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NEWSLETTER

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MSME News Update

1. *Govt. will address concerns of SMEs, exporters on GST: Adhia*

The government is looking to ease the compliance burden for small businesses and ensure they are not adversely impacted by GST, while also working out a solution for easier refund of taxes paid by exporters, revenue secretary Hasmukh Adhia said.

Adhia also indicated to TOI that petrol and diesel may not be included in GST immediately, while pointing out that levy on oil products in other countries was higher than the VAT or the GST rate.

Amid criticism from various quarters, he acknowledged that there would be some transition pain but added that the government and the GST Council were flexible in addressing concerns.

"For honest taxpayers, there cannot be anything better than this because GST puts a premium on honesty. At the same time, it will make it very difficult for dishonest businessmen to evade taxes and that's why there is some opposition. Those who were not paying taxes will face some pain initially because, for the first time, they have to put everything on record, maintain proper books of accounts and file returns, "he said.

(The Times of India, October 2nd, 2017)

2. *Charkha to provide jobs to 5 crore women in next five years: Giriraj Singh*

Following the 'Khadi for Fashion' call of Prime Minister Narendra Modi, the Ministry of Micro, Small & Medium Enterprises (MSME) has planned to connect not less than 5 crore village women to charkha (spinning wheel).

Addressing the Gandhi Jayanti celebrations, Minister of State (I/C) for MSME Giriraj Singh, said, "Khadi had now been popular in younger generation also. For a significant span of time khadi was meant for either grandfathers or politicians. But, it was the initiatives and appeals made by our Prime Minister – who is himself the latest USP of Khadi – that Khadi has now become a fashion trend among the youths."

"Even the results speak. The previous governments could increase the sale by 70 per cent in 10-odd years and under the leadership of PM Mod, we have enhanced it to 90 per cent," Singh said.

Speaking about solar charkhas, the minister said that it would provide employment to at least 5 crore village women in the coming five years.

"The five pilot projects which have been commissioned in Varanasi, Nawada and other places, would ensure a regular income between Rs 6,000 and Rs 10,000 to each of the women," the minister said.

Singh further said that even in Africa, as a part of centenary year celebrations of Gandhiji's Swadeshi Movement, the High Commission of India in Uganda, in association with the Republic of Uganda, has unveiled Gandhi Charkha, which is gifted by Khadi and Village Industries Commission (KVIC), at the Gandhi Heritage Site at Jinja in Uganda.

KVIC Chairman VK Saxena, in his address, said that khadi had been spreading its wings in all directions for creating maximum job opportunities for the artisans. "Since sanitation and khadi was close to Mahatma Gandhi's heart, the KVIC is all set to take his legacy forward," he said.

"We have also taken up the Prime Minister's call for 'Sweet Revolution' very seriously and we are trying to give a major push to our 'Honey Mission' in the coming days," the KVIC Chairman said.

(Millennium Post, October 2nd, 2017)

3. *Assam to revive Khadi industry, plans Khadi dress as gift for staff*

Paying a rich tribute to the Father of the Nation Mahatma Gandhi, Assam Government said that it would revive the Khadi and Village Industries Commission (KVIC) and added that the Government would gift a Khadi dress to each of the Government employees in the State.

Assam Health, Education and Finance Minister Himanta Biswa Sarma said, while adding that the Government has also plans to distribute Khadi school uniform in all the schools, provided the KVIC can take up the supply order.

"We have decided to gift a Khadi dress — a shirt to the men and Salwar to women employees of the Assam Government before next Rongali Bihu. We'll give token to them and they can buy it from any of the KVIC stores. This will help reviving the dying KVIC," said the Minister.

The Minister, however, said that there would not be any hard and fast rule that the employees has to wear the Khadi. "The Khadi is becoming popular and it looks so good, I think the employees would wear the dress on their own and we are not going to force anyone," Sarma said.

"We are also ready to engage the KVIC in supplying school uniforms. However, if they can complete the first assignment, we can think of asking them to supply the school uniforms," he said adding that the government has earmarked an amount of Rs 25 crore in the budget for revival of the KVIC.

"The KVIC in Assam has sold national flags worth Rs 16 lakh in the recent past. The effort is on to revive the KVIC and we are going to everything required to revive it," he said.

It may be mentioned here that the Assam has about four lakhs of Government employee and according to the Minister it is going to cost around Rs 12 crore to the state exchequer to gift the employees a Khadi dress.

(The Pioneer, October 3rd, 2017)

4. *Small firms with poor financials in vulnerable position: RBI report*

A Reserve Bank of India study has said liquidity starved small and medium-sized firms with poor financials are in a "vulnerable situation" and they need funding sources in arresting the next wave of non-performing assets (NPAs).

"Small and medium-scale firms in India with sound financial health have indeed shifted to non-bank funding through bonds and CP (commercial paper) market more aggressively in response to the banking stress. Results also indicate that larger firms have the ability to access the market in spite of having poor financial conditions. This leaves the subset of small firms with poor financials in a vulnerable situation," said the study on 'Non-bank funding sources and Indian corporates' published under the aegis of the RBI's Mint Street Memo.

"The results indicate that bolstering the funding sources for efficient but liquidity crunched small and medium-scale enterprises is also likely to be important in arresting the next wave of NPAs," the study said.

