



*IN THIS ISSUE.....*

- MSME News Update..... 01
- Article
  - Bring Out the Entrepreneur Within You and Launch Your Dream Venture..... 07

# MSME News Update

## **1. NSIC'S Bank Tie-up Scheme For Credit Facilitation to MSME Sector**

NSIC has entered into MOU with Central Bank of India on strengthen its sustained endeavors towards facilitating credit under NSIC's Bank Tie-Up Scheme for Credit Facilitation to MSME Sector for sustainable development of MSMEs in the country. The MOU was signed by Rajan Trehan, GM (Finance), NSIC and K.K. Taneja, Field GM, CBI in presence of Ravindra Nath, CMD, NSIC, R.C. Lodha, ED, Central Bank of India and other officials from both sides.

(Business Standard, October 1<sup>st</sup>, 2015)

## **2. Amazon plans to enable SMEs for pan India delivery**

Amazon India has drawn up plans to enable local SMEs to leverage the website's platform and pan-India delivery, thereby amplifying their reach beyond geographical boundaries. These SMEs include weavers and artisans engaged in traditional textiles and local handicrafts.

More than 50 per cent of Amazon India's buyers are from tier-II and tier-III cities. And on an average, more than 50 per cent of its sellers are from these smaller cities as well. Some are even one or two product-sellers and therefore it is important to enable them to use the platform to get a wider audience of buyers, Akhil Saxena, director, operations, Amazon India said.

Mr. Saxena said that more than 60 per cent of the company's traffic comes through mobile phones while the rest are web users. "We have therefore designed our app in such a way that it can be used smoothly and without connectivity hassles even on a light or lower bandwidth," he said,

In order to connect with local SMEs, the company is sending a specially designed 'chai cart' to various sellers' pockets. These have already covered 50 cities so far in their nationwide trek. Amazon India is also organising awareness campaigns and training programmes for sellers. In fact, it has a special team of trainers for local SMEs.

(Financial Chronicle, October 01st, 2015)

## **3. Small Businesses in Tier 3 cities lead smartphone adoption: Report**

Small and medium businesses in Tier-III Indian cities are the highest adopters of smartphones and personal computers for communicating with customers, managing business data and accounting related activities, according to a recent report.

The report by content marketing platform Nowfloats, in association with Zinnov, shows that 89 per cent of small and medium businesses (SMBs) use smartphones to reach out to customers and 7 per cent for supplier interactions.

This is higher than Tier-I cities where 73 per cent SMBs use smartphones for interactions with customers, while 4 per cent use it to interact with suppliers. The number stands at 78 per cent and 8 per cent for Tier-II cities for customer and supplier interactions, respectively.

Similarly, 52 per cent SMBs from Tier-III cities use personal computers (PCs) for data management, while 39 per cent use it for inventory management. This is against 46 per cent for data management and 15 per cent for inventory management in Tier-I cities.

Interestingly, the report found that 80 per cent of small businessmen across the country use applications such as Whatsapp in 'Vinglish' (vernacular + English) to instantly connect with customers. Such businesses have witnessed about 10 per cent growth in the overall business over a period of time, it added. While 37 per cent use aggregator websites such as Yellow Pages to reach out to potential consumers, 27 per cent SMBs use social media to do target marketing. Only 17 per cent of SMBs use e-commerce platforms to drive new customer traffic and make the transactions easier. The report was compiled by a group of researchers who travelled more than 5,000 km and covered 24 cities from Amritsar to Kanyakumari. They spoke to more than 200 SMBs about how they are using technology to drive business.

(The Hindu, October 2<sup>nd</sup>, 2015)

#### **4. Facilitation of MoUs Signed in Global Investors' Meet (GIM) begins**

The MSME Department of the Tamil Nadu government has kick-started its plans of facilitating the MoUs signed during the Global Investors' Meet by Micro, Small and Medium Enterprises in the State. The first leg of facilitation meetings with bankers, department officials and signatories were held with 331 medium enterprise investors who account for more than Rs 5,000 crore of the Rs 16,000-odd crore MoUs signed from the sector.

