

CONTENTS

Agenda Item No.	Items	Page No.
I.	Confirmation of the Minutes of the Ninth Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 30th September, 2011.	2
II.	Action Taken Note on the issues/points raised in the Ninth Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held at Vigyan Bhawan, New Delhi on 30th September, 2011.	14
III.	A. Public Procurement Policy for Micro and Small Enterprises. B. Interventions solicited from NBMSME	26 35
IV.	Any other point / issue with the permission of the Chair.	38

ITEM NO.1

**Confirmation of the Minutes of the 9th Meeting of
NBMSME held on 30th September, 2011.**

The Minutes of the 9th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 30th September, 2011 under the chairmanship of Hon'ble Minister, MSME, were circulated to all Members of the said Board Vide O.M No.3(3)9/2010-NBMSME dated 1st November, 2011.

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

Minutes of 9th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME) held on 30.9.11 at Vigyan Bhawan, New Delhi.

9th Meeting of NBMSME was held under Chairmanship of Hon'ble Minister, MSME on 30.9.11 at Vigyan Bhawan, New Delhi. List of participants is appended.

2. Shri Amarendra Sinha, Joint Secretary, MSME welcomed Chairman, Members and distinguished invitees of the Board. Thereafter, he made a presentation on National Manufacturing Competitiveness Programme (NMCP).

3. Shri Virbhadra Singh, Hon'ble, Minister, MSME during his opening remarks greeted distinguished guests and welcomed their valuable suggestions for overall development of the sector. He emphasized role of State Government and other stakeholders in successful implementation of various schemes of Ministry of MSME. Further, he explained several new initiatives of Mo MSME with special focus on importance of different components of NMCP for building competitiveness and meeting challenges of globalization for MSMEs.

4. Shri Oscar Fernandes, Hon'ble Member of Parliament lauded efforts of Mo MSME for strengthening the sector. He also stressed upon role of adequate and cost effective credit for development of the sector, especially Micro & Small Enterprises. Banks need to adhere to RBI guidelines on credit and speed up project approvals of MSMEs.

5. Shri Hansraj G. Ahir , Hon'ble Member of Parliament pointed out problems associated with credit and raw materials, especially price fluctuations in coal. He pleaded for continuation of reservation of items for MSE sector. Also, micro enterprises require more attention.

6. Shri Manicka Tagore, Hon'ble Member of Parliament opined that frequency of Board Meetings should be increased. He expressed concern over fluctuating prices of raw materials such as steel and copper and wanted to have price stability for a reasonable time.

7. Dr. Manas Ranjan Bhunia, Hon'ble Minister for Micro, Small Enterprises & Textiles, Govt. of West Bengal drew attention to delay in getting clearances for Clusters and also time taken to switch over from soft intervention to hard intervention. Fund allocation for Cluster Development Programme should be enhanced. Further, he insisted that DICs should get central funding for better infrastructure and modernization. Also, KVIC should be more proactive for development of Khadi & Village Enterprises.

8. Shri G.P. Dalmia, Jharkhand Small & Tiny Industries Association stated that delayed payment act needs amendment and pleaded for uniform rate of interest across States.

9. Shri B L Baheti, Indian Federation of Tiny Enterprises stressed upon need for increased attention to tiny enterprises. He wanted bifurcation of office of Development Commissioner into two, viz. DC (Tiny & Micro) and DC (SME).

10. Ms. Uma Reddy congratulated initiatives of Ministry towards a new procurement policy and online filing of EM. Further, she called for better involvement of MSME Associations in providing vocational training. She also wanted inclusion of import of second hand machinery under CLCSS. She requested for representation for Karnataka in National Board.

11. Shri Badish K Jindal, Federation of Punjab Small Industries Association appealed for strengthening of anti dumping rules to counter massive influx of Chinese goods. Further, he wanted procurement of Generators to be covered under CLCSS since power shortage is a major in States like Punjab. Banks need to provide online information regarding loan applications and their status.

12. Shri Tej Bant Singh Reen, Association of Small scale Industries, J & K insisted that micro sector needs to be segregated from small and medium enterprises and be provided with special incentives since they are generating maximum employment. Also, in order to address credit requirements of micro sector, SIDBI should provide direct finance from Rs.10 lakhs onwards. Army and Security Forces stationed in J & K should procure certain percentage of goods produced by industries in J & K itself.

13. Shri K.R. Thangaraj, Tamilnadu Small and Tiny Industries Association said that MSMEs are severely affected by fluctuating price of raw materials and rate of interest. Government of India should extend interest subsidy to MSMEs as given by Government of Tamil Nadu to enterprises which avail of loan from State Financial Corporation.

14. Shri Dinkar Joshi, Bhartiya Mazdoor Sangh, requested Ministry to introduce schemes for Naxal affected areas.

15. Ms Shashi Singh, Consortium of Women Entrepreneurs of India stated that most of schemes of Ministry are registration linked, which needs to be done away with. She also cited importance of gender budgeting.

16. Dr. P.L. Dhar, Professor, Indian Institute of Technology observed that web based application for NMCP proposal is a good innovation. Since majority of 26 million enterprises are in micro sector, he requested to pay special attention to this sector.

17. Shri B.N Goldar , Professor, Institute of Economic growth said that cloud computing is a good initiative. However, the requirement of manpower and skill to adopt this scheme on a large scale needs to be kept in mind.

18. Shri Nishikant Misra, Orissa Small Scale Industries Association pointed out problems associated with financing. There should be plant level advisory committee meetings on a quarterly basis. MSME Sector is not getting enough support from large industries. He also requested to publicize all schemes and to develop a mechanism to monitor implementation of targeted schemes.

19. Shri Dipak Sarkar, Federation of Association of Small Industries of India stressed on importance of wide publicity for components of NMCP and need for involvement of national level MSME association in conducting awareness programmes. Also, he was of the view that a thousand crore rupees corpus should be kept aside for reviving the sick units.

20. Shri Subrata Ranjan Roy, Tripura Industrial Entrepreneurs said that state of Tripura needs more attention and support from KVIC, Coir Board, NSIC and financial institutions.

21. Shri V.K. Agarwal, Federation of Indian Micro, Small and Medium Enterprises stated that proposal for Cluster Development Programme under PPP mode through creation of SPVs requires more discussion among Stakeholders.

22. Shri P. Srinivasan, Association of Small Industries of Union Territory of Puducherry suggested need for involvement of State and District level agencies for better implementation of NMCP to get maximum result. Further, he pointed out importance of energy efficiency & energy audit and need for a dedicated agency in every State for this purpose.

23. Shri Prakash N. Raikar, Karnataka Small Scale Industries Association expressed their willingness to work closely with Ministry. He wanted MSME Association to be considered as SPVs for the implementation of Cluster Development Programmes. Government should infuse funds into SIDBI to make financing by SIDBI cheaper than commercial banks. Also, guidelines for pollution control should be uniform across States.