Latest RBI data shows that outstanding bank credit of small and micro units had gone up marginally by 0.8 per cent to Rs 3,57,100 crore by August 2017 as against Rs 354,300 crore in August 2016. According to another RBI study released in August 2016, small companies were finding the going tough with sales and profits taking a big beating in the wake of demonetisation and implementation of Goods and Services Tax (GST). Small companies with a turnover of less than Rs 25 crore reported a 57.6 per cent fall in sales for the quarter ended March 2017. It further said 726 small companies reported a 122.3 per cent plunge in EBIDTA (earnings before interest depreciation, taxation and amortization) for the March quarter.

The study said current policy is focused on debt recoveries from larger borrowers. "The results indicate that corporate bond, ECB and CP market have allowed at least a subset of firms to diversify their funding sources. The ability to substitute the sources of financing is important to shield the economy from adverse real effects of a financial crisis, it said.

"It is found that small and medium-scale firms with good financial health are more likely to substitute bank credit with non-bank credit in response to the banking stress. The evidence also suggests that amongst the firms with poor financial condition, relatively smaller firms are effectively rationed out of the credit markets," it said.

It said large firms can access non-bank funding with relative ease. "At the same time, large firms tend to have stronger banking relationships," the study said. To test if small and large firms are affected differently due to banking stress, the study included the interaction term between NPA and firm size. "Interestingly, poor financial health can curtail non-bank funding access for smaller firms much more severely than the large firms," it said.

Indian banking sector is facing the problem of growing non-performing assets (NPAs). "From 2014 to 2017, the average level of NPA to advances ratio across public-sector banks has almost doubled from 5 per cent to 10 per cent. Rising NPA levels have curtailed the supply of bank credit as banks are rebuilding capital or keeping aside larger share of loanable funds against future possible losses," the study said.

In parallel, Indian financial markets have witnessed a significant development of non-bank sources of credit such as corporate bonds, external commercial borrowings (ECBs) and commercial papers (CP). In 2005, Indian non-financial firms raised roughly 80 per cent of the new debt funding from banking institutions. But the relative importance of bank credit as a source of funding for non-financial firms has reduced dramatically over the last decade.

In 2016, non-bank debt through corporate bonds, CPs and ECBs accounted for more than half of the new debt funding. The share of new non-bank credit to total new debt has risen steadily from around 20 per cent in 2015 to around 53 per cent in 2016. Indian corporates utilized ECBs heavily until 2012. Depreciation of Indian currency against the dollar in 2013 prompted the Indian corporates to substitute ECBs with domestic corporate bonds.

CP issuances now constitute a significant segment and represent roughly 25 per cent of non-bank credit. This implies that in the context of growing financing needs in the economy, the importance of non-bank credit is also rising, the study said.

(The Indian Express, October 3rd, 2017)

5. BSE SME platform crosses 200 firms milestone

Asia's oldest stock exchange BSE's platform for small and medium enterprises (SMEs) crossed the 200 mark with the listing of three more companies.

The three companies listed on BSE SME are Share India Securities, Trident Texofab and Poojawestern Metaliks.

With the listing of these companies, the number of companies listed stood at 201 on the BSE SME platform.

The total market cap of BSE Small and medium enterprises is Rs 17,268 crore and represents companies from 15 states and 20 major sectors.

(Business Standard, October 5th, 2017)

6. Govt provides GST Succour

Traders and consumers have reason to cheer as the Goods and Services Tax (GST) Council announced a slew of reforms, reducing tax on many goods and services and relaxing norms for small businesses.

In a move aimed at providing relief to traders and exporters; bringing simplicity and cutting compliance costs, the GST Council also decided to raise the turnover threshold to Rs 1 crore from Rs 75 lakh for businesses to avail of the composition scheme that allows them to pay 1-5 per cent tax without going through tedious formalities.

For businesses with a turnover up to Rs 1.5 crore, the council permitted filing of quarterly returns as against the monthly filings mandatory earlier.

The move comes at a time when the Government is facing criticism that the economy is reeling under the adverse impact of GST on businesses.

Even after three months of implementation of GST, the issue of complexity of compliance and high tax on certain daily-use items and services was drawing huge criticism.

Finance Minister Arun Jaitley, who headed the 22nd GST Council meeting, cheered the taxpayers by announcing that returns for the month of July and August would be refunded through cheques from October 10 and October 18 respectively. “Moreover, an e-wallet will be created for each exporter by April 1, 2018 to carry forward the process,” he added.

Jaitley, however, said, “For small traders the tax burden is low, but the compliance pressure is greater. Members examined the provisions and after detailed study we found that large companies/taxpayers contribute to 94-97 per cent of the taxes filed. Medium and small taxpayers need to be in the tax net so that the tax base keeps increasing, but their compliance burden should be reduced.”

“So far, over 15 lakh out of the 90 lakh registered businesses have opted for the composition scheme,” he added.

Bringing forth some more reforms, the Government has said that any person buying jewellery above Rs 50,000 will not have to furnish PAN card and Aadhaar card details.

