ISSUE - 58, EDITION - JUNE 2021

NEWSLETTER

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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:

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MSME NEWS UPDATE

1. Govt unveils new list of defence hardware to be procured locally

India's defence ministry put out another list of more than 100 items of defence hardware that the three services will procure from domestic vendors in a bid to promote military equipment manufacturing in the country. "This will give further boost to indigenisation (Atmanirbhar Bharat programme) with active participation of public and private sector for fulfilling the twin objectives of achieving self-reliance and promoting defence exports," a statement from the defence ministry said. "All the 108 items (on the list) will now be procured from indigenous sources as per provisions given in Defence Acquisition Procedure (DAP) 2020," it said.

The second list contains sophisticated hardware and systems like light, medium and heavy combat armoured or mine protected vehicles, helicopter launched anti-tank missiles, anti-torpedo decoy systems for ships, software defined radio for combat ships, wall penetrating imaging radars, 10 kilometre range battle field surveillance radars, land based medium power radars, thermal imaging and sight intensifiers for small arms including light machine guns and assault rifles and mountain weapons locating radars. Long range glide bombs, steering gear for destroyers and frigates, deep search mine detectors are also on the list.

Last year in August, the ministry had come out with a first list of 101 items that it said the Indian Army, Indian Navy and Indian Air Force would procure from domestic vendors. It was in February last year that prime minister Narendra Modi set Indian industry a target of $5 billion in defence exports in next five years. This came against the backdrop of India being the world's second largest importer of defence hardware after Saudi Arabia, according to the Stockholm International Peace Research Institute.

"The 'Second Positive Indigenisation List' comprises complex systems, sensors, simulator, weapons and ammunitions like helicopters, next generation corvettes, air borne early warning and control (AEW&C) systems, tank engines, medium power radar for mountains, medium range surface to air missiles and many more such items to full fill the requirements of Indian Armed Forces," the defence ministry statement said. "This second list is planned to be implemented progressively with effect from December 2021 to December 2025," it said.

It lays "special focus on weapons and systems which are currently under development or trials and are likely to translate into firm orders in the future," the statement said. "Like the first list, import substitution of ammunition which is a recurring requirement has been given special focus. Not only does the list recognise the potential of local defence industry, it will also give impetus to domestic research and development by attracting fresh investment into technology and manufacturing capabilities," it said. "This list also provides an excellent opportunity for 'start-ups' as also MSMEs which will get tremendous boost from this initiative," it said.

The defence ministry, Defence Research and Development Organisation and Service Headquarters "will take all necessary steps, including hand holding of the Industry, to ensure that the timelines mentioned in the 'Second Positive Indigenisation List' are met, thereby facilitating an environment for Indian Defence Manufacturers to create world class infrastructure and assist in the government's 'Make in India' vision to make India self-reliant in defence," the statement said.

Mint, June 01, 2021

2. **Piyush Goyal asks industry associations to prepare protocol checklist for COVID-19 wave**

Commerce and Industry Minister Piyush Goyal has called upon industry associations to prepare a comprehensive checklist that needs to be followed for a possible third COVID-19 wave to deal with the crisis. He also suggested them to help the children impacted by the pandemic. The Minister said this while meeting industry associations on June 1 to review their preparedness to meet the present and future challenges because of COVID-19 pandemic.

Mr. Goyal has said that in the recent past, due to the rapid rise in COVID-19 cases, the industrial production was severely impacted due to lockdowns, non-availability of oxygen, migration of workers, and the spread of the virus amongst the workforces. It is expected from industry associations to draw upon the lessons learnt from past experiences to meet the present and future challenges, he has said. "Goyal called upon the industry associations to prepare a comprehensive checklist that needs to be followed for a possible 3rd Covid wave, covering various measures," a statement issued by the Commerce and Industry Ministry said.

The Hindu, June 02, 2021

3. **Lending to MSMEs up 3% in FY21**

Credit offtake by micro, small and medium enterprises (MSMEs) increased by 3 per cent in the last fiscal year (FY21) against a marginal de-growth in FY20. However, the second Covid wave has hit incremental credit growth in April this year. At Rs 12.43 lakh crore at the end of FY21, the total bank credit outstanding to MSMEs grew 3.19 per cent. At the end of the previous fiscal, the outstanding had degrown 0.21 per cent. While micro and small enterprises (MSEs) registered a growth of 4.22 per cent in credit offtake in FY21, outstanding by medium enterprises grew 5.14 per cent. The manufacturing sector recorded a growth of 3.07 per cent in FY21 against a degrowth of 6.15 per cent in the previous year. Services bettered growth from 3.89 per cent in FY20 to 4.83 per cent in FY21.

Some of the key policy measures provided by the government during the pandemic led to the growth in bank credit. This includes the Emergency Credit Line Guarantee Scheme. However, since the second wave of the pandemic started hitting industries, there has been a decline of bank credit. In April 2021, incremental bank credit to the MSME sector fell by 3.2 per cent compared with a negative growth of 0.2 per cent in April 2020.

Deccan Chronicle, June 02, 2021

4. **Govt notifies PLI scheme for telecom equipment**

The department of telecommunications notified the guidelines for the production-linked incentive (PLI) scheme for telecom equipment and interested companies can now start submitting their applications. Under the scheme a maximum of 10 companies will be selected in MSME category and a similar number in the non-MSME category. Of the 10 selected companies in the non-MSME category, at least 3 need to be domestic firms. The applications will be shortlisted from highest to lowest on the basis of committed cumulative incremental investment during the scheme period. Commitment investment will be a key criterion to select companies for the scheme.

The PLI scheme will be implemented within the overall financial limits of Rs 12,195 crore over a period of 5 years. For MSME category, financial allocation will be Rs 1,000 crore. Small Industries Development Bank of India (SIDBI) has been appointed as the Project Management Agency (PMA) for the PLI scheme. The minimum investment threshold for MSMEs has been kept at Rs 10 crore and for others at Rs 100 crore. As per the guidelines, the selection is subject to total incentive on maximum eligible sales for all applicants in respective categories being within the overall financial limit of Rs 12,195 crore over a period of 5 years. In case the total incentive payable on maximum eligible sales based on committed total investment is more than the financial limit for respective categories, the number of applicants to be selected will be reduced accordingly.

Land and building cost will not be counted as investment. Eligibility shall be further subject to incremental sales of manufactured goods over the base year (FY2019-20). The scheme will be effective from April 1, 2021, and investment made by successful applicants in India from April, 2021 onwards and up to financial year 2024-2025 shall be eligible, subject to qualifying incremental annual thresholds. The support under the scheme shall be provided for a period of five years from FY 2021-22 to FY 2025-26. It is estimated that full utilisation of the scheme funds is likely to lead to incremental production of around Rs 2.4 lakh crore with exports of around Rs 2 lakh crore over 5 years. It is also expected that the scheme will bring investment of around Rs 3,000 crore and generate huge direct and indirect employment. As is known, incentives under the scheme ranges between 4% and 7% for different categories and years. For MSMEs, 1% higher incentive is proposed in year 1, year 2 and year 3. Financial year 2019-20 will be treated as the base year for computation of cumulative incremental sales of manufactured goods net of taxes.