24. Shri P S Agwan, Chamber of Small Scale Industries Association drew attention to increasing interest rate. He demanded interest rate subvention to all MSMEs, which is presently available to exporting units alone.

25. Shri Chandrakant Salunkhe, Small and Medium Business Development Chamber of India said that service sector requires more focus. Further, he wanted Ministry to set up a permanent Exhibition Centre, in MSME-DI, Mumbai, for which Govt. of Maharashtra is willing to invest up to 90%.

26. Shri Nalin Kohli, Association for Small & Medium Knowledge Industries stressed upon need for SME Sector to acquire companies outside India so that technology would flow with such acquisition. Also, proposed SME Exchange should be restricted to SMEs alone. He added that whenever there is large Government Procurement in sectors like Health, Homeland Security etc., orders should flow to MSEs.

27. Dr. A.K. Chanda, Addl. Chief Secretary, Govt of West Bengal cited importance of service sector and need for more attention towards micro enterprises. Also, there should be a forum and mechanism for revival of potentially viable sick enterprises.

28. Shri Uday Kumar Verma, Secretary, MSME thanked participants for their overwhelming participation and suggestions. He said that issues of the sector could be categorized into governance, credit, technology, infrastructure, marketing & skill development and these issues could be addressed in a better manner with the increased involvement of stakeholders. He requested support of State

Governments for moving towards online EM filing. He wanted SIDBI to reduce their inordinate delay in evaluating proposals. Also, he urged MSMEs to take full advantage of the proposed Procurement Policy.

Meeting ended with Vote of Thanks to all.

List of participants in 9th meeting of NBMSME held on 30.9.11 at Vigyan Bhawan, New Delhi

Sl. No.	Name of participants
1.	Shri Virbhadra Singh, Hon'ble Minister, MSME
2.	Dr. Manas Ranjan Bhunia, Hon'ble Minister In-charge, Deptt. of Micro, Small Scale Enterprises & Textile, Government of West Bengal
3.	Shri Hansraj Gangaram Ahir, Hon'ble Member of Parliament
4.	Shri Manicka Tagore, Hon'ble Member of Parliament
5.	Shri Oscar Fernandes, Hon'ble Member of Parliament
6.	Shri Uday Kumar Varma, Secretary, Ministry of Micro, Small and Medium Enterprises,
7.	Shri Amarendra Sinha, Joint Secretary and Development Commissioner, MSME
8.	Shri. V. S. Vijayaraghavan, Chairman, Coir Board
9.	Shri Sushil Muhnot, Chairman cum Managing Director, Small Industries Development Bank of India,
10.	Shri C D Srinivasan , CGM, Reserve Bank Of India
11.	Ms. Shashi Singh, President,

- Consortium of Women Entrepreneurs of India (CWEI),
12. Shri K.R. Thangaraj, President,
Tamilnadu Small and Tiny Industries Association (TANSTIA),
 13. Shri V. K. Agarwal, President,
Federation of Indian Micro, Small and Medium Enterprises (FISME),
 14. Shri Chandrakant Salunkhe, President,
Small and Medium Business Development Chamber of India,
 15. Shri S.Tej Bant Singh Reen, President,
Association of Small Scale Industries
 16. Shri Nishkant Mishra, President,
Orissa Small Scale Industries Association,
 17. Shri P. Srinivasan, President,
Association of Small Industries of the Union Territory of Pondicherry.
 18. Shri Badish K. Jindal, President,
Federation of Punjab Small Industries Association,
 19. Shri Pankaj Gupta, President,
Industries Association of Uttarakhand,
 20. Shri Dipak Sarkar, President,
Federation of Association of Small Industries of India (FASII),
 21. Shri Subrata Ranjan Roy, President,
Tripura Industrial Entrepreneurs,
 22. Shri Pankaj Chimanbhai Patel, Ahmedabad
 23. Ms. Rama Vedshree, Vice President,
National Association of Software and Service Companies,
 24. Shri P.S.Agawan, Chamber of Small Industries Association
 25. Shri B.L.Baheti, Secretary General,

- Indian Federation of Tiny Enterprises (IFTE)
26. Prof. B. N. Goldar, Institute of Economic Growth, New Delhi
 27. Shri Dinkar Joshi, Member (National Executive),
Bhartiya Mazdoor Sangh
 28. Shri. J.S. Mishra, Chief Executive Officer,
Khadi & Village Industries Commission (KVIC),
 29. Shri H. P. Kumar, Chairman Cum Managing Director,
National Small Industries Corporation
 30. Shri G. P. Dalmia, President,
Jharkhand Small & Tiny Industries Association
 31. Dr. P.L. Dhar, Expert Member, KVIC and
Professor, Mechanical Engineering Department,
Indian Institute of Technology, New Delhi
 32. Shri Mohan Suresh, Ex-President, (FISME)
 33. Shri Nalin Kohli, President,
Association for Small & Medium Knowledge Industries (ASMKI),
 34. Ms. Uma Reddy, Managing Director,
HITECH MAGNETICS & ELECTRONICS PVT. LTD.,
 35. Shri Prakash N. Raikar, President, KASSIA, Bangalore
 36. Dr. A.K Chanda, Addll. Chief Secy. Deptt. Of MSSE&T, GoWB
 37. Shri Dinesh Singh, Joint Secretary, Ministry of MSME,
 38. Shri Vinod Chandra Semwal, Industry Commissioner,
Government of Madhya Pradesh
 39. Shri Alkesh Kumar Sharma, Managing Director, KSIDC,
Government of Kerala
 40. Shri Mohan Jeet Singh, Development Commissioner,

Union Territory Daman & Diu

41. Shri Anand Pratap Singh, Private Secretary to Hon'ble Minister, MSME
42. Shri R.K. Manchanda, Economic Adviser, Ministry of MSME,
43. Shrii Samarendra Sahu, Additional Development Commissioner,
O/o DC, MSME
44. Shri G.Sajeevan, Deputy Director General, O/o DC, MSME
45. Shri M.P Singh, Additional Development Commissioner,
O/o DC, MSME
46. Shri Chandan Saha, Joint Adviser, Planning Commission
47. Shri Niranjan Naik, Industrial Adviser, O/o DC, MSME
48. Shri Abhay Bakre, Joint Development Commissioner, O/o DC, MSME
49. Shri Arun Kumar Jha, Director General
National Institute for Entrepreneurship Small Business Development,
50. Dr. Mala Iyengar, Director, Department of Commerce,
Ministry of Commerce and Industry
51. Shri Rajesh Kumar Bhoot, Director (TPL),
Department of Revenue, Ministry of Finance
52. Shri Vikas Singh, Director, Ministry of Labour & Employment
53. Shri Vanraj A. Chavda, Director (SSG), O/o DC, MSME
54. Shri D. Bandyopadhyay, Additional Industrial Adviser, O/o DC, MSME
55. Shri Sanjeev Saxena, Joint Director Industries,
Government of Rajasthan
56. Dr. Izzatullah, Director, O/o DC, MSME
57. Shri R. K. Rai, Director, O/o DC, MSME
58. Shri S. K. Basu, Director, O/o DC, MSME
59. Shri Anil Kumar, Director, O/o DC, MSME

