



Agenda Papers

For

**12th Meeting of the National Board
for Micro, Small & Medium
Enterprises**

10th July, 2015
Vigyan Bhawan
New Delhi

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**Confirmation of the Minutes of the 11th Meeting of
NBMSME held on 10th March, 2015.**

The Minutes of the 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10th March, 2015 under the chairmanship of Hon'ble Minister, MSME, were circulated to all Members of the said Board Vide Letter No. 08(01)/2015/NBMSME dated 12th May, 2015.

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

Minutes of 11th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10.03.2015 at Vigyan Bhawan, New Delhi.

1. 11th Meeting of NBMSME was held under Chairmanship of Hon'ble Minister, MSME on 10.03.2015 at Vigyan Bhawan, New Delhi. List of participants is appended.
2. At the outset Special Secretary & Development Commissioner (MSME) welcomed Chairman, Vice Chairman, Members, Special Invitees of the Board and other dignitaries. He said that 11th meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) is the first meeting after reconstitution of Nation Board for MSME. The National Board is 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 covers Hon'ble Prime Minister's vision viz., Make in India, Zero defect – Zero effect, Skill Mapping and Skill Development. He focused that the PM's vision would be beneficial for existing and new industries from the MSME sector. He also informed that the skill mapping and skill development are being done by the Ministry State-wise and District-wise with cluster approach as per the demand of district. He requested for suggestions from all participants.
3. Secretary (MSME) also outlined the various issues of the agenda. He mentioned that the PM's vision on Make in India will be supported by State Governments with the help of Associations and MSME organizations for better implementation of the Policies and Schemes of the Ministry.
4. Shri Giriraj Singh, Hon'ble Minister of State, in his opening remarks greeted distinguished guests and said that the agenda of meeting is a government vision as per the PM's Make in India drive. He said that the maximum contribution in development of India is from the MSME sector. The matter of timely availability of credit from banks is a major issue faced by this sector. He requested to develop some model for MSMEs from all participants and assured that the Ministry would consider the same for appropriate action. He also mentioned that online registration for EM-2 filing should be done by States. For skill development, the Tool Room may play an important role effectively and efficiently. The concept of Zero Effect, Zero Defect and skill mapping should be systematized by the Department to enhance the success rate of the policies and programmes of the Ministry. Lady Entrepreneurs should also be promoted in a system involving technical and financial assistance to them.

5. The Hon'ble Minister (MSME) Shri Kalraj Mishra who is the Chairman of the Board welcomed Vice Chairman, Secretary, SS & DC, Members, Special Invitees of the Board and other dignitaries. He mentioned that growth of the economy is MSME driven and MSMEs are doing better than large industries. He said that agriculture and industry are the two wheels in development of India. He envisaged that the proposed Indian manufacturing hub would make India more competitive in the global space. As per him, the development of country is not possible without the growth of MSME manufacturing sector. He stressed that the Make in India vision for MSME manufacturing should be linked to better quality and a pollution free environment to make the system aligned to the zero effect and zero defect drive. He emphasized on enhancement of the capacity of MSMEs which will be helpful in employment generation. He said that the schemes of the Ministry are very effective in development of MSME sector. He also stressed that the bankers should be friendly and should take risk for lending to MSMEs. He emphasized that the programme of skill development to develop the Entrepreneurship quality among MSMEs should be done through PPP mode. The skill mapping should be done connecting it to climate change, availability of raw material, demand of product, Environment etc. across the country. He also focused on cluster development, public procurement policy, defence offset policy, latest technology etc. Hon'ble Minister (MSME) suggested on creation of action groups under NBMSME for better implementation of the agenda.
6. Sri Subhash Rajaram Desai, Hon'ble Minister Industry, Govt. of Maharashtra, pointed out that MSMEs are doing better than large industries but they are neglected. He said that to develop the State, MSMEs are the only way out as compared to the mega projects because the small units are promoting the development of people of adjoining areas. The MSMEs are very cooperative. Most of the bank debts are created by large units not the MSMEs. He assured that the Maharashtra Govt. will implement the Public Procurement Policy in the State very soon. He has given some suggestion on how real assessment of the unit should be done, on raising the capital limit for MSMEs, on clearing the pending pending proposal of clusters by the Ministry, on monitoring the financial set up and on holding regular meetings with Associations etc.
7. Sri Bhagwat Saran Gangwar, Hon'ble Minister Industry, Govt. of U.P. stressed the need to facilitate the Handicraft Artisans in domestic markets as well as international markets by organizing the buyer – seller meets regularly. He requested for setting up of Expo Hub at Lucknow, in ASEAN countries and in Dubai for easy availability of buyers from international markets. He emphasized on providing free internet facility to Mahila Udyamis and carrying out awareness programmes on MSME policy among women. He requested for action on the Clusters, particularly those for which infrastructure is ready but functioning has not yet started.
8. Smt. Yashodhara Raje Scindia, Hon'ble Minister Industry, Govt. of Madhya Pradesh thanked for inviting the Govt. of Madhya Pradesh to be part of National Board on

MSMEs. She suggested that the format of NBMSME should be changed and separate bodies may be setup to give suggestions. She informed that the MSMEs are spinal cords of the country. She pointed out that the views of Members, Special Invitees and Associations are very valuable. The NBMSME platform provides an interaction between Government and Associations to sort out the problem of MSME sector. She informed that the Madhya Pradesh Govt. has taken many steps to facilitate the MSME sector i.e., implementation of Industrial Progressive Policy, online registration, 15% of capital subsidy, CM Yuva Yojna & CM Udyami Yojna, incubation centres, exemption from nine labour laws, creation of Venture Capital Fund, online NOC of pollution, defence manufacturing policy, submission of EM - 1 & 2 returns, online land database, exemption of mandi tax etc. The Hon'ble Minister suggested that the problem of delayed payment needs to be taken up in Industry Facilitation Council (IFC) now Micro and Small Enterprise Facilitation Council (MSEFC) for early action and also called for enhancement of investment limit for MSMEs, for setting up of incubation centre in other parts of Madhya Pradesh, for provision of seed capital for new entrepreneurs, for better implementation of Public Procurement Policy, Cluster Development, for freeing the cost of tender form, for changing definition as per inflation, for enhancing the Cap for CLCSS from Rs. 1 cr. to Rs. 3 cr. and for setting up of a new Tool Room in another city of Madhya Pradesh, etc.