The GST Council also reduced rates for as many as 27 commonly-used items and services. Branded savoury snacks, unbranded ayurvedic medicines, handmade yarn, ICDS food packages, khakra chapati, waste obtained from rubber, plastic and paper have been brought under the 5 per cent slab.

Among services, zari work, making imitation jewellery and printing items have also been brought under this slab.

Jaitley further said, “The GST Council has agreed to allow SMEs with turnover of up to Rs 1.5 crore to file quarterly returns instead of monthly filings. About 90 per cent of the taxpayers will benefit from this change.” “The rollout of E-Way Bill, another issue that has been under consideration for a long time, has been deferred to March 31, 2018,” he added.

(The Pioneer, October 7th, 2017)

7. Modi: Changes have made GST even simpler

Prime Minister Narendra Modi said the GST had become "even simpler" after GST Council's recommendations and that it is in line with the government's constant endeavour to safeguard citizens' interests and ensure India's economy grows.

He congratulated Finance Minister Arun Jaitley and his team for engaging with various stakeholders for "extensive feedback which led to today's recommendations" on GST.

Modi's comments in a series of tweets came after the GST Council made sweeping changes to GST to give relief to small and medium businesses on filing and payment of taxes, eased rules for exporters and cut tax rates on more than two dozen items.

The changes were made three months after roll out of the new indirect tax regime.

"Good and Simple Tax (GST) becomes even simpler. Recommendations will immensely help small and medium business," the Prime Minister said in a tweet.

PM Modi has been describing GST as 'Good and Simple Tax'. "GST is in line with our constant endeavour to ensure interests of our citizens are safeguarded & India's economy grows," he added.
He said the composition scheme has been made more attractive and other facilitation measures will make the GST even more people-friendly and effective.
According to the changes made in the GST, businesses with annual turnover of up to Rs. 1.5 crore, which constitute 90 per cent of the taxpayer base but pay only 5-6 per cent of total tax, have been allowed to file quarterly income returns and pay tax instead of the current provision of monthly filings.
SMEs had complained of tedious compliance burden under the GST that was supposed to be a simple indirect tax regime.
(NDTV, October 7th, 2017)

8. ***SIDBI has a vision 2.0 for MSME Well- being***

The Small Industries Development Bank of India (SIDBI), the nodal agency for the promotion and financing of micro, small and medium enterprises (MSME), has embarked on an ambitious makeover plan that includes the creation of a new advisory division, a sentiment index to gauge the MSME business mood and an Intech BSE -6.25 % platform to bring together borrowers and lenders.
Mohammad Mustafa, who took over as chairman at the end of August, said the agency's board had approved this vision 2.0 in a meeting on September 22, which had decided to strengthen the advisory services for MSMEs.
"We want to strengthen the advisory part, which is missing. Advisory would be in terms of technology, taxation issues and issues which a normal business encounters. We are calling it a credit plus approach. We will give a host of services that will empower you like capacity development, proper guidance, technology and other options," Mustafasaid.
On September 29, SIDBI posted a request for proposal document on its website seeking to appoint a consultant to formulate and implement a 'Business cum Developmental Strategy, Organizational Restructuring - SIDBI Vision-2.0.' The bids for the proposal are to be submitted by October 27.
"Once we lend money, SMEs make a produce and it has to be marketed. We will give them a complete picture of where and how it is to be marketed. We are looking for partners like agreements with specialized advisory services. These could be technology and consultancy firms," Mustafa said.
MSMEs are currently reeling under the twin impact of last year's demonetisation and the new goods and services tax regime (GST), which has disrupted business. However, Mustafa said the disruption is only short-term in nature.
(The Economic Times, October 12th, 2017)

9. ***GoM consensus on providing relief to small restaurants***

In an extension of the relief measures taken by the Goods and Services Tax (GST) Council in its October 6 meeting, the Group of Ministers (GoM), constituted to make the composition scheme more attractive, broadly agreed to provide more relief for small and medium businesses in its first meeting held in Delhi. The five-member committee is learnt to have agreed upon the need to reduce the GST composition rate for dhabas/roadside eateries/small restaurants, from the existing 5 per cent and also, have a differential GST rate for non-AC restaurants, a state finance minister who attended the meeting said.
Also, the GoM, convened by Assam's finance minister Himanta Biswa Sarma, has agreed to invite representatives from the micro, small and medium enterprises (MSMEs) in the next GST Council meeting to incorporate their views while deciding on some more relief measures for the MSME sector.
"The broad consensus of the meeting was that there is a need to provide more relief to the smaller businesses. Tax rate for restaurants should be differential, such as the GST rate for restaurants, other than those in luxury hotels, should be lower than the existing 12 per cent (for non-AC restaurants). It was also discussed that the GST rate for restaurants under the composition scheme should be lower than (the current rate of) 5 per cent so that the dhabas/roadside eateries/small restaurants benefit from it," the state finance minister cited above said.
The recommendations of the GoM regarding the composition scheme will be taken up in the next meeting of GST Council that is scheduled to be held early next month, the state finance minister said.
In its last meeting held on October 6, the GST Council had taken a slew of measures to significantly reduce the compliance burden of small companies and traders by allowing them to file quarterly returns instead of monthly submissions, expanding the scope of the Composition Scheme and making it easier for exporters to claim tax refund.

