the rank of Tehsildar.

8. Engaging a coordinator and two competent speakers/faculties to supplement quality learning during the training.

3.2 During the Programme:

After a successful start, the second part of training programme is Monitoring. Every training programme needs to be monitored closely for quality and other statutory purposes. Monitoring is conducted through the following process:

a) **Website Entry:** All the training programmes in case of M/o MSME's sponsored programme are entered on M/o MSME training database i.e. www.msmetraining.gov.in. NIESBUD has separately developed training database i.e. www.niesbudtraining.org.

b) **Tele-calling:** M/o MSME has a toll free call centre known as Udyami Help Line which keeps calling trainees to get the feedback of training being conducted by their agencies.

c) **Physical Verification:** The programme coordinators also visit the training programme venues for physical verification.

d) **Involvement of Government Organizations:** In order to have coordination and effective monitoring, regular interaction with State Government's Industries Department, District Industry Centre, District Magistrate, Lead Bank, Industry Association etc. are held.

3.3 Post Training Activities:

After successful completion of training, the following services / action are envisaged:

- i. Registration of the trainees under different government schemes viz. RGUMY, PMEGP and other central / state government schemes.
- ii. Regular follow-up with the trainees
- ii. Organizing job fair for trained participants
- iv. The trainees are tracked post training in order to ascertain their status as to whether they are employed or self-employed or otherwise. Status report in this regard is regularly submitted to M/o MSME on monthly basis. NIESBUD has developed a Web Portal called msmenaukri.com to create an institutional framework for the skilled workers so that industry can have choices to recruit skilled people.

IV. NEED FOR ENHANCING EFFECTIVENESS OF TRAINING PROGRAMMES

4. Though Ministry of MSME has sufficient mechanisms to impart skill as well as entrepreneurship development training, effectiveness of a training programme can be established only when this translates in to gainful and sustainable employment of the person trained. This gains significance in view of the advent advantages as well as inherent challenges of demographic dividend. Thus, conducting training alone by government agencies and mushrooming private institutions would not be of any consequence if the training is not given by the qualified trainer to the right person in the trade most suitable to him. Equally important are considerations regarding the demand position, i.e.

job requirement of a particular industry at the given location or avenues for setting up self-employment ventures keeping in view marketing related issues. Hence, there is an urgent need to upscale the existing training mechanisms and evolve suitable strategies to enhance effectiveness of the training programmes of Ministry of MSME.

V. CALL OF ‘MAKE IN INDIA’, ‘DIGITAL INDIA’ AND ‘ZERO DEFECT ZERO EFFECT’

5. The call of Hon’ble Prime Minister for Make in India has thrown open enormous opportunity before the MSME sector to be realized in the near future. At the same time, there would be a challenge, too, for MSMEs as they will have to be more competitive and technologically more advanced to provide quality products and services without effecting environment (Zero Defect and Zero Effect). There would be great demand for matching skills. These aspects need to be given due consideration while formulating strategies for up-scaling the Skill development programmes in the country. Thus, the strategy to be adopted must meet the expectations of the national strategy of Make in India, Digital India, Skill India and Zero Defect Zero Effect.

VI. EVOLVING STRATEGY FOR UPSCALING TRAINING PROGRAMMES OF M/o MSME

6. As stated before, success of the Government’s intervention in training can be measured not only with numbers of trainees alone but also in terms of a training resulting in to employment. Though there are several factors responsible for employment generation, there has to be clear strategy and ways and means to implement the same to achieve the objective of empowering the youth with appropriate skills enabling them to gain sustainable wage employment or set up their own ventures. The strategy for enhancing effectiveness of the training programmes would need to take into the following elements/aspects:

6.1 **Skill Mapping:** This is the foremost requirement for a result oriented training programme so that appropriate skills are developed according to the requirement of the industry. This could be industry specific and location specific as well. The training programmes would need to be designed and developed to enable trainees to acquire the required skill of the desired standards to meet the expectations of the industry or group of industries in and around the targeted area or location.

6.2 **Product Mapping and Market Mapping:** For enabling successful self-employment ventures to come up and encouraging start ups, this is all the more important that a trainee undergoing EDP or ESDP is given detail information regarding the product intended to be manufactured, availability of raw materials, project’s bankability as well as marketing of the product.

6.3 **Standardisation of course modules:** The course content being offered by the Training Institutions should be standardized to maintain uniformity and quality standards of the training being imparted at varied locations by different institutions.

