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MSME News Update

1. **PM Hails Surge in Ranking**

PM Narendra Modi called on the world to explore opportunities in the country, attributing the historic jump in the ease of doing business ranking to an all-round and multi-sectoral reform push by Team India.

In a series of tweets he promised more policy changes to further improve India's standing. "Guided by the Mantra of 'Reform, Perform & Transform' we are determined to further improve our rankings & scale greater economic growth," he tweeted.

Over the last three years, India has seen a spirit of positive competition among states toward making business easier, he said, adding, "This has been beneficial."

He urged the international community to invest in India: "It has never been easier to do business in India. India welcomes the world to explore economic opportunities our nation has to offer!"

He said the changes will also benefit domestic business. "Easier business environment is leading to historic opportunities for our entrepreneurs, particularly MSME sector & bringing more prosperity," he tweeted.

Separately, the PMO said the government has undertaken extensive stakeholder consultations, identification of user needs and government process reengineering to match rules and procedures with user expectations and streamline them to create a more conducive business environment.

(The Economic Times, November 1st, 2017)

2. **Minister unveils portal to address delayed payments for MSME entrepreneurs**

Union Minister of State (Independent Charge) for Micro, Small and Medium Enterprises Giriraj Singh launched the MSME Delayed Payment Portal - MSME Samadhaan (<http://msefc.msme.gov.in>), aimed at empowering micro and small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments.

Arun Kumar Panda, Secretary, Ministry of MSME along with other dignitaries and senior officials from the Ministry were also present at the launch.

Speaking on the occasion, Giriraj Singh said that the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 contains provisions to deal with cases of delayed payment to Micro and Small Enterprises (MSEs).

As per the provisions, the buyer is liable to pay compound interest with monthly rests to the supplier on the amount at three times of the bank rate notified by Reserve Bank in case he does not make payment to the supplier for the supplies of goods or services within 45 days of the day of acceptance of the goods/service or the deemed day of acceptance.

(The Pioneer, November 1st, 2017)

3. **MSME crucial to Indian economy**

Small and medium enterprises account for over half of employment worldwide, Swiss envoy to India Andreas Baum said, nothing that this sector will continue to be an important chapter in the Indian. Economy. Baum, however pointed out that access to finance and technology are two important challenges for the MSME sector.

(Business Line, November 1st, 2017)

4. **Finmin to talk key issues with PSB Brass at Vichar Manthan**

The finance ministry will hold a conclave of the top brass of state-run lenders to look into issues in areas such as credit growth and bad loans.

Tentatively called 'Vichar Manthan', the programme will see the formation of seven groups, each headed by the managing director of a public sector bank, to deliberate the issues. The meeting is expected to take place next week. "This is going to be on the lines of 'Gyan Sangam' where pertinent issues in the banking sector will be discussed. This will also include discussion around recovery and HR practices," said a finance ministry official, who did not wish to be named.

Last month, the government announced an over `2.1 lakh crore bank recapitalisation plan, of which `76,000 crore would come through budgetary support and bank stake sales, and `1.35 lakh crore through bond sales.

While making the announcement, finance minister Arun Jaitley had said the recapitalisation process would be followed by a series of reforms to make state-run banks more accountable. "There are a series of measures which have been announced,

including support to MSMEs in order to push growth and create more jobs -all these will be a part of the discussion,” said the finance ministry official.

In 2014, the government organised a similar event for banks and financial institutions, called 'Gyan Sangam'. Its second edition was held in March 2016, after which the government said it kick-started the third phase of reforms in state-run banks, which would look into all aspects including consolidation.

Earlier this week, the government also announced the structure of an alternative mechanism, headed by the finance minister, which among other things may also direct banks to examine proposals for amalgamation.

The final schemes formulated will be approved by the central government and presented in both houses of Parliament, the finance ministry had noted in a statement.

(The Economic Times, November 4th, 2017)

5. **Government's free LPG scheme fuels growth of ancillary industries**

The Narendra Modi government's flagship Pradhan Mantri Ujjwala Yojana (PMUY), which has provided more than 3 crore liquefied petroleum gas (LPG) connections to poor households over the last one and a half years, has had a multiplier effect on the manufacturers of equipment such as cylinders, pressure regulators, stoves and tubing — most of which fall in the micro, small and medium enterprises (MSME) segment.

