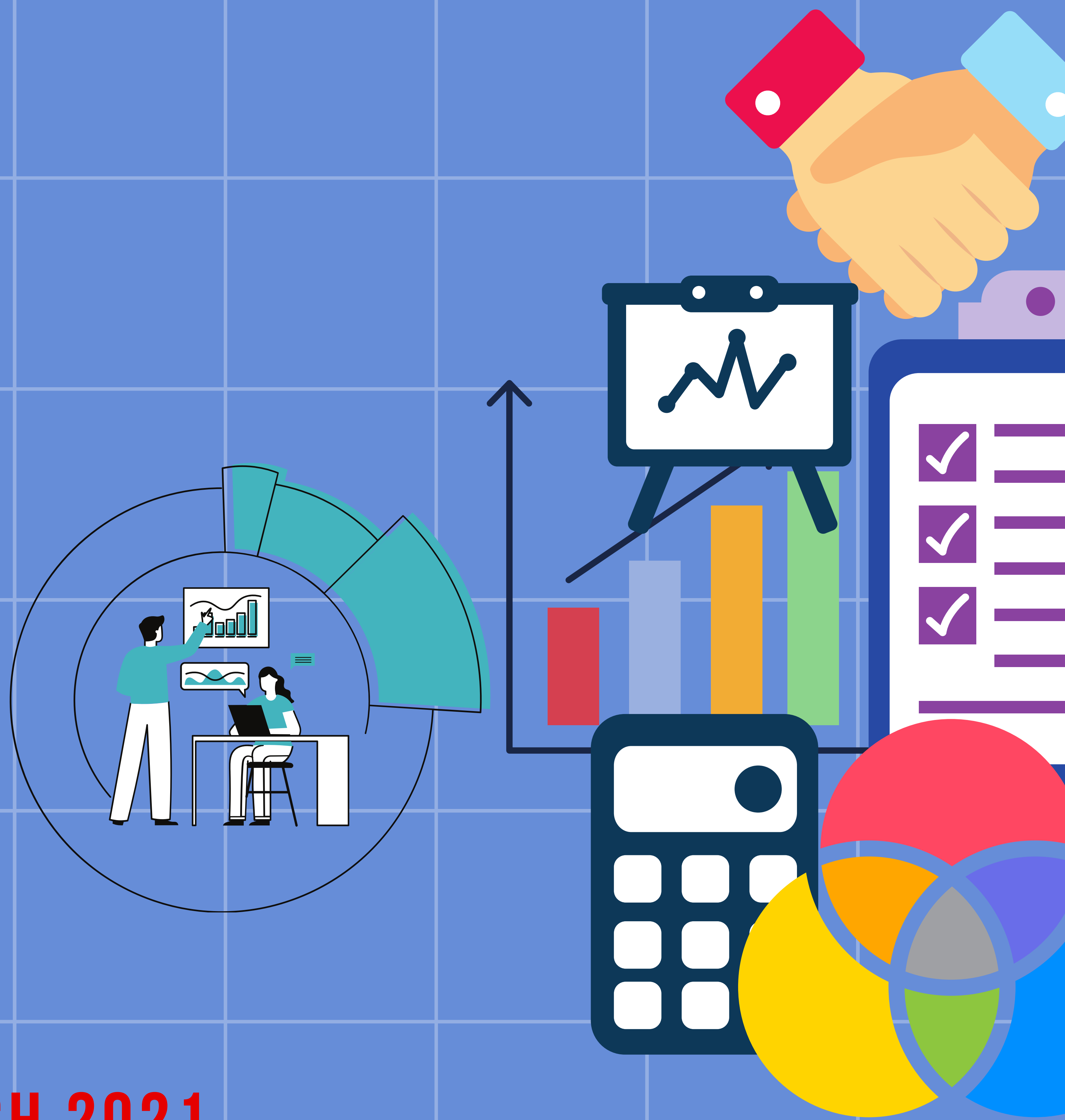

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NEWSLETTER

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

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FICCI - Confederation of Micro, Small and Medium Enterprises (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.

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FICCI CMSME

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MSME NEWS UPDATE

1. Credit demand may almost double to 9-10% in FY22: Report

On the back of timely government and regulatory measures this fiscal, which helped the economy to recover faster than expected, bank credit is seen growing 400-500 bps to 9-10 per cent in the next financial year, according to a report. In the current fiscal, bank credit is expected to rise 4-5 per cent despite the sharpest contraction in the economy since Independence.

As per the Crisil report, the economy is likely to grow at 11 per cent in FY22. While bank credit growth had contracted 0.8 per cent in the first half of this fiscal, it recovered sharply in the third quarter by growing 3 per cent sequentially. In the fourth quarter, too, it should clock 3 per cent sequential growth, A senior director at Crisil said. In June 2020, Crisil had pegged bank credit growth to be at 0-1 per cent this fiscal.

The government measures, including the Rs 3 lakh crore emergency credit line guarantee scheme (ECLGS), have been supportive, he added. In the first half of this fiscal, the pandemic forced borrowers and lenders to tread cautiously, leading to a contraction in credit pick up. But a faster-than-expected uptick in economic activity since the relaxation of lockdowns, and pent-up and festive season demand helped thereafter. In absolute terms, net credit rose to Rs 2.3 lakh crore in the first nine months of FY21, of which disbursements under ECLGS was Rs 1.6 lakh crore in this period.

