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NEWSLETTER

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MSME News Update

1. ***GDP slump signals slide in investment: FICCI***

   India's economic growth dropping to an over six-year low of 5 per cent in April-June 2019 is indicating a "significant deceleration" in both investment and consumer demand, industry body Ficci said.

   Expressing "deep" concerns over sluggishness in the growth momentum, Ficci President Sandip Somany said "the latest GDP growth numbers are below expectations and point towards a significant deceleration in both consumption and investment demand."

   He, however, hoped that a series of measures being taken by the government and the central bank to reverse this slowing trajectory would help improve economic situation in the subsequent quarters, according to a Ficci statement.

   "The mega bank consolidation plan, liberalisation of FDI guidelines and the stimulus package are comprehensive and address the key pain areas of the economy," he added.

   With a mix of both broader measures and sector specific interventions, the Indian economy and the industry would come out of this weak patch soon, he said.

   India's economic growth has slumped for the fifth straight quarter to an over six-year low of 5 per cent in the three months ended June as consumer demand and private investment slowed amid deteriorating global environment.

   Having lost the tag of the world's fastest-growing economy earlier this year, India's GDP growth was behind China's 6.2 per cent in April-June, its weakest pace in at least 27 years.

   (The Pioneer, September 1st, 2019)

2. ***Modi Govt brings smile on Agarbatti makers' face***

   Khadi and Village Industries Commission (KVIC) welcomed the government's decision to put restrictions on imports of agarbatti and other similar products amid reports of significant increase in inbound shipments from countries like China and Vietnam.

   KVIC Chairman Vinai Kumar Saxena had raised the issue during his meetings with Commerce and Industry Minister Piyush Goyal and MSME Minister Nitin Gadkari. Union MSME Minister Nitin Gadkari also shown his concern about heavy imports of these products.

   "Import policy of agarbatti and other odoriferous preparations which operate by burning...Is revised from free to restricted," the Directorate General of Foreign Trade (DGFT) said in a notification. Importers of restricted category goods require licence from the government for import purpose.

   "I was shocked to see that in 2016-17, we had established 2,831 projects of agarbatti making with the disbursement Rs 10.06 crore as margin money and created 22,648 direct employment in this field. Sadly, in 2017-18 and 2018-19, we could establish only 279 and 397 units respectively - which has created a heavy loss in employment in the agarbatti-making industry," Saxena said.

   In a statement, KVIC quoted responses of agarbatti manufacturers supporting the government's move.

   Subhash Bhatia, who heads the Raw Agarbatti Manufacturers' Association (RAMA), said the price of raw agarbatti available to the local perfumers, that had gone down from Rs 70/kg in 2009 to Rs 48/kg in 2018, has been up by at least Rs 5/kg in less than a day of this notification. It will create not less than 20 lakh jobs in some months.

   Bhatia, who hails from Jabalpur and heads the Raw Agarbatti Manufacturers' Association (RAMA) - an organisation who had been struggling from many years for putting Agarbatti and other items in the restricted category, says, "The effect of this boon from the Narendra Modi government has already started reflecting. The price of Raw Agarbatti available to the local perfumers that had gone down from Rs 70/kg in 2009 to Rs 48/kg in 2018, has been up by at least Rs 5/kg, in less than a day of this notification. It will create not less than 20 lakh jobs in some months now."

   Corroborating similar views, Bikram Singh Deka of Guwahati (Assam) and Bhavik Sah of Ahmedabad (Gujarat) said that the recent amendment of import policy of agarbatti and other odoriferous preparations would not only pave way for village industry units involved in agarbatti-making but would also check the import dependency of Indian perfumers to a significant level.

   Saxena further said that KVIC would establish at least 50,000 Prime Minister Employment Generation Programme (PMEGP) units of agarbatti-making across the nation in the present fiscal.

Expressing their gratitude for Khadi and Village Industries Commission (KVIC), they said unanimously: "It was the Herculean effort of KVIC Chairman that brought ray of hopes for Indian Agarbatti-makers, otherwise such amendment was a mirage for us."

Imports of agarbatti and other odoriferous preparations stood at USD 17.75 million (about Rs 125 crore) during April-June 2019-20. It was USD 83.58 million (about Rs 585 crore) in 2018-19 as against USD 84.95 million (about Rs 595 crore) in the previous fiscal.

Agarbatti imports from China dipped to USD 6.39 million in 2018-19 from USD 8.53 million in the previous fiscal.

(The Pioneer, September 2nd, 2019)

3. *Govt e-Marketplace working on series of steps to strengthen its public procurement portal*

Public procurement portal GeM is working on a series of steps including a mechanism for timely payment to vendors and rating buyers and sellers to promote its growth, a senior government official said.

The Commerce Ministry launched Government e-Marketplace (GeM), an online platform for public procurement, in August 2016 with the objective of creating an open and transparent procurement platform for government, which runs in several lakh crore.

"We are working on several things like ensuring timely payment to vendors, helping MSMEs get working capital from banks and rating of both buyer and seller to improve efficiency," the official said.

Currently, a buyer has to pay in 10 days to vendor, but it is not being implemented properly. "Timely payment will help government in promoting competition among vendors and MSME growth. We are working on a system which would strictly ensure payments in a fixed timeline to the vendor if quality and other things are okay," the official added.

GeM is also formulating a mechanism to rate both sellers and buyers.

If a buyer does not pay on time, the rating will be affected, and sellers would be cautious in delivering goods and services. Similarly, if a seller does not deliver goods on time and if there are quality issues, the rating will be bad.

Good ratings will help sellers in getting working capital at affordable cost from banks on sharing transaction history.

"So we are working on all these steps. Banks can see rating and risk history of buyers and accordingly lend at low cost also. Through this, we can establish credit linkage to MSMEs," the official added.

The government is also considering widening the ambit of GeM by permitting government contractors and private bulk buyers to use the platform for buying goods and services. Currently, they are not allowed to procure goods and services from the GeM platform managed by the Commerce and Industry Ministry.

At present, government departments, ministries, public sector units, state governments, and Central Armed Police Forces are allowed to carry out transactions through this portal.

West Bengal-cadre IAS officer Talleen Kumar was recently appointed as the new chief executive officer of GeM.

According to GeM, 2,72,283 sellers and service providers have registered with the portal so far to sell 12,00,481 products and 15,982 services.

The government has made it mandatory for all the departments and ministries to source goods and services from its e-marketplace. The portal provides a wide range of products from office stationery to vehicles. Automobiles, computers and office furniture are currently the top product categories.

