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No. 3(3)9/2011-NBMSME
Government of India
Ministry of Micro, Small and Medium Enterprises
Office of the Development Commissioner (MSME)
(NBMSME Division)

7th Floor, 'A' Wing, Maulana Azad Road,
Nirman Bhawan, New Delhi-110108
Dated: 20th September, 2011

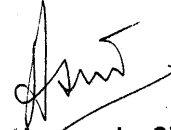
Subject: Agenda for the Ninth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) scheduled to be held on 30th September, 2011 (Friday), 11.00 A.M. at New Delhi.

This has reference to letter No. 2(12)9/2011-NBMSME dated 12th September, 2011. The Agenda Notes of the Ninth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) is **enclosed**. The 'Agenda Papers' may also be accessed at our website www.dcmsme.gov.in.

2. The Meeting will be held under Chairmanship of Hon'ble Minister (MSME) on 30th September 2011 (Friday) at 11.00 A.M. at Hall No. 4 Vigyan Bhawan New Delhi -110108.

3. Kindly make it convenient to attend the meeting and reach the meeting venue by 10.30 A.M. A line in confirmation is requested.

Encl.: As above.



(Amarendra Sinha)
Development Commissioner (MSME)
& Member Secretary (NBMSME)
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To

1. PS to Hon'ble Minister (MSME) / Vice-Chairman / all Members, NBMSME / PSO to Secretary (MSME) and Special Invitees for NBMSME as per list.
2. AS&FA(MSME) / JS (MSME)/JS (ARI) / EA (RKM) / Director (AKJ / AD), Udyog Bhawan, New Delhi
3. ADC&EA (SC) /ADC (SS) / ADC (MPS) / DDG (GS) / IA / JDC (AB) / Director (Admn.) / AIA (DB), O/o the DC (MSME), New Delhi.

Copy to:

SENET Division, O/o the DC (MSME),



सत्यमेव जयते

MSME

MICRO, SMALL & MEDIUM ENTERPRISES
सूक्ष्म लघु और मध्यम उद्यम

**NINTH MEETING OF THE
NATIONAL BOARD FOR MICRO,
SMALL AND MEDIUM ENTERPRISES**

30 SEPTEMBER, 2011

AT

**HALL NO. 4, VIGYAN BHAWAN,
NEW DELHI-110108**

AGENDA NOTES

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
OFFICE OF THE DEVELOPMENT COMMISSIONER
(MICRO, SMALL AND MEDIUM ENTERPRISES)

**AGENDA POINTS FOR THE 9TH MEETING OF THE NATIONAL BOARD FOR
MSME TO BE HELD ON 30TH SEPTEMBER, 2011 AT HALL NO.4, VIGYAN
BHAVAN, NEW DELHI**

AGENDA ITEM No.	ITEM
1.	Confirmation of the Minutes Eighth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held on 22 nd December, 2010.
2.	Action Taken Note on the issues/points raised in the Eighth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held at Scope Complex, New Delhi on 22 nd December, 2010.
3.	National Manufacturing Competitiveness Programme.
4.	Any other point / issue with the permission of the Chair.

Note on Action Taken the issues/points raised in the Eighth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held at SCOPE Complex, New Delhi on 22nd December, 2010.

Cluster Related Issues	
Issues/points raised in the meeting	Action taken / Comments
<p>Availability of land at the level of District Collector or Panchayat to expedite the implementation of the proposal for Cluster.</p> <p>(Para no. 7)</p>	<p>As per guidelines of MSE-CDP, SPV or State government is required to provide land for setting of common facility centers. For infrastructure development component, land is provided by state government. Guidelines of scheme have been sent to all state governments.</p>
<p>Need for convergence of similar Cluster Development Programmes being undertaken by different Ministries of Government of India.</p> <p>(Para no. 7)</p>	<p>Ministry of Commerce and Industry, M/o Food Processing Industry, Ministry of Textiles, Department of Pharma, DIPP, Ministry of IT have been requested for convergence of similar cluster development Programmes.</p>
<p>The delay in approval for the proposal of 12 clusters from Tamil Nadu.</p> <p>(Para no. 9)</p>	<p>4 CFCs are approved & Administrative Approvals are issued. The proposal of Pharma (MICAL) cluster, Chennai is under examination by the Technical Division of this office and in the remaining 7 CFCs, State Govt. / SPVs have been requested to provide required information as per MSE-CDP guidelines.</p>

