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NEWSLETTER

IN THIS ISSUE………

MSME News Update

1. ***KVIC bags orders worth approx Rs. 12 cr from Air India, Raymond***

   Winning accolades for its quality and punctuality, the Khadi and Village Industries Commission (KVIC) had bagged repeat orders of nearly Rs 12 crores from Air India and Raymond Ltd.

   Giving this information, KVIC chairman Vinai Kumar Saxena said that to promote the use of indigenous fabric and to increasing its sourcing from KVIC, national carrier Air India had decided to use natural and eco-friendly khadi products on its flights, and had placed an order worth nearly Rs 7.98 crore with KVIC for getting 65,500 units of amenity kits for its first class and business class passengers.

   "The products will be supplied by Khadi Gramodyog Bhawan, a flagship retail unit of the KVIC. The orders are secured through competitive tendering and quality checks, thus upholding the value for price nature of Khadi and village industries products," Saxena said, adding, "Earlier in September 2016, the Air India had placed a big order for supplying 5.75 lakh khadi soap cakes at a cost of Rs. 45 lakh with the commission. Prior to it, in June 2016, it had placed an order worth Rs 8 crore with KVIC to source 1.85 lakh units of amenity kits. Similarly, in December 2015, the Air India placed a trial order worth Rs 1.21 crore to the KVIC for the supply of 25,000 units of amenity kits."

   (The Pioneer, July 1st, 2017)

2. ***Government seeks suggestions to form new industrial policy***

   The government has sought suggestions from stakeholders to formulate a new industrial policy to promote manufacturing and job creation in the country.

   The new policy also aims at aligning with the governments flagship programmes such as Make in India, Skill India, Startup India and the foreign direct investment norms. "The government is formulating a new industrial policy. To this effect, your inputs are valuable to us," the Department of Industrial Policy and Promotion (DIPP), said. The DIPP has already constituted six groups for preparing a framework of the policy.

   Besides taxation, MSME (micro, small and medium enterprises) and innovation & technology, the groups would prepare reports on infra, intellectual property rights, ease of doing business and employability of future workforce.

   (India Today, July 4th, 2017)

3. ***Proprietary firms to come under bankruptcy code***

   After making the insolvency process easier for companies, the focus is now turning to proprietary firms.

   The NITI Aayog will have a meeting, in this regard, with the Insolvency and Bankruptcy Board (IBB), the ministry of small and medium enterprises and insolvency professionals.

   An official said, "NITI Aayog wants to expedite this process as the current provisions only allow companies and limited liability partnerships to file for insolvency."

   IBB plans to notify the bankruptcy provisions in the Insolvency and Bankruptcy Code (IBC).

   At least 90 per cent of small firms are proprietary firms, said insolvency professionals. Once the bankruptcy provisions are notified, these proprietary firms will benefit, as IBB plans to consider them as individuals.

   The IBB plans to notify the bankruptcy code in three phases. The first will be of corporate guarantors. In the second phase, an individual with proprietary business will be included and in the last phase, the insolvency regulator will frame rules for individuals.

   A bankruptcy law will help individuals who now have to go to district courts for the process, which is tedious and time consuming. Insolvency professionals state that filing bankruptcy takes many months.

   Recently, the government notified fast-track resolution process for start-ups, bringing down the resolution time to 90 days, from 180 days.

   So far, the IBB has notified the sections pertaining to cross-border insolvency.

   However, the rules haven't been framed yet. The government is consulting the industry for recommendations on what the rules should be.

   (Business Standard, July 5th, 2017)

4. *SIDBI logs Rs. 1,120 cr. Net profit in FY 17*

State-owned Small Industries Development Bank of India has registered a net profit of Rs 1,120 crore for the 2016-17 fiscal.

This was, however, Rs 57 crore less than the profit SIDBI had posted in the previous fiscal.

Deputy managing directors Ajay Kumar Kapur and Manoj Mittal said the bank's net worth increased by 19% to Rs 12,905 crore.

(Business Standard, July 7th, 2017)

5. *RBI mulls public credit registry to help loan default culture*

The Reserve Bank is looking at setting up a high level task force to prepare a roadmap for public credit registry (PCR) to help control loan defaults, improve credit culture and promote financial inclusion.

Making a strong case for it, RBI Deputy Governor Viral Acharya said a transparent and comprehensive PCR is the need of the hour in India.

