

Agenda for the third meeting of the National Board for Micro, Small and Medium Enterprises (NBMSME) on 13th December 2007 (Thursday), New Delhi (11.00 AM to 03.30 PM)

<u>S. No.</u>	<u>Item</u>	<u>Page No(s).</u>
1.	Confirmation of the minutes of the second meeting of National Board Micro, Small & Medium Enterprises (NBMSME) held on 18.09.2007.	1
2.	Follow up action on the decisions taken and Suggestions / Recommendations made in the Second meeting of the National Board for Micro, Small & Medium Enterprises held on 18.09.2007.	2
3.	Issues of concern for Micro & Small Enterprises for deliberations by the Board.	
(i)	Marketing Efforts of NSIC	3 - 6
4.	Any other point with the permission of chair	7

AGENDA ITEM NO. 1: Confirmation of the Minutes of the Second Meeting of National Board for Micro, Small & Medium Enterprises (NBMSME) held on 18.09.2007

The minutes of the second meeting of NBMSME held on 18-09-2007 were circulated to the members of the Board in Hindi and English on 16 October 2007. Since no comments have been received from any member of the Board, the minutes may be taken as confirmed.

AGENDA ITEM NO. 2: Follow up of action on the decisions taken and suggestions / recommendations made in the second meeting of the National Board for Micro, Small & Medium Enterprises (NBMSME) held on 18-09-2007

(i) Issue of Procurement Preference Policy for Micro & Small Enterprises deliberated in the second meeting of the Board:

The comments of the members of the Board communicated during the deliberations in the second meeting of the Board as well as received after the meetings were compiled. A draft note for the Cabinet, for initial consultation with Ministers / Commissions / Councils of the Government of India, is under preparation.

(ii) SIDBI should expand its direct lending branches and function like a Bank:

It was decided by the National Board in its first meeting held on 20th June, 2007 that the SIDBI should expand its direct lending branches and function like a Bank. The Chairman & Managing Director (CMD) of SIDBI vide his letter dated 30th October 2007 has apprised that Ministry of Finance, Govt. of India have constituted a committee in order to examine the changing role of SIDBI in the emerging scenario and for suggesting measures for restructuring / reorganising of SIDBI and that the committee has recently submitted its report to Ministry of Finance, Government of India.

AGENDA ITEM NO. 3: Issues of concern for Micro & Small Enterprises for deliberations by the Board

(i) Marketing Efforts of NSIC

NSIC acts as a facilitator to promote Micro & Small Enterprises (MSEs) and has devised a number of programmes / schemes to support MSEs in their marketing efforts, both in and outside the country. Some of the programmes are as under:

(1) Single Point Registration Scheme of NSIC under Government Stores purchase programme

With a view to avoid multiplicity of registrations with various Government. Departments, a Single Point Registration scheme were introduced in May 1976. Under this scheme, Micro & Small Enterprises desirous of participating in Government Purchases and capable of manufacturing stores to the requirement of the Government Departments are registered by NSIC under its Single Point Registration Scheme. The Micro & Small Enterprises registered with NSIC under this scheme are treated at par with those registered with DGS&D and no separate registration with DGS&D is required. During registration NSIC carries out capacity assessment of the units in terms of its quality and standards, volume of production and financial capability in order to ensure that the units are able to supply to the government departments the tendered items timely and of required standard / specification. Under the scheme NSIC registered enterprises are entitled to avail the following benefits:

- Issue of tenders free of cost.
- Exemption from payment of Earnest Money Deposit.
- Waiver of Security Deposit up to the Monetary Limit for which the unit is registered with NSIC.
- Price preference of 15% over the quotations of the large scale industries.

Cumulative numbers of MSEs registered under the scheme are over 40000; however, presently there are around 11000 units with valid registration.

➤ **Issues requiring attention for implementation**

a) Some PSUs and Govt. departments of central as well as state government are not extending the above mentioned benefits to MSEs registered under Single Point Registration Scheme of NSIC. A number of complaints are received from MSEs on this count. To ensure that these benefits are extended by all government departments and PSUs the provisions are required to be made mandatory with legal status in the MSME Act 2006.

b) In the draft policy for Procurement Preference under the MSMED Act 2006 the issue has been considered. Early finalisation of the policy is required. It is only after the

issuance of the Gazette Notification that the benefits will have legal sanctity and will be available to MSMEs in real sense.

