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NEWSLETTER

FICCI - CONFEDERATION OF MICRO, SMALL AND MEDIUM ENTERPRISES (CMSME)

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MSMEs Going Global

Important Norms & Regulations

BUYING AGENTS ASSOCIATION

FICCI CMSME

Online Session on

Quality Control & Compliance: Market Focus Europe

March 12, 2021, 04.30 PM - 06.00 PM

Eminent Speakers

Mr. Sarath Chandran Ramakrishnan
Director
RSJ Inspection Service Limited

Mr. K Sabrinathan
Compliance & Audit Manager
Intertek

Ms. Christine Barrett
Head of Furniture
123, Buy It Direct

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

FICCI CMSME

Empowering MSMEs

Confederation of Micro, Small and Medium Enterprises (CMSME) established in December 2013 with a vision to empower Indian MSMEs and build their competitiveness is an affiliated body under the umbrella of the Federation of Indian Chambers of Commerce and Industry (FICCI), an apex Chamber of Commerce & Industry of India. FICCI has tie ups with over 300 industry associations and chambers worldwide.

What we do……

- Provide a holistic grid to connect MSMEs with mentors, incubators & accelerators and assist them through capacity building programs & services
- Help MSMEs explore different government schemes
- Deliberate on policy issues that impact performance of the MSME sector and provide effective channels to communicate issues and concerns to government at the center and states as well as to other regulatory bodies and banks
- Provide regular interface between Industry, Government and regulators through workshops, round tables and representations and interactive sessions with to create an enabling environment for further growth of the sector

Areas of focus……

- Policy Consultation with Government
- Marketing & Quality Standards including Packaging
- Finance
- Technology & Innovation
- Legal & Taxation
- Procurement
- Environment
- Start-up & Entrepreneurship

Services & Benefits…..

Services	Benefits to Members
Procurement of Raw Material*	Decrease in Cost
Quality	Improve quality & standard through expert training programmes @ discounted rates
Intellectual Property	IP services at more than 50 per cent discounted rates as compared to those available in the market directly from the experts
Resource Conservation & Management	Enhancement in competitiveness and cost saving through resource optimization, sustainable use of the resources (raw material, energy, water etc.) and effective management of wastes generated (Energy, Water, etc Audits at competitive rates)
Advisory Services through External Experts	Insurance, Exports, Taxation, Financing, etc
Access to CMSME CONNECT Portal with B2B Facility **www.ficcicmsmeconnect.in**	Connect with other CMSME Members and Explore Business possibilities

Opportunities……

1 Networking - Platform to interact amongst members, state & central governments - Platform to meet global business and political leaders - Participation in seminars, training programmes, conferences and meeting - Platform to network with industry leaders	10% discount for CMSME members on participation Fee of FICCI events *(applicable only on the fee component charged by FICCI)*
2 Business Services - Opportunity for participating in Sectoral delegations both in India and Overseas - Participation in trade fairs and exhibitions - Develop business through buyer-seller meets - Government Notification Updates - Connect with other CMSME Members and Explore Business possibilities	10% discount for CMSME members on participation Fee of FICCI events *(applicable only on the fee component charged by FICCI)*
3 Knowledge series	Free Access to Policy Papers, Studies & Surveys, MSME Newsletters

Membership

Membership Categories

- **Associate Membership**: For enterprises involved in profit making activities in manufacturing/services
- **Organisation Membership**: For Non-Profit Industry Associations involved in growth and development of MSME sector.

Both categories have two options: 1) Patron Membership: This is a lifetime membership of CMSME and as a privilege member, Patron Member gets an opportunity to be a part of Executive Committee of CMSME **(2) Annual Subscription**: Annual Membership remains valid for one year and follows Financial Year i.e. April – March. As the year closes on March 31, all annual memberships with CMSME subscribed anytime during the year, become due for annual renewal.

How to Apply for Membership

- **Online Application:** Link: http://ficci-cmsme.in/membership/member-login.asp Membership can be applied at the above link by selecting 'New Registration'. After a brief registration, one will receive an auto generated email in inbox (sometimes in spam folder) of registered email ID containing login-ID & Password for CMSME Membership. The above link may again be visited and now log-in can be done with the details received to registered email ID to complete the profile for Membership.

- **Offline Application:** One can always apply offline by submitting Membership Form along with other necessary documents to the Secretariat. For forms you may contact FICCI-CMSME secretariat.

Membership Fee

There are two components in the fee structure of CMSME Membership and applicable GST (18%) is levied on both components. **(1)** One-time Admission Fee: Admission Fee needs to be paid at the time of enrolment of Membership **(2)** Subscription Fee: Annual Subscription Fee is based on Annual Turnover of Organisation in the immediate completed last Financial Year. If the enrolment is done during October - March, the annual subscription fee is reduced to 50%. Patron Membership Subscription Fee is not dependent on Annual Turnover.

