FICCI CMSME

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# NEWSLETTER

## In this issue………

# MSME News Update

## SIDBI, World Bank ink $543 million pacts for start-ups, MSMEs

Lender to small industries, SIDBI signed USD 543 million (about Rs 3,400 crore) pacts with World Bank for two projects to provide debt assistance to start-ups, MSMEs and promote energy efficiency investments in the country. "The projects will mark a new beginning in the area of MSME financing and supplement the Government's thrust on Make in India and Zero Defect Zero Effect Programme," SIDBI said.

The first agreement on MSME growth, innovation and inclusive finance project is for line of credit of USD 500 million to Small Industries Development Bank of India. Of this, USD 150 million will be used for spurring early stage risk capital finance; USD 200 million for supporting service sector enterprises; and USD 150 million will be utilised for financing of manufacturing MSMEs. The project also targets women entrepreneurs (20 per cent of the project) and units in underserved (low income) states such as Uttar Pradesh, Madhya Pradesh and West Bengal (25 per cent of assisted units from low income states).

The second agreement is for Partial Risk Sharing Facility for Energy Efficiency (PRSF) Project with a total outlay of USD 43 million. Under this pact, a guarantee fund with a corpus of USD 37 million will be managed by SIDBI. It also entails technical assistance of a USD 4 million to be implemented by SIDBI and USD 2 million to be implemented by Energy Efficiency Services Limited.

It will guarantee the loans given by Banks/financial institutions/NBFCs to ESCOs and ESCO-implemented projects to minimise their risk perception. It is estimated that the project is expected to provide credit guarantee to more than 500 ESCO implemented EE projects which would mobilise financing of the tune of USD 127 million.

(Business Standard, April 1st, 2015)

## NSIC to focus on innovation, skill development in MSME sector

National Small Industries Corporation (NSIC) has signed a pact with the government for promotion of innovation and entrepreneurship to give a fillip to the MSME sector in the country. The Memorandum of Understanding (MOU), signed for 2015-16, envisages provision of enhanced services by NSIC under its financial, marketing, technology services and other support services for micro, small & medium enterprises (MSMEs) in the country.

At the MoU signing ceremony, NSIC CMD Ravindra Nath said, "Special focus will be given to enhance entrepreneurship and skill development activities through setting up livelihood incubation centres under the scheme for promotion of innovation, entrepreneurship and agro-industry of the MSME Ministry."

The MoU projects growth of 15 to 20 per cent in the operational performance of the NSIC during the year 2015-16.

The agreement entails raw material distribution to the tune of Rs 21,000 crore in 2015-16 as against Rs 18,000 crore in the previous financial year.

The pact envisions adoption of 10 clusters to extend benefits of NSIC's schemes to the MSMEs operating from such clusters and seeks to facilitate MSMEs in their marketing efforts through mobilising greater membership under the e-marketing portal -- www.msmeshopping.com.

(Economic Times, April, 1st, 2015)

## Gogoi asks Industries Dept to promote MSME

Assam Chief Minister Shri Tarun Gogoi asked the Industries and Commerce Department to gear up its activities in a big way and initiate steps to uplift the economy of the State through the promotion of Micro, Small and Medium Enterprises. He asked the Additional Chief Secretary, Industries and Commerce, to take steps to infuse life in the weak industries and thereby contribute to the economy of the State.

He also asked the department to utilize its land productively and whatever land is lying unutilised it should be used to set up small scale industries for the uplift of local entrepreneurs. He further instructed the department to develop infrastructure in the industrial estates in public-private partnership mode.

The Chief Minister assured all help from the government to achieve this. He also asked the Additional Chief Secretary to coordinate with all the line departments to forge a synergy to expedite the process of setting up of small industrial units in the State and generate employment avenues.

(Assam Tribune, April 3rd, 2015)

## Prime Minister launches MUDRA Bank to fund small businesses

Prime Minister Narendra Modi launched Micro Unit Development and Refinance Agency, or MUDRA to fund and promote microfinance institutions (MFIs), which would in turn provide loans to small and vulnerable sections of the businesses. Modi said these businesses would provide almost 10 times jobs to what was being generated by big companies.

MUDRA will have an initial corpus of Rs 20,000 crore and a credit guarantee corpus of Rs 3,000 crore. The initial corpus would be provided by banks from their priority sector lending shortfall.