60. Shri Harish Anand, Director, O/o DC, MSME
61. Shri S. Vijay Kumar, Director, MSME-Development Institute, Indore
62. Shri J. S. Shukla, Zonal Head, Coir Board
63. Shri P.K.Sinha, Deputy Director, O/o DC, MSME
64. Shri A. K. Gangopadhyay, Deputy Director, O/o DC, MSME
65. Shri Jaipal Singh, Deputy Director, O/o DC, MSME
66. Shri N.K.Verma, Deputy Director, O/o DC, MSME
67. Shri L.K.Choudhary, Deputy Director, O/o DC, MSME, AGCR Building,
68. Shri R.K.Choudhary, Deputy Director, O/o DC, MSME
69. Dr. Niyati Joshi, Deputy Director, O/o DC, MSME, AGCR Building
70. Shri Jayarasav D.S.M., Honorary Secretary, TANSTIA
71. Shri Binodananda Banerjee, Standing Committee Member (FASII)
72. Shri R.K.Sharma, PPS to ADC, O/o DC, MSME
73. Mohd. Ali Rahman, Asstt. Director, O/o DC, MSME
74. Shri Rahees M., Asstt. Director, O/o DC,MSME
75. Shri Sahood Alam, Asstt. Director, O/o DC, MSME
76. Shri D.K. Aggarwal, Asstt. Director, O/o DC, MSME
77. Ms. Jayanti Kala, Asstt. Director, O/o DC, MSME
78. Shri Santosh Das, Asstt. Director, O/o DC, MSME
79. Shri B. B. Sahoo, Asstt. Director, O/o DC, MSME
80. Ms. S. Shakthi Rani, Asstt. Director, O/o DC,MSME
81. Shri O.P.Singh, Asstt. Director, O/o DC (MSME)
82. Shri V. V. Khare, Asstt. Director, O/o DC, MSME
83. Shri Bijender Kumar, Asstt. Director, O/o DC, MSME
84. Shri Harpreet Singh, Asstt. Director, O/o DC.,MSME
85. Shri Satinder Singh, Asstt. Director, O/o DC,MSME

86. Shri Kuldeep Singh, Asstt. Director, O/o DC,MSME
87. Shri Rishi Pal Singh, Asstt. Director (SD), O/o DC,MSME)
88. Shri D. S. Kandari, Asstt. Director, O/o DC, MSME
89. Shri V. P. Kureel, Asstt. Director, O/o DC,MSME
90. Shri Mukesh Sharma, Asstt. Director, O/o DC,MSME
91. Shri Rampal Singh, Asstt. Director (Policy), O/o DC,MSME
92. Ms. Sanjukta Dey Pal, Asstt. Director, O/o DC,MSME
93. Shri Gaurav Saini, Asstt. Director, O/o DC,MSME
94. Shri Pramod Bharti, Asstt. Director, O/o DC,MSME
95. Shri Harpal Deswal, Account Officer, O/o DC,MSME
96. Shri Diwakar Sharma, Asstt. Manager, Coir Board,
97. Shri S.K.Mallah, Sr. Accountant, O/o DC,MSME
98. Shri L.S. Bhardwaj, Cashier, O/o DC,MSME
99. Shri Kuldeep Kumar, Inv., O/o DC,MSME
100. Shri K. G. Mendiratta, PA, O/o DC,MSME
101. Shri Kirti Singh Rawat, PA, O/o DC,MSME
102. Miss. Beenu Singh, PA, O/o DC,MSME
103. Shri S.R.Sivakumar, PA, O/o DC,MSME
104. Shri B. Hanumantha Rao, PA, O/o DC,MSME
105. Shri V.K.Dewan, DEO, O/o DC,MSME

ITEM NO.2

**Action Taken Note on the issues/points raised in the Ninth Meeting of National Board for
Micro, Small and Medium Enterprises (NBMSME) held
on 30th September, 2011.**

The action taken as per the suggestions made by the Members of National Board for Micro, Small and Medium Enterprises (NBMSME) at its 9th Meeting held on September 30, 2011 is reported at ***ANNEXURE-II***.

Action Taken Report on Issues / Points raised in the Ninth Meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) held at Vigyan Bhawan, New Delhi on 30th September, 2011

	Issues/Points raised in the meeting	Action taken/ Comments
1.	<p>Role of adequate and cost effective credit for development of the sector, especially Micro & Small Enterprises. Banks need to adhere to RBI guidelines on credit and speed up project approvals of MSMEs.</p> <p>(Para no. 4)</p>	<p>Vide circular dated June 29, 2010 RBI had already advised the banks as under:</p> <ul style="list-style-type: none"> i. Achieve a 20 per cent year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow; ii. The allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13 and iii. Achieve a 10% annual growth in number of micro enterprise accounts. <p>The RBI is closely monitoring the achievement of targets by banks and their adherence of RBI guidelines on credit. It is holding one to one meeting with banks to know the constraints and is also impressing 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.</p> <p>To enhance refinance capability of SIDBI, the Government of India, through Budgetary announcements, has been providing regular fund support under RIDF. Under the MSE (Refinance) Fund, SIDBI has disbursed Rs. 21,375.54 crore to banks / financial institutions during the FY 2009 to FY 2013.</p> <p>Direct loans from SIDBI under the Scheme for Energy Saving Projects in the MSME sector for encouraging energy efficiency related investments in SMEs are being given at floating interest rates below the PLR by maximum of 150 bps i.e. ranging from 11.25% to 12.75%.</p>
2.	<p>Problems associated with raw materials, especially price fluctuations in coal.</p> <p>(Para no. 5)</p>	<p>The prices of the raw materials are announced by main producers from time to time leading to fixation of the prices. This also hold good for coal, where Coal India announces the rates for different categories of coal every month. The concerns of the MSME Board have been conveyed to the major</p>