6.4 **Involvement of Industry Associations:** Industry Associations can play a major role in increasing the effectiveness of training programmes. Their active involvement and regular interaction

with training institutions would ensure proper feedback and information regarding skill gaps, employability in trades as well as available job opportunities.

6.5 State Governments' Support: The role of State Government is crucial and the most important in pre-training as well as post training follow up in setting up of self-employment ventures. For successful culmination of EDP/ ESDP in to enterprise creation, field level State Government functionaries need to be adequately sensitized. This can be possible only with the active support of State Governments.

6.6 Increased Focus on post training follow up: Creating trained and skilled work force in large numbers without providing the desired level of hand holding support to enable them to take gainful employment would not render justice to the youth. It is imperative that a training programme is so arranged with proper interface with the industry and necessary tie up that employability of the trainee is ensured.

6.7 To encourage closer participation from industry and instill a sense of confidence in trainees, a training programme may have a **convocation ceremony** to which local and reputed industry representative may be invited.

6.8 Job seekers and Employers at one platform: Training Institutions need to make continuous and concerted efforts in bringing trainees and employers together to facilitate their quick employment. In this direction, Job fairs/Melas are being organized by the training institutions from time to time which has shown encouraging results. In the current financial year, NI-MSME and NEISBUD have so far, organized 34 and 14 such events, respectively. NEISBUD has set up a web portal named, msmenaukri.com whereat employers and job seekers including trainees can register themselves.

6.9 Maintenance of reliable data on trainees and employment: There is a long felt need to have a reliable data regarding training programmes and their real beneficiaries. The web based msme training database of Ministry of MSME captures data regarding completed ongoing training programmes, number of trainees in different trades and individual details of the trainees. To add credence to the system, the data needs to be Aadhar enabled. The present data base though already has provision for identification document no. in mandatory as well as optional field. To begin with, the Aadhar No. of prospective beneficiaries wherever available is to be seeded in the optional field and based on the experience, the same is proposed to be made compulsory from the next financial year.

6.10 Kaushalya Vardhan Kendras: With a view to enlarge outreach of the Training Programmes of M/o MSME, the concept of the pilot project of Deptt. of Employment & Training, Government of Gujarat can be considered. The pilot project has unique features of decentralized, cluster based and need based skill training programmes within the geographical reach of identified rural population using existing infrastructure of schools, etc. and with active involvement of State ITIs.

6.11 e-Learning Modules: The coverage of training programmes can be substantially enhanced by introducing e-learning modules to which registered trainees can have on-line access to upgrade their skills.

6.12 **Application of ICT:** Appropriate application of ICT has enormous potential to enhance effectiveness of the training programmes which is envisioned under Digital India. Ministry of MSME has recently taken a user friendly initiative to enhance the features of the msme training database. With this new feature, all the trainees on getting registered under the ATI Scheme would receive a welcome message which would also provide useful links pertaining to msme schemes and other relevant information through ministry's website.

7. The above issues are submitted for further deliberation in the meeting of the National Board for MSME.

Scheme for promoting Innovation, Entrepreneurship and Agro Industry-the Incubation Model

A Note on the Scheme for promoting Innovation, Entrepreneurship and Agro Industry is placed at **Annexure - VI** for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Scheme for Promoting Innovation, Entrepreneurship and Agro Industry

❖ **Scheme for Promoting Innovation, Entrepreneurship and Agro Industry** is being formulated 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 agro-industry. The scheme emanates from the Hon'ble Finance Minister's budget speech for 2014-15, whereby, he has suggested establishing Technology Centre Network to promote Innovation, Entrepreneurship and Agro Industry with a fund of Rs.200 crore. He has also suggested to put in place a programme to facilitate forward and backward linkages with multiple chain of manufacturing and service delivery and also to take up a nationwide "District level Incubation and Accelerator Programme" for incubation of new ideas and providing necessary support for accelerating entrepreneurship.

❖ The first important program component is to create a database of technologies available with various Government / private agencies and set up a Network of Technology Centres for handholding of prospective entrepreneurs of MSME sector.

❖ The second component is to develop the required skilled Human Resources necessary for mentoring and handholding the incubatees in the Incubation centres. Under this component, special efforts would be made to identify, support and expand the role of competitive Indian MSMEs in a global economy. It is proposed to provide mentoring support to MSME's through NSIC/ other Agencies of Ministry of MSME. Capacity Building including Awards, Surveys, Studies, Exposure Visits, Engagement of Consultants including Monitoring and Evaluation etc. would be conducted with an estimated expenditure of **INR 17.75 Crore**.