Officials in SIDCO and the MSME department said the facilitation programme seeks to lose no time in following up MoU signatories and fast-tracking investments.

(The New Indian Express, October 2<sup>nd</sup>, 2015)

#### **5. States asked to boost registration of SMES**

The Centre has asked states to encourage small and medium enterprises to go for registration as enrolling of SMEs has not picked up despite simplification of the process and their linking with Aadhaar for distribution of benefits.

At a meeting with Centre, the states appreciated the new procedure and agreed with the proposal of direct transfer of benefit to the units through Aadhaar-enabled bank accounts, sources said.

To promote SMEs' participation in the 'make in India' campaign, micro, small and medium enterprises minister Kalraj Mishra is scheduled to announce further details of the scheme.

After linking gas subsidy with Aadhaar and launch of jan dhan yojana, the government wants to project the simplified registration process of SMEs as another milestone to help the small units. According to sources, thousands of the SMEs in the unorganised sector are yet to avail of benefits announced by the government.

As part of the simplified registration process, these enterprises need just to fill up online a one-page form giving the Aadhaar number of the owner or proprietor.

(Financial Chronicle, October 05<sup>th</sup>, 2015)

#### **6. Labour-intensive MSMEs seek tax breaks based on job creation**

Micro small and medium enterprises (MSMEs), which are labour-intensive, have urged the government to provide them tax breaks based on employment or employment generation for a larger number of people. The issue could also be looked into by the Niti Ayog.

Finance minister Arun Jaitley could make a host of announcements aimed at providing a fillip to the Start Up India Stand Up India mission in the forthcoming budget. "Entrepreneurship is set to get a further boost as it is one of the ways to create jobs in the future, and the ministry of micro small and medium enterprise along with the finance ministry, especially the department of financial services, would look into it," an official source said.

Meanwhile, the MSME ministry is also holding job fairs across the country to push employment generation. The job fairs work on the model of employment exchanges.

(Hindustan Times, October 07<sup>th</sup>, 2015)

#### **7. Centre claims Aadhaar-Based registration system's good response in MSME sector**

The Centre claimed to have received very good response from recently launched Aadhaar-based registration system under Micro, Small & Medium Enterprises (MSME) sector.

Minister of MSME Kalraj Mishra said that within a short period 800 registrations have been received at the same time employment for about 118,196 persons have been generated during 2015-16 as part of Prime Minister's Employment Generation Programme (PMEGP),.

Reiterating Government's commitment to promote Khadi sector, Mishra said Government measures and Prime Minister's encouragement to the Khadi industry has helped the sector to record 17.55% growth during October 2014 - 15.

The Minister also briefed the media about other recent initiatives taken by his Ministry which include framework for revival and rehabilitation of MSMEs, Skill development and involvement on the Social Media.

(The Pioneer, October 07<sup>th</sup>, 2015)



## 8. **Govt identifies location for 12 three-dimensional tool rooms**

Aiming to give a fillip to micro, small and medium enterprises, the Ministry of Micro, Small and Medium Enterprises (MSMEs) is done with the finalisation of location and land acquisition for 12 new three-dimension technology tool rooms out of targeted 15.

The states where new tool rooms would come up include Andhra Pradesh, Arunachal Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, J&K, Karnataka, Manipur, Pondicherry, Rajasthan, UP and Uttarakhand.

“All formalities have been completed from both the sides – Centre and state. We are now finalising dates for laying the foundation stone. As soon as we get a go ahead from Chief Ministers of each state, work will start,” said a senior official in the Ministry on the sidelines of a press meet organised to launch Udyog Aadhar Memorandum (UAM), which aims to simplify registration process for entrepreneurs of MSME sector.

