

AGENDA ITEM NO. 1 : Familiarisation with the provisions of the MSMED Act 2006

Salient features of Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

1. Classification of Enterprises

The earlier concept of 'Industries' has been changed to 'Enterprises'. Enterprises have been classified broadly into:

- (i) Enterprises engaged in the manufacture / production of goods pertaining to any industry; &
 - (ii) Enterprises engaged in providing / rendering of services.
- ✓ Manufacturing enterprises have been defined in terms of investment in plant and machinery (excluding land & buildings) and further classified into :
 - Micro Enterprises - investment up to Rs.25 lakh.
 - Small Enterprises - investment above Rs.25 lakh & up to Rs. 5 crore
 - Medium Enterprises - investment above Rs. 5 crore & up to Rs.10 crore.
 - ✓ Service enterprises have been defined in terms of their investment in equipment (excluding land & buildings) and further classified into:
 - Micro Enterprises – investment up to Rs.10 lakh.
 - Small Enterprises – investment above Rs.10 lakh & up to Rs.2 crore.
 - Medium Enterprises – investment above Rs. 2 crore & up to Rs. 5 crore
 - **Action by Central Government:** Notification no. S.O. 1642(E) dated 29 September 2006 for classification of enterprises and Notification no. S.O. 1722(E) dated 5 October 2006 for exclusion of certain items of Plant and Machinery from calculation of investment already issued.

2. Filing of Memoranda by MSMEs

- Process of two - stage registration of Micro & Small Enterprises dispensed with & replaced by filing of memoranda.
- Filing of memorandum optional for all Micro & Small Enterprises.
- Filing of memorandum optional for service sector Medium Enterprises.
- Filing of memorandum mandatory for manufacturing sector Medium Enterprises.
- **Action by Central Government :** Notification no. S.O. 1643(E) dated 29 September 2006 for the format of EM and Notification no. S.O. 1636 (E) dated 29 September 2006 authorizing GM DICs for receiving the EM for Medium Enterprises already issued.
- **Action by State Government :** Notifications authorizing GM DICs for receiving the EM for Micro and Small Enterprises have been issued by 28 states.

3. Apex Consultative Body with Wide Representation of Stakeholders

Constitution of Board

National Board for Micro, Small and Medium Enterprises (NBMSME) to be headed by the Central Minister i/c of MSMEs and consists of other 46 members from among

- MPs,
- Representatives of Central Ministries,
- State Governments,
- UT Administration, RBI, SIDBI, NABARD,
- Associations of MSMEs including women,
- Persons of eminence,

- Central Trade Union Organisations,.
- National Board to be now statutory, as against non-statutory SSI Board, and
- Quarterly meetings of National Board made mandatory.

Functions of the National Board

- To examine the factors affecting the promotion and development of MSMEs and review the policies and programmes of the Central Government in that regard.
- To make recommendations on matters referred to as above or any other matter referred to it by the Central Government.
- To advise the Central Government on the use of Fund or Funds constituted under section 12

* **Action by Central Government** : NBMSME Rules, 2006, already notified vide G.S.R. 596(E) dated 26 September, 2006 and Notification no. S.O. 766(E) dated 15 May, 2007 constituting NBMSME already issued.

4. Advisory Committee

Headed by Central Government Secretary I/c of MSMEs & includes:

- Not more than five officers of the Central Government,
- Not more than three representatives of State Governments, &
- One representative each of the Associations of micro, small and medium enterprises.

Functions of the Advisory Committee

- To examine the matters referred to it by the National Board;
- To advise Central Government on matters specified in clauses 7(1), 9, 10,11, 12 or 14;&
- To advise State Governments on matters specified in the rules under clause 32.

* **Action by Central Government**: Notification no. 1622 (E) dated 27 September, 2006, already issued. The Advisory Committee has met twice.

5. Promotional & Enabling Provisions

- Central Government to notify programmes, guidelines or instructions for facilitating the promotion and development and enhancing the competitiveness of MSMEs,
- Central Government to constitute, by notification, one or more Funds,
- Central Government to credit to the Fund or Funds, such sums as the Government may provide after due appropriation made by Parliament by law in this behalf, and
- Central Government to administer the Fund or Funds for purpose mentioned in section 9 & coordinate and ensure timely utilisation and release of sums with such criteria, as may be prescribed

6. Credit

The policies and practices in respect of credit to the MSMEs shall be progressive and such as may be specified in the guidelines or instructions issued by the Reserve Bank of India, with the aims of :

- Ensuring smooth credit flow to the MSMEs,
- Minimising sickness among them and
- Ensuring enhancement of their competitiveness.

* **Action by Central Government** : Reserve bank of India has already been informed to take appropriate action.

7. Procurement Policies

- Central Government or a State Government to notify preference policies in respect of procurement of goods and services, produced and provided by MSEs, by its Ministries, departments or its aided institutions and public sector enterprises (non-statutory till now).
- Valid only for Micro and Small Enterprises and not for Medium Enterprises

- Services also covered.

* **Action by Central Government** : The policy is under formulation.

8. Provisions to Check Delayed Payments

- Provisions related to delayed payments to micro & small enterprises (MSEs) strengthened.
- Period of payment to MSEs by the buyers reduced to forty five days
- Rate of interest on outstanding amount increased to three times the prevailing bank rate of Reserve Bank of India compounded on monthly basis
- Constitution of MSE Facilitation Council(s) mandatory for State Government
- Provision for inclusion of one or more representatives of MSE Associations in the Facilitation Council
- Jurisdiction of the Council in a State to cover wherever the buyer may be located
- MSE Facilitation Council may utilise services of any Institution or Centre for conciliation and alternate dispute resolution services
- Reference made to the Council to be decided within ninety days from the date of reference
- Declaration of payment outstanding to MSE supplier mandatory for buyers in their annual statement of accounts.
- Interest (paid or payable to supplier) disallowed for deduction for income tax purposes
- No appeal against order of Facilitation Council to be entertained by any Court without deposit of 75% of the decreed amount payable by buyer
- Appellate Court may order payment of a part of the deposit to the supplier MSE

* **Action by Central Government** : Model rules for MSEFCs already circulated among states.

* **Action by State Government** : MSEFC rules have already been notified 10 states and MSEFC has been constituted in 9 states.

9. Facilitating Closure of Business

- Central Government may (within one year of the commencement of the Act) notify a scheme for facilitating closure of business by a micro, small or medium enterprise.

* **Action by Central Government**: Action to be taken.