Banks also deployed Rs 1.4 lakh crore via targeted long-term repo operation and partial credit guarantee scheme, serving as credit substitutes. Growth in corporate credit, which is 49 per cent of overall bank credit, is expected to contract this fiscal as companies have put Capex on the backburner but will change next fiscal when corporate credit is expected to grow 5-6 per cent on a likely revival in demand. But the share of corporate loans in the overall credit pie will continue to shrink with faster growth of other segments. Retail lending is likely to slow down to 9-10 per cent this fiscal before returning to the mid-teens growth of the past couple of years.

Banks are expected to benefit from the lower competition as non-banks, grappling with multiple challenges, see tepid growth. With deposit growth outstripping credit growth so far, banks would use the surplus liquidity to wrench credit market share away from some of the largest catchments of non-banks such as mortgages and new vehicle finance. Even this fiscal, more than half of the incremental retail credit growth till date has been from mortgages," an expert said. Overall growth in credit to MSMEs is likely to be at 9-10 per cent this fiscal and 8-9 per cent in the next financial year, as the ECLGS may not be available next fiscal.

Agriculture credit has also contributed, with rural India seeing a lower impact of the pandemic and a good harvest. Credit growth here is foreseen at 6-7 per cent in this fiscal and the next. Overall, sharp economic recovery, along with a pick-up in private investment and Capex demand may lead to a buoyant credit growth next fiscal. But sub-normal monsoons and another surge in the pandemic leading to localised or partial lockdowns pose downside risks.

The Times of India, March 01, 2021

2. E-commerce seeks a slot in India's trade basket

India's coming foreign trade policy may have a separate chapter dealing with e-commerce for the first time amid demands for helping millions of manufacturers become exporters, said three people familiar with the development. Several e-commerce firms, including Amazon India, Walmart Inc., eBay, PayPal and industry bodies like FICCI have sent recommendations for export promotion in the new policy. The Foreign Trade Policy 2021, being formulated, is likely to come into effect.

The suggestions made to the Directorate General of Foreign Trade are largely on digitisation and call for compliance burdens to be eased for MSMEs. Companies and industry bodies have recommended creating a 'knowledge centre' for spreading export awareness among MSMEs, setting up a separate export promotion council for e-commerce, digitising and creating a single-window export clearance process.

The draft foreign trade policy is currently under review with commerce minister Piyush Goyal before it is released to government secretaries for any additional consultation, said the first of the three people. "The coming foreign trade policy can provide the perfect opportunity for e-commerce exports to scale, and we have been part of forums suggesting structural changes. Awareness and knowledge hubs through export promotion councils, creating foreign post offices in every district and setting up export promotion zones around the country can help remove the structural blockers for MSMEs to boost exports," said an expert from Amazon India. Last year, Amazon Inc. chief Jeff Bezos said his firm will export 'Make in India' products worth $10 billion by 2025. Amazon India has so far facilitated exports worth $2 billion in this mission.

Hindustan Times, March 01, 2021

3. Goyal Asks BIS To Cut Quality Testing Charges for MSMEs, Startups & Women Entrepreneurs

Food and Consumer Affairs Minister Piyush Goyal said the charges for testing quality of products should be reduced for MSMEs and initial phase of startups and women entrepreneurs to encourage them to get their products certified and meet standard norms. Goyal, who is also railways and commerce minister, virtually presided the 3rd Governing Council meeting of the Bureau of Indian Standards (BIS), an official statement said. Addressing the meeting, he said there is a need to change the approach of the country towards standardisation. 'Prime Minister Shri Narendra Modi has given the three mantras for faster economic development i.e. Speed, Skill and Scale. Now it is time to add fourth dimension of 'Standard' into this,' the minister said.

Goyal said the fee for testing of standards should be reduced drastically 'throughout' for the MSMEs and in the initial years for the startups and for women entrepreneurs. This will encourage them to get their products certified and also encourage the ease of doing business, he added. Goyal directed the BIS to go in for massive expansion and modernisation of testing labs so that entrepreneurs don't have to travel far to get the testing and certification of standards. 'We have to ensure that no one has to travel far for quality check for want of testing labs,' he added.

Goyal said the products manufactured in India should be of international standards whether it is manufactured for local market or for international market and further added that the quality should not be diluted to give advantage to any person or institution, whether private or government. He said that it is a challenge for BIS to fast track the standard setting processes, especially for these programmes of national priority. BIS must therefore ensure that its technical Committees develop the required new standards in the quickest possible time for products where presently none exist, or review and revise existing standards whenever required, the minister said.

Goyal reviewed the process of making Indian Standards and their implementation with officials from BIS, different ministries and regulators, among others. Wide ranging discussions were held on how standards are set and what can be done to make their implementation/ enforcement better. It was emphasized that there should be 'One Nation One Standard' and Indian Standard should be set as per global benchmarks. Goyal instructed BIS to create a customer charter to usher in highest transparency in its certification process and inspections. BIS has already formulated various Indian Standards comparable with the International Standards such as the Electric vehicles, Fuel blends, Smart City Digital Infrastructure, Internet of Things (IoT), Smart Manufacturing, Technical Textiles, Aerial Ropeways, etc. The bureau is operating more than 37,000 product certification licences all over the country. 55 new products have been covered for the first time under the Product Certification Scheme, since April 1, 2020.

A consumer engagement portal has been launched to facilitate interaction with consumer organizations/groups for conducting various consumer oriented programmes and activities of BIS. An upgraded version of android mobile app - BIS CARE is in place to facilitate stakeholders to verify authenticity of ISI mark, registered jewellers and marked electronic goods under Compulsory Registration Scheme (CRS). The app also facilitates users in submitting complaints. The meeting was attended by the Minister of State for Consumer Affairs, Food & Public Distribution Rao Saheb Patil Danve and Secretary, Department of Consumer Affairs, Leena Nandan.