2. Consortia and Tender Marketing

Micro and Small Enterprises in their individual capacity face problems to procure & execute large orders, which inhibit and restrict their growth. NSIC, accordingly adopts Consortia approach and is supposed to form consortia of units manufacturing the same products, thereby easing out marketing problems of Micro and Small Enterprises. The Corporation explores market and secures orders for bulk quantities. These orders are then distributed to Micro and Small Enterprises in tune with their production capacity. Testing facilities are also provided to enable units to improve and maintain the quality of their products conforming to the standard specifications.

For the last two years the performance is as under:

Activity	Achievement	
	2005-06	2006-07
Consortia formation (in Nos.)	8	5

➤ Issues requiring attention for implementation

In some of the tenders floated by Government departments / PSUs, NSIC is not considered as a manufacturer and their bid on behalf of MSEs is set aside on this ground. As NSIC submits the tender on behalf of the MSEs manufacturing the products, NSIC should also be treated as manufacturer and their bid should not be disqualified.

3. Exhibitions and Buyer- Seller Meet

To showcase the competencies of Indian Micro and Small Enterprises and to capture market opportunities, NSIC participates in select International and National Exhibitions and Trade Fairs every year. NSIC facilitates the participation of the Micro and Small Enterprises by providing concessions in rental etc. Participation in these events exposes MSEs to international practices and enhances their business prowess.

NSIC also organises Buyer-Seller Meets where bulk and departmental buyers such as the Railways, Defence, Communication departments and large companies are invited to participate to enrich MSEs knowledge regarding terms and conditions, quality standards, etc required by the buyer. These programmes are aimed at vendor development from Micro and Small Enterprises for the bulk manufacturers.

Activity	Achievement	
	2005-06	2006-07
Exhibitions organized / participated	46	63
Buyer-Seller Meets	17	23

➤ **Issues requiring attention for implementation**

As per the government guidelines 70% of the rentals are to be recovered from MSEs. Many MSEs are not able to pay and are asking to relax this condition.

4. Setting up of Central Marketing Office

A Central Marketing Office (CMO) has been set up this year in Delhi in the office of DGS&D only to help the MSEs in their marketing efforts by way of information pertaining to government purchase / tenders / rate contracts etc. The CMO works in liaison with DGS&D and shares the information pertaining to all purchases by DGS&D.

5. Raw Material Distribution

Under the Scheme NSIC distributes basic raw material like Aluminum, Copper and Iron & Steel, at competitive rates to MSEs in the country after having tie up with the bulk producers like National Aluminum Company for Aluminum, Hindustan Copper Ltd. for Copper while Iron & Steel is distributed by NSIC after its allocation from Ministry of Steel under Joint Plant Committee. The distribution of Iron & Steel is only in the states where the State Corporations are not distributing the material namely, Gujarat, Andhra Pradesh, Jharkhand, Uttranchal, Pondicherry, Delhi, Haryana & Dadar Nagar Havelli.

During the last two years the distribution of these material are as under:

Activity	Achievement			
	2005-06		2006-07	
	Qty. (MTs)	Value (Rs. In lac)	Qty. (MTs)	Value (Rs. In lac)
Aluminum	12823	15387	12262	18394
Copper	1976	5928	3065	12259
Iron & Steel	30203	8457	12868	3731

➤ **Issues requiring attention for implementation**

a) NSIC should be nominated by Ministry of Steel as the second agency for distribution of iron & steel in states where the State Corporations are distributing the material. As many associations of MSEs have approached NSIC to take up the distribution of iron & steel for providing better services and NSIC has the required infrastructure, this issue requires reconsideration.

b) Many MSEs in plastic industries require raw materials like HDPE, LLDPE and some MSEs need Bitumen as the raw material but they are facing difficulties in its procurement. NSIC has been pursuing with Gas Authority of India Ltd. for HDPE and LDPE and Indian Oil Corporation for Bitumen but the producers have not shown any inclination for appointing NSIC as an agency for distribution of their material.

AGENDA ITEM NO. 4: Any other point with the permission of Chair