AGENDA ITEM NO. 2: Issues of concern for Micro & Small Enterprises for deliberations by the Board

2 (a) : Availability of timely and adequate credit

The status of credit flow to the micro and small enterprises (MSEs) from the public sector banks (PSBs) since 2003 is as under:

(Rs. crore)

	As at the end of March				
	2003	2004	2005	2006 (P)	2007 (P)*
Net Bank Credit (NBC)	4,85,271	5,60,819	7,17,419	10,17,452	12,01,302
Credit to MSEs	52,646	58,311	67,800	82,492	93,706
<i>of which</i>					
Credit to micro enterprises	26,937	30,826	34,315	37,204	42,862
Credit to SC/ST	1,735	1,692	2,333	2,863	N.A.
Credit to MSEs as % to NBC	10.8	10.4	9.4	8.1	7.8
Micro credit as % of MSE credit	51.2	52.9	50.6	45.1	45.7
SC/ST credit as % of MSE credit	3.3	2.9	3.4	3.5	N.A.

Source: RBI (P) Provisional * At the end of December 2006

Issues of concern

While the quantum of advances from the PSBs to the MSEs has increased, the share of credit to the MSE sector in the NBC has declined from 10.8 per cent as at the end of March 2003 to 7.8 per cent as at the end of December 2006. Similarly, the share of credit to the MSE sector in the NBC has declined from 7.1 per cent as at the end of March 2004 to 3.9 per cent as at the end of September 2006 for the private sector banks. **This declining trend is a cause for concern and needs to be reversed by stipulating a separate sub-target of 10% for the MSE sector under the priority sector lending targets by the domestic banks. The Secretary (MSME) has taken up the matter with Secretary (Banking Division), Department of Economic Affairs. The copy of the letter is at Annex – I.**

The share of credit to the micro enterprises (MEs) as a percentage of MSE advances has also declined from 51.2 per cent as at the end of March 2003 to 45.7 per cent as at the end of December 2006. Of the total MSE credit, 60% is earmarked for micro enterprises. As the micro enterprises constitute about 99% of the MSE sector, all the PSBs should make concerted efforts for achieving the prescribed sub-target for micro enterprises.

The share of credit to the SC/ST as a percentage of MSE advances is only 3.5 per cent as at the end of March 2006. For a more inclusive growth, the banks need to make special efforts to significantly increase the credit flow to the SC/ST entrepreneurs in the MSE sector.

The MSE Associations have been reporting non-adherence of RBI guidelines by the banks, especially insistence on collaterals even for loans up to Rs.5 lakh. The RBI needs to take effective steps for ensuring adherence of its guidelines by the banks.

To provide comfort level to the banks/financial institutions (FIs) in extending loans to MSEs without collateral, the Government is implementing the Credit Guarantee Scheme, wherein 75% of the loan in default is provided guarantee cover by the Credit Guarantee Fund Trust for Small Industries (CGTSI). Upto April 2007, only 71,584 proposals for loan amounting to Rs.1792 crore have been covered by the banks/FIs, leaving an idle capacity of more than Rs.7000 crore with the Trust. The RBI need to exhort banks/FIs to take full advantage of the scheme for extending enhanced quantum of loans to the MSE sector without collateral.

Small Industries Development Bank of India (SIDBI)

SIDBI does not have a full complement of products and services such as, flexibility to offer working capital - fund based and non-fund based, guarantees, value added services, etc.,

to its clients due to which it is not able to capitalise on its competitive advantages in the market. SIDBI needs approval to provide complete range of credit products (including fund based and non-fund based working capital facilities) and have limited banking activities to offer facilities like opening of current account, membership of clearing house and issue of cheque book facility to its own clients. The RBI should, therefore, give its clearance to SIDBI for carrying the banking transactions like opening of current account, membership of clearing house and issue of cheque book facility to customers.

SIDBI has been taking various pro-active measures aimed at bringing about overall improvement including improvement of financial health of the State Financial Corporations (SFCs). However, the SFC portfolio could have adverse impact on the balance sheet of SIDBI, which can lead to possible downgrade of the credit rating of SIDBI. **The RBI should, therefore, allow SIDBI to borrow low cost funds through the external commercial borrowing (ECB) route.**

SME Rating Agency of India Ltd. (SMERA) is the only rating agency with a focus on the SME sector in India. Under Basel II guidelines issued by RBI in April 2007, SMERA has not been recognized as an eligible rating agency, whose ratings could be used by banks for assigning risk weights for credit risk. This significantly limits the role that SMERA could play in the development of SMEs. **The RBI should, therefore, provide recognition to SMERA as an eligible rating agency under its Basel II guidelines.**

In line with the announcements made in the 'Package for Promotion of MSEs', SIDBI need to increase its number of branches to 100 by end of 2007-08 to provide greater thrust to direct lending. **The thrust business areas in manufacturing and service sectors need to be laid down by SIDBI to accord due emphasis on these target segments.**

The Government is committed to enhance the size of 'Portfolio Risk Fund (PRF)' under its scheme of Micro Finance Programme to Rs.150 crore in five years. **SIDBI need to expand its operations under 'SIDBI Foundation for Micro Credit (SFMC)' to widen the coverage and channelise assistance to a larger number of beneficiaries.**

2 (b): Procurement Policy - Preference for procurement of goods produced and services rendered by Micro & Small Enterprises by the Government

Currently the Government of India implements the Policy for Purchase Preference for goods produced by the erstwhile Small Scale Industries (now, Micro and Small Enterprises) in procurement by Government of India's Ministries/Departments/Departments/Public Sector Enterprises. This Policy is non-statutory in nature having been issued by way of executive instructions. Many of the Micro and Small Enterprises and their Associations have complained that the Policy is not effectively implemented because of its non-statutory nature. The broad contents of the policy include:-

- (i) Reservation of 358 products for exclusive purchase from Micro and Small Enterprises;
- (ii) Issue of tender sets free of cost, exemption from payment of earnest money, waiver of security deposit up to the monetary limit for which the unit is registered; and
- (iii) Price preference up to 15% over the bid of large units.

II. Many of the State Governments implement such purchase preference policies for Micro and Small Enterprises as would be beneficial for the growth and development of the latter in their respective jurisdictions. However, similar complaints are voiced in some of the States as well.

III. Section 11 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 enables the Central Government and the State Governments to notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by Micro and Small Enterprises, by its Ministries or Departments as the case may be or its added institutions/public sector enterprises. As such any Procurement Preference Policy made under these provisions would be statutory for all the Ministries/Departments of Government of India, CPSUs and the State Government concerned.

IV. The broad points in the draft policy proposed for consultation by the Ministry of MSME are as under:-

- (i) 20% of the value of total annual purchases of products and services be made from Micro & Small Enterprises by all Central Government Ministries/Departments, its aided Institutions and Public Sector Undertakings.
- (ii) To give support to the entrepreneurs belonging to disadvantaged section of the society, reservation of at least 22.5% of (i) above be made for procurement by Central Government Ministries/Departments, its aided Institutions and Public Sector Undertakings from Micro & Small Enterprises owned/managed by SCs/STs.
- (iii) 10% of (i) above from Micro & Small Enterprises owned/managed by women entrepreneurs.
- (iv) The minimum turnover as one of the eligibility criteria for participation in the tender floated by Government Deptts/PSUs may not be incorporated in the tenders because it restrict MSEs for their participation.
- (v) A proposal to consider conferring some Award to Central Government Ministries/Departments, its aided institutions and PSU etc. to encourage whole hearted implementation of the Procurement Preference Policy.
- (vi) The proposed Procurement Preference Policy will be statutory for the Central Government Ministries/Departments, its aided institutions and Public Sector Undertakings. However, the same could not be imposed on the State Governments and their Deptt./PSUs. To safeguard the interest of MSEs, the State Governments will be advised to adopt the Procurement Preference Policy in the present form or with amendments which they feel necessary.
- (vii) All the Ministries/Departments, its aided institutions and PSUs etc. should mention in their Annual Report about all the details of purchases made by them from SMEs indicating %age share of SMEs purchases out of total purchase.