Financial Express, June 04, 2021

5. Reserve Bank expands resolution framework 2.0 coverage to Rs 50 crore

Banks and non-banking financial companies (NBFCs) can restructure loans up to Rs 50 crore under the resolution framework 2.0, as the Reserve Bank of India (RBI) doubled the limit an earlier threshold of Rs 25 crore exposure. On May 5, RBI had announced resolution framework 2.0 for debt restructuring of stressed individuals, small businesses and MSMEs having aggregate exposure of up to Rs 25 crore. With the ceiling now doubled, MSMEs with a 'standard' classification as of March 31, 2021, can approach the lenders to help ease the parameters of repayment. The RBI on May 5 had allowed lenders to carry out a fresh round of restructuring of retail and MSME accounts. The resolution process will be invoked in 30 days and the last day for invocation will be September 30, 2021. Thereafter, the resolution plan will be implemented within 90 days or latest by December 31, 2021. The moratorium period on loans will be a maximum of two years, starting soon after invocation.

Indian Banks' Association (IBA) had said public sector banks have formulated a templated approach for restructuring of loans under resolution framework 2.0. The IBA chairman and MD & CEO of Union Bank of India, Rajkiran Rai G, said that enhancement of the exposure thresholds under resolution framework for MSMEs, non-MSMEs, small businesses and individuals was one of the demands of the industry. He also said that move by RBI provides a much-needed relief, as with the enhanced threshold significant number of the borrowers will be eligible under the framework.

An expert said, "The relaxation in eligibility criteria for resolution framework 2.0 is timely because it increases the coverage of stressed companies under the scheme." He added that almost two-thirds of the rated mid-sized companies in the corporate sector (standard accounts as on March 31, 2021) has now come under its ambit, compared with only half as per the previous threshold. "Three out of four companies eligible for restructuring have sub-investment category ratings, which indicates their relatively lower ability to manage liquidity shocks," he further said, adding that rescheduling of repayments under the scheme will help to mitigate this issue.

Financial Express, June 05, 2021

6. **MSMEs, retailers need to adapt to home delivery**

Micro, small and medium enterprises and retailers need to adapt to the home delivery model at the earliest to leverage the anticipated pent-up demand for consumer goods over the next three months, according to a survey. A majority of 66% respondents said their top criteria for deciding the mode of buying will be contactless home delivery and adherence to social distancing over the next three months. About 13% voted for convenience, 3% for price, 15% for supporting small businesses and 1% for 'other' reasons.

The survey received more than 40,000 responses from citizens residing in 303 districts of India. The survey added that one in three households would need to purchase a gadget. On the must-have products they needed as households in the next three months, 33% respondents said they required equipment such as laptop and mobiles for work from home or other activities, 23% wanted appliances such as ACs, coolers, fans and whitegoods and 22% needed home appliances, bedding and furnishings.

The Hindu, June 07, 2021

7. **World Bank approves $500 million MSME financing programme; support to 5.55 lakh firms**

Less than a year after the World Bank made its first intervention with the $750 million MSME Emergency Response Program to help Covid-hit MSMEs in India, the global financial institution has now approved a $500 million programme called Raising and Accelerating Micro, Small and Medium Enterprise Performance (RAMP) to further back government's initiative to help the sector recover from the Covid menace. According to a statement by the World Bank, RAMP aims improvement in the performance of 5.55 lakh MSMEs and is likely to mobilise financing of $15.5 billion as part of the government's $3.4 billion MSME Competitiveness – A post-Covid Resilience and Recovery Programme (MCRRP).

With RAMP, "the World Bank's financing for improving the productivity and financial viability of MSMEs amounts to $1.25 billion over the past year," the statement added. Moreover, the programme will support the government's efforts to enhance the productivity of MSMEs and financing "in the economic recovery phase, crowd in private sector financing in the medium term, and tackle long-standing financial sector issues" that are restricting MSMEs' growth. Under last year's MSME Emergency Response Program, 5 million MSMEs have accessed finance from the government programme. According to the World Bank, over 90 per cent MSMEs in India have less than five workers. "The RAMP program will intensify efforts to support firms to return to pre-crisis production and employment levels while laying the foundations for longer-term productivity-driven growth and generation of much-needed jobs in the MSME sector," said Junaid Ahmad, World Bank Country Director in India. The $500 million loan from the International Bank for Reconstruction and Development (IBRD), has a maturity of 18.5 years including a 5.5-year grace period.

Along with its private sector arm International Finance Corporation (IFC), the World Bank Group will back MSMEs by setting up an MSME Council for better coordination between national and state-level programmes. “State level Strategic Investment Plans (SIPs) will provide a roadmap and measurable metrics; enhance the capacity of the MSME ministry to design, implement and assess policies and programs through innovative digital platforms data systems,” the bank added. Moreover, it would support integrated portals to deliver online cost-effective MSME services at scale and create a more decentralized, flexible, and cohesive programme to address the local context and challenges to MSME growth. The programme will provide access to finance and working capital for MSMEs by “strengthening the receivable financing markets, and scale-up online dispute resolution mechanisms to address the problem of delayed payments.”

“The MSME sector in India faces several challenges. There is a need to strengthen access to formal sources of financial and non-financial services, including of women headed MSMEs, and strengthen coordination in the national and state MSME support programs. Given the magnitude and geographical spread across the country, direct interventions can be prohibitively costly,” said Peter Mousley, Lead Private Sector Specialist and World Bank’s Task Team Leader for the programme.

Financial Express, June 08, 2021

8. **New scheme for services exports soon: Commerce secretary Anup Wadhawan**

The government is in the process of formulating appropriate measures to boost services exports, which will be part of the upcoming foreign trade policy (FTP), commerce secretary Anup Wadhawan said. The statement will likely reassure Covid-hit services exporters about continued policy support, albeit in different forms or structure, amid apprehension that the resource-strapped government may substantially reduce benefits for certain services. Exporters have been awaiting the notification of support for FY20 and FY21 under the Service Exports From India Scheme (SEIS). Asked if the current SEIS would continue to be a part of the new FTP, Wadhawan told “When we firm up the new FTP, what we need to do for the services sector will be taken into account, based on stakeholders’ feedback and other inputs. And appropriate schemes and measures will be there for services exporters in the new FTP.” Sources had earlier told that the commerce ministry was weighing a proposal to overhaul the SEIS to make it more broad-based and fool-proof so that a wider pool of businesses, especially Covid-hit MSMEs, get the succour. This revamped scheme, probably with a new name, could be part of the new five-year FTP, which would be effective from October 2021, they had said.

