

Minutes of Meeting of Working Group on “Micro, Small & Medium Enterprises (MSMEs) Growth” for 12th 5-Year Plan (2012-17) held at 3.30 pm on 25.5.11

First meeting of Working Group (WG) on MSMEs Growth for 12th 5-Year Plan (2012-17) was held at 3.30 PM on 25.5.11 in Committee Room No.47, Udyog Bhavan, New Delhi. Shri Uday Kumar Varma, Secretary, MSME chaired. List of participants is given at Annexure II.

2. Secretary, MSME in his opening remarks mentioned of significant contribution of MSMEs in overall growth of Indian economy. He also mentioned that cost of employment in MSMEs is 1/5th of the same in large sector. He was of the view that this decade would legitimately belong to MSMEs. MSMEs would not only dominate manufacturing sector but they would also play a leading role in emerging areas of biotechnology, nano-technology and so on. He emphasized that recommendations of WG will be crucial to enable MSME Sector to gear it up to face challenges ahead of it. There should be changes in existing schemes and introduction of new schemes in 12th 5-Year Plan in light of experience of implementation of schemes during 11th 5-Year Plan. He mentioned about various recommendations of PM’s Task Force and suggested that these recommendations should form starting point for discussions in WG and for constitution of different Sub-Groups (SGs).

3. Additional Development Commissioner and Economic Adviser, MSME made a presentation on recommendations of PM’s Task Force. This was followed by a presentation by Additional Development Commissioner, MSME on proposed composition and Terms of Reference (ToR) of various SGs.

4. Thereafter, members of WG presented their views on approach to 12th 5-Year Plan and on constitution of proposed SGs. Summary of views and suggestions of members of WG is given below:

Member	Observations	Suggestions for inclusion in Sub-Groups
Dept. of Financial Services (5)*	<ul style="list-style-type: none"> • Need to look at adequacy of institutional credit 	
Dept. of Pharmaceuticals (11)	<ul style="list-style-type: none"> • Regulatory, legal & environmental issues of pharma sector 	<ul style="list-style-type: none"> -Technology & Innovation -Marketing & Procurement (incl. Foreign Trade) -Infrastructure
CSIR (13)	<ul style="list-style-type: none"> • CSIR can address problems (through CSIR 800 Technology Bank and Incubator Scheme) relating to technology in MSME clusters. They may be provided with necessary data base relating to 131 MSME clusters, they are presently dealing with. • CSIR has developed a technology for bio-processing of leather. Challenge is to implement it across the country. CSIR and CLE can jointly work on this. 	
Planning Commission(14)	<ul style="list-style-type: none"> • Focus on informal sector • Need for moving away from large number of small schemes to a few big schemes with visible impact • Need for a Sub-Group for environmental sustainability 	
SIDBI (18)	<ul style="list-style-type: none"> • IBA should be part of Credit & Institutional Finance SG • Suggestions by all WG Members for Credit related issues should be put on Website 	
Govt. of Gujarat (19)	<ul style="list-style-type: none"> • Viable project proposals should be prepared with help of MSME DIs and DICs so that credit would be easily accessible. 	

	<ul style="list-style-type: none"> • Credit Guarantee Scheme should be strengthened 	
Govt. of Odisha (22)	<ul style="list-style-type: none"> • CSIR Institutions should be linked for technology upgradation • Representation of States & Small Industry Association in the Credit & Institutional Finance SG • Procurement from MSMEs in Govt. Institutions should be strengthened • Special package for Eastern regions of the country 	Credit & Institutional Finance
Govt. of Himachal Pradesh (23)	<ul style="list-style-type: none"> • Withdrawal of certain incentives cause problem to States • In centrally sponsored schemes, States should be given more freedom in devising guidelines • DICs should be strengthened 	
FICCI, New Delhi (24)	<ul style="list-style-type: none"> • Facilitation Centres to increase preparedness for compliance of environment related regulations 	Credit & Institutional Finance
CII, New Delhi (25)	<ul style="list-style-type: none"> • Timely payment by large industries to MSMEs should be ensured. • CII will associate with IP Facilitation Centres for better results. 	<ul style="list-style-type: none"> -Skill Development & Training. -Infrastructure -Technology & Innovation -Emerging Technologies
ASSOCHAM New Delhi (26)	<ul style="list-style-type: none"> • SME Exchange must be streamlined. • Exit Policy should be made. • MSME definition should be on employment criteria. 	
FISME, New Delhi (27)	<ul style="list-style-type: none"> • Increase in resource allocation to MSME Sector 	<ul style="list-style-type: none"> -Technology & Innovation -Credit & Institutional Finance -Marketing & Procurement