9. Shri Manguirish Pai Raiker, Co-chairman, SME Chapter, ASSOCHAM, demanded that the procedure of EM filing should be streamlined and be eased out for the benefit of MSMEs. The investment limit for MSMEs should be enhanced. He called for increasing the excise exemption limit from Rs. 1.5 crore to Rs. 5 crore, enhancing of service tax limit from Rs. 10 lakh to Rs. 20 lakh, taking cognizance of turnover limits, giving teeth to IFC and on the need for promoting the smaller clusters.
10. Shri O. P. Mittal, General Secretary, Laghu Udyog Bharti, Jaipur, opposed the suggestion to increase the investment limit of Micro Sector from Rs. 5 cr. to Rs. 10 cr. He also called level playing field for MSME sector, 5% interest subsidy from bank in MSME lending. He suggested that the NOC for pollution should be relaxed for MSMEs. He emphasized the need for labour reform and for setting up of a National Commission for MSMEs with quasi judicial power, etc.
11. Dr. S. Saravanel, CGM, NABARD, raised the issue of covering the Regional Rural Banks (RRBs) as MLIs under CGTMSE. He also suggested that the micro, small and medium enterprises should be treated separately. On this issue, SS & DC (MSME) intervened by saying that the some RRBs has already been included in MLIs of CGTMSE and those RRBs and cooperative banks which are not following the

regulation of Reserve Bank of India (RBI) may not be included as MLIs because of high risk.

12. Dr. K. Shivaji, CMD, SIDBI, suggested that the scale of operation of MSMEs may be increased in the market along with technology adoption as per requirement and creation of funds for financing them. He also suggested that trade receivables market should be developed to take care of this.
13. Shri C. M. Rajamane, President, Karnataka Small Scale Industries Association (KASSIA), Bangalore, emphasized the need for encouraging foreign investment in India for MSMEs. He suggested that RBI should allow the individual lending from outside the country. He also called for a Defence Procurement Policy and speedy revision for definition of MSMEs. He emphasized that the excise payment date on 5th of every month should be changed to 20th of every month, bank guarantee to the tune of 100% in NSIC purchases should be laid down and also enhancement of power of the Delayed Payment Act is necessary.
14. Dr. Atya Nand, Deputy Secretary, Ministry of Food Processing Industry informed that the skill mapping of food processing industries has been done across the country.
15. Shri R. S. Joshi, Chairman, Federation of Industry & Commerce of North Eastern Region (FINER), informed that the industrial policy for NER has been suspended by DIPP on 31.12.2014. He requested that the Ministry of MSME may take the matter with DIPP for revoking of suspension for the betterment of MSMEs in NER. He demanded that a new task force may be constituted by the government in line of PM's Task Force on MSMEs (2009) and New Company Act may also be tuned for betterment of MSMEs. He called for early implementation of GST, changing criteria for NPA should to 6 month, more effective roles of Association, provision of mechanism for conversion of land to MSMEs and allowing conversion of lease hold land held by MSMEs to free hold land.
16. Shri Sudarshan Sareen, President, All India Confederation of Small & Micro Industries Associations (AICOSMIA), requested to Government to encourage National level Industry Associations through financial support to organize periodic seminars/conferences and enable coverage in TV and media channels for creating awareness on the policy, schemes of Ministry of MSME.

17. Secretary (MSME) said that the Ministry of MSME is going to announce the action groups as per the direction of Hon'ble Minister (MSME) and Chairman of NBMSME. The action groups of Association are being set up for early resolution of the issues and problems of MSME Sector as per their expertise in the particular subject.

18. SS & DC (MSME) in his closing remark informed that the action groups have been set up as desired by Hon'ble Minister (MSME) under different subject to look after the issues and problem raised and faced by the MSME sector. He announced the Action Groups as under:

- (i) Implementation of Decision taken
- (ii) Knowledge Industry
- (iii) Defence Industry
- (iv) Technical Textile Industry
- (v) Food Processing Industry
- (vi) Electronic Industry
- (vii) Foundry & Forging Industry

19. The meeting ended with Vote of Thanks to the Chair.

List of Participants for 11th Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10.03.2015 (Tuesday) at Hall No. - 4, Vigyan Bhawan, New Delhi.

1. Shri Kalraj Mishra, Hon'ble Union Minister (MSME) / Chairman of the NBMSME.
2. Shri Giriraj Singh, Hon'ble State Minister (MSME) / Vice-Chairman of the NBMSME.
3. Smt. Yashodhara Raje Scindia, Hon'ble Minister in Charge of MSME, State of Madhya Pradesh.
4. Shri Bhagwat Saran Gangwar, Hon'ble Minister in Charge of MSME, State of Uttar Pradesh.
5. Shri Subhash Rajaram Desai, Hon'ble Minister in Charge of MSME, State of Maharashtra.
6. Shri Madhav Lal, Secretary, Ministry of MSME, New Delhi
7. Shri Amrendra Sinha, SS&DC (MSME) and Member Secretary of NBMSME.
8. Shri Vivek Kumar Dewangan, Commissioner (Commerce & Industries) Representative of Hon'ble Minister in Charge of MSME, State of Manipur.
9. Shri Kumar Jayant, Secretary (MSME) Representative of Hon'ble Minister in Charge of MSME, State of Tamil Nadu.
10. Shri Bktyaque Ahmed, Director, Representative of Secretary, DIPP, Ministry of Commerce and Industry, New Delhi.
11. Ms. Anuja Bapat, Director, Representative of Secretary, Ministry of Labour and Employment, New Delhi.
12. Dr. Atya Nand, Dy. Secretary, Representative of Secretary, Ministry of Food Processing Industries, New Delhi.
13. Dr. K. Shivaji, CMD, SIDBI, Mumbai
14. Dr. S. Saravanavel, CGM, NABARD, Mumbai
15. Shri T. M. Bhasin, Chairman, Indian Banks' Association, Chennai
16. Dr. Avinash K Dalal (Nallawala), National President, All India MSME Association (AIMA), Mumbai.
17. Shri Nalin Kohli, President, Association of Small & Medium Knowledge Industries (ASMKI), New Delhi.
18. Shri Rishabh Kothari, Chairman, MCC Chamber of Commerce and Industry, Kolkatta.
19. Shri O. P. Mittal, General Secretary, Laghu Udyog Bharti, New Delhi.
20. Shri Sudarshan Sareen, National President, All India Confederation of Small and Micro Industries, New Delhi.
21. Ms. Sushma Morthania, Director General, India SME Forum, Mumbai.
22. Shri R. S. Joshi, Chairman, Federation of Industry & Commerce of North-Eastern Region (FINER), Guwahati.
23. Shri Muthusami C., President, Tamil Nadu Small & Tiny Industries Association (TANSTIA), Chennai.
24. Shri Milind Kamble, Chairman, DICCI, Pune.
25. Shri Manguirish Pai Raiker, Co- Chairman, SME Chapter, ASSOCHAM, New Delhi