Under the extant SEIS, the government offers exporters duty credit scrips at 5-7% of the net foreign exchange earned, depending on the nature of services. Sources had earlier said the government could also reduce benefits for consultancy and certain other professional services that it thought cornered a sizeable chunk of incentives without commensurate benefits. Moreover, a section of the government believes that since few players are grabbing most of the SEIS incentives, the scheme should be altered in such a fashion that it helps a large number of small businesses as well. Already, services exporters have urged the government to release SEIS benefits for FY20 at the earliest, which could be to the tune of Rs. 3,000-4,000 crore. The SEIS was introduced in the FTP for 2015-20; the validity of the FTP has now been extended up to September 2021.

Services exports dropped almost 6% year-on-year in FY21 to $203 billion due to the pandemic, while merchandise exports contracted by just over 7% to about $291 billion, according to a quick estimate by the commerce ministry. Services trade surplus has been substantially offsetting the merchandise

trade deficit. Despite the pandemic, the overall trade deficit dropped to just $13 billion, thanks to an $86-billion surplus in services trade in FY21.
Financial Express, June 11, 2021

9. Finance minister asks ministries to accelerate capex, clear dues to MSMEs, PSUs

To keep momentum in economic activity amid the second wave of Covid-19 pandemic, finance minister Nirmala Sitharaman asked some key ministries to front-load their capital expenditure and try to exceed their capex targets for FY22. She also asked the ministries to clear their dues to MSMEs and the PSUs under them at the earliest. The ministries were also told to explore Public Private Partnership (PPP) mode for viable projects.

"This was the 5th review meeting by the finance minister with ministries/departments on the infrastructure roadmap ahead. During the meeting, capital expenditure plans of ministries and their CPSEs, status of implementation of budget announcements and measures to expedite infrastructure investment were discussed," finance ministry said in a statement.

Besides secretaries of key departments, the meeting was attended by CMDs/CEOs of CPSEs under the ministry of road transport and highways, telecommunications and atomic energy. For FY22, the union budget has allocated Rs 5.54 lakh crore for capex, which is 26.5% higher than the provisional actuals of Rs 4.25 lakh crore in FY21. In April, the finance ministry has issued a directive to facilitate allocation of additional funds from department of economic affairs' discretionary corpus of Rs 44,000 crore to those who show good progress in capex.

"While reviewing the capital expenditure performance of the ministries and their CPSEs, Finance Minister emphasised that enhanced capex would play a critical role in revitalising the economy post-pandemic and encouraged the ministries to front-load their capital expenditure," the finance ministry said. The efforts from the budgetary side to increase the capital expenditure have to be complemented by the CPSEs, the minister said. Sitharaman also added that the ministries also need to explore Public Private Partnership (PPP) mode for viable projects. She also asked the ministries and their CPSEs to ensure clearance of MSMEs dues at the earliest. The minister asked the telecom department to expedite the important projects bringing the benefit of high-level data connectivity to all parts of the country including Aspirational Districts. The road ministry was asked to explore the possibility of enhancing connectivity in hilly regions and to expedite the implementation of Vehicle Scrapping Facility. The department of atomic energy was asked to ensure timely achievement of initiatives announced under the Atma Nirbhar Bharat Package (ANBP).
Financial Express, June 12, 2021

10. Rajnath approves Rs 499 cr budgetary support to MSMEs, others for innovation in defence

The Defence Ministry announced approval to budgetary support of Rs 498.8 crore by Defence Minister Rajnath Singh to the scheme Innovations for Defence Excellence (iDEX) by Defence Innovation Organisation (DIO). The scheme intends to financially support close to 300 MSMEs, startups, individual innovations, and 20 partner incubators under the DIO framework for the next five years to boost self-reliance and indigenisation in defence and aerospace sector of the country. The budgetary support would look at engaging MSMEs, startups, individual innovators, R&D institutes through grants or funding, and other support to carry out R&D development that has good potential for future adoption for Indian defence and aerospace needs.

“The scheme aims to facilitate rapid development of new, indigenised and innovative technologies for the Indian defence and aerospace sector to meet their needs in shorter timelines; create a culture of engagement with innovative startups to encourage co-creation for defence and aerospace; empower a culture of technology co-creation and co-innovation within the defence and aerospace sector and boost innovation among the startups and encourage them to be a part of the ecosystem,” the ministry said. The Department of Defence Production (DDP) will release funds to DIO for “setting up and managing the iDEX network in the form of partner incubators, for communicating with innovators, startups, technology centres of MSMEs through such incubators including those under Department of Science and Technology regarding defence and aerospace needs.” DDP will also organize different challenges and hackathons to shortlist potential technologies and entities and evaluate technologies and products developed by innovators, and startups in terms of their utility and impact on the defence and aerospace setup.

Other activities under the programme would include interfacing with the armed forces top brass about key innovative technologies and encouraging their adoption into the defence establishment with suitable assistance, indigenization, and integration in manufacturing facilities for successfully piloted technologies and organising outreach activities across India. Importantly, the procurement of defence-related goods and services by the government from micro and small enterprises (MSEs) had increased, though marginally, by 2.2 per cent to Rs 9,293 crore in FY21 from Rs 9,090 crore in FY20 after declining from Rs 12,112 crore in FY19, Financial Express Online had reported. According to a statement by the Ministry of Defence in September 2020, around 11,000 MSMEs were engaged as vendors in supplying defence-related goods to Ordnance Factory Board and defence PSUs.

Financial Express, June 13, 2021

11.Haryana aims to be region’s aviation repair hub

Deputy Chief Minister Dushyant Chautala said the government aims to make the state a leading MRO hub (maintenance, repair and overhaul) in north India in the field of aerospace and defence equipment production. It will be beneficial for the civil and defence aircrafts and will also reduce the maintenance cost for all airlines.

The Deputy CM, who also holds charge of the Civil Aviation Department, gave this information after presiding over a meeting of senior officers regarding the ‘Haryana Aerospace and Defence Policy-2021’. He said the policy was being prepared to attract industries from the same field of aerospace and defence equipment production, which would be finalised soon. For the formulation of this policy, a committee, comprising the representatives of the state Civil Aviation Department, MSME Department, Industries and Commerce Department, and an Industry Association, was formed in which the draft policy has been prepared after taking suggestions from all stakeholders at a conference held about three months ago.