Services, including transportation, logistics, waste management, web casting and analytical, among others, are listed on the portal. Public procurement worth Rs 50,000 crore is expected to take place through GeM during 2019-20, up from Rs 33,366 crore currently

(The Economic Times, September 1st, 2019)

4. *MSMEs impacted by broader trends in economy, says Sidbi*

Indicating deepening crisis in the economy, a quarterly survey of small business by the state-run Sidbi has found that their sentiment has been impacted by the broader trends in the economy.

The report comes days after the disappointing GDP growth prints which showed that the economy has lost its steam clipping at a low 5 percent in the three months period to June, which is a 25-quarter low. The quarterly survey conducted with rating agency Crisil and released, however, finds that small businesses, which are the largest job creators, are sanguine on employment.

"MSMEs can't decouple from the broader economic trends," Sidbi chairman and managing director Mohammad Mustafa said in the report.

Among manufacturers, the proportion of those reporting a good survey quarter came down to 27 percent for the reporting period from a high 45 percent in the year-ago period, while in the services sector, the same was down at 28 percent from 44 percent.

The report said manufacturing sector sentiment was impacted by consumption slowdown stemming from factors such as higher ownership cost in the auto sector, and pre-poll slowdown in domestic tendering, especially in the capital goods segment. In the services sector, the moderation in sentiment was mainly on account of cautious outlook on global economic growth, which is expected to impact IT spends and lower growth in domestic freight demand, given sluggish consumption.

(Financial Express, September 3rd, 2019)

5. *RBI cracks whip, banks must link roads loans to repo*

The Reserve Bank of India (RBI) made it mandatory for banks to link their loan products to key repo rates or similar external benchmarks from October 1 to ensure faster monetary transmission.

In a release, the central bank observed that due to various reasons, the transmission of repo rate cuts to the lending rate of banks has not been satisfactory and hence it asked banks to link all new floating-rate loans for housing, personal uses and MSMEs to specified external benchmarks. The move could bring down home loans and auto loan rates, as banks would now have to pass on the benefit of the past rate cuts from the central bank.

However, existing loans and credit limits linked to the MCLR/base rate/ benchmark prime lending rate shall continue till repayment or renewal, as the case may be.

"Based on the consultations with stakeholders, it has now been decided to link all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises extended by banks with effect from October 01, 2019 to external benchmarks," the RBI said in a statement. Banks are free to offer such external benchmark linked loans to other types of borrowers as well.

Banks have been given the option to choose the external benchmarks, which include the policy repo rate decided by the monetary policy committee (MPC). The other two benchmarks include the government of India's three-month and six-month treasury bill yield published by the Financial Benchmarks India Private Ltd (FBIL). The banks can also use any other benchmark market interest rate published by the FBIL.

However, a bank will not be allowed to adopt multiple benchmarks within a single loan category. This limitation has been introduced to maintain transparency. The central bank also said that banks were free to decide the spread under external benchmark, but the repo-linked interest rates have to be reset at least once in three months.

"However, credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. Further, other components of spread including operating cost could be altered once in three years," the central bank stated.

About a dozen banks have already aligned their lending rate with the repo rate of the RBI.

Last month, the RBI, in its third bi-monthly monetary policy, had cut the policy repo rate for the fourth straight time in a row, this time by an unconventional 0.35 per cent to arrest the all-pervasive slowdown in the economy. By adding this rate cut, in total, the central bank has reduced the repo rate by 1.10 per cent since February. However, banks have been slow in passing on the benefit of lower rates from the central bank to their borrowers.

According to the RBI data, banks have cut their loan rates for new borrowers by only 29 basis points during the current easing phase (February-June 2019). Repo rate is the rate at which the RBI lends money to commercial banks and it currently stands at 5.40 per cent, the lowest since July 2010.

India's economic growth is at a five-year-low and the central bank and the government have been taking continuous efforts to address the slump in the economy.

(Deccan Chronicle, September 5th, 2019)

6. *Select MSME Panel Suggestions to be implemented in 15 days: Gadkari*

The government will implement select recommendations of the UK Sinha committee appointed by the Reserve Bank of India within 15 days to help small and medium enterprises overcome the ongoing liquidity crunch, union minister Nitin Gadkari has said.

The minister of micro, small and medium enterprises (MSMEs) said he has already discussed the committee report with finance minister Nirmala Sitharaman. “We have decided that MSME and finance secretaries will submit a report within eight days and we will implement these recommendations within 15 days,” Gadkari said at a meeting to discuss the issue of delayed payments to MSMEs here.

The committee headed by Sinha, a former chairman of market regulator Securities and Exchange Board of India, had among other things recommended a Rs 5,000-crore stressed asset fund for domestic MSMEs.

The panel was set up to review the framework for MSMEs and suggest long-term solutions for economic and financial sustainability for the sector, study the impact of recent economic reforms, and identify the structural problems impacting its growth.

Gadkari said the MSME ministry is also trying to find ways to establish creditworthiness of companies so it becomes easier to extend various incentives to them.

Meanwhile, the industry complained of a slew of issues, pertaining largely to delayed payments by public sector enterprises. “Maximum industry faces problems and collapses because of delayed payments,” Gadkari said. “I have spoken with the finance ministry. All the suggestions made by the industry will be looked into by the government.”.

(ET Rise, September 5th, 2019)

7. ***MSMEs for more refund action at State level, less paperwork***

The micro, small and medium enterprises (MSME) sector has hailed Centre's move to quicken refunds of GST claims but expect more measures to cut down processing time.

They have demanded more action at state-level to clear pending refunds and reduce paper work which continues to be a painful exercise.

Most small firms are under the jurisdiction of state tax officials who process their refunds for both CGST and SGST. Not much action has been so far seen in states. On its part, the Centre has expedited the process but we have not seen the same speed at state level.

As part of measures to boost economy and lift business sentiment, Finance Minister Nirmala Sitharaman had said that all the pending GST refunds that are due to MSMEs till now will be executed within the period of 30 days. Fresh claims of refunds will be settled in 60 days in order to ensure working capital is not blocked.

Smaller firms and traders with annual turnover below Rs 1.5 crore are under the administrative control of state tax department and the remaining 10 per cent with the Centre. The large taxpayers with annual turnover above Rs 1.5 crore turnover is divided equally in the ratio of 50 per cent each for the central and the state tax administration.

As on July, 2019 there were 1.22 crore businesses registered with Goods and Services Tax Network (GSTN).