The number of cylinder makers across the country in 2014-15 was 102, which has gone up to 146 in 2016-17 and this industry's turnover has surged from Rs 3,491 crore to Rs 5,258 crore during the period. Similarly, the number of stove manufacturers has gone up from 39 to 45 and the corresponding increase in turnover has been from Rs 2,253 crore to Rs 2,728 crore.

Overall, the total turnover of companies manufacturing cylinders, pressure regulators, stoves and connecting tubes has increased by 42% between 2014-15 and 2016-17 from Rs 6,240 crore to Rs 8,858 crore. For the six months between April and September, 2017, the combined turnover of these industries stood at Rs 4,281 crore.

The ministry of petroleum and natural gas under minister Dharmendra Pradhan launched PMUY in May 2016 to provide subsidised LPG connections to women belonging to the below-poverty-line category. The government is targeting to provide 5 crore LPG connections by May 2019 under the scheme with the ministry of finance providing a support of Rs 8,000 crore. As reported by FE earlier, the petroleum ministry is in the process of getting Cabinet approval to add another 3 crore beneficiaries at an additional cost of Rs 4,800 crore.

According to Anish De, partner at consultancy firm KPMG, growth in the equipment manufacturing segment is likely to continue at least till 2019 as there will be a continued push.

“It (PMUY) has definitely helped manufacturers. However, a saturation point will come once the scheme is over,” said De.

The manufacturers of pressure regulators and tubes have also benefited with number of makers going up from 35 to 26 and 12 to 17, respectively, between 2014-15 and 2016-17. The turnovers has correspondingly increased during the period from Rs 250 crore to Rs 497 crore for makers of regulators and from Rs 246 crore to Rs 375 crore for pipe makers. The total number of manufacturers has grown by 34%.

Kolkata-based Chandawat Udyog (Cylinders) has seen a surge in demand from oil marketing companies (OMCs). “Earlier tender size used to be 1 crore cylinders per year for each OMC. This has gone up five times now,” said Bhupesh Agarwal, director of the company which produces 30,000 cylinders per year. He added that competition has gone up after the launch of PMUY and there used to only 64 companies manufacturing cylinders in 2005.

Agarwal, however, is cautious about the future as he, like De, sees demand stagnating after two or three years.

The average life of an LPG cylinder is 20 years wherein it is typically repaired once after 10 years and then five years from then. The three OMCs — Indian Oil Corporation, Hindustan Petroleum Corporation and Bharat Petroleum Corporation — together hold an inventory of 25-30 crore LPG cylinders at any point in time as many of the cylinders undergo repair at bottling plants.

The increased usage of LPG has also led OMCs to plan expansion of bottling capacity. As reported by FE earlier, they are expected to have an additional capacity of 1,242 tonnes per annum in their LPG bottling plants by the start of FY22 through six brownfield and 10 greenfield projects. The existing capacity is 23,514 tonnes per annum among 228 bottling plants for the three OMCs.

(Financial Express, November 10th, 2017)

6. **'More capital will push PSBs to up MSME credit'**

Finance Minister Arun Jaitley said more capital for state-owned banks will prompt the PSBs to increase credit flow to MSMEs so that the 'third engine' of private investment is fired up to propel growth and create jobs. Last month, the government had unveiled a whopping Rs 2.11-lakh crore two-year road map to strengthen NPA-hit public sector banks (PSBs), which includes recapitalisation bonds, budgetary support and equity dilution.

As for the engines of growth, there has been a significant increase in public investment and FDI inflows, but the private investment has continued to lag.

"If you look at the big picture of the economy where governments are spending a lot of public money, a lot of foreign investment is coming in.

"We need the third engine (private investment) also to fire and a robust private sector and MSME sector so that the optimum growth rate which we have the potential for can be reached," Jaitley said in his address to top officials at the first PSB Manthan here.

He said one of the focus areas banks have taken up is to support MSMEs (micro, small and medium enterprises) in the first instance because the sector creating jobs and giving boost to the economy has no access to international finance or bond market. Jaitley said the government has decided to put in more capital through bonds and banks' equity expansion and "therefore, it is the country which is virtually going to pay to keep the banking system in good health".

He assured the bankers who gathered here that "you won't find us interfering" in commercial transactions, but "when the system is making all these changes and all these monetary contributions in order to strengthen the banking system, we want robust public sector banking system so that your ability to support growth itself increases".

