



IN THIS ISSUE.....

- MSME News Update..... 01
- Article
 - Your .com is as crucial as a phone number
On your business card..... 06

MSME News Update

1. Government to come out with MSME Policy this year

The national policy for the Micro, Small and Medium enterprises (MSMEs), which seeks to boost the overall growth of the sector, is expected to be released by the end of this year. MSME Minister Kalraj Mishra said a committee headed by former Cabinet secretary Prabhat Kumar is drafting the policy and "we are expecting the report by October 31 and it would be released after that".

He said the committee would meet some more stakeholders for the proposed policy and they are also looking at policies of other countries. "We want a detailed policy for MSMEs," he said while briefing media about the achievements of his ministry during the two years of the NDA government.

A committee will be set up by the end of this month to look after the revival and rehabilitation of sick MSME units, he added. Presently, there is no integrated approach for the development of MSMEs despite the fact that the sector accounts for 45 per cent of India's manufacturing and 40 per cent of exports.

The Reserve Bank had revised the rules pertaining to revival of advances to small businesses and asked lenders to form district-level committees to resolve stressed loans to MSMEs. Talking about the increase in sales of khadi and village industries product, Mishra said it has increased to Rs 37,935 crore in 2015-16 from Rs. 33,136 crore in 2014-15.

The ministry is in discussion with public sector units to enhance procurement from MSME units as it has the potential to produce good quality products on time. "We are talking with PSUs in groups. They have some issues like why they are not able to procure from these units. But we are doing our best to address their problems," he said adding the railways and defence ministers have assured that their departments would procure goods from MSMEs.

(Times of India, June 1st, 2016)

2. Over 40 EoIs for wood industry cluster at paradip

A proposed wood-based industries cluster in Odisha is getting good response from timber processing entrepreneurs from India and abroad.

The State Principal Secretary, Micro, Small and Medium Enterprises Department, Gagan Dhal, said that as many as 42EoIs (expressions of interest) have been received from the proposed imported timber- processing zone at Paradip. He said that the state-owned IDCO has been requested to provide 100 acres of land outside the Paradip port area, preferably in the land earmarked for a Petro-chemicals and Petroleum investment.

Region (PCPIR). Dhal said that the Paradip port has assured that it would put up the required infrastructure for import of wood for the cluster.

(Financial Express, June 1st, 2016)

3. Minimum import price on steel hits MSME

Having hit by the imposition of minimum import price (MIP) on steel, Punjab-based engineering industry, especially the micro, small and medium enterprises (MSMEs), have appealed to the Centre to roll back it or direct the Indian steel makers to reduce the price of raw material at December 2015 level for their survival.

They have requested the Central government to come out with a compensatory mechanism to make up for the increased raw material price for engineering industry. Avtar Singh, president, Chamber of Industrial and Commercial Undertakings (CICU), said the Central government in December 2015 imposed MIP on 173 steel products ranging between \$341 and \$752 per tonne to deter cheap imports from China, Russia, Japan and South Korea. He said the MIP is hitting the engineering exports which have declined by around 20% during the last fiscal.

"Steel majors are hiking the price of raw material every month between Rs 1,200 and Rs 1,500 per tonne and it is a cause of concern for the MSME industry. This has hit the industry hard and put the MSME sector in a quandary. It is also eating into the MSMEs working capital funds. Engineering exports, startup projects as well as 'Make in India' campaign are also suffering significantly. This has come as a jolt to the exporters who have been worst hit and are unable to keep their commitments with overseas buyers," he said

(The Tribune, June 3rd, 2016)

4. When Finance Ministry countered RBI data on MSME growth

The agenda paper for the finance minister's meeting with public sector banks revealed 'Credit to manufacturing MSEs (micro & small enterprises) has shown a negative growth', which is contrary to government claims.

When asked, the minister of state for finance Jayant Sinha described his own Reserve Bank of India-sourced ministry's data wrong.

"We have discussed a lot on that figure in the review meeting. Some bankers have an opinion that these figures need to be changed because some loans were going into agriculture and agro processes are excluded. But if these have been included there will be growth. We will (be) studying the figures again," he said. It means RBI data are wrong because agenda paper gave the source as central bank.

According to the finance ministry agenda note, from March 20, 2015 to March 18, 2016, manufacturing MSE recorded a negative growth of 2.3%. In its analysis segment, the note mentioned that MSE credit has declined from 13.1% of gross bank credit to 5.9%.