To be an Non-banking financial company (NBFC) and a part of Sidbi, MUDRA will later take the form of a bank through a Bill, which the government will present in Parliament within the next one year, according to financial services secretary Hasmukh Adhia.

During the launch, the Prime Minister said the MUDRA scheme was aimed at "funding the unfunded". He said India's small entrepreneurs were used to exploitation at the hands of money lenders so far, but MUDRA would instill new confidence in them.

Small businesses can avail loan up to Rs 50,000; businesses that are a little bigger could avail loan of up to Rs 5 lakh; the highest bracket of loans available to the MSME sector would be up to Rs 10 lakh. For further financing, the MSME sector affiliated entrepreneurs would be given a 'MUDRA card', which could provide further credit of up to Rs 20,000. MUDRA would also partner with state, regional level co-ordinators to provide finance to the last-mile financiers of small and micro business enterprises.

The idea of MUDRA Bank was first envisaged in Budget 2015-16.

(Business Standard, April 09th, 2015)

## Government scraps MSME exclusive items list

The government has done away with the final list of items, ranging from pickles to firecrackers, which were reserved only for the MSME (micro, small and medium enterprises) sector for manufacturing. This has been done to boost investment and technological advancement. With this move, the government has dereserved all items. According to a press release issued by the ministry of commerce and industry, the move was taken "to encourage greater investment, including the existing MSME units, to incorporate better technologies, standard and branch building to enhance competition in Indian and global markets for these products."

The government has been reducing the number of items in the list progressively since 1991. Over the years, the list was reduced from 800 items to 20 at present. This was done on the recommendations of an advisory committee that took the decision to scrap in October last year.

(Business Standard, April 14th, 2015)

## Government introduces bill to raise investment limits for MSME units

The government introduced a bill in the Lok Sabha to enhance the investment limits for micro, small and medium enterprises and also made a provision for enhancing it further through a notification.

The investment limits in plant and machinery for the micro enterprises is proposed to be raised to Rs 50 lakh, of small enterprise to Rs 10 crore and medium enterprise to Rs 30 crore. The existing limit are Rs 25 lakh, Rs 5 and Rs 10 crore respectively. These investment limits were fixed by the Micro, Small and Medium Enterprises Development (MSMED) Act in 2006.

The classification of a unit as a micro, small or medium enterprise entitles them to avail certain concessions from the government as well as the banks. There will, however, be separate investment limit for enterprises classified as micro, small or medium in services sector. The proposed investment limit will be Rs 10 lakh for micro, Rs 5 crore for small and Rs 15 crore for medium enterprises in the services sector.

(Economic Times, April 20th, 2015)

## Chinese SME bigwigs on mission investment

A 25-member high-powered business delegation led by Liu Shijie, director, Shenyang Economic Zone, Liaoning Province, China, visited India with a view to assess investment opportunities for Chinese companies in India. In this connection, FICCI in partnership with the Ark of China, organised the India-China (Liaoning) Business Conference in New Delhi.

Speaking on the occasion Mark Shujun Ma, chairman, ArK of China, which comprises 70 million SMEs, said that Asia needs cooperation between China and India. Ma, who first visited India in 1991, has visited the country several times. He said that SMEs of India and China should come together.

He said that three Indian states would be selected by the Ark of China for investment and industrial clusters. "India will be the first priority of Ark of China," he added. Ark of China is supported by Liaoning Province in China.

Several MoUs between Indian and Chinese companies in e-commerce, consultancy, animal feedstock, waste management and tourism infrastructure generating business worth $100 million is likely to be signed during the ongoing visit. The business meet was addressed by Chinese and Indian corporate honchos who exchange ideas on how the two countries can further widen and deepen their economic engagement.

(Mail Today, April 25th, 2015)

## Tech startups eye potential of local SMEs

Indian technology startups that cater to small businesses across the world are waking up to the potential at home, using mobile apps to tap the country's numerous small and medium enterprises (SMEs) with offerings in areas such as search-engine optimisation and analytics.

Proliferation of smartphones in India has made it possible for startups such as Nowfloats, Whatfix and Zoho, which count the US as their primary market, to gain a foothold in the largely untapped domestic SME sector through mobile applications, offering these firms basic features for free with an aim to turn them into paying customers once they are hooked.