For any query please feel free to contact:

Mr Hemant Seth/ Mr Sumitra Nandan Srivastava / Ms Medhavi Gupta
Treasurer & Director / Sr Assistant Director / Executive Assistant
FICCI- CMSME
Federation House, 1, Tansen Marg, New Delhi 110 001
Tel: 91-11-23487307 / 23487491 **Fax**: 91-11-23320714
Email: cmsme@ficci.com; **Website**: www.ficci-cmsme.com

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MSME NEWS UPDATE

1. **FICCI partners with SAP-India to uplift MSMEs**

With an aim to paving the path for Indian Micro, Small & Medium Enterprises (MSMEs) to access global markets, FICCI has partnered with SAP-India (Systems, Applications & Products in Data Processing) to widen the scope of the Global Bharat Programme. With this, FICCI makes available digital technologies to MSMEs to help them transact globally. “We need to adopt and rely on technology to stay relevant. Amid unprecedented times of pandemic, the Global Bharat Programme will help MSMEs gain a solid footing to transform themselves digitally,” affirmed Pradeep Tandon, Chairman FICCI state council. About 80 per cent of SAP’s customers in India are from MSME sector.

The New Indian Express, January 01, 2021

2. **Small cos gear up for e-invoicing despite tech challenges**

Small businesses with sales of ₹100 crore or more are bracing for a new compliance requirement—electronic invoicing, or real-time validation of business-to-business transactions on a government portal, fearing it will test their technology capability, especially for those in small towns.

Beginning this New Year, businesses with ₹100 crore sales will have to compulsorily validate their transactions in real time on the portal run by the National Informatics Centre by way of electronic invoice (e-invoice), capturing details of buyer and seller, besides the technical description of the item sold, sale value and the tax payable. In October, the government mandated e-invoicing for businesses with sales of ₹500 crore or more and wants to extend it to all businesses in April. Representatives of small businesses said they are hoping for a smooth transition, but are keeping their fingers crossed, while industry watchers remained more cautious given the challenges involved. Experts said interruptions in internet access and power supply will be key challenges.

An expert said small businesses are mostly prepared for the new compliance requirement which offers several advantages. “The system should work for them. E-invoicing will eliminate several hassles small businesses face after supply is made to large companies as the details captured cannot be disputed. Recording the transaction details will also help small firms build transaction history and access trade financing. Besides, the government can keep track of the transaction value of domestic supplies vis a vis imports," he added. Greater oversight of economic activities will help the government in both stepping up tax compliance and in improving ease of doing business. Real-time validation of individual business-to-business transactions means authorities can have greater trust in the reported sales figures both for goods and services tax (GST) and income-tax returns.

A consultant said e-invoicing is still at a nascent stage and compulsory e-invoicing for businesses with ₹100 crore sales is bound to be chaotic. “Large players managed to comply on the strength of their in-house IT support and well-trained teams, which cannot be expected in the case of all the small and medium enterprises in the ₹100 crore bracket," he added.

Businesses might face certain challenges while integrating the e-invoicing process in their business, said another expert. “They need to be cautious while generating e-invoice as there are restrictions with the cancellation of the invoice, which must be carried out within the same day of the transaction." Small businesses in smaller markets may face some difficulties in embracing a technology-driven way of business, he added.

Mint, January 01, 2021

3. Tata Power, SIDBI join hands for rooftop solar financing for MSMEs

Tata Power announced its partnership with SIDBI to provide a finance scheme to the MSME players in the rooftop solar segment. Tata Power said easy financing has been one of the barriers for penetration of solar in the MSME sector.

Tata Power and SIDBI have joined hands to design a solar financing solution to help MSME players with financial aid without any collateral at an interest of less than 10 per cent. The scheme will also be complimented with a sanction time of seven days and disbursal of money in four days, the statement said. The benefits of the scheme can be availed by both off-grid and on-grid solar connections, it said. SIDBI Deputy Managing Director Manoj Mittal said "There was a need to innovate and pay attention to these (MSMEs) classes of customers to activate next leg of growth in rooftop solar market. Most MSMEs fail to attract developers due to smaller size or inadequate financial worthiness. The scheme will help the need of financing in the sector."

Financial Express January 05, 2021

4. Govt launches 'Toycathon' to make India global toy manufacturing hub

The government launched 'Toycathon' -- a hackathon for students, teachers, experts and startups to crowdsource ideas for developing innovative toys and games based on Indian culture and ethos. India imports most of its toys and the government is working towards promoting the indigenous toy industry for making the country self-reliant in the sector, Minister for Women and Child Development and Textiles Smriti Irani said. Education Minister Ramesh Pokhriyal 'Nishank', who was also present on the occasion, said the size of the toy market in India is about USD 1 billion but unfortunately 80 per cent of the toys are imported.

"The launch of Toycathon today is an endeavour by the government to create an ecosystem for the domestic toy industry and the local manufacturers, tapping the untapped resources and utilising their potential," he said.

The ministries of education; women and child development (WCD); textiles; commerce and industry; MSME; information and broadcasting; and the All India Council for Technical Education have jointly launched Toycathon-2021.

"While this will greatly help India develop into a global hub for toys and games, it will also help our children to understand the ethos and values of Indian culture as envisaged in the National Education Policy 2020," an official statement said. Irani said the collaboration with the Ministry of Education paves the way for the participation of students, faculties from all schools, colleges and universities with regards to needs of the MSME industry

"This is the first time when school children will innovate, design and conceptualise toys also for specially-abled 'divyang children'," the minister said. She added that students and faculty members participating in the Toycathon can get prizes of up to Rs 50 lakh. Irani further stated that the ministries of commerce and MSME have taken various steps to protect the toy manufacturing industry and to make it competitive. "To create awareness about safe toys which are not harmful chemically, Ministry of Education and Ministry of WCD will adopt special measures," she added. Irani also thanked industry participants who have responded to the clarion call of the Prime Minister and supported Atmanirbhar Bharat with regard to this segment of toy manufacturing.