Dushyant said Haryana was already a leader in the auto sector, now by this policy, we were moving forward towards the path of making the state a hub of the aviation and defence equipment production sector. He said the aviation hub, which was being prepared in Hisar, would open opportunities for other

industries associated with the aerospace and defence equipment production sector. He said in the proposed policy, special concessions would be given to the industries investing in the field of aerospace and defence equipment production in the state.
The Tribune, June 14, 2021

12.Exports help keep small biz afloat

A steady flow of export orders and the rebound in automobile sales after last year's lockdown helped small and medium auto component makers emerge relatively unscathed from the disruptions caused by the second wave of the pandemic. The second wave brought about a complete halt in production and sales of vehicles for the domestic market. However, decisions by several states to let factories run with limited capacity allowed auto parts makers weather the crisis much better than last year, said top industry executives.

A manufacturer of rubber parts for vehicles, said while overall revenue of the smaller firms in this segment have dipped about 25% on an average in the last three years, the exports market remained a silver lining. "We have a sizeable share of exports that has helped us stay alive and that's what we are pursuing at the moment. Though there have been disruptions globally, export order has been quite steady," he said. He said also that the impact of the second wave in the rural market might delay a recovery for the domestic automobile industry while availability of manpower might become an issue.

Automobile sales were hit first due to lockdown measures imposed in Maharashtra to contain the spread of the second wave. Other states followed suit from the second half of April.

"During the first wave last year, some of the automakers and tier one vendors extended help to the smaller partners in the supply chain. Then we received high orders from clients and were running short of resources to meet the orders since demand was really high. This year, the sentiment is not as low as last year since we have seen the recovery," said an Auto Component manufacturer. He said that last year, Micro, small and medium enterprises (MSMEs) gained from the emergency credit line guarantee scheme announced by the government but this year, no such scheme has been announced so far.

However, most companies have managed to garner some cash in the last six to eight months through increased sales, while smaller firms have benefited from lower variable cost structures. "Be it tier one manufacturers or smaller ones, everyone is growing due to exports. If you don't have 30-40% of exports, then there is a problem. We also grew because truck and bus sales in America, Europe are booming now," said another entrepreneur. According to bankers, automobile dealers and parts makers have been slightly better off this time compared to last year and expect that a moratorium on loan repayments and debt recast offered last year have helped the sector prepare better for the second wave.
Hindustan Times, June 14, 2021

13.Government Simplifies Registration Process for MSMEs

Minister for Road Transport & Highways and Micro, Small and Medium Enterprises, Nitin Gadkari announced simplification of process for registration of Micro, Small and Medium Enterprises. Gadkari said that now only PAN and Aadhaar will be required for registration of MSMEs. The Minister added that after getting registered, the MSME unit will be getting priority and finance. He said that there is a need to impart training to small units in fields of entrepreneurship and other related aspects. He assured full support of the MSME Ministry, and also expressed hope that banks and NBFCs will also provide full support to small businesses.

Emphasizing the importance of MSMEs, the Minister said that the MSMEs contribute significantly to the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities. He said that with an objective of making India a global economic powerhouse, vision of MSME aims towards building a supporting ecosystem for MSMEs to enhance their contribution towards five trillion-dollar economy. He said that in order to boost the economic activities of MSMEs, the Government has announced a special incentive package 'Aatmanirbhar Bharat Abhiyan' of 20 lakh crore rupees.

Business Standard, June 16, 2021

14.Sellers not declaring local content of goods at GeM portal to lose out on biz: Comm min

Sellers who do not declare local content percentage while uploading their products at public procurement portal GeM will lose out on business and will not be able to participate in bids in which buyer has chosen to procure only made-in-India items, the commerce ministry said. The Government e-Marketplace (GeM) portal was launched in 2016 for online purchase of goods and services by all central and state government ministries and agencies.

The ministry also said GeM was the first e-commerce portal in the country which had started displaying the "country of origin" of all products prominently for giving its buyers the right to make informed decisions of procurement. Now, it is mandatory for all sellers to upfront declare the "country of origin", without which they cannot upload products on the platform.

"Going a step further, GeM has also started highlighting the local content % (percentage) on the product description page prominently. "So, even within the products made in India, buyers can identify products that have higher local content and take informed decisions accordingly," it said. Buyers have been provided with a filter in the marketplace to identify and select products from among MII (make in India) complaint sellers/ products only, it said.

"Sellers who do not declare local content % (percentage) while uploading product and creating catalogue on GeM will lose out on business and will not be able to participate in bids in which the buyer has chosen to procure only MII-compliant products," it added. In the portal, a MII filter has been provided using which a buyer can filter out all non-local suppliers and restrict its procurements under direct purchase and L-1 (lowest bid) purchase from among local suppliers only.

Informing about the portal, Commerce Secretary Anup Wadhawan said it is providing increasing market access to seller groups like MSEs (micro and small enterprises), women self-help groups (SHGs), and start-ups. Currently, GeM has over 6,90,000 MSE sellers and service providers and they contribute over 56 per cent of the total order value on the platform.

Speaking with reporters, GeM Chief Executive Officer P K Singh said there are 9,980 start-ups registered on GeM currently. He said that to address the credit access challenges faced by MSMEs, GeM SAHAY app has been rolled out. "MSEs can now get a loan at the point of acceptance of an order on the GeM platform. It will help in meeting the working capital needs and ensure access to finance for them," Singh said. The app, he said, will provide sellers who are sole proprietors, with the best loan offers from top lenders in the country including public sector banks, private banks and NBFCs. "The

GeM SAHAY platform is lender agnostic, allowing for any lender, duly regulated by the Reserve Bank of India, to participate and provide capital and smart collection accounts to the sellers," he added. Further, he said public procurement portal GeM has come out with an approach paper for stakeholder consultations as it is exploring ways to bring works on the platform with an aim to further widen its scope, a senior official said.

He added that the work on integration of GeM with the Integrated Material Management System (iMMS) and Indian Railways Electronic Procurement System (iMMS/ IRePS) is underway. Currently, there are more than 4,000 products made by tribal entrepreneurs that are also listed on the portal. Also, 28,365 artisans and 1.49 lakh weavers have been registered on GeM as sellers and are in the process of uploading their products in the relevant product categories.

Outlook, June 16, 2021

15.Second wave: 60% addition to bad loans from MSMEs

The second wave of Covid has thwarted the recovery process underway across sectors, with the lockdowns in states and the spread of disease overwhelmingly impacting the MSME and service sectors, according to fresh data coming in on loan slippages with banks and micro-lenders. From hotels, tourism, transport and aviation to trade and small manufacturing units, specific pockets of the economy are beginning to report a disproportionate impact of the distress, both in the form of decline in incomes and rise in loan repayment defaults.

The impact of this going forward could be two-fold: any improvement in the overall consumption trajectory is heavily contingent on a recovery in services sectors such as trade, hotels, transport, communication & services related to broadcasting, which supports over 20 crore households; and corporates in the listed space, which have reported better growth numbers, could end up feeling the distress in the unorganised segment.