Bharat Garg, Managing Director, JK Metal Industries said that refunds are processed in 30 days even now once the papers are filed online as required by the Tax Department. But the problem lies in collating and matching of all the documents. "The procedure to get refunds from the government is still painful. There is so much harassment. All the documents are now filed online but still we are required to give hard copy. It takes a lot of labour and time to get all the papers together. If I talk about my business, I haven't got refunds for the last 13 months. If my funds are tied up with government, it means crores and crores of rupees. Funds of so many MSMEs are tied up. This is another reason why there is slowdown," he said.

Small businesses which have been severely impacted by the double blow of demonetisation and GST are facing severe liquidity crunch. Any delay in the refunds of their claims worsen their working capital position. They have, therefore, demanded speedy refunds.

"Government is talking about digital India and transformation. If it is so then why can't the refunds be cleared in 10 days," said Chandrakant Salunkhe.

(Economic Times, September 8th, 2019)

8. ***McKinsey Roped in for First Digital Capability Centre***

India will soon set up its first digital capability centre showcase advanced technologies and provide a test bed for emerging innovations as the government looks to transform the country's manufacturing sector.

The Niti Aayog has roped in McKinsey & Company, which supports five such centres globally — in Aachen, Chicago, Singapore, Venice and Beijing — to develop it here.

A senior official, aware of the deliberations, told that the government will act as a facilitator to bring together industry, academia, and research on one platform to help set up a digital capability centre (DCC), which has to be driven by the private sector.

The Aayog has lined up extensive stakeholder consultations over the next few months to firm up the plan.

Rajat Gupta, senior partner McKinsey & Company, confirmed that deliberations are on with NITI Aayog and industry to understand the needs of the Indian industry.

"However, India is a huge country with diverse set of industries that also includes large number of MSMEs. The challenge, therefore, will be to design a centre which is fit for purpose," said Gupta.

DCC is a unique digital manufacturing learning centre offering company leaders and their workforces hands-on experience and workshops in next generation technology to help them advance their operations, design and productivity and can be used at all levels of the value chain.

(The Economic Times, September 9th, 2019)

9. *Indian SME beats global giants to deliver command system to Malaysian warships*

The Royal Malaysian Navy (RMN) cleared a combat management system (CMS) that a small, but cutting-edge, Indian electronics company has developed for two of its frontline warships – the British-origin RMN frigates, KD Leiku and KD Jebat.

A warship's CMS is the brain of its combat capability. The CMS continuously interacts with all the ship's sensors and weapons – including radar, sonar, missiles, rockets and torpedoes – and assesses the threats that they detect. Then, the CMS suggests weapons to neutralise the threat; and it fires and controls those weapons.

In addition, the sophisticated CMS software collaborates with friendly warships' command systems over a real time datalink. This develops a "common operating picture" for fleet operations.

Validating the truism that high-technology is mostly developed by micro, small and medium enterprises (SMEs), C2C DB Systems is the only Indian firm that has developed a complete CMS, including tactical datalink capability and warfighting modules (which navies guard zealously).

For example, the Indian Navy's warfighting modules are developed secretly by an in-house department called the Weapon and Electronics Engineering Establishment (WESEE). The CMS' supporting modules are developed by companies like Bharat Electronics Ltd and Tata Power (Strategic Engineering Division).

C2C DB Systems is based in Bengaluru and has a total strength of 50, including senior management, hardware and software engineers and mechanical design engineers. Its annual turnover is around Rs 25 crore.

Yet, this small firm partnered with a Malaysian firm, Marine Crest Technologies, to wrest the tightly contested RMN contract from global competitors such as Thales of France, Saab of Sweden and UK-headquartered BAE Systems.

RMN placed the order for the two CMSs and tactical datalink systems in April 2018, stipulating a delivery period of just nine months for the first system. Typically, developing a similar system in India takes about two years.

With C2C DB demonstrating the complete functionality of the CMS and datalink during "factory acceptance trials" in January 2019, and the system shipped to Malaysia the next month, C2C DB Systems became the only Indian entity to have developed a complete CMS, along with a tactical datalink. It is also the only Indian entity to have exported such a system.

The complete system was installed on board the first RMN frigate in March, after being fully integrated with the warship's weapons and sensors. "Harbour acceptance trials" of the tactical datalink were unconditionally cleared, while CMS trials are under way. Next will come "sea acceptance trials" at the end of this month.

C2C DB Systems is tightly integrated into India's warship production eco-system. It has worked with WESEE to develop the complete front-end software for the CMS of India's first indigenous aircraft carrier, INS Vikrant. It has also done classified work for the nuclear missile submarine, INS Arihant.

(Business Standard, September 11th, 2019)

10. *'MSMEs running out of refinancing options as NBFCs freeze LAP'*

Refinancing options for micro, small and medium enterprises (MSMEs) are likely to reduce as non-banking financial companies (NBFCs) and housing finance companies (HFCs) are pulling back on loan against properties (LAP) lending to small businesses on the fear of potential loan delinquencies and defaults, Moody's Investor Service said in a report.

NBFCs and HFCs have been bringing down their exposure in LAP lending to MSMEs due to funding squeeze which is caused by liquidity crises in the financial sector after the default of IL&FS in September last year. The value of LAP assets under management by non-banks only rose by 8.3% over six months to December 2018, which used to be 15.4% over the previous six months, the report said.

The operating environment remains challenging for NBFCs and HFCs and they continue to face issues with accessing funding. As a result, Moody's analysts do not expect LAP lending by NBFCs and HFCs to pick-up significantly in the next few months. This will have a direct impact as the slowdown in lending reduces refinancing options for the borrowers, which is credit negative, Moody's wrote.

Besides, lower liquidity is leading to declining real estate prices in some large cities, and in other states, prices are rising at a slower pace which has hurt recovery prospects for defaulted loans, making NBFCs doubtful about lending against properties.

When refinancing is readily available, borrowers having difficulty in making repayments can refinance to more affordable loans or higher value loans, potentially masking any weaknesses in their abilities to repay and avoiding delinquencies and defaults.

(Financial Express, September 12th, 2019)

11. *Factory data suggests pain points in job generation*

Industrial production in India has reportedly grown by 4.3 per cent in July 2019, according to government data released. Though the industrial production has slowed considerably compared to 6.5 per cent growth in July 2018, the headline growth number has remained positive.

The devil, however, is in detail. The data shows that the production in several labour-intensive sectors, which are key in creating jobs, has actually shrunk in July this year.

According to the numbers released by the ministry of statistics and programme implementation, textiles sector, one of the largest job creators, has seen its production shrunk by 4.5 per cent. The production of machinery and equipment has degrown five per cent, fabricated metal products shrunk by 10 per cent, furniture production has contracted by 10 per cent.