V. The National Board for MSME may consider the proposed draft policy.

2(c): Reservation of products for exclusive manufacture by Micro & Small Enterprises

The Policy of Reservation of Products for exclusive manufacture in SSI was started in 1967.

(A) Objective of Reservation

Socio-economic development, by way of development and promotion of small units all over the country to meet the challenges of regional industrial imbalances, employment generation through self-employment ventures, increased productivity, etc.

(B) Objective of De-reservation

For providing opportunities for technological upgradation, promotion of exports and economies of scale, in order to encourage modernization and enhance the competitiveness of SSIs in view of the liberalization and globalisation of the economy.

(C) Statutory backing

Items are reserved/de-reserved in accordance with Section 29(B) of the Industries (Development & Regulation) Act, 1951, which, inter alia, provides for the constitution of an Advisory Committee under the chairmanship of the Secretary (SSI), with the Secretary (Department of Industrial Policy and Promotion), the Secretary (Commerce), the Advisor (VSI) of the Planning Commission and the Additional Secretary & Development Commissioner (SSI) as member-secretary.

The decisions are taken by the Government after considering the recommendations of the Advisory Committee, which has so far met 27 times. The Advisory Committee makes its recommendations on the basis of the laid down procedure in the I(D&R) Act, 1951 which relates to the economy of scale, the level of employment, the possibility of encouraging and diffusing entrepreneurship in industry, the prevention of concentration of economic power to the detriment of the common interest and any other issue which the Committee may think fit.

The last meeting of the Advisory Committee was held on **20th February 2007**.

(D) Procedure followed in taking decisions in respect of the Reservation Policy

Holding meetings with trade-specific stakeholders, consisting of the industry associations, individual units, administrative Ministries/Departments, Export Councils, etc.

Placing minutes of the meetings of the Stakeholders before the Advisory Committee, for its recommendation on each item.

(This process has been continued since 2001 onwards, after the receipt of the Dr. S.P. Gupta Committee Report)

(E) Violation of Reservation Policy by non-SSIs

Central Government has initiated thirteen cases against non-SSIs so far, for violation of the policy of reservation by way of production of items reserved exclusively for manufacture by SSI.

(F) Relaxation

A non-SSI (non-micro and non-Small manufacturing enterprises) can undertake the manufacture of items reserved for exclusive manufacture by SSI sector in the following circumstances:

when a non-SSI (non-micro and non-Small manufacturing enterprises) undertaking existed prior to the date of reservation of the item being manufactured by it, after obtaining a Carry-on-Business (COB) licence;

when a small scale industry graduates to a non-SSI (non-micro and non-Small manufacturing enterprises) undertaking, after obtaining a COB licence to continue the production of a reserved item;

where any non-SSI (non-micro and non-Small manufacturing enterprises) undertaking intends to manufacture an item reserved for SSI sector, after obtaining a letter of Intent (LOI)/Industrial licence (IL) with an obligation to export a minimum of 50% of the annual production;

when a non-SSI (non-micro and non-Small manufacturing enterprises) unit is established in the special Economic Zone(SEZ),etc.

(G) Status of Reservation as on date

April 1967	-----	47 (Lowest)
October, 1984	-----	873 (Highest)
No reservation of products from 1989 onwards		
Since then only de-reservation has taken place.		
1997(15 items), 1999(09 items), 2001 (14 item), 2002(51 items) 2003(75 items) 2004(85 items)		
2005(108 items) 2006 (180 items) 2007 (212 items)		
Total Items reserved as on date	-----	114
(List is at Annex – II)		

(H) Evaluation Studies

Dalal Committee Study (2002): Study of impact of de-reservation of 15 items

Study by RGICS (2006) to study Policy of Reservation – Recommended de-reservation in 3 phases (with less production first and the higher and then highest)

2 (d): Simplification and harmonisation of the applicability of the labour laws including maintenance of registers and filing of return by Micro & Small Enterprises and inspections by Government authorities

Background

Application of numerous laws, rules and regulations, filing of several returns and facing of inspections under these rules has always been a cause of concern in development and promotion of the industry in general and for micro, and small enterprises in particular. One of the major bottlenecks in the growth of MSEs, recognized as engine of growth worldwide, has been the implementation of plethora of labour laws, maintenance of several registers, filing of returns and facing inspections under these laws. Compliance is a challenge for small enterprises, majority of which have come up with single hand approach, without any proper handholding, and are self-made ventures. They lack expertise, time and resource to meet the requirement of maintaining registers, submitting returns and facing inspections. A good portion of their time and resources which could have gone for promotion and growth of their venture is diverted to meet the requirements of enforcing these laws, filing of multiple returns and managing the inspectors

Observations of Different Committees/Commission

The stakeholders highlighted the difficulties faced by micro and small enterprises in following the numerous labour laws. High level committees set up from time to time which include A.R. Bhat Committee (1972); L.K. Jha Committee(1985), Abid Hussain Committee (1997), Mahapatra Committee (1992) etc., voiced deep concern about the problems of the micro and small enterprises on this count and recommended for streamlining and simplification of these laws. These Committees recommended a single labour law for small enterprises, with minimum returns and minimization of inspections.

The erstwhile SSI Board had also in its various meetings recommended simplification of the laws. Second National Commission on Labour in 2002, NMCC in its in its "National Strategy for Manufacturing" (NSM) also voiced concern over the problem and suggested simplification. The Hoda Committee set up under Shri Anwarul Hoda, Member (Industry), Planning Commission in December 2004 also suggested measures like third party inspections and self-certification to ease the problem. Stakeholders voiced the problem recently in 41st session of Indian Labour Conference. No fruitful results have so far been achieved.

The implementation of MSMED Act, 2006 has somewhat eased the position as the erstwhile two tier registration policy has been replaced by filing of Entrepreneurship Memorandum and has also done away with the inspection prior to commencement of production. The Act also provides for common platform for consultations and consensus on important issues/interventions in the form of National Board for Micro, Small and Medium Enterprises (NBMSME).

The Ministry of MSME has in May, 2007 proposed to the Ministry of Labour a series of initiatives for the simplification of labour laws and welfare of the employees. The matter is still under the consideration of the Ministry of Labour and Employment.