Business World, March 01, 2021

4. **Rubber Board sets up centre to make innovative products**

The Rubber Board has set up an incubation centre, Rubber Products Incubation Centre (RPIC), to help entrepreneurs manufacture innovative products in order to make the rubber products manufacturing sector vibrant and ensure better returns to growers. Set up last year, RPIC is attracting more attention among incubators with many coming forward to register with the centre. As many as eight companies have registered with RPIC to develop innovative ideas since its inception.

KN Raghavan, Executive Director, Rubber Board, said the Board intends to create a strong and vibrant rubber products manufacturing industry with RPIC, working in tandem with natural rubber producers to bring value to stakeholders in all sectors of the supply chain. RBIC has successfully designed a cost-effective formula for production of household gloves using new raw materials. The products fabricated are of good quality and free from the usual defects.

There was excessive use of protective devices such as rubber gloves and masks with the spread of the Covid-19 pandemic. As a result, prices of protective rubber gloves more than doubled. Raghavan said another initiative was the replacement of the plastic root trainer cups used in rubber nurseries for growing rubber plants. The rubber root trainer cups are flexible and bio-degradable and field trials of the plants raised in rubber root cups are in progress.

A project for developing orthotic insoles for leprosy and diabetic persons was completed and lauded by the client. The products have succeeded in clinical trials. Compared to the conventional process, the new process can deliver products at half the cost. Development of rubber tiles from discarded nitrile gloves has been proposed and a new process designed to produce the tiles which can be used indoor and outdoor.

Quality upgradation of raw rubber is another project taken up by RPIC. With better protocol and process modification, block rubber with raw rubber properties equivalent to sheet rubber can be obtained and the trials in this direction are progressing, he said. Around 4,000 registered non-tyre products are manufactured in the country's MSME sector. There's a similar number of non-registered units too. The sector is a major employment provider and exports from this sector stood at ₹11,000 crore during 2019-20. RPIC is expected to overcome the lack of in-house R&D facilities in the MSME sector that has hit technological upgradation and competitiveness of the sector, he added.

The Hindu BusinessLine, March 02, 2021

5. **Rising polymer raw material prices hit MSME plastic units**

About 50,000 units in the plastics processing sector are believed to be operating below 50% of their rated capacity due to a sharp rise in raw material prices, said heads of All India plastic industry associations. They added that if the crisis prolonged, about 20,000 MSME plastic units would be forced to close down. Industry bodies said large petrochemical companies, including PSUs, had exponentially increased raw material prices by 40-155% in the last 8-10 months. The associations have urged the Centre to direct Indian Oil, GAIL, OPAL, Haldia Petrochemicals and MRPL to streamline supply of raw materials at fair prices.

Several industry associations have urged the government to ban the export of the raw materials for one year and allow import of raw materials not produced in the country. "The industry is facing acute shortage of polymers, the main raw material for plastic goods production, which has varied applications," said an expert. "The increase in raw material costs and its acute shortage in market is leading to escalation in project costs and is adversely impacting the cost competitiveness of MSMEs," said another expert.

The Hindu, March 02, 2021

6. **Infra projects to boost tourism, create opportunities for MSMEs: Gadkari**

Infrastructure projects in the pipeline will help boost tourism as well as create opportunities for MSMEs, according to Union Minister for MSME and Roads, Transport and Highways Nitin Gadkari. "The infrastructural projects in the pipeline as part of the central government's plans have laid the foundation of 'AatmaNirbhar Bharat' and will also boost domestic tourism in the country. Innovation is key to the revival of the travel and hospitality sector.

"Industry players such as FICCI, OYO Hotels and Homes and IATO should take advantage of the government schemes to come together and support MSMEs," Gadkari was quoted as saying in a statement. The statement was issued by FICCI. The minister said the government's initiatives such as collateral-free automatic loans for business, including MSMEs, and ₹50,000 crore-equity infusion through MSME Fund of Funds, which benefits companies with higher credit ratings, will generate tremendous business opportunities.

"The domestic tourist destinations, including hills, forests, and religious pilgrimage, will benefit from upcoming projects such as Char Dham Road, New Delhi-Dehradun Expressway, 22 Green Express Highways, and others. There's a huge potential for small hotel partners, agents to tap into this and look at expanding their offerings catering to the needs of tourists," he added.

Livemint, March 02, 2021

7. Karnal CFC a 'big push' to Ayurveda industry: Khattar

Haryana Chief Minister, Manohar Lal Khattar said that Haryana will contribute significantly to promoting Ayurveda in the country. He said the Central government has accorded approval to an ambitious project to set up a 'common facility centre' (CFC) in Karnal which will give a major infrastructural push to traditional Ayurveda industry in the state.

The CM said the state government is actively working towards promoting growth of Micro, Small, and Medium Enterprises (MSME) through the cluster approach of MSME Department. He said that the state government is implementing a 'visionary' Mini Cluster Scheme for enhancing competitiveness of its micro units. Under this scheme, over 50 MSME clusters have been identified and are being developed across Haryana, he added.

Khattar said that the CFC project will be constructed at a cost of Rs 15 Crore. The project which will have a state of the art herbal extraction plant, an research and development facility, a quality control lab among other components, will benefit over 200 micro and small Ayurveda products manufacturing units in and around Karnal, he added. The CM said this will be the first cluster project of its kind approved by the Central government under the MSME flagship scheme. He said the establishment of this 'CFC' will help in the production of quality Ayurveda products like immunity booster tablets, syrups, ointments, creams, oils, personal hygiene products.