26. Shri Tapan K. Bhattacharya, President-Director, Indian Chamber of Commerce (ICC), Kolkatta.
27. Shri E. K. Punnuswamy, President, Coimbatore District Small Industries Association (CODESSIA), Coimbatore.
28. Shri Kavi Arora, Chairman, SME Chapter, CII, New Delhi.
29. Shri Sanjay Bhatia, Chairman, SME Chapter, FICCI, New Delhi.
30. Shri Vishwa Nath, Chairman, SME Chapter, PHDCCI, New Delhi.
31. Shri C. M. Rajamane, President, Karnataka Small Scale Industries Association (KASSIA), Bangalore.
32. Ms. Revathi Venkatraman, Past President/ Board Member, Association of Women Entrepreneurs of Karnataka (AWAKE), Bangalore.
33. Ms. Shashi Singh, Chairperson, Consortium of Women Entrepreneurs of India (CWEI), New Delhi.
34. Shri T. Murlidharan, Chairman, TMI Group, Hyderabad.
35. Mrs. Sushma Paul Berlia, Co-Promoter and President, Apeejay Styra and Svrn Group, Gurgaon.
36. Shri Krishan Khanna, Founder Trustee, iWatch, Mumbai.
37. Shri Baij Nath Rai, National President, Bhartiya Majdur Sangh, 24 Pargana.

Special Invitees:

38. Shri Ashwani Kumar, CMD, Dena Bank, Mumbai.
39. Shri Anil Gupta, Lucknow.
40. Ms. Manjula Mishra, Greater Noida.
41. Shri Suneel Rama, Bulandsahar.
42. Smt. Mithilesh Agarwal, Kaimganj, Farrukhabad.
43. Shri Shishir Kumar Poddar, Ranchi.
44. Shri Rajesh Kumar Sharma, Hamirpur.
45. Smt. Swati Sharma, Raipur.
46. Shri Amit Gupta, Lucknow.
47. Ms. Uma Readdy, Bangalore.

Officers of Ministry of MSME and office of DC (MSME) also present in the meeting.

Action Taken Note on the issues/points raised in the Eleventh Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 10th March, 2015.

The action taken as per the suggestions made by the Members of National Board for Micro, Small and Medium Enterprises (NBMSME) at its 11th Meeting held on March 10, 2015 is reported at *ANNEX-II*.

Action Taken Report on Issues / Points raised in the Eleventh Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held at Vigyan Bhawan, New Delhi on 10th March, 2015

Issues/Points raised in the meeting	Action taken/ Comments
<ul style="list-style-type: none">PM’s vision on Make in India will be supported by State Governments with the help of Associations and MSME organizations for better implementation of the Policies and Schemes of the Ministry. <p>(Para no. 3)</p>	State Governments and MSME associations have been apprised of the impending challenge arising out of the vision on Make in India.
<ul style="list-style-type: none">Timely availability of credit from banks.	<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">Achieve a 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow;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 andAchieve 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 awarding 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.</p>

<ul style="list-style-type: none"> • Develop some model for MSMEs from all participants and the Ministry would consider the same for appropriate action. • Online registration for EM-2 filing should be done by States. • The concept of Zero Effect, Zero Defect and skill mapping should be systematized by the Department to enhance the success rate of the policies and programmes of the Ministry. • Lady Entrepreneurs should also be promoted in a system involving technical and financial assistance to them. <p>(Para no. 4)</p>	<p>The borrowers can view the status.</p> <p>Various Models suggested by the stakeholders in the responses to the draft Policy document are under the active consideration of the Ministry.</p> <p>NIC in this office has made available platform on Central portal for online filing of EM in the States/ UTs. The States/ UTs are adopting online filing of EM on the central portal. Till date following States/ UTs have adopted on line filing of EM Andaman & Nicobar Island, Bihar, Chandigarh, Dadar & Nagar haveli, Delhi, Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Lakshadweep, Punjab, Rajasthan and Sikkim.</p> <p>Besides the abpve following States have implemented online filing of EM at their own before launching of Central online portal by NIC: Tamilnadu, Assam, Kerala, Gujarat, Utrakhand, Andhra Pradesh, Karnataka, Orissa, Uttar Pradesh and West Bengal.</p> <p>Comprehensive Skill Mapping has been done in the Office of DC (MSME) based on the inputs provided by its field offices all over the country.</p> <p>This has been noted and efforts are on to be compassionate towards the needs of the lady entrepreneurs while advancing technical and financial assistance under our Plan Schemes.</p>
<ul style="list-style-type: none"> • Bankers should be friendly and should take risk for lending to MSMEs. • Programme of skill development to develop the Entrepreneurship quality among MSMEs should be done through PPP mode. <p>(Para no. 5)</p>	<p>The banking sector has been sensitized about this by the Ministry including the Hon'ble Minister himself in various fora.</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>
<ul style="list-style-type: none"> • Need to facilitate the Handicraft Artisans in domestic markets as well as international markets by organizing the buyer – seller meets regularly. 	<p>This office sponsored the MSEs usually handicraft artisan every year for participation through ITPO & FIEO in international trade fairs which are B2C. Hence this office facilitates the B2C international trade fairs to handicraft artisans through its Marketing Development Assistance Scheme.</p>

<ul style="list-style-type: none"> Setting up of Expo Hub at Lucknow, in ASEAN countries and in Dubai for easy availability of buyers from international markets. <p>(Para no. 7)</p>	<p>A formal proposal to this respect is awaited from the State Government.</p>
<ul style="list-style-type: none"> Format of NBMSME should be changed and separate bodies may be setup to give suggestions. The problem of delayed payment needs to be taken up in Micro and Small Enterprise Facilitation Council (MSEFC) for early action. Enhancement of investment limit for MSMEs. <p>(Para no. 8)</p>	<p>The Action Groups has been set up under different subject to look after the issues and problem raised and faced by the MSME Sector.</p> <p>The MSEFCs are Semi-Judicial independent institutions created by the States Government/ UTs Administrator with th Director/ Commissioner of Industries of the State/ UT as Chairman of MSEFCs. This office has a mechanism of Quarterly reports on the progress of cases undertaken by MSEFCs.</p> <p>The issue regarding enhancement of investment limit in MSMEs is under consideration of Government.</p> <p>This is being done and as per the latest information the proposal has been referred to the Parliamentary Standing Committee.</p>
<ul style="list-style-type: none"> Procedure of EM filing should be streamlined and be eased out for the benefit of MSMEs. Increasing the excise exemption limit from Rs. 1.5 crore to Rs. 5 crore. Enhancing of service tax limit from Rs. 10 lakh to Rs. 20 lakh. Taking cognizance of turnover limits. Giving teeth to IFC. Need for promoting the smaller clusters. <p>(Para no. 9)</p>	<p>NIC in this office has made available platform on Central portal for online filing of EM in the States/ UTs. The States/ UTs are adopting online filing of EM on the central portal. Till date following States/ UTs have adopted on line filing of EM Andaman & Nicobar Island, Bihar, Chandigarh, Dadar & Nagar haveli, Delhi, Goa, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Lakshadweep, Punjab, Rajasthan and Sikkim.</p> <p>Besides the above following States have implemented online filing of EM at their own before launching of Central online portal by NIC: Tamilnadu, Assam, Kerala, Gujarat, Uttrakhand, Andhra Pradesh, Karnataka, Orissa, Uttar Pradesh and West Bengal.</p> <p>These proposals are being considered or will be considered in due course of time.</p>
<ul style="list-style-type: none"> Level playing field for MSME sector, 5% interest subsidy from bank in MSME lending. NOC for pollution should be relaxed for MSMEs. Need for labour reform. Setting up of a National Commission for MSMEs with quasi judicial power. <p>(Para no. 10)</p>	<p>These proposals are being considered or will be considered in due course of time.</p>