“Hopefully, we are sure that the foundation laying work will get completed by December-end. The remaining three states that have not yet identified their location have been told to fast-track the process,” he said, adding that the Centre has already established 18 tool rooms. Notably, the Centre has a budget of Rs 2,000 for setting up tool rooms across the country to promote MSME sector.

Spelling out the features of UAM, Kalraj Mishra, Union Minister for MSME, said: “It is a one-page simplified registration form in self-declaration format to create a business friendly environment with easy entry and exit procedures to encourage entrepreneurial activities.”

“The decision of rolling out UAM is in the line with Prime Minister Narendra Modi’s announcement with regard to dispensing with requirement of attestation of documents to be replaced with self-attestation of document,” he said.

“The UAM would help in seamless registration of a new enterprise as it has been found that there are several unregistered units in the country,” the minister said, adding that a person running an MSME unit will have to just need Aadhaar number to get registration done.

(Millennium Post, October 08th, 2015)

## 9. **Bengal invites Pai to draft start-up policy**

In a bid to make Kolkata a startup capital of India, West Bengal Finance Minister Amit Mitra called upon Manipal Global Education Services Chairman T V Mohandas Pai to draft a startup policy for the West Bengal government.

Speaking after an Investment Roadshow here organised jointly by the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Government of West Bengal ahead of the Bengal Global Business Summit scheduled for January 7-9, 2016, in Kolkata, he said, “Pai will lead the startup movement in West Bengal. Soon Kolkata will become the startup capital of India.”

Pai had suggested that Bengal may come up with Startup Policy to encourage entrepreneurship and set a target of 10,000 startup companies in the next 10 years in the state.

Another instance of the State encouraging entrepreneurship is that it supports Nasscom’s Startup Warehouse, a 10,000 sq ft. space at Webel Bhavan, Salt Lake, Kolkata, earmarked for the Startup Warehouse project with plug and play services provided.

Mitra claimed that since the TMC government came to power, it had attracted Rs 87,000 crore in investment from industries.

“Besides, we are giving major impetus to the MSME sector by providing a push to small investors by creating 400 industrial clusters for small units. We have also planned a major programme for start-ups in West Bengal,” he said.

Mitra said Bengal was growing at a much faster rate than the national average in many sectors. While the GVA (gross value added) of India was 7.5 per cent, Bengal was growing at 10.4 per cent. The agricultural sector was growing at 6.6 per cent against the national average of 1.1 per cent, while the industrial growth in the State was at 8.34 per cent against the national average of 5.6 per cent.

He said Bengal was attracting major investments in the IT sector with Tata Consultancy Services planning to create 17,000 more seats during this fiscal, while Cognizant also planning to add 5,000 seats.

(Deccan Herald, October 14<sup>th</sup>, 2015)

## 10. **E-tailers Seek RBI Approval to Offer Loans to SMEs**

Some of the top e-tailers operating in India have sought the Reserve Bank of India's permission to lend to small and medium enterprises listed on their platforms.

A senior RBI official said some suggestions were made at a town hall organised by the central bank in Delhi for ecommerce companies and small and medium enterprises (SMEs). "There were some suggestions made in this regard, and we have forwarded them to the head office. They are being looked at," he said. At present, only Indian firms such as Snapdeal provide credit to the sellers on their platforms to meet working capital requirements.

(The Economic Times, October 16<sup>th</sup>, 2015)

## 11. **US keen to partner small, medium units**

The Executive Director of the 'SelectUSA' programme Vinai Thummalapally called for more investments in the US.

Speaking at the first-ever SelectUSA road show, Thummalapally pointed out that the US has come up with a "cluster mapping" system to help locate regions that Indian small and medium enterprises (SMEs) and other enterprises can zero in on and find partnering companies. He was leading members of the delegation of the SelectUSA programme.

SelectUSA aims to promote investment in the US and was launched in 2011 by President Barack Obama.

Kolkata is the fourth city where the programme is being held apart from Delhi, Mumbai and Chennai.