Non-performing assets of PSBs have increased to Rs 7.33 lakh crore as of June 2017, from Rs 2.78 lakh crore in March 2015.

(Press trust of India, November 12th, 2017)

7. **No easy funds, stick to reforms, PSBs told**

Exhorting state-owned lenders to go in for reforms, Financial Services Secretary Rajiv Kumar said the banks are not going to get easy money as part of the Rs. 2.11-lakh crore recapitalisation plan of the government. Speaking to the media after the first 'PSB Manthan' here, he said the Rs. 1.35-lakh crore recapitalisation bonds will be front-loaded and the contours of the bonds are being decided at the level of the finance minister.

The banks will also be getting nearly Rs. 18,000 crore under the Indradhanush plan. "Everything is linked to the reforms which each board will consider within a short time as to what kind of business and how they want to go ahead. It's not an easy money which is going to come, that is the main point. It has to be followed with a whole lot of reforms," the secretary said.

Kumar made the point that the reforms also include bank boards taking a stand and coming up with a clear plan on consolidation. He emphasised that recapitalisation does not come on its own as it is followed and preceded by a whole lot of reforms.

As for the proposed recapitalisation bonds, he said the plan is to front-load them, meaning most of it would happen in the current year.

Last month, the government had unveiled a staggering Rs. 2.11-lakh crore two-year road map to bolster NPA-hit public sector banks, which includes recapitalisation bonds, budgetary support and equity dilution.

While announcing the government's plan of capital infusion in public sector banks (PSBs) last month, Finance Minister Arun Jaitley had said it would be accompanied by reforms to enable the lenders to play a major role in the financial system and give a strong push to the job-creating MSME sector.

Giving details on the Manthan attended by top officials of PSBs and financial institutions, Kumar said discussions took place on reforms including strengthening of bank boards, resolution of non-performing assets and HR issues so that they do responsive and responsible banking in future.

Asked about credit growth, Kumar said banks have put forth suggestions in this regard at the meeting.

With strong fundamentals of the economy and growth getting back on track in coming months, he said banks are preparing themselves for credit offtake.

Under the Indradhanush road map introduced in 2015, the government had announced infusion of Rs.70,000 crore in state-owned banks spread over four years to meet their capital requirements in line with global risk norms, known as Basel- III.

As per the plan, PSBs were given Rs. 25,000 crore in 2015 -16, and a similar amount has been earmarked for the following years. Besides, Rs. 10,000 crore each would be infused in 2017 -18 and 2018-19.

(Business Line, November 12th, 2017)

8. **MSMEs to be next growth driver for banks as corporate credit to shrink further**

Banks' dependence on large corporates for growth, which is already on the wane, will become thinner going forward and lenders will have to find growth with small businesses, says a report.

"When it comes to advances, MSMEs will be the key growth-driver for banks, thanks to the formalisation of the economy. While retail will lose steam and stabilise at the current levels, more pain is expected on the corporate loan front," says a BCG-Ficci report.

According to Saurabh Tripathi, senior partner and director at BCG India who authored the report, large and mid-corporates who today bring in 39 percent of lending revenue to banks will bring only 27 percent by 2022.

This is because large ticket credit is moving to wholesale markets even as in the short-term banks are challenged by the lingering bad debts in corporate segments.

"As high rated borrowers switch to capital markets, banks will be left with lesser rated clients on their books and will require sharper credit processes. Corporate banking will have to be much more working capital and transaction-oriented," he says.

On the other hand, "SME credit will grow from the present 20 to 25 percent of the lending revenue mix for banks. This will be driven by substitution of informal credit triggered by GST, increasing digital payments and rising sophistication of surrogate data-based credit analytics."

Though retail credit growth, which has been the mainstay of banks for the past many years, has been steady, it's expected to stabilise at the current levels with penetration reaching high levels in certain segments/select geographies and slower new-to-credit customer growth.

While smaller ticket borrowing has proliferated in consumer durables and gold loans, the share of under-35 borrowers among new borrowers grew from 25 percent to 40 percent between 2013 and 2017. But this is unlikely to continue the momentum, he warns.

Because the proportion of customers with two or more loans and availing a third one went up from 34 percent in Q2 of 2015 to an estimated 44 percent in Q2 of 2017. But banks cannot hang their hats only on retail though it is reaching its limits. "Data shows that certain states have reached the OECD levels of bureau penetration with Kerala at 61 percent while only states are lagging."