Micro and small units related to export of these quality products will be strengthened, he added. The CM said this project of 'common facility centre' is also expected to generate employment for more than 500 persons. The secretary, Union ministry of micro, small and medium enterprises, BB Swain hoped the establishment of 'CFC' in Haryana is an important step towards promoting Ayurveda across the country.

The Statesman, March 04, 2021

8. PLI scheme to make major impact on India's MSMEs: PM

The Prime Minister Narendra Modi said that production linked incentive (PLI) scheme would make a major impact to the country's micro small and medium enterprises (MSMEs) ecosystem by creating the anchor units in every sector that will need a new supplier base across the entire value chain.

He urged the industry to join and take advantage of the PLI scheme and added that the focus of the industry should be on creating 'Best Quality Goods' for the country and the world. He also urged the industry to innovate according to the needs of the fast-changing world, increase our participation in R&D, upgrading the manpower skills and use of new technology.

"We have the talent everywhere in handicrafts...from the MSMEs and we can make them export oriented," he said while addressing on PLIs scheme organised by the Department of Industry and International Trade and Niti Aayog through a webinar.

The Prime Minister highlighted that in this year's budget, a provision of about ₹2 lakh crore has been made for schemes related to the PLI scheme and an average of five per cent of production is given as incentive. This means that PLI schemes will lead to production worth $520 billion in India in the next five years. It is also estimated that sectors for which the PLI scheme has been created will witness doubling of the workforce.

He said recently approved PLI schemes in IT hardware and Telecom equipment manufacturing will lead to tremendous increase in production and domestic value addition. IT hardware is estimated to achieve ₹3 trillion worth production in four years and domestic value addition is expected to rise from current 5-10 per cent to 20-25 per cent in five years.

Similarly telecom equipment manufacturing will witness an increase of about ₹2.5 lakh crore in five years. "We should be in a position to export worth ₹2 lakh crore from this," he said. In the Pharma sector, Modi said he expects more than ₹15,000 crore investment in next five-six years under PLI leading to ₹3 lakh crore in pharma sale and export increase worth ₹2 lakh crore. The Prime Minister asserted that the way India is serving humanity today, India has become a big brand all over the world. India's credibility and India's identity are constantly reaching new heights.

"The brand of India is continuously reaching new heights. The trust has increased in our medicines, our medical professionals and our medical equipment across the world," Modi said. And, to honor this trust, he urged the pharma sector to work on chalking out long-term strategy to take advantage of this. He said the PLI scheme was launched last year to incentivise manufacturing of mobile phones and electronic components in India. Even during the pandemic, the sector manufactured goods worth ₹35,000 crore last year, saw a fresh investment of about ₹1,300 crore and created thousands of new jobs in this sector. The Prime Minister said 13 sectors have been brought under Production Linked Incentives for the first time. PLI benefits the entire ecosystem associated with the sector. With PLI in Auto and Pharma, there will be very less foreign dependence related to auto parts, medical equipment and raw materials of medicines. He added that the energy sector will be modernised in the country with the help of Advanced Cell Batteries, Solar PV modules and Specialty Steel. Similarly, the PLI for the textile and food processing sector will benefit the entire agriculture sector.

The Hindu BusinessLine, March 05, 2021

9. Govt plans to scrap 6,000 compliances

Prime Minister Narendra Modi said the government plans to do away with over 6,000 compliance requirements for businesses both at the central and state levels this year to facilitate ease of doing business in India. "We are going to take it seriously. We have to get rid of the requirement to fill up umpteen forms. Your suggestions are crucial," Modi told industry leaders while addressing a webinar. Department for Promotion of Industry and Internal Trade (DPIIT) secretary Guruprasad Mohapatra said last year that the Centre has started identifying redundant rules in state and central laws that can be removed to reduce compliance burden for companies operating in India. "It is a major assignment given by the Prime Minister, and the cabinet secretary is monitoring its progress," he had said in July last year. Mohapatra said the idea came during Modi's meeting with Marriott International president and chief executive Arne Sorenson, who complained about the complex regulations in starting and running a hotel in India. Citing a study, the Economic Survey FY20 said one needs 45 documents to obtain a licence from Delhi Police to open a restaurant—far more than the number of documents required for a licence to procure new arms (19) and major fireworks (12). The Survey said a major challenge most firms face is the complex architecture of the governance framework, including the density of legislation and statutory compliances.

Hindustan Times, March 06, 2021

10.Naveen Patnaik unveils India's first World Skill Centre in Bhubaneswar

Chief Minister Naveen Patnaik inaugurated the World Skill Centre (WSC) at Mancheswar, describing it as a milestone that adds a new chapter in skill ecosystem of Odisha. India's first and one-of-its-kind skill centre, the WSC will be a premier institute to impart advanced skills and create globally employable youth in the State, he said. The centre, built over an area of 4.5 lakh sq ft, has been developed at an investment of Rs 1,342.2 crore on a cost sharing basis with the Asian Development Bank under the Odisha Skill Development Project.

The 18-storey state-of-the-art building with a helipad is now the tallest structure in the State. It will provide skills training to 3000 students in eight trades. The courses include Facility Technology in Mechanical Services, Air Conditioning and Refrigeration, Vertical Transportation, Mechatronics, Electrical Technology, Precision engineering and Hair and Fashion Design. The State government has partnered with Institute of Technical Education Services (ITEES), Singapore to support Odisha Skill Development Authority (OSDA) in operationalising the centre.

The Chief Minister reiterated that skill development is a top priority for the government. "Our aim is to meet the aspirations of the youth as well as create a pool of increased opportunities for them. We are intensely investing in the future of youth by creating infrastructure and mechanism for making them future ready," he said. He stated, "The WSC will further support our endeavour by providing advance skill training to our youth and prepare them for competing at global level. It will take a lead in transformation from present to future for all ITIs and polytechnics in Odisha."