2 (e): Delayed payments by buyers to Micro & Small Enterprises

Clauses 15 to 24 of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 deal with the issue of delayed payment to the micro and small enterprises by the buyers. Delayed payments to micro and small enterprises supplying goods or providing services to buyers have been a major cause of sickness in the micro and small enterprises sector. The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993 was enacted to tackle this problem. This Act was further amended in 1998 to provide for constitution of Industry Facilitation Councils as a forum for resolution of disputes between the buyers and suppliers covered by the Act. It was felt later that further amendments were necessary to make the Act more effective. Therefore, the provisions of the above-mentioned Act have been modified and incorporated in Chapter V of MSMED Act, 2006. Model rules for 'Micro and Small enterprises Facilitation Councils (MSEFC)' to be set up by the

States/UTs were circulated to all the States/UTs. Nine States/UTs have already set up MSEFCs. Salient features of the provisions related to delayed payments are as follows:

- Provisions related to delayed payments to micro & small enterprises(MSEs) strengthened.
- Period of payment to MSEs by the buyers reduced to forty five days
- Rate of interest on outstanding amount increased to three times the prevailing bank rate of Reserve Bank of India compounded on monthly basis
- Constitution of MSE Facilitation Council(s) mandatory for State Government
- Provision for inclusion of one or more representatives of MSE Associations in the Facilitation Council
- Jurisdiction of the Council in a State to cover wherever the buyer may be located
- MSE Facilitation Council may utilise services of any Institution or Centre for conciliation and alternate dispute resolution services
- Reference made to the Council to be decided within ninety days from the date of reference
- Declaration of payment outstanding to MSE supplier mandatory for buyers in their annual statement of accounts.
- Interest (paid or payable to supplier) disallowed for deduction for income tax purposes
- No appeal against order of Facilitation Council to be entertained by any Court without deposit of 75% of the decreed amount payable by buyer
- Appellate Court may order payment of a part of the deposit to the supplier MSE

Ten States/UTs have already established MSEFCs. However, 25 States/UTs, namely Arunachal Pradesh, Assam, Chandigarh, Delhi, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Lakshwadweep, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Pondicherry, Rajasthan, Sikkim, Tripura, Uttar Pradesh, Uttarakhand and West Bengal have yet to establish MSEFCs.

2(f): Skill training for weaker sections

Guidelines for Training in Entrepreneurship Development Programme / Skill Development Programme for weaker sections (SC / ST / Women / PH).

(I) Entrepreneurship Skill Development Programme

Introduction

- ✓ Motivation and training are the two crucial inputs for promoting entrepreneurship and sustaining the growth of existing small-scale industries. Small Industries Development Organisation (SIDO) has been providing these inputs regularly through various Small Industries Service Institute (SISIs), Regional Testing Centres (RTCs) and Small Enterprises Promotion & Training Institutes (SEPTIs),
- ✓ Entrepreneurship Development Programmes (EDPs) + ESDP are being organized as a regular training activity to cultivate the latent qualities of youth both (men and women) by enlightening them on various aspects that are necessary to be considered while setting up small scale industries.
- ✓ The revised training schedules also assist entrepreneurs in preparing detailed feasibility report, their appropriate appraisal, evaluation and modification. The entrepreneurs are also being advised for carrying out corrections in feasibility report, if necessary. SIDO has been organizing ESDPs for Skill Development Programme of the entrepreneurs in specific product group or services so that they may set up their own income generating activities or get better employment. Programmes so far organized inter-alia included Herbal Cosmetics, High Fashion Garments, Hosiery, Food & Fruit Processing Industries, Information Technology, Hardware Maintenance, Soap and Detergents, Leather Products/Novelties, Servicing of Household Electrical Appliances and Electronic Gadgets, Gem Cutting & Polishing,

Engineering Plastics , Tour operators, Mobile Phone repairing, Beautician, Screen printing, Call Centre, Cane & Bamboo products, Digital photography etc.

Salient features of the Programme

- ✓ A financial sanction of Rs.20,000/- for general Entrepreneurship Development Programme and Rs.40,000/- for SDP are given to above field institutions for individual programmes. Composite sanctions are given for all these programmes with flexibility to Directors to conduct the total number of programmes within the whole budget for Entrepreneurship Development Programme and Skill Development Programme.
- ✓ Twenty percent of Entrepreneurship Development Programmes and Skill Development Programmes are reserved for the weaker sections only with a stipend of Rs.500/- per capita per month exclusively for Schedule Caste / Schedule Tribe, Women and Physically Handicapped.
- ✓ The duration of general Entrepreneurship Development Programme is 20 days followed by Skill Development Programme for 40 days.
- ✓ The intake per programme may vary from 25-30 candidates.
- ✓ A total number of 25,536 trainees (4,598 SC, 1,175 ST, 7,565 Women, 362 Physically Handicapped, 837 Minorities, 3,254 OBC and 11,215 Others) were trained in these programmes during the financial year 2006-07.
- ✓ There will be no fee for the Schedule Caste / Schedule Tribe, Women and Physically Handicapped candidates.

Eligibility

- ✓ The candidates may be in any age group but above 18 years.
- ✓ The minimum qualification for the candidates for Entrepreneurship Development Programme and Skill Development Programme is decided by the Director concerned considering the nature of programme and place of implementation.

Implementing Agency

Small Industries Development Organisation will be implementing the programme through its field institutions spread all over the country namely:

- a) Small Industries Service Institutes (SISIs).
- b) Regional Testing Centres (RTCs).
- c) Small Enterprises Promotion & Training Institute (SEPTI), Tiruvalla / Ettamunur.
- d) The Autonomous Bodies like Tool Rooms, Process cum Product Development Centre (PPDCs) and Central Footwear Training Institute (CFTIs).

Format of Application

- ✓ The application format will be available with the field institutions.
- ✓ The details of the programme will be published in the media as per the local needs.

Target for the year 2007-08

Around 200 EDP and ESDP for providing training to 5000 candidates of weaker sections (SC / ST / Women / PH) will be conducted exclusively for weaker section during the year with a stipend of Rs.500/- per capita per month. In addition to this the participation of the weaker section will be around 30% in the EDP and ESDP conducted for educated unemployed youth and for minorities. Thus, a total of 14000 candidates of weaker sections are likely to benefit from these programmes.

II. Skill Development Programme

Introduction

- ✓ Comprehensive training programmes are organized to upgrade existing skills and to create new skills in workers and technicians of SSIs by organising various technical training courses for them. The basic objective has been to provide training to skilled workers engaged in small-scale units and to equip them with better and improved technological skills of production.
- ✓ Technicians and workers sponsored by the SSIs are imparted such training as to develop their skills in different trades at 42 Workshops attached to SISIs all over India. Small Industries Service Institute (SISIs) in their Workshops organize regular courses in various technical trades and manufacturing processes. Such technical courses are conducted twice/thrice a year by the SISIs.
- ✓ Courses conducted by SISIs are in Machine Shop Practice, Heat Treatments, Electroplating, Sheet metal, Welding Tool & Die Making, Carpentry, Lens Grinding, Ceramics, Industrial & Art Wares, etc.
- ✓ Besides SISIs, Regional Testing Centres, Tool Room and Training Centres, Process-cum-Product Development Centres, Central Footwear Training Institutes and Entrepreneurship Training Institutes are also imparting training in different trades to upgrade the skills of the workers and artisans. Efforts have been made to organize specific tailor made programmes for the skill development of socially disadvantaged groups (OBC, ST, ST, Minorities and Women) in different regions of the states, including the less developed areas .