Thanks to data availability, the quality of credit bureau infrastructure in the country is rated higher than that of OECD countries by the World Bank and is now reaching coverage of over 40 percent.

Calling up on banks to treat data as a strategic asset and prioritise technology investments to consolidate and monetise data, the report says leveraging data can add a whopping Rs 3 trillion to banks' bottomline over the next five years as banks sit on the highest amount of consumer data per unit of revenue earned than any other industry.

"Using data in every component of the banking business can add cumulatively Rs 3 trillion to the bottom line over next five years, which is almost 0.4 percent of incremental annual return on assets. This hidden treasure can help them build a healthy balance sheet and business model," he says and describes data as a 'Brahmastra' that can really unleash unprecedented value for banks.

On NBFCs which have been of late heavily eating into banks share of loans, he says their share grew from 15 to 20 percent of disbursement between 2014 and 2017, while NBFCs' share in new loan account opening grew from 21 to 44 percent in the same time frame, reflecting their predominance in smaller ticket consumer durables, two-wheelers, small businesses and gold loans.

Saying that MSMEs could be the new credit growth driver, he says though there over 50 million MSMEs in the country and over 40 million current accounts from them, we have only 4.5 million unique borrowers from the formal industry.

(Money Control, November 12th, 2017)

9. **Sidbi, Crisil set to launch novel sentiment index for MSME sector**

Sidbi and Crisil on joined hands to launch sentiment index for micro, small and medium enterprises (MSME), which will indicate the current state and expected outlook on the sector every quarter.

The index, named as CriSidEx, is expected to provide crucial insights into employment, business environment and foreign trade in the MSME sector.

“Effective policy making is a function of the quality of information at hand and a leading indicator that reflects the business predicament and tidings of the MSME sector is crucial. The index is designed to do exactly that because it will gather real-time, ground-level information directly from the MSMEs,” Crisil managing director and CEO, Ashu Suyash, said in a release. Commenting on the development, Sidbi’s chairman and managing director, Mohammad Mustafa, said, “The index will allow stake-holders, especially policy makers, to take timely, even proactive steps, including those based on early warnings thrown up by the survey.”

Every quarter, the index survey will cover over 1,000 MSMEs using a structured questionnaire to ensure consistency in methodology and capture information sans significant deviations.

The sample will have representation based on size, geography and nature of business and across different legal entities.

It will help in forecasting the business environment as it will capture sentiment on various business parameters such as the business situation, capacity utilisation, order book and margins.

(Live Mint, November 13th, 2017)

10. Crisil SME Tracker with PSUs on board, TReDS should ease MSME liquidity woes

The government’s recent fiat asking major public sector undertakings (PSUs) to register on the TReDS platform should come as a big relief for their MSME suppliers. CRISIL’s analysis of 3,000 small manufacturers in infrastructure, engineering and capital goods sectors between fiscal years 2015 and 2017 shows delays in receivables are endemic, which squeeze liquidity and force them to resort to high-cost funds that erode profitability.

(Business Standard, November 14th, 2017)

11. Exports fall 1.1% in Oct, Trade Deficit at 35-MTH high

India’s merchandise exports declined for the first time in 14 months in October as exporters struggled with a liquidity crunch because of delayed refunds under the goods and services tax (GST) regime, leading to the highest trade deficit in 35 months. Data released by the commerce ministry showed exports fell 1.1% in October to \$23.1 billion while imports expanded at the slowest pace in 10 months at 7.6% to \$37.1 billion. India’s trade deficit in the month was \$14 billion.

The decline had been expected because exporters, particularly micro, small and medium enterprises (MSMEs), were facing liquidity problem after paying GST for four months in a row without getting any refund, said Ganesh Kumar Gupta, president of the Federation of Indian Export Organisations (FIEO).

Gupta said exports should be kept out of the purview of GST as paying the tax first and getting a refund was cumbersome, complex and complicated, affecting exports.

In October, exports of chemicals (22.3%), engineering goods (11.8%) and petroleum products (3.2%) rose while shipments of ready-made garments (-39.2%) gems and jewellery (-24.5%) and drugs and pharma (-8.8%) fell.