"This Toycathon is aimed to conceptualize innovative toys based on the Indian value system which will inculcate the positive behaviour and good values among the children," the statement said. Pokhriyal said the National Education Policy-2020 also lays emphasis on innovation and research in learning, starting from primary education. Aligned with the goals of National Education Policy, the Toycathon aims to capture innovative prowess of 33 crore students across the country, he added.
The Toycathon is based on nine themes -- Indian culture, history, knowledge of India and ethos; learning, education and schooling; social and human values; occupations and specific fields; environment; divyang ; fitness and sport; out-of-the-box, creative and logical thinking and rediscovering traditional Indian toys. The Toycathon will have three levels -- junior, senior and startup. According to officials, participants will have two options for idea submission -- they can either submit ideas for the published problem statements or under the novel toy concepts category. "This is the high time we utilise brightest creative minds and carve out games based on our Indian culture, tradition and heritage and stories of ancient India showcasing the beliefs and traditions of people," a senior official said.
Deccan Herald, January 05, 2021

5. **Liberalised economic operator package for MSMEs rolled out**

Recognising their critical contribution in supporting the economy especially during the present difficult times of Covid-19 pandemic, Central Board of Indirect Taxes & Customs (CBIC) has taken a new initiative to introduce its flagship “Liberalised MSME AEO Package” for micro, small and medium enterprises (MSMEs). Through this package, CBIC encourages all eligible MSMEs to avail advantages of faster Customs clearances and other related benefits.
Another feature is that the CBIC commits to take a decision on an application for grant of AEO status within only 15 days from electronic submission of complete documents for AEO Tier T1. Additional benefits, like further reduction in bank guarantee requirements, have been introduced for MSMEs, and will be expanded subsequently, release added.
CBIC’s flagship “Liberalised MSME AEO Package” scheme is a voluntary compliance programme which enables swifter Customs clearance for accredited stakeholders in the global supply chain viz. importers, exporters, logistic service providers, custodians etc.
The approved AEOs derive various benefits such as, inter alia, the facility of Direct Port Delivery (DPD) of imported containers, Direct Port Entry (DPE) of their export containers, high level of facilitation in customs clearance of their consignments thereby ensuring shorter cargo release time, exemption from bank guarantees, priority for refund/ rebate/ duty drawback, as well as a client relationship manager at the customs port as a single point of interaction.
Another important benefit available to specified AEOs is that their payment of Customs duty is deferred and need not to be paid before the clearance of the imported goods by Customs. An added advantage for Tier 2 AEOs is that their exports to certain countries are accorded facilitation by the foreign Customs administration with whom India enters into a mutual recognition agreement/arrangement.
The Hindu Business Line, January 07, 2021

6. **Centre approves Rs 28,000-crore plan to draw industries in J&K**

The Centre approved a Rs 28,400-crore new industrial developmental scheme, paving the path for attracting investments and creating jobs for the youth in the militancy-hit Jammu and Kashmir. The

Cabinet Committee on Economic Affairs (CCEA), headed by the Prime Minister, approved the proposal of Department for Promotion of Industry and Internal Trade for Central Sector Scheme for Industrial Development of Jammu & Kashmir.

The scheme will stay in force till 2037, and Rs 1,123.84 crore has already been disbursed under various special packages, the government said, in a statement. Welcoming the approval given by the Cabinet Committee on Economic Affairs to the Central Sector Scheme for Industrial Development of Jammu and Kashmir, Union Home Minister Amit Shah said the decision illustrates how the Union Territory holds a 'special place' in heart of Prime Minister Narendra Modi.

According to CCEA, the provisions of the scheme aim at drawing both small and large units. Smaller units with an investment in plant and machinery up to Rs 50 crore will get a capital incentive up to Rs 7.5 crore and get capital interest subvention at the rate of 6% for a maximum of seven years.

The scheme, as per the committee, has been simplified on the lines of ease of doing business by bringing one major incentive – GST Linked Incentive – that will ensure less compliance burden without compromising on transparency. Shah said that the scheme will prove to be a boon for cottage industry, handicrafts, micro, small and medium industries of Jammu & Kashmir.

"Prime Minister Narendra Modi has started development in Jammu & Kashmir by ridding it of terrorism and separatism. It is Modiji's visionary leadership as a result of which, for the first time, a scheme is taking industrial development to the block level," Shah said.

The New Indian Express, January 08, 2021

7. **Sidbi extends validity of Swavalamban Crisis Responsive Fund**

Small Industries Development Bank of India (Sidbi) said it has extended the validity of 'Swavalamban Crisis Responsive Fund' (SCRF) to facilitate free onboarding of more micro, small and medium enterprises (MSMEs) on TReDS platform. SCRF was set up in June 2020 to support onboarding of MSMEs on the Trade Receivables Discounting System (TReDS) platform and waiving their joining/registration fees.

The last date of drawdown of the fund will now be up to May 31, 2021, Sidbi said in a release. It said the plan is to on board over 13,500 MSMEs by March 31, 2021 as against the earlier envisaged 10,000. Receivables Exchange of India (RXIL), M1xchange and Invoicemart are the three TReDS platforms which help MSMEs gain access to working capital through invoice discounting via multiple financiers. As on November 30, 2020, a total of 6,545 MSMEs have been given free onboarding facility on TReDS through RXIL, M1xchange and Invoicemart, the release said.