Contraction in the production of mostly MSMEs led sectors like textiles, machinery and equipment, fabricated metal products, furniture could have an adverse impact on the job creation in the country.

Industrial sectors like base metals, coke and refined petroleum products, which contributed the most in getting a positive headline industrial growth figure, are not considered as job intensive or spread out across the country.

The production numbers through use-based categorization by the government shows that capital goods and consumer durable goods sectors have shrunk. A degrowth in the capital goods business means the industry has reduced investment in expanding its production, despite the government's attempts to boost investment. A lower growth in consumer durable goods would mean people are postponing their decision to buy relatively big-ticket items.

(The Asian Age, September 13th, 2019)

12. *NCR functional plan for MSMEs related*

The National Capital Region Planning Board released the functional plan for micro and household enterprises in the NCR that aims to boost micro, small and household enterprises, and approved regional plans for seven districts.

Addressing the NCRPB Board meeting, Union Minister Hardeep Puri told NCR States to adopt the functional plan, which is mandated under the NCRPB Act, 1985, and work towards accelerating growth of MSMEs. The Board also approved regional plans for seven districts — Mahendragarh, Jind, Karnal, Bhiwani, Muzaffarnagar, Shamli and Bharatpur in Rajasthan.

(The Hindu, September 14th, 2019)

13. *New Tax refund scheme, easy credit to boost exports*

Finance Minister Nirmala Sitharaman announced a slew of measures to boost the economy, including a new scheme to refund taxes and duties on exports, easier export credit and additional funding for exporters under the revised priority sector lending norms.

The proposed Remission of Duties or Taxes on Export Product (RoDTEP) scheme will come into force from January 1, 2020. It will incentivise exporters at an estimated cost of Rs 50,000 crore and replace the Merchandise Exports from India Scheme (MEIS), which was challenged by the US last year for violating global trade rules. Sitharaman said RoDTEP will "more than adequately incentivise exporters than all the existing schemes put together".

Director General of Foreign Trade Alok Chaturvedi said the scheme would be taken to the cabinet soon and the rates would be worked out sector by sector.

The minister also said there would be a fully automated electronic refund route for input tax credits in GST for quick refunds. This would be implemented by the month-end.

She also announced revised priority sector lending (PSLNSE -7.69 %) norms for exporters which would release an additional funding of Rs 36,000-68,000 crore to them. Export finance will be actively monitored by an inter-ministerial working group in the commerce department.

This is the latest set of measures after the government announced mergers of public sector banks, opened up foreign direct investment in contract manufacturing and eased norms for overseas investors in single brand retail and coal mining. Sitharaman had in August announced the rollback of enhanced surcharge on foreign portfolio investors and the lifting of angel tax on startups, among others.

India's economic growth had plunged to a 25-quarter low of 5% in April-June. India's exports growth contracted in August as global trade tensions and sluggish demand brought shipments down by 6.05%.

Urgent measures were needed to support exports, which have been declining in the current year. The new scheme to compensate exporters for all duties is going to help considerably.

The Export Credit Guarantee Corporation will expand the scope of export credit insurance scheme at a cost of Rs 1,700 crore annually to enable reduction in overall cost of export credit, especially to MSMEs.

Sitharaman also announced that a Free Trade Agreement Utilisation Mission would be set up to help exporters optimally use the concessional tariffs under trade pacts that India has signed with several countries. Besides, annual mega shopping festivals along the line of the Dubai Shopping Festival will be organised at four places in the country. The focus will be on handicraft, yoga, tourism, textiles and leather

(The Economic Times, September 14th, 2019)

14. Govt's steps for housing, exports to support economy: FICCI

The latest measures announced by the Finance Minister Nirmala Sitharaman in the field of real estate and exports would help provide stimulus to the slowing economy, industry body FICCI's president, Sandip Somany, said.

The industry body welcomed the government's move a day after Finance Minister Nirmala Sitharaman announced steps to help the nearly stalled real estate sector and increase India's exports. Ms Sitharaman announced a fresh set of measures worth around Rs. 60,000 crore to boost exports and the housing sector.

"These new measures will provide much-needed stimulus to boost the Indian economy that is now facing the slowdown," Mr Somany said.

In a statement, Mr Somany also said that the relaxation of external commercial borrowing (ECB) guidelines for affordable housing and reduction in interest on 'Housing Building Allowance' in line with the 10-year Government-Securities yield is a major step towards achieving the target of the 'Pradhan Mantri Awas Yojana' (PMAY).

"Provision of Rs. 10,000 crore to provide last-mile funding for completion of the ongoing housing projects (which are not NPAs or facing bankruptcy proceedings under NCLT) is certainly a major push to resolve the problem of stalled projects in the country," he said.

Ms Sitharaman announced that there would be a special window for affordable and middle-income housing to provide last-mile funding for housing projects which are not under the insolvency process in the National Company Law Tribunal (NCLT), and not declared non-performing assets (NPAs or bad loans) to complete unfinished projects.

For this, a fund of Rs. 10,000 crore would be contributed by the government and "roughly the same size by outside investors", the minister announced.

The key measures for exports include extending the scheme of reimbursement of taxes and duties for export promotion, fully automated electronic refund for input tax credits (ITC) in GST, revised priority sector lending norms for exports and expanding the scope of Export Credit Insurance Scheme (ECIS).

Mr Somany also expressed confidence that the initiatives of export-related incentives, finance, credit and facilitation will help in achieving a turnaround in India's exports which have declined by 6 per cent in August.

"The new scheme for Remission of Duties or Taxes on Export Product (RoDTEP) that will be effective from January 1, 2020, will go a long way in addressing the problem of non-compliance of our export promotion scheme," the FICCI president said.

"Fully automated electronic refund module for Input Tax Credits (ITC) in GST will speed up the ITC refund and ease the problem of working capital for exporters. Expanding the scope of Export Credit Insurance Scheme, moderation in premium incidence for MSME, and revised Priority Sector Lending (PSL) norms for export credit are also encouraging features of the new package," he said.

Additional funding of Rs. 36,000 crore to Rs. 68,000 crore as export credit under the priority sector is also encouraging in the backdrop of recent decline in export credits, he added.

Mr Somany also praised the idea of annual mega shopping festivals for promoting exports of gems and jewellery, handicrafts, textiles, leather, yoga and tourism.

"In view of the critical importance of technical standards, the plan for expanding and developing affordable testing and certification facilities under PPP (Public Private Partnership).

mode will equip our engineering goods exporters to align with the globally accepted tests and certification processes," he added.