Speaking at the 11th Statistics Day Conference at RBI's Central Office, he said such registers help enhance efficiency of the credit market, increase financial inclusion, improve ease of doing business and help control delinquencies.

"Governor (Urjit Patel) and I hope we can set up, as a matter of priority, a high-level task force that can provide a roadmap for attaining this goal of developing and unleashing a powerful credit information system for our country," Acharya said.

Statistics Day in India was celebrated earlier this week on the birth anniversary of Late P C Mahalanobis, who graduated with honours in Physics in 1912 and was subsequently attracted to the realm this field.

Generally, a PCR is managed by a public authority like the central bank or a banking supervisor, and reporting of loan details to the PCR by lenders and/or borrowers is mandated by law.

Acharya said a PCR, if put in place for India, will help in credit assessment and pricing by banks; risk-based, dynamic as well as countercyclical provisioning, and supervision and early intervention by regulators. PCR will also help in understanding "if transmission of monetary policy is working, and if not, where are the bottlenecks and, (also) how to restructure stressed bank credits effectively".

Acharya said that in the absence of a central database of credit information, "the creditors are restricted to the information they have about their clients based only on their limited transactions or interactions with the clients, and this could lead to suboptimal outcomes".

On how a PCR can help in India, he said it is required to improve the credit culture in the country.

"It has been demonstrated in the 'Doing Business 2017' report that credit information systems impart transparency in the credit market, following which access to credit improves and delinquencies decrease," he said.

At present, several Indian banks burdened with mounting NPAs appear less confident in taking credit decisions, he noted.

PCR will provide a complete picture that is necessary for supervisors and policy makers to assess credit risk of the entire system. Acharya said large borrowers get a preference in credit markets due to their existing credentials in the public space.

They have established credit history, brand value, and supply of collateral.

"In contrast, small and marginal aspirants, start-ups, new entrepreneurs, and small businesses in micro, small and medium enterprises (MSME) sector are disadvantaged as they lack many of those desired qualifications for credit," he said highlighting the importance of PCR.

RBI had set up the Central Repository of Information on Large Credits (CRILC) in 2014-15. It is now one of the most important databases for offsite supervision. Here the banks report credit information of their large borrowers.

It covers around 60 per cent of the loan portfolio and around 80 per cent of the non-performing loans of SCBs.

(Business Standard, July 7th, 2017)

6. *G20 adopts $1bn women entrepreneur plans for developing nations*

G20 leaders adopted a World Bank funding plan of up to $1 billion for women entrepreneurs in developing nations, an initiative championed by US President Donald Trump's daughter Ivanka.

The initiative was launched by World Bank President Jim Yong Kim in the presence of Ivanka Trump and her father as also G20 host Angela Merkel and other world leaders, including Canadian Prime Minister Justin Trudeau and IMF chief Christine Lagarde.

The G20 said women entrepreneurs play a critical role in economic development by creating jobs and boosting growth, but women face numerous challenges. These include access to capital, lack of networks and knowledge resources, as well as legal and policy obstacles to business ownership and development, it added.

"We, the G20 leaders, building upon our long-standing engagement in women's empowerment, welcome the launch the Women Entrepreneurs Finance Initiative," it said.

For the facility, the World Bank serves as trustee to improve women's access to capital, provide technical assistance and invest in other projects and programs that support women entrepreneurs and women-owned SMEs (Small and Medium Enterprises) in World Bank client countries.

The facility is expected to raise up to $1 billion of financing to support women entrepreneurs. An initial grant financing of around $200 million from G20 and non-G20 donors aims to leverage an additional $800 million in commercial as well as international financial institution funding.

(Financial Express, July 9th, 2017)

7. ***SIDBI's MSME counsellor programme***

Small Industries Development Bank of India (SIDBI) launched a programme for Certified Credit Counsellors (CCC) for micro, small and medium entreprises (MSMEs). The CCCs are expected to advise the entrepreneurs by offering help in preparing business proposals, financial documents and financial statements; and sharing information on suitable credit instruments available in the market. They can also recommend the business proposals of entrepreneurs to the banks; perform first level credit appraisal on behalf of the banks; and collate additional supporting information required by banks/credit institutions.

(Business Line, July 11th, 2017)

8. ***Mundra makes a 'strong' case for leading to MSMEs***

Reserve Bank of India (RBI) Deputy Governor S S Mundra said lenders should focus on small loans to small enterprises in the absence of big-ticket loans.