Thummalapally said help would also be provided to connect these enterprises at the local levels as well as help them "navigate the regulatory system and find solutions to questions related to national government".

"This is very exciting time for us to do business together. The US has been consistently recognized as one of the easiest places in the world to do business," he said. India, according to him, is the fourth fastest growing source of FDI into the US, with \$11 billion investments (historically); with over 200 companies operating there. The Executive Director further pointed out that some of the concern areas such as intellectual property (IP) protection can be well addressed with US being known as a "leader" in IP protection and enforcement. Foreign trade zone (FTZ) is another area that can be explored.

"The application process is fast and you can take advantage of FTZs wherever you are located in the country," he added.

According to Thummalapally, the US was also ready to work with and assist Indian start-ups. Incentives, however, will be state (US) specific. On a federal government level, there aren't many incentives.

"We are as keen to work with start-ups as we are with the big companies. But incentives are provided at a local or State level rather than at the federal level," he said.

The US Department of Commerce's SelectUSA initiative and the Silicon Valley chapter of The Indus Entrepreneurs (TiE) have already signed a memorandum of intent (earlier this year) to work together to provide Indian entrepreneurs the data and assistance they need to facilitate their expansion in the US.

(Business Line, October 16<sup>th</sup>, 2015)

## 12. **Modi to make key announcements on startup India in Dec'**

Prime Minister Narendra Modi will make a series of "very important" announcements to promote startups in the country in December, said Minister of State for Finance Jayant Sinha.

In his Independence Day speech, Modi had announced a new campaign 'Startup India; Stand up India' to promote bank financing for startups and offer incentives to boost entrepreneurship and job creation in the country.

"In early to mid-December the Prime Minister is going to make a series of very important announcements on Startup India where we will bring together the work that we are doing and make some important announcements about how we are going to take forward India's entrepreneurial ecosystem," Sinha said.

Promising that the announcements are going to be "very exciting", the minister said the government is committed to promote startups and entrepreneurship. "We have already done, I think, more in the last 15 months than the previous government did in 10 years," Sinha said.

(The Pioneer, October 18<sup>th</sup>, 2015)

### 13. **Direct transfer of benefits for MSMEs**

The Ministry of Micro, Small and Medium Enterprises (MSMEs) is considering introduction of direct transfer of benefits (DTB) to those setting up units under the Prime Minister Employment Generation Programme, Anup K. Pujari, secretary, Ministry of Micro, Small and Medium Enterprises, told presspersons here.

In order to simplify processes, the Ministry has introduced single page registration and since its launch last month, over 10,000 people have applied for Udyog Aadhaar.

Though Entrepreneurs Memorandum I or II are valid, MSME entrepreneurs who have these are also encouraged to go in Udyog Aadhaar, he said.

With regard to the public procurement policy, the Ministry was looking at measures that will benefit startups too. (The Hindu, October 18th, 2015)

### 14. **BSE suggests compulsory market making for SMEs, startups**

To boost liquidity in capital markets, top stock exchange BSE has suggested that market making be made compulsory for all stocks listed in SME segment as also scrips of start-ups to be listed on Hi-Tech platforms. Market making should be a must for main board companies having market capitalisation of less than Rs 200 crore and also for all corporate and government bonds, it said. In a presentation to the Finance Ministry, the exchange has also suggested a number of other measures to shore-up liquidity in the capital markets.

(The Economic Times, October 23rd, 2015)

### 15. **Government raises floor for prosecution for evasion of excise, Service Tax**

The Central Board of Excise and Customs increased the monetary threshold for arrest and prosecution for evasion of excise duty, custom duty, service tax, and mis-declaration of baggage.

The threshold for cases of offence of evasion of tax or wrongful utilization of input tax credit in case of central excise and service tax has been raised to 10 mln rupees each. The earlier floor for excise duty was 2.5 mln rupees and for service tax was 1 mln.