He also welcomed the measures related to Free Trade Agreements (FTAs), in particular setting up of 'FTA Ultilisation Mission' as well as setting the goals for FTA ultilisation by Indian business.

"This is extremely crucial because so far Indian exporters have not utilised the existing FTAs in a major way," he said.

(NDTV Profit, September 15th, 2019)

15. *Govt proposes to significantly reduce fees for IPRs for MSMEs, startups*

The government has proposed to reduce fees for various intellectual property rights like patents and designs for micro, small and medium enterprises and startups to promote innovation, Commerce and Industry Ministry said. An individual, group or industry has to pay fees at different levels of intellectual property rights (IPR) application fillings.

As per the proposal, fees for micro, small and medium enterprises (MSMEs) and startups for filing of patent applications will be reduced to Rs 1,600 or Rs 1,750 from Rs 4,000 or Rs 4,400.

For expedited examination, it will be reduced to Rs 8,000 from Rs 25,000 currently. Similarly, for renewal of patents, the fees will be reduced. For design applications filing, fees for MSMEs and startups will be reduced to Rs 1,000 from Rs 2,000, the ministry said.

For Geographical Indications (GI), fees was proposed to cut to nil for filing of application, issuance of certificate and renewal of GI from the current Rs 500, Rs 100 and Rs 1,000, respectively.

(Economic Times, September 17th, 2019)

16. *Slump in steel sector spreads to small, medium companies*

A slowdown in India's steel sector is spreading to medium and small enterprises, with several companies cutting production in response to lower demand.

Such units make up about one-half of India's total steel production but higher iron ore prices and weak demand have forced many to trim output since August. In some cases, production has been halved.

The steel companies are facing the heat from the slowdown in one of their biggest clients, the automotive industry. Demand for real estate has also been falling in a slowing economy and a liquidity crunch.

"There are no buyers in the market today. Sales are not happening," said R.K. Goyal, managing director, Kalyani Steel, a Pune-based producer of auto grade steel. The company, which has an installed capacity of 250,000 tonnes per year, has cut production by 25-40% in the last 15 days, Goyal said.

Ludhiana-based auto grade steel manufacturer Vardhman Special Steels plans to start cutting production from October, said vice chairman and managing director Sachit Jain. "We were lucky because we already had a scheduled plant shutdown," Jain said. "The plant has restarted now. We will be producing less than what we anticipated, maybe we will cut by about 30% but I guess we will be cutting less than our competitors."

An unprecedented slowdown has engulfed India's automobile industry, the world's fourth-largest, since July last year forcing automakers and their vendors to cut jobs. Passenger vehicle sales in India plunged 32% year-on-year in August, according to the Society of Indian Automobile Manufacturers (Siam). It was the 10th straight monthly drop in passenger vehicle sales and the worst since Siam began compiling monthly sales data in 1997-98.

Steel prices fell below ₹40,000 per tonne in July, the first time since December 2017. Jefferies cited this to weak demand led by a slowdown in key sectors (automotives, real estate) and de-stocking by steel mills, pushing them to sell at an 8% discount to imports. In a report, the brokerage also found that inventory at steel mills are now at 14.6 million tonnes (45 days), much higher than the usual 20 days.

"We've reduced production over the last 2-3 months. Some people are doing maintenance shutdowns at plants even when it's not needed. Salaries are being delayed by about 2 months after we started cutting production in July," said P.V.S. Rao, president, Karnataka Sponge Iron Manufacturers Association, which represents 64 units that depend on iron ore supply from Karnataka.

Rao said that despite a weak market, iron ore prices of state-run NMDC and private miners have remained stubbornly high which is also one of the reasons several sponge iron producers have chosen to scale back production.

"We do about 10,000 tonnes a day of sponge iron production and we've reduced it by about 30% in the last two months," he said.

Even large steelmakers are choosing to cut production.

In August, JSW Steel, the second largest private steelmaker, cut crude steel output by more than 13% from a year ago to 1.25 million tonnes (Mt). JSW attributed the drop-in steel production to a planned shutdown at its Vijayanagar plant. In the June quarter, Steel Authority of India Ltd also saw its sales realisations fall despite stable volumes. Sail had to contend with higher raw material prices and rising expenses hurting margins.

Large producers like JSW are banking on exports to meet their sales targets. To clear their inventories, Indian mills have exported aggressively in August, with exports rising 37% year-on-year, according to Jefferies.

Seshagiri Rao, Joint MD and Group CFO, JSW Steel, said the company expects to exceed its export target of 2.2 million to 2.4 million tons for the fiscal year as a response to the slowdown in the domestic sector. But small and medium companies, which traditionally supply to the domestic market, are left in the lurch.

(Live Mint, September 17th, 2019)

17. *RBI hikes loan cap to Rs 40 cr for small exporters*

Aiming to boost credit supply to small exporters, the Reserve Bank enhanced the loan sanctions limit qualifying as priority sector lending by banks to Rs 40 crore per borrower.

The limit was capped at Rs 25 crore per borrower earlier, according to a notification. It can be noted that the RBI and the government have been taking a slew of measures to spur economic growth, which has dipped to a six-year low by taking slew of measures. The RBI has also decided to remove the existing criteria of 'units having turnover of up to Rs 100 crore' as part of the changes. The changes have been done "to boost credit to the export sector", the central bank said in the notification. Priority sector lending is a mandatory requirement under which lenders are required to devote a portion of their advances to empower focused groups of the economy. All sectors put together, this adds up to 42 percent of the total lending for each bank. Existing guidelines for domestic scheduled commercial banks to classify 'incremental export credit over corresponding date of the preceding year, upto 2 percent of adjusted net bank credit or credit equivalent amount of off- balance sheet exposure, whichever is higher' under PSL will continue to be applicable, the RBI said.

(The Economic Times, September 20th, 2019)

18. *In-principle decision to link Aadhaar with GST registration*

The GST Council took an in-principle decision to link Aadhaar with registration of taxpayers under GST and also examine the possibility of making the 12-digit unique identification number mandatory for claiming refunds.

The council also decided to a withdraw a circular issued in June which prescribed that the additional discount given by a company to a dealer in certain cases will be liable for Goods and Services Tax (GST).

As per an official release, the council also took an in-principle decision to prescribe reasonable restrictions on passing of credit by risky taxpayers in order to tackle the menace of fake invoices and fraudulent refunds.

The council, comprising state finance ministers and headed by Union Finance Minister Nirmala Sitharaman, which met here, also decided to give relief to the job-creating MSME sector in filing of annual GST composition return (Form GSTR-9A) for fiscal years 2017-18 and 2018-19.