Also, finance minister Arun Jaitley had announced that the Council had decided to set up a Group of Ministers to "make the composition scheme more attractive". The terms of reference for the GoM include examining whether turnover of exempted goods can be excluded from the total turnover threshold for levying tax under the Composition Scheme along with looking into the tax structure of different categories of restaurants, with "a view to their possible rationalisation/reduction". The GoM will also examine if inter-state outward supplies of goods can be a part of composition scheme and if input tax credit can be allowed to registered taxpayers receiving inward supplies from composition dealers.

The measures taken for the MSME sector by the GST Council earlier this month included increase in the turnover threshold for Composition Scheme to Rs 1 crore as compared to the earlier turnover threshold of Rs 75 lakh. Composition scheme dealers have to pay GST at the rate of 1 per cent of the turnover, manufacturers at the rate of 2 per cent and restaurants at the rate of 5 per cent.

The GST Council had also allowed assesses with turnover less than Rs 1.5 crore to pay taxes and file returns on a quarterly basis instead of monthly basis, starting from October-December quarter. The Council had also allowed small service providers to operate across multiple states without registering with the GST Network and had exempted exempt service providers with annual aggregate turnover less than Rs 20 lakh from obtaining registration even if they are making inter-state taxable supplies of services.

(The Indian Express, October 16th, 2017)

10. *Items in 28% GST rate slab needs to be pruned: Adhia*

The number of goods in the highest 28 per cent GST slab would be brought down and a committee of officers will calculate the revenue impact before going in for a further reduction in tax rates, Revenue Secretary Hasmukh Adhia said.

"It is required, the fitment of rates which has happened is mainly based on excise and VAT," he said when asked if the GST Council is considering pruning of the number of items in 28 per cent tax bracket.

Goods and Services Tax (GST), rolled out from July 1, has subsumed over two dozen taxes and has transformed India into a single market for a seamless flow of goods and services.

All goods and services have been fitted in the four-tier GST rate structure of 5, 12, 18 and 28 per cent.

Adhia said while fitting the goods and services in the various tax bracket, the GST Council has taken into consideration only the excise duty and VAT rate applicable on those items prior to GST.

"There are industries where 95 per cent of production used to take place in MSME and all of them used to avail excise duty exemption. So that means the excise rate we have taken for that item is only theoretical in nature and actually, we have done a substantial increase in the rate of that item.

"That way it is being pointed out that it is a theoretical rate which has been derived, there is a need for rationalisation. Instead of doing a piecemeal reduction here and there, we do need to look at the entire rate of 28 per cent," Adhia said at a GST Townhall organised by CNBC TV18.

(The Times of India, October 17th, 2017)

11. *Nod to freeze industrial power tariff at Rs 5 per unit*

The Punjab Cabinet approved the Industrial and Business Development Policy-2017 here today. Its key features are freezing the industrial power tariff at Rs5 per unit with effect from November 1 and a one-time settlement scheme for sick and closed industrial units.

The policy provides for the creation of a Rs100-crore fund to promote start-up culture, besides the establishment of a Skills University and industry-specific skill development centres under one agency — the Punjab Skill Development Mission.

It also offers investment subsidy by way of reimbursement of net SGST (State Goods and Services Tax), exemption from electricity duty and property tax and more incentives for MSME (Micro, Small and Medium Enterprises) units.

Formulated by the Department of Industries and Commerce, the policy is centred on the "business first" philosophy, with a single-window approach to provide simplified and easy clearances and approvals at every stage.

During the Cabinet meeting, Chief Minister Capt Amarinder Singh proposed hiking incentives for the existing industry in border areas from 125 per cent to 140 per cent.

Finance Minister Manpreet Badal said a provision had been included to fix the power tariff for five years for existing and new industries so as to boost industrialisation and revive economic activity in the state.

The FM said the government had brought one-time settlement for industries against loans of around Rs900 crore taken from the Punjab State Industrial Development Corporation (PSIDC), the Punjab Financial Corporation (PFC) and Punjab Agro Industries Corporation Ltd (PAIC). The move will generate around Rs100 crore, Manpreet said.
Power Minister Rana Gurjit, whose company stands to benefit from the scheme, abstained from the discussion on one-time settlement of loans.
(The Tribune, October 16th, 2017)

12. *J&K Bank launches 'Mudra Yojana Campaign' in Jammu*

In line with the nationwide campaign to boost the country's flagship scheme, J&K State Level Bankers' Committee (SLBC) is all set to launch 'Mudra Yojna Campaign' here at Convention Centre Canal Road Jammu. The aim of the campaign is to promote the Pradhan Mantri Mudra Loan scheme to fund small businesses without hassles. Vagish Chander, Executive President, J&K Bank, said "Reaching out to the people on a massive scale through Mudra Yojna Campaign, the Government of India also seeks to promote financial inclusion schemes and digital payment methods to encourage consumers and merchants to increasingly shift to these modes of payment. Prime Ministers Mudra Yojna (PMMY) is the flagship scheme of Government of India, which aims to provide formal access of financial facilities to the small businesses thereby creating more self-employment opportunities."
(Rising Kashmir, October 13th, 2017)