"If you look at the credit scenario in the banking industry in the past few years, the slowing down of credit growth that the banking industry has faced in the large industrial sector, and if you put all that together, there is a very strong case for banks to look at the MSME (micro, small and medium enterprises) sector," Mundra said at the launch of certified credit counsellors programme by Small Industries Bank of India (SIDBI) for the MSME sector.

"There are strong arguments and logical reasons for the banking industry to look at the MSME sector as a potential business area because, in the large industrial credit, there are certain problems," he said, adding that banks cannot just depend on retail loans.

Consumer loans can be meaningful if people taking such loans are engaged in productive activity and are able to generate income to repay. "Consumer loans by nature don't generate any cash flows, or surplus."

(Business Standard, July 12th, 2017)

9. ***SME lending: YES Bank ties up with US- based OPIC, Wells Fargo***

YES Bank has teamed up with the Overseas Private Investment Corporation (OPIC) and Wells Fargo on an agreement to lend up to $150 million to small and medium enterprises (SMEs) in India.

Under the agreement, OPIC will provide $75 million in financing and up to $75 million in syndicated financing jointly with Wells Fargo to YES Bank.

Specifically, $50 million of the financing will be used to expand support to women-owned businesses, while another $50 million will be used for financing SME businesses in low-income States, YES Bank said in a statement.

It added that this will ensure access to funding for women-owned businesses and SMEs in India.

OPIC is the US government's development finance institution. San Francisco-headquartered Wells Fargo is a diversified, community-based financial services company with $2 trillion in assets.

Rana Kapoor, Managing Director and CEO, YES Bank, said: "This facility will support financing to women entrepreneurs in India for driving future economic growth and job creation."

Dev Jagadesan, OPIC's Acting President and CEO, said, "OPIC's facility will help YES Bank expand its SME lending capacity, specifically enabling them to reach both women and entrepreneurs in low-income States who have much to contribute to India's economic activity.

According to the statement, this is the third transaction between OPIC and YES Bank and comes close on the heels of last year's $265-million OPIC facility, which the bank will use to extend SME financing in India.
The private sector bank said it has also partnered with International Finance Corporation and Women Entrepreneurs Opportunity Facility by drawing a $50-million loan in March 2016 for mobilising capital for women entrepreneurs
(Business Line, July 14th, 2017)

10. *Khadi likely to get exemption from GST*

Union Minister for Micro, Small and Medium Enterprises (MSME) Kalraj Mishra, on Friday, hoped to get Khadi products out of the newly-implemented Good and Service Taxes (GST) bracket in the coming days. As per the new GST norms, 5 to 12 percent GST had been imposed on different Khadi and Village Industries products.
While addressing the meeting of Khadi Institutions of the country here at India Habitat Centre, Mishra said that for the larger interest of weavers and spinners associated to Khadi industries, the GST panel had started analysing the pros and cons of GST exemption, to benefit the workers, weavers and spinners - associated with Khadi. "Even the Finance Minister had assured me to give a GST exemption for the financial development of otherwise economically backward lot of weavers and spinners," he said.
Mishra also laid stress upon organising exhibitions at all the Embassies and High Commission, to make Khadi a global brand. He also expressed concern over the idle properties including land and buildings at different places. Expressing concern over decreasing numbers of artisans in the Khadi sector, Minister of State for MSME Giriraj Singh said that all-round development of Khadi sector would remain a mirage, without providing a sustainable economic growth to the artisans.
(The Pioneer, July 15th, 2017)

11. *CM: UP Govt has set target to provide 70L jobs in five years*

The Uttar Pradesh government has fixed a target to provide jobs to 70 lakh people in five years, Chief Minister Yogi Adityanath said today.
"UP is a state with immense possibilities.... We have fixed a target of providing jobs to 70 lakh people in five years, of which 10 lakh jobs will be provided through the vocational education and skill development departments," he said at a function to mark the World Youth Skills Day.
Stressing on a better coordination among the agriculture, dairy, small industry and industrial development departments in order to achieve this target, Adityanath said the youth needed to be made aware of the benefits of skill development.
Asserting that no one was incapable in this world, he said "giving a direction" to the youth by making them skilled was a "matter of pride".
On the occasion, the chief minister inaugurated or laid the foundation of 101 schemes of the vocational education and skill development departments.
A Memorandum of Understanding (MoU) was also signed between the government and the Rajasthan Spinning and Weaving Mills, Bhilwara.
(Business Standard, July 15th, 2017)