Also, the mandatory filing of Form GSTR-9 for those MSMEs which have aggregate turnover up to Rs 2 crore has been made optional for the last two fiscals.

The GST Council also decided that a committee of officers will be constituted to examine the simplification of forms for annual return and reconciliation statement.

In another important decision, the council agreed that new return system will now be introduced from April 2020 (earlier proposed from October 2019) in order to give ample opportunity to taxpayers as well as the system to adapt. Further, in order to nudge taxpayers to timely file their statement of outward supplies, it was decided to impose restrictions on availment of input tax credit by the recipients in cases where details of outward supplies are not furnished by the suppliers.

The panel also recommended suitable amendments in CGST Act, UTGST Act, and the corresponding SGST Acts in view of creation of UTs of Jammu & Kashmir and Ladakh.

Meanwhile, during the meeting, 15th Finance Commission Chairman N K Singh suggested that the council should deliberate on having either one, or at maximum two slabs under the GST regime.

He also pitched for hiking tax rate to meet the necessary revenue requirements.

The GST Council may consider merging the two brackets 12 per cent and 18 per cent to a single bracket in line with global standards once revenue stabilizes, sources said, and added various exemptions provided under GST may be gradually removed.

The Finance Commission also suggested building necessary consensus among the states to bring petroleum products, alcohol and electricity under the GST as soon as possible.

For the hospitality industry, the commission suggested alignment of rates with global standards, especially for the restaurants

(The Economic Times, September 20th, 2019)

19. *Another Shot for MSMEs to reclaim bankrupt Cos*

Promoters of micro medium and small enterprises (MSME) going through insolvency proceedings can take another shot at running their companies, based on a Supreme Court ruling, paving the way for expeditious resolution of insolvencies in the sector.

The Supreme Court on July 15 upheld rulings by the National Company Law Appellate Tribunal (NCLAT) and the National Company Law Tribunal (NCLT) that approved the decisions by the Committee of Creditors (CoC) of Bafna Pharmaceuticals to accept a resolution plan by its erstwhile promoter.

Promoters of MSMEs are permitted to be considered for resolution of their own companies unlike in the case of other companies as they are exempt from section 29(A) of the Insolvency and Bankruptcy Code (IBC), which debars individuals who have defaulted on debt obligations from bidding for stressed assets during the corporate insolvency resolution process.

The order by the NCLAT in the insolvency proceedings of Bafna Pharmaceuticals held that "in exceptional circumstances, if the 'corporate debtor' is MSME, it is not necessary for the promoters to compete with other 'resolution applicants' to regain the control of the 'corporate debtor.'"

Saravana Global Holdings had appealed against the decision of the Chennai bench of the NCLT to approve the resolution plan put forward by the promoter and accepted by the CoC.

The appellate tribunal, however, upheld the order of the NCLT stating that it was "open to the CoC to defer the process of issuance of information memorandum, if the promoter of MSME offers a viable and feasible plan maximising the assets of the corporate debtor."

"This is an interpretation which favours promoters of MSME. The NCLAT has taken this view that since Section 12A is similar, they have extended a slight relaxation to MSMEs. The idea is that a CoC knows what is in the interest of creditors," said Punit Dutt Tyagi, executive partner at law firm Lakshmikumaran and Sridharan.

Bishwajit Dubey, partner, Cyril Amarchand Mangaldas, also said that this would help expedite resolutions for MSMEs but also pointed out that this precedent allowed promoters to regain control of their companies without meeting the 90% threshold required by a withdrawal under section 12A of the Insolvency and Bankruptcy Code.

"The court may have felt that since the disqualification under 29(A) is not applicable, therefore the strict 90% rule is not necessary as promoters would have been able to this even if they have 66% support of creditors, so why not do it sooner?" asked Dubey.

Abizer Diwanji, partner, EY, said the move was a positive step towards resolution of insolvencies in the case of MSMEs. “The benefit is only for the creditors, ultimately. The commercial decision rightfully lies with CoC,” said Diwanji.
(The Economic Times, September 24th, 2019)

20. *Govt reviewing 59-min loan scheme: Gadkari*

The government is reviewing the ambitious 59-minute loan scheme to make it more effective, MSME Minister Nitin Gadkari said. The minister also said a policy was being formulated to reduce imports by increasing use of technology for benefit of micro, small and medium enterprises (MSMEs), which are considered as the backbone of India’s economy.
“The 59-minute loan scheme is being reviewed so that there is full disbursement of the loans sanctioned,” Gadkari told.
The comment assumes significance amid banks expressing concern that small business owners are not enthused with the 59-minute loan scheme. Lack of awareness among MSMEs about the scheme is believed to be one of the reasons behind the tepid response.
Touted as the country’s largest online lending platform, the portal was launched by Prime Minister Narendra Modi in November 2018 with an aim to make credit access and banking transparent and hassle-free for MSMEs.
The portal sanctioned loans worth over Rs 35,000 crore in less than four months from its launch. As on March 31, 2019, more than 50,706 proposals had got in-principle approval and 27,893 proposals had been sanctioned. Under the scheme, business loan in-principle approvals, with /without collateral, are currently provided for value from Rs 1 lakh to Rs 5 crore. Also, personal loan in-principle approvals are currently provided for value up to Rs 15 lakh and home loan in-principle approvals are currently provided for value up to Rs 10 Crore. Gadkari also said the government was formulating an import substitution policy to reduce the country’s inward shipments through use of technology. “We are sending it to the finance ministry. I think it will be beneficial. The policy will entail special support for major goods imported which can be produced by MSMEs using technology so that we can become exporters not importers and MSMEs become strong,” said Gadkari, who also hold the portfolio of Road Transport and Highways. More MSMEs should explore the capital market to raise funds, he said, adding that about 20 such companies have been registered on the National Stock Exchange and raised funds from the capital market. “We are thinking that whichever company comes to the capital market and stock exchange to raise equity, we will contribute 10 per cent of that,” Gadkari said.
He also acknowledged that one of the big problems being faced by MSMEs was the timely payment for their supplies. “We are seriously working on it that in central government, state government, public sector undertaking, major private industries, we need to support MSMEs so that they get their payment in 45 days,” he added. MSMEs contribute about 29 per cent to the country’s GDP and provide employment to about 11 crore people.
(The Pioneer, September 25th, 2019)