13. *Tough Quality Norms Hit Imports of Chinese Toys*

Toy imports from China have dropped to less than a half, according to industry estimates, since the government introduced tough quality criteria and mandated certification of compliance by accredited agencies from September 1.
This has hit supply and pushed up retail prices 8-14 per cent, while wholesale prices have risen about 30 per cent, executives said, cautioning that further increases are likely.
Supply is likely to be hit further during the festive season right up to Christmas, Mattel Inc, Future Retail and other retailers said, pointing to the paucity of infrastructure in the country to test imported toys and issue Bureau of Indian Standards (BIS) certifications.
"There has been a drop of more than 50 per cent in imports of Chinese toys since the government introduced the norm," said Manish Kukreja, president of All India Toy Manufacturers Association.
"India imports four-five lakh stock keeping units (SKUs) annually. SKUs are actually varieties of toys. There are only three to four National Accreditation Board for Testing and Calibration Laboratories (NABL)-accredited laboratories in India which can test 100 -150 SKUs in a week."
Chinese toys account for an estimated 70 per cent of India's Rs 5,000-crore toy industry.
India needs a massive upgradation of infrastructure to handle the huge volume of toys, executives said.
"The new import notification insists on conformance to the revised Indian standards and procuring certification only through NABL-accredited labs. However, not only are there thousands of SKUs in the Indian market, but also the testing ecosystem and infrastructure will have to be scaled up to meet the new testing mandates," said Ishmeet Singh, country manager-India, Mattel Inc. "This will no doubt delay the availability of toys to children in the immediate months of festivals."
The comprehensive notification issued on September 1 prescribes criteria for physical and mechanical properties, chemical content, flammability, and testing for indoor and outdoor toys for both electrically and mechanically operated ones. The notification by the Director General of Foreign Trade said import of toys would be permitted freely only if the manufacturer abided by the Bureau of Indian Standards (BIS) benchmarks.
Rakesh Biyani, director, Future Retail, said: "The consignments are getting stuck at the customs because of this new restriction norm. We import toys that are safe according to international standards. Now, those toys will have to comply by the Indian standard, which is almost same as the international standard. In the long run, the process will get delayed and availability of toys at our stores will dwindle.
If this situation continues, there will be a drop of 50 per cent in toys in November at our stores. The new norm should become effective from April 2018."
Biyani said that prices have risen up to 14 per cent and may go up further.
(The Economic Times, October 16th, 2017)

14. *Assam soon to become friendly to investors*

The Assam cabinet decided to introduce and amend some of the existing policies in a bid to make it investor friendly.

The aim is to attract investment and derive maximum benefits from the global investors' summit, beginning February 3 next year.

Prime Minister Narendra Modi is scheduled to inaugurate Global Inventors Summit in Guwahati.

Assam industry minister Chandra Mohan Patowary told reporters that the government has decided to amend the preferential purchase policy under which it will give 25 reservation for medium and small-scale enterprises (MSMEs) with 20 per cent price preference in all government procurements.

Apart from amending Tourism, Bio-tech and Handloom policies of Assam to attract investment, he said that the government is planning to introduce a Digital Start-up Policy under which an incubation centre will be set up at Ambary in Gujarat.

For execution, the state government will sign enter into an agreement with the Telangana government, he added.

Pointing out that the government has also decided to attract investment in the field of Information and IT, he said, "The government will extend Rs 1.20 lakh one time support against per seat for setting up a BPO having minimum capacity of 100 seats."

(The Asian Age, October 18th, 2017)

15. *Govt to infuse Rs. 2.11 lakh cr. Into PSU banks over 2 years*

Macroeconomic fundamentals are strong, and GDP growth is poised for a take-off with the economy turning around, the government said on Tuesday as Finance Minister Arun Jaitley and top officials presented a detailed economic roadmap. Among big-ticket announcements made on Tuesday was an "unprecedented" infusion of Rs. 2.11 lakh crore in public sector banks to boost lending. The government also said that 83,677 km of highways would be built in the next five years to "create more jobs, more growth."

"We strengthened banks unlike in 2008 and 2014 when loans were given by the dozen, and the real situation of banks were not discussed. It is only since 2015 that the ground realities in banks have changed, and they have become robust," the Finance Minister said at a media briefing after the Cabinet meeting.

"There is a public sector bank capitalisation plan of Rs 2.11 lakh crore to strengthen the lending capacity of banks. Now all bonafide loan-seekers would get a loan from the banks as post-demonetisation public sector banks have an adequate lending capacity," the minister said, adding that infusion of Rs 2.11 lakh crore is "unprecedented".

Hailing the decision, Jaitley said, "Once you strengthen banks, the appetite for their stock will improve. A bold step needs to be taken by the government to recapitalise banks. It will give a fillip to private sector investment, direct benefit to MSMEs and employment."

On willful defaulters, the Finance Minister said that over 8,100 wilful defaulters owe banks over Rs 76,600 crore and there is no embargo as far as willful defaulters are concerned.

"The real GDP growth average is 7.5% in the last three years," said Subhash C Garg, secretary in the department of economic affairs. He also stated that indicators show "the worst is over and we are now back on the path to a high rate of growth in the next many quarters to come."