Though the government used March 18, 2016 data, the RBI has published new data till April 29 2016. Latest RBI data on credit lending shows gloomy numbers for the MSEs with the sectoral deployment of bank credit to the micro, small and medium enterprises (MSME) sector consistently declining.

As per the latest data, during the period April 18, 2014 to April 17, 2015, the deployment was 5.9%, which plunged to -2.5% during March 18, 2016 to April 29, 2016 period.

MSMEs contribute 45% of total industrial output and 40% of the country's total exports along with providing employment to six crore people. The sector creates 13 lakh jobs every year. As per International Finance Corporation, the total financing demand gap in the SME sector is Rs 2.93 lakh crore.

(DNA, June 7th, 2016)

5. KVGB plans to disburse Rs. 1,000 Cr. to MSME sector by December

Karnataka Vikas Grameena Bank (KVGB), a Regional Rural Bank sponsored by Syndicate Bank, plans to disburse ₹1,000 crore to micro, small and medium enterprises (MSME) sector by December.

"The bank is already working on development initiatives for the benefit of MSMEs to fund 1,000 crore. We are also advising budding entrepreneurs to come with project proposals or dream projects," S Ravindran, Chairman, KVGB said.

"The bank will not refuse credit to viable and transparent enterprises and will also take steps to provide necessary training through RUDSETIs and SIRDs," he added. Recently the bank chairman inaugurated a Stone Crusher Unit financed by it (KVGB) at Chikodi in Belagavi district. KVGB is exploring funding MSMEs in manufacturing including the infrastructure and services sector which are key generator of job opportunities.

Ravindran mentioned that although the government and the banking industry had taken many initiatives to boost MSME sector there is huge reluctance and low awareness amongst the enterprises to take advantage.

"KVGB is meant to cater to the needs of MSMEs, analyse their problems, help them face challenges and solve their issues. MSMEs should make the best use of these facilities," he added

(Business Line, June 12th, 2016)

6. Haryana formulates cluster development scheme

The Haryana government has formulated a Mini Cluster Development Scheme in pursuance to Enterprises Promotion Policy, 2015, for promoting micro and small enterprises (MSEs). Haryana Industries and Commerce Minister Captain Abhimanyu said the state government had adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs).

(The Tribune, June 16th, 2016)

7. **33 SMEs set to hit market soon**

As many as 33 small and medium enterprises (SMEs) are planning to line up initial public offers to fund business expansion and meet their working capital requirements.

These companies, which are planning to list on the BSE's SME platform, are expected to float IPOs in the coming months.

The exchange has already given the go-ahead to these 15 SMEs. Another 18 have filed their draft offer documents with the BSE and are awaiting approval, according to latest information.

Listing will help these companies enter the capital markets and finally migrate to the main board platform.

The SMEs that have lined up their IPOs include Trine Entertainment, Monarch Apparels (India), Shareway Securities, Octaware Technologies, Worth Infra Industries, AGI Hospitalities, Yash Chemex and Advance Syntex.

In May 2016, Ashish Kumar Chauhan, MD and CEO of BSE, had said the exchange expects 30 IPOs on its SME platform by October 2016.

The BSE had launched the SME platforms in March 2012 and since then 139 companies have been listed on the platform. These firms together have a market capitalization of ₹10,126.35 crore.

(The Hindu Business Line, June 18th 2016)

8. **100% FDI won't affect Def Procurement Policy: Officials**

The Government's decision to allow 100 per cent FDI in Defence manufacturing will not impact Defence Procurement Policy (DPP) 2016 and will not affect the local industry. Instead, inflow of funds will create more jobs and investment opportunities for Indian medium and small scale industries, Defence Ministry officials said.

Clearing the air on opening up the Defence sector in a big way to foreign players, announcement for which was made on June 20, the officials said, that as per DPP 2016, priority is accorded to Indian designed, developed and manufactured weapon systems. In fact, the 100 per cent FDI will help 'Make in India' policy gather momentum and ultimately make India a hub for Defence production, they said.

Elaborating upon this aspect, the officials said in case foreign investors want to tie up Indian industry under the 100 per cent and 74 per cent FDI categories, the vendor will have to include 60 per cent indigenous content for manufacturing the weapon system. This will ensure that the fledgling Indian industry gets hold of cutting edge technology and best international practices in this field.