<ul style="list-style-type: none"> The scale of operation of MSMEs may be increased in the market along with technology adoption as per requirement and creation of funds for financing them. Trade receivables market should be developed to take care of this. <p>(Para no. 12)</p>	<p>This has been noted and due consideration is being given to this.</p>
<ul style="list-style-type: none"> Emphasis on the need for encouraging foreign investment in India for MSMEs. RBI should allow the individual lending from outside the country. Need for Defence Procurement Policy. Emphasis on the excise payment date on 5th of every month should be changed to 20th of every month. Bank guarantee to the tune of 100% in NSIC purchases should be laid down. Enhancement of power of the Delayed Payment Act is necessary. <p>(Para no. 13)</p>	<p>These have been noted and due consideration is being given to these suggestions.</p> <p>MSMED Act, 2006 under its Chapter V provides Delayed payment to MSEs. These provisions are strong enough to deal with the issues related to Delayed payment to MSEs. Only problem is the enforceability aspect.</p>
<ul style="list-style-type: none"> Early implementation of GST. DIPP has suspended the Industrial Policy for NER, so Ministry of MSME may take the matter with DIPP for revoking of suspension for the betterment of MSMEs in NER. A new task force may be constituted by the government in line of PM's Task Force on MSMEs (2009). New Company Act may also be tuned for betterment of MSMEs. Criteria for declaring NPA should to 6 month. More effective roles of Association. Provision of mechanism for conversion of land to MSMEs and allowing conversion of lease hold land held by MSMEs to free hold land. <p>(Para no. 15)</p>	<p>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> <p>These have been noted and due consideration is being given to these suggestions.</p>

<ul style="list-style-type: none">• Encourage National Level Industry Associations through financial support to organize periodic seminars/conferences.• Coverage in TV and media channels for creating awareness on the policy, schemes of Ministry of MSME. <p>(Para no. 16)</p>	<p>These have been noted and due consideration is being given to these suggestions.</p>
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Agenda Note for the 12th Meeting of the National Board for MSMEs

The MSME sector is regarded as the engine of economic growth and tool for promoting equitable development. MSME contributes 8% country's GDP, 45% by the manufacturing output and 40% of the export. As per 4th All India Census of MSME, the number of enterprises is estimated to be about 36 million and these provide employment around 80 million persons.

Agenda Item No: 1: 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.

Agenda item No. 2: Proposed Revision of the definition of MSMEs :

2.1 Section 7(1) of the MSMED Act, 2006 classifies the enterprises into manufacturing and service sector and further defines them into Micro, Small and Medium Enterprises based on the investment in 'Plant and Machinery and 'Equipment' respectively. Present investments limit are:

Type of Enterprise	Manufacturing	Service
Micro	Rs. 25 lakhs	Rs.10 lakhs
Small	from Rs.25 lakhs to Rs. 5 crore	Rs. 10 lakhs to Rs. 5 crore
Medium	from Rs. 5 crore to Rs. 10 crore	from Rs. 2 crore to Rs. 5 crore

2.2 The Union Finance Minister, in his Budget Speech for year 2014-15 had announced that the definition of MSME will be reviewed to provide for a higher capital ceiling. The K.V Kamath Report (February 2015) has recommended that the Ministry of MSME in consultation with other government authorities may take a view on any modifications to the MSME definitions required from time to time. It also suggested that value-based limits such as investment should have a mechanism for automatic indexation linked to an appropriate inflation benchmark.

2.3 Ministry had prepared a draft Micro Small & Medium Enterprises Development (Amendment) Bill, 2014 regarding change in definition of MSME. With the approval of Hon'ble Minister (MSME), this draft Bill, along with a background note, was circulated to the concerned Ministries and all State Governments. Till now, Ministry has received comments from only seven States/UTs namely Arunachal Pradesh, Utter Pradesh, Haryana, Rajasthan, Andaman & Nicobar Island, Daman & Diu, Dadra and Nagar Haveli. The rest of the State Govt. /UTs have been requested to provide comments/suggestions vide reminder letter dated 17.6.2015. The copies of the above said letters are given at [Annexure I](#) & [Annexure II](#).

Objectives of the MSMED (Amendment) Bill, 2015:

- (i) Enhance the existing limit for investment in plant and machinery considering changes in price index and cost of inputs consistent with the emerging role of the MSMEs in various Global Value Chains,
- (ii) Include medium enterprises apart from small enterprises in section 7 (9) to enable the aforesaid category of enterprises to avail the benefits and become competitive, and

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

The proposed definition of MSME by raising the raise the capital limits in plant and machinery to the following levels:-

Sector	Investment limit in plant and machinery	
	Present	Proposed
Manufacturing		
Micro	Rs.25 lakh	Rs. 50 lakh
Small	Rs. 5 crore	Rs. 10 crore
Medium	Rs. 10 crore	Rs. 30 crore
Services		
Micro	Rs. 10 lakh	Rs. 20 lakh
Small	Rs. 2 crore	Rs. 5 crore
Medium	Rs. 5 crore	Rs. 15 crore

2.4 Micro Small & Medium Enterprises Development (Amendment) Bill, 2015 was introduced in Lok Sabha on 20.4.2015 and the motion for consideration was moved in Lok Sabha on 13.5.2015. The Bill was subsequently referred to Department related Parliamentary Standing committee on Industry on 21.5 2015. The first meeting of the Committee was held on 17.06.2015.