Small businesses in India will look to spend Rs 71,300 crore on IT, especially in social media, mobile, analytics and cloud, offered as cloud-based freemium models, with options for running on mobile and pay per use, according to Zinnov research.

(Economic Times, April 26th, 2015)

## SEBI bats for SMEs, seeks to make listing cheaper

The Securities and Exchange Board of India has asked the stock exchanges, Small Industries Development Bank of India (Sidbi) and venture capitalist associations to explore ways that could make raising capital through the exchanges cost less for small and medium entrepreneurs.

SEBI chairman U.K. Sinha said interaction with the small promoters and entrepreneurs in smaller towns like Rajkot, Coimbatore etc., revealed that the small promoters found the listing charges expensive — as high as 9-10 per cent of the compliance costs — and were apprehensive about losing control over their company. He said unless the exchanges, Sidbi and VCs focused on these issues “growth would not happen”.

“The contribution of the SMEs to growth and exports is well known,” he said and also said that the SME platform on the exchanges were a “reasonable big success,” with 94 companies listed on the BSE, whilst countries like Philippines and Brazil were still thinking of listing SMEs. Mr Sinha also said that the new guidelines for listing startups would be ready by June and it would be liberalised as there was need to provide them with ways to raise capital.

He mentioned that cities like Pune, Bengaluru and Thiruvananthapuram had high levels of entrepreneurship and innovative minds with fantastic solutions. Regulations for electronic initial public offerings would be ready in a few months he said and expressed concern over the serious shortfall of manpower trained in compliance requirements, risk management etc., in the securities market. The shortfall is estimated at 30,000.

(Asian Age, April 29th, 2015)

# ARTICLE

# Micro Units Development and Refinance Agency (Mudra) Bank

**BY RAMAN KUMAR***

According to NSSO survey of 2013, there are 5.77 crore small business units, mostly individual proprietorships, which run small manufacturing, trading or service activities. Most of these 'Own account enterprises' are owned by people belonging to Scheduled Caste, Schedule Tribe or other Backward Classes. Only 4% of such units get institutional finance. Providing access to institutional finance to such micro/small business units would turn them into strong instrument of GDP growth and also employment.

Micro Finance is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a range of services which include, in addition to the provision of credit, many other services such as savings, insurance, money transfers, counseling etc. The players in the Micro Finance sector can be qualified as falling into 3 main groups:- the SHG- Bank linkage model started by NABARD, the Non-Banking Finance Companies and others including Trusts, Societies etc.

The Hon'ble Prime Minister has launched Micro Units Development and Refinance Agency (MUDRA) Bank on 8th April 2015 to function as a subsidiary of Small Industries Development Bank of India (SIDBI). The Bank will be responsible for regulating and refinancing all Micro-finance Institutions (MFI) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and service activities. The Bank will partner with State level/regional level co-ordinators to provide finance to Last Mile Financer of small/micro business enterprises.

Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products/schemes. The Interventions have been named as '**Shishu', 'Kishor', and 'Tarun',** to signify the stage of growth/development and funding needs of the beneficiary micro unit/entrepreneur and also provide a reference point for the next phase of graduation/growth to look forward to:

Shishu: covering loans upto Rs. 50,000/-
Kishor: covering loans above Rs. 50,000/- and upto Rs. 5 lakh.
Tarun: covering loans above Rs. 5 lakh and upto Rs. 10 lakh.

It would be ensured that at least 60% of the credit goes to **Shishu** Category Units and the balance to Kishor and Tarun Categories.

The definition of Micro unit for the purposes of MUDRA's activities shall not be linked with MSME or any other Act. For the purpose of units covered under MUDRA, micro units may be termed as proprietorship/partnership firms running as small manufacturing units, shopkeepers, fruit/vegetable sellers, hair cutting saloon, beauty parlours, transporters, truck operators, hawkers, co-operatives, food service units, repair shops, machine operators, small industries, food processors, self-help groups, professionals and service providers etc. in rural and urban areas with financing requirements of less than Rs. 10 lakh.

A sum of Rs. 20,000 crore has been allocated to the MUDRA Bank from the money available from shortfalls of Priority Sector Lending for creating a Refinance Fund to provide refinance to the Last Mile Financers. Another Rs. 3,000 crore has been provided to the MUDRA Bank from the budget to create a Credit Guarantee corpus for guaranteeing loans being provided to micro enterprises.