<p>Setting up of multi product clusters in various States of the country to create more avenues for employment generation.</p> <p>(Para no. 10)</p>	<p>Multi product clusters are supported for creation / upgradation of infrastructure under MSE-CDP. The guidelines of MSE-CDP have been modified in February, 2010.</p>
<p>Development of clusters / multi products clusters specifically for tiny sector.</p> <p>(Para no. 11 & 27)</p>	<p>Tiny sector clusters are given enhanced financial assistance under the Cluster Development Programme.</p>
<p>Considering the fact that there is no major industry in J & K, a group of 4-5 micro enterprises should be brought under the ambit of cluster development programme.</p> <p>(Para no. 12)</p>	<p>The economy of scale of interventions, which is the basic concept of cluster development, will not be available in case a group of 4-5 micro enterprises is considered to be an eligible cluster under MSE-CDP.</p>
<p>In order to avoid the delay at some stages of the cluster development programme more direct channels are necessary between the stakeholders and the concerned officers in the Ministry.</p> <p>(Para no. 16)</p>	<p>The SPV, State Govt are invited in various meetings and kept informed about the developments.</p>
<p>Ceiling of number of members in a cluster should be lowered to 9-12 instead of 20 and the radius should be brought down to 20km. Creation of awareness among entrepreneurs and active participation of local MSME</p>	<ul style="list-style-type: none"> • The economy of scale of interventions, which is the basic concept of cluster development, will not be available in case a group of 9-12 members is considered to be an eligible cluster under MSE-CDP. • There is no restriction of area. However, the

<p>departments and state government for successful implementation of the programme.</p> <p>(Para no. 13)</p>	<p>units should be located in contiguous area. The State Govts, officers of the Ministry and associations are sensitized from time to time on various cluster development initiatives through letters and meetings. Guidelines, sample of diagnostic studies etc are available on the website www.dcmsme.gov.in</p>
<p>Formation of a committee comprising MSME Development Institute, Director of Industries, Cluster Development Executive and leading Apex Association for giving impetus and new ideas for cluster development.</p> <p>(Para no. 13)</p>	<p>A state level monitoring committee, comprising all stakeholders, has already been suggested to all states for monitoring of Cluster Development Programmes.</p>
<p>National level MSME associations may be entrusted with the management of clusters rather than managed by the Government departments.</p> <p>(Para no. 19)</p>	<p>Special Purpose Vehicles with majority members from MSEs are entrusted with the functioning of the CFCs.</p>
<p>The time gap between the meetings for the approval of new clusters needs to be reduced to one month from 2-3 months.</p> <p>(Para no. 16)</p>	<p>The meetings of the Steering Committee of MSE-CDP are being held almost every month. However, the frequency depends upon number of matured proposals.</p>
<p>Inclusion of a gradual exit route in the cluster development programme. There is a need to identify potential growth areas for</p>	<p>The interventions in the cluster are for limited duration. The capacity of the concerned SPV/ Institutions is built up to facilitate exit from the cluster development programme.</p>

<p>promoting new clusters.</p> <p>(Para no. 17)</p>	
<p>The development of more clusters in Tripura for overall progress and employment generation.</p> <p>(Para no. 20)</p>	<p>4 clusters have been undertaken in Tripura State. More clusters will be considered after suitable proposals are received. A letter has been written to MSME DI, Agartala to send more proposals.</p>
<p>MSE-Cluster Development Programme should aim at ensuring better regional spread including North-Eastern States and there is a need for active promotion of this programme by MSME-DIs through creation of awareness.</p> <p>(Para no. 21)</p>	<p>A regional resource centre has already been established at Indian Institute of Entrepreneurship in Guwahati with field offices in all the North Eastern states to mobilize cluster development proposals. The MSME-DIs have been instructed to play a pro-active role for cluster development initiatives.</p>
<p>OEM clusters needs to be undertaken.</p> <p>(Para no. 22)</p>	<p>Cluster development is a demand driven scheme. Under Auto sector, machinery manufacturing sector etc., MSE cluster are mixed clusters consisting of OEM supplier and other suppliers catering to replacement markets.</p>
<p>To promote clusters wherever there is proximity of sources of raw materials with a focus on remote, rural and tribal areas.</p> <p>(Para no. 26)</p>	<p>Clusters evolve because of availability of raw materials / skills / infrastructure / market demand or combination of these factors. Enhanced funding is provided to clusters of micro and village enterprises.</p>
<p>i. Enhanced budget allocation for Micro and Small Enterprises Cluster Development Programme (MSE-CDP).</p>	<p>Enhanced budget allocation of Rs 80.00 crore has been kept for MSE-CDP for 11-12. Expenditure depends on number of proposals</p>

<p>ii. The proportion of allocation for cluster development activities in infrastructure development should be in the ratio of 2:1</p> <p>iii. Where proportion of micro enterprises is more than 50 percent in the cluster, the contribution of special purpose vehicle for setting up of common testing centre should be 5 percent of the total project cost. (Para no. 6)</p>	<p>received.</p> <p>Guidelines were issued in February 2010 with approval of CCEA. Contribution required in this case is only 10%.</p>
Credit Related Issues	
Issues/points raised in the meeting	Action taken / Comments
<p>The need for the banks to adopt at least one cluster in the district of dedicated institutional financing as per recommendation of Prime Minister's Task Force on Micro, Small and Medium Enterprises. (Para no. 6)</p>	<p>The RBI vide circular dated 29.6.2010 has issued instructions to the banks that each lead bank of a district may adopt at least one MSE cluster</p>
<p>High interest rate charged by the Micro Finance Institutions while lending to the micro units. (Para no. 7)</p>	<ul style="list-style-type: none"> • RBI examined the recommendations of the Sub-Committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector

	<p>(Chairman: Shri Y.H. Malegam) and issued guidelines to all Scheduled Commercial Banks on May 3, 2011 regarding Bank Loans to Micro Finance Institutions (MFIs).</p> <ul style="list-style-type: none">• These guidelines provide for margin cap at 12% and interest cap on individual loans at 26% per annum for all MFIs.• SIDBI has informed as under:• While providing assistance to MFIs, SIDBI stipulates that the MFIs should be transparent with respect to interest rate and other costs charged and effective cost of credit to the borrowers and the same is reasonable and in line with the micro credit sector and the rate of interest is not in violation of any interest rate cap stipulated and applicable to the borrower, in any of the States.• SIDBI has been encouraging MFIs to reduce cost to their borrowers and bring down the effective interest rate to ultimate beneficiaries in a structured and sustainable manner. SIDBI is impressing upon all MFIs to prepare a firm road map and bring down their effective interest rate (all inclusive) on a reducing balance basis, to below 24% p.a. in 1 to 2 years.• SIDBI, has also been sensitizing its assisted MFIs to pass on the benefits of operational efficiency to their borrowers, as a result of which nearly 50 MFIs have since reduced their rates during the current financial year.
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	<ul style="list-style-type: none"> • As on February 28, 2011, out of 135 assisted MFIs, the interest rate of 115 MFIs have been brought down below 30% p.a. and 55 MFIs charge less than 24% p.a.
<p>SIDBI or some other financial institutions may come forward to assist the stakeholders in meeting the 20 percent share of financial requirement for cluster development.</p> <p>(Para no. 8)</p>	<p>SIDBI has informed as under:</p> <ul style="list-style-type: none"> • Ministry of MSME has a Cluster Development Programme called MSE-CDP which encompasses, among others, soft and hard interventions. <ul style="list-style-type: none"> I. Soft intervention: Maximum limit for project cost would be Rs 25.00 lakh per cluster. Gol grant for the soft interventions will be 75% of the sanctioned amount of the project cost. For NE & Hill States and Clusters with more than 50% (a) micro/ village (b) women owned (c) SC/ST units, the Gol grant will be 90%. II. Hard Intervention: The Gol provides grant of 70% of the cost of project of maximum Rs 15.00 crore. Gol grant will be 90% for Common Facility Centres in North East & Hill States and Clusters with more than 50% (a) micro/ village (b) women owned (c) SC/ST units. • The balance contribution is to be made by the SPV/State Government or the beneficiaries' share/loans from SIDBI/banks.

	<ul style="list-style-type: none"> • These cluster development proposals are appraised by SIDBI which also provides, besides other banks, need-based loan, on a case-to-case basis. 147 IID/MSE-CDP projects, appraised by SIDBI have been approved by the Ministry of MSME.
<p>Inadequacy of existing Financial Institutions, including SIDBI, in providing financial help to the micro and tiny sector. Need for dedicated and separate financial institution for these sectors.</p> <p>(Para no. 9)</p>	<ul style="list-style-type: none"> • Small Industries Development Bank of India (SIDBI), set up under an Act of Parliament, acts as the principal financial institution for Promotion, Financing and Development of the Micro, Small & Medium Enterprises (MSME) sector. It provides financial support to MSMEs by way of (a) Refinance to eligible Primary Lending Institutions (PLIs), such as, banks, SFCs, etc. for onward lending to MSMEs through their more than 84,000 branches all over the country and (b) Direct assistance to MSMEs, through its own network of 103 branch offices. In view of limited branch network of SIDBI, the assistance to micro and tiny sector is provided through the refinance support. • Micro Enterprises sector is also provided loan assistance out of special refinance support given to SIDBI by Government of India and Reserve Bank of India. The Hon'ble Finance Minister in his budget speech announced creation of a Micro, Small and Medium (Refinance) Fund and allocated Rs. 4000 crore during FY 2010 to SIDBI out of priority sector shortfall by banks, in order to incentivise banks and State Financial Corporations (SFCs) to lend to Micro and Small Enterprises (MSEs) by refinancing 50 percent of incremental lending to

	<p>MSEs. As against the amount of Rs. 4000 crore, Rs 4049 crore has been disbursed to 16 banks and 6 SFCs comprising Rs. 2802 crore (70%) to the micro enterprise sector and Rs. 1247 crore to small enterprises. Similarly, an amount of Rs. 4000 crore was allocated during FY 2011 as well. The Bank has disbursed refinance of Rs. 2,427 crore (61%) to banks and SFCs towards their lending to micro enterprises and Rs. 1,573 crore to Small Enterprises during FY 2011.</p> <ul style="list-style-type: none"> •The Bank has introduced scheme to micro entrepreneurs whose credit requirement is above Rs. 50,000/- and upto Rs. 5 lakh. The loans are given at competitive rates of interest and also covered under CGTMSE Scheme. The guarantee fee is also being borne by the Bank. •As on March 31, 2011, 5,51,740 proposals were approved for guarantee cover for aggregate credit of Rs. 23,846.02 crore under CGTMSE implying average credit of Rs. 4.32 lakh per proposal. Out of the above proposals, CGS coverage for micro enterprises (loans upto Rs. 10 lakh) stood at 90.2%.
<p>Regarding Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), most of the financial institutions are very reluctant to extend the facility to micro enterprises. There should</p>	<ul style="list-style-type: none"> •Reserve Bank of India vide its Circular dated May 06, 2010, based on the recommendations of the Working Group constituted to review the Credit Guarantee Scheme (CGS), has issued instructions making it mandatory for Banks not to accept collateral security in the case of loans

