

We appreciate the proposed MSME Policy but submit few suggestions for you :

A. General Suggestion :

1. Government must take steps and ensure to run MSME and do not let any unit to close. If necessary give incentive or support to MSME.
2. Must support for technology upgradation and innovation.
3. Some technical supports for renovation & technological upgradation should be provided.
4. Must do away with regulation, instead hand holding is needed.
5. S.O.P for everything should be prepared step by step and should be available to all MSMEs on click of a button so that MSME's may follow the SOP's and run their unit.
6. All departments should be debarred from taking any Penal action against MSME's instead they should support and guide MSME to run their unit properly and also guide to follow necessary regulations laid down by the Government and in case of any lapses, concerned authority should be held responsible.
7. No denial for any approval without proper justification.
8. Must inform properly to entrepreneur.
9. It takes a lot of time in disposal of matters of environmental clearance and the process is cumbersome. Penalty is also excessive.
10. It should be made simple with nominal penal provision.
11. List should be prepared what MSME could not do.
12. Otherwise you are free to do whatever you want. No registration needed.
13. Production first – Registration thereafter.
14. Simply inform on line or off line to the concerned MSME promotion authority.
15. We find that every time new norms are being prescribed for industries on the basis of some direction of NGT and the entrepreneurs face lot of problems. Sometimes we feel that norms prescribed by NGT is to stop development of Industries and lead to closure of running industries.
16. Those acts which are anti Industry, anti National and delays developmental process should be scrapped.

17. Lease hold to free hold land
18. Restriction of Ground water clearance in Bihar is not needed. Conditions being followed on as per Gujarat, Rajasthan where there is lack of water. Whereas in Bihar, you get ground water , below 10' of ground. It should be exempted for MSME's where water is not required for production purpose.
19. Provident Fund should be made optional for MSME. Load of provident fund contribution is very high. Employers are unable to bear this additional cost of contribution to EPF.
20. Also if delay in depositing contribution, it is treated as income by Income tax department. These should be redressel.
21. There are so many conditions imposed on MSME which are not necessary for MSME's being small units, may be necessary for large Scale units and creates lot of Problems to MSME's. These conditions should not be imposed on MSME.
22. It is mind set of Govt. departments that all MSME units are involved in wrong practices /illegal Practices and impose so many conditions (unnecessary) and regulations and monitoring systems which are not practical to follow. MSME are normally managed by individual entrepreneur and one individual can not follow all the regulations, which many be necessary for larger units but not necessary for MSME. These regulations should be relaxed /removed. Also do not treat MSME's as law breaker's or regulation breakers. Treat them on a part of administration and support them.
23. The regulatory departments should frame out S.O.P for every regulations and all related MSME's should follow the S O Ps.
24. For every incident / act of omission the management should not be held responsible and FIR/case should not be filed against the MSME
25. Finance should be easily available and formula should be made for easy financing.
26. Appointment for Apprentice should be optional for MSME.
27. There are around 40 licenses or regulatory requirements on MSME with law running into hundreds for imprisonment. Most of the laws are before independence of our country or just after independence.

28. Entrepreneurs who establish factory long back and nearby his factory there was no human settlement at that time but as the time passed people start living near the factory and starts complaining of pollution and the factory is directed to close down. In this regard we would like to submit that people should not be permitted to live near industries and Govt. should earmark industrial area where industries could be established. One can not stop emission and effluent from the factories fully and therefore relaxation should be given to industries in earmarked industrial area.
29. Any norms regulations prescribed by NGT must be thoroughly analysed before imposition. It is worth to state that vehicles are emitting much more pollution than industries. If you want industrialization then we have to relax the norms on factories and give time to reduce the pollution step by step and do not direct for closure.
30. Each and every entrepreneurs feel that the departments related to Industry/MSME behave like they have been made for policing entrepreneurs/industries and behave like all entrepreneurs are involved in illegal activities and seeks lot of information as if entrepreneurs are following wrong practices and it becomes very difficult to maintain and report. The informations required

B. For development of MSME and prompt entrepreneurs we would like to submit that:-

1. The departments should not issue only notices and demand unnecessary records/figure which are of no use. Most of the factories are run by individual entrepreneurs and they can not appoint so many experts who can satisfy the queries or datas of the various departments expenses in hiring many experts could not be born by the entrepreneurs. All the required figure by the departments are normally prepared by entrepreneur himself. Therefore these should be simple. He faces penal action. If he misses or delays in submission of data.
2. Now-a-days many units have to take environmental clearance which takes more than one year.