Presently, overseas travellers can pay a fine for any undeclared or misdeclared baggage of a value up to Rs 5 lakh. Any such baggage beyond this limit attracts prosecution or arrest. The government has now raised this limit to Rs 20 lakh.

“The monetary limits for arrest and prosecution have been revised substantially upwards to ensure that these (taxation) powers are not used against small and medium businesses,” the finance ministry said.

For evasion of tax under the Customs Act, the lower limit has been raised ten times to 10 mln rupees.

In cases of outright smuggling or mis-declaration of baggage, the limits regarding value of offending goods have been revised from 500,000 rupees to 2 mln rupees. “As in the past, there shall be no lower limit for arrest and prosecution in the cases of smuggling of fake Indian currency notes, arms, ammunitions and explosives and endangered species,” the ministry said.

“As in the past, there shall be no lower limit for arrest and prosecution in the cases of smuggling of fake Indian currency notes, arms, ammunitions and explosives and endangered species,” it said.

A company/assessee would be treated as habitually evading tax/duty, if it has been involved in three or more cases of confirmed demand of excise duty or service tax or misuse of Cenvat credit involving fraud, suppression of facts etc in past five years such that the total duty or tax evaded or total credit misused is equal to or more than Rs 1 crore, the notification said.

(The Free Press, October 24th, 2015)

### 16. **Weaving and Handloom to start in seven Districts of Haryana**

Aiming to provide vocational skill training to people, courses related to clothing, spinning, weaving and handloom will be started in seven districts of Haryana under the Integrated Skill Development Scheme. The districts where the programmes will be started are- Panipat, Gurgaon, Faridabad, Hisar, Bhiwani, Ambala and Rohtak. A spokesman of the Industrial Training Department said the Haryana government, which has completed one year of its tenure with the catchline of ‘Ek Varsh, Sarvatra Harsh’ has started Skill Development Mission in the state of technical education and industrial training and constituted Haryana Skill Development Mission.

(Millennium Post, October 29th, 2015)

## 17. **Centre offers additional sops to boost sagging exports**

The commerce ministry has expanded the ambit of its Merchandise Exports from India Scheme (MEIS) to boost export of key products such as textiles, telecom and electronic items. The move is seen as an attempt to arrest the continuing fall in overall export growth.

The latest revision of the MEIS introduces 110 new tariff lines and increases the duty benefit rates or the country coverage, or both, for 2228 existing tariff lines, the commerce ministry said. The ministry's move to partially tweak the MEIS by providing more incentives to exporters came after the finance ministry had agreed to raise the allocation for the scheme to Rs 21,000 crore for the current fiscal from Rs 18,000 crore announced earlier.

India's merchandise exports plunged 24.3% in September from a year earlier, having recorded contraction in each month since December 2014, as a crash in commodity prices and a global slowdown hurt shipments of petroleum products, iron ore, and engineering goods.

Under the MEIS, the government provides exporters duty credit scrip at 2%, 3% and 5% of their export turnover, depending upon the product and the country, as envisaged in the foreign trade policy 2015-20. The scrip can be transferred or used for payment of a number of duties, including the basic customs duty.

Exports of select textile items, pharmaceuticals, project goods, auto components, telecom, computer, electrical, electronics and railway transport equipments--which used to get duty benefits only for a few countries--would be entitled to global support.

Similarly, higher support has been granted to certain categories of products, such as industrial machinery, parts and machinery

for dairy, agriculture, food processing, textiles sectors, many of which are manufactured by MSMEs.

(The Financial Express, October 31<sup>st</sup>, 2015)

# ARTICLE

## Bring out the entrepreneur within you and launch your dream venture

By: R. Narayan

India's core strength lies in a robust base of entrepreneurs who have tremendous potential in galvanising the Indian economy and pushing it on the road to sustained high growth. If you have that entrepreneurial DNA, it's time to grow your business idea into a startup - and it's a favourable time to launch a startup in India. In this article, we delve deeper to understand why it's a good time to become an entrepreneur in India, the challenges you face while launching a startup, government's initiatives to boost startups and FICCI's role in nurturing the growth of entrepreneurial ventures.