Moreover, such weapon systems produced here, likely to be bought by the Indian armed forces, will also reduce the import cost, thereby cutting down the overall price of the finished product, they said. In case, the foreign investor wants to invest 100 per cent FDI, set up its own manufacturing base and does not want to source Indian product, they can do so and export the weapon system subject to No Objection Certificate (NOC) from the Government, officials said.

Highlighting the implications of allowing 100 per cent FDI, they said permission will be given on case to case basis given national security issues involved with Defence manufacturing. Moreover, the opening up of the sector will especially help the medium and small scale entrepreneurs as they will get access to international market through foreign investors.

(The Pioneer, June 22nd, 2016)

9. **Cabinet nod for Rs. 10- K cr. start-up fund, Rs. 6-K cr. for textile to create 1 cr. Jobs**

The Union Cabinet cleared seven key decisions, from a special package for the textile sector to a mega spectrum auction and a fund for start-ups, a move that aims at creating more jobs and attracting investments in the country.

Focusing on the textile and apparel sector, which has been ailing for a long time, the Government approved a Rs. 6,000-crore special package that would create over one crore new jobs in three years and attract investments of \$11 billion while eyeing an \$30.4 billion increase in exports.

The Government also approved an Rs5.66-lakh crore mega spectrum auction plan and a Rs10,000-crore fund for start-ups. The decision was taken at a meeting of the Union Cabinet chaired by Prime Minister Narendra Modi.

Talking about the textile sector, Finance Minister Arun Jaitley told reporters, "Over the last few years, apparel manufacturing had shifted to countries like China which had cost advantages. However, China's cost advantage has been neutralized to some extent because of increase in labour wages. We have advantages of economies of scale. Therefore, we decided to boost the sector. The package will help in realizing the true potential of employment generation in the textile and apparel sector."

“We will overtake Vietnam and Bangladesh in garment exports within the next three years if we properly implement the package,” Textiles Secretary Rashmi Verma said.

(The Pioneer, June 23rd, 2016)

10. **No bumpy ride for start-ups as govt okays Rs. 10,000 –crore corpus.**

The government approved Rs 10,000 crore 'Fund of Funds for Startups' to support them with an aim to generate employment for 18 lakh persons.

"The fund is expected to generate employment for 18 lakh persons on full deployment...A corpus of Rs 10,000 crore could potentially be the nucleus for catalysing Rs 60,000 crore of equity investment and twice as much debt investment," an official statement said.

The decision was taken in the Union Cabinet meeting chaired by Prime Minister Narendra Modi.

"The Cabinet has approved the establishment of 'Fund of Funds for Startups' (FFS) at Small Industries Development Bank of India (SIDBI) for contribution to various Alternative Investment Funds (AIF), registered with SEBI which would extend funding support to startups," it said.

This is in line with the 'Startup India Action Plan' unveiled by the government in January.

The corpus shall be built up over the 14th and 15th Finance Commission cycles, subject to progress of the scheme and availability of funds, it said.

"This would provide a stable and predictable source of funding for startup enterprises and thereby facilitate large scale job creation," it added.

An amount of Rs 500 crore has already been provided to the corpus of FFS in 2015-16 and Rs 600 crore earmarked in the 2016-17.

Further provisions will be made as grant assistance through gross budgetary Support by Department of Industrial Policy and Promotion (DIPP) which will monitor and review performance in line with the 'Start up India Action Plan', it said.

(The Economic Times, June 22nd, 2016)

11. **Govt. notifies changes in FDI Policy**

The government notified changes in the foreign direct investment (FDI) policy in sectors including pharmaceuticals, defense and single-brand retail.

These decisions were announced earlier in the week with a view to make India more investor friendly and an attractive FDI destination.

"The decision will take immediate effect," the Department of Industrial Policy and Promotion (DIPP) said in a press note.

The changes in the policy include allowing 100 per cent FDI under government approval route for trading, including through e-commerce, in respect of food products manufactured and/or produced in India.

To attract investment in the defence sector, the government has removed the condition of 'state-of-art' technology, besides permitting foreign investment in manufacturing of small arms and ammunitions.