TReDS is an electronic platform where receivables of MSMEs drawn against buyers (large corporates, public sector undertakings, government departments, etc) are financed through multiple financiers at competitive rates through an auction mechanism.

Financial Express, January 09, 2021

8. **Shortage of steel rods hits home construction**

Housing and construction projects outside urban markets are staring at a slowdown for a few months with dealers and buyers reporting a shortage of long steel products, such as rods, bars and wires. Construction steel, mostly produced by small, secondary steel mills scattered across the southern and eastern regions, has been in short supply as many micro, small and medium enterprises (MSMEs) struggle to emerge from the effects of the pandemic on labour and capital as well as sky-high iron-ore prices. The key reason for the shortage appears to be linked to a scarcity of iron ore in the local market. NMDC Ltd, the state-run primary ore miner that steel mills depend on, raised the price of iron ore lumps from ₹1,960 a tonne in June to ₹4,610 in December, a 135% increase over six months.

Meanwhile, NMDC's average monthly iron ore production declined 27% from a year earlier during April-November to 13.81 tonnes. About 1.6 tonnes of iron ore are required to produce a tonne of steel. Iron ore prices are moving in tandem with the global trend, which is rising to meet China's stimulus-driven appetite for steel. This has prompted miners across the world, including in India, to increase their steel exports.

In India, construction steel producers, who are mostly medium-sized enterprises making unbranded TMT (thermo-mechanical treatment) bars and rebars at plants of under 2 million tonnes per annum capacity, are unable to keep up with the rising input costs as they do not have the pricing power to pass on the increase in prices to their customers.

One of experts said while flat steel firms have been able to negotiate higher prices from customers, particularly automakers, long steel suppliers haven't been able to do so. "We haven't had a price hike in three months from auto OEMs (original equipment makers). With iron ore prices going up and no increase in the selling price of steel, smaller mills are choosing not to produce as much. There has been no corresponding increase in steel price to make up for rising input costs."

"Rolling mills used to produce 45% of total long steel, but now they are able to produce 30-32% of market demand," another expert said. "Most large players like us are running at full capacity; we used to produce 55% of market demand, now that's gone up to as much as 60%. Larger players cannot produce more." Analysts say the shortage is being felt acutely in non-urban markets, where large integrated steel mills do not have a marketing presence, and where building projects may be delayed. The secondary steel mills will be able to return to normalcy once iron ore prices begin to cool, expert said. "I believe in four to six months, the effects of the Chinese stimulus will wear off, Brazilian iron ore supply will normalise, and Odisha's mining production will improve substantially. Subsequently iron ore availability as well as prices internationally and in the domestic market will cool down. This will benefit the entire steel industry, especially the secondary steel makers."

Mint, January 10, 2021

9. Dues past 90 days higher in MSME sector than in retail-RBI Report

The over 90 days past due (DPD) position of banks and non-banking financial companies (NBFCs) indicate much higher overdue levels in the micro, small and medium enterprise (MSME) sector than in the retail sector, even with the camouflage of regulatory reliefs, according to the Reserve Bank of India's Financial Stability Report (FSR). Ninety DPD refers to payments that are late by more than 90 days. Such borrower accounts get classified as sub-standard, necessitating provisioning by banks and NBFCs.

An examination of the transition of a constant sample of non-public sector undertaking (non-PSU) non-financial wholesale performing exposures to special mention account (SMA) status between August and November 2020 reveals accumulation of outstanding in SMA-0/1/2 categories, although the aggregate outstanding has remained flat, the report said.

'SMA-0' classification means principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress. 'SMA-1' classification means principal or interest payment overdue between 31-60 days. 'SMA-2' classification means principal or interest payment overdue between 61-90 days.

"Admittedly, the asset classification standstill inhibits the true underlying economic categorisation of assets, although the incipient tilt is towards worsening, as indicated by the growth in balances in the next worse categories for each cohort," FSR opined.

The report observed that domestically, corporate funding has been cushioned by policy measures and the loan moratorium announced in the face of the pandemic, but stresses would be visible with a lag. This has implications for the banking sector as corporate and banking sector vulnerabilities are interlinked, it added.

FSR underscored that: "While the post-global financial crisis prudential measures have ensured stronger capital buffers in the banking sector, which have stood banks in good stead in the face of the pandemic, the imminent crystallisation of financial stress may test their resilience, especially for individual banks which, in turn, can have systemic implications."

The Hindu Business Line, January 12, 2021

10.Khadi Prakritik Paint to boost rural economy, arrest exodus of rural population to cities

Union Minister Nitin Gadkari said initiatives such as "Khadi Prakritik Paint" will strengthen the rural economy and has the potential to become a Rs 6,000-crore industry soon. Launching the eco-friendly and non-toxic paint with antibacterial properties by Khadi and Village Industries Commission (KVIC), Micro, Small and Medium Enterprises (MSMEs) Minister Gadkari said, initiatives such as KVIC paint could lead to 'Aatmanirbhar Bharat' and arrest the exodus of rural population towards cities. At the same time, it will strengthen the rural economy and protect cows, he said. The "Khadi Prakritik Paint" is a first-of-its-kind product based on cow dung as its main ingredient. It is cost-effective as well as odourless and has been certified by the Bureau of Indian Standards.