<p>be some mandatory provision for micro and tiny sector.</p> <p>(Para no. 9)</p>	<p>upto Rs.10 lakh extended to units in the MSE sector.</p> <ul style="list-style-type: none"> • Banks have also been instructed to strongly encourage their branch level functionaries to avail of the CGS cover, including making performance in this regard a criterion in the evaluation of their field staff. • The number and amount of guarantees approved under the Credit Guarantee Scheme has seen manifold increase from 951 guarantees for an amount of Rs.6.06 crore in FY 2001 to cumulatively a total of 5,51,740 guarantees for an amount of Rs.23,846.02 crore approved as on March 31, 2011. Of these over 90% i.e. 4,97,426 relate to credit facilities upto Rs.10 lakh which are largely micro enterprises. • The Trust has taken a host of development activities to improve the coverage under the scheme and to endeavor maximization of benefits of the Scheme to MSEs including organizing of workshops on the scheme for operating level officers of bank branches, requesting SLBCs to include the progress in coverage under CGS as a regular agenda item in all their meetings, joint programmes with National/State level Industry Associations for benefit of their members, circulation of brochures/posters, issue of advertisements through various print and electronic media etc on a regular basis.
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<p>In order to address the credit issues of micro sector, SIDBI may be asked to lend directly to micro sector instead of routing through banks.</p> <p>(Para no. 12)</p>	<p>SIDBI has informed as under:</p> <ul style="list-style-type: none"> • SIDBI, being primarily a refinancing institution, provides refinance to banks / SFCs for onward lending to Micro, Small and Medium Enterprises. • SIDBI started its direct finance to fill in the credit gaps by way of supplementing the efforts of banks / SFCs / MFIs to meet the credit needs of MSMEs at affordable rates. • Direct Finance is also channelised to the micro enterprises sector through its present network of 103 branches all over the country covering more than 600 MSME clusters. However, due to its limited branch network, SIDBI reaches out to the micro enterprises to a larger extent by working with and through banks / SFCs / other intermediaries which have branch network of more than 84,000 branches across the country. • With its limited branch network, it is not possible for SIDBI to lend directly to the micro sector. Notwithstanding this, SIDBI has signed Memorandum of Understanding with ADB for a Line of Credit of US\$ 50 million with long term funding to support the 'Missing Middle' (small borrowers who have potential and have done well but have grown too large for traditional microfinance support while, on the other hand, are still not creditworthy or lack the necessary skills / capacity / experience, to access more conventional financing) of micro enterprises through specific financing programmes through its direct and indirect lending schemes. The
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	sub-loans would range from Rs. 50,000/- to Rs. 10 lakh with a maturity upto 5 years.
Lack of access to credit for majority of enterprises in the micro sector. The need for proper assessment of reasons for such credit crunch and exploring new breed of institutions to resolve the crisis. (Para no. 25).	In terms of the recommendations of PM's Task Force on MSMEs, Reserve Bank of India (RBI) has advised the banks to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts. As per the RBI's extant guidelines to banks, 60 per cent of MSE advances should go to the micro enterprises. The banks have been advised that the allocation of 60 per cent of the MSE advances to the micro enterprises is to be achieved in stages viz., 50 per cent in the year 2010-11, 55 per cent in the year 2011-12 and 60 per cent in the year 2012-13.
Demand for collateral security by banks and need for proper display of details on collateral free loan scheme by all Banks. (Para no. 19)	IBA has informed that banks do bring out leaflets on various loan products giving all the salient features of loan schemes. Details of the loan schemes are put on the website of individual banks. Further, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has informed that workshops on Credit Guarantee Scheme for operating level officers of bank branches and joint programmes with National / State level Industry Associations are organized, besides issuing advertisements through print & electronic media, circulating brochures / posters, etc., on a regular basis to create better awareness about the scheme amongst all stakeholders.
Though there is RBI directive to	IBA has informed that all the branch level