These measures will greatly increase the confidence of young, educated and skilled workers who would now be able to aspire to become first generation entrepreneurs; existing small business ,too, will be able to expand their activities thus funding the un-funded. Besides, this will also bring down the cost of finance from the Last Mile Financers to the micro/small enterprises, most of which are in the informal sector.

***Raman Kumar, Knowledge Partner, SIDBI is a retired senior Banker with rich experience in credit delivery process. Mr. Kumar is available at FICCI every Tuesday between 10.00 a.m to 12.30 p.m. for advisory services organized by SIDBI free of cost for members.***

ARTICLE

# Digital Marketing for Manufacturers

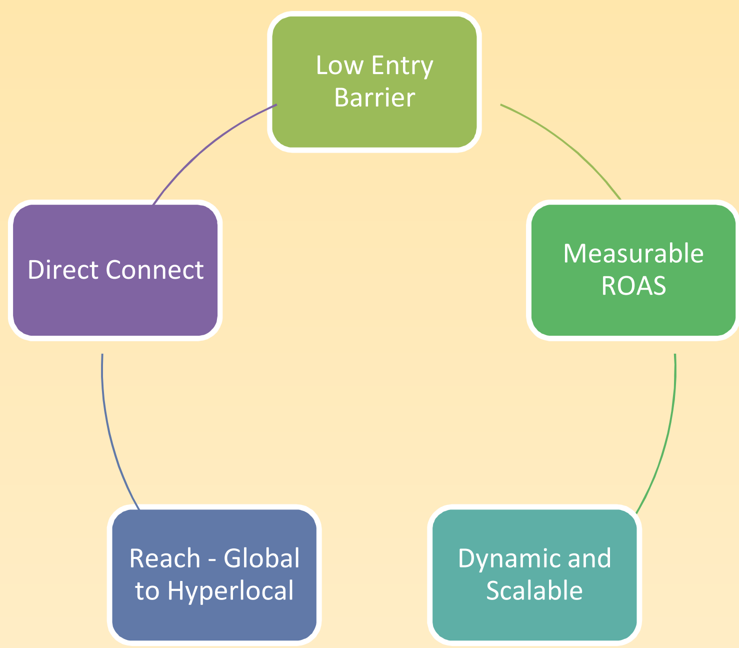
**By: Team Sokrati**

*"By 2020, 60-70% of new car sales leads will be generated by a digital platform, says Frost & Sullivan, be it via websites, mobile sites, social media or apps. "*

*"In the first-ever analysis of the defense industry's use of social media by UK-based Defence-IQ, 62% of respondents believe that it is very important, if not critical, that defense contractors improve their online and social media presence."*

These statements are about 2 different manufacturing industries, one of which has been using digital platforms extensively and other which we have probably never thought of using digital marketing platforms. Message is loud and clear, every industry is striving to make its' presence felt on digital media. In years to come, having an online presence will not remain an option but a necessity.