		producers in various fora.
3	Continuation of reservation of items for MSE sector (Para no.5)	Review of the Reservation Policy is a continuous process.
4.	Fluctuating prices of raw materials such as steel and copper and need for price stability for a reasonable time. (Para No.6)	The prices of the raw material are announced by main producers, their rates periodically taking into account of various demand and supply related factors. Accordingly prices are fixed. NSIC has made arrangement with the main producers for procurement of steel & copper for further distribution to MSMEs at producers' rate.
5	Frequency of Board Meetings should be increased. (Para no. 6)	After the 9 th meeting of the Board on 30.09.2011, the Board expired on 06.01.2012 and was re-constituted on 27.05.2013. Efforts are being made to increase frequency of Board Meetings.
6.	Delay in getting clearances for Clusters and also time taken to switch over from soft intervention to hard intervention. Fund allocation for Cluster Development Programme should be enhanced. (Para no.7)	All proposals from 01.04.2012 onwards are received online through State Govt. & concerned MSME-DI's after preliminary verifications & recommendation and are accorded by the Steering Committee of MSE-CDP. The delay mainly occurs at the Special Purpose Vehicle (SPV)/ Implementing Agencies end as the requisite information in few cases are not provided properly and then reminders are issued to furnish the same. Further, considerable amount of time is required in fulfillment of the conditions for accordance of approval. For Hard Interventions i.e. for setting up of Common Facility Centre etc. there is need for formation of SPV, submission of appraised Detailed Project Report, availability of land in name of SPV etc. These activities are to be accomplished by SPVs/Implementing Agencies and require a considerable period of time. Enhanced funding has been proposed for 12 th Five Year Plan.
7	DICs should get central funding for better infrastructure and modernization. (Para no.7)	This issue has been raised in various fora and Planning Commission would take a view in this matter.

8	<p>KVIC should be more proactive for development of Khadi & Village Enterprises especially in West Bengal.</p> <p>KVIC (Para no.7)</p>	<p>KVIC is implementing various activities for the development of Khadi and Village Industries in the West Bengal. The proposal for enhancement of funds for cluster programme has been considered in the XII Five Year Plan. KVIC is also implementing a massive reform programme with the assistance of Asian Development Bank (ADB) for Khadi sector.</p> <p>50 Khadi institutions have been identified in the 1st Phase. Out of which 7 Khadi institutions have been assisted with the tune of Rs. 7.59 crore in the West Bengal. Further 7 Khadi Institutions have been identified in West Bengal during 2nd Phase of implementation of the programme.</p> <p>The Commission is also undertaking the developmental activities in the West Bengal by implementing the scheme of PMEGP. During the year 2012-13, Rs. 7632.28 lakh (including backward forward linkages) has been released for more proactive and development of Khadi & Village Enterprises.</p>
9	<p>Amendment of Delayed Payment Act and uniform rate of interest across States.</p> <p>(Para no. 8)</p>	<p>i) The issue of amendments in the provisions of MSMED Act 2006 including that of delayed payment was discussed in the Department Related Parliament Standing Committee (DRPSC) on Industry meetings during July, 2012. The Committee has submitted its report and issue is under consideration of the Government.</p> <p>ii) Regarding uniform rate of interest it is submitted that as per section 16 of MSMED Act 2006, the rate of interest on delayed payment is fixed as three times of the bank rate notified by the Reserve Bank of India. Therefore, the rate of interest on delayed payment as per statute is uniform and not variable across states.</p>
10	<p>Bifurcation of office of Development Commissioner into two, viz. DC (Tiny & Micro) and DC (SME)</p> <p>(Para no. 9)</p>	<p>The bifurcation of the office of DC (MSME) in to two organization viz. DC (Tiny & Micro) and DC (SME) may not be feasible as the policies of promotion and development of micro and small and that of medium enterprises are interdependent. However, it would be appropriate to strengthen infrastructure of the office of DC (MSME) including its field office so as to play more effective role in implementation of MSME Policies.</p>

11	<p>Better involvement of MSME Associations in providing vocational training. (Para no. 10)</p>	<p>Ministry of MSME is implementing a Scheme 'Assistance to Training Institutions' under which financial assistance is also provided to Partner Institutions of 3 National level Entrepreneurship Development Institutions for conducting various training programmes viz. EDPs, ESDPs and ToTs. Eligible associations can become partner institutions of these 3 EDIs for providing Entrepreneurship Development and Entrepreneurship cum Skill Development training.</p>
12	<p>Inclusion of import of second hand machinery under CLCSS. (Para no.10)</p>	<p>This is related to amendment of CLCSS guidelines. The process of amendment of CLCSS guidelines is expected to be started shortly. This point will be put forth before the competent authority for suitable decision.</p>
13	<p>Procurement of Generators to be covered under CLCSS since power shortage is a major problem in States like Punjab. (Para no.11)</p>	<p>This is related to amendment of CLCSS guidelines. The process of amendment of CLCSS guidelines is expected to be started shortly. This point will be put forth before the competent authority for suitable decision</p>
14	<p>Banks need to provide online information regarding loan applications and their status. (Para no.11)</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. Meanwhile, SIDBI has made the Loan applications available in its website. These application forms can be used by the borrower and forwarded electronically for processing.</p>

15	<p>Strengthening of anti dumping rules to counter massive influx of Chinese goods. (Para no. 11)</p>	<p>WTO cell of the o/o DC (MSME) had taken up the matter with DGAD, M/o Commerce & Industry vide letter vide letter No. I (9)/2011-WTO dated 17.11.2011 and reminder dated 24.09.2013, the response/reply on the issue of strengthening the Anti-dumping rules is still awaited.</p>
16	<p>In order to address credit requirements of micro sector, SIDBI should provide direct finance from Rs.10 lakh onwards. (Para no.12)</p>	<p>Smaller loans are addressed by the large network of branches belonging to banks/SFCs which are extended refinance by SIDBI as an apex level institution. However, direct loan by SIDBI, including, those above Rs. 10 lakh can be considered selectively in niche areas to address gaps in credit delivery eco system.</p>
17	<p>Army and Security Forces stationed in J & K should procure certain percentage of goods produced by industries in J & K itself. (Para no. 12)</p>	<p>Considering the procurement problem faced by MSEs in regions and government department, Government of India Government has notified a Public Procurement Policy for MSEs which have become effective from 1st April 2012. Under the policy 20% of the total procurement of any Government Ministry/Department/Public Sector Enterprises (including that of the Army) is to be procured from the Micro and Small Enterprises.</p>
18.	<p>MSMEs are severely affected by fluctuating rate of interest. Government of India should extend interest subsidy to MSMEs as given by Government of Tamil Nadu to enterprises which avail of loan from State Financial Corporation. (Para no. 13)</p>	<p>With a view to enhancing transparency in lending rates of banks and enabling better assessment of transmission of monetary policy, all scheduled commercial banks have been advised by Reserve Bank of India (RBI) to introduce the Base Rate system w.e.f. July 1, 2010. Accordingly, the Base Rate System has replaced the Benchmark Prime Lending Rate (BPLR) system with effect from July 1, 2010 which will lead to minimization of the effect of fluctuation of the rates.</p> <p>Government of India extends interest subvention of 2% on rupee export credit for specified sectors including SMEs which is valid till March 31, 2014.</p>
19	<p>Schemes for Naxal affected areas (Para no. 14)</p>	<p>Though at present there are no specific schemes for the Naxal affected areas, the modalities of specific schemes are likely to be thought about in consultation with other agencies.</p>