"Khadi Prakritik Paint will be a Rs 6,000 crore industry after branding… The paint is better than the best available paint available in the market and is priced at Rs 225 a litre as compared to paints by various brands which are Rs 550 a litre," Gadkari said during the launch. On MSMEs, he said the idea was to take its contribution to GDP to 50 per cent from the current 30 per cent and boost exports to 60 per cent, from 48 per cent.

"The plan is also to take KVIC's turnover to Rs 5 lakh crore in the next five years, from Rs 80,000 crore at present," he said. The Minister said with cow dung as the main ingredient behind this paint, cows will become a source of income even if they are non-milking cows. "No villager would like to send cows to butchers… No cow will go to butchers, not by law but due to economy," he said and added that this initiative will strengthen agriculture, rural and tribal economy, besides 115 aspirational districts where GDP growth is negligible.

Khadi Prakritik Paint is available in two forms – distemper paint and plastic emulsion paint. Production of Khadi Prakritik Paint is aligned with the Prime Minister's vision of increasing farmers' income. The paint, with antifungal and antibacterial properties, is free from heavy metals like lead, mercury, chromium, arsenic, cadmium and others. It is expected to boost local manufacturing and create sustainable local employment through technology transfer.

This will boost socially, economically and educationally backward area's development and arrest migration of rural populace to metropolises like Delhi, Mumbai, Chennai, Bangalore, and Kolkata, he said. Gadkari said the MSMEs Ministry will support clinics in villages for production of indigenous cows through advanced scientific techniques and plans to fund 10,000 such clinics pan India besides transfer of paint technology for local production of paints. "This technology will increase the consumption of cow dung as a raw material for eco-friendly products and will generate additional revenue to farmers and gaushalas. This is estimated to generate additional income of Rs 30,000 (approx) per annum per animal to farmers/gaushalas," MSMEs Ministry has said in a statement.

Financial Express, January 12, 2021

11.Government mulls extending interest subvention scheme for MSMEs

The central government is mulling extending the interest subvention scheme for MSMEs by another six months beyond the March 31, 2021 deadline as part of its budget proposals. It is also planning to double the ticket size of the loans for which the interest subvention is given to Rs 2 crore. The money is lent by scheduled banks to micro, small and medium enterprises as term loans or working capital loans at reasonable rates of which the Government underwrites two per cent of the interest due. Top officials said with many MSMEs struggling due to the economic depression which the country witnessed in the wake of the COVID-19 pandemic, a package for the sector was being prepared which would be announced in the upcoming budget.

Surveys of the MSME sector have shown that finance and especially working capital shortages have proved crippling for the sector, which employs more than 120 million people. "As the MSME sector is labour intensive, accounting for 30 per cent of GDP, its revival has to be given priority as it not only helps the GDP recover but also reduces the unemployment rate which shot up due to the Covid induced lockdown," officials said.

India's unemployment rate is nearly 8 per cent and the majority of fresh industrial employment that will be created in the year ahead is expected to be in the MSME sector. "Our focus in the package for the budget will be on supporting them financially, besides reducing their compliance burden on various accounts including GST and industrial laws," officials explained. The government will also step-up spending on infrastructure for MSME industrial clusters and for skill enhancements and technological upgradation for this sector.

The New Indian Express, January 17, 2021

12.MSME sector vital for national growth: PM

The Prime Minister said that the micro small and medium enterprises (MSME) sector is vital for national growth and under the Aatmnirbhar Bharat campaign, many steps have been taken to help these small industries as they have been provided easy loans worth thousands of crore to tide over the difficult times. Mr Narendra Modi made these comments while conducting the bhoomi pujan ceremony for Surat and Ahmedabad Metro rail projects via video conferencing.

He emphasised that the small-scale industry gets the confidence that they have the support of good infrastructure when they compete globally. Many steps have been taken to help these small industries

as they have been provided easy loans worth thousands of crore to tide over the difficult times, he added. "Steps like the redefinition of MSME has helped in overcoming the fear of expansion, as traders were wary of losing benefits if they grew bigger than the defined limit," Mr Modi said.
The Asian Age, January 19, 2021

13.Karnataka to create 20 Lakh jobs in 5 years

Karnataka has set a mandate to attract investments to the tune of ₹5 lakh crore and to create 20 lakh new jobs in the next five years. In order to push this ambitious five-year growth, the government has unveiled a new industrial policy. Large and Medium Industries Minister Jagadish Shettar said, “Keeping the investor-centric approach, our government has launched the New Industrial Policy 2020-25, to build a prosperous Karnataka and create large-scale employment opportunities. We aim to reach the third position in exports in the next five years.”
The Hindu, January 19, 2021