OSDA Chairman Subroto Bagchi said that the WSC will add a new dimension to promote Skilled-In-Odisha as a global brand. The State will create Odisha Skill Vision 2030 that will guide all future efforts in the skill development sector. Skill Development and Technical Education (SDTE) Minister Premananda Nayak, Chief Secretary Suresh Chandra Mahapatra, SDTE secretary Sanjay Kumar Singh and industry leaders were present at the event.

The New Indian Express, March 06, 2021

11.Karnataka Budget: New aerospace, defence policy on cards

Chief Minister B S Yediyurappa announced the formalisation of a new aerospace and defence policy while presenting the state budget which he and officials said will substantially revamp the industry ecosystem. Yediyurappa said that the new policy will help Karnataka maintain its edge in the aerospace and defence sector. "We have the credit of having declared an aerospace policy in 2013, the first in the country. Karnataka has a share of more than 65% of the exports of defence and aerospace sector. To maintain this lead in this sector and to give attention towards indigenous production under the Atma Nirbhar Bharat Abhiyan, a new aerospace and defence policy will be announced," he announced in the budget speech.

Industries secretary Gaurav Gupta specified that the new policy will include changes in line with demands from industries. Gupta acknowledged that several issues had cropped up since the formulation of the now nine-year-old aerospace and defence policy.

"Now, there is an increased focus on Aatma Nirbhar Bharat which means supporting great levels of indigenisation, especially when it comes to the LCA Tejas and other high-profile aircraft projects, but also upcoming smaller technologies such as drones," he said.

Gunjan Krishna, commissioner, Industrial Development and director, said the new policy will be in line with reforms introduced by the central government. “In a way, the policy is intended to make the state more competitive, but not necessarily to the point that Karnataka will be in direct competition with states. We are aiming to provide the framework that will enable ease of business,” Krishna explained.
Gupta pointed out that Karnataka’s aerospace and defence ecosystem has already attained a high level of maturity when compared to that of the other states. “We have to look at the larger scale when it comes to the new policy but also MSMEs, including startups. One major focus area is the space industry,” he said.
The officials said that the state is still about two to three months away from finalising the policy. “We require consultations with stakeholders and members of the industry. This is ongoing. The policy will be rolled out rapidly,” Gupta said. In the budget, the chief minister also announced a grant of Rs 2 crore to improve infrastructure at the Government Flying Training School at Jakkur.
Deccan Herald, March 09, 2021

12.Nitin Gadkari asks domestic auto industry to adopt Make in India

Union Minister Nitin Gadkari called for the domestic automobile industry to adopt Make in India, asserting that there should be no import of auto components, and all the components should be made in the country at a reasonable price. Speaking at an event, the minister for MSME and Road Transport and Highways said "by accepting new technologies, we are going to create new markets, more profits, turnover, and more employment potential in the country". He said the government was in the process of encouraging MSMEs, with good track record of the past five years in terms of bank turnover, GST, income tax and based on balance sheet, to raise capital from the capital market.
Addressing an event through video conferencing, the minister said that "we are trying to make the ethanol-economy from present size of 20,000 crore rupees to ₹2 lakh crore".
Suggesting the automobile industry to adopt the Make in India programme and Made in India, the minister said there should be no import of auto components and 100 per cent components should be made in India at a reasonable price, an official statement said. He said the government is increasing the expenditure on infrastructure. "We are trying to convert transport on electricity like going for electric trucks, electric mass rapid transport, creating public transport on electricity," said the minister. Mentioning the rebound of the country's economy, the minister said that "for the last two months, the growth rate is going in a positive direction and within six months, it is going to be in a very good position".
Gadkari said road transport has been given the highest priority and an amount of ₹1,18,000 crore has been sanctioned for road and transport in the Budget. Hailing speed of road construction in India, Gadkari said that "presently, a record-breaking 34 km per day of road is being constructed, making India second-biggest road network in the world".
Livemint, March 12, 2021

13.Govt committed to promote renewable energy, especially in MSME sector: Gadkari

The government is committed to promote renewable energy resources in the country, especially in the micro, small and medium enterprises (MSMEs) sector, Union minister Nitin Gadkari has said. He also exuded confidence that within five years, India will be a top manufacturing hub for automobiles in the world. Gadkari, who holds MSME portfolio along with road transport, said by making solar energy available, "we will create big market for electric vehicles".

He invited investors abroad to invest in Indian MSMEs and expressed hope that this will provide a number of opportunities to the MSME sector to become the world's largest manufacturing hub. The minister was addressing a webinar.

In his address, Gadkari said that the MSMEs with good track record are now being encouraged for capital market. He said there exists a huge opportunity for investment in scrapping policy. The minister highlighted that India has tremendous potential and capacity for electricity generation. He said that the solar power rate in India is Rs 2.40 per unit and commercial rate of power is Rs 11 per unit and the cheap power generated through solar energy can be used for automobiles and other developmental works.

The government has set an ambitious target for renewable energy and in particular, solar power generation, for this decade. The target for renewable energy installation is 450 GW by year 2030.

The Times of India, March 13, 2021

14.Plastic Ban: Govt does well to come up with phased plan, but must support MSMEs in transitioning to alternatives

The Centre's proposed two-phase single-use plastic ban is the need of the hour. Plastic pollution in the country has reached staggering levels; the country generates over 25,000 tonnes of plastic waste a day, of which 40% remains uncollected.