20	<p>Cloud computing is a good initiative. However, the requirement of manpower and skill to adopt this scheme on a large scale needs to be kept in mind.</p> <p>(Para no. 17)</p>	<p>This aspect has been taken care of in the SFC Note for ICT scheme, which is under approval.</p>
21	<p>There should be plant level advisory committee meetings on a quarterly basis since MSME Sector is not getting enough support from large industries.</p> <p>(Para no. 18)</p>	<p>Plant level advisory committees were there under the Ancillary Scheme but that scheme is no longer exists. Vendor Development Programme which has substituted the Ancillarisation Scheme has buyer seller meet organized throughout the country . 54 National Level Vender Development Programmes and 350 State Level Vender Development Programmes are planned to be organized through MSME-DIs.</p>
22	<p>Publicizing of all schemes</p> <p>(Para no.18)</p>	<p>The Book titled Skilling through Self Employment-S Programmes has been published.</p>
23	<p>Wide publicity for components of NMCP and need for involvement of national level MSME association in conducting awareness programmes.</p> <p>(Para no.19)</p>	<p>NMCP Division is taking various initiatives to enhance publicity of NMCP Schemes. In this regard awareness/workshop/seminars are conducted in association with local industry associations for wider dissemination of the NMCP schemes.</p>
24	<p>Need for Rupees thousand crore corpus for reviving the sick units.</p> <p>(Para no. 19)</p>	<p>A meeting was held on 29.8.11 on “Rehabilitation of sick Micro, Small and Medium Enterprises (MSMEs)” which was chaired by the Member Secretary, Planning Commission. The Planning Commission did not agree to the proposal for creation of separate fund to support rehabilitation and stressed that the rehabilitation package for MSMEs has to be within the existing mechanism.</p>
25	<p>Need for involvement of State and District level agencies for better implementation of NMCP to get maximum result.</p> <p>(Para no.20)</p>	<p>The NMCP schemes are mostly conducted in the clusters spread across the country. At local level the service of various state agencies such as DICs, Directorate of Industries besides local industries associations etc. are roped in. Furthermore, teacher’s training for State Government’s ITIs and Polytechnics are conducted under QMS/QTT schemes. Similarly, IPFC Centres under IPR schemes are established in collaboration with state government agencies.</p>

<p>26.</p>	<p>State of Tripura needs more attention and support from financial institutions.</p> <p>(Para no. 20)</p>	<p>To facilitate banking facilities to reach the unbanked centres in the North Eastern Region a special dispensation has been provided by RBI to banks by providing subvention of one time capital cost and recurring costs for a limited period of 5 years in respect of all blocks/centre identified by a joint team of Government officials and banks constituted under the aegis of SLBC in North Eastern States. The State Governments are required to provide necessary premises, security for the bank branches and make necessary arrangements for residential accommodation for bank staff. Five centres were identified in Tripura and the same have been allotted to Tripura Gramin Bank in the month of December 2010 to open branches.</p> <p>SIDBI as the apex financial institution for the MSME sector accords special focus on MSME sector across the country including Tripura. Cumulatively, as on June 30, 2013, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has extended credit guarantee approvals to 6,004 proposals for loans aggregating Rs. 208 crore in the state of Tripura. Further, SIDBI has undertaken various promotional and developmental activities for the overall development of MSME sector in the state of Tripura. Brief details of the same are as follows :</p> <ul style="list-style-type: none"> ○ Rural Industrialisation Programme (RIP) which aims at setting up of rural units and creation of rural employment has been implemented. ○ SIDBI has also conducted Entrepreneurship Development Programmes (EDPs) and skill development training programmes in Tripura. ○ Under its Cluster Development Programmes (CDP), the bank supported the development of clusters. ○ Assistance to various institutions/organisations of repute in Tripura was provided for conduct of seminars/workshops and support for marketing, quality upgradation, etc. at different locations. ○ Capacity building grant have been extended to MFIs/NGO under SIDBI's micro credit scheme.
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<p>27.</p>	<p>State of Tripura needs more attention and support from KVIC, Coir Board and NSIC.</p> <p>(Para no. 20)</p>	<p>KVIC has been implementing various activities for the development of Khadi and Village Industries in the NE Region including Tripura. The Commission is undertaking development of Clusters in Tripura by implementing the scheme "Scheme of Fund Regeneration of Traditional Industries" (SFURTI). The Commission has already sanctioned on SFURTI Clusters under beekeeping. Two clusters including Gandhigram crafts processing cluster were implemented in Tripura during XI Five Year Plan. During the current Plan period, it is to state that, so far no proposal is received from Tripura State under this Scheme. KVIC will extend necessary help for the same as and when proposal is received and found fit as per the demand of respective programme.</p> <p>The Commission is also undertaking the developmental activities in the State of Tripura by implementing the scheme of PMEGP. During the year 2012-13, Rs. 2933.04 lakh (including backward forward linkages) has been released to Tripura for more attention and support from KVIC under PMEGP Scheme.</p> <p>Coir Board has been implementing various activities for the development of coir industry in the N E Region including Tripura. The Board is undertaking development of coir clusters in Tripura by implementing the scheme "Scheme of Fund for Regeneration of Traditional Industries" (SFURTI). The Board has already sanctioned on SFURTI Cluster at Indira Nagar in Tripura at a total grant of Rs. 76.92 lakhs. The cluster has commenced operation during the month of June, 2011. During the XIIth Plan period, the Board proposes to develop two more coir clusters in Tripura under SFURTI scheme. The Board is also undertaking developmental activities in the state of Tripura by implementing the scheme of Rejuvenation, Modernization and Technology Upgradation of Coir Industry (REMOT). As per the scheme, the Board is giving subsidy for setting up of coir units.</p>
<p>28</p>	<p>Proposal for Cluster Development Programme under PPP mode through creation of SPVs requires more discussion among Stakeholders.</p> <p>(Para no. 21)</p>	<p>MSME-DIs/ State Government regularly interact with industry associations about cluster development programme. Awareness Programmes are also organized during Soft Interventions.</p>