Agenda item No. 3: Framework for Revival and Rehabilitation of MSMEs:

3.1 MSMEs have been playing a pivotal role in the country's overall economic growth and have increased potential to grow but major obstacle is that they have been facing the constraint of adequate or timely finance. Issues related to sickness of MSMEs, Non-Performing Assets and exit policy have been raised from time to time in different quarters. More than 90% of MSMEs in India are either Proprietorship or Partnership Enterprise. Prime Minister's Task Force on Micro, Small & Medium Enterprises (MSME) 2010 recommended, inter-alia, that in place of out dated Provincial Insolvency Act, 1920, action may be initiated to formulate and circulate a model Insolvency Act which will have enabling provisions for time-bound revival and exit for the unincorporated firms.

3.2 No legal frame work is in place for re-organization/winding up/exit for small units leading to huge waste of human resources (promoters and employees), capital (banks & financial institutions) and physical resources (industrial land & buildings, plant, machinery etc.). Until a detailed revision of the legal framework for resolving insolvency/bankruptcy, there is felt need for special dispensation for revival and exit of MSMEs.

3.3 The Ministry of Micro, Small & Medium Enterprises has notified a Framework for Revival and Rehabilitation of MSMEs, in exercise of the powers conferred under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006. This framework complements to the features of the existing RBI notification of 2012 and 2014. Under this framework any enterprises can seek revival and rehabilitation benefit through a committee constituted by banks with representative from State Governments, experts and others. A Copy of the Gazette notification is given at [Annexure III](#).

The main features of the framework are as below:

3.3.1 Identification of incipient stress: Before a loan account of a MSME turns into a Non Performing Asset (NPA), banks/creditors are required to identify incipient stress in the account. Any Micro, Small or Medium enterprise may also voluntarily initiate proceedings under this framework if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts and before the accumulated losses of the enterprise equals to half or more of its entire net worth.

3.3.2 Committees for Distressed Micro, Small and Medium Enterprises: All banks shall constitute one or more Committees at such locations as may be considered necessary by the board of directors of such bank to provide reasonable access to all eligible Micro, Small and Medium enterprises which have availed credit facilities from

such bank. The Committee shall comprise of representatives of the Bank, independent expert and representative of the State Government.

3.3.3 Corrective Action Plan (CAP) by the Committee: The Committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lenders' loans and also to allow the enterprise to continue with its business. During the period of operation of Corrective Action Plan (CAP), the enterprise shall be allowed to avail both secured and unsecured credit for its business operations.

3.3.4 Options under Corrective Action Plan (CAP): The options under Corrective Action Plan (CAP) by the Committee may include: (i) Rectification - regularize the account so that the account does not slip into the non-performing asset (NPA) category, (ii) restructuring the account if it is prima facie viable and the borrower is not a wilful defaulter, and (iii) recovery - Once the first two options at (i) and (ii) above are seen as not feasible, due recovery process may be resorted to.

3.3.5 Restructuring Process: If the Committee decides restructuring of the account as CAP, it will have the option of either referring the account to Enterprise Debt Restructuring (EDR) Cell after a decision to restructure is taken or restructure the same independent of the EDR mechanism. If the Committee decides to restructure an account independent of the EDR mechanism, the Committee should carry out the detailed Techno-Economic Viability (TEV) study, and if found viable, finalise the restructuring package within 30 days from the date of signing off the final CAP.

3.3.6 Prudential Norms on Asset Classification and Provisioning: While a restructuring proposal is under consideration by the Committee/EDR, the usual asset classification norm would continue to apply. The process of re-classification of an asset should not stop merely because restructuring proposal is under consideration by the Committee/EDR. However, as an incentive for quick implementation of a restructuring package, the special asset classification benefit on restructuring of accounts as per extant instructions would be available for accounts undertaken for restructuring under these guidelines.

3.3.7 Wilful Defaulters and Non-Cooperative Borrowers: Banks are required to strictly adhere to the guidelines issued by RBI from time to time regarding treatment of Wilful Defaulters.

3.3.8 Review: In case the Committee decides that recovery action is to be initiated against an enterprise, such enterprise may request for a review of the decision by the Committee within a period of fifteen working days from the date of receipt of the decision of the Committee. Application filed under this section shall be decided by the

Committee within a period of thirty days from the date of filing and if as a consequence of such review, the Committee decides to pursue a fresh corrective action plan for revival of the enterprise shall apply accordingly.

Agenda item No. 4: Online Portal for EM Filing

4.1 Micro, Small and Medium Enterprises Development Act 2006 prescribes for filing of EM1 and EM2 for all enterprises. This process has been made voluntary and entrepreneurs find difficulty in filing them in the absence of proper eco system of DIC. The manual procedure is ridden with several challenges and is not considered investor friendly. On account of the cumbersome procedure and since filing of EM is not mandatory, many MSMEs have not registered themselves and are outside the scope of services offered by the Government.

4.2 In view of the above, Ministry of MSME through NIC have developed a web portal for online filing of Entrepreneurship Memorandum (EM) I & II. The objective is to make the process of filing of EM-I &II forms for the applicant through anytime registration. Currently, this national portal i.e. www.em.msme.gov.in have been adopted by 14 states/UTs and 47884 EM I and 12333 EM II applications have been filed online. The adoption of online system has encouraged high rate of EM registration and enabled more MSMEs to avail benefit from various schemes.

4.3 The portal would enable the applicant to track the status of application thereby promoting accountability and transparency in the system. It also provides a critical monitoring tool to the government by way of tracking the implementation of intent of investment. The salient features of this portal were also discussed with the Industries Secretaries of all States and Union Territories through a Video Conference on 8th September 2014. With a view to facilitate the adoption of this portal by various States and UTs, this Ministry had deputed officials to provide hands-on training to the officials of the Directorate of Industries and the District Industries Centres of the States of Jammu & Kashmir, Rajasthan, Punjab, Jharkhand, Bihar and Chandigarh. In addition, the Ministry had also organized a series of workshop-cum-training programme for the State/UT government officials through Video Conference.

Agenda item No. 5: Udyog Aadhaar Registration:

5.1 Kamath Committee Report on financial architectures of MSME sectors has given several recommendations including universalisation of registration (Chapter 8 Para 2). Chapter 8 Para 2 of the Kamath Committee Report reads as:

‘The Ministry of MSME can coordinate the simplification of registration and linkages to other departments/ministries. The proposed National MSME Portal can then require only a simple one-page registration form for MSMEs with a simplified set of information and documents. With the growing penetration of mobile phones in the country and the incremental usage of data services on mobile devices, this portal should also be easily accessible through mobile platforms. The Committee envisages that such an approach can achieve 95% registration amongst MSMEs in a time frame of six months’.

5.2 In consonance with the above recommendation of the Kamath Committee, Ministry has taken initiative to develop one page simplified registration form “Udyog Aadhaar” under which a MSME will self certify its existence, bank account, business activity details, employment and ownership details and other basic information. The “Udyog Aadhaar” form is given at [Annexure- IV](#).