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We therefore suggest to :

- i. Minimise formalities, approvals, environmental clearance. If some manufacturing unit is much harmful for environment than do not permit to establish such units in future.
- ii. The department/offices should not be regulator of industry instead they should be friends of industry and guide entrepreneur to follow necessary norms and run their unit.
- iii. Every department/office should lay down SOP for industries and regulary guide and support entrepreneur to follow SOP.

The SOP should not be prepared which could not be followed or maintained.

- iv. With regard to ground water there is no need of restricting ground water in most of area of Bihar. Because whenever you dig hardly 10 feet you will get water. Water level is high in Bihar.
- v. The entrepreneur should be permitted to start their unit and process may be:-
 - a. Inform the Industries department.
 - b. Start establishing the unit
 - c. Start manufacturing of the product and thereafter registration and permission shall be mandatory.
 - d. Incentives should be made available uniformly all over India and incentive committed by the Govt. should be made available within time so that entrepreneur should not face any financial hardship.
 - e. Most of the states are giving reimbursement of tax paid. Reimbursement is not available in time therefore instead of reimbursement the incentive should be allowed by adjustment from taxes payable. It has been seen entrepreneur paid tax and waiting for reimbursement for years and could not get.

- f. The contribution towards provident fund is a big amount and take home salary of employee come down substantially and employees face difficulty in meeting family expenses. So they do not want to contribute towards Provident fund and most of the times employers have to pay the contribution of both employee and employers. It became a big burden because the entrepreneur works at very thin margin. We suggest that contribution of EPF should be made reasonable with 1/3rd by employee, 1/3 by employers and 1/3 by Government. So that employers are not overburdened and employees take home salary is with reasonable contribution.
- g. Electricity tariff should be made reasonable uniform for all over India.
- h. State governments are granting / giving huge subsidy for general public for electricity. Subsidy is being given because the state government feels that rate of electricity is very high and it is worth to state that for general public expenses towards electricity is very little as compared we their other expenses. Even though they get subsidy with therefore strongly recommend the subsidy being given to general public ,the some subsidy should given to factories so that they compete nationally/inter natationally.

Subsidy should be uniform for all electricity consumption.

C. Suggestion mostly relating to Information Technology

1. Incentivize MSE for further Development

We suggest that State Government should formulate a special incentive scheme for MSMEs on the lines of several state Government schemes under which interest subsidy up to 7% and a special incentive for procurement of modern plant and machinery (up to Rs.50 lakhs) are provided to MSMEs. Subsidy Funds should be earmarked for Re-skilling, Up-scaling and Performance Certification of existing MSE.

2. Fund Availability to Domicile Service Sector

Though this sector is having major share in growth of Economy, but sectors fund requirements impede its potential to contribute in faster development not only terms of State GDP but also in mass Employment generation. Banks and Financial Institutions do not support Working Capital, which forms 80% of Investments of the service sector. A simplified scheme for support should be proposed for this Sector.

3. **Special Requirements for Service Sector MSMEs Development**

The following suggestions be considered for Bihar.

- i. Delayed payment clause be incorporated in the RFP floated by buyers.
- ii. Reorient DICs in State to prioritize and promote development of Service sector.
- iii. Priority sector lending should not be restricted to MSEs only.
- iv. Suggestions of land bank for Service Sector, given by Trade & Industry be implemented.
- v. A State policy should be framed to extend priority Purchase and marketing handholding support to MSMEs Service providers of State, say, State Tenders up to 10 cr for Products and 2cr for Services only from state based MSMEs.
- vi. Regulatory compliance requirements for such service industry be simplified.
- vii. Exemption from inspection for three years, as available to Start-ups, should be extended to micro and small units.
- viii. Documentation, on the basis of self-certification, should be encouraged and promoted.
- ix. Incentivize creation of Service sector clusters, Mini industrial estate and Private industrial parks.
- x. Social security scheme be formulated for Service Sector MSEs.