Growth in non-oil, non-gold merchandise imports eased sharply to 4.9% in October, after double-digit growth since March 2017, led by a substantial decline in imports of transport equipment (48%), precious stones (1.6%) and gold (16%). Imports of coal (66.3%), petroleum (27.9%), chemicals (30.5%), plastics (12.2%), iron and steel (20.7%), non-ferrous metals (30.2%), machinery (17.4%), and electronics goods (7%) grew in October.

(Live Mint, November 14th, 2017)

12. Over Rs. 30,000 cr. Lined up for petrochem MSMEs in east

Over Rs 30,000 crore would be pumped in to set up MSMEs in petrochemical sector in eastern India over the course of two years, Union Petroleum Minister Dharmendra Pradhan said.

Noting that over one lakh employment opportunities are likely to be generated in the eastern region, Pradhan said the Odisha government should create a conducive eco-system to attract investments to promote MSME industries in the state.

The petrochemical sector has the potential to generate 22 lakh jobs across the country, the minister told reporters after inaugurating the Petrochemical Investors Conclave here.

Asking the state government to tap the potential of good ports as well as coal and mineral reserves in the state, he said MSMEs would flourish in major port towns like Paradip, Dhamra and Gopalpur if proper steps are taken.

Pradhan said unless Odisha announces reasonable electricity tariff and land rates for the next 20 years for industrial units, many projects would choose other competitive states in the region. He said the Centre's focus is on development of eastern states, and efforts are on to build a world-class and vibrant petrochemical eco-system, with an aim to help catalyse investments in downstream plastic parks proposed to be developed in the region. Describing petrochemicals as a sunrise industry in eastern India, he said Odisha is a prospective state with huge potential for growth in this sector. Pradhan said the Centre's Chemicals and Petrochemicals Department would participate through equity with an amount of Rs 40 crore in a Rs 100-crore SPV, to set up a plastic park at Paradip in collaboration with the Odisha government.

The Petroleum Ministry has also decided to join the SPV following a request from the state government, but the amount of equity would be decided shortly.

Stating that Paradip is strategically located for investment in petroleum, chemicals and petrochemicals, the minister said Indian Oil Corporation has already commissioned a 15-million metric tonnes per annum oil refinery at the port town at an investment of Rs 35,000 crore.

A new polypropylene unit of 700 kilo tonnes per annum capacity, at a cost of Rs 3,150 crore, is also slated to be commissioned at Paradip Refinery in 2018 to support the polymers and plastics industry, he said.

Several other projects and proposals are lined up at Paradip Refinery, and once these go on stream, the port town would develop into a petrochemicals hub, leading the industrial growth in Odisha and the eastern region, Pradhan said.

Facilities for production of aircraft parts can also be set up in the state for which there should be synergy between government, industry and the academia, he said. Three MoUs were signed by IOC at the conclave, including with Odisha Industrial Infrastructure Development Corporation, Institute of Chemical Technology, Mumbai and MCPI Pvt Ltd, Haldia.

(The Times of India, November 16th, 2017)

13. **Costlier raw material hikes up plastics prices**

Plastic manufacturers and processors have hiked prices of their products following an increase in the cost of a key raw material. Prices of high-density polyethylene (HDPE), used in plastics and polymer manufacturing and processing, firmed up in India, triggered by bullish upstream crude and naphtha prices.

According to industry sources, HDPE prices have risen five-six per cent to Rs 84-85 a kg, which in turn led plastic manufacturers to hike prices of their products.

"We have raised prices for our products to a similar extent to compensate for the raw material's price hike," said Vishnu Patel of the Gujarat State Plastic Manufacturers' Association.

Plastic manufacturing and processing tends to be a low-margin business. Hence, companies are looking to pass on any hike in raw material prices to customers. Currently, the likes of Reliance Industries Limited (RIL), GAIL, and ONGC Petro-additions Limited (OPaL) are the main suppliers of HDPE to the plastics and polymer industry.

"(Our) margins are low, so if (raw material) prices rise, then plastic manufacturers and processors also hike prices," said M P Taparia, managing director of Supreme Industries Limited, a leading player with a turnover of Rs 4,500 crore in 2016-17.

According to industry sources, net margins in plastic and polymer manufacturing and processing are in the range of 4-5 per cent.

The industry is, however, elated at the recent cut in the goods and services tax (GST) from 28 per cent to 18 per cent.