The Centre has proposed that single-use plastics such as plastic sticks in earbuds and balloons, plastic flags, candy- and ice-cream-sticks, and polystyrene for decoration be banned from January 1, 2022, while disposable plates, cups, glasses, cutlery, straw, trays, plastic wrapping around sweet-boxes, invitation cards, cigarette packets, etc, and plastic/PVC banners less than 100 microns thick be banned from July 1, 2022.

With such exact items specified for the ban, one part of the problem of previous attempts over the past five years or so—that of differing rules across states— is taken care of. However, a big challenge for companies will be being ready with alternatives, that is, assessing how these alternatives will play out in terms of costs, and how much of the added cost can be passed on to the consumer.

The move to ban plastic (virgin or recycled) bags under 120-micron thickness—at present, only bags under 50 microns of thickness are banned—will certainly help contain plastic waste, by encouraging better collection and recycling. Against the backdrop of the pandemic's effect on businesses, especially MSMEs, the government has to carefully consider the ramification of its decision on vulnerable businesses and, if need be, come out with support packages to facilitate the transition to alternatives.

Financial Express, March 16, 2021

15.US agencies to offer $41 million loan for India SMEs to invest in green energy

The United States Agency for International Development (USAID) and the US International Development Finance Corporation (DFC) are together sponsoring a $41 million loan portfolio guarantee to aid investments by Small and Medium Enterprises (SMEs) in renewable energy in India, a statement from the US embassy said. These include rooftop solar installations and the loans will enable SMEs to access reliable power and cut costs, the statement said.

"USAID, India is pleased to promote power diversification and support local businesses in India. Investments in solar solutions, secured by these credit guarantees, will improve access to clean, steady, and affordable energy as well as further progress towards India's clean energy transition and climate change mitigation," Karen Klimowski, USAID's India Acting Mission Director said.

While India's commercial and industrial sectors pay high fees for their electricity, making rooftop solar a sustainable, cost-saving investment, SMEs and residential consumers face obstacles in securing the financing needed to install and use rooftop panels, the statement said.

SMEs account for 48% of the total energy consumed in India's industrial sector. For them, rooftop solar power generation offers a win-win, with lower monthly energy costs driving important social benefits like job creation and economic growth. Simultaneously, it helps reduce carbon emissions and improve air quality.

USAID and DFC partnered with the New York-based Encourage Capital, an environmentally focused investment firm, and two Indian non-banking financial companies, cKers Financial and Electronica Finance Limited (EFL), to address this challenge, the statement said.

Encourage Capital has invested $15 million in EFL, which will use the USAID-DFC loan portfolio guarantee to stimulate the rooftop solar market—representing a $9 billion market opportunity—for SMEs, it said. Once these credit guarantees lower the financial hurdle for installing rooftop solar, India will realize numerous benefits resulting from the transition to this green technology, it added.

Livemint, March 18, 2021

16.₹2.46-lakh crore sanctioned under ECLGS

The cumulative sanctioned and disbursed amounts under the Emergency Credit Line Guarantee Scheme (ECLGS) to MSMEs stood at ₹2.46-lakh crore and ₹1.81-lakh crore, respectively, as on February 28, according to the government. In a written reply to Lok Sabha, MSME Minister Nitin Gadkari said that under the Credit Guarantee Scheme for Subordinate Debt (CGSSD), 343 guarantees have been issued amounting to ₹40.56 crore as on March 10.

Replying to a separate question, he said as on March 15 this fiscal, the public procurement from the MSEs was ₹31,292.09 crore, benefitting 1.35 lakh units.

The Hindu BusinessLine, March 18, 2021

17.NPAs likely to rise in first half of 2021: FICCI-IBA

Asset quality of banks, which saw some improvement in the second half of 2020, is likely to worsen during the first six months of 2021, a survey showed. The findings are part of the 12th round of bankers' survey carried out by FICCI-IBA between July and December 2020. The survey was conducted on 20 banks, including public sector, private sector and foreign banks.

In the current round of the survey, half of the respondent banks reported a decline in NPAs during the second half of 2020. About 78% of participating state-run banks cited a reduction in NPA levels. "However, in terms of outlook, nearly 68% of respondent bankers expect the NPA levels to be above 10% in the first half of 2021," the survey showed. Close to 37% of respondents expect NPA levels to be upwards of 12%.

The Hindu, March 18, 2021

18.Foreign trade policy 2021-26 to focus on MSMEs, new export potential

The central government is devising a mechanism to step up screening imports to protect domestic manufacturers. The details of the online monitoring system may find mention in the foreign trade policy 2021-26, which will kick in next month.

The online system will make the data available to the government as well as industry about the countries from where the goods are being imported, and their quantity and quality. The data can help domestic producers analyse the market potential for such goods, said a senior government official. In the past 16 months, the government had implemented a steel and coal import monitoring system. Under the system, advance registration of inward shipment is required. It was seen as one of the steps to facilitate reducing the import of these commodities, while also giving an opportunity to industry to step up value-added exports, in line with Prime Minister Narendra Modi's push towards a self-reliant India. "Such a monitoring system could be expanded to other sectors and could find a mention in the upcoming foreign trade policy," the official told Business Standard. In December, the commerce ministry had said such a system was being developed also for aluminium, copper, footwear, furniture, paper, sports, goods, and gym equipment. Along with this, the upcoming foreign trade policy will focus on promoting micro, small, and medium enterprises as well as e-commerce exports.

