

## Ministry invites feedback on draft MSME Policy

The Office of the Development Commissioner, MSME, Government of India has released Draft National Policy for MSMEs and sought feedback from stakeholders for the same by February 28, 2022. The policy proposes various measures to promote competitiveness, technology upgradation, infrastructure, cluster development, dedicated credit, procurement of products and financial assistance to MSMEs. The policy suggests various strategies and actions to be taken at the central and state level.

The policy aims to address key challenges of MSMEs, such as inadequate number of MSME Facilitation Councils at the state level, lack of uninterrupted supply of electricity, finance, availability of skilled labour, housing for workers, marketing assistance and infrastructure facilities, among others.

To address these challenges, the policy proposes various actions, under the broad categories of inter-governmental roles & responsibility, legislation and regulatory framework, access to finance, technology upgradation, skill development, knowledge management, ease of doing business, development of MSME code and exit code.

### Proposed Measures

Some of the action plans suggested in the policy are: developing a National Policy Document and their suitable alignment at state level, developing Standard Operating Procedures (SOP) for registration of MSMEs, promoting a three-tier system of MSME promotion council at Centre, State and District level. The policy calls for every District Industry Centre (DICs) in the country to organise District MSME Facilitation/Development Centre and create local level MSME Facilitation Centre wherever required.

The policy calls for legal system to facilitate exit of insolvent MSMEs, especially through out-of-court assistance such as mediation, debt counseling, financial education, or the appointment of a trustee.

Under the policy, the government plans to transform the MSMED Act, 2006 into a comprehensive and holistic MSME Code that can bring clarity on regulatory norms pertaining to the entry, continuance or exit of MSMEs, documentation and declaration procedures under several regulatory statutes. The policy suggests disposal of MSME loan applications within 7-10 days from the date of in-principal approval.

The policy calls for setting up an institution for technology development and R&D for MSMEs to identify new areas of research, commercialization of technologies and guide MSMEs in research & development. There is also a proposal to set up a Cell to gather and disseminate information on training programs at the district level for MSMEs.

The policy proposes legal support to MSMEs at affordable cost at the district level for non-judicial works, such as drafting of the contracts, advice for techno-legal formalities, etc.



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Apart from the above, there are several other proposals in the Draft MSME Policy and some of them are: restoring existing industrial estates, creating small rural business zones (RBZs), establishment of dedicated 'SME Equity Fund', enhancing credit limit under MUDRA scheme etc.

Apart from the above proposals, the 70-page draft MSME Report includes salient schemes of state governments such as Gujarat, Maharashtra and others for MSMEs and best policy practices of other countries for MSMEs.

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### RBI

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