<p>provide collateral-free loan upto Rupees 10 lakh, the banks at grass root level are not complying with the same. There is a need to create awareness on this directive among branch level functionaries.</p> <p>(Para no. 23)</p>	<p>functionaries are provided with necessary training at the Training Centres of individual banks. The RBI directives issued from time to time are advised to the branch functionaries and the branch functionaries of all banks follow these guidelines in the normal course of their duties. In case of any specific instances of not complying with the RBI guidelines, the same may be brought to the notice of the Regional Office / Circle Office of the respective banks for appropriate action.</p>
<p>Indifferent attitude among managers of rural bank branches in disbursing credit to enterprises.</p> <p>(Para no. 28)</p>	<p>IBA has informed that the Branch Managers in the rural areas are sufficiently trained to provide courteous and good service and need based credit to prospective clients and enterprises. Sufficient checks and procedures are in-built in the system to monitor the performance of branch functionaries.</p>
<p>There should not be unnecessary vigilance proceedings against branch level functionaries who show positive attitude towards credit beneficiaries in the MSE sector.</p> <p>(Para no. 28)</p>	<p>RBI is of the view that vigilance proceedings may not be initiated in case of officials showing positive attitude, but only when specific irregularities of commissions and omissions are suspected.</p>
<p>Tax Related Issues</p>	
<p>Tiny enterprises with an investment upto Rupees Five Lakh in plant and machinery should be exempted from all forms of taxation.</p>	<p>Department of Revenue has been requested to provide comments on the issue raised.</p>

(Para no. 10)	
<p>Provision of excise duty exemption to the enterprises upto Rupees five crore and also reduction of the multiplicity of taxes/duties.</p> <p>(Para no. 23)</p>	<p>Ministry of MSME in its pre-budget proposals 2011-12 had requested Deptt. Of Revenue that the general excise exemption limit may be enhanced from Rs.1.50 crore of annual turn over to Rs.3 crore so that MSEs may be able to maintain their competitive advantage in the globalised environment. However, no announcement was made in budget 2011-12 to this effect.</p>
Infrastructure Related Issues	
Issues/points raised	Action taken / Comments
<p>Implementation of IID scheme in Punjab through SPVs since there is no IID scheme there as such.</p> <p>(Para no. 16)</p> <p>Government's contribution towards infrastructure development in clusters should be enhanced to 80 per cent for existing clusters in the private sector.</p> <p>(Para no. 21)</p> <p>The infrastructure development in the existing industrial estates could be carried out in Public – Private - Partnership (PPP) mode.</p> <p>(Para no. 23)</p>	<p>Suggestion is under consideration by O/o DC, MSME.</p>

Marketing / Procurement Related Issues	
Issues/points raised in the meeting	Action taken / Comments
<p>There should be a directive from Central Govt. that paramilitary force & army stationed in J&K may purchase at least 25 percent of their requirement from micro and Small Scale sector.</p> <p>(Para no. 12)</p> <p>The purchase for Railways and Army stationed in Tripura may be sourced from MSMEs in the state.</p> <p>(Para no. 20)</p> <p>Purchase preference to small enterprises.</p> <p>(Para no. 22)</p>	<p>Under MSMED Act, 2006, a Procurement Preference Policy for Micro and Small Enterprises (MSEs) with the provision of procurement goal from MSEs up to a specific percentage of their total annual procurement by the Central Ministries / Departments / PSUs etc., is being processed.</p>
<p>Facilitation for raw materials like coal and iron ore at affordable rates to the MSMEs through properly engaging Coal India and NMDC.</p> <p>(Para no. 26)</p>	<p>• NSIC is already distributing coal to the MSMEs in the State of West Bengal and Odisha. Further, the States of Jharkhand and Kerala have nominated NSIC as a nodal agency for distribution of coal to MSMEs in their States. The corporation is in process to complete the necessary formalities and distribution of coal will start shortly in these States. Further, the Corporation has approached to all the other States to nominate NSIC as a nodal agency for distributing coal to MSMEs. The States of Tamilnadu, Punjab, Madhya Pradesh, Karnataka and Rajasthan have refused to</p>

	<p>nominate the Corporation as a nodal agency for coal distribution. However, the matter is pursued by NSIC with the remaining State Governments to give their consent in nominating NSIC as a nodal agency for distribution of coal to MSMEs in their States.</p> <ul style="list-style-type: none"> •With regard to facilitation of Iron Ore at affordable rates to the MSMEs by engaging National Mineral Development Corporation Ltd. (NMDC), NSIC will examine the feasibility of sourcing Iron Ore for MSMEs with NMDC.
<p>MSMEs need to extract maximum benefits from the offset policies followed by Ministry of Defence and Ministry of Civil Aviation.</p> <p>(Para no. 24)</p>	<p>A Background note on the issue was sent to PMO on 30.9.10. M/o Defence has intimated that modified policy incorporating special provisions for MSME is under finalization.</p>
<p>Policy Related Issues</p>	
<p>Issues/points raised in the meeting</p>	<p>Action taken / Comments</p>
<p>Hon'ble Minister (MSME) has directed that the Final Document of the vision and the strategy of the Ministry of MSME as contained in the Strategic Plan of the Ministry of MSME to circulate once again to the various associations across the country in general and those who are Members of the NBMSME for finalizing the same.</p>	<p>The final SAP was prepared after consulting associations and other stake holders. The same has again been circulated to them.</p>