The government has also permitted 100 % FDI through automatic route in broadcasting carriage services

(The Indian Express, June 24th, 2016)

12. **KVIC bags order for durries from Coast Guard**

The Khadi and Village Industries Commission (KVIC) has added yet another feather to its cap. The organisation has bagged first ever order for supply of 3,500 durries from the Indian Coast Guard for the use by its units in Chennai, Mumbai, Kochi, Porbandur and Paradeep at a total cost of Rs 14 lakh.

While 1,225 durries have been ordered for Mumbai unit, 750 durries have been ordered for Paradeep, 500 for Porbander, 430 for Chennai and 250 for Kochi units of the Coast Guard. The order would not only help increase the earnings of the artisans attached to KVIC but also give a boost to the Khadi brand.

KVIC has bagged this order by winning an open tender floated by Coast Guard last month. The tender has listed several stringent specifications that the products must meet. More than 15 suppliers filled the tender in which Coast Guard found cost and quality of KVIC best and gave this order

(Millennium Post, June 28th, 2016)

13. Lendingkart raises \$32 million in series B funding round

Lendingkart Technologies Ltd, which provides working capital finance to small and medium enterprises (SMEs), has raised \$32 million (Rs.205 crore) in a second round of funding led by Betelsmann India Investment.

Darrin Capital Management and existing investors Mayfield India, Saama Capital and India Quotient also participated in the debt plus equity round of funding. According to the company, it has raised \$20 million in equity and \$12 million in debt.

In July 2015, Lendingkart raised \$10 million from venture capital funds Saama Capital, Mayfield and two individual investors, Ashvin Chadha and Shailesh Mehta.

Founded in 2014 by Harshvardhan Lunia and Mukul Sachan, Lendingkart will use the funds to improve its data science capabilities, enhance its technology solutions, and build a better infrastructure for mobile capabilities.

“With Bertelsmann onboard, we look forward to leveraging its deep understanding of global financial products as well as Internet businesses,” Lunia said in a statement.

The company claims that the funds are transferred within 24 hours of documentation requirements being met.

Since 2014, Lendingkart has disbursed loans to customers in 135 cities across 22 states, witnessing a 20% month-over-month growth in loan origination, it said in the statement

(Livemint, June 29th, 2016)

14. FINER calls on Central team over MSMEs

A high level delegation of the Federation of Industry and Commerce of North Eastern Region (FINER), headed by its chairman RS Joshi had a meeting with Dr KK Jalan, Secretary, MSME, and Prabhat Kumar, former Cabinet Secretary and former Governor (Jharkhand) and Chairman, National Policy on MSME Committee, Government of India, during their visit to Guwahati.

The delegation, while appreciating the steps taken by the ministry for the development of MSMEs, not only in the North East, but in the entire country, apprised it of the issues related to the MSMEs prevalent in the North East.

The challenges faced by the MSME sector in the region, difficulties in getting financial assistance from financial institutes towards the MSME sector, government procurement policy of the MSME sector, etc., were among the issues raised by the delegation.

It requested the officials to take steps to address them for the overall development of the region.

The delegation also submitted a memorandum during the meeting. The Secretary, MSME and Chairman, National Policy on MSME Committee, gave a patient hearing to the delegation and appreciated the inputs and suggestions submitted by it, and assured it that the ministry would try to address the issues based on the inputs submitted by FINER.

FINER also requested that a separate policy exclusively for the MSMEs of the North East be launched for development of the region.

(The Assam Tribune, June 28th, 2016)

ARTICLE

Your.com is as crucial as a phone number on your business card

By: Sanjay Bhatia

If you're old enough, you might remember the time when finding a phone number for any business or service meant thumbing through the three-inch thick 'Yellow pages' that came with the telephone directory. That was a time when a phone number had started to become an important component of any business set-up. Today, mobile phones are ubiquitous. Every small business right from the local chai wala to a florist to a local grocer has a phone number.

But what has changed is how people look for a phone number. The bulky directories are now defunct. Now, if people need to look for your business, they will look for you online!

For many people today, the Internet is the first stop when it comes to looking for information about businesses and products. Your customers go online not just to look for your number or address but also to know more about your products, read reviews, compare your offerings with those of your competitors and maybe even to make a purchase.

So, if you are still on the fence about whether your business needs a website, here are four great reasons for you.