5.3 A meeting was held under the Chairmanship of Hon’ble Minister, Ministry of MSME on 15.06.2015 to review of report of the Kamath Committee on Financial Architecture for MSME Sector. Secretary (MSME) had also written to Chief Secretaries of all the States/Union Territories vide letter dated 19.06.2015 for comments on universalisation of the Udyog Aadhaar Registration in line with recommendation of Kamath Committee on financial architecture.

Agenda Item No.6: Assessing Prime Minister Employment Generation Programme (PMEGP)

- Prime Minister Employment Generation Programme (PMEGP) scheme announced by Hon'ble Prime Minister of India on 15th August, 2008 in his address from the Red Fort. This is credit linked Scheme of Govt. of India by merging erstwhile REGP and PMRY scheme. The Khadi and Village Industries Commission (KVIC) is the Nodal Agency at National Level.
- The Scheme is implemented by KVIC at the National level and through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) at the State level. The Government subsidy under the Scheme is routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts.
- The scheme is implemented in rural areas through KVIC and State/U.T Khadi & V.I. Boards and in urban and rural areas through District Industries Centres in the ratio of 30:30:40.
- The Implementing Agencies, namely KVIC, KVIBs and DICs will associate reputed Non-Government-Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/National Small Industries Corporation (NSIC)/Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (RGUMY), Panchayati Raj institutions and other relevant bodies in the implementation of the Scheme, especially in the area of identification of beneficiaries, of area specific viable projects, and providing training in entrepreneurship development.

PMEGP - All India Achievement:

Progress of PMEGP during XI(2008-09 to 2011-12) & XII Plan (2012-13 to 2014-15)

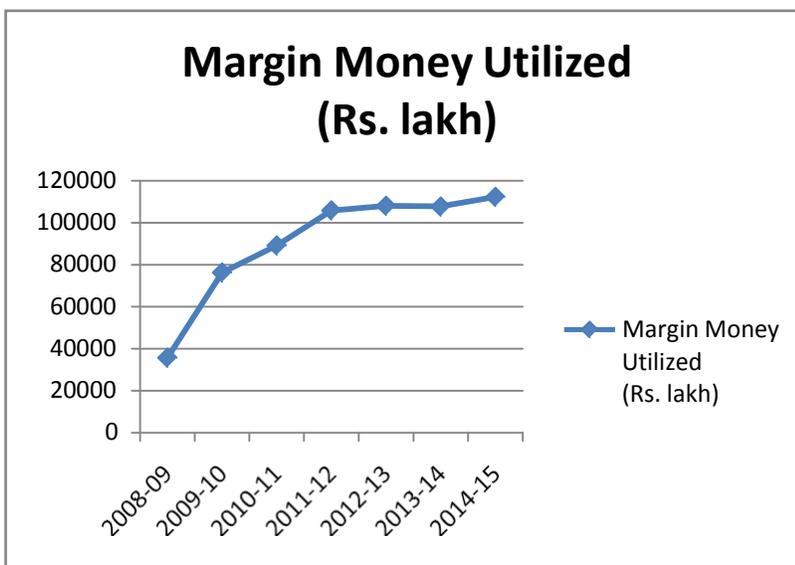
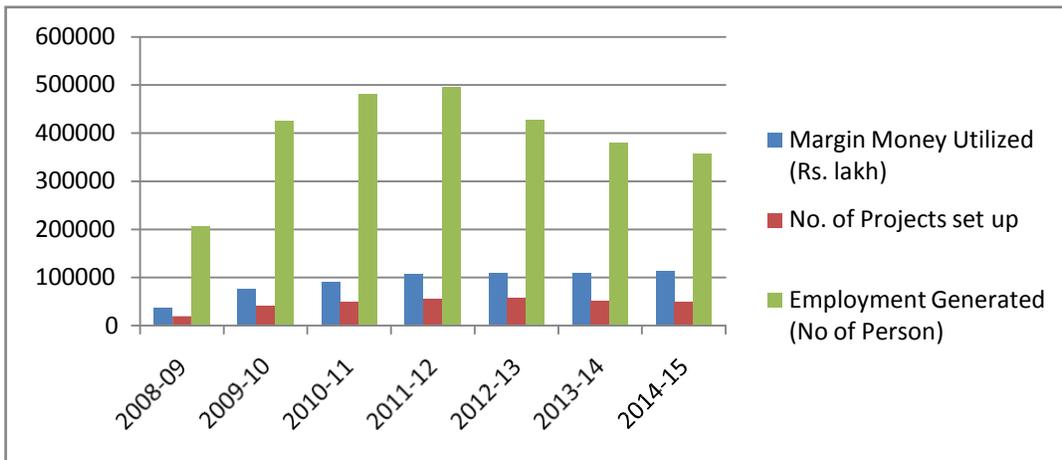
Year	MM subsidy released (Rscore)	MM subsidy utilized# (Rscore)	No. of projects assisted	Estimated employment generated
XI Plan Total (2008-09 to 2011-12)	3131.65	3067.69	1,64,283	16,05,865
2012-13	1228.44	1080.66	57,884	4,28,246

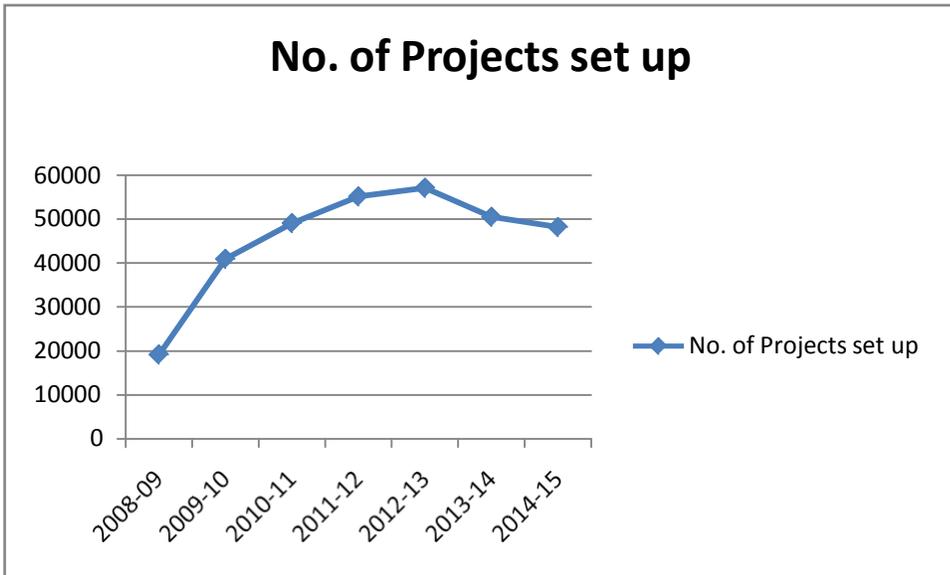
2013-14	988.36	1076.45	50,493	3,78,907
2014-15 (Final)	1073.17*	1122.54	48,168	3,57,502
XII Plan Total	3289.97	3279.65	1,56,545	11,64,655
Grand Total [XI and XII Plan]	6421.62	6347.34	3,20,828	27,70,520

including un-utilized balance funds of previous year.