MSMEs and micro enterprises have been the most impacted with nearly 60 per cent of addition to Non-Performing Assets (NPAs) in April and May coming from MSMEs, nearly twice what it was earlier. The pandemic impacted businesses by the second week of April itself, said a senior Indian Bank official. “Slippages are mainly coming from MSME. About 60 per cent of the NPA (of April and May) is from the MSME sector. This used to be between 30-40 per cent earlier. The elements of the defaults are labour constraints, transportation issues due to lockdown, non-availability of raw material and uncertain cash flows,” the banker said. Micro finance companies, lending unsecured funds to micro entrepreneurs, have witnessed a decline in collection efficiency owing to protracted Covid curbs. “Loans in arrears for over 30 days or the portfolio at risk (PAR) could rise to 14-16 per cent of portfolio this month from a recent low of 6-7 per cent in March,” a rating firm said. “Our customers who are majorly small traders and business people engaged in daily use products, were unable to open their shop and their livelihood has been accordingly impacted,” said a Small Finance Bank.

Indian Hotels, which reported a loss of Rs 524 crore in FY2021, said its business was severely impacted during FY21 on account of Covid. “During the second half of the year, the company witnessed some signs of recovery of demand, especially in leisure destinations. Whilst there has been a second wave of the pandemic in the last few months in some states, there has also been increased vaccination drive by the Government and the company continues to closely monitor the situation,” it said.

Consumer confidence in the current period, which has been in the negative territory since July 2019, fell to a record low in May 2021. The current situation index dropped to 48.5 in May 2021 from 53.1 in March, according to the Reserve Bank of India consumer confidence survey.

Air traffic is expected to slump in fiscal 2022 and fully recover only by the fourth quarter of next fiscal because of the debilitating consequences of the second Covid wave in India, a Rating Agency said. Passenger traffic at airports has nosedived, with average daily domestic passenger traffic halving in May 2021 from February 2021, or to a mere 10 per cent of pre-pandemic levels seen in May 2019.

In the automobile sector during the month of May, factory dispatches of passenger vehicles and two-wheelers contracted to one-third of the previous month, while three-wheelers made negligible sales of just about 1,200 units. Cumulative sales of five players in the commercial vehicles industry was nearly half the levels of the previous month.

According to an expert the overall consumption trajectory will depend on the recovery in services like “trade, hotels, transport, communication & services related to broadcasting”, which support roughly 25 crore households. Corporates, in the listed space, reported better growth numbers across parameters in the fourth quarter of FY21, but this trend may soon reverse, expert said.

Indian Express, June 21, 2021

16.Haryana CM: Industrial clusters to be set up in districts

Chief Minister Manohar Lal Khattar has directed the officers concerned to prepare a plan for setting up clusters at the district level for Micro Small and Medium Enterprises (MSMEs) to encourage new startups. He said maximum employment opportunities should be made available to the youth under the scheme. The CM gave these directions while presiding over a review meeting of the cluster scheme for MSMEs.

The officers concerned were directed to make an extensive plan for land, planning, types of products, technology, certification, research and development, processing, marketing, financing, exports, designing and packaging, etc. He said exports should be mainly looked after by the Foreign Cooperation Department. Suggestions should be invited on the portal from the people after making a complete plan as to which type of industries they were interested to set up. He also directed the officers concerned to make timely arrangement of land for such clusters.

The Tribune, June 22, 2021

17.Stiff compliance, flash sale ban in draft norms for e-commerce firms

The Centre is planning fresh guidelines for e-commerce companies, including appointment of a chief compliance officer, giving preference to the sale of locally produced goods, mandatory registration of e-tailers with Department for Promotion of Industry and Internal Trade (DPIIT), in an attempt to tighten the regulatory regime and make these companies more accountable.

A slew of amendments has been proposed under the Consumer Protection (E-Commerce) Rules, 2020 ‘to protect the interests of consumers and encourage free and fair competition in the market’, the consumer affairs ministry said. It has sought comments from relevant stakeholders. According to the proposed rules, e-commerce companies will not be allowed to organise a flash sale that allows sale of goods or services at significantly reduced prices and high discounts. Separately, the consumer affairs ministry clarified that conventional e-commerce flash sales are not banned but specific flash sales or back-to-back sales which limit customer choice, increase prices and prevent a level playing field are not allowed. The proposed rules have been released at a time when DPIIT is also trying to roll out a comprehensive e-commerce policy aimed at addressing the regulatory challenges sector. A senior government official said that the e-commerce policy will be implemented by making changes in the Foreign Direct Investment rules, consumer protections rules as well as Information Technology Act.

The guidelines also state that e-tailers will now have to send a notification and suggest "alternatives" before products are purchased by consumers to give a fair opportunity to goods manufactured in India. They will not only have to rank goods, but also have to come up with a framework such that the ranking does not discriminate against domestic goods and sellers.

Business Standard was the first to report that the Centre might tighten the "country of origin" norms for e-commerce players in a bid to push the sale of locally produced goods on their platforms that could be done through amendments to the Consumer Protection Rules. E-tailers cannot mislead consumers by manipulating search results on their platforms. They will have to ensure that marketplaces do not use any information collected through its platform for unfair advantage of its associated enterprises. Besides, no marketplace e-commerce entity shall sell goods or services to any person who is registered as a seller on its platform.

E-tailers engaged in cross-selling of goods or services will have to disclose to its users, by providing the name of the entity providing data for cross-selling, as well as the data used for cross-selling on the platform. Cross-selling is a marketing practice of selling complementary products to customers, thereby getting them to purchase more. Selling products to a consumer by "deliberate misrepresentation" of information about the goods is also not allowed.

Similar to the newly notified Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, under the IT Act, the Consumer Protection Rules are proposing a grievance officer, a chief compliance officer and a 24x7 nodal officer to be appointed by e-commerce firms. Compliance of these requirements has already caused a storm between the government and social media firms operating in the country.

In addition, a clause on logistics has been added: "No logistics service provider of a marketplace e-commerce entity shall provide differentiated treatment between sellers of the same category. Provided that each logistics service provider of a marketplace e-commerce entity shall provide a disclaimer including terms and conditions governing its relationship with sellers on the marketplace e-commerce entity platform, a description of any differentiated treatment which it gives or might give between sellers of the same category," the new rules propose.

"Every e-commerce entity shall, as soon as possible, but not later than 72 hours of the receipt of an order, provide information under its control or provide assistance to the government agency which is lawfully authorised for investigative or protective or cyber security activities," the rules said.