21. *Indian leather Industry gets a boost*

It was dream come true for leather artisans hailing from Delhi and neighbouring areas, when Union Minister of Micro, Small and Medium Enterprises (MSME) Nitin Gadkari rechristened them as Charm-Chikitsak (Leather Doctors) and distributed advanced leather tool kits among nearly 150 leather artisans, at a function held under the aegis of Khadi and Village Industries Commission (KVIC) at NDMC Building.
Speaking on the occasion organised under 150th Birth Anniversary Celebration Year of Mahatma Gandhi, the minister said that leather industry is one of the pioneer village industries and leather art/craft has immense potential of job creation, especially in the rural areas. "I am happy that KVIC has decided to manifest the idea of 'Antyodaya' (by Pandit Deen Dayal Upadhyay) and 'Swablamban'. The aim is to help leather artisans with macro-financial assistance so that they may start producing the leather products as per the market need," he said and informed that the KVIC has so far established 419 units within last three years under the Prime Minister's Employment Generation Programme (PMEGP).
"It is our prime duty to support this marginalised lot, who has either switched to another business or the second generation has not turned up to the vocation. I am sure such leather tool kits may enhance the value-added leather art and craft products," he stated, adding, "Our government has considered leather and craft industries as one of the core village industries under 'Gramodyog Vikas Yojana'."
He also appealed the leather artisans to improve quality of their products and assured that the government will give them the needed financial assistance.

Appreciating KVIC's efforts in uplifting the marginalised community, Gadkari further mentioned: "In the coming days, leather art and craft industry will be one of the significant village industries under KVIC and the lost glory in this sector will be regained, for which KVIC will be recognised. MSME has extended additional support of Rs 25 crores for the overall development of leather art and craft industry."

KVIC Chairman Vinai Kumar Saxena, in his welcome address, said that believing on Mahatma Gandhi's principle of self-reliance and Prime Minister Narendra Modi's mantra of inclusive growth, KVIC is committed to ensuring the development of every person in the society. "With these programs, we can bring change in the lives of marginalised people. It will not only increase the income of charm-chikitsak in manifold, but will also give them social security and acceptance," he said. "In the current financial year, KVIC would distribute another 70,000 leather tool kits among the trained leather-doctors," he further informed.

Among others, who addressed this function were New Delhi MP Meenakshi Lekhi and former Rajya Sabha MP KC Tyagi.

(Millennium Post, September 24th, 2019)

22. *Rs. 40,000 cr MSME dues cleared, says Nirmala*

Finance Minister Nirmala Sitharaman said various ministries have cleared Rs 40,000 crore out of Rs 60,000 crore due mainly to MSMEs for supply of goods and services, and the remaining amount not locked in litigation too will be paid by the first week of next month.

The Minister also said Ministries and departments have been asked to provide their detailed capital expenditure plans for the next four quarters as the Government looks to boost growth by giving a push to spending.

“Government should not sit on overdue payments...The idea here is to ensure that there are no outstanding dues to services and goods supplied to different departments.

“My intention is to have government departments clear all pending payments whoever it should go,” she said after meeting top officials of 21 key infrastructure ministries.

The meeting assumes significance as the Government is taking various steps, including a big reduction in corporate tax rates, to push the economic growth that slowed to a six-year low of 5 per cent during the first quarter of the current fiscal.

Expenditure Secretary GC Murmu, who was also present at the Press conference, said the most infrastructure ministries have reached 50 per cent of their capex target for the current fiscal.

Expenditures, both revenue and capital, made by the Union Government provides a major boost to aggregate demand. Total expenditure projection of the Central Government for 2019-20 as per the Budget is Rs 27.86 lakh crore. Of this, capital expenditure is budgeted at Rs 3.38 lakh crore.

The Finance Minister said the Government’s capital expenditure was on track and Budget estimates would be met. She added the consumption was on the rise and credit offtake was growing, which together should result in “bouyancy” in the economy.

To a query on the fiscal discipline with rebate in corporate tax and expenditure, the minister said the government will reconcile fiscal deficit numbers later. The Finance Minister will be meeting heads of public sector enterprises to review capital expenditure plans.

Giving details, Murmu said apart from the budgeted allocation under capital head of Rs 3.38 lakh crore for 2019-20, the total amount given to ministries/ departments as Grant in Aid (GIA) for creation of capital assets amounts to Rs 2.07 lakh crore.

Thus the total amount available for CAPEX for 2019-20 is Rs 5.45 lakh crore and the total CAPEX till August under capital head has been reported at Rs 1.36 lakh crore (40.28 per cent) and that under GIA has been reported at Rs 0.82 lakh crore (39.7 per cent) totalling Rs 2.18 lakh crore (40 per cent), he added.

Apart from Gross Budgetary Support (GBS), ministries have been sanctioned Rs 0.57 lakh crore extra budgetary resource (EBR), out of which Rs 0.46 lakh crore has been approved.

(The Pioneer, October 9th, 2019)

23. *More MSMEs must get listed to fund growth, says Gadkari*

Union Minister for Road Transport and Highways Nitin Gadkari said that more micro, medium and small enterprises (MSMEs) should get listed on the exchanges to fund growth and reduce the burden on the lending sector.

Such a move would allow the companies to get funds to expand their business globally, bringing in more revenue for the country, while investors will get good returns on their investment, he said while speaking at the second foundation day of

JITO Incubation and Innovation Foundation (JIIF). JIIF is a subsidiary body of Jain International Trade Organisation (JITO). The government aims to increase MSME sector's contribution to the GDP to 50% in the next five years and increase its exports exponentially, he said. To achieve these targets, the cost of capital, logistics and power must be brought down for the MSMEs, making them globally competitive.

To ensure easy credit to the sector, developing a digital credit rating system is the need of the hour, Gadkari said, adding that the government is in talks with the World Bank, Asian Development Bank (ADB) and German bank KFW to set up a credit line for MSMEs.

Speaking about the JIIF event, the minister highlighted the importance of investing in knowledge, research, technology and innovation to find viable solutions to India's varied social and economic problems. "Entrepreneurship is more important than technology and innovation because it has the power to convert knowledge into wealth," he said.

JITO members invested a combined Rs 27 crores in 16 startups, including Blu Mobility, a ride-hailing company using exclusively electric vehicles in which actress Deepika Padukone's family investment company Ka Enterprises has a stake.

"If our country has to grow to become a five-trillion-dollar economy, as envisioned by the prime minister, the role of entrepreneurs is very important. With the active help of these wealth creators, revenue generators and employment creators, we are sure we will be able to accomplish this dream," Gadkari said.

(Economic Times, September 27th, 2019)

24. *Govt asks PSUs to clear vendor, contractor dues by October 15*

The government set October 15 as the deadline for central PSUs to clear overdue payments to vendors and exhorted them to front-load capital expenditure as it looks to lift economic growth from six-year low.