"The recent cut in rates has been timely. While we will be hiking prices to pass on the raw material price rise, the extent would not be much since a cut in tax rates will mean improved margins for us in the long run," said Naresh Patel of RND Plastics, a Gujarat-based plastics and polymer processor.

The cut in GST will result in increased competitiveness for products such as plastics floorings, fabrics, furniture, vacuum flasks bath, sanitary fittings, and many other miscellaneous plastic products.

Largely represented by small and medium enterprises (SMEs), with over 40,000 manufacturers, the plastics industry in India manufactures 15 million tonnes of products annually, of which roughly one million tonne is exported.

(Business Standard, November 17th, 2017)

14. **Odisha to apply for GI tag for Rasagola, turmeric**

Odisha government is all set to apply for GI tag for Odishara Rasagola and Kandhamal turmeric after neighbouring West Bengal was granted it for Banglar Rosogolla.

Odisha MSME minister Prafulla Samal said the state will soon apply GI tag for the two products.

The state government has completed collection of primary data and it would apply for GI tag for Kandhamal turmeric at the GI Registry office in January, 2018, he said.

About the sweet Odisha has said it has been a part of the states centuries-old ritual of offering prayers to Lord Jagannath and was mentioned in a 16th century Odiya epic.

Kandhamal turmeric is famous for being organically grown without use of chemical fertilisers and pesticides and has a demand in international market too.

The Intellectual Property Facilitation Centre (IPFC) for MSMEs at the Central Tool Room and Training Centre (CTTC) here has already started preliminary research and field work necessary for submitting the application with the GI Registry at Chennai, sources in it said.

IPFC chief Sachikant Kar told PTI that there are over 12,000 turmeric farmers in Kandhamal district. The documents required for GI tag would be prepared soon. He said the Kandhamal Apex Spices Association for Marketing (KASAM) had approached IPFC in this regard about three months ago. After the proposal was submitted, IPFC was officially assigned the job given its expertise in design, patent, trademarks and GI.

(India Today, November 17th, 2017)

15. No concessions for meat, liquor, gutka in Madhya Pradesh's new MSME policy

Meat, tobacco, gutka, beer and liquor are among the products whose manufacturers won't qualify for concessions under Madhya Pradesh's new policy that seeks to promote micro, small and medium enterprises.

The Madhya Pradesh MSME Development Policy, 2017, was unveiled by Chief Minister Shivraj Singh Chouhan in the presence of Union Minister for MSME Giriraj Singh, the first day of the two-day Micro, Small and Medium Enterprises and Entrepreneurship Convention.

While making it clear that it is in favour of gradual prohibition, the BJP government has already announced that it won't let new liquor shops and distilleries come up in the state. It has shut liquor shops within 5 km of the banks of the Narmada.

Admitting that job creation is a major challenge, the new policy has laid down that the government will provide 40 per cent subsidy on investment in plant and machinery in MSMEs. The subsidy will be provided in five equal annual installments.

Slaughterhouses, meat-based industries, units producing beer and liquor (barring wineries), tobacco and tobacco-based products, pan masala and gutka are among those that won't qualify for exemption, says the policy unveiled in the post-GST regime.

Chouhan said a network of MSMEs will be laid in the state in collaboration with young entrepreneurs to create more job opportunities. The government is hoping to create 7.5 lakh jobs by next year.

(The Indian Express, November 19th, 2017)

16. NSE SME platform to touch 100-mark, sees 50 IPOs in 6 months

The number of listed firms on NSE's small and medium-sized enterprises (SME) platform would touch 100-mark tomorrow and further traction is expected in the next six months with 50 more initial public offerings on this segment, the top official said. So far, 99 companies are listed on the NSE's Emerge platform with an aggregate market capitalisation of over Rs 7,600 crore.

However, on the rival BSE's SME platform, more than 200 companies got listed in over five years of its existence. BSE and the National Stock Exchange (NSE) had launched SME platforms in 2012, becoming the only two bourses to offer such a segment in the country. "We have a promising pipeline of companies that are in the process of coming on board across all sectors and regions. We expect about 50 companies will get listed on the Emerge platform in the next six months.

"Further, we have already granted approval to around 10- 15 firms, which will make their debut in next 1-2 months," NSE Managing Director and Chief Executive Officer Vikram Limaye told. These companies are from various sectors including manufacturing, textile, finance, media and entertainment, real estate, infrastructure, agriculture, food and processing, and IT and IT-enabled services.