(Para no. 4)	
Representation may be given to district level associations to assess the entrepreneurial abilities of the beneficiaries of Prime Minister's Employment Generation Programme.	As per the PMEGP scheme norms appraisal of the project of the beneficiaries under PMEGP is done by District Level Task Force which consist of the following members:-
(Para no. 23)	<ol style="list-style-type: none"> 1. District Magistrate/Deputy Chairman Commissioner/Collector/Additional Collector/CDO 2. Lead Bank Manager Member 3. Representative of KVIC Member 4. Representative of KVIB Member 5. Representative of DIC Member 6. Representative of NYKS/SC/ Special ST/Women Corporation Invitee 7. Representative of MSME-DI, Special ITI / Polytechnic Invitee 8. Representative of Panchayat - 3 Members (to be nominated by Chairman/ District Magistrate/Deputy Commissioner/Collector by rotation, Every year 9. General Manager, DIC or Member Representative of KVIC or Convenor Representative of KVIB <p>As an operational measure, Representatives of Small Scale Industries Associations in all districts</p>

	of the country will be considered to be co-opted in the District Level Task Force Committee to give their valued input. Such necessary amendment for District Level Task Force Committee may be considered during the next extension of the PMEGP scheme in the 12th Plan Period and approval will be required from Ministry of MSME
CII has sought the support of the ministry for undertaking ten international cluster study missions. (Para no. 22)	CII has been requested to send the proposals as per guidelines of the scheme.
Harmonization of the M/o MSME's efforts in cluster development across different departments. (Para no. 27)	Ministry of Commerce and Industry, Food Processing Industry, Ministry of Textiles, Department of Pharma, DIPP, Ministry of IT may have been requested for convergence of similar cluster development Programmes.
Setting up of SME exchange. (Para no. 22)	SEBI vide letter dated 24.5.2011 has granted in-principle approval to both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) to operationalise the SME Exchange /Platform.
Special thrust should be given to micro and tiny sector through formation of a National Commission as well as a National Fund for Tiny and Micro Enterprises.	A Special Cell has been created in SIDBI to facilitate and monitor the financing of micro enterprises in the unorganized sector. Further, in terms of recommendation of the Task Force on MSMEs, an Advisory Group has been set up by SIDBI with the following members:

<p>(Para no. 10, 18 & 27)</p>	<p>(i) AS & DC (MSME).</p> <p>(ii) JS (IF), D/o Financial Services, Ministry of Finance (or representative of D/o Financial Services).</p> <p>(iii) CMD, SIDBI</p> <p>(iv) DMD, SIDBI</p> <p>(v) President of Faridabad Small Industries Association.</p> <p>The Advisory Group has been constituted with the objective of monitoring the operations of the Special Cell created within SIDBI.</p>
<p>To address the issue on delayed payment, there should be a sub-Committee or some entity to settle the cases upto Rupees 10 lakh or 20 lakh and such issues may be resolved at the district level.</p> <p>(Para no. 16)</p>	<p>The provision on delayed payments to MSEs under Chapter V of the MSMED Act 2006 provides for Constitution of one or more MSEFCs in the States/UTs to address the problem of delayed payment. Therefore, constitution of such more committees can be done by the State Governments, if so required. This has been informed to the member concerned vide letter dated 05.4.2011.</p>
<p>Establishing a green channel for all clearances vis-a-vis MSMEs and bringing all unregistered enterprises to the main stream.</p> <p>(Para no. 17)</p>	<p>In this regard, this is informed that most of the states/UTs have establishments/agency like Single Window Clearance/Udyog Bandhu/Udyog Sahayak/Facilitation Cell/Single Window Services etc. set up to provide clearance/advise to assist the existing as well as new entrepreneurs. District Industries Centres (DICs) in many States are instrumented in providing assistance to MSMEs. The issue bringing all unregistered enterprises to the main stream is not clear and need further elaboration. This has been informed to the member concerned vide</p>

	letter dated 05.4.2011.
<p>Extension of the benefit of apprenticeship act to non-SSC and non-graduates in the Small Scale Sector.</p> <p>(Para no. 21)</p>	<p>Extension of the benefit of the Apprenticeship Act to non-SSC and non-graduates, if made mandatory for MSEs sector, will open floodgate of apprentice candidates for MSEs. This will adversely impact the working of MSEs and ultimately impose additional financial burden on MSEs. This has been informed to the member concerned vide letter No. 1(6)/2010-MSME POL dated 05.4.2011.</p>
<p>All enterprises need to be provided registration with a view to ensure better implementation of schemes at the ground level.</p> <p>(Para no. 21)</p>	<p>Filing of Entrepreneurs' Memorandum (EM) by micro and small manufacturing enterprises and medium service enterprises is optional i.e. at their discretion to avoid inspector raj, whereas it is mandatory for medium manufacturing enterprises as provided under MSMED Act 2006. Schemes/programmes being implemented by Central/State Government agencies may prescribe the requirement for filing and acknowledgement of EM by MSMEs in its guidelines/instructions in order to ensure their better implementation. This has been informed to the member concerned vide letter dated 05.4.2011.</p>
<p>Present Industry Facilitation Council (IFC) should be provided with more legal teeth and revenue recovery & judicial powers to smoothen the settlement of delayed payment.</p> <p>(Para no. 23)</p>	<p>The need and scope for amendment in the MSMED Act 2006 on the issues/provisions of delayed payment has been examined in the ministry of MSME and it has been felt that the Act is in its nascent stage of implementation and therefore, there will be least empirical evidences/data to support such amendment. The ministry is monitoring the implementation of the Act and would take a view on the need for</p>

