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By Spl. Messenger/E-mail

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Dated: 3rd October, 2016

Sub: **Minutes of the meeting with MSME Associations held on 27.09.2016 to discuss impact of GST on MSMEs.**

A meeting with representatives of CII, Laghu Udyog Bharti, FISME & Resurgent India Ltd. was held on 27.09.2016 under the chairmanship of Secretary (MSME) to discuss impact of GST on MSMEs. Minutes of the above meeting is enclosed for your ready reference.

Encl.: as above.

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Copy to:

1. PS to Secretary (MSME), Udyog Bhawan, New Delhi
2. PS to AS & DC (MSME)
3. Shri B.N. Nanda, EA, Udyog Bhawan, New Delhi
4. Shri Arun Kumar, ADC
5. Shri Vikkas Mohan, Confederation of Indian Industry (CII)
6. Shri Indrani Chowdhary, Confederation of Indian Industry (CII)
7. Shri Amit Tripathi, Confederation of Indian Industry (CII)
8. Shri. Amit Mittal, Laghu udyog Bharti
9. Shri. Anil Bhardwaj, Secretary, FISME
10. Shri Debashish Bandopadhyay, FISME
11. Shri Ashish Mittal, Resurgent India Ltd.
12. Shri Jyoti Prakash Gadia, Managing Director, Resurgent India Ltd

Draft minutes of the meeting chaired by Secretary(MSME) on September 27, 2016 at 11.45 a.m. to discuss impact of GST on MSMEs

Secretary (MSME), chaired a meeting on September 27, 2016 at 11.45 a.m. in Sameeksha, Udyog Bhawan, New Delhi, to discuss impact of GST on MSMEs. The list of participants is enclosed at **Annex A**.

Secretary (MSME), welcomed the participants and observed that the meeting has been convened to know the apprehensions, doubts and genuine problems that are anticipated by Associations/MSMEs with the implementation of GST Law. He also wanted to know from the participants about the facilitating role and support that could be extended by Ministry of MSME to ensure smooth transition to the GST framework. He also mentioned that this was the preliminary meeting before the main meeting on GST which would be chaired by Hon'ble Minister of MSME on October 14, 2016. Further, he also apprised the participants that a Committee on GST under AS&DC has been constituted and its first meeting is scheduled on October 3, 2016. He requested the participants, in particular CII, FISME and Laghu Udyog Bharti, to send their list of issues on GST so that the same could be compiled and shared with Department of Revenue for suitable redressal.

FISME informed that they are organizing 5 national workshops on the impact of GST on MSMEs in the next few months. The first workshop would be held in Delhi on October 13, 2016, which is likely to be attended by about 40 MSME Associations. He assured Secretary (MSME) that the conclusions, recommendations and outcome of the workshop would be provided to M/o MSME. Secretary (MSME) requested FISME whether this workshop could be held early so that its findings are available for the meeting scheduled on October 14, 2016.

Laghu Udyog Bharti representative informed that they had submitted a memorandum on GST Law to Hon'ble Finance Minister. A copy of the same was presented to Secretary (MSME), which is enclosed at **Annex 'B'**. He said that there are

several issues such as definition of services, limit for SSI Unit, time limit for claiming CENVAT credit, taxation of stock transfer, multiple registration and multiple returns. All these are expected to lead to increase in compliance cost.

CII also gave a copy of the note on impact of GST Law on MSMEs to Secretary (MSME) (enclosed at **Annex 'C'**). Some of the critical issues they raised included the burden of lower threshold, no tax differentiation between luxury items and services, higher tax rate for service provider and excess working capital requirement arising from taxation of inter branch stock transfer etc.

Representative of Resurgent India Ltd stated that they had identified issues relating to implementation of GST Law based on a survey they had carried out. They also presented a short note on the issues related to GST on MSME sector (**Annex 'D'**). They highlighted some of the critical issues such as multiple registrations, lack of clarity on valuation of job work, lack of clarity on goods sold on discount/free/promotion and inter branch store transfer of stocks. They also suggested a digital platform which could be used by MSMEs for filing and documentation required by GSTN.

AS&DC(MSME) requested the participants to send their written comments and list of issues pertaining to GST which could be considered in the meeting of the Committee on GST to be chaired by him on October 3, 2016. He also asked them to send suggestions as to the support that could be extended by M/o MSME for smooth transition of MSMEs to the new framework.

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

Annexure – A

List of Participants who attended the meeting on “Impact of GST on MSME” chaired by Secretary (MSME) at 11:45 AM on 27.09.2016

1.	Shri S.N.Tripathi, AS & DC (MSME)
2.	Shri B.N. Nanda, EA
3.	Shri Arun Kumar, ADC
4.	Shri Vikkas Mohan, CII
5.	Shri Indrani Chowdhary, CII
6.	Shri Amit Tripathi, CII
7.	Shri Arpit Mittal, Laghu Udyog Bharati
8.	Shri Anil Bhardwaj, FISME
9.	Shri Debashish Bandopadhyay, FISME
10.	Shri Ashish Mittal, Resurgent India Ltd.
11.	Shri Jyoti Gadia, Resurgent India Ltd.