

**Address of President, Indian Industries Association Mr. Manish Goel
In NBMSME Meeting**

Held on 10th July 2015 at Vigyan Bhawan, New Delhi

Shri Kalraj Mishra, Hon'ble Minister MSME, Govt of India and Chairman National Board of MSME; Minister of State MSME, dignitaries sitting on the dias, Various State and Central Government representatives, fellow industry association representatives and representatives of the media,

At the outset I express my sincere thanks to the Prime Minister Mr. Narendra Modi to give charge of Ministry of MSME to one of the most experienced and dynamic leader Mr. Kalraj Mishra who is assisted by another experienced leader Mr. Giriraj Singh. During the last one year I have witnessed a sea change in the programmes and policies for MSME in the country. Few of the new initiatives are listed in the agenda of today's meeting itself. According to me "अच्छे दिनों की अच्छी शुरुआत सुक्ष्म लघु एवं मध्यम उद्यम मंत्रालय भारत सरकार में हो गई है।

First of all I would react on the agenda of today's meeting and then submit few more proposals for consideration by NBMSME and the Government of India.

1. Make In India

I am not against attracting foreign investors to set up their ventures in India in MSME sector. However this will happen only when domestic MSME's are able to perform well and are provided conducive environment. The root problems of MSME's in India are still not solved inspite of several schemes launched by Ministry of MSME. The problems related to Finance, infrastructure, marketing, technology, skilled Manpower and Inspector Raj are still being faced by the MSME entrepreneurs. The process of "Ease of doing business" is however a good initiative to ease out the operational problems to some extent.

Though the schemes initiated by Ministry of MSME are good on paper yet its implementation on the ground is required to be ensured. This will be possible only through capacity building of MSME Associations and involving them in the implementation process as well as for ground level feedback to improve and modify the schemes.

2. Revision of definition of MSME's

I don't think revision of the definition of MSME's is going to make any dent on the performance of MSME's. By increasing the investment limit, we are adding more units from higher segments to the lower segment for obtaining whatever little benefits the lower segment has. In fact the problems of MSME'S are more as we go down the investment levels. In my opinion the segmentation of Micro and Small enterprises up to the investment level of Rs. 5 crores itself is too wide. Even if we look at the data, more than 95% of the total MSME's in India are in Micro

segment having investment levels of Rs. 25 Lakhs as on date. How these 95% Micro Units are going to benefit by increasing the investment limit to Rs. 50 Lakhs?

I therefore suggest that instead of increasing the investment limits NBMSME may consider increasing the number of categories within MSME segmentation so that the interests of the smallest of the small enterprise are taken care of well.

3. Framework for Revival and Rehabilitation of MSME's

We have gone through the Gazette Notification on framework for Revival and Rehabilitation of MSME's. IIA's observation is that the framework lacks practical approach to the problem. We are preparing our suggestions on this for submitting separately to the Ministry of MSME.

However apart from the revival and rehabilitation of MSME, there is a need for pragmatic Exit Policy also which is being talked about for decades now. IIA have submitted a proposal to Ministry of MSME in this regard in the past.

I would recommend that shortcomings in the Revival & Rehabilitation Framework should be addressed in due course of time and Exit Policy should also be worked out for MSME's such that after the Exit, an Entrepreneur is able to restart his new venture with dignity and without any hurdle.

4. Online Portal for EM Filing

I welcome the initiative. In Uttar Pradesh this online facility is operational and the entrepreneurs are not required to visit DICs and are able to get EM I & EM II in their premises itself. This has eased out filing and obtaining of EM1 and EM2 to a great extent. Indian Industries Association (IIA) through its various chapters is helping MSME's to make use of this facility.

5. Udyog Aadhar Registration

I welcome the initiative and suggest that all registrations with various organization should be simplified in a similar way and duplication of furnishing the information and data for various registrations and approvals should be avoided.

6. Prime Minister Employment Generation Programme (PMEGP)

The Process of selection of the beneficiaries in the programme is required to be made transparent and criteria for selection of the project are required to be defined clearly so that beneficiary is selected on the basis of overall score obtained in these criteria's. Top Priority should be given for Manufacturing projects. MSME Associations should be involved in selection of the beneficiaries, EDP Training and providing hand holding services to the beneficiaries.

7. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

I welcome the initiative and IIA will support as well as participate in the programme.

8. A scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)

IIA have a chapter at Deoria, Uttar Pradesh where 1st Livelihood Business Incubator has been set up under this scheme. We have visited the center and found that the scheme is implemented well and is serving the objectives. Such incubation facilities are required to be set up in large numbers and MSME Associations may also be encouraged to operate such facilities.

9. MUDRA Bank

After a very long time the financing needs of smallest of the Small enterprises is being taken care off. However, proper implementation of this initiative is required to be ensured.

Now I am going to share few other important policy issues related to development of MSME's as under:-

(a) Public Procurement Policy

The Public Procurement Policy (PPP) was implemented on voluntarily basis in April 2012 by the Ministry of MSME for Central Govt. PSU's and departments to purchase 20% of their requirements from Micro & Small Enterprises for initial 3 years. The policy was to be implemented compulsorily w.e.f 1st April 2015. State Governments were also advised to implement similar policy in respective states for State PSU's & departments.

The situation as on date is as under:-

- Three years experimental period is over now. The policy was to be implemented making it compulsory w.e.f 1st April 2015. This has not been done as yet.
- On the advise of the Govt. of India, few state Governments e.g. Uttar Pradesh have announced the PPP for state PSU's and departments. However the implementation have not been started as yet.

My humble request to NBMSME and Govt. of India is that implementation of this policy should be ensured without any further delays. By not doing so, the faith of Indian MSME's on Government Policies announcements will be eroded further.

(b) MSME Data in the Country

Sometimes I am confused by the data published by various ministries / departments / organizations related to MSME's, because different figures are projected by different organizations. Take for example the number of MSME's in India. 4th census held in 2006-07 says that there are 2.6 crore MSME's in India. One of the report of Ministry of MSME itself

says that there are 4.4 crore MSME's in India. According to NSSO survey reported in agenda point 9 of this meeting the number of Micro and Small Units in the country are 5.77 crores.

This Example is enough to suggest that we in India lack authentic and reliable data on MSME's. In such situations how we can make effective policies for this vital sector of Indian economy?

To the best of my knowledge there is no consistent and foolproof method or procedure to collect this data and update it from time to time. The question is who will do this and how? Will it be done by DIC's ? My answer is "NO" keeping in view the present structure and functioning of DIC's.

The task can be done by accredited MSME Associations who are having Gold or Diamond grades in the geographical areas where these associations are operating provided these associations are supported by the Ministry of MSME for meeting the operational costs. For un-represented areas the MSME Development Institutions operating under the administrative control of Ministry of MSME can be given this task.

Another solution could be to make it compulsory for all MSME's to become member of Accredited MSME Associations as is the case in Germany where Accredited MSME associations are playing a vital role in policy making in Government. The MSME Associations will then be able to update the data easily and periodically.

(C) MSME Association Accreditation

NABET, Quality Council of India (QCI) with support from the MSME umbrella programme has launched the scheme of Voluntary Accreditation of BMO's in India. I welcome this initiative. However the application, assessment and renewal fees applicable is too high and is beyond the affordable limits of MSME Associations.

I would therefore recommend that this fees should be subsidized to the extent of minimum 75% as in the case of ISO Certification etc.

(d) National MSME Policy

In the beginning of this year Ministry of MSME released a draft consultation paper on "National MSME Policy". This again is a welcome step. IIA have submitted its suggestions vide our letter enclosed at Annexure-I for ready reference.

I would recommend that this policy should also be finalized urgently in consultation with all the stakeholders and respondents.

(e) Business Accelerator and Start up Programme (BASP)

This programme was drafted to replace the existing Rajiv Gandhi Udyami Mitra Yojana (RGUMY) in December 2014 by Ministry of MSME and suggestions were invited from industry associations. IIA have submitted the suggestions in Feb 2015 as enclosed at Annexure-II.

It is recommended that the BASP should be finalized urgently incorporating IIA's suggestions.

(f) Role of SIDBI

I would strongly recommend that the SIDBI should come out with tailor made products suited to the needs of MSME's and finance MSME's directly instead of indirect financing through other financial institutions whose main role is not to promote MSME's

In the end I would like to thank the Chairman NBMSME for providing me an opportunity to express my views in front of this august here.

Thank you.