12. *Over 1,200 laws have been nixed to help startups: Govt*

The government has scrapped around 1,200 complex laws and procedures for easy registration of startups to encourage entrepreneurs in the country, Niti Aayog CEO Amitabh Kant said.
To create wealth in the country, entrepreneurship has to be promoted, Kant said adding the government has taken lot of steps especially for MSMEs.
"In the last two years, we have tried to dismantle lot of rules and laws, procedures and paperwork. We have scrapped about 1,200 laws which has never happened before," Kant told reporters here at an event.
He was speaking at a conference, where business investors, startups, SMEs and professionals met for networking and to discuss possible business ideas, among others.
"Today one can register a company in a day and for an MSME, it takes around five minutes to register," Kant said.
Encouraging startups, he said those who fail should be able to exit quickly as India has brought in a bankruptcy law.

"The country has brought in bankruptcy law and GST. These are the measures for making India a very viable place for doing business," he said.
(Millennium Post, July 18th, 2017)

13. *GST is positive for auto, retail: Fitch*

New indirect tax regime Goods and Services Tax (GST) is likely to be beneficial for auto, cement and organised retail sectors, but will have a negative impact on oil and gas, and SME sectors, Fitch Ratings said. In contrast, the impact would be broadly neutral for property, electricity, telecom, pharmaceutical and fertiliser sectors, it said. "The national service tax (GST), is unlikely to lead to rating changes for any of Fitch's internationally rated corporates despite being negative for certain sectors," it said. However, implementation risks will remain over the next 12 months due to the complexities of adopting the new system amid a culture of poor compliance, particularly among the traditional retail and SME sectors. .
(Business Line, July 18th, 2017)

14. **Reliance Securities** has a buy on SBI with a target price of Rs. 355. The brokerage said post mega merger, SBI stands to gain market share in fast- growing Retail and SME segments. It said the bank has been able to deliver relatively better operating performance. It said realignment of PCR and assets classification of the associate banks at standalone level further boosts its confidence in SBI's performance, going forward. State Bank of India fell 0.80% to Rs. 290.45.
(Economic Times, July 19th, 2017)

15. *Indian Army decides to go big on indigenization of critical spares*

With delays in import of critical equipment severely affecting its combat readiness, the Army has decided to fast-track indigenisation of key components and spares for battle tanks and other military systems.

The Ordnance Factory Board, an umbrella body of 41 ordnance factories, has decided to bring down import of spares and components from current 60% annually to 30% in the next three years, a senior Army official said.

The Master General of the Ordnance (MGO), responsible for artillery and other key military supplies to frontline bases, has also started extensive talks with leading Indian defence firms to evolve a strategy for indigenisation of key spares and components of tanks and other weapons systems.

The MGO and OFB procure spares worth over Rs. 10,000 crore annually, the official said. It has been a long-standing grievance of armed forces that supply of critical spares and equipment from Russia takes a long-time, affecting maintenance of military systems procured from that country. Russia has been a major supplier of military platforms to India.

The decision to go for indigenisation of spares is part of the government's overall approach to enhance battle readiness of the 1.3 million strong Army after a thorough review found "gaps" in its operational preparedness.

The official said the Army plans to involve micro, small and medium enterprises to produce smaller parts of the weapons systems. Extensive discussions were already held with around 80 MSMEs. A policy document finalising the roadmap is likely to be issued in the next couple of weeks.

The initiative to go for indigenous production of spares is in sync with defence ministry's policy to cut import bill on defence and promote the domestic industry.

Earlier this month, the government had empowered the Vice Chief of Army to directly procure ammunition and spares to maintain readiness for short duration "intense wars."

The full financial power was given to the Army after an internal review found that optimum level of "war stores" were not being maintained.

The Army has been pressing the government for ensuring speedy procurement of key military platforms citing evolving security challenges.

In April, top Army Commanders had brain-stormed over the prevailing security scenario as well as external threats facing the country and decided to enhance combat effectiveness
(The Hindu, July 23rd, 2017)

16. *Cheap chinese goods hammer local firms*

The commerce ministry plans to levy anti-dumping duty on truck and bus radial tyres imported from China to protect domestic rubber players from the flood of cheap imports.

The decision comes at time when India is reeling under a huge trade deficit with China which works out to over $50 billion every year.