14.Centre plans e-portal to sell MSME products: Union Minister Nitin Gadkari

The Centre is working with State Bank of India to launch an E-portal on the lines of Amazon to facilitate Medium, Small and Micro Enterprises to sell their products, Transport & MSME Minister Nitin Gadkari said. At present, Amazon.com generates a business of around Rs.70,000 crore annually for Indian MSMEs, which can be enhanced by a dedicated E-Portal to enable them complete with global brands, he said at a webinar.
Stating that the government aims to increase the share of MSME sector in total exports from the current 48 percent to 60 percent in the coming years, Gadkari said that this would go a long way in boosting the Atmanirbhar Bharat programme of Prime Minister Narendra Modi.
On similar lines, the union minister said that the government is making efforts to increase the turnover of the village industry from the current Rs.80,000 crore to Rs.5-lakh-crore in next couple of years which will create jobs in rural, agricultural and tribal segments and eradicate poverty, he added.
Gadkari said that in order to protect the interests of MSME vendors, the government has mandated public sector undertakings to settle their dues within 45 days of sale and also plan to introduce legislation to this effect. Urging the MSMEs to spread their wings, he said they must form joint ventures with start-ups or technology transfers from institutions like IITs or IIMs to compete on a global scale. Highlighting the initiatives and innovations by his ministry, Gadkari said that they encourage development of high-quality, cost-effective but sustainable local products as import substitutes.
"Local MSMEs have developed indigenous paint, Khadi Prakritik Paint made with cowdung which is 50 percent cheaper than top brands but is still world-class. A small unit can produce this paint with a capital investment of barely Rs. 15 lakhs," Gadkari said. He said Indian farmers can save Rs.100,000 per annum by replacing fossil fuels with bio-fuels and bio-CNG in their tractors and farm equipment since the government promoting biofuels of ethanol from rice and other foods, biomass from cotton straws, etc. With a huge scope of producing bagasse and bio-CNG as a fossil fuel substitute Indian can slash its annual crude oil import bills by a staggering Rs. Eight lakh-crore, Gadkari pointed out. He also outlined schemes for cattle-owners to monetize their livestock wastes and generate additional revenue of up to Rs.4,500 per month by selling cowdung and cow urine at Rs.5/kg and Rs.10/litre respectively.
Business Standard, January 20, 2021

15.Banks sanction additional ₹15,571 cr to MSMEs under ECLGS 2.0

Banks have sanctioned an additional ₹ 15,571 crore under the Emergency Credit Line Guarantee Scheme (ECLGS) to MSMEs that were impacted by the coronavirus pandemic, the finance ministry said. In a tweet, the ministry said the government announced ECLGS 1.0 to provide financial support to MSMEs and ECLGS 2.0 to guarantee credit support for stressed sectors.

"Additional Credit amounting to ₹15,571 crore sanctioned to 2772 borrowers while ₹3,344 crore disbursed to 1,188 borrowers," it said. This data has been provided by 12 public sector banks, top 24 private sector banks and 31 NBFCs as on January 8. With this, total sanctioned amount under ECLGS 1.0 and 2.0 has increased to ₹2.14 lakh crore and 90.57 lakh MSMEs have benefited from this. Of this, ₹1.65 lakh crore has been disbursed to 42.46 lakh MSMEs as on January 8, 2021.

Announcing the Aatmanirbhar Bharat Package 3.0 in November, Finance Minister Nirmala Sitharaman had said that ₹2.05 lakh crore has been sanctioned and ₹1.52 lakh crore disbursed under ECLGS 1.0 since its launch. As part of the Aatmanirbhar Bharat Abhiyan 3.0 (announced on November 12, 2020), ECLGS scheme was extended through ECLGS 2.0 for 26 stress sectors and healthcare sector with credit outstanding of above ₹50 crore and up to ₹500 crore as on February 29, 2020.

The loans provided under ECLGS 2.0 have a five-year tenor, with a 12-month moratorium on repayment of principal. It said that the entire scheme (ECLGS 1.0 and ECLGS 2.0) is valid till March 31, 2021

The Hindu Business Line, January 21, 2021

16.Policy proposal for employment generation, scale-up in MSME sector

A new policy proposal for creating an Udyog Sahayak Enterprises Network (USENET) was released. The proposal is the result of a collaboration between Azim Premji University, Federation of Indian Chambers of Commerce and Industry, and Tata Institute of Social Sciences, Mumbai.

The report proposes the creation of a support system that will improve Ease of Doing Business for largely informal micro and small entrepreneurs. Udyog Sahayak Enterprises will take services such as digitisation and formalisation, availing of government loans, subsidies or other benefits, ensuring compliance with local, regional and national regulations, aiding partnership with digital marketing platforms and digital payment platforms, to the micro-entrepreneurs at their doorstep.

The report estimates that by enabling scale-up, USENET can aid in the creation of an additional 1 crore (10.3 million) jobs over five years going up to nearly 6 crores (56.9 million) over 10 years. Based on value-added per worker observed in this sector and assuming a 12 per cent nominal rate of growth in GVA, these jobs represent an additional economic value of Rs 2,16,000 crores at the end of 5 years and over 19 lakh crores at the end of 10 years. Inaugurating the event, Anurag Behar, Vice-Chancellor of Azim Premji University, underlined the role played by automation in weakening the connection between growth in value-added and growth in jobs. He observed that "this endeavour is truly remarkable as you are putting a possible solution out there, not only identifying a problem."

TISS Director, Prof. Sahlini Bharat, noted the resonance with TISS' mission of fostering socially relevant entrepreneurship and called the proposal "simple in approach but lofty in goal." She also observed that the idea is an excellent example of supporting technology for society.