There could also be greater categorisation of products into various harmonised systems of nomenclature (HSN) to check unnecessary imports and those of poor quality. "For instance, some products are fitted into the 'others' category because they are not categorised under any HSN code. The upcoming policy aims to fix this issue," the official cited above said. Besides, the policy will identify new sectors that have export potential, he added. The foreign trade policy comes in the backdrop of a massive disruption in global trade over the past one year due to the Covid-19 pandemic. According to the latest data released by the commerce and industry ministry, India's merchandise exports were $27.93 billion in February, clocking a marginal growth rate of 0.67 per cent year-on-year (YoY). During the first 11 months of the current fiscal year, merchandise exports contracted 12 per cent YoY at $256.18 billion.

Similarly, imports also declined by 23.11 per cent to $340.80 billion. Last year, the government had extended the foreign trade policy 2015-20 till March 31, 2021, owing to the pandemic outbreak and a subsequent nationwide lockdown.

Business Standard, March 22, 2021

19.No compound or penal interest to be levied on borrowers during moratorium period: SC

In a major relief to borrowers, the Supreme Court directed that no compound or penal interest be charged for the six-month moratorium announced last year amid the COVID-19 pandemic and the amount already recovered is to be refunded or adjusted in the next instalment of loan account.

While refusing to extend the period of moratorium, the apex court said there is "no justification" to charge interest on interest or compound interest for the period during the moratorium once the payment of instalment is deferred by last year's March 27 notification.

The Reserve Bank of India (RBI) had on March 27, 2020 issued the circular allowing lending institutions to grant a moratorium on payment of instalments of term loans falling due between March 1 and May 31 of last year due to the pandemic. The moratorium was extended by three months till August 31.

The top court delivered the verdict on a batch of petitions seeking reliefs, including extension of loan moratorium, complete waiver of interest or interest on interest during the moratorium period and sector wise relief packages. "However, it is directed that there shall not be any charge of interest on interest/compound interest/penal interest for the period during the moratorium and any amount already recovered under the same head, namely, interest on interest/penal interest/compound interest shall be refunded to the concerned borrowers and to be given credit/adjusted in the next instalment of the loan account," a bench headed by Justice Ashok Bhushan said in its 148-page judgement.

The bench, also comprising Justices R S Reddy and M R Shah, noted that by a notification dated March 27 last year the government has provided deferment of instalments due and payable during the moratorium period. "Once the payment of instalment is deferred as per circular dated March 27, 2020, non-payment of the instalment during the moratorium period cannot be said to be willful and therefore there is no justification to charge the interest on interest/compound interest/penal interest for the period during the moratorium," the bench said.

"Interim relief granted earlier not to declare the accounts of respective borrowers as NPA stands vacated," it said. The bench, which referred to previous verdicts delivered by the top court, noted that what is best in national economy and in what manner and to what extent the financial reliefs or packages be formulated, offered and implemented is ultimately to be decided by the government and the RBI on the aid and advise of the experts.

"The same is a matter for decision exclusively within the province of the central government. Such matters do not ordinarily attract the power of judicial review," it said. "Merely because some class/sector may not be agreeable and/or satisfied with such packages/policy decisions, the courts, in exercise of the power of judicial review, do not ordinarily interfere with the policy decisions, unless such policy could be faulted on the ground of mala fide, arbitrariness, unfairness etc," the bench said.

The bench also noted in its verdict that the Centre had come out with a policy decision subsequently by which it was decided not to charge interest on interest on loans up to Rs 2 crores and this relief was restricted to following categories -- MSME (Micro, Small & Medium Enterprises), Education, Housing, Consumer durable, Credit card, Automobile, Personal and Consumption.

"There is no justification shown to restrict the relief of not charging interest on interest with respect to the loans up to Rs 2 crores only and that too restricted to the aforesaid categories. What are the basis to restrict it to Rs 2 crores are not forthcoming," it said. The bench said as such, there is no rational to restrict such relief with respect to loans up to Rs 2 crores only.

"Therefore, if a borrower, for example, MSME category has availed and has outstanding of business loan of Rs 1.99 crores and also has dues of its credit card of Rs 1.10 lakhs, thereby making the aggregate to Rs 2.10 crores, it stands ineligible. Therefore, the aforesaid conditions would be arbitrary and discriminatory," it noted.

The top court said that correctness of reasons which prompted the government in decision taking one course of action instead of another is not a matter of concern in judicial review and the court is not the appropriate forum for such investigation.

"The policy decision must be left to the government as it alone can adopt which policy should be adopted after considering of the points from different angles. In assessing the propriety of the decision of the government the court cannot interfere even if a second view is possible from that of the government," it said.

"Even the government also suffered due to lockdown, due to unprecedented COVID-19 pandemic and also even lost the revenue in the form of GST. Still, the government seems to have come out with various reliefs/packages. Government has its own financial constraints," the bench noted.

"Economic and fiscal regulatory measures are a field where judges should encroach upon very warily as judges are not experts in these matters," the bench said. It did not accept the submissions of one of the petitioners that there is no national plan drawn up for disaster management due to COVID-19 pandemic and that the NDMA has failed to perform its duty.

Business Today, March 25, 2021

20.Government, exporters hope USTR goes slow on retaliatory levy

The government and exporters are hoping that the US Trade Representative (USTR) goes slow on the proposed retaliatory tariff on 40 items, including basmati rice, shrimps and several gems and jewellery products, in response to India's digital service tax (DST).

The US has indicated that it may not rush ahead with the move against India, although it has sought public comments. Although the extent of duty collected through a 2% levy will add up to around $55 million annually, the damage will be assessed by the USTR as part of the investigation. Experts believe it is bad optics considering that India the US are strategic allies but are yet to clinch a deal to sort out earlier action and retaliatory measures. The action came days after Catharine Tai was sworn in as the new USTR and had a virtual meeting with commerce and industry minister Piyush Goyal. Last year, US had started a probe against India and several other countries for imposing DST.