Finance Secretary Ashok Lavasa made a presentation on the government's spending on infrastructure to "create more jobs, more growth," detailing that 83,677 km of highways will be built in the next five years at the cost of nearly 7 lakh crore. "It will create 14 crore man-days of jobs," he said.

The World Bank has called the slowdown an "aberration" mainly due to a temporary disruption caused by preparations for GST and said this would get corrected in coming months. It said that the new tax regime would have "a hugely positive impact on the economy."

The International Monetary Fund (IMF) lowered its growth forecast for the current and next year, but days later its chief Christine Lagarde said that the Indian economy is on a "very solid track" in the mid-term.

(Millennium Post, October 24th, 2017)

16. *Reebok gets Govt nod for Single Brand Retail*

US- based brand Reebok has been allowed to under-take single brand retail in India by the government on Tuesday. The proposal was approved by DIPP- the nodal department for all foreign direct investment proposals under approval route. Reebok India will invest Rs 20 crore for expansion of its single brand retail operations. The company does wholesale trade in India. The FDI policy allows 49% foreign investment under automatic route and up to 100% under government approval. It is also mandatory to source 30% of the value of goods purchased from India, preferably micro small & medium enterprises if overseas investment exceeds 51%.

(Economic Times, October 25th, 2017)

17. *Sidbi Lauds TReDS Registry of PSUs*

Sidbi has hailed the government's move to mandatorily bring all major public sector companies to register themselves in Trade Receivables Electronic Discounting System (TReDS) platform in the next 90 days. Small Industries Development Bank of India (Sidbi) is the principal financial institution for the financing and development of the micro, small and medium enterprise (MSME) sector.

“This will definitely boost the MSME sector by ensuring immediate funding against their trade receivables. The financing cost is lower as these are based on buyers' credit profile. Overall, this will help improve the MSME's liquidity and competitiveness, “said Sidbi's chairman Mohammad Mustafa.

“This was a long pending demand of MSMEs. Sidbi's TReDS platform RXIL is geared to leverage potential created by this announcement. “

The government on Tuesday after announcing the Rs 2.11 lakh crore bank recapitalisation plan had said it will push credit growth in medium and small enterprises sector as it aims to generate more employment.

Banks will come out with sector specific Mudra financing products and a special campaign will be launched in 50 high employment MSME clusters.

Financial services secretary Rajiv Kumar had said MSME and SMEs are the economy's back bone and the bank recap plan would directly benefit them. “MSMEs face two major problems, first being access to finance and hence cash crunch, and second, access to markets.”

The government will also update udaymitra.in, a web portal where MSMEs can list their projects and banks can compete to finance that project.

Kumar had said that banks will also help MSMEs to finalise their project templates.

(The Economic Times, October 26th, 2017)

18. *Banks need to handhold MSMEs to push job creation, says Govt*

Banks need to handhold the micro, small and medium enterprises (MSME) sector and help it grow as the entities form the backbone of the economic activity and generate a number of jobs, said Financial Services Secretary Rajiv Kumar.

The government's decision to provide Rs 2.11 lakh crore capital support through various means, including Rs 1.35 lakh crore of recapitalisation bonds, will not only strengthen the balancesheet of the state-owned lenders, but help them support industries and MSMEs, he said.

Citing two major problems of the MSME sector, Kumar said they face cash crunch and limited market access.

"We are tackling these in four ways. First, we are registering all major suppliers on the TReDS (Trade Receivables electronic Discount System) that will make it obligatory to pay dues after a fixed time," he said.

Second, the udyamimitra portal will help bring in a culture of competitiveness among banks to finance MSME projects, he said.

"If you have a good project, you don't have to keep running after banks, they can compete and a good rating project would attract a better competitive rate," he explained. On the market access side, Kumar said the government is trying to aggregate demand through GeM (Government electronic Marketplace) and the campaign has already started with Chhattisgarh.

Besides, there are efforts to bring them on other e- commerce platforms.

"MSMEs can register to increase their access. Under the GeM rule, payment is guaranteed. After a specific time, payment is granted," he said.

Emphasising that the country has a strong MSME base, he said there will be a strong push on enabling growth of MSMEs through enhanced access to financing and markets and a drive to finance MSMEs in 50 clusters.

"Meerut for sports goods, Ludhiana for garments, Moradabad for brass work, Bhadohi for carpet, Bhagalpur for silk all these are facing problems of cash, market access and branding," he said, adding that they are getting exploited despite having demand for their products.

"We have to address this... banks can focus on these because there are a lot of latent entrepreneurship as the prime minister has said they can become job creators. We have created a 360-degree approach. Mudra, Stand Up India and Start Up... essentially focus on MSMEs, address their problem and do handholding," he said.

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

19. *SIDBI revamps portal for easy credit access*

Small Industries Development Bank of India (SIDBI) has revamped its portal www.udyamimitra.in with enhanced features to provide easy access to credit and hand-holding services for micro small medium enterprises (MSME).

"The portal brings transparency and competition among lenders and removes the need to approach several banks individually," SIDBI said in a statement.

"In the market place, any bank, other than those requested, can also pick up the application for sanction, thus bringing in best option to MSMEs," it added.

The portal is mobile-enabled and provides a self-assessment module (auto assisting in categorization).