29	<p>Importance of energy efficiency & energy audit and need for a dedicated agency in every State for this purpose. (Para no. 22)</p>	<p>Recognizing energy efficiency is one of the critical component in enhancing the competitiveness of MSME sector, the Government of India is providing financial support to the extent of 25% of the project cost for implementation of energy efficient technologies (energy saving minimum 15%) as per approved DPR subject to maximum of Rs. 10 lakh per project besides provisioning for awareness programme and capacity building for energy efficient technology adoption. The Bureau of Energy Efficiency is the nodal agency under government providing dedicated services for energy efficiency and audit.</p>
30	<p>MSME Association to be considered as SPVs for the implementation of Cluster Development Programmes. (Para no. 23)</p>	<p>Special Purpose Vehicles (SPVs) for implementation of Cluster Development Programme may be formed by MSME Association.</p>
31.	<p>Government should infuse funds into SIDBI to make financing by SIDBI cheaper than commercial banks. (Para no.23)</p>	<ul style="list-style-type: none"> ▪ SIDBI has been raising resources, both from domestic and international market, to fulfil its mandated objectives of financing, promotion and development of Micro, Small and Medium Enterprises [MSMEs]. <i>The Government has been facilitating SIDBI to access cheaper resources from domestic as well as international market.</i> ▪ SIDBI's channelisation of refinance provided much needed liquidity support to banks during the period of recent global financial crisis when liquidity had dried up in the system. With a view to enhancing refinance capability of SIDBI, the Government of India, through Budgetary announcements, has been providing regular fund support under RIDF. Under the MSE (Refinance) Fund, SIDBI has disbursed Rs. 21,375.54 crore to banks / financial institutions during the FY 2009 to FY 2013. ▪ A few of the lines of credit contracted by SIDBI are meant for specific purposes viz. promotion of energy saving and cleaner production investments. Such foreign currency loans contracted by SIDBI are backed by Government of India guarantee except the loan from AfD. ▪ Government of India extends interest subvention of 2% on rupee export credit for specified sectors including SMEs which is valid till March 31, 2014.

32	<p>Demand for setting up a permanent Exhibition Centre in MSME-DI, Mumbai.</p> <p>(Para no. 25)</p>	<p>The Working Group on MSME Growth for the 12th Five Year Plan set by Planning Commission has recommended for setting up of Exhibition Cum Display Centre in the MSME compound to make effective use of land available with MSME-DI for the benefit of MSME sector.</p> <p>The adoption of the recommendations of Working Group by the Planning Commission is being awaited before taking any view on the request of outside agencies for utilization of land in MSME-DIs.</p>
33.	<p>SME Exchange should be restricted to SMEs alone.</p> <p>(Para no.26)</p>	<p>Securities and Exchange Board of India (SEBI) has permitted setting up of a Stock Exchange / a trading platform for SMEs by a recognised stock exchange having nationwide trading terminals and also issued Guidelines and necessary amendments to the SEBI Regulations. NSE and BSE have been given final approval for launching SME platforms. The Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) separately launched SME platforms in March, 2012.</p> <p>The SME exchanges, a platform generally expected to target MSMEs, which want to raise capital from stock market are specially designed keeping in mind experience of similar exchanges the world over. However, as per SEBI guidelines the eligibility criteria for companies that can be listed are based on their capital base and not investment in Plant & Machinery.</p>
34	<p>Whenever there is large Government Procurement in sectors like Health, Homeland Security etc., orders should flow to MSEs.</p> <p>(Para no.26)</p>	<p>Government of India has notified Public Procurement Policy for MSEs which have become effective from 1st April 2012. Under the policy 20% of the total procurement of any Government Ministry/Department/Public Sector Enterprises is to be procured from the Micro and Small Enterprises</p>

35.	There should be a mechanism for revival of potentially viable sick enterprises (Para no. 27)	<p>Rehabilitation package for the revival of viable sick MSEs is provided by primary lending institutions (PLIs), including commercial banks, which provide credit to the MSEs. The rehabilitation package is determined as per the guidelines issued by RBI from time to time. The latest guidelines were issued by RBI in November, 2012, based on the recommendations of the Committee set up by Ministry of MSME to examine the definition of sickness and the procedure for assessing the viability of sick MSEs. The guidelines, inter alia, provide for:</p> <ul style="list-style-type: none"> • Early detection of sickness; • A viability study to form the basis of rehabilitation package to potentially viable sick MSEs; and • A non-discretionary one time settlement scheme for the MSE sector.
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Public Procurement Policy for Micro and Small Enterprises

A Note on the Public Procurement Policy for Micro and Small Enterprises is placed at **ANNEXURE-III** for discussion in the 10th Meeting of National Board for Micro, Small and Medium Enterprises (NBMSME).

Public Procurement Policy for Micro and Small Enterprises

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

Whereas Public Procurement Policy has promoted marketing and sales of Local industry, alongwith attendant benefits of (sometimes) investment in design, technology & packaging, 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.

In India, the Public Procurement had followed the pattern of (a) Preferential Price Procurement (giving a leeway of between 10 – 15% price discounts to MSEs) (b) Reservation of items: (reserving items of Governmental purchase, only from registered SSI Units).

Government of India has notified Public Procurement Policy for MSEs which has become effective from 1st April 2012. The new policy did away with the above-mentioned practices and has directed that 20% procurement of the PSUs and Government departments be from MSEs. This procurement includes the “procurement of goods and services, produced and provided by micro and small enterprises, by Ministries or Departments, as the case may be, or its aided institutions and public sector enterprises”. The Policy is being implemented by O/o Development Commissioner, Ministry of Micro, Small and Medium Enterprises and monitored, apart from this Ministry, at various levels.

The Public Procurement Policy applies to MSEs registered with District Industries Centers (DICs) / Khadi & Village Industries Commission (KVIC) / Khadi & Village Industries Board (KVIB) / Coir Board / NSIC / Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME.

The Salient features of the Public Procurement Policy are as given below:

- Every Central Ministry/Department/PSU shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases of the products or services produced or rendered by MSEs from the latter in a period of three years.
- Out of 20% target of annual procurement from MSEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSEs to participate in the tender process or meet the

tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs will be met from other MSEs.

- At the end of 3 years, the overall procurement goal of minimum 20% will be made mandatory. Review committee headed by Non-conforming Departments will be required to provide reasons for the same to the Review Committee under the Chairmanship of Secretary, MSME set up under the Policy.
- The participating MSEs in a tender quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such MSE, the supply will be shared equally.
- Every Central Government Ministry/Department/PSU will report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports.
- The Central Ministry/Department/Public Sector Undertaking will continue to procure 358 items from MSEs, which have been reserved for exclusive purchase from them.
- For enhancing the participation of SCs/STs in the Government procurement, the Central Government Ministry/Department/PSUs will take necessary steps including organizing special Vendor Development Programmes, Buyer-Seller Meets etc.
- Given their unique nature, Defence armament imports will not be included in computing the 20% goal for M/o Defence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation.
- A Committee has been constituted under the chairmanship of Secretary (MSME), inter alia, to review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis and for monitoring and review of the Public Procurement Policy for MSEs. In addition, a 'Grievance Cell' would be set up in the Ministry of MSME for redressing the grievances of MSEs in Government procurement.

The eco system formalized by this Policy has a win-win for all. The PSUs/ Government departments have a JIT (Just in time) and competitive system of purchase; the smaller players can still compete, without technical specifications being compromised. They can match L-1 and still supply.

The challenges are:

- (a) transfer of technology to MSEs,
- (b) raising the skill levels of the client suppliers.
- (c) sourcing out/promoting more vendors/ new entrepreneurs/ developing entrepreneurs
- (d) creating an ecosystem of JIT suppliers and finally,
- (e) management of this eco-system to ensure that end results are achieved.