Moreover, the SME capital market has been witnessing participation from a wider class of investors and the trend is expected to continue.

"NSE as an exchange is focused on providing opportunity for entrepreneurs to raise equity capital for growth and expansion of their businesses. "SMEs are very important landscapes for India on growth perspective and an important employment generator. So encouraging this sector is very important for India and this is NSE's priority to encourage the sector," Limaye said.

He further said the platform provides immense opportunity for investors to identify and invest in good SMEs at an early stage. To track the performance of SMEs, NSE will launch an SME index tomorrow.

Over the last two months, SMEs have given an impressive return of 36 per cent to investors.

(The Times of India, November 19th, 2017)

17. NBFCs will continue to dominate MSME credit market: Crisil

Non-banking financiers will continue to dominate the lending space MSMEs which have been out of the formal credit system for long, and their share of loans to this segment is expected to reach over 20% in the next two years, says a report. As of fiscal 2017, the MSME credit market stood at Rs14 lakh crore which may grow by 11% each in the next two years, rating agency Crisil said.

"Over the past five fiscals ending 2017, non-banking finance companies recorded a four-fold increase in their credit book to MSMEs. Consequently, their cumulative market share in MSME financing rose to 18% in fiscal 2017 from 8% five years ago," Crisil said, adding this will rise to over 20% in two years.

(Live Mint, November 23rd, 2017)

18. GST: Centre weighs more incentives for MSMEs

The Union finance ministry is considering introducing more incentives for micro, small and medium enterprises (MSMEs) that comply with the requirements of the new goods and services tax (GST) regime, including access to loans at discounted rates in an attempt to reward early adopters and encourage others to comply, according to a senior government official who spoke on condition of anonymity.

MSMEs have been at the forefront of protests against GST. Many of these enterprises operated in the informal economy and several got away by paying a fraction of the taxes they should have and the new regime has hit them hard.

The proposed incentives are meant to complement the drive to integrate the cashdriven unorganized sector with the formal sector that has been a major policy focus for the government.

(Live Mint, November 24th, 2017)

19. Shed self-condemning mentality: Acharya tells Naga youth

Nagaland Governor PB Acharya asked the Naga youths to shed their self-condemning mentality and get into entrepreneurship as the time for government jobs is over.

Exhorting them to take responsibility to transform Nagaland and India, the Governor narrated an incident in Raj Bhawan. He said that after he took charge as Nagaland Governor, he wanted to have a cage made for his pigeons, but he couldn't find a single Naga in entire Kohima who could make it.

He said that if education does not facilitate someone to create wealth and when that person is not contributing to the society, it is of no use. Therefore, he said that skill-based education is the need of the hour and called upon the entrepreneurs to play a positive role to make India and Nagaland economically strong.

He was speaking at the Ministry of Micro, Small and Medium Enterprises (MSME) pavilion inauguration at Agri Expo Centre in Dimapur.

"If India and Nagaland are to stand up, entrepreneurs should come up more and more with their skills and create wealth," Acharya underlined.

"We are equal citizens in a democracy and the fruits of independence should reach equitably to all places," he said.

Acharya also underscored the importance of having skill-based knowledge to be a successful entrepreneur and encouraged them to create further wealth from the available resources. "Stand up and produce something which is necessary for the people and make India a great nation of the world," he said.

He reiterated the need for universities in the State as well as in the nation which impart skill-based knowledge to the students and would help them in the long run to create wealth rather than conventional degrees and knowledge that promotes

that promotes “servant mentality” among the Indian students initiated by the British.
(Assam Tribune, November 26th, 2017)

20. BoB to step up MSME focus

Enthused by the Centre’s schemes for the MSME segment and the GST rollout, Bank of Baroda is planning to step up its focus on supply chain financing, whereby it will provide loans to MSMEs associated with large corporates based on the credit rating of the latter.

So, MSME suppliers as well as dealers doing business with large corporates will get loans at relatively lower interest rates, said a top official. Further, those supplying to the MSME suppliers too will be offered loans.

“Our bank will continue to expand the loan book on the retail side.... At the same time we would like to encash opportunities in the MSME segment,” said Ashok Kumar Garg, Executive Director.