It sends various information on registered MSMEs from time to time.

It also allows loan applications to be perused and picked up by multiple lenders.

"The revamped version of the portal is planned to leverage the experiences to create and implement a much larger platform to transform the digital landscape for MSME loans," SIDBI said

(The Hindu, October 27th, 2017)

20. *Enabler for MSMEs eyes 21% growth*

The National Small Industries Corporation (NSIC), a government enterprise that facilitates information, credit, technology and marketing for micro, small and medium enterprises (MSMEs), is looking at business to the tune of Rs 24,000 crore this year.

"Our business turnover in 2007 was about Rs 2,300 crore. From 2007, we moved towards self-dependence and last year, the business turnover was about Rs 20,600 crore. This year, there are challenges faced by SMEs for various reasons. We are looking at business of Rs 24,000 crore to Rs 25,000 crore," said Ravindra Nath, chairman-cum-managing director of NSIC.

The profit NSIC earned last year was Rs 165 crore. In 2015-2016, the company had business of Rs 21,242 crore.

Some of the sources of revenue for NSIC, which caters to about 1.25 lakh MSMEs across the country through different schemes, are interest earned for credit offered to the units, membership charges, training centres, and raw material distribution.

"Government equity in the enterprise now is Rs 532 crore. We are in discussion with the government for more equity, especially needed for credit services. We are yet to ascertain how much we need," he said.

On the services offered by NSIC, he said that about 10,000 units seen benefit so far from the online finance facilitation centre started last year. The organisation is talking to State Governments to set up technical service centres in each State. "We have seven technical service centres where we train people according to industry needs. We need infrastructure to expand the service.

"Through the tie-ups, the State government will provide the infrastructure and NSIC will invest in plant and machinery," he said. It has signed an MoU with the Haryana government to set up a centre at Faridabad and the Punjab government has given its consent for a centre at Rajpura.

Following the visit of officials from South Korea, Malaysia, and Taiwan to the NSIC Advanced Training Centre, it is working out details to showcase MSME technologies in these countries at the facilities provided.

The host country will also display its technologies. This will enable technology transfers and joint ventures, Mr. Nath said.

(The Hindu, October 28th, 2017)

21. Govt plans mega event to mark Entrepreneur Day on Nov 9

In a bid to augment the business ecosystem, the government plans to celebrate November 9 as the National Entrepreneurship Day and hold events and activities dedicated to the prospective entrepreneurs of the country. The mega celebrations will be based around the theme "Catalysing a cultural shift in youth entrepreneurship," official said. Moreover, all central public sector enterprises (CPSEs) have been requested to align their already existing entrepreneurship related events around the theme to celebrate the National Entrepreneurship Day.

(The Economic Times, October 29th, 2017)

22. GST panel proposes more relief for small businesses

A ministerial panel has recommended lowering the goods and services tax (GST) rates for small businesses and extending the benefit to more such units in an attempt to reduce their tax burden and improve compliance.

If accepted by the GST Council at its 9-10 November meeting, the changes in the so-called composition scheme could benefit millions of small enterprises, eateries and traders.

The changes could also reduce some of the angst over GST, the political ballast of which is being felt by the ruling Bharatiya Janata Party. The GST Council has been working on encouraging the informal segment of the economy, which is dependent on cash transactions, to come under the tax net without burdening them.

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The members of the panel are Assam finance minister Himanta Biswa Sarma, Bihar deputy chief minister Sushil Modi, Jammu and Kashmir finance minister Haseeb Drabu, Punjab finance minister Manpreet Singh Badal and Chhattisgarh minister of commercial taxes Amar Agrawal.

The panel at its first meeting earlier this month considered a proposal to do away with the distinction between non-air-conditioned restaurants taxed at 12% and airconditioned restaurants taxed at 18%. “The group of ministers decided that input tax credit should be available to air-conditioned restaurants and that these could be taxed at 12% (against 18% now). However, considering the revenue implications, the GST Council could take a call on the tax slab,” said Sarma. He added that for small traders who sell both taxable and tax-exempt items (such as rice, flour, etc.), the composition scheme should be made more flexible.

A GST council official said that the ministerial panel has recommended the GST Council let small traders pay either 1% on their revenue of taxable items (loose rice, pulses, etc., are exempt from GST) or 0.5% tax on total turnover.

“In the latter case, central and state governments will get a quarter of a percent of tax each. The idea is to make the system simple,” said Punjab finance minister Badal.

Sarma said that on one issue— allowing enterprises in the composition scheme to avail of input tax credits on business-to-business transactions—the panel could not reach a consensus and that this matter will be referred back to the GST Council.

The panel also favoured allowing those covered under the composition scheme to supply goods across state borders.

The composition scheme was envisaged for small businesses and held the promise of a flat rate and easy compliance. Around 1.5 million small businesses have signed up for it so far, a fraction of the 8.9 million registered GST tax assesses.

It was clear that the scheme needed to be made more attractive and that just the flat rate and the easy compliance (summary returns every quarter) were not drawing enough assesses.

Over the past few sittings, the GST Council has sought to address teething troubles and implementation issues surrounding the new unified indirect tax regime that India adopted on 1 July. In early October, for instance, it slashed rates on 27 items, allowed businesses with revenue of up to Rs1.5 crore to file returns every quarter (instead of every month), recommended the creation of a ministerial group to review the tax on AC restaurants and announced sops for exporters.