The plan is under process with the Directorate General of Anti-Dumping and Allied Duties(DGAD), Minister of State for Medium, Small and Micro Enterprises Haribhai Prathibhai Chaudhary informed the Lok Sabha in a written reply.

He said Chinese Rubber products enter India at a reduced duty of 8.6 percent under the Asia Pacific Trade Agreement, compared to the basic duty of 10 percent. This has caused a surge in imports from the country.

Commerce and Industry minister Nirmala Sitharaman also informed the Parliament on Monday that India's Trade deficit with China was still a cause for concern, despite a marginal dip. The deficit stands at $51 billion in 2016-17, compared to $52.69 billion in the previous financial year.

(Mail Today, July 25th, 2017)

17. *KVIC signs agreement for worldwide trade*

The Khadi and Village Industries Commission (KVIC) has taken steps to support PM Modi's call on Mann ki Baat, wherein he stressed upon the importance of sustainable khadi and appealed to people to buying Khadi and support rural artisans. KVIC signed an agreement with Arvind Mills Limited, a popular name in denim business-to trade khadi denim products around the world.

(Mail Today, July 25th, 2017)

18. *22 years after annulling Rs. 25L bridge contract, Centre to pay Rs. 5.45 crore*

For cancelling a 40-metre bridge estimated to cost Rs 25.45 lakh, the Centre after 22 years was ordered by the Supreme Court to pay the contractor Rs 5.45 crore, thanks to the stringent Micro, Small and Medium Enterprise Development Act, 2006.

The MSME Act calculates compound interest on the amount payable at three times the bank rate and this led the government getting saddled with more than 20 times the cost of the project without the bridge being constructed on Demagiri-Marpara Road in Mizoram. The contracting firm belonged to the MSME category and hence the calculation of interest in the dispute attracted provisions of the Act.

The Union government in 1995 had entered into a contract with Hindustan Metal Refining Works Pvt Ltd for design, supply and erection of pre-fabricated steel components for the bridge for an amount of Rs 25.45 lakh. The contract was to be executed in six months.

Despite repeated grant of extensions, the private firm could not complete the work, leading to the Centre terminating the contract in 2005. The dispute was placed before an arbitrator. In 2009, the arbitrator awarded the private firm Rs 1.65 crore, which included Rs. 86.63 lakh on account of compound interest. The UPA government took three years to challenge the award before the Aizawl district judge, who dismissed the appeal as the Centre failed to deposit 75% of the awarded amount before the court as mandated by law. The Centre moved the HC against dismissal of its appeal and in March 2014, deposited Rs 1.23 crore in the court as 75% of the award amount, including compound interest till date. The firm argued that 75% of the award amount with interest came to Rs 2.62 crore, forcing the Centre to deposit the same in 2015.

On September 23 last year, the HC dismissed the Centre's appeal and faulted it for contending that the firm was not a small scale industry unit very late in the day. A SC bench dismissed the Centre's appeal, thus saddling it with Rs 5.45 crore liability towards the firm

(The Times of India, July 26th, 2017)

19. *Union Bank to raise Rs. 3,500 cr. Capital*

Union Bank of India plans to raise Rs. 3,500 crore this fiscal to support its credit growth and provisioning requirements.

"Though the capital position is comfortable, we plan to raise some capital through QIP and have sought Rs. 1,750-crore infusion from the government," said G Rajkiran Rai, Managing Director & Chief Executive Officer, Union Bank of India (UBI).

UBI is ready with a QIP plan and it will be executed based on the government's capital infusion.

The bank plans 10 per cent credit growth this fiscal and there are provisioning requirements because of NCLT accounts, said Rai.

Retail, Agriculture and MSME which account for about 53 per cent will drive credit growth this fiscal. The bank is targeting to take it to 55 per cent in the next three years.

It will not shy away from lending to big corporates and is keen on lending to projects in the renewable power sector and hybrid annuity model projects in the road sector.

Rai also said the textile industry, which faced stress in the recent past, was creating jobs, particularly by medium level units, and the bank would lend to them.

In MSME loans, under the SME Saral concept, the bank has moved towards centralisation of sanctions by back offices instead of handling these at various branches. "This will quicken the process, and the quality of underwriting will improve," he said.

UBI's domestic business stood at Rs. 6,50,000 crore as of March 2017. The bank has set a target of taking this to Rs. 8,50,000-9,50,000 crore by 2020.