Finance Minister Nirmala Sitharaman, who reviewed capital spending programmes with heads of 32 maharatna and navratna Central Public Sector Enterprises (CPSEs), said state-owned companies have been asked to front-load investment for the second half of the current fiscal.

CPSEs have been asked to submit a roadmap for the next four quarters by October 15, she said after the meeting. This meeting was held as part of the series of consultations the finance minister has been holding with various stakeholders to brainstorm on measures needed to accelerate economic growth, which dipped to a six-year low of 5 per cent in the first quarter of 2019-20.

"It was decided that all pending dues to be cleared by October 15 and by October 15 they will have a portal through which all dealers and contractors shall start monitoring their payment," Sitharaman said.

"Meeting (will be held) with the RBI and the finance secretary and selected number of CPSEs to talk about why bank guarantees are becoming a big hitch or hurdle in government paying up the 75 per cent post arbitration awards. If that is the case, I want RBI's help also," she said.

Also, CPSEs have been asked to detail the lifespan of arbitrations that lock payments after disputes with vendors and contractors, she said.

The finance minister stressed that capital expenditure (capex) needs to be given a vigorous push in the next two quarters.

CPSEs must ensure that regular payments are cleared expeditiously as it spurs investment cycle and establish the e-billing portal for enabling stakeholders to track the status of payments, she said, adding special efforts must be made to clear dues of MSMEs and resolve cases on the SAMADHAN portal of the Department of MSME.

Finance Secretary Rajiv Kumar said 34 central PSUs have already spent Rs 48,077 crore till August and have detailed spending of another Rs 50,159 crore till December 2019. An additional Rs 54,700 crore would be spent in the January-March quarter.

The expenditure plan is on track and companies have expressed their willingness to meet the target set for the current fiscal, he said. Expenditure Secretary Girish Chandra Murmu said capex of all the 244-odd PSUs will be about Rs 4 lakh crore for the current fiscal, which could also go up depending on the requirement.

Some agencies have come to the government for enhancing gross budgetary support to them and the call in this regard will be taken during the revised estimate meeting, he said.

With regard to pending payments, Murmu said about Rs 55,000 crore has been cleared out of Rs 60,000 crore as on date.

All out efforts are being made so that the investment is on track and there is no liquidity crunch, he added.

Public procurement as a percentage of GDP in the country is estimated between 20 to 22 per cent. With the Indian economy at USD 2.7 trillion, this amounts to public procurement to the tune of USD 500 billion annually. CPSEs are a major contributor to public procurement of goods and services.

(The Economic Times, September 28th, 2019)

25. *Govt to set up working group on proposed new industrial policy*

The government will soon constitute a working group on the proposed new industrial policy which is aimed at promoting emerging sectors, reducing regulatory hurdles and making India a manufacturing hub, an official has said.

Earlier, the Department for Promotion of Industry and Internal Trade (DPIIT) had prepared the policy and sent it for the Union Cabinet approval, but certain new suggestions have been made with regard to the policy.

The working group will rework on it and submit the same to the DPIIT, the official said.

The group will have members from different government departments of the Centre and states, as well as from industry chambers.

This will be the third industrial policy after the first in 1956 and the second in 1991. It will replace the industrial policy of 1991 which was prepared in the backdrop of the balance of payment crisis.

The DPIIT had initiated the process of formulation of a new industrial policy in May 2017. The new policy will subsume the National Manufacturing Policy (NMP).

A consultative approach had been taken for policy formulation wherein six thematic focus groups had been used to obtain inputs.

The six areas include manufacturing and MSME; technology and innovation; ease of doing business; infrastructure, investment, trade and fiscal policy; and skills and employability for the future.

It was proposed that the new policy would aim at making India a manufacturing hub by promoting Make in India. The department had floated discussion paper on the policy with an aim to create jobs for the next two decades, promote foreign technology transfer and attract USD 100 billion FDI annually.

It had outlined several constraints to industrial growth -- inadequate infrastructure; restrictive labour laws; complicated business environment; slow technology adoption; low productivity; challenges for trade; and inadequate expenditure on R&D and innovation.

(The Economic Times, September 29th, 2019)

26. *Business funding: Experts bat for compliance assessment rating system for entrepreneurs*

Experts have called for a rating system that assesses entrepreneurs on their compliance levels. An entrepreneur who adheres to statutory and regulatory norms should get financial assistance when he or she needs it.

At present, when an entrepreneur is in financial trouble, there is no support from banks, said T Muralidharan, Chairman of TMI Group and FICCI's Telangana State Council.

"There is no model developed by banks that rates and rewards entrepreneurs who religiously meet regulatory norms," he observed.

N Mallavadhanulu, Circle General Manager of Andhra Bank, said the markets have evolved. From a stable state a few decades ago, they have become volatile now as they were integrated with global markets.

He said public sector banks contributed about ₹17.5-lakh crore, or 40 per cent, of the credit needs of MSMEs as of March 2019.

"There is a huge amount of data available now. Using artificial intelligence and machine learning tools, this data can be efficiently analysed to understand their credit requirements better. The public sector banks would continue to play a good role," he said.

"It is not about profits, topline or other parameters, it is about good cash flow management. How good you are at employee management and delivery of services play a crucial role in making an enterprise successful.

Srinivas, who is Managing Director of Vega Conveyors and Automation, felt that a number of entrepreneurs are very good at selling their products and services but lack the ability to comprehend issues related to the macroeconomy and finances. They would need shared services to address this gap, he pointed out. He said excessive investments made in unproductive land parcels won't help entrepreneurs. "You need to put your money in financial instruments that offers quick liquidity in times of need," he said.

Karan Dave, Joint Vice-President at Aditya Birla Finance, said large banks have learned a lot from start-ups. “They built larger models to offer quicker services. They are able to understand the customers better using technological tools to do psychometric analyses and to gauge risk perception,” he said.
(Business Line, September 29th, 2019)

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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.

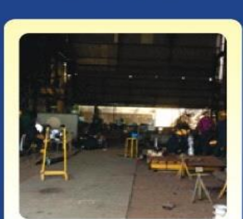
Results Achieved:

- 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:

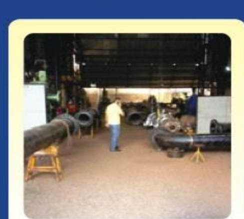
- SCORE program provided a new way of looking at the situation at the workplace and opportunity to brainstorm to find solutions within the available resources.
- Management and operators realized the benefits of 5S that it helps to identify hidden and unwanted materials and the monetary benefits that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