Agency : These programmes are conducted by Small Industries Service Institutes (SISIs).

Duration : One month to six months.

Minimum intake capacity: 20 nos. in each Programme

Age : 18 Years and above

Qualification : As decided by the Director of the institute.

Targets for the year 2007-08: Under the Skill Development Programme to be conducted through workshops of SISIs, around 1500 Entrepreneurs are likely to get training for development of their skill. Out of this around 350 will be from weaker sections i.e. SC and ST.

2(g): Skill development for SC/ST

- ✓ SIDO Tool Rooms/PPDCs/Research Institutes/Training Institutes are conducting various long term/short term Skill Development Training Programmes in the area of tool & die making and other related areas to cater to the need of skilled manpower of the industries.
- ✓ All the institutes have been giving due representation to SC/ST candidates in their training programmes as per government rules.
- ✓ Some of the institutes have been conducting special training programmes for SC / ST candidates duly sponsored by various State Government agencies. The details of such programmes are as below:

S.	Name of the Instt.	Training Prog.	No. of	Sponsoring agency
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No.			candidates	
1.	IDTR, Jamshedpur	Dip. In Tool & Die Making	12	Deptt. of Welfare, Govt. of Jharkhand
		Cert. Course on CNC Turning & Milling	100	
		Training course on Inspection & Quality Control	29	
2.	IGTR Ahmedabad	Cert. Course in Auto CAD	260	Tribal Welfare Commissioner, Govt. of Gujarat
3.	IGTR Indore	Condensed course in Tool & Die Making	30	Govt. of M.P.
		Cert. Course on CNC Turning & CNC Milling	20	
		Advance Machinist course	100	Govt. of Jharkhand
4.	CITD, Hyderabad	Course in Tool & Die Making	26	Govt. of a.P.
5.	CTTC Kolkata	Advanced Machinist Course & Draftsman course	100	Govt. of W.B.
		2 year Advance Machinist Course	100	Govt. of Jharkhand

2 (h): Cluster Development For SC/ST etc.

Background

Government has, from time to time, taken various initiatives for the development and promotion of micro and small enterprises thus generating employment opportunities. These initiatives and measures include concessions, credit support, entrepreneurial and managerial training, marketing support, technological upgradation, etc. have helped in the growth of micro and small enterprises all over the country. There are about 1.23 crore small and micro enterprises in the country providing employment to nearly 3 crore people, contributing about 34% to the exports and 39% to the industrial production.

Need for development of new clusters

- ✓ The availability of proper and adequate infrastructural facilities has remained a major bottleneck in the development of the new enterprises. The problems and difficulties faced by the micro and tiny enterprises in setting up the units are much more severe in comparison to others. These micro and tiny enterprises are not in a position to afford the cost of land in developed industrial areas as they have very little or no access to the affordable finance.
- ✓ The Industrial Estates set up at various locations by the States or other bodies under it are not suitable for the unemployed youth due to high cost of sites or location point of view. Besides, majority of the industrial estates are in a bad condition. The private estates are all profit driven and out of the reach of micro enterprises.
- ✓ Therefore, in order to promote the micro and tiny enterprises belonging to the SCs/STs, Women, Minorities, Artisans and all other micro enterprises. It is utmost necessary to make available small sized plots/sites at very affordable price. These sites have to be preferably created at a location, which is not far away from a town, a location where the basic minimum facilities could be provided without much investment and without adding to the cost of sites.

- ✓ The land required for development of clusters of micro enterprises will be obtained from the Collector's available free land other fee land or the cheap non-agriculture land suitable for the purpose. Such land should not require much developmental work so that the cost of developed sites is kept as low as possible.
- ✓ The model of these low cost clusters could be similar to the "Delhi Hatt" or "Meena Bazar" type as this model does not envisage heavy developmental cost.

Objectives of the Scheme

The main objective of the Scheme is to provide developed plots to the unemployed youth belonging to SCs/STs and other disadvantaged group of the society in their town or nearby area. This will enable them getting skills, setting up of micro enterprises, create employment opportunities for unemployed youth and promote linkages between agriculture and industry. This will also create assets for the nation and will help in the growth of GDP, besides resulting in immediate benefits to the SCs/STs, Women, Minorities and other disadvantaged sections of the society. It is expected that 1.5 crore employment opportunities will be generated by setting up of these clusters.

Scope and coverage

There are 600 districts in India, out of which 250 are backward districts and another 100 districts have pre-dominant muslim population. At least, one cluster will be set up in each Block of these 600 districts. Under this Scheme, developed plots will be provided to the entrepreneurs with basic facilities like power, water, roads and any other need based facilities. Land for the cluster will be provided by Collector of the district or land will be purchased/acquired by Gol. Approximate size of the cluster will be about 2 hectares of land or even less and about 100 plots of appropriate size will be created in each Block. All types of enterprises will be established in each cluster so long as these do not become a concern for eco-friendly norms.

There are about 100 villages per district and about 10 Blocks on an average in each of them. So, if five unemployed men or women are trained per village in some skill development and given entrepreneurship development under this scheme by the Small Industries Service Institutes, SIDO's autonomous organisations, ITIs, Engineering Institutes, Colleges, Banks and State Government bodies, then there would be 500 such trained unemployed persons per district in India per year. Of these, some would chose to take up repair, transport, supply and other service enterprises at the village level (or in towns) and it is proposed that Low Cost Cluster-sheds may be made in each Block for about 150 or 200 of those trained unemployed youth - who desire to set up production units in one central place and are willing to share part of the expenses. These Low Cost sheds would be provided with basic amenities and electricity, so that some 150 or 200 persons can work there and produce goods that are essential for the rural economy to start with.

Financing

The total cost to set up 6000 such clusters during the 11th Plan is estimated to the tune of Rs. 3000 crore at the rate of Rs. 50 lakh per cluster, including training and sheds. Out of this, 80% is to be borne by Central funds, i.e. Rs. 2400 crore, - 10% of the total cost per Block Cluster-shed/Training would be provided by the State Government and 10% would be borne by the intending entrepreneurs or local (entrepreneurs) associations. Again, out of this projected Central fund of Rs. 2400 crore, half, i.e. Rs. 1200 crore, is to be borne from other schemes/provisions like Backward Region Grant Fund (for 250 backward districts), SGSY and other Rural Development Funds, ITIs, Colleges, PMRY, REGP, Bank's training, etc. Thus, the provision sought for under the SSI Ministry's budget is Rs. 1200 crore for 5 years.