On the asset quality side, Rai admitted that slippages have not slowed down to expected levels. "Incremental slippages were coming more from strategic debt restructuring and other failures," he said.

(Business Line, July 25th, 2017)

20. *SIDBI starts merchant banking operations*

Small Industries Development Bank of India (SIDBI) has started full-fledged merchant banking operations to benefit the expanding number of growth-oriented micro, small and medium enterprises (MSMEs), especially those with a strong technology and innovation quotient. The initiative is aimed at enhancing the access of MSMEs to capital markets, including the SME Trading Platform and Institutional Trading Platform, SIDBI said in a statement.

Ajay K. Kapur, Deputy Managing Director, said SIDBI has supported over 125 venture capital funds and thus can provide support for listing the investee companies on SME exchanges through its merchant banking operations.

(Business Line, July 26th, 2017)

ARTICLE

Retail Market for MSMEs- Challenges and Opportunities

By: Rajveer Singh
Managing Director, Apex cluster Development Services Pvt Ltd &
Executive Committee Member of FICCI-CMSME

The retail sector is currently demonstrating signs of rapid expansion at 11 per cent compound annual growth rate and is expected to grow from an estimated prevalent size of USD 600 billion to USD one trillion in the year 2020. E-commerce has become a key driver to create new markets in erstwhile unreachable geographies. Micro Small and Medium Enterprises (MSMEs) account for more than 98 per cent of the total industrial units in India. However, only limited numbers of MSMEs have the potential and readiness for Cross-Border Trade (CBT). The encouragement to MSMEs towards diversifying from offline to online mode also comes from intimations under the new foreign trade policy 2015-20 towards e-commerce exports.

Cross-border e-commerce B2C; has given an opportunity to the Indian MSME's to cater to a larger market (US$ 53 billion) and engage with the international consumers directly that will further facilitate MSMEs to assess the international sales structure. E-commerce sector is fast emerging as the key enabler for establishing new market segments in India. Given the growth potential for Indian MSMEs in B2C e-commerce CBT, e-commerce is an appropriate platform, where the MSMEs can expand and scale up their market outreach via CBT as it facilitates a level playing field for an otherwise skewed traditional export market.

The key challenges for the Indian MSME s so as to increase their CBT footprint include - low supply of products that have high international demand and inadequate buyer and market-related information of the global market. The almost non-existent direct market link(s) between MSMEs at the cluster-level and international consumer's results in a weaker integration of the Indian MSMEs at the lower tier levels in regional and global value chains. The current export sector thrives on personal contacts, evident from the fact that only one-half of one percent of firms in the MSME sector are actually into direct exports.

Traditional MSMEs in India have been able to efficiently facilitate to the huge domestic as well as the local market demand but with the emergence of a new class of young entrepreneurs (mostly second or third generation entrepreneurs) who are aware of modern trends and opportunities, a new vision of augmenting the MSMEs and a technology-oriented outlook is ushering them towards a fast changing commerce landscape for the MSMEs. Such MSMEs are adopting technology to be able to improve their businesses efficiency and target the global market with a bang. Many such MSMEs, including those at the lowest levels in the ecosystem, have benefitted extensively by connecting directly with the buyers around the world.

Size of Opportunity for MSMEs B2C Cross Border Trade (CBT)

The addressable retail export through B2C ecommerce is only USD 52 billion, contributed by only 20 product items like gems and jewellery, finished leather goods, handloom products, handicrafts, auto accessories etc. Of this almost 50% which 26 Billions US dollar is done in B2B mode. Based on international retail trends it is with in the reach of MSMEs to target at least 10% of this in B2C mode by 2020.

Some of fast moving product categories along with their selling period on E-commerce platform are:

- A piece of Jewellery is exported every **5 seconds**
- Health & Beauty, Clothes & Accessory is exported every **30 seconds**
- Home furnishing & Collectibles is exported every **1 minute**
- A home & garden product is exported every **2 minutes**
- A business & industrial product is exported every **2 minutes**
- A car or bike accessory is exported every **3 minutes**
- Antiques are exported every **5 minutes**
- A sporting good is exported every **5 minutes**
- A stamp is exported every **10 minutes**
- A toy is exported every **12 minutes**
- A musical instrument is exported every **15 minutes**

Challenges

There are two kinds of challenges, supply challenges and policy challenges for MSMEs to adopt B2C Ecommerce:

Supply Challenges

On the supply side there are issues like lack of awareness about benefits of this technology and lack of technology knowledge, poor ICT Physical Infrastructure like low bandwidth, speed and reliability of the network and power failure in rural areas. Perception issues about technical complexities, faster offline recovery, etc. force them to stick to their traditional mode of business

Policy Challenges

- Limitations under Courier Regulations and Procedures: - Any goods' valued above INR 25,000, the cargo mode increases their transaction costs and delivery time making them less desirable due to increased competition and Missing clarity on CSB-V.
- Policy for e-commerce irrespective of MEIS benefit- limited commodities, limited locations, confusion over documents for proof of export and proof of payment. No clarity on Refund of Taxes under GST Regime. *Absence for Mechanism for Returned Consignment*
- Immediate need to move on electronic data interchange (EDI). Movement of exports to the EDI platform allowing use of courier services on an electronic mode is important.
- Treating e-commerce exports at par with low value exports.
- Return of goods back to India sold through e-commerce.

ARTICLE

What is required?

- Implementation of Digital Single Window System
- Possibility of New Additions in the MEIS Policy
- Provision for the Returned Goods
- Modernization of Indian Postal System
- Comprehensive National E-Commerce Strategy

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Opportunity for MSMEs to increase

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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)

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Module 1:
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- **Involve the entire workplace in continuous improvement**

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- Identity 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 Sucess

- Develop Human Resource strategies for better recruitment & retention
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- 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)

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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 – 1100001
Ph: + 91 11 23708215, 23487230
Email: score@ficci.com

SCORE

International Labour Organization

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Case Study 1:

Implementation of SCORE Module 1 "Workplace Cooperation" at Smash Enterprises (Pune), by FICCI through its National Coordination Centre for SCORE Training

SCORE SUCCESS STORIES

Problem Definition/ Identified for Improvement:

SMASH Enterprises is into specialized welding of carbon steel, alloy steels and stainless steel components. One of the workplace challenge faced was lack of proper space at the shop-floor due to leftover electrode pieces. One of the goal was set to "Reduce Space Constraint by 10%".

Process / steps adopted to address the problem:

- An Enterprise Improvement Team (EIT) was formed as a first step. The EIT is the driving force behind implementing any new initiatives during the SCORE trainings. EIT is cross-functional and cross-hierarchical, which brings together managers and workers (including supervisors) to collectively plan and implement solutions.
- EIT highlighted that earlier attempt for cleaning the shop-floor of the waste material like electrodes has not been successful. During the brain storming session in EIT, an idea of using magnet to clear the shop-floor was shared by the EIT members.
- As part of 5S, the EIT members initiated a "shop-floor cleaning project" and henceforth all the workers participated in hand picking the scrap material and cleaning by magnet.

Results Achieved:

- Space utilization improved by about 12%. About, 210 kg of end pieces of electrodes plus few gunny bags of ferrous dust were collected
- About Rs. 65,000 were earned by disposal of unwanted material and scrap. Rs. 20,000 were spent to purchase drinking water purifier for the shop-floor workers and their drinking water problems got addressed
- With the availability of space there was an opportunity to work on new product development and new orders

Lessons Learnt:

- SCORE program provided a new way of looking at the situation at the workplace and opportunity to brainstorm to find solutions within the available resources.
- Management and operators realized the benefits of 5S that it helps to identify hidden and unwanted materials and the monetary benefits that can be derived.
- Employees can find out ways to reduce waste, remove scrap and can use the money earned or saved for their own benefit, which is WIN - WIN situation for both Management and employees.

BEFORE

Equipment lying unorganized on the shop-floor.

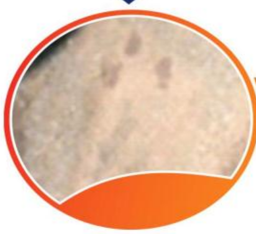
AFTER

Lot of free space by implementing 1S & 2S

End pieces of electrodes and ferrous dust on shop floor

Operators hand picking end pieces of electrodes and other scrap from floor

Operator using magnet to collect ferrous scrap and dust from the floor



Shop floor looking clean after magnet cleaning

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For more details contact:

Hemant Seth
FICCI- CMSME, Federation House, 1, Tansen Marg, New Delhi 110 001
Tel: 91-11-23487307/ 23487260; Email: cmsme@ficci.com