“We will leverage supply chain financing to gain a large number of MSME customers,” Garg said.

He added that as part of the supply chain financing initiative, BoB had signed an MoU with online marketplace Amazon in September to finance sellers on the platform.

BoB’s MSME portfolio increased to ₹50,198 crore as of September-end 2017 from ₹48,057 crore as at September-end 2016.

(Business Line, November 26th, 2017)

21. Ease procurement norms from SMEs, PSUs ask govt

Finding it difficult to source 20 per cent of goods and services from small and medium enterprises (SMEs), some central public sector undertakings (PSUs) have asked the government to relax the mandatory norms.

The senior management of these companies is concerned over slippage of the annual procurement targets as this will result in lower rating by the ministry of micro, small & medium enterprises (MSME).

“Lower ratings means incentives for employees would go down. We have therefore written to the MSME ministry to relax the procurement rules in response to repeated reminders to meet the targets,” official of a railway PSU said.

A government notification in place since April 2015 requires PSUs to mandatory purchase 20 per cent of their annual supplies from MSMEs.

Out of the 20 per cent target of annual procurement from MSEs, a sub-target of 4 per cent (i.e. 20 per cent out of 20 per cent) is fixed for small firms owned by SC/ST entrepreneurs.

(Financial Chronicle, November 29th, 2017)

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

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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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

- Subsidised training as only **20% cost borne** by the participating enterprise.
- High return** on training investment including **cost savings** within 3 months.
- Flexible training designs** modified to address specific hurdles faced by the enterprise.
- Flexible curriculum and easy learning.
- Customized coaching on a range of topics.
- Training results in improved robust management systems and practices.
- 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.



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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.

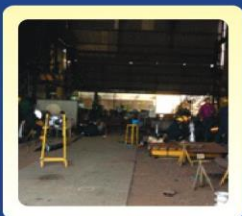
Results Achieved:

- 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:

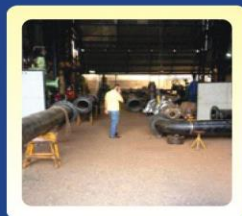
- SCORE program provided a new way of looking at the situation at the workplace and opportunity to brainstorm to find solutions within the available resources.
- Management and operators realized the benefits of 5S that it helps to identify hidden and unwanted materials and the monetary benefits that 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

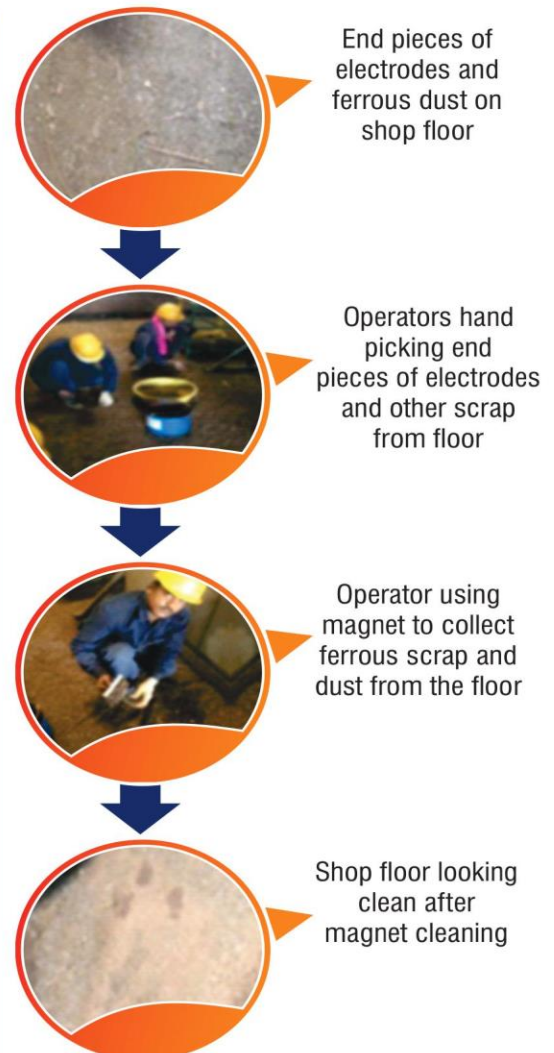


Equipment lying unorganized on the shop-floor.

AFTER



Lot of free space by implementing 1S & 2S



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