Presenting the policy proposal, Chairman FICCI Telangana State Council and co-author of the report, T. Muralidharan underlined the problem of "jobless growth" and pointed out that we are in danger of

losing our demographic dividend. He called for giving micro-entrepreneurs their due recognition in the making of the nation.
Zee Business, January 24, 2021

17.Nitin Gadkari calls for research to explore cheaper alternatives to cement, steel

Amid rising steel prices in the country, Union Minister Nitin Gadkari highlighted the need to explore alternatives to steel as well as cement, for bringing down their prices. The Minister for Road Transport and Highways and Micro, Small and Medium Enterprises (MSMEs) said he has asked some people from Indian Institutes of Technology to carry out research on alternatives to cement and steel.
"Steel prices have increased by 65 per cent in the last six months," Gadkari said adding that the steel and cement rates will reduce once cheaper alternatives are available. Addressing an event to launch products prepared under the Deen Dayal Upadhayay Vigyan Gram Sankul Pariyojana, the minister also cited the example of soyabean cakes. He said when used for mass consumption, they can be served as cheaper alternatives to mutton while alleviating the problem of malnutrition, due to their high protein content of 49 per cent.
"I believe that chicken and mutton are spoiling our mindset," the minister said. He, however, added that this should not become a controversial matter, as even though he is a vegetarian, a lot of people in the country are non-vegetarian. Gadkari also said lakhs of jobs could be created by empowering the village industry, which has the potential of achieving the annual turnover of ₹5 lakh crore.
He added that by exploring new marketing avenues and export potential, the contribution of India's MSMEs could further be increased from 30 per cent at present to 40 per cent in the next 5 years.
Hindustan Times, January 25, 2021

18.MSEs seek council help to get over Rs. 18,700-cr dues

Micro and small enterprises (MSEs) have filed over 66,500 applications seeking payment of Rs 18,700 crore pending dues from central PSUs, ministries and other entities. The Micro and Small Enterprise Facilitation Council (MSEFC) has disposed of cases involving 4.6 per cent of the payment dues. Only a miniscule of the MSME payment dues is reaching the council for settlement.
MSEFC, which facilitates settlement of pending dues of MSEs, has received a total of 66,503 applications seeking payment of Rs 18,728 crore, or over $2.5 billion, from buyers, as per data from MSME Samadhaan. The buyers are central PSUs, ministries, departments, state PSUs and government departments, railways, proprietor owned entities, individuals and other MSMEs.
The council has disposed of 5,889 applications, accounting for Rs 871 crore, or 4.6 per cent, of the Rs 18,728-crore dues. Further, the council has rejected 11,616 applications, which amounted to payment of Rs 2,541 crore. As many as 5,930 cases involving Rs 895 crore were mutually settled with the buyers. The council is currently considering 16,088 cases, involving total payments of Rs 6,804 crore. The MSEFC is yet to review 26,980 applications, seeking Rs 6,978 crore of payment dues.
According to an expert, less than one per cent of the payment dues are reaching the council for settlement. "Many of the MSMEs do not want to drag their buyer to the council as it risks losing the buyer, especially if private companies are involved. In the case of government departments and PSUs that risk is not there. Further, they wait for the situation to improve and the buyer to settle the payments. Moreover, the awareness about the council is also limited among the MSMEs," he said.

However, of late, MSMEs are increasingly approaching the council after the government increased the threshold of payment dues to approach NCLT to Rs 1 crore. Further, government also has suspended fresh cases under the Insolvency and Bankruptcy Code. "The MSMEs earlier had the option of approaching NCLT. But since the government has put fresh cases on hold and increased the threshold of dues, they are approaching the council more," said the expert.
The Asian Age, January 27, 2021

19.Agri-tech provides huge potential for technical textile industry: Irani

Union Textiles Minister Smriti Irani said the agri-tech sector provides the technical textiles industry a huge opportunity to partner with the government as well as the agrarian community and leverage their capabilities. "I feel that agri tech is one large area where the industry can partner not only with the government, but also citizens in the agrarian part of our economy. My hope is that given the agricultural expanse of our economy, the chambers will assist in discussion on issues concerning agri-tech," the minister said. She was addressing an inaugural session at the virtual conference on Technical Textile. Irani also said agri-tech will give equal opportunities to those who are from agricultural families to leverage their capabilities. Besides agri tech, there is a huge growth potential in med-tech, geo-tech, sports-tech, and infra-tech, among others, she said.
The minister further said it is important to reach out to small and medium enterprises (SMEs), and standards have been made known to them so that they can also be part of the growth. "I appeal chambers to reach out to the SMEs and share the know-how of the standard manufacturing process so that the country witness a growth in the downstream as well as in the smaller components of the industry," she stated. Irani said there were only two manufacturers of N95 masks in March 2020, which has now increased to 200. "By transforming a COVID-19 crisis to an opportunity, India has proven its ability to innovate and rise to the challenge with limited resources and time," she added. The government has embarked on a journey for the National Technical Textiles Mission and is committed to ensuring that skill development in technical textile commences with the introduction of six new courses, she said. "Another 20 new courses for enhancement on upgradation of skills are currently under preparation," she added. One of speakers said the domestic textiles and apparel industry contributes 2 per cent to India's GDP, 7 per cent of industry output in value terms and 12 per cent of the country's export earnings. Technical textile accounts for about 13 per cent of India's total textile and apparel market and contributes to 0.07 per cent of India's GDP, he said.
There is a huge potential to fulfil a large demand gap as the consumption of technical textiles in India is still only at 5-10 per cent as against 30-70 per cent in some of the advanced countries, speaker added. "The domestic demand for technical textile products is picking up. Companies in India have started developing technical textiles for automobiles, safety-related textiles such as used by soldiers at high attitudes, ballistic fabrics, even for healthcare such as PPE kits," he said. He said the technical textiles sector in India is estimated to be growing at 12 per cent per annum.
To achieve the potential of nearly 20 per cent annual growth in this sector, there is a need for proactive approach towards expanding the existing market, promoting usage of technical textiles, encouraging international collaborations, and investment promotions, among others, he added.
Outlook, January 27, 2021

20.Economic Survey pegs FY22 GDP growth at 11%

The Economic Survey 2021-22 projected a growth of 11% for the Indian economy, a V-shaped recovery in growth, on the back of the Covid-19 vaccination drive and a recovery in consumption, even as it emphasised the importance of the government continuing to increase its spending and called for an asset quality review across Indian banks.