## Benefits of Digital Marketing:

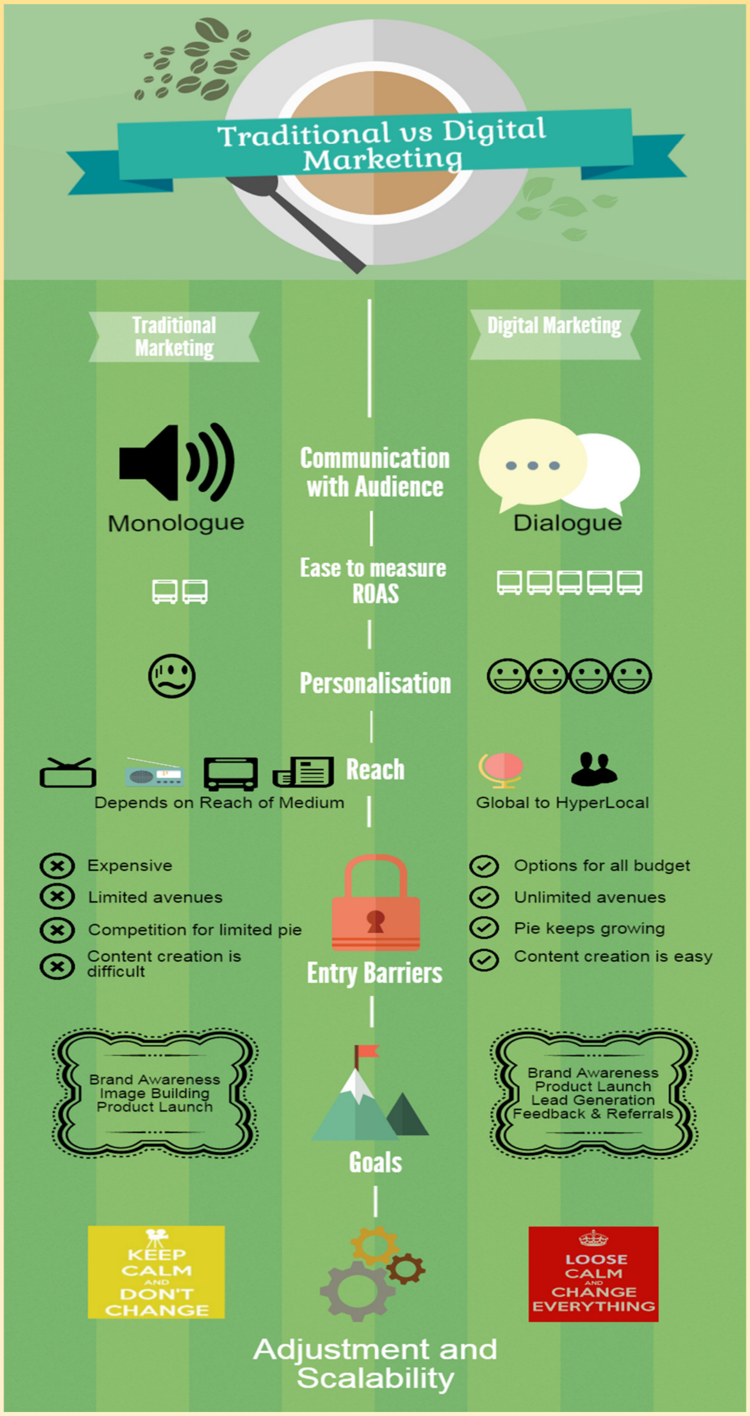


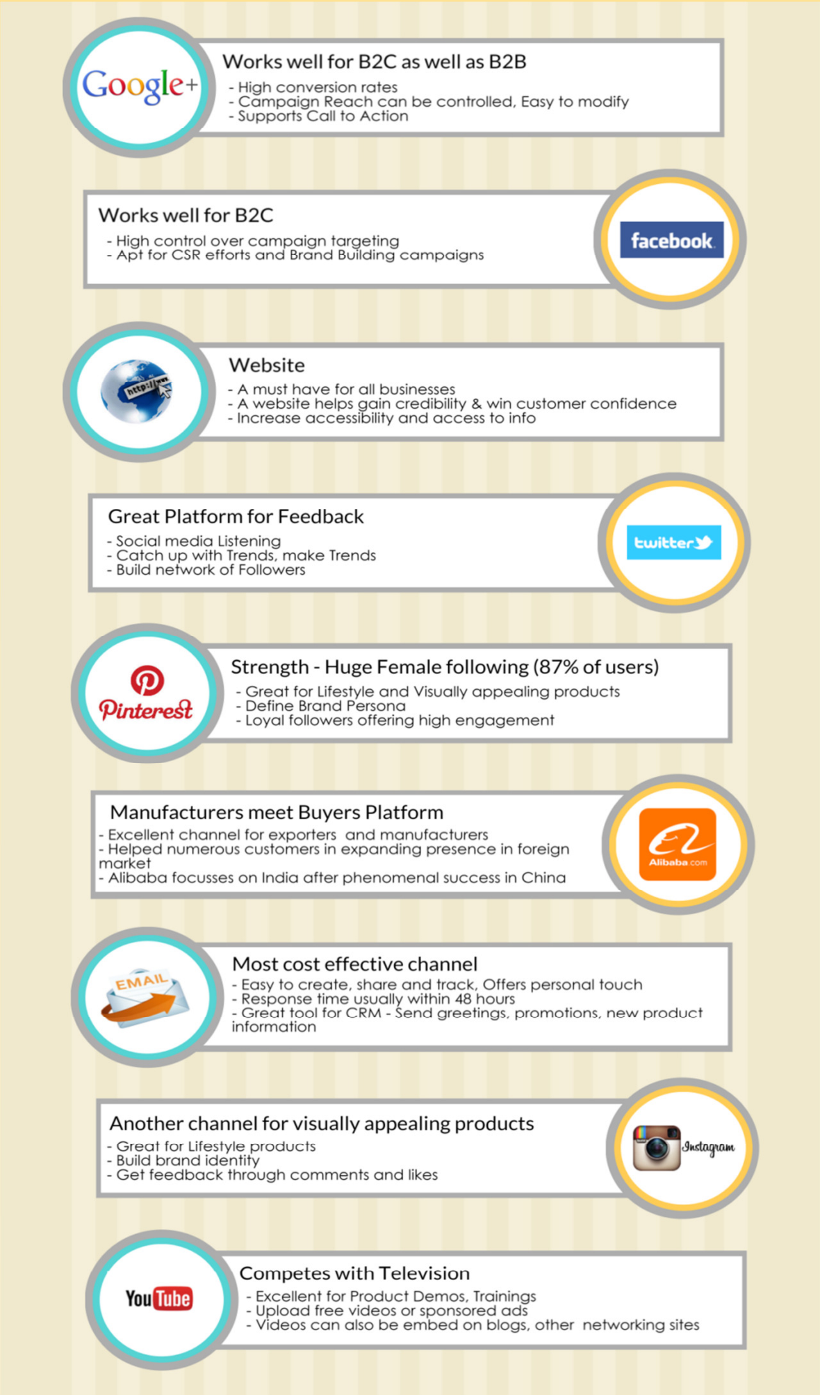

## Digital Marketing Vs Traditional Marketing – Benefits for Manufacturer:

Unlike traditional marketing which only few could afford, Digital marketing is open for all. Digital Marketing creates a level ground for SME's to compete with bigger players. There are avenues to advertise with every budget. The return on each advertising dollar spent can be tracked and accordingly campaigns can be changed or altered. The campaign size and reach can be easily scaled up or cut down. The reach can be controlled according to the audience targeted. Whether you want to market to a region in your city or to a Global audience, you have complete control. It is also possible to track audience reaction through social media monitoring

Digital Marketing offers direct connect with customers. Manufacturers can get product feedback, sales leads, referrals, first reactions with the help of social media monitoring.

*Channel Mix: Strengths*



## Manufacturing Industry – Supporting Channel Mix:

Digital marketing is bestowed with numerous avenues to market. Be it content, images, videos or text ads, there is a channel for everything. Here is our analysis on what channels would work for each industry:

| CHANNEL | GOOGLE+ | FACEBOOK | TWITTER | PINTEREST | ALIBABA | EMAIL | INSTAGRAM | YOUTUBE | WEBSITE |
|---|---|---|---|---|---|---|---|---|---|
| Agriculture | ● | | | | ● | ● | | ● | ● |