* including interest of Rs. 24.32 crore accrued during 2012-13 & 2013-14

Graphical Representation of PMEGP over XIth and XIIth plan





Target for 2015-16:

Margin Money allocation	Rs. 1019 crore
Number of projects/units to be assisted	52875
Employment opportunities to be created(@ 8 persons per project)	4.23 lakh persons*

New Initiatives:

- 1) In order to expand the scope of PMEGP **negative list** of the PMEGP Guidelines has been modified. The recently revised **Negative List:**

- a) Any industry/ business connected with Meat(slaughtered), i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan/ Cigar/Cigarette etc., any Hotel or Dhaba or sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale.
 - b) Any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. sericulture (Cocoon rearing), Horticulture, Floriculture. Value addition under these will be allowed under PMEGP.
 - c) Any industry/business connected with Animal Husbandry like Pisciculture, Piggery, Poultry, etc.
 - d) Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems.
- 2) Under the Modified Guidelines, the **following activities** have now been allowed:
- a. Industries such as processing of pashmina wool and other products like hand spinning and hand weaving.
 - b. All rural and urban transport activities subject to 10% of the total margin money targets for that State except for special areas.
 - c. Value added Products for Tea, Coffee, Rubber etc. sericulture, Horticulture, Floriculture.
- 3) Instructions have been issued to the concerned agencies for implementation of the concept of one nodal branch of each Public Sector Bank in each State. All the nodal branches of the banks under PMEGP have been connected through Central Plan Scheme Monitoring System (**CPSMS**) under PFMS (Plan Financial Management System) to monitor the flow of funds. Regular updating of the database is being done directly by the nodal branches.
- 4) To bring in transparency in implementation of PMEGP scheme as well as to create data base of PMEGP beneficiaries, **e-tracking** of PMEGP applications has been introduced. In order to bring about transparency in the processes, better governance and check corruption in implementation , KVIC has introduced an electronic tracking system for online tracking of all cases under this scheme, beginning with filing of application to selection, sanction, disbursal, setting up of

unit and its physical verification. Applicants will be able to view the status of their cases online.

- 5) 307 **model project reports** prepared are put up on PMEGP website for benefit of potential beneficiaries and 150 project reports emanating from incubation centres of NSIC (National Small Industries Corporation) are also linked through NSIC website.
- 6) With a view to ensure transparency as well as identifying the applicant's status, it has been decided that all the applicants under PMEGP should mention **Aadhaar Card Number** in the application.
- 7) The PMEGP and REGP units have been enabled to register online for filing **Udyog Aadhaar** [earlier **Entrepreneurship Memorandum (EM-1)**] Application for availing benefits to the MSME sector.
- 8) To show case and promote the product range of PMEGP units an exclusive web portal developed by KVIC to cater to domestic and international Buyers for PMEGP units. Trading activities/sales outlets have been included in PMEGP in the LWE Districts.
- 9) KVIC has setup a dedicated portal to receive **online complaints** from the PMEGP beneficiaries/general public on various aspects including fake units, discrepancies in selection of applications and sanction of loans. Complaints received on this portal are redressed in a time bound manner.
- 10) **MoU with RSETI to impart EDP training:** KVIC has executed an MoU on 20th February 2015 with National Association of RSETI (Rural Self Employment Training Institutes) to impart EDP training through the 578 training centers of RSETI/RUDSETI under PMEGP.

On the issue of delay in disbursement of margin money claims by nodal banks:-

It is proposed in this regard that banks may consider taking up the process of forwarding margin money claims online from financing bank to nodal banks and vis-versa to expedite the settlement. Further banks may also bring out checklist for submission of margin money claims which can be circulated to the financing banks and the managers could be educated on this aspect so that the rejections are minimized at nodal bank level.

Agenda Item No. 7: Revamped SFURTI

- ❖ Hon'ble Finance Minister in Union Budget for 2013-14, announced setting up of 800 clusters of Khadi, Village Industries and Coir during XIIth Plan with an outlay of Rs. 850.00 crore to cover around 4 lakh artisans. Assistance from Multilateral Development Bank like ADB is also being explored to carry out the mandate.
- ❖ The Revamped SFURTI guidelines have been issued in August 2014 with an outlay of Rs. 147.95 crore for developing 71 clusters (including coir) with coverage of 44500 artisans (approx.) in the first phase.
- ❖ Duration of the Revamped SFURTI is for 3 years and the fund earmarked and target for Mini, Major and Heritage clusters are as follows:

(Rupees in crore)

S. No.	Particulars	No. of Cluster	Funds per Cluster	Total Fund
1.	Heritage	1	8.00	8.00
2.	Major	8	3.00	24.00
3.	Mini	46	1.50	69.00
	Total	55		101.00

- ❖ The important concerns have been emanating from the three SSC level meetings held from the month of December 2014 and also from the National Workshop on Revamped SFURTI which was held on 22nd March, 2015 at India Habitat Centre, New Delhi and the latest National Workshop on SFURTI conducted by the Coir Board on 08.05.2015 at NIMSME, Hyderabad have been taken into account and the issued guidelines has been revisited on a much broader mandate basis so as to streamline and address all issues of road blocks and delays caused due to the lack of clarity in the issued guidelines.
- ❖ One of the major changes in the guidelines pertains to **approving the criteria for selection of Nodal Agency** other than the existing 2 Nodal Agencies designated by the Ministry, namely: KVIC, CB and subsequently SSC approved 3 NAs such as NIESBUD, NIMSME, IIE. As per the latest change in Allocation of Business Rules of the Union Government, NIESBUD and IIE, Guwahati have been transferred to Ministry of Skill Development.
- ❖ The other major change in the guidelines pertains to the **emphasis on backward and forward market linkages for traditional and village industry products and provide a market driven approach** to be adopted for identification and structuring of the projects so as to ensure viability and long term sustainability of the project

activities. **Release of funds for the Soft Intervention would be provided before the Hard Interventions.**

- ❖ The scheme now looks at economic development and job creation in a given geographic area (one or more districts) and allows for **multiple products** as the basis for clusters (earlier single product only was permitted).
- ❖ Necessary clarity has been provided as far as the **role of the State Government** is concerned in the entire scheme. The mandatory recommendation/approval and the corresponding timelines have been proposed in the guidelines. The approval of the State Government has been solicited before the DPR approval stage so as to enable the State Governments to provide the necessary clearances.
- ❖ **Status Update:** Some facts are as follows:
 - i. Out of 71 clusters to be set up in the first phase, 55 clusters are to be developed under Khadi & Village Industries.
 - ii. So far, 31 Agencies have been empanelled as Technical Agencies for developing clusters during 12th Plan.
 - iii. 4 clusters have been approved by Scheme Steering Committee (SSC) and preparation of DPRs for those is under process so as to accord sanction of funds.
 - iv. Apart from above 4 clusters, 7 clusters have been recommended by Project Screening Committee (PSC) of KVIC with DPRs for final approval of SSC.