	amending the Act after gathering adequate empirical evidences/data about the implementation of various provisions of the Act. This has been informed to the member concerned vide letter dated 05.4.2011. Further, a proposal for amendment of MSMED Act-2006 is being considered in Sub-Group on Institutional Structure under Working Group on MSME Growth for 12 th 5-Year Plan.
A proper exit policy for MSEs, (Para no. 22)	The draft proposal has been prepared and forwarded to concerned Ministries for their observations.
Need for strengthening the MSME-Development Institutes, (Para no. 17)	The proposal for strengthening of MSME DIs has been placed before Sub-Group on Institutional Structure under Working Group for 12 th 5 Year Plan for consideration.
Strengthening of DICs is vital especially for infrastructure development. (Para no. 19)	A draft scheme on “Support for Strengthening and Upgradation of District Industries Centres” has been formulated in consultation with the State Governments and sent to the Planning Commission for ‘in-principle’ approval. Planning Commission conveyed that it is been decided not to introduced any new Centrally Sponsored scheme in the Year 2010-11. The matter has been taken up again with Planning Commission informing that the proposed scheme may be ready for implementation only from this financial year and therefore, may reconsider the proposal for conveying ‘in-principle’ approval.
Identity cards to each member of the National Board.	As per the guidelines of Ministry of Home Affairs for issuing photo pass to Non-officials, Photo pass for a non-official may be recommended

<p>(Para no. 16 & 21)</p>	<p>only in those cases where non-official has to visit Government office regularly or frequently. The photo pass shall be valid only for entry into the Ministry concerned (i.e. MoMSME in the case of non-official members of NBMSME). Since the facility of daily passes is in any case available, photo passes for non-officials, are recommended only in exceptional cases. All the members of NBMSME are also provided badges, whenever they are invited to attend the Board meetings.</p>
<p>The application of ICT tools and promotion of B2B exchanges through provision of a proper ICT platform for MSMEs.</p> <p>(Para no. 24)</p>	<p>ICT scheme has been launched under NMCP wherein provision is available for application of ICT tools to promote B2B exchanges through e-marketing, web portal etc. for MSMEs.</p>

National Manufacturing Competitiveness Programme (NMCP)

The Micro Small and Medium Industries form the backbone of manufacturing sector not only in this country but even in the developed countries. In India, the small scale sector contributes to 40% of manufacturing. The small industries sector also contributes substantially to the exports. In the past, the Small Scale Sector existed in a relatively sheltered environment. The levels of protection were high, several goods were reserved for production in the Small Scale Sector, special fiscal incentives were extended to the units in the sector and a number of support programmes were also drawn up to ensure the Small Industries survived.

The Government announced National Manufacturing Competitiveness Programme (NMCP) in 2005 with an objective to support Small and Medium Enterprises (SMEs) in their endeavor to become competitive and adjust the competitive pressure caused by liberalization and moderation of tariff rates. Para 59 of the Budget Speech 2005 is given below:-

"Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises, and to enable them to adjust to the competitive pressures caused by liberalization and moderation of tariff rates, I propose to launch a new scheme that will help them strengthen their operations and sharpen their competitiveness. The scheme will be called the "Manufacturing Competitiveness Programme". The design of the scheme will be worked out by the National Manufacturing Competitiveness Council (NMCC) in consultation with the industry".

The scheme

Ministry of MSME launched the National Manufacturing Competitiveness Programme (NMCP), containing following 10 schemes for the benefit of MSME sector.

Sl. No.	Scheme Title
1.	Lean Manufacturing competitiveness scheme
2.	Design clinic scheme for design expertise to MSME sector
3.	Enabling Manufacturing Sector to be competitive through quality Management Standards and Quality Technology Tools (QMS/QTT).
4.	Technology and quality Up gradation support to MSMEs
5.	Scheme for support of Entrepreneurial and Managerial Development of SMEs through Incubators
6.	Building Awareness on Intellectual Property Rights (IPR)
7.	Promotion of Information & Communication Technology (ICT) in Indian MSME sector
8.	Marketing Support Assistance to MSME (Bar Code)
9.	Setting up of Mini Tool Room under PPP mode.
10	Marketing Assistance and Technological Up gradation to MSMEs

These ten components have following objectives.

Lean Manufacturing Competitiveness Scheme (LMCS)

Under this scheme MSMEs are being assisted in reducing their manufacturing costs, through proper personal management, better space utilization, scientific inventory management etc. The objectives of Scheme are to increase the competitiveness of the MSME sector through the adoption of Lean Manufacturing (LM) techniques with the objective of:

- a) Reducing waste;
- b) Increasing productivity;
- c) Introducing innovative practices for improving overall competitiveness;

- d) Inculcating good management systems; and
- e) Imbibing a culture of continuous improvement.