Exporters are cautious on their assessment. "If the US goes ahead with the move, it will have a dampening effect on Indian exports. It is discriminatory tariff, especially when Indian exporters are competing with others for the same products. But the impact will depend on the extent of the duty imposed. If it is 2-3%, exporter may be able to absorb it. But it will sure hurt them if the tariff is 15-20%," said an expert. Others are seeking a multilateral solution to the issues, something that is being debated at international forums such as OECD.

"While retaliatory tariffs can hamper the interests of SMEs and consumers both in India and US, a possible action by India will create a rollerball effect. Tax challenges in digital economies are not just limited to India but will involve many countries soon, and hence a multilateral approach by the way of dialogues should be considered," industry lobby group said. The USTR move reiterates that countries do not change their policies despite the change of leadership, said trade experts.

Given the tough bargain that US is known for, it is unlikely to settle for a deal without extracting concessions in return, especially when the finance ministry, which had imposed the levy, has failed to convince India's key trading partner on the issue.

For the last two years or so, India is hoping to address US concerns, ranging from price control on medical devices IPR to e-commerce and export promotion schemes, while also negotiating a deal that will see both countries open up their markets for each other for products ranging from apple to technology products.

The Times of India, March 29, 2021

21.Corporate affairs ministry facilitates tracking down of payments to MSMEs

The Ministry of Corporate Affairs (MCA) has made it easier for authorities to find out whether the company concerned is holding payments of vendors, especially micro, small, and medium enterprises (MSMEs) and for how many years. Companies are required to disclose trade payables according to their ageing — less than one year, 1-2 years, 2-3 years, and more than three years — in their financial statements.

This would be divided between MSMEs and others. Within each category, there would be further sub-categories — disputed and undisputed. On the same lines, the ageing for trade receivables will also be disclosed. Currently, companies are only required to disclose trade payables into two parts — payables to MSMEs and payables to non-MSMEs. There is no requirement to provide any ageing details.

On the matter of receivables, the only requirement is to divide it between up to six months and more than six months. "This will allow the government to immediately track down serious corporate offenders and act strictly against defaulting companies in order to protect MSME vendors," said an expert.

Another expert said the MCA's move will help stakeholders get an understanding on how quickly the company is converting its debtors into cash and cash equivalents. "It would also help the stakeholders track whether the company is regular in making payment to its vendors," he said. Besides, the stakeholders will get to figure out the debtors, which will most likely become bad and doubtful, he said.

In terms of MSME Development Act, 2006, any person who has purchased goods or procured services from the MSME supplier is bound to make payments within a maximum period of 45 days. Any delay beyond this makes the buyer liable to pay interest at three times the bank rate notified by the RBI.

Business Standard, March 29, 2021

22.SBI to revamp MSME lending ops to increase efficiency

State Bank of India (SBI) plans to revamp its entire operational setup for lending to micro, small and medium enterprises (MSMEs) with a view to improve turnaround time (TAT) and customer experience while keeping bad loans in check. The bank has floated a request-for-proposal (RFP) seeking bids from consultants to carry out the process.

In the tender document the bank said that it would like to increase its market share in this category, which currently stands at 15%. "With the objective of becoming banker of choice for MSMEs, SBI intends to improve existing processes and structure in the SME space for achieving improvement in market share/enhance the portfolio while ensuring the asset quality," SBI said. The document reveals certain gaps in the existing operational flows of the bank. For instance, the credit guarantee fund trust for micro and small enterprises (CGTMSE) journey is entirely manual as there is no interface with the fund's portal. The bank says that there has been poor offtake in this segment and there is a need to identify deficiencies in on-boarding which are resulting in high non-performing assets (NPAs). SBI also needs to develop analytics tools to generate supply chain financing business from its existing current account (CA) base.

There are four verticals in SBI's MSME lending operations — SME Centre and relationship managers, supply chain finance, CGTMSE and cluster financing. At the SME centre, the bank wants to identify gaps in the end-to-end process of loan origination, sanction and monitoring and propose changes in process flow and end-to-end digitisation specific to loans up to Rs 1 crore. They are also looking to reduce the TAT and improve on-boarding. In terms of the relationship manager (RM) enablement, the consultant will be required to benchmark digital offerings of RMs of peers and identify areas of data obtention that can be digitised and centralised, including making available a digital tool to work from anywhere.

In the supply chain finance (SCF) vertical, too, SBI wishes to benchmark current dealer/vendor financing SCF journeys with the "best-in-class world players and identify gaps." The consultant will be required to develop value chain analytics capabilities, including an analytics framework on the lack of transaction flows of the existing current account (CA) base to generate leads for vendor and dealer onboarding. The consultant will be tasked with identifying the reasons for poor offtake in CGTMSE schemes and suggesting measures for improvement. They will also have to identify deficiencies in on-boarding which could be hurting asset quality.

In cluster financing, the bank wants to build in risk mitigants. It expects the consultant to suggest a co-ordination mechanism with various government agencies for increased thrust in the cluster portfolio. The consultant will also be expected to bring in new fintechs for partnering with the bank, among other things.

SBI has a 1,770-strong team of RMs to provide specialised services to MSMEs as per their requirements. It has a network of more than 1,100 specialised SME intensive and MSME branches. Its SME portfolio grew 5.6% year-on-year (y-o-y) to `2.94 lakh crore at the end of December 2020. The NPA ratio stood at 6.85% in the SME segment amid an interim judicial order to not recognise NPAs after August 31, 2020. The order has since been lifted.

Financial Express, March 31, 2021

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