TANSTIA, Chennai (28)	<ul style="list-style-type: none"> • Small Industry Association should be included in the Credit & Institutional Finance SGs. • Setting up of more ESI Hospitals. • WG / SG ToR and composition to be put on Website. 	-Credit & Institutional Finance -Infrastructure
FINER, Guwahati (30)	<ul style="list-style-type: none"> • North East Equity Fund. • MSMEs offices need to be activated in NER. • Interest Subsidy to NER. 	-Credit & Institutional Finance -Infrastructure
CLE, Chennai (31)	<ul style="list-style-type: none"> • CFTIs & Design Institutes in all Clusters. • Awareness Seminars on GST. • DICs should be IT enabled. • Incentives for clean technology use. 	All SGs
EEPC, Kolkata (32)	<ul style="list-style-type: none"> • Thrust on technology promotion and skill development. 	-Skill Dev. & Trg. -Technology & Innovation
IIA, Lucknow (33)	<ul style="list-style-type: none"> • SG dealing with Labour issues. • Information flow on action taken in respect of PM's Task Force. • Dissemination of information would help confidence building among MSMEs & Stakeholders. 	
FOSMI, Kolkata (34)	<ul style="list-style-type: none"> • If profitable MSMEs are given subsidy, problem of credit can be mitigated to a great extent. 	Technology & Innovation
ASMKI, New Delhi (35)	<ul style="list-style-type: none"> • Lack of adequate fiscal policies to support MSME growth should be deliberated by SG on Credit & Institutional Finance. • Mo L&E having a major role in Skill Development, should be in SG. 	Marketing & Procurement
ISA, Bangalore (37)	<ul style="list-style-type: none"> • Problems of access to capital and design - development • Need to have more linkage with Angel funds and Risk capital 	

ACMA, New Delhi (39)	<ul style="list-style-type: none"> • Money is proving to be major hurdle for growth of MSME 	Credit & Institutional Finance
SEWA, Ahmedabad (40)	<ul style="list-style-type: none"> • Separate sub-group for informal sector • Willing to share their experience on cross cutting issues of credit, skill development etc. 	
NEXGEN, New Delhi (41)	<ul style="list-style-type: none"> • Resource mobilization is biggest constraint • No existence of Angel, Risk and Venture Capital in India • Need of Clear road map for infrastructure • SEWA and NSIC may be included in Credit & Institutional Finance SG. 	Infrastructure
Sa-Dhan, New Delhi (42)	<ul style="list-style-type: none"> • Public investments must increase. • Whether Industry can be converted into equity?, may be examined. • DICs should be revived. Data base available with DICs would help Banks for quick disbursement of credit. • Commissioning of a study on legal and environmental issues. 	
Instt. of Development Studies, Jaipur (44)	<ul style="list-style-type: none"> • Regional aspects need to be focused. • Importance of infrastructure (especially land) and R&D for MSMEs. • Export interface must be addressed. 	
CEO, KVIC	<ul style="list-style-type: none"> • Guidelines for targets and budget implications for areas under each SGs. 	-Credit & Institutional Finance -Infrastructure

*Numbers in the bracket indicate serial number of composition of WG on MSMEs Growth.

5. On the basis of the discussions during the meeting, it was decided to form 11 Sub-Groups as given below:

- Credit and Institutional Finance (Sub-Group I)
- Skill Development & Training (Sub-Group II)
- Technology & Innovation (Sub-Group III)
- Marketing & Procurement (incl. IC) (Sub-Group IV)
- Infrastructure (Sub-Group V)
- Khadi & Village Industries Sector (Sub-Group VI)
- Coir Sector (Sub-Group VII)
- Programmes for Special Areas & Groups (Sub-Group VIII)
- Emerging Technologies (Sub-Group IX)
- Institutional Structure (Sub-Group X)
- Unorganized Sector (Sub-Group XI)

Details of the terms of reference (ToR) and composition of the Sub-Groups is given at Annexure I.

6. In his concluding remarks, Secretary, MSME mentioned that ToR of Sub-Groups are only indicative and respective Sub Groups would be at liberty to expand and modify their ToRs and composition. Ministry of MSME is currently having a large number of schemes and programmes each with relatively small allocation and hence low visibility. Sub Groups should deliberate on this issue in detail and come up with a limited number of schemes and programmes with substantial budgetary allocations to make their impact more visible. He suggested that attempts should be made to formulate these schemes and programmes under six distinct heads i.e. Credit, Infrastructure, Technology, Marketing, Skill Development and Innovation.

7. Working Group has a deadline of submitting report to Steering Committee by 30.8.11. Chairpersons should take specific care to prepare reports of respective Sub Groups by 15.7.11.

Secretary, MSME thanked the members for their active participation and meaningful suggestions.

Meeting ended with a Vote of thanks to the Chair.