The survey, which sets the economic context for the Union Budget also sought an increase in public health spending to 2.5-3% of GDP (the budget is expected to boost public health spending in the wake of the Covid-19 pandemic, which highlighted gaps in India's health infrastructure). It also said it expects inflation, a concern right now, to moderate in coming months, creating the context for the central bank to cut rates. The Survey estimated a nominal GDP growth of 15.4% in 2021-22.

The thread running through the Survey — a sharp economic revival — comes at a time when the Indian economy is expected to contract by 7.7% in 2020-21. However, its projection is in keeping with the International Monetary Fund's recent forecast that said India would be the fastest growing major economy in the world with a growth of 11.5% in 2021-22 and 6.8% in 2022-23. At 11% growth, India will end 2021-22 with a GDP that's 2.45% higher than its 2019-20 one, effectively recovering from the pandemic-induced economic slump in two years.

"The Economic Survey 2020-21 makes a candid and convincing assessment of the Indian economy based on objective analysis, enriching content and credible policy direction to take the economy forward," said one of experts. "This will result in faster growth and smaller deficits in the future," he added.

The survey also presented a firm defence of the government's response to the health and economic disruption inflicted by the pandemic. A stringent but timely lockdown prevented 3.7 million cases and around 100,000 deaths from Covid-19, the survey said. It added that a fiscal stimulus during the lockdown would have been a futile exercise comparable to pressing the accelerator and the brake at the same time and pointed out that the government has delayed the fiscal boost to coincide with the roll-out of a vaccine. The ongoing recovery will gain from the structural reforms in factor markets as well as streamlining of regulations in the medium term, the survey claimed.

The architect of the survey, chief economic adviser (CEA) Krishnamurthy V Subramanian said India's policy response was well timed as it first focused necessities such as providing free food to 800 million poor badly hit by a hard lockdown and lost jobs and support to the industry through emergency credit and liquidity measures.

According to Subramanian, various measures announced in the ₹20 lakh crore stimulus package, such as ₹111 lakh crore national Infrastructure pipeline, will have cascading effect on the economy and create demand.

Even as it hinted at deviation from the fiscal consolidation path in the near future, the Survey made a case for fiscal and monetary expansion. It cited both in-house and independent research on how India's debt burden was entirely sustainable, why rating agencies were wrong in giving India a lower credit rating and how a rise in government investment in India would not necessarily crowd out private investment. By harping on the need to follow core inflation rather than food inflation – the latter has been the driving force behind the inflationary spike in the recent months – the survey might also be trying to carve out greater space for monetary policy intervention.

"While it (Survey) argues emphatically for counter-cyclical fiscal policies, comfort on debt sustainability, and unfair treatment by rating agencies, we believe the government is unlikely to drop the ball on fiscal rectitude. We expect the government to announce a fiscal deficit of 6.8% of GDP for FY21, 5.3% of GDP for FY22, and outline a fiscal roadmap that leads to gradual consolidation and stabilisation of public debt levels," economists at a research firm, said in a note.

But inherent in the Survey's numbers are details of a lower devolution to states. While Budget Estimates for 2020-21 had projected an increase in devolution of states' share in taxes from 6.56% of GDP in 2019-20 (Revised Estimates) to 7.84%, a contraction in GDP and a sharp rise in share of taxes raised through special cess and duty in the current fiscal year could mean a fall in absolute devolition to states, and a lower realisation from disinvestment. The second, a shortfall of around ₹1.9 lakh crore is understandable in a pandemic year, but the former is a matter of concern because the primary response to Covid-19 as well as alleviating distress has to come from the states.

In keeping with what is now an established tradition of the survey engaging in intellectual debates on sometimes radical economic ideas, the Survey also touched upon some crucial policy reforms in the regulatory sphere. It argued that "the problem of over-regulation and opacity in Indian administrative processes flows from the emphasis on having complete regulations that account for every possible outcome" and the "optimal solution is to have simple regulations combined with transparent decision-making process". It also underlined the need for a rollback of regulatory forbearance to cushion the impact of the pandemic, by describing it as an emergency measure. Read together with the need to initiate a second asset quality review in banks, this suggests growing policy concern over the bad debt crisis in banks, something which was highlighted in RBI's latest Financial Stability Report.

"The Economic Survey has argued extensively on growth and debt sustainability and how India's sovereign rating is not appropriate. Since India's debt is going to be 73.8%, the arguments of the Survey are well appointed. But it cannot be missed that unsustainable debt can put our sovereign rating under pressure and also accessing foreign capital, which is important for infra development, etc, difficult," said another expert. "It does point out that there may be enhanced government expenditure in the coming Budget. That is good. Government should, however, be mindful to spend on creating capital assets and not on revenue expenditure. Multiplier effect of capex on GDP growth is 2.45, while of the revenue expenditure it is only 0.5. Spends on infra, health, MSME financing, R&D enhancement should not be missed," he added.

Hindustan Times, January 30, 2021

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