India's startup ecosystem is at the cusp of growth. A confluence of factors such as greater flow of investments, new business opportunities, and a growing domestic market indicate that India is geared up to reinvigorate its entrepreneurial landscape. According to a 2014 NASSCOM startup report, the nation is armed with 3,100 startups - the third largest startup ecosystem in the world, and adding 800 startups yearly. There would be 11,500 startups by 2020, employing over 250 million people. Evidently, the Indian startup landscape is turning out to be a hotbed of opportunities and playing a crucial role in shaping up the new economic epoch.

The favourable growth path of startup ecosystem in India is also supported by the current government and there have been many new initiatives, policies and campaigns designed by the government to support the young businesses in our country. In fact, the government is upbeat in promoting entrepreneurship and self-employment to create a long term positive impact on country's economy. If we look at the developed nations, the startup and SME space contributes close to 50% to the nation's GDP, supporting large part of employment. Therefore, the young business ecosystem in any economy plays a very significant role in the overall growth of a country.

### **Spirit of innovation and passion among startups**

In an increasingly competitive landscape, it is only relentless innovation that can help startups grow and be at par with their larger counterparts. Innovation in business begins with the idea, it is supported by the team that you build and it is maintained by constant endeavour of yours to enhance the product or service.

*Business Idea:* In order to be innovative, you must scan the environment around you and identify a gap. Your business idea should be very clear and must solve that problem or need. The idea must be disruptive as well. It must be surrounded by real numbers with a tight business and revenue plan and must generate income and interest.

*Your Team:* A good place to start is with the people you surround yourself with. The team you build is the most integral part for a start-up. One must have the right players in the team to make sure that it is a well-rounded effort and you are taking the best crack at the idea that you have come up with. A great idea is the catalyst but needs a right team to make it come alive.



*Walk in your customer's shoes:* You may have come up with best idea in the world but you will need to walk in your customers' shoes to understand if the idea is really solving their problems? Are they comfortable using it? Is there ecstasy when they engage with you? Once you start offering your product or service, you will have a better sense of what your business is becoming. The feedback you receive will tell how you differ from others doing similar things. Your ideal customers and clients will become clearer to you. You will learn many valuable lessons by knowing your customers better.

However, for budding entrepreneurs lack of deep pockets can be a dampener to their business ideas. It can definitely be an arduous task to get their idea off the ground, as well as understand the finer nuances of getting funded. And how do startups, the backbone of any economy, make sure that they have a continuous funding solution that lets them propel on the fast lane to growth? Here is some good news - New technologies and platforms have given small business owners a variety of new ways to make that happen.

## **Robust funding solutions for startups**

More and more small business owners are increasingly turning to crowdfunding to fund their ventures. For startups having an innovative business model, the rise of crowdfunding has made access to finance much easier. For those uninitiated, crowdfunding, as the name suggests, is a method of raising funds from a large number of individuals, usually through the cyberspace. Approaching a bank to avail a small business loan is another option for entrepreneurs to raise capital for starting a business. However, entrepreneurs need to remember that the bank will thoroughly evaluate their business proposals before providing loans to their businesses.

While crowdfunding is a great way to fund your dream venture, or a way to tell other investors that your business is promising, it's not the only option to get your business funded.

Funding options like angel investments and venture capital funds are increasingly gaining ground in the finance world. According to India's Angel Report, the investments by five large angel groups were Rs 38.8 crore in 2013-14. Between April 2012 and March 2015, there were a total of 153 deals reported, for a total value of Rs 204.2 crore. Angel investors and venture capitalists (VCs) share a common agenda of funding small businesses, yet they are different in many ways. Entrepreneurs looking for seed capital, need to understand the difference between angel investors and venture capitalists to leverage these funding opportunities.