"Since the notification of rules in 2020, the government has received several representations from aggrieved consumers, traders and associations complaining against widespread cheating and unfair trade practices being observed in the e-commerce ecosystem. The rapid growth of e-commerce platforms has also brought into the purview the unfair trade practices of the marketplace e-commerce entities engaging in manipulating search result to promote certain sellers, preferential treatment to

some sellers, indirectly operating the sellers on their platform, impinging the free choice of consumers, selling goods close to expiration etc," the ministry said.
Business Standard, June 22, 2021

18.'Toyconomy': PM Narendra Modi asks people to be vocal for local toys

Calling on people to be "vocal for local toys", Prime Minister Narendra Modi said about 80 per cent of the toys were being imported by India with crores of rupees going abroad and asserted that it was very important to change this situation. Noting that India's share is only about 1.5 billion dollars (over Rs 11,000 crore) in the global toy market of approximately \$100 billion (Rs 7.5 trillion), Modi pitched for improving the country's standing in what he called 'Toyconomy' or the economic aspects of the toys and gaming industry. Prime Minister Modi made the remarks after interacting with participants of Toycathon-2021 via video conferencing.

Toycathon-2021 was jointly launched by the Ministry of Education, Ministry of Women and Child Development, Ministry of Micro, Small & Medium Enterprises, Department for Promotion of Industry and Internal Trade (DPIIT), Textile Ministry, Information and Broadcasting Ministry and All India Council for Technical Education (AICTE) on January 5, 2021 to crowd-source innovative toys and games ideas. "Today, we import around 80 per cent of our toys from abroad. Which means crores of rupees of the country are going abroad on them. It is very important to change this situation," Modi said.

He underlined that beyond numbers, the toy sector has the capacity to bring progress and growth to the neediest segments of society. Toy sector has its own small-scale industry, artisans comprising rural population, Dalits, poor people and tribal population, he noted and also talked about the contribution of women in the sector. "In order to take the benefits to these segments, we need to be vocal for local toys," Modi asserted. In his remarks, the prime minister underlined the need to create interesting and interactive games that "engage, entertain and educate". He also called for new models of innovation and financing to make Indian toys competitive at the global level. There is a need for new ideas to be incubated, new start-ups promoted, taking new technology to traditional toy makers and creating new market demand, Modi said, adding that this is the inspiration behind events like Toycathon. The prime minister referred to the cheap data and growth of Internet led rural connectivity and called for exploration of possibilities in virtual, digital and online gaming in India.

He also rued the fact that most of the online and digital games available in the market are not based on Indian concepts and many such games promote violence and cause mental stress. "Our focus should be on developing toys, games that present every aspect of Indianness in interesting, interactive ways," Modi said. The prime minister said the world wants to learn about India's capabilities, art and culture, and society, adding that toys can play a big role in that. Asserting that India has ample content and competence for digital gaming, Modi called upon the young innovators and start- ups to be mindful of their responsibility of projecting the true picture of India's capabilities and ideas to the world.

Emphasising the importance of toys, he said if the child's first school is his or her family, then the first book and the first friends are toys. The prime minister also said that the 75th anniversary of India's Independence is a huge opportunity for the innovators and creators of the toy industry. "Many incidents, stories of our freedom fighters and their valour and leadership can be created into gaming concepts," he stressed. These innovators have a big role in connecting 'folk with the future', Modi added.

Earlier, Modi interacted with participants of Toycathon-2021 via video conferencing during which Union ministers Piyush Goyal and Sanjay Dhotre were also present. Modi said the participation of over 1,500 teams in the first Toycathon signals the strengthening of the 'Atmarnibhar Bharat' programme. The prime minister said that in the last five-six years, youth of the nation have been connected with the key challenges of the country through the platform of Hackathons, asserting that the thinking behind this was to organise the capabilities of the country and to give them a medium. Around 1.2 lakh participants from across India registered and submitted more than 17,000 ideas for the Toycathon 2021, out of which 1,567 ideas were shortlisted for the three-day online Toycathon Grand Finale.
Business Standard, June 24, 2021

19.MCA expands small firm definition, raises turnover and borrowing limits

The ministry of corporate affairs has expanded the definition of small and medium companies (SMC), raising their turnover and borrowing limits. This would enable a wider set of companies to avail of greater flexibility in the accounting standards, according to a notification issued. The 388-page notification has defined small and medium companies as unlisted entities which are not banks, financial institutions or insurance firms and have a turnover of up to Rs 250 crore and borrowings up to Rs 50 crore in the immediately preceding accounting year. The threshold has been Rs 50 crore and Rs 10 crore for turnover and borrowings under the general accounting standards. The change in definition is for accounting purposes, experts said.

“SMC which is a holding company or subsidiary company of a non-SMC will not qualify as a small and medium company,” the notification said. “The notification is self-contained accounting standards tailored for the needs and capabilities of smaller businesses and acts as a common set of accounting standards that will be mandatory in its application to SMC in preparing its general purpose financial statements. The accounting standards for SMC, which were earlier notified in December 2006 and amended from time to time, are much simpler as compared to Indian Accounting Standards,” said an expert.

Experts have said that these accounting standards involve less complexity in its application in terms of the number of required disclosures which are less onerous. The notification also says that an existing company which was not a small and medium company previously but became so subsequently would not be able to avail of any exemptions in accounting standards. It can avail of these exemptions if it continues as a small and medium company for two consecutive accounting periods.

“The limits are in line with a similar increase in threshold done by ICAI (Institute of Chartered Accountants of India) for non-corporate entities. The revised criteria will help a number of companies and will promote ease of doing business,” said another expert. For companies which have a turnover of less than Rs 500 crore and net worth of less than Rs 250 crore, the general purpose accounting standards of ICAI apply. Rest of the companies follow the Indian accounting standards (IndAS).

The MCA notification said that all significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed by companies. “The disclosure of significant accounting policies as such should form part of the financial statements and the significant accounting policies should normally be disclosed in one place.”
Business Standard, June 24, 2021

20.E-commerce rules could prolong MSME recovery

Disruption and uncertainty over the proposed new amendments in e-commerce rules will affect the recovery of micro, small and medium businesses hit by the pandemic, say experts.

"During the pandemic a large number of MSMEs are struggling to restart their business. During lockdowns and other restrictions, e-commerce is the most viable platform for MSMEs to sell their goods and services. By coming out with new rules for e-commerce at this time will disrupt the market and hinder the recovery of MSMEs," says Aruna Sharma, member, digitisation committee, Reserve Bank of India. According to her, MSMEs that are looking to grow their export businesses are increasingly depending on e-commerce platforms, replacing the traditional exporter and trader meets. "MSMEs account for 45-48 per cent of exports and the aim is to take it to 60 per cent.