Implementation

State/UT Government will be entrusted with the task of implementing the proposed Scheme through an appropriate agency. Such agencies may be preferably; i) Association of unemployed youth, ii) Registered society/co-operative/non profit Co. and iii) a public sector corporation or a corporate body. Private builders may also be entrusted with the implementation and they will have to abide by tripartite agreement.

Respective Implementing Agencies will prepare detailed project report and submit it to the State Commissioner/Director (Industries) who after getting it appraised from a reputed agency in the State. The DPR and the techno-economic appraisal will be sent to the DC (SSI) for consideration/approval.

Procedure for approval

Under this Scheme, State level Project Approval Committees will be set up for consideration/approval of the proposals. Such a committee will be headed by the Secretary Incharge of the Industries Department with representatives from the other departments concerned.

Monitoring and Evaluation

- ✓ State/UT Governments may constitute a Co-ordination Committee to monitor the progress of implementation of the projects sanctioned by the Government of India. In such a Committee, a representative from DC(SSSI) may also be included.
- ✓ There may be a well designed Entrepreneurship Development/Skill Upgradation Programme to synchronize with the project work to obviate any idle capacity or low occupancy in the projects. Required assistance/expertise may be drawn from SISIs, NSIC, etc.
- ✓ Development Commissioner (Small Scale Industries) will be the apex authority for coordinating and overseeing the progress of the Scheme.
- ✓ The implementation of the Scheme will be evaluated by an outside agency after 2 years of implementation. Depending upon the response to the Scheme and rate of its success, it could be extended to the 12th Plan.

AGENDA ITEM NO. 3: Any other point with the permission of the chair

**LIST OF ITEMS RESERVED FOR EXCLUSIVE
MANUFACTURE IN THE SMALL SCALE SECTOR
(As on 13 March, 2007)**

S.No.	S.No. (As per Gazette Notification)	Product Code	
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		20-21	FOOD AND ALLIED INDUSTRIES
1.	3	202501	Pickles & chutneys
2.	7	205101	Bread
3.	8A	20530102	Pastry
4.	9	209201029	Hard boiled sugar candy
5.	10	21100101	Rapeseed oil (except solvent extracted)
6.	11	21100102	Mustard Oil (except solvent extracted)
7.	12	21100103	Sesame oil (except solvent extracted)
8.	13	21100104	Ground nut oil (except solvent extracted)
9.	16	21920101	Ground and processed spices other than spice oil and Oleo resin spices
		27	WOOD AND WOOD PRODUCTS
10.	47	276001	Wooden furniture and fixtures
		28	PAPER PRODUCTS
11.	53	280905	Decorative papers
12.	55	281101	Paper Bags
13.	57	28120101	Paper board cartons (unlaminated)
14.	58	281301	Paper cups/ plates
15.	59	281902	Paper envelopes
16.	60	281904	Corrugated fibre board containers
17.	65	283902	Paper napkins including facial tissue napkins
18.	67	283906	Teleprinter rolls
19.	68	283907	Stencil paper
20.	70	283909	Slitting of ordinary paper into rolls & sheets
21.	71	283910	Toilet paper rolls and sheets
22.	73	283912	Stickers, labels of gummed paper etc.
23.	74	283913	Treated tracing paper
24.	75	283914	Gummed paper for stamps
25.	76	283915	Gummed paper other than for stamps
26.	78	283917	Transfer labels
27.	79	285002	Exercise books and registers
28.	80	285005	Letter pads
29.	81	285006	File covers and file board
		303	PLASTIC PRODUCTS
30.	126	301201	Full PVC footwear chappals, sandals and shoes
31.	128	42713	Acrylic sheets except by continuous extrusion process
32.	129	303303	Fibre-Glass reinforced plastic products other than the following:

Other than cases of State Agro-Co-operatives and Growers Co-operatives

			a) SMC & DMC and its mouldings. b) Continuous Filament Winding (Pipes above 600 mm diameter) c) Pultruded products d) FRP sheets by continuous process
33.	130	30330402	Hessian, paper and cloth to polythylene laminations-Straight and sandwiched by extrusion coating process except paper to polythelene laminations for integrated packing.
34.	131	303402	H.D. Polythylene Mono-Filament (Except for captive use for rope manufacturers)
35.	132	303403	Polypropylene Mono-Filament (Except for captive use for rope manufactures)
36.	133	30350101	Polythylene Films with thickness less than 0.10 mm except co-extruded film cross linked polymer films and high density molecular films
37.	134	30350102	Products of polythylene films as coloured printed films & bags.
38.	136	303702	Polypropylene tubular films (except biaxially oriented)
39.	137	30370301	Industrial items from engg. plastics material by fabrication process only.
40.	140	30370601	Polythylene and PVC flexible hoses (except wire braided hoses)
			INJECTION MOULDING THERMO-PLASTIC PRODUCT
41.	140 C	303804	3. Buckets
42.	147	30391201	PVC Pipes including conduits-Upto - 110 mm dia
		30393501	Fittings for PVC pipes including conduits upto - 110 mm dia.
		31	CHEMICALS AND CHEMICAL PRODUCTS
43.	211		DYESTUFF BASIC DYES
		31220301	1. Basic yellow
		31220302	2. Basic green
		31220303	3. Basic green
		31220304	4. Basic violet
		31220305	5. Basic violet
		31220306	6. Basic blue
		31220307	7. Basic violet
		312203308	8. Basic blue (Methylene Blue)
44.	213		AZO DYES
			Direct
		31220701	1. Direct yellow
		31220702	2. Direct yellow
		31220703	3. Direct yellow
		31220704	4. Direct yellow
		31220705	5. Direct red (Congo red)
		31220706	6. Direct red
		31220707	7. Direct dye [Brilliant Congo C (A)]
		31220708	8. Direct red
		31220709	9. Direct brown
		31220710	10. Direct brown
		31220711	11. Direct orange
		31220712	12. Direct yellow
		31220713	13. Direct orange
		31220714	14. Direct violet
		31220715	15. Direct violet
		31220716	16. Direct black
		31220717	17. Direct blue
		31220718	18. Direct blue
		31220719	19. Direct red
		31220725	25. Direct yellow
		31220726	26. Direct yellow (Chrysopheninc)