4. **Payment Prioritizing to MSME**

As already mentioned the MSME is finance starved and hence any delay in payment by Customers puts this sector in extreme stressed functional mode which results in Bad debt or even closure. A policy to protect MSE should be incorporated in State Procurement policy with penal clauses. The tenders should specify such terms to encourage MSE vendors to actively participate.

5. **Reserved List of services be published**

We therefore, in the larger interest of growth of service sector industries and to provide marketing support, the **following services should be included in the Reserved Items List** for MSME for the Procurement of Services. Presently services are not included in the existing list of Items Reserved for purchase from MSME, which contains 358 products only.

Sl. No.	Details of Service	Sl. No.	Details of Service
1	Architecture	37	Knowledge
2	Artificial Intelligence	38	Leadership
3	Branding	39	Management
4	Business Analysis	40	Management Accounting
5	Business Models	41	Management Strategy
6	Business Planning	42	Manufacturing
7	Career	43	Marketing
8	Change Management	44	Metrics
9	Cities	45	Motivation
10	Coding	46	Office Politics
11	Communication	47	Organizational Culture
12	Competitive Advantage	48	Pricing
13	Compliance	49	Privacy
14	Computing	50	Problem Solving
15	Creativity	51	Product
16	Culture	52	Project Management
17	Customer Service	53	Promotion
18	Data	54	Quality
19	Decision Making	55	Risk
20	Design	56	Risk Management
21	Design Thinking	57	Robotics
22	Economics	58	Security Service
23	Education	59	Sales
24	Environment	60	Small Business
25	Ethics	61	Software
26	Farming	62	Space
27	Finance	63	Storytelling
28	Governance	64	Strategic Thinking
29	Human Factors	65	Strategy
30	Industries	66	Sustainability
31	Influencing	67	Systems Thinking
32	Information Security	68	Talent
33	Information Technology	69	Technology
34	Infrastructure	70	Thinking
35	Innovation	71	Urban Design
36	Investing	72	Others

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1. **G e M Related Some Suggestions.**

- i BRAND ISSUE: When we create brand, earlier version of G e M 2.0 it was available but current the version has no facilities. Need to be for MSE to create BRAND as per standard rider. Especially for service sector i.e software, IT sector as well as Product Category.
- ii MSE units exempt from the prior turnover, prior experience EMD, SD of cost of tender as normally available for all tenders for MSME registered unit .
- iii Without creating Catalogue no MSE unit can sell their product or participate on the bid available on the GeM. it should be taken care of so that MSE can participate on the GeM .
- iv Exempt from the caution money for MSE units .
- v Payment assured and timely payment should be given to MSME units without delay, if delay than interest and penalty will be imposes on the purchaser.

2. **Directory**

- i Required product and service national and state directory with code and it should be strictly implemented.
- ii Need to setup testing unit as per the state/national directory. so that state unit.
- iii Upgradation of certification like ISI and other parameter but national level only.

3. **Electricity**

One nation one tariff for electric unit charges for MSME unit. backward state should be given 40 % subsidy per unit so that production cost match to national level.

4. **Delay Payment and State Facilitation Council**

Need to be upgrade with modern equipments and laws should be as per national facilitation council. Filling charges of the delay payment should be uniform with no filling charges for MSE unit throughout pan India. Interest charges should be minimum as per RBI Guidelines or current account loan charges whichever is lower.

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5. **Payment**

in tender for MSE units it has been mandatory mentioned the time period of payment schedule. as per central govt. announcement time to time , it should be strictly followed so that MSE unit not need to file on samadhan portal and state facilitation council . It will save time, money and energy of MSME units .

6. **EPF and ESI**

for MSE unit it must be rider but applicable on not below than 500 employees.

7. **Labour Laws**

500 employees or more will come under the Labour Laws for MSE units. Only minimum wages should applicable on below 500 employees.

8. **Current Working Certificate for the MSME Unit.**

Required clear cut notification for central and state MSME unit. For tender it is a great and problematic hurdle to avail MSME benefits. if needed than validity of the current working certificate as per academic or financial year. State tender unit has create a big problem for this need to be a clear notification applicable to central and state MSME units.