Angel investors and VCs make their presence felt in a startup at different stages and bring in a substantial business value. Understanding the rudimentary differences between angel investors and venture capitalists can help small businesses map out effective strategies in raising funds. Venture capitalists seldom finance small businesses in the early stages while angel investors do provide initial investment to small ventures.

Angel investors have an inclination towards taking calculated risks and therefore fund a venture in its earliest stages. This also gives them an opportunity to chalk out the business strategy of the startup. VCs take a good amount of time on figuring whether they'd want to invest money in a startup or not, as they look towards alleviating risks of failure. Also, they have more intricate processes to evaluate those risks.

Angel investors will fund small ventures on an individual basis and may bring substantial industry knowledge to an entrepreneur and the company while VCs engage a team of investors in the form of consultants, investment bankers, etc. to maximize productivity. So, to attract angels and VCs, you must have a rock-solid business plan and a clear exit strategy. Investors generally evade funding businesses that lack a clear exit strategy. While angel investors are inclined to go for long-term investments, they need to understand how they're going to reap the benefits of ROI (Return on Investment).

## The hiccups in your startup plan

Starting a new business can be exciting and rewarding. Many startups originate with a vision, but it takes more than just a vision for them to develop into fruitful businesses, including the grit to combat the many bottlenecks facing startups today. Startups are currently wrestling with some of the following most significant roadblocks:

- **Funds for your venture:** You're willing to put in plenty of grunt work to start your business but you need seed capital. Raising funds for business is one of the most daunting tasks entrepreneurs face. According to a 2015 study by Entrepreneurship Development Institute of India (EDI), 78% entrepreneurs in India find it difficult to raise funds at the ideation stage. Trying to win over investors' trust about a business idea is also a challenge. Trying to convince them that you are confident about your startup idea is a herculean task, especially when you're launching your first ever venture.

Most investors look towards putting money in already well-known businesses, as these businesses entail much less risk than others. Also, investors want to make sure that they get good returns for the risk they took. To tackle the problem of raising capital for your startup, it's essential to build the capability to market and sell your dream to potential investors. Your business idea needs to be convincing and must be backed by a robust business plan and good influencing skills.

- **Supply Chain and Logistics:** Supply Chain and Logistics management is one of the core necessities of a startup. Logistics include all the actions a business carries out to keep its products flowing into the market - from sourcing raw materials, to delivering finished goods at the point of purchase. However, it is a part of the complete supply chain. Supply chain management is more about strategy, planning, purchasing, procuring and inventory management. If you fail to get these elements right, there are chances that you might hamper the growth and future of your startup. Simply put, if your procurement, manufacturing and distribution strategy is not in sync and failsafe, you could be trapped in problems like prolonged delays, additional expenses, or other serious problems. Again, it's critical to focus your attention not only on launching a business, but also on a robust supply chain management process.
- **Getting customers on-board:** Customer acquisition is not easy, but can pay rich dividends if done in the right manner. The most common reason a business flops is inability to target customers -yet many entrepreneurs do not pay enough attention on figuring out the customer acquisition strategies, or don't know the ways to do so. So if you wish to dive deep into the entrepreneurial terrain, make sure you are armed with an array of strategies and tactics to attract your target customers.

- **Getting the right business team:** One of the business challenge you'll come across while starting your business from scratch is getting the right business management team - a team that works proactively and brainstorm on ways to contribute value to your business. The process of assembling a team starts even before you're thinking of raising funds for your startup. Interestingly, most awe-inspiring ideas never get funded because the entrepreneur is trying to raise capital as an individual and not as a team. As an entrepreneur, you are bound to have strengths and weaknesses. And so, you certainly need a business team to supplement your strengths and cover up or complement your weaknesses. As an entrepreneur, you also need to make sure your team shares your vision, mission, objectives and goals. They must believe in your capability and must also be zealous about making that capability a reality. Make sure they are able to comprehend your vision and goals, as well as visualise your business' future as you do. Your strategic business team may consist of your banker, financial advisor, accountant, attorney or legal advisor and any other specialists who will be able to add value to your business.

