

Smt. Nirmala Sitharaman

Hon'ble Finance Minister, Govt. of India

11TH January 2022

Subject: Recommendations for MSME Budget 2022-2023

Respected Ma'am,
Greetings from WASME!!!

1. The government should introduce **reforms around import substitutes** which will boost domestic manufacturing and promote self-reliance. To achieve this, the MSMEs also need to indigenously design and develop products.
2. For the upcoming budget, the government should formulate a **policy that focuses on indigenization in high priority technology** areas, thereby allowing MSMEs to design products that are globally competitive.
3. **Adoption of renewable sources of energy** must also be given the outmost priority. Thus, 2022-23 Budget should make green energy an integral part of the policies being announced for MSMEs. This will not only create a sustainable economy and generate new jobs in the segment but will also decrease India's reliance on energy imports.
4. There is a need for trade policy to focus on **encouraging MSMEs to move beyond domestic borders**. This will help in positioning India as a leader in the global marketplace.
5. There is also need to develop a **comprehensive revival package for MSMEs** including concessional credit, loan moratorium and deferment of statutory dues.
6. Covid-19 pandemic has made a major impact on micro, small & medium enterprise. Hence micro enterprises with turnover upto Rs. 5 crore be exempted from Goods and Service tax (GST) for a period of 12 months and the NPA (Non Performing Asset) norms for the micro enterprises are reclassified as 120 days from the date of missing of an EMI. Additionally, outstanding working capital loans availed by MSMEs be converted into a term loan with 1 year moratorium and government should provide **fresh working capital at repo rate**.
7. The current GST structure is not uniform, this often leads to a lot of confusion in the hospitality and food industry. It becomes more chaotic where the GST charges are concerned for the in-house restaurants and bakeries. Also, alcohol should be bought under the GST net, currently, it is under excise. The above measures **reduce complexity enabling MSME's to focus on core areas of business** hence scale faster.
8. The **ease of doing business for small entities must be improved** and compliance burden in every aspect, be it GST, loans, licensing or audit must be reduced and statutory compliance should be minimal.
9. Already the prices of the raw materials are very high and not controlled so the government should at least **rationalize the GST** on manufacturing for micro and small enterprises.
10. **Tax benefit on R&D expenditure must be restored** as the government is pushing for technological up gradation, technological development and adaption in the small business sector. Earlier there was a weighted benefit. If you spent say, Rs 100 for R&D, you will get a tax benefit of more than Rs.100. Till 2016-17, the benefit was 200 percent, in 2017 it was reduced to 150 percent. This was valid till April 1, 2020, so this should be restored to 200 percent.



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