More changes could be in the offing, especially in terms of specific tax rates. Revenue secretary Hasmukh Adhia said in a 22 October interview to PTI that the government was considering easing the compliance burden on small and medium enterprises: “There is a need for harmonization of items chapter-wise and wherever we find there is a big burden on small and medium businesses and on the common man, if we bring it down, there will be better compliance.”

(Live Mint, October 30th, 2017)

23. GoM for making GST inclusion in MRP mandatory

In a huge relief to consumers, the maximum retail price of goods must now include the GST component to efficiently address consumer complaints that some retailers charge the new indirect tax on MRP of products, a high-level panel of state finance ministers has recommended.

The group of ministers, headed by Assam Finance Minister Himanta Biswa Sarma, has in its recommendation to the GST Council on easing compliance burden on small and medium enterprises suggested that the government make it amply evident in the present law that MRP is the maximum price of a product to be sold in retail and charging anything above this is an offence.

This rule, sources said, must apply to establishments like restaurants, eateries and malls that sell packaged goods such as bottled beverages which already carry an MRP, but at some places, a GST is charged over and above that MRP.

However, businesses while uploading the invoice to the government in filing returns and paying taxes can separately show the GST component and the selling price of the product.

"We have suggested that when businesses issue invoice to consumers, the MRP should be inclusive of GST. The bifurcation in tax collection and sale price can be shown in the invoice while paying taxes to the government," sources said.

In Guwahati on November 10, the GST Council, chaired by Union Finance Minister Arun Jaitley and comprising his state counterparts, is likely to take up the recommendations of the GoM, which was set up earlier this month.

Over half a dozen MSMEs on Sunday made a presentation before the GoM, sources added.

Among other things, the GoM also suggested lowering the fees for the delayed filing of returns to Rs 50 a day from Rs 100.

Also, the panel pitched for extending the quarterly filing of returns facility to all taxpayers.

Currently, businesses with a turnover of up to Rs 1.5 crore are allowed to file returns and pay taxes every quarter.

It also suggested further simplification in return filing process, HSN Code and invoice matching.

The primary recommendation of the GoM includes slashing tax rate to 1 percent for manufacturers and restaurants while easing norms for traders opting for it

(Millennium Post, October 31st, 2017)

24. Forum for delayed payments

Micro and small entrepreneurs across the country can now directly register cases relating to delayed payments by Central Ministries, departments, Central public sector enterprises and State governments on a portal — Samadhaan (http://msefc.msme.gov.in) — launched here on Monday by Minister of State (Independent) Giriraj Singh. The portal will give information about pending payment of MSEs. The CEO of CPSEs and the Secretary of Ministries concerned will also be able to monitor the cases of delayed payment under their jurisdiction and issue necessary instructions to resolve the issues, a release said.

(Business Line, October 30th, 2017)

25. Arms Rules liberalized to boost 'Make in India' programme

The Ministry of Home Affairs (MHA) announced liberalised Arms Rules to boost the "Make in India" manufacturing policy of the government, as also to promote employment generation in the field of manufacturing of arms and ammunition.

According to a salient feature of the liberalised Rules, the licence granted for manufacturing arms shall now be valid for the life-time of the licensee company. The requirement of renewal of the licence after every five years has been done away with.

A notification for the Arms (Amendment) Rules, 2017 has been issued by MHA on 27 October 2017.

The MHA said the liberalisation of the Arms Rules will encourage investment in the manufacturing of arms and ammunition and weapon systems as part of the "Make in India" programme

The liberalised rules are expected to encourage the manufacturing activity and facilitate availability of world class weapons to meet the requirement of Armed Forces and Police Forces in sync with country's defence indigenisation programme.

The liberalised rules will apply to licences granted by MHA for small arms & ammunition, as well as licences granted by Department of Industrial Policy and Promotion (DIPP), under powers delegated to them, for tanks and other armoured fighting vehicles, defence aircraft, space crafts, warships of all kinds, arms and ammunition and allied items of defence equipment other than small arms.

As per the amended Rules, the condition that the small arms and light weapons produced by a manufacturer shall be sold to the Central Government or the state governments with the prior approval of the Ministry of Home Affairs, has been done away with.

Enhancement of capacity up to 15 per cent of the quantity approved under licence will not require any further approval by the government. The manufacturer will be required to give only prior intimation to the licencing authority in this regard.

The licence fee has been reduced significantly. Earlier the licence fee was Rs 500 per firearm which added up to very large sums and was a deterrent to seeking manufacturing licenses. The licence fee will now range from Rs. 5,000 to the maximum of Rs. 50,000.

The fee for the manufacturing licence shall be payable at the time of grant of licence rather than at the time of application. Single manufacturing licence will be allowed for a multi-unit facility within the same state or in different states within the country

(The Statesman, October 30th, 2017)

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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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

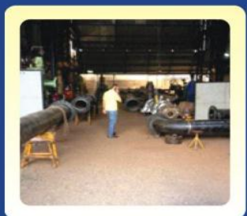
Lessons Learnt:

- 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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