Agenda Item 8: A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)

The Scheme was launched on 16.03.2015 to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry.

❖ The planned outcomes of the scheme are provided as under:

A. Planned Outcome for LBI:

➤ 80 Livelihood Business incubators

Table: No. of Incubates

No. of Trainees per centre	No. of LBIs	Duration of Years	Proposed Incubates
800	10	3	24000
800	30	2	48000
800	40	1	32000
800	80	3	104000

➤ A total of 104,000 incubates adequately skilled and trained would be ready for taking the program forward.

B. Planned Outcome for TBI:

Activity	Existing Incubator (to be supported)	New Incubator (to be set up)	Total Physical targets with expenditure
(i) No. of Incubators to be supported & set up	20 centres @ INR 30 lakh = INR 600 lakh	10 centres @ INR 100 lakh = INR 1000 lakh	30 centres/ INR 16.00 Crore
(ii) Incubation of Ideas	300 ideas@ INR 3 lakh = INR 900 lakh	150 ideas@ INR 3 lakh= INR 450 lakh	450 ideas/ INR 13.50 Crore
(iii) Creation of business enterprise out of the innovative ideas	100 start-ups @ INR 20 lakh= INR2000 lakh	50 start-ups @ INR 20 lakh= INR1000 lakh	150 start-ups / INR 30 Crore
(iv) Accelerator Workshop	INR 20 lakh per workshop to be conducted by the accelerator for 10 such workshops in two years		10 workshop/ INR 2 Crore

Current Status:

- ❖ 1st Livelihood Business Incubator has been set up in Deoria, Uttar Pradesh on 15.04.2015.
- ❖ Advance stage of setting up of LBIs in Rajkot, Gujarat, Kashipur, Uttarakhand, Nawada, Bihar, Chennai, Tamil Nadu.
- ❖ About 10 proposals under active consideration for PPP mode with NSIC to set up LBIs.
- ❖ Keen interest shown by research and management institutions like IIM, Ahmedabad, Northern Zonal Training Unit, IARI, and many other institutions under active consideration.

Agenda Item 9: MUDRA Bank

The Union Finance Minister in the Union Budget 2015-16 has announced to set up a Micro Units Development and Refinance Agency (MUDRA) Bank through a statutory enactment. A sum of Rs.20,000 crore is allocated to the MUDRA Bank, from shortfalls of Priority Sector Lending for creating a Refinance Fund to provide refinance to the Last Mile Financers. Another Rs.3,000 crore is also provided to the MUDRA Bank from the budget to create a Credit Guarantee corpus for guaranteeing loans being provided to the micro enterprises.

As per NSSO survey (2013), there are 5.77 cr small/ micro units in the country, which employs around 12 crore people, mostly individual proprietorship / 'Own Account Enterprises'. Over 60% of units owned are by persons belonging to Scheduled Caste, Scheduled Tribe or Other Backward Classes. Majority of these units are outside the formal banking system and are forced to borrow from informal sources or use their limited own funds. MUDRA has been proposed to bridge this gap. By creating a good architecture of Last Mile Credit Delivery, MUDRA will aim to increase the confidence of the aspiring young persons to become first generation entrepreneurs as also of existing small businesses to expand their activities.

Since MUDRA Bank will require a statutory enactment for its formation, it was decided to launch MUDRA as a NBFC and accordingly the same was launched on April 08, 2015 by the Hon'ble Prime Minister. A Pradhan Mantri Mudra Yojana (PMMY) was also launched on the same day, whereby all banks are required to finance micro entrepreneurs for income generating non farm activities upto Rs.10 lakh and cover it under the Yojana. MUDRA will also provide refinance/credit guarantee support under the Yojana.

A core group for drafting the MUDRA Bill has already been constituted. Presently, MUDRA is a subsidiary company of SIDBI, named MUDRA Ltd incorporated under sub section (2) of Section 7 of the companies Act, 2013 and rule 8 of the companies (incorporation) Rules, 2014. SIDBI has also contributed share capital of Rs.250.00 crore for MUDRA.

MUDRA Bank would be responsible for regulating and refinancing all Micro-finance Institutions (MFIs) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and services activities. The Bank would partner with State level/ Regional level co-ordinators to provide finance to Last Mile Lenders of small / micro business enterprises.

Some of the objectives of the MUDRA Bank as mentioned in the GoI Press Note dated March 02, 2015 are :-

- i) Laying down policy guidelines for micro/small enterprises financing business
- ii) Registration, Regulation and Accreditation/rating of MFI entities
- iii) Development of standardised set of covenants governing last mile lending to micro/small enterprises and promoting right technology solutions for the last mile.
- iv) Formulating and running a Credit Guarantee scheme for providing guarantees to the loans which are being extended to micro enterprises.
- v) Creating a good architecture of Last Mile Credit Delivery to Micro Businesses under the scheme of Pradhan Mantri MUDRA Yojana
- vi) Lending under MUDRA will focus on the unfunded segments of the Micro Enterprises by granting the loans in the following caps so that they can significantly contribute to the nations GDP:-

There are three segments of loan under MUDRA, which are as under :-

- Loans upto Rs. 50,000 (Shishu)
- Loans from Rs.50, 001 to Rs. 5 lakh (Kishore)
- Loans from Rs.5.0 lakh to Rs. 10 lakh (Tarun)

Focus would be given to Shishu.

MUDRA has finalised the eligibility criteria for the partner agencies viz. Public and Private Sector Banks, Regional Rural Banks, Cooperative Banks, MFIs and NBFCs. Accordingly, 118 institutions including 71 banks, 25 MFIs and 22 NBFCs have been shortlisted as MUDRA partners. More agencies will be made partners. MUDRA has also introduced a “MUDRA Card” as a hassle free flexible credit product which will be provided by Banks either directly or in association with MFIs.

Any other point / issue with the permission of the Chair.