		31220727	27. Direct violet	7
		31220728	28. Direct violet	31
		31220729	29. Direct violet	9
		31220730	30. Direct violet	51
		30220731	31. Direct red	81
		31220732	32. Direct yellow	44
		31220733	33. Direct red	31
		31220734	34. Direct Orange	26
		31220735	35. Direct red	23
		31220736	36. Direct red	83
		31220737	37. Direct brown	1
		31220738	38. Direct brown	5
		31220739	39. Direct black	38
		31220740	40. Direct green	1
		31220741	41. Direct green	6
		31220742	42. Direct green	8
		31220743	43. Direct brown	75
		31220744	44. Direct blue	71
		31220745	45. Direct black	56
			ACID DYES	
		31220761	1. Acid yellow	36
		31220762	2. Acid orange	7
		31220763	3. Acid red	88
		31220764	4. Acid red (Food Red 7)	18
		31220765	5. Acid red (Food Red 10)	1
		31220766	6. Acid violet (Food Red 11)	7
		31220767	7. Acid yellow	11
		31220768	8. Acid yellow	76
		31220769	9. Acid yellow (Food Yellow 5)	17
		31220770	10. Acid yellow (Food Yellow 4)	23
		31220771	11. Acid brown	55
		31220772	12. Acid orange	24
		31220773	13. Acid brown	14
		31220774	14. Acid black	1
		31220775	15. Acid red	85
		31220776	16. Acid yellow	42
		31220778	18. Acid blue	113
		31220779	19. Acid red	142
		31220781	21. Acid red	17
		31220782	22. Acid yellow	73
45.	214		NAPHTHOLS	
		31220801	1. Azoic coupling Components (Naphthol AS)	2
		31220802	2. Azoic coupling Component (Naphthol ASE)	10
		31220803	3. Azoic coupling Component (Naphthol AS-BS)	17
		31220804	4. Azoic coupling Component (Naphthol AS-D)	19
		31220805	5. Azoic coupling Component (Naphthol AS-TR)	8
		31220806	6. Azoic coupling Component (Naphthol AS-OL)	20
		31220807	7. Azoic coupling Component (Naphthol AS-LT)	24
		31220808	8. Azoic coupling Component (Naphthol AS-PH)	14
		31220809	9. Azoic coupling Component	4

			(Naphthol AS-BO)	
		31220810	10. Azoic coupling Component (Naphthol AS-SW)	7
		31220811	11. Azoic coupling Component (Naphthol AS-G)	5
46.	215	31220901	Phthalocyanine Blue (Except for Captive consumption for manufacture of Phthele Cyanine green.)	
47.	216		REACTIVE DYES	
		31221001	1. Brilliant red	M-5B Reactive Red-2
		31221002	2. Brilliant red	H-7B Reactive Red-4
		31221003	3. Rubine	M-5B Reactive Red-6
		31221004	4. Scarlet	H-CR Reactive Red-8
		31221005	5. Brilliant Red	M-8B Reactive Red-11
		31221006	6. Brilliant red	H-8B Reactive Red-31
		31221007	7. Rubine	H-BN Reactive Red-32
		31221008	8. Pink	RB Reactive Red-37
		31221009	9. Brilliant red	EB Reactive Red-73
		31221010	10. Brilliant pink	B Reactive Red-74
		31221011	11. Brilliant purple	H-RR Reactive Violet-1
		31221012	12. Brilliant magenta	B Reactive Violet-13
		31221013	13. Brilliant violet	PR Reactive Violet-14
		31221014	14. Brilliant violet	5RX Reactive Violet-21
		31221015	15. Magenta	B
		31221016	16. Yellow	MY-R Reactive Yellow-1
		31221017	17. Yellow	4-AS Reactive Yellow-3
		31221018	18. Yellow	MY-R Reactive Yellow-4
		31221019	19. Yellow	M-GR Reactive Yellow-7
		31221020	20. Yellow	H-4G Reactive Yellow-18
		31221021	21. Brilliant yellow	M-4G Reactive Yellow-22
		31221022	22. Brilliant yellow	6G Reactive Yellow-43
		31221023	23. Yellow	R Reactive Yellow-44
		31221024	24. Black	H-N Reactive Black-8
		31221025	25. Brilliant blue	H-70 Reactive Blue-3

		31221026	26. Brilliant blue	M-R	Reactive Blue-4
		31221027	27. Brilliant blue	H-GR	Reactive Blue-5
		31221028	28. Navy blue	M-3R	Reactive Blue-9
		31221029	29. Brilliant blue	H-5G	Reactive Blue-25
		31221030	30. Navy blue	H-3R	Reactive Blue-28
		31221031	31. Navy blue	RX	Reactive Blue-39
		31221032	32. Blue	BRR	Reactive Blue-56
		31221033	33. Navy blue	RX	Reactive Blue-59
		31221034	34. Orange	MX-G	Reactive Orange-1
		31221035	35. Brilliant orange	M-2R	Reactive Orange-4
		31221036	36. Golden yellow	H-R	Reactive Orange-11
		31221037	37. Brilliant orange	H-2R	Reactive Orange-13
		31221038	38. Orange		Reactive Orange-14
		31221039	39. Orange	GEX	Reactive Orange-36
		31221040	40. Brilliant orange	RX	Reactive Orange-37
		31221041	41. Brilliant orange	3RX	Reactive Orange-38
		31221042	42. Brown	4-RH	Reactive Brown-9
		31221043	43. Brown	M-4R	Reactive Brown-10
		31221044	44. Yellow	H-AS	Reactive Yellow--46
		31221045	45. Navy blue	3RH	Reactive Blue-26
48.	217		FAST COLOUR BASES		
		31221101	1. Fast Yellow GG base (Azoic Diazo Comp 44)		37000
		31221102	2. Fast Orange GC base (Azoic Diazo Comp 2)		37005
		31221103	3. Fast scarlet GG/GCS Base (Azoic Diazo Comp 3)		37010
		31221104	4. Azoic Diazo Comp 7		37030
		31221105	5. Fast red 3 GL base (Azoic Diazo Comp 9)		37040
		31221107	7. Fast red KB Base (Azoic Diazo Comp 32)		37090
		31221109	9. Fast red GL base (Azoic Diazo Comp 8)		37110
		31221110	10. Fast red R/RC base (Azoic Diazo Comp 10)		37120
		31221111	11. Fast red B base (Azoic Diazo Comp 5)		37125
		31221112	12. Fast scarlet R/RC base (Azoic Diazo Comp 13)		37130
		31221113	13. Fast Violet B Base (Azoic Diazo Comp 41)		37165
		31221114	14. Fast blue BB Base (Azoic Diazo Comp 20)		37175
		31221115	15. Fast garment GOC Base (Azoic Diazo Comp 4)		37219
			NATURAL ESSENTIAL OILS		
49.	219	315102	Cashew shell oil		
50.	226	36154	Natural essential oils by steam/hydro distillation process		