❖ The third component is to set up Livelihood Business Incubators(LBI) under National Small Industries Corporation (NSIC), KVIC or Coir Board or any other Institution/agency of GOI/State Govt. to replicate the NSIC model of successful "Rapid Incubation Model". Rapid incubation model is a mix of "promotion of entrepreneurship and skill development" and involves setting up of live "demo projects". Private partner institutions and entities can also set up livelihood incubation centres under PPP mode with the aforesaid institutions, namely: NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt. One-time grant of 50% of cost of Plant & Machinery other than the land and infrastructure or an amount up to INR 100 lakh whichever is less to be provided for incubators under the designated agencies, whereas, in case of incubation centres to be set up under

PPP mode, one-time grant of 50% of cost of Plant & Machinery other than the land and infrastructure or INR 50.00 lakh, whichever is less to be provided. The total allocated budget under this head would be **INR 62.50 Crore** setting up 80 LBIs adequately skilling a targeted 104000 number of youth over a period of 3 years.

❖ The fourth component is to set up Technology Business Incubators (TBI) at two levels, i.e. supporting **existing incubation centres** operating currently under different Ministries and Departments of the Government of India or Institutions including National / Regional level institutions of GOI / State Governments to set up such centres dedicated to incubation and enterprise creation in the area of Agro based Industries and also **new incubation centres** to be set up by eligible private institutions including Industry Associations, along with the Academic Institutions, R&D laboratories, Universities, Government entities and Technology Parks. Region wise, Crop wise, Product wise, Process wise and Industry Vertical wise Incubation Centres will be promoted. The existing incubators under different Ministries would be required to provide built up covered space with electric power & water connections, any other forward/backward linkages and required manpower resources for both the centres to be created within the existing incubators and also the new incubators. One-time grant of 50% of cost of Plant & Machinery other than the land and infrastructure or an amount up to INR 30 lakh whichever is less to be provided for the existing incubators to set up incubators in agro based industries, whereas, in case of new incubation centres to be set up, one-time grant of 50% of cost of Plant & Machinery other than the land and infrastructure or INR 100.00 lakh, whichever is less to be provided. The total allocated budget under this head would be **INR 61.50 Crore** for setting up 30 TBIs.

The last important component is to create a framework for funding Start-up Promotion through Small Industries Development Bank of India (SIDBI) by using innovative means of finance like Equity, Quasi-Equity, Angel fund, Venture capital fund, Impact funds, Challenge funds etc. to enable ideas/innovation with creativity and scalability to come to the fore and convert these into commercial enterprises with specific outcomes and within a specific time period. A fund of Funds will be created under SIDBI for the purpose and **INR 60 Cr** earmarked for the same.

New MSME Policy Framework-a Status Note

A Status Note on **New MSME Policy Framework** is placed at **Annexure - VII** for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

New MSME Policy Framework-a Status Note

A Draft Consultation Paper on MSME Policy was prepared by SS&DC and was subsequently uploaded on the Official Website of Office of DC (MSME). The paper aimed at outlining a Medium term roadmap for the MSME Sector with a focus on shifting from a predominantly Subsidy regime to a promotional regime. A dedicated e-mail address i.e. policy@dcmsme.gov.in was created solely for receiving comments and suggestions from industries, associations, NGOs, academicians and the common man on the draft paper. Appeal was not only made through the Website for sending comments and suggestions, advertisements towards this respect were also published in most of the National Newspapers from time to time. This resulted in overwhelming response from the stakeholders and public alike. Between 1st December, 2014 to 27th February, 2015 more than 1050 suggestions have been received from different individuals and institutions. These suggestions are being summarized and internally discussed in the Office of DC (MSME) for further giving them the shape of a Medium Term Policy. The suggestions contained general issues such as Definition of MSME, Credit issues, Technology issues, Marketing issues, Skill related matters, Make in India initiatives, Delayed Payments Issues and the issues related to MSMED Act. Several other individuals and institutions raised specific issues mainly related to various taxes, management related issues and legal issues. A chat board has also been created on the aforesaid website to help common people to engage in fruitful discussion related to the proposed policy.