| Apparels & Textiles | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Fashion Accessories | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Electronics | ● | ● | ● | ● | ● | ● | | ● | ● |
| Component Manufacturer | ● | | ● | | ● | ● | | ● | ● |
| Gifts & Toys | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Sports Equipment | ● | | | | ● | ● | | | ● |
| Health & Beauty | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Industrial Goods | | | | | ● | ● | | | ● |
| Metallurgy | ● | | | | ● | ● | | | ● |
| Auto | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Leather Products | ● | | | | | | | | ● |
| Pharmaceuticals | ● | | | | ● | ● | | | ● |
| Energy | ● | ● | | | ● | ● | | ● | ● |

## Buying Phase – Content – Channel Mix:

In 2013, India's GDP had 56.9% contribution from Services while Manufacturing contributed only 15%. Within last one year focus has shifted from Services to Manufacturing for a sustainable growth of the nation. As the Make in India campaign gains momentum, it will bring opportunities for manufacturers and at the same time challenges. Expect increase in competition for domestic and global sales. Digital marketing in coming years would not be an option but a need for manufacturers.

It will be very important to have an online presence. Online presence begins with hosting a ".com" domain for the business. Having a ".com" domain adds credibility to the business. Customers in B2C space are accustomed now to look for testimonials and reviews before making a purchase. This trend is expected to pick-up for B2B space as well.