Reason 1: To be found

If your customers are looking to get in touch, your website is where they're likely to get the most updated and relevant information. And while they're there, you can use the opportunity to tell them about your exciting new offerings that they absolutely must check out. A directory listing that plainly lists you along with a bunch of your competitors is simply not good enough!

Reason 2: To build credibility

Often, when customers browse online, they are not just looking for information, but also for *credibility*. And nothing conveys credibility better than a well –designed and informative website.

Reason 3: To get more customers and grow your business

When customers search for your business using relevant keywords such as 'florist in Bangalore' or 'Thai restaurant in Navi Mumbai' the first few search results are always websites of relevant businesses, not general listings. So, you need a website if you want prospective customers to know more about you. A website is your most important marketing tool.

Reason 4: Gain competitive advantage

If your competitors have their own websites, then you better have one too! It's as simple as that. Today, more than ever, consumers are looking to connect with companies through the online medium. Choosing to have an online presence shows you are open for business. It really is that important!

Opportunity for MSMEs to increase 'COST COMPETITIVENESS, QUALITY & ON-TIME DELIVERY'

Productivity Affected?

Are these factors affecting your enterprise' performance?

T - Transport (moving materials, information)

O - Over Production (poor production planning, effect on production cost)

I - Inventory (stock of materials, finished goods, storage)

O - Over Processing (poor quality, lack of employee efficiency)

M - Motion (unnecessary motion within work area resulting in time waste)

D - Defects (repeated errors, avoidable errors)

W - Waiting (materials, information)

H - Human Resources (absenteeism, lack of team effort)

E - Environmental Waste (natural resource inputs such as Energy, water, fuel etc)

Enroll in SCORE

FICCI and ILO jointly brings you SCORE - a modular management training for micro, small and medium enterprises.



SCORE Modules

Module 1:
Workplace Cooperation
- A foundation for business success

The starting point for all training
 ↳ Unite employees around shared targets
 ↳ Involve the entire workplace in continuous improvement

Module 2:
Quality - Managing
Continuous
Improvement

- ↳ Identify customer needs
- ↳ Develop quality assurance culture
- ↳ Reduce defects systematically

Module 3:
Productivity Through
Cleaner Production

- ↳ Save costs and increase efficiency
- ↳ Systematically reduce waste & energy usage

Module 4:
Workforce Management
For Cooperation and
Business Success

- ↳ Develop Human Resource strategies for better recruitment & retention
- ↳ Motivate & develop the right people to make staff a competitive advantage

Module 5:
Safety & Health at
Work: A Platform for
productivity

- ↳ Eliminate or minimise workplace health & safety risks that lead to injuries, expenses & lower productivity

Module 1 is mandatory, modules 2-5 are optional for the enterprise to choose as per their need

Our USPs

- i. Subsidised training as only **20% cost borne** by the participating enterprise.
- ii. **High return** on training investment including **cost savings** within 3 months.
- iii. **Flexible training designs** modified to address specific hurdles faced by the enterprise.
- iv. Flexible curriculum and easy learning.
- v. Customized coaching on a range of topics.
- vi. Training results in improved robust management systems and practices.
- vii. Association with FICCI and ILO bringing market visibility

More than 100 Indian SMEs benefited since 2012 with proven results such as enhanced productivity, improved cost competitiveness, waste reduction, defect elimination and more.



Contact us for details:

Ms. Shraddha S. Sabharwal

National Coordinator

FICCI-Centre for SCORE & IR Training Services in India

Federation House, Tansen Marg, New Delhi – 110001

Ph: + 91 11 23708215, 23487230

Email: score@ficci.com

FICCI - Confederation of Micro, Small and Medium Enterprises (CMSME)

INVITING MEMBERSHIP



FICCI CMSME

and IDBI Bank Partnership

Offering concession of 100 bps on interest rates and
charging only 0.10% processing fee from members

Other Membership Benefits

Free consultation & faster availability
of credit & finance @low cost

Decrease in raw material cost

Create brand and increase revenue
/leads through web presence

Lead generation at low cost
through digital advertising

Cost-effective & useful
MSME Insurance

For more details contact:

Hemant Seth/ Deepesh Sharma

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

Tel: 91-11-23487307/ 23487260; Email: cmsme@ficci.com

For information on FICCI-CMSME membership

&

Advertisement opportunities in this Newsletter & Website

Write to us at:

cmsme@ficci.com