The overwhelming response from the public reiterated the fact that Ministry of MSME is going to be a major plank in the Govt.'s 'Make in India' drive. The objective of make in India is to enhance productivity, competitiveness and that of creating an Eco-system for quality manufacturing. The ministry will rise to the challenge through action plans directed at provision of collateral free credit, creation of state verticals for extending guarantees to the entrepreneurs of particular state with financial support from state governments, creation of verticals for women entrepreneurs and youth among SC/ ST and NE Regions. These are being eminently reflected in the draft Consultation Paper and the suggestions received so far.

Encouraging Start ups in the country especially targeting the IIMs and IITs

A Note on **Encouraging Start ups in the country especially targeting the IIMs and IITs** is placed at **Annexure - VIII** for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Encouraging Start-ups in the country especially targeting the IIMs and IITs:

Encouraging start-ups till recent has been one of the functions of Ministry of MSME. The activity is organized by office of the DC (MSME) under the Entrepreneurship Development Programmes. Two types of programmes are organized -

- (i) Half to one day Motivational Campaign to identify and motivate traditional/non-traditional entrepreneurs having potential for setting up MSEs so as to lead them towards self employment.
- (ii) Two week training programme to nurture the talent of youth by enlightening them on various aspects of Industrial activity required for setting up of Micro or Small Enterprises.

However there are some issues and concerns related to this kind of activity as described below. These can now be addressed through the “Skill and Entrepreneurship Development Policy” under finalisation in the newly created **Ministry of Skill Development and Entrepreneurship** –

ISSUES AND CONCERNS related to Entrepreneurship:

Lakhs of youths trained every year but only very few become successful entrepreneur

The reasons could be -

- No system in place to identify candidates with the right entrepreneurial **aptitude**.
- No proven model of institutionlised support and guidance to identify right **project**.
- Inadequate Entrepreneurial skill due to inferior quality of **training**.
- No proven model of institutionalised mechanism to guide and prepare **business plan**.
- No banker/financial institution interested in giving **funding** to startup enterprises.
- There is no **single window** mechanism to give clearance for licences and statutory compliances.
- No institutionlised mechanism to **hand-hold** after the training (e.g. guidance on complex taxation formalities etc.)
- No institutionalized mechanism for **monitoring**.
- **Venture** capital and **angel** funding in India is not aggressively supporting the startup enterprises.
- No attractive/practical encouragement for **incubation/innovation** to transform into commercialization.

Regarding encouraging start-ups from IITs and IIMs, this is to inform that entrepreneurial motivational prgrammes can be organized in the Professional and Management Institutes/universities/Polytechnics etc. But, experience has been that at beginning stage, passed-outs of these institutes prefer to first go for wage employment and after gaining some work experience think of opting for their own ventures.

As per “Allocation of Business Rules” this matter, may now be addressed by the newly created ‘**Ministry of Skill Development and Entrepreneurship (MoSDE)**’.

MoSDE should open entrepreneurship Cells in the ‘Professional and Management Institutes/universities/Polytechnics’ etc. to motivate the students for self-employment and sow the seed for the same in their mind.

The Ministry of MSME, however, will continue to organize entrepreneurial motivational and entrepreneurial development programmes as one of the activities under its ambit.

Skill Development, primarily, till recent past, has been the domain of Ministry of Labour & Employment. With creation of new ‘**Ministry of Skill Development and Entrepreneurship (MoSDE)**’, the work has been allocated to this new ministry. MoSDE is looking after the activity in PPP mode through ‘**National Skill Development Corporation (NSDC)**’. NSDC is organizing the activities in association with Industry Chambers and Associations to impart need based skills to freshers and up-skill the existing workforce of the industry.

The Ministry of MSME, however, will continue to organize need based skill development programmes as per the need of SME sector through its ‘**MSME Technology Development Centres (MSME-TDCs)**’.

ISSUES AND CONCERNS related to Skill Development that need to be taken into consideration by MoSDE are -

- The training is **inadequate** in skill development.
- Most of the training imparted in **low skill area**.
- Trainings are conducted without assessing the demand. Therefore, there is a **supply - demand mismatch**.
- **No uniform standard** followed in curriculum.
- No regular **updating of curricula** (that includes ITIs, Diploma and Engineering Institutes Programmes).

ICT is not put into use for efficient management of eco-system (training, information service, career guidance and employment match making etc.).

Better Implementation of the Procurement Policy

Suggestions on the abovementioned topic are solicited for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).A Note titled “Ensuring better Implementation of the Public Procurement Policy” is placed at Annexure-IX for ready reference.