According to a research published by CEB's Marketing Leadership Council in 2013, business buyers do not contact suppliers directly until 57 percent of the purchase process is complete. Which means before the first contact is made; buyer is already forming opinions, learning specifications, narrowing down options without the influence from the manufacturer. Buy the time buyers contact, they have hardened expectations. It is important to influence in the initial 57%, which usually happens online. Customer learning is ongoing and it is important to understand when customers need a YouTube video and when a Whitepaper.

| Research Phase | Web Related Activity | Resources | Channel |
|---|---|---|---|
| Need Recognition | Browse web for solutions and Trends | White Papers, Expert's Blogs, Forums | Google, Industry websites |
| Explore Options | Look for Sellers, Price | Search - Paid and Organic, Product Ads | Google, Alibaba, Websites, YouTube |
| Form Opinions | Look for Testemonials, Reviews | Websites, Blogs, Microblogs, Forums | Twitter, Alibaba, Facebook, Community |

# APPRENTICE PROTSAHAN YOJANA

GOVERNMENT OF INDIA
MINISTRY OF LABOUR & EMPLOYMENT
DIRECTORATE GENERAL OF EMPLOYMENT & TRAINING

Ministry of Labour & Employment has started a new scheme "Apprentice Protsahan Yojana (APY)" on 16.12.2014 to support manufacturing units and other establishments by reimbursing 50% of the stipend paid to apprentices by Government of India for the first two years of training for one lakh apprentices to be engaged by establishments covered under the Apprentices Act, 1961 upto 31.03.2017.

## KEY FEATURES OF THE SCHEME

- Support to manufacturing units and other establishments covered under the Apprentices Act, 1961 in the form of sharing of 50% of stipend by Government of India.
- From FY 2015-16, Government of India's share of the stipend will be credited directly into the bank accounts of apprentices.
- Employers having six or more employees can avail the benefits of the scheme.
- Stipend for the first two years of apprenticeship will be shared.
- Sharing of 50% of stipend by Government of India for two apprentices per establishment.

## POINTS OF CONTACT (Statewise)

| States | Address |
|---|---|
| Delhi, Haryana, Rajasthan, Himachal Pradesh, Punjab, Chandigarh, Jammu & Kashmir | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) 3rd Floor, A-Wing, New CGO Bldg. NH-IV, Faridabad – 121001 Ph. No. 0129-2413890, 2421973, 9968294966 E-mail: rdatfbd@nic.in |
| Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Uttrakhand | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) ATI Campus, P.O. Udyog Nagar, Kanpur-208022Ph. No. 0512-2296088, 2225072, 8765170013 E-mail: rdatkanpur@gmail.com |
| Maharashtra, Gujarat, Daman & Diu, Goa, Dadra & Nagar Haveli | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) VN Purav Marg, Sion, Mumbai-400022 Ph. No.: 022-24051602 / 24055748 / 24052049 , Fax No.: 022-24057519 E-Mail: rdatmum@nic.in |
| Andhra Pradesh, Telangana, Karnataka | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) ATI-EPI Campus Ramanthapur, Hyderabad-500013 Ph. No.: 040-27031783, Fax No.: 040-27038264, 09701203815 E-Mail: rdat_hyd@yahoo.co.in |
| West Bengal, Bihar, Jharkhand, Tripura, Assam, Meghalaya, Sikkim, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Odisha | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) MSO Building 'E' wing, 1st Floor, D.F. Block Sector-1, Salt Lake City, Kolkata-700064 Ph. No.: 033-23340364, 23210331, Fax No. 033-23210322 E-mail: rdatkolkata_er@yahoo.in |
| Tamilnadu, Kerala, Andman & Nicobar Islands, Lakshadweep, Puducherry | The Regional Director, Regional Directorate of Apprenticeship Training (RDAT) CTI Campus, Guindy, Chennai-600032 Ph. No.: 044- 22500091, Fax No.: 044-22500989, 09444158766 E-Mail: rdatchn@nic.in |

For more details please visit website http://dget.nic.in/content/innerpage/apprenticeship-training-scheme-ats.php or contact Dy.Director General (AT) / Director (AT) at 011-23718106, 23720792

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**For more details contact:**

**Hemant Seth/ Deepesh Sharma**

FICCI- CMSME, Federation House, 1, Tansen Marg, New Delhi 110 001

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