			ORGANIC CHEMICALS, DRUGS AND DRUG INTERMEDIATES
51.	231	310628	Pyrazolones
52.	232	31062901	Pottassium citrate-Indl. grade
53.	235	310645	Diethyl phthalate
54.	236	310646	Diocetyl phthalate
55.	2401	310658	Niacinamide
56.	241	312127	Paint driers-Napthhenates octoates linoleates etc. of lead, cobalt, manganese, zinc, calcium etc.
57.	242	312405	Chlorinated paraffin wax (upto 60% Chlorine content)
58.	247	313150	Lanolin anhydrous
59.	249E	35339	Turpentine by steam/hydro distillation process
60.	251	316204	PVC compounds
61.	252	316206	Alkyd resins (except for captive consumption)
			OTHER CHEMICALS AND CHEMICAL PRODUCTS
62.	253	305301	Wax candles
63.	254A	31010101	Pottassium Nitrate produced from salt petre.
64.	256	310111	Barium carbonate
65.	269	310306	Copper sulphate-Other than manufactured as primary producer as a by-product.
66.	279	310337	Zinc sulphate--other than manufactured by primary metal producer as a by-product
67.	299	312125	Graphite paints
68.	300	312126	Paste paints
69.	307	312901	Dry Distempers
70.	308	314201	Laundry soap
71.	309	314303	Formulated perfumery compounds
72.	311	314402	Tooth powder
73.	313	317001	Safety matches
74.	314	318401	Fire works
75.	319	319902	Agarbatties
76.	320	319704	Sodium silicate
77.	322	319906	Industrial adhesives based on starch, gum dextrin and silicates
78.	322A	319907	Camphor tablets
			GLASS AND CERAMICS
79.	335	321701	Glass bangles
		33-35	MECHANICAL ENGG. EXCLUDING TRANSPORT EQUIPMENT
80.	353	331149	Bright bars
81.	364	340101	Steel almirah
82.	393	341001015	Doors, windows and ventilators metallic(excluding heavy duty hollow steel doors filled with non-metallic cores, suitable for special applications like security, fire protection, sound proofing and bullet penetration resistance).
83.	394	341004	Rolling shutters
84.	399	342004	Storage cupboards-Iron and steel)
85.	400	342005	Racks-All Types including angular Racks-Iron and steel
86.	402	34200602	Steel chairs-All types
87.	404	34200702	Steel tables-All other types
88.	409	342099	Steel furniture-All other types
89.	428	343302	Padlocks
90.	447A	345207	Stainless steel utensils
91.	464	343627	Builders hardware
92.	474	345202	Domestic utensils-Aluminium
93.	531	35910102	Sewing Machine-Domestic, hand operated, Conventional type components except arms, and needles.
		36	ELECTRICAL MACHINES, APPLIANCES & APPARATUS

			INCLUDING ELECTRONICS & ELECTRICAL APPLIANCES
94.	552	77559	Voltage stabilizers-Domestic type upto 5 KVA
95.	553	36040201	Electric motor 1 H.P. to 10 H.P.-A.C. except – Special types
96.	555	36100101	PVC wires-Domestic type
97.	558	36310401	Exhaust fans up to 460 mm
98.	564	363170101	Electric irons-Other than steam irons
99.	568	36370501	Storage water heaters/Geysers up to 100 litres capacity/upto 3 KW
100.	569	36370601	Electric kettles--sauce pan/ring types up to 1.70 litres
101.	570	36370701	Mixers/Grinders such as meat mincer, juice extractor cap. of jar 1 litre max/up to 500 watts 30 minutes rating
102.	573	36371301	Hot air blowers/heat convector upto 2 KW upto fan Size 26 cm x 20 cm x 6 cm:
103.	577	36371801	Espresso coffee makers upto 1.7 litres, capacity
104.	582	36372401	Bread toasters ordinary/upto/semi-auto upto cap 6 slices
105.	587	363804	Electrical wiring accessories other than switches, plugs and sockets
106.	588	363911	Electrical light fitting chokes
107.	589	363914	Electrical light fittings starters
108.	593	367104	Carbon brushes manufactured from carbon block
109.	596 A	36991400	Electric Bells and Buzzers
110.	597	36991601	Metal clad switches up to 100 Amps
			ELECTRONIC EQUIPMENTS AND COMPONENTS
111.	604	364903	Amplifiers for entertainment and public address system
			STATIONERY ITEMS
112.	769	387101	Ball point pens
113.	770	387103	Fountain pens
114.	771	387104	Pen nibs



डा. चन्द्रपाल शा.प्र.से.
Dr. Chandrapal I.A.S.

सचिव
भारत सरकार
लघु उद्योग मंत्रालय तथा
कृषि एवं ग्रामीण उद्योग मंत्रालय
उद्योग भवन, नई दिल्ली -- 110011

Secretary
Government of India
Ministry of Small Scale Industries and
Ministry of Agro & Rural Industries
Udyog Bhawan, New Delhi-110011
Tel. : 23062107 Fax : 23063045

D.O. No. E.15 (25)/2006
18 May 2007

Dear *Mv Vinod Rai*,

Please refer to the Reserve Bank of India (RBI) Notification RPCD No. Plan.BC.84/04.09.01/2006-07 regarding the revised guidelines on lending to priority sector. These guidelines have taken into account the revised definition of micro and small enterprises (MSEs) as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which is a welcome measure. However, no separate sub-target for MSEs has been stipulated for the priority sector lending by the domestic (both public and private sector) banks although a sub-target of 10% of Adjusted Net Bank Credit (ANBC) has been stipulated for the foreign sector banks.

2. As you would agree, the MSE sector has been playing a vital role in the socio-economic development of the country and has been making significant contribution to the manufacturing output, exports and employment. In the present phase of development process when both the agriculture and the organized sector are witnessing a declining employment trend, the MSE sector provides one of the avenues for generation of significant employment opportunities. However, access to finance by this sector has remained one of the critical barriers in achieving its true growth potential. While the quantum of credit to MSE sector has shown an increasing trend in recent years, its share in the NBC has declined continuously since 1998 (17.5% in 1998 to 8.1% in 2006 in respect of public sector banks). For strengthening of this sector so as to enable it to generate more employment at a faster rate, it is therefore, imperative that a separate sub-target for the MSE sector under the priority sector lending targets for the domestic banks is fixed.

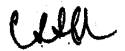
3. In this context, I would also like to draw your attention to the discussions held in the meeting of the Department-related Parliamentary Standing Committee on Industry on 3rd May 2007, wherein representatives of your Department and the RBI were present. In the meeting, the representative of the RBI had stated that under the priority sector lending targets, sub-targets has been stipulated for agriculture (18% of ANBC) and weaker sections (10% of ANBC). Hence, stipulation of a separate sub-target for the MSE sector would lead to 'crowding out' of other eligible sectors under the priority sector lending. However, in view of the vital role of MSE sector in generation of large employment opportunities, the general view that emerged in the aforesaid meeting was that a sub-target of 10% of ANBC need to be stipulated for the MSE sector even if it requires enhancing the 40% ceiling fixed for the priority sector lending by the domestic (both public and private sector) banks.

D.O. No. E.15 (25)/2006
18 May 2007

4. I would, therefore, request you to consider stipulation of a sub-target of 10% of ANBC for the MSE sector in respect of priority sector lending by the domestic (both public and private sector) banks. Looking forward to an early and favourable response.

With regards,

Yours sincerely,


(Chandrapal)

Shri Vinod Rai,
Secretary (Financial Sector),
Department of Economic Affairs
(Banking Division),
Jeevan Deep Building,
Sansad Marg,
New Delhi.

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