Ensuring better implementation of the Public Procurement Policy

1. The policy has been circulated on 25.4.2012 by Secretary (MSME) to all the Central Ministries / Departments / CPSUs for effective and successful implementation.
2. Follow up letter issued on 24.5.2012, reminders on 13.6.2012, 18.7.2012, 3.10.2012, 3.1.2013, 17.1.2013, 28.03.2013 26.4.2013 25.10.2013 2.12.2013, 18.12.2013, 26.06.2014 and 14.11.2014 to Secretaries of Ministries / Departments and CPSUs.
3. Hon'ble Minister, MSME has also requested all the Chief Ministers of State Governments on 23.5.2012 for formulating similar policy in their State as per provision under section 11 of MSMED, Act 2006.
4. A new match making software has been developed which will facilitate selection of potential MSE suppliers for a product/service by the procurement agency. This software is having the copy right in the name of O/o Development Commissioner (MSME).
5. As a part of follow up action on the policy, a Concept Paper on Public Procurement Policy for MSEs has been prepared.
6. As and when Ministries/Departments/CPSUs have asked clarifications / doubts /inquiries / interpretation on the provisions prescribed in the policy, reply was sent to them in time.
7. Meetings with representative of CPSUs on different occasions have been taken place from time to time for clarification on the provisions prescribed in the Public Procurement Policy for MSEs.
8. A Frequently Asked Questions (FAQ) on Public Procurement Policy for MSEs has been prepared and uploaded in official web site of DC-MSME and being revised from time to time.
9. As a part of our regular follow-up, Department of Public Enterprises has also sent the directions to all the administrative ministries for issuing further instructions to all the CPSUs working under their control for effective implementation of the policy and set up an appropriate monitoring mechanism to review its implementation. In pursuance of their instructions, all CPSUs have been requested by this office to confirm the action taken by them in this regard.
10. In the year 2013-14, 50 National Vendor Development Programmes(VDP) and 299 State Vendor Development Programmes focusing on effective implementation of Public Procurement Policy have been conducted by the field offices, MSME-DIs and 21 VDPs for MSEs owned by SC/ST conducted by NSIC and 202 VDPs conducted by 34 CPSUs.

11. The action at large has been taken for enhancing Government procurement from MSE owned by SC/ST Entrepreneurs in accordance with provisions prescribed in the policy such as conducting outreach programmes by NSIC to cover more and more MSE owned by SC/ST under its scheme of consortia formation and opening a special window for SC/ST by NSIC with providing 20% special concession on the registration fee by NSIC, apart from vendor development programmes organized by various Ministries /Department/CPSUs for promoting MSE owned by SC/ST so as to increase their participation in the Government Procurement.

12. A Grievances cell has been constituted under the Policy for the redressal of the grievances for MSEs and uploaded on the office Website. More than 100 grievances/queries/ issues on the Policy have been attended in the Grievances Cell. A window has been opened in website of office of DC MSME for facilitating MSEs to communicate their Grievances to the Grievance Cell.

13. For the effective implementation of the Policy, Department of Public Enterprises Vide their letter No. DPE/7(4)/2007-Fin dated the 28th January, 2014 has issued directions that non-compliance of the Public Procurement Policy, CPSUs will be penalized upto 1 mark at the time of annual evaluation of MoU.

14. All the Ministries/Departments/CPSUs have been requested to send the details of procurement made by them from MSEs and others details during the year 2013-14.

15. D.O. letter from Hon'ble Minister for MSME requesting all the concerned Union Ministers for successful and effective implementation of the Policy has been issued in July, 2014.

16. Secretary, MSME has been taking one to one meetings on different dates with individual CPSU on strategy to be adopted to enhance procurement from MSEs and Capacity Buildings of MSME Vendors. On this pretext, Secretary MSME has taken one to one interaction meetings with following CPSUs /Government Departments:-

Indian Oil Corporation Ltd (IOCL), Steel Authority of India Ltd.(SAIL), Railway Board, HMT Ltd, Oil & Natural Gas Corporation Ltd. (ONGC), Bharat Electronics Limited (BEL), NTPC Ltd., BEML Ltd., National Aluminum Company Ltd. (NALCO), Coal India Ltd. (CIL), and Hindustan Aeronautics Ltd (HAL).

Targeting better awareness of our Schemes and Programmes

Suggestions on the above mentioned topic are solicited for discussion in the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Any other item with the permission of the Chair.