## The road ahead

The Indian startup landscape is currently riding the crest of success - driven by factors such as ample funding, mergers and acquisitions, ever developing technology, and a growing domestic and international markets. This trend of success should continue. According to a Gartner report published in October 2014, the year saw a lot of action on the e-tail (ecommerce retail) turf with private investors pumping in USD 3.9 billion into India's e-commerce startups, empowering them to scale their businesses. Angel investment has also increased from USD 4.2 million in 2014 to USD 32.2 million in 2015. Funding will continue to be the major driving factor in the startup ecosystem. Merger and acquisition activities of Indian startups will gather pace. Startups will embrace more innovative approaches to attract and retain the right talent. Also, more and more women entrepreneurs will make steady inroads in the Indian startup terrain.

## Government's initiatives to boost startups

The startup ecosystem must be fostered and reinforced by the government with a robust framework to keep the growth story rolling. And the government seems to believe that prosperity flourishes in an economic climate that fosters entrepreneurship, and is focusing on being startup-friendly. Here are some of the initiatives taken by the current government to give a fillip to the startup ecosystem:

- **MUDRA Bank:** The launch of MUDRA (Micro Units Development Refinance Agency) Bank with a capital amount of INR 20,000 crore and a credit guarantee amount of INR 3,000 crore will help Small and Medium Enterprises (SMES) and startups resolve problems related to financing. Also, a budget of INR 1 crore was allocated for startups by the government. The good news is that the bank kicked off its operations in April 2015 and until now, quite a few entrepreneurs have received support.
- **Ministry of Entrepreneurship and Skill Development:** The creation of a separate ministry for entrepreneurship and skill development shows the government's seriousness in promoting entrepreneurship and encouraging skill development initiatives in India. The government has set up a goal of imparting skills development training to 30 crore people by 2020 to help them get jobs.

- **SETU:** In the Union Budget 2015-16, Finance Minister Arun Jaitley announced a proposal to set up a Self-Employment and Talent Utilisation (SETU) mechanism to support all facets of startup businesses, and other self-employment activities - particularly in technology-driven areas.
- **eBiz portal:** This is the first Government to Business (G2B) portal launched by the current government and is owned by The Department of Industrial Policy & Promotion (DIPP) under Ministry of Commerce and Industry. Through this portal, the government aims to facilitate carrying out of businesses in India.
- **Deduction in corporate tax:** The Union Budget 2015-16 also announced the deduction of corporate tax rate from 30% to 25% over the next four years, starting from next financial year. This initiative will allow more companies to invest in varied sectors, generate employment and make India more competitive.

These initiatives taken by government are on the right track to augment the growth of new-age startups and entrepreneurial ventures. The government should strengthen their role as catalysts to foster entrepreneurship in our country. In today's competitive landscape, downturn of entrepreneurship can be detrimental to India's economy.

### **Role of FICCI in nurturing the growth of entrepreneurial ventures**

Since its inception in 2013, the Federation of Indian Chambers of Commerce and Industry -Confederation of MSMEs (FICCI-CMSME), an affiliated body to FICCI - have been playing a consequential role in empowering startups and Micro, Small and Medium Enterprises (MSMEs), as well as fostering entrepreneurship in the country. FICCI-CMSME, as a pan-India body, strives to encourage the culture of entrepreneurship and innovation among Indian startups and small businesses in the days to come. With an aim to unleash the potential of startups and MSMEs, FICCI-CMSME also plays a significant role in connecting startups and MSMEs with mentors, advisors, incubators and accelerators.

This startup era is in full bloom now, and there has never been a better time to unlock the entrepreneur within you. So if you wish to be an entrepreneur, it's a great time to leverage the tools and resources around you and launch your dream venture.

*\* The author is Vice-President, FICCI-CMSME and Founder & CEO, Power2SME*





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