Design Clinic Scheme

The objective of Design Clinic Scheme is to enhance industry understanding and application of design and innovation, and to promote design as a value adding activity and integrate it into mainstream business and industrial processes of MSMEs. The purpose of various activities under the scheme is to increase the awareness of the value of design and also to establish design learning amount the MSMEs, so as to increase the competitiveness of their products and services through design. The scheme is divided in two major parts, viz., Design Awareness and Design Project work.

Enabling manufacturing sector to be competitive through Quality Management Standards and Quality Technology Tools. (QMS/QTT)

This scheme encourages Micro & Small Enterprises (MSEs) to understand and adopt the latest Quality Management Standards (QMS) and Quality Technology Tools (QTTs) so as to produce better quality products at competitive prices. The adoption of these tools will enable MSEs to achieve:

- i. Efficient use of resources.
- ii. Improvement in product quality.
- iii. Reduction in rejection and re-work in the course of manufacturing.
- iv. Reduction in building up inventory at the various stages in the form of raw materials, work-in-progress, finished components, finished products, etc.

This will also enable the MSEs to enter into or strengthen their position in the export market. The Competition Watch sub-component of this scheme would enable Indian MSE, to understand the latest foreign products that are penetrating in the Indian market.

Scheme for Technology and Quality Upgradation Support to Micro, Small and Medium Enterprises (TEQUP)

Quality and Technology Up gradation have emerged as the two important elements for enhancing competitiveness of any manufacturing industry. The first objective of the Scheme is to sensitize the manufacturing MSME sector in India to the use of energy efficient technologies and manufacturing processes so as to reduce cost of production and the emissions of CHGs. The second objective will be to improve the product quality of MSMEs and to encourage them towards becoming globally competitive. Certification of products to

national and international standards is an important tool to enhance the product value of Indian MSMEs.

Scheme for Support of Entrepreneurial and Managerial Development of SMEs through Incubators

The Scheme provides early stage funding for establishing Incubators for innovative products/processes which will improve the efficiency of the MSME and enhance their competitiveness. The main objective is to promote development of knowledge-based innovative ventures and to improve the competitiveness and survival instincts of the Micro, Small and Medium Enterprises (MSMEs). Such entrepreneurial innovative ideas are sought to be developed in reputed Technical Management institutions before these can become commercially viable and attract venture capital.

Scheme “Building Awareness on Intellectual Property Rights” (IPR) for the Micro, Small & Medium Enterprises (MSME)

The objective of the scheme is to enhance awareness of MSMEs about Intellectual Property Rights (IPRs) and to take measures for protecting their ideas and business strategies. Effective utilization of IPR tools by MSMEs would also assist them in technology upgradation and enhancing competitiveness

Promotion of Information & Communication Technology (ICT) in Indian MSME Sector

The main objective of the scheme is to encourage and assist the potential MSME clusters to adopt ICT tools and applications in their production & business process, with a view to improving their productivity and competitiveness in national and international markets. The broad activities plan under the scheme include, identifying potential MSME Clusters for ICT Intervention, conducting awareness programme and feasibility report, preparation cluster specific DPR, setting up of E-readiness, infrastructure, developing web portals for cluster, skill development of MSME staff in ICT applications, deployment of local software solution for MSMEs to enhance their competitiveness and net working MSME cluster the portal on to National level Portal in order to outreach MSMEs into global markets.

Marketing Assistance scheme / Assistance to MSMEs (BAR CODE)

MSEs who have Entrepreneur's Memorandum Part-II, acknowledgement number from State Directorate of Industries/ DICs and also have registration with GS1 India for the use of Bar Codes are entitled for financial assistance under the Scheme. The assistance is provided to MSEs towards 75% reimbursement of annual recurring fee (for first three years) paid by them to GS1 India for use of Bar Coding w.e.f. 1st June, 2007 under NMCP Scheme.

Setting up of New Mini Tool Rooms under PPP Mode

The scheme objectives are :

- (a) To improve the competitiveness of the MSMEs engaged in manufacturing activity by creating capacities in the private sector for designing and manufacturing quality tools.
- (b) To bridge the gap between the demand and the supply of trained manpower in the industry.
- (c) To encourage Research & Development, optimization of cost and quality of delivery, leading to enhanced competitiveness of the manufacturing sector.

Marketing Assistance and Technology Upgradation Scheme

MSMEs do not have sufficient resources at their command and, therefore, need institutional support for providing these inputs in the area of marketing. Marketing Assistance and Technology Upgradation Programme is a strategic initiative for adoption of Modern Marketing techniques by MSMEs consistent with the requirement of global market. It involves following eight sub-components for which Government of India (GoI) funding assistance will be available.

- (i) Technology Upgradation in Packaging
- (ii) Skills up gradation/Development for Modern Marketing Techniques,
- (iii) Competition Studies of threatened products,
- (iv) Special components for North Eastern Region (NER),
- (v) Identification of new markets through state/district level, local exhibitions/trade fairs,
- (vi) Corporate Governance Practices,
- (vii) Marketing Hubs, and
- (viii) Reimbursement to ISO 18000/22000/27000 Certification.