There is no institutionalized system for attainment of (a) to (e) in any PSU.

Before notification of Public Procurement Policy for Micro and Small Enterprises, Order 2012, Government of India was extending marketing support to MSEs through executive instructions lastly issued in July 2003 under which the following benefits/facilities were extended by State and Central Ministries/Departments/PSUs to manufacturing MSEs registered with National Small Industries Corporation (NSIC) under Single Point Registration Scheme:

- (i) Issue of Tender sets free of cost,
- (ii) Exemption from payment of Earnest Money,
- (iii) Waiver of security deposit up to monetary limit for which concerned unit is registered, and
- (iv) Offer price preference up to 15 % to MSEs over quotation of large-scale units.
- (v) Reservation of 358 items for exclusive purchase from manufacturing MSEs in procurement.

• **Justification for New Public Procurement Policy for Micro and Small Enterprises**

During several reviews and deliberations by Department-related Parliamentary Standing Committee on Industry, Consultative Committee of Ministry of MSME (M/oMSME), National Board of MSME and other forum; several shortcomings have been articulated both substantive and implementation aspects. These are as under:

- (a) Executive circular / policy was not statutory. This questions its enforceability. As a result, there are several complaints about half-hearted compliance by many Central Ministries / Departments / PSUs.
- (b) Policy provides for preference only for goods manufactured by MSEs and does not include services rendered by them.

- (c) Price preference (that policy offers) is not often made available to MSEs.
- (d) Directorate General Supplies and Disposal (DGS&D) (which effects procurement for most of Ministries / Departments of Government of India) has been lately insisting on separate verification for quality and capacity assessment by its own agencies in addition to registration by NSIC. This delays whole process of ensuring benefits and also negates very principle of Single Point Registration Scheme (SPRS).
- (e) Most Ministries / Departments / PSUs do not report data relating to annual purchases made by them from MSEs, making it very difficult to analyse and review policy implementation status.

Objective of the policy

Micro, Small and Medium Enterprises (MSMEs) constitute one of the most employment-intensive segments of Indian economy. As per quick estimates of 4th All-India Census of MSMEs for 2006-07 (reference year), number of MSMEs in India is estimated at 2.6 crore, providing employment to about 6 crore persons. MSEs, including khadi village and coir industries, constitute majority of this sector, contributing significantly to gross domestic product (GDP), manufacturing output and exports. Even with tough competition from mass produced imports, this sector has consistently registered a higher rate of growth in terms of production and employment generation as compared to other industrial sectors.

Studies indicate that MSEs are at a disadvantage in many ways vis-a-vis medium and large enterprises. Typically, they do not have satisfactory access to timely information and adequate access to credit. They also lack resources for constant innovation / improvement in product designing, packaging and marketing. They are unable to spare sufficient resources for brand creation/development and hence remain relatively unknown. Further, most of MSEs find it difficult to compete in market due to inherent disadvantages such as unfavourable economies of scale, limited resources for technology development, innovation and marketing.

The policy objective is to promote MSEs by improving their marketing access and competitiveness through:

- Increased participation of MSEs in Government purchases;
- Encouraging relationship (including for product development) between MSEs and public sector; and
- Increase share of procurement from MSEs in Govt. Procurement

Action taken by the Office of Development Commissioner, MSME for effective and successful implementation of the Policy.

- The policy has been circulated on 25.4.2012 by Secretary (MSME) to all the Central Ministries / Departments / CPSUs for effective and successful implementation.
- Hon'ble Minister, MSME has also requested Chief Ministers of all the State Governments on 23.5.2012 for formulating similar policy in their State as per provision under section 11 of MSMED, Act 2006.
- Follow up letter issued on 24.5.2012, reminders on 13.6.2012, 18.7.2012, 3.10.2012, 3.1.2013, 17.1.2013, 28.03.2013 and 26.4.2013 to Secretaries of Ministries / Departments and CPSUs.
- Public Procurement Policy for MSEs, Order 2012 has been laid down on the table of Lok Sabha & Rajya Sabha.
- As a part of follow up action on the policy, a Concept Paper on Public Procurement Policy for MSEs has been prepared.
- As and when CPSUs have asked clarifications / doubts /inquiries / interpretation on the provisions of the policy, reply was sent to them in time.
- Meetings with representative of CPSUs on different occasions have been taken place from time to time for clarification on the provision of the Public Procurement Policy for MSEs.
- A Frequently Asked Questions (FAQ) on Public Procurement Policy for MSEs has been prepared and uploaded in official web site of DC-MSME.
- O/o DC (MSME) has participated and delivered talks on promotion of MSE and presentation on Public Procurement Policy for MSEs in Vendor Development Programmes organised by Engineers India Limited New Delhi, CII Gurgaon and others.

- A constant study on Effective Implementation of Public Procurement Policy has been initiated with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and M/s Centennial Development Advisory Services (CDAS) India Ltd has been engaged for evaluating the current procurement details and to study current procurement norms and mechanism with 25 identified CPSUs. CDAS has submitted a report on the assigned task.
- Public Procurement Policy and all related correspondence letter's from Secretary (MSME) to Ministries / Departments / CPSUs, follow up letters and letter from Hon'ble Central Minister to all Chief Ministers for formulating the similar policy in their State, etc. have been up-loaded on the website of this office.
- Definition of MSEs owned by SC / ST has been clarified and published through the PIB press release on 25.6.2013.
- A meeting was held on 11/7/2013 with the nodal officers of 10 identified CPSUs and Head of the Team, Centennial Development Advisory Services (CDAS) India (P) Ltd. to review the progress made by them for implementation of the policy.
- As a part of our regular follow-up, Department of Public Enterprises has also sent the directions to all the administrative ministries for issuing further instructions to all the CPSUs working under their control for effective implementation of the policy and set up an appropriate monitoring mechanism to review its implementation. In pursuance of their instructions, all CPSUs have been requested by this office to confirm the action taken by them in this regard.
- In the year 2012-13, 48 National Vendor Development Programmes (VDP) and 297 State Vendor Development Programmes focusing on implementation of Public Procurement Policy have been conducted by the field offices, MSME-DIs and 7 VDPs for MSEs owned by SC/ST conducted by NSIC and 299 VDP by CPSUs.
- 18 vendor development programmes for the MSEs owned by SC / ST during the year 2013-14 have been planned to be conducted by NSIC at the different allocations throughout the country.