For this, MSMEs will have to tap the e-commerce route," she said. In a similar vein, another expert said, "In recent times we have increasingly seen MSMEs using the digital platform to improve their reach. Ecommerce has played an important role during the lockdowns by ensuring products are delivered at home safely." E-commerce companies have been handholding MSMEs and providing sales platforms as well as logistics services. For instance, Amazon is hosting Amazon Small Business Days from July 2 to July 4 to help generate customer demand for the unique and differentiated selection of products offered by small sellers, manufacturers, start-ups and brands, women entrepreneurs, artisans and weavers and local shops.

Some of the proposed amendments in the E-commerce Rules are detrimental for the MSMEs. As per the rules, no e-commerce entity shall indulge in mis-selling of goods or services offered on its platform. Mis-selling means an e-commerce entity selling goods or services by deliberate misrepresentation of information by such an entity about such goods or services as suitable for the user who is purchasing it. According to experts, goods and services are sold by the seller, and ecommerce companies are just the platforms. E-tailer can do due diligence and take measures based on customer feedback. But for all the products and services, the platform cannot be held liable. Further, a marketplace ecommerce entity shall be subject to a fall-back liability where a seller fails to deliver the goods or services due to negligent conduct, omission or commission of any act by such seller in fulfilling the duties and liabilities in the manner as prescribed by the marketplace e-commerce entity which causes loss to the consumer. These two rules will result in restraint on the part of the platforms while boarding MSMEs.

Deccan Chronicle, June 28, 2021

21.Draft e-commerce rules may hit jobs, states tell Centre

Some states, mostly those ruled by non-BJP parties, are apprehensive about the new set of e-commerce rules proposed by the Centre to check mis-selling and fraudulent discounts, as they fear there could be a negative impact on jobs and market access for MSMEs. The state governments are planning to suggest strong safeguard measures to ensure that any changes in the rules do not hamper their economic growth engines and revenue collections, officials from these states said. Declining to be identified, these officials said it was a sensitive matter that needed to be tackled carefully as protecting consumers' interest was as important as safeguarding jobs, MSMEs and lakhs of self-employed individuals who had been benefiting immensely from e-commerce.

The Tribune, June 28, 2021

22.Centre reinforces usage of GeM portal

Encouraged by the more than ₹1.11 trillion worth of business deals conducted through the Government e-Marketplace or GeM portal, the Union government has prohibited all its arms from citing “excuses" such as urgency, non-availability of internet connection or non-functioning of the portal to procure goods and services of common use from elsewhere. “On the request of GeM, it has now been decided that buyers will be required to generate GeMAR&PTS ID in all cases of procurement outside GeM," said a finance ministry circular issued to all central ministries, departments and public sector enterprises. The GeM Availability Report and Past Transaction Summary (GeMARPTS) ID is now mandatory for all government procurement outside the GeM portal.

A GeMARPTS ID ensures that genuine efforts are made by a government department in procuring goods and services from the GeM portal. Earlier, some government agencies bypassed the GeM trading platform in favour of conventional tenders citing the three technical exemptions mentioned above, two officials working in economic ministries said, requesting anonymity.

The government’s e-commerce portal GeM has supported thousands of small and medium enterprises (SMEs) during the pandemic, and it is one of the Centre’s core policy initiatives to promote micro, small and medium enterprises (MSMEs), said one of the two officials cited above and who works for the commerce ministry. “Transactions though GeM portal are also crucial to provide business opportunities to small companies registered with the portal," the second official said.

So far, the GeM portal has served 6.73 million orders worth ₹1,11,113 crore from 1.9 million registered sellers and service providers for 52,275 government buyers since its inception in August 2017, he said. More than 56% of the total order value catered to over 695,000 small enterprises, he added. “The number of medium and small companies registered on the GeM platform has increased by over 62% since 2019-20, a significant jump from around 3,000 MSMEs in 2016-17," the official said.

The GeM took a number of initiatives since March 2020 to facilitate trade of covid essentials through the online portal, said the second official who was directly involved in the process. “Several covid-19 specific categories were created for government organizations fighting this pandemic. A new webpage was created for tracking covid-19 categories such as sample collection kits, ventilators, masks, diagnostic kits, PPEs, gloves and cardiac monitors," he said.

“We implemented new processes to enable a speedy response to the pandemic such as stocking out sellers who do not update stock within 48 hours, local filters to tide over the logistic bottlenecks, shorter duration bids with shorter delivery periods and prioritisation of product and brand approvals for covid-19 categories," he said. By February this year, there were 183,148 products and 36,650 sellers under the covid-19 categories, he said. “From March 23, 2020 to January 31, 2021, the order value of procurement of goods from these covid-19 categories was ₹5,061.56 crore," the official said.

Mint, June 29, 2021

23.8 new schemes to give impetus to flagging eco

Finance Minister Nirmala Sitharaman announced eight new schemes involving Rs 1.5 lakh crore of additional credit facility to provide a helping hand to the sectors worst affected by the restriction imposed under the Covid-19 lockdown across the country. Health and tourism sectors have drawn special attention of the FM. The Government also extended benefits from the free food grain programme for unprivileged people till November.

Under the news schemes, the Centre would extend a federal guarantee on bank loans to healthcare sector while waiving visa fees for 500,000 foreign tourists to perk up tourism. Together with previously announced Rs 93,869 crore spending on providing free foodgrains to the poor till November and additional Rs 14,775 crore fertiliser subsidy, the stimulus package — mostly made up of Government guarantee to banks and microfinance institutions for loans they extend to Covid-hit sectors — totalled up to Rs 6.29 lakh crore. She provided Rs 23,220 crore of additional funding for setting up children and paediatric care/paediatric beds at hospitals to prepare healthcare infrastructure to deal with any emergency arising for Covid wave hitting children. To incentivise job creation, the Government is committed to paying the employer and employee's share to provident fund (PF) for all new recruitments done till March 2022. Previously, the Government paid Rs 902 crore for 21.42 lakh beneficiaries of 79,577 establishments.

With the tourism sector being hit hard by the pandemic, she announced up to Rs 10 lakh loan to tourist agencies and Rs 1 lakh loan to tourist guides while waiver of visa fee for the first 5 lakh foreign tourists visiting India after travel restrictions ease. Tourist visa fee waiver will cost the Government Rs 100 crore. Other announcements included an additional Rs 19,041 crore for providing broadband internet cover to all village panchayats, an extension of tenure of production linked incentive (PLI) scheme for large scale electronics manufacturing by a year and Rs 88,000 crore of insurance cover for goods exporters. The support measures were announced as states start lifting restrictions after new coronavirus infections showed a decline. The economy seems to be on a recovery path after being hit by a devastating second wave of infections that was dubbed as the world's worst Covid-19 surge.