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

Details of procurement from CPSUs as received:

The details of procurement from MSEs reported by 122 CPSUs are increased to 149 CPSUs:

S. No.	Particulars	No. of CPSUs
1.	Total No. of CPSUs	207
2.	Sick/closed CPSUs reported	28
3.	Remaining functional CPSUs	179
4.	Complete procurement data received	101
5.	Nil procurement from MSEs	48
6.	Responded but without data	13
7.	Response awaited	17

Procurement details	2011-12 (In crores)	2012-13 (In crores)
Total Procurement	97748.08	81319.28
Procurement form MSEs	14154.60	12440.76
Procurement form MSEs owned by SC/ST only	399.69	419.37
% age of procurement from MSEs out of total procurement	14.48	15.30
% age of procurement from MSEs owned by SC / ST out of total procurement	0.41	0.51

Way ahead

- (i) Vendor Development Programmes are not being conducted by most of the CPSUs upto desired level to develop MSE Vendors in spite of the request of this office. Now, all the Central Ministries / Departments / CPSUs will strictly be directed to develop MSE Vendors by organising Vendor Development Programmes upto required level so as they may reach to complete their target of 20% procurement from MSE Vendors.
- (ii) Most of the Central Ministries / Departments / CPSUs do not have the separate system for computing procurement from MSE as well as MSEs owned by SC/ST in their offices. They will be directed to develop such mechanism which can provide the procurement data of MSE as and when required.
- (iii) The Office of DC (MSME) conceptualized web based software which takes ITCHS code as its central spine. Thus, a PSU can simply type the name of the product and the supplier data base for that product would be thrown up immediately and the supplier can type the name of the product and the PSUs names purchasing same or similar products can also be known. The software has already been developed. The software is being now populated and would ease the problems to a very large extent.
- (iv) Every Central Government Ministry/Department/CPSU will be strictly instructed to report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports. They will also directed to prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies as per the provision of the policy.
- (v) This office has the intention to review the existing list of 358 items reserved for exclusive purchase from MSEs which is in process.

Intervention solicited from MSME Board

Public Procurement Policy for Micro and Small Enterprises, 2012 has been circulated to all the Ministries/Departments/CPSUs requesting them for taking necessary action for effective implementation of all the provisions prescribed in the Policy and the Ministry of MSME has been closely monitoring with the respective organizations the implementation of the policy. However, interventions of the Board in the following areas would greatly help in effective implementation of the policy to help the MSE sector.

1. Section 5 of the Policy mandates *the data on Government procurements from Micro and Small Enterprises is vital for strengthening the Policy and for this purpose, every Central Ministry, Department and Public Sector Undertaking shall report goals set with respect to procurement to be met from Micro and Small Enterprises and achievement made thereto in their respective Annual Reports. The annual reporting shall facilitate in better understanding of support being provided by different Ministries, Departments and Public Sector Undertakings to Micro and Small Enterprises.*

All the Ministries/Departments have been requested by the Ministry of MSME to make available their Annual Reports indicating page number wherein desired information for annual goals/achievements have been mentioned. The response in this regard is awaited.

It is placed before the National Board to impress upon the Ministries to expedite their response to the request of M/o MSME to indicate the exact details of the annual goals & achievements reflected in their Annual Reports so that the required information can be available in the public domain.

2. Section 7 of the Policy mandates *the Central Ministries, Departments and Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes or Buyer-Seller Meets and entering into Rate Contract with Micro and Small Enterprises for a specified period in respect of periodic requirements.*

All the Ministries/Departments and CPSUs have been requested to organize Vendor Development Programmes (VDP) in order to develop MSE Vendors so as to achieve the target of 20% procurement from MSEs. However there is poor response from CPSUs in this regard.

It is placed before the National Board to take up this matter with the concerned Ministries/Departments for issuing necessary instructions to the public sector enterprises working under their administrative control to organize VDPs & Buyer-seller meets for proper understanding of the procurement requirements of CPSUs & suitable adjustments in the production capabilities of MSEs to facilitate mutually beneficial exchange.

3. Section 8 of the Policy mandates *the Central Ministries, Departments and Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.*

On the request of this Ministry for uploading annual procurement plan for MSEs on their official website, only 28 CPSUs have reported that requisite information is being uploaded on their website.

It is placed before the National Board to impress on the Ministries to pass necessary directions to the CPSUs under their jurisdiction to upload annual procurement plan for MSEs on their respective websites. It may be mentioned here that there are 207 CPSUs out of which 28 CPSUs are sick or closed, meaning there by large number of CPSUs are yet to upload in the web-site their annual plans of procurement from MSEs.

4. Section 9 of the Policy mandates *for enhancing participation of Scheduled Castes or Scheduled Tribes in Government procurement, the Central Government Ministries, Departments and Public Sector Undertakings shall take following steps, namely:-*

- *Special Vendor Development Programmes or Buyer-Seller Meets shall be conducted by Ministries, Departments and Public Sector Undertakings for Scheduled Castes or Scheduled Tribes;*
- *Outreach programmes shall be conducted by National Small Industries Corporation to cover more and more Micro and Small Enterprises from Scheduled Castes or Scheduled Tribes under its schemes of consortia formation; and*
- *National Small Industries Corporation shall open a special window for Scheduled Castes or Scheduled Tribes under its Single Point Registration Scheme (SPRS).*

In order to achieve the target of 4% out of 20% requirement from MSEs owned by SC/ST, all the Ministries/Departments/CPSUs had been requested by this Ministry to organize VDPs particularly for the participation of SC/ST entrepreneurs. No concrete progress has been reported by the CPSUs.

It is placed before the National Board to take up the matter with CPSUs and direct them to develop more and more vendors from MSEs owned by SC/ST so that the special target of procurement of 4% from SC/ST out of 20 procurement from MSEs may be achieved without fail.

5. Government of India has notified the Public Procurement Policy for MSEs exercising the power conferred under the Section 11 of MSMED Act, 2006. Chief Ministers of all States have been requested by the Ministry of MSME on 23rd May, 2012 to formulate similar Public Procurement Policy for MSEs for their respective States as per the provision under Section 11 of the MSMED Act, 2006. Only the Rajasthan State Government has informed that they have incorporated the provision for 4% procurement from MSE owned by SC/ST. The responses from other States are awaited.

It is placed before the National Board to take up the matter with State Governments and advise them to formulate similar Public Procurement Policy for their respective States.

6. It has been brought to the notice of M/o MSME that some CPSUs are imposing unreasonable conditions in the tenders floated by them such as turnover limits of certain magnitude, production by specified machines, supply of products of specified brand etc. which put MSEs at a disadvantage. Although the Policy is silent on this issue, the policy provides for setting up of a Grievances Cell for redressing grievances of MSEs related to Government Procurement including composition of unreasonable conditions by the Government Procurement Agency. A Grievance Cell has already been set up under the supervision of Director (Marketing Assistance), in the office of Development Commissioner (MSME), Ministry of MSME for redressing the grievances of MSEs, etc.

It is placed before the National Board to advise CPSUs, not to impose unreasonable clauses/conditions in the tender documents to obviate the need for approaching the Grievance Cell & consequent delays in the process of transactions between the CPSEs & MSEs.

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ITEM NO.4

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