Sitharaman said the Emergency Credit Line Guarantee Scheme is being expanded Rs Rs 4.5 lakh crore from Rs 3 lakh crore. Under the scheme, a collateral-free loan is provided by banks to small businesses and the government stands guarantee for any default. The ECLGS, launched last year, has helped cash-starved small businesses raise funds during the Covid-19 lockdown for working capital and to meet their orders. As much as Rs 2.73 lakh crore has been sanctioned under the three previous ECLGS programmes, of which Rs 2.10 lakh crore has already been disbursed. Another Rs 1.1 lakh crore loan guarantee scheme for Covid-affected sectors was announced. This included Rs 50,000 crore for the health sector, with a three-year single loan of Rs 100 crore carrying an interest of 7.95 per cent. Loans to other sectors such as tourism and hospitality would come at 8.25 per cent per annum interest rate. Also, micro-finance institutions will extend 25 lakh small borrowers loans of up to Rs 1.25 lakh at an interest rate that is 2 per cent lower than the benchmark lending rate, she said. The government also extended the loan guarantee programme to the tourism sector, after last month widening it to airlines and hospitals. Financial Services Secretary Debasish Panda said the objective of credit guarantee is to encourage banks to lend to enterprises so that they get credit at low cost. The measures announced are "to ensure money comes into hands of small, medium and large enterprises," he said. The credit programme supplements separate measures announced by the Reserve Bank of India (RBI) last month to boost credit for health care services and provide fresh lending to vaccine-makers. It provided an on-tap liquidity window for banks worth Rs 50,000 crore to extend credit to health services and vaccine manufacturers until March 2022.

The extension of free foodgrains to 80 crore poor till November will cost Rs 93,869 crore more, bringing the total cost of the programme to more than Rs 2.27 lakh crore, she said. After the outbreak of the second wave in April 2021, the PMGKAY scheme was reintroduced, initially for May-June and then extended till November this year. The total money spent on PMGKAY will be Rs 2,27,841 crores. Besides, farmers to get additional protein-based fertilizer subsidy of nearly Rs 15,000 crores. To revive the North Eastern Regional Agricultural Marketing Corporation (NERAMAC), the government has announced a package of Rs 77.45 crore proposed for financial restructuring and infusion of funds.
Sitharaman said the estimated financial implication for providing free foodgrains is Rs 93,869 crore for this year. The Centre spent Rs 1,33,972 crore last fiscal on this scheme. The total financial implication is estimated at Rs 2,27,841 crore for PMGKAY, Sitharaman added. In the wake of the second wave of COVID-19, the scheme was relaunched in May 2021 to ensure the food security of the poor. Then on June 23, cabinet approved the proposal to extend it by five more months till November-end. Under this scheme, National Food Security Act (NFSA) beneficiaries will be provided 5 kg of food grains free of cost until November 2021. This is over and above the distribution of 5 kg foodgrains per person every month at highly subsidised rates of Rs 1-3 per kg via ration shops to NFSA beneficiaries.
The Pioneer, June 29, 2021

24.FM asks ministries to surpass capex target set for FY22

Finance Minister Nirmala Sitharaman exhorted ministries to aim to achieve more than their capital expenditure (capex) targets for this fiscal, highlighting that enhanced spending will play a critical role in revitalizing the economy post-pandemic. During a meeting with senior officials to review the status of implementation of Budget announcements and measures to expedite infrastructure investment, she also urged the ministries and their Central Public Sector Enterprises (CPSEs) to ensure clearance of Micro, Small and Medium Enterprises (MSME) dues by July 31.
This was the sixth review meeting by the finance minister with ministries and departments on the infrastructure roadmap. Sitharaman further urged the ministries to explore Public Private Partnership (PPP) mode for viable projects, the finance ministry said in a statement. "While reviewing the capital expenditure performance of the ministries and their CPSEs, the Finance Minister emphasized that enhanced CAPEX will play a critical role in revitalizing the economy post-pandemic and encouraged the ministries to front-load their capital expenditure," it said. Ministries were also requested to aim to achieve more than their capex targets, it added. Union Budget for 2021-22 has provided a capital outlay of Rs 5.54 lakh crore, an increase of 34.5 per cent over the Budget Estimate of 2020-21. However, the efforts from the budgetary side to increase the capital expenditure have to be complemented by the public sector enterprises, she added. Infrastructure expenditure is not just the central government budgetary expenditure on infrastructure but also includes infrastructure spending by state governments and private sector, the minister said. It also includes government expenditure through extra-budgetary resources. Therefore, Sitharaman said, ministries are to actively work on getting projects funded through innovative structuring and financing and provide all support to private sector for enhancing infrastructure spending.
The finance minister asked the secretaries of ministries to push expenditure on large important projects to ensure that the achievement is commensurate with timelines. She also asked the ministries to take

up regular reviews of sector-specific projects with the concerned state governments for effective implementation of the same. The meeting was attended by Finance Secretary, Secretary (Economic Affairs), Secretary (Public Enterprises), Secretary (Steel). Secretary (Housing & Urban Affairs), Secretary (Petroleum & Natural Gas) and Secretary (Space) as well as CMDs/CEOs of CPSEs of these ministries and departments. While reviewing the progress, Sitharaman asked the Ministry of Housing and Urban Affairs to expedite the capital expenditure and make efforts for front-loading it, while the Ministry of Steel was asked to front-load capex and facilitate private investment by providing support and removing bottlenecks. She asked the Ministry of Petroleum and Natural Gas to expedite monetization of assets during 2021-22. The Department of Space was asked to focus on domestic procurement wherever possible.
The Economic Times, June 29, 2021

25.Govt for new rating system for MSMEs

The government has suggested creation of a new ratings system for micro small and medium enterprises and a dashboard for effective monitoring of MSME schemes. A simple and transparent methodology should be evolved to give ratings to MSMEs having good turnover and GST records to enable them to get finances from the banks and institutions, Minister for MSME Nitin Gadkari said. According to him, the whole world now wants to invest in Indian industry and with an effective rating system MSMEs can get good investment from abroad. The RBI already has a BLR rating for MSMEs with a loan exposure of Rs 5 crore and above. However, the MSMEs have not been happy with the rating as it applies the same model applicable to large companies. The MSMEs have been complaining about this rating system. “If the minister has now announced a rating system, I presume that the ministry is talking about a new rating system that will take care of the concerns of the industry. If it does that, the rating will be useful for the MSMEs,” said an expert. Gadkari also proposed setting up a dashboard for monitoring schemes to prevent delays in decision making. The ministry already has such a dashboard, so it is not clear if the minister is looking for a real-time dashboard. Gadkari asked Sidbi to take decisions within three months and provide support. It is time to make the system transparent, timebound, result oriented and performance oriented and help appropriate entrepreneurs with a good track record, he said. Industry presumes the new dashboard might have details of newer schemes like the ECLGS.
Deccan Chronicle, June 30, 2021