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MSME News Update

Mitra campaigns for investment in Bengal

West Bengal finance minister Amit Mitra unveiled the investment opportunities available in the State in various sectors and invited the business community to actively participate in the "Bengal Global Business Summit" to be held in Kolkata in January 2015.

The sectors, where investment opportunities exist, include manufacturing, food processing, MSME, textiles, urban infrastructure & housing, hospitality & tourism, entertainment, healthcare, education & skill development, energy & infrastructure and IT software & hardware, he said.

Speaking at the Bengal Leads 2015 ~ Investment Roadshow at FICCI, Mitra highlighted some of the achievements of the Bengal government in order to make industry aware of the vast pool of investment opportunities.

He said the West Bengal government boasts of doubling its industrial production and the state domestic product from the time it assumed office. The state also doubled its tax collections from Rs 21,000 crore to Rs 40,000 crore in 2013-14 and aims to reach Rs 45,000 crore in the current financial year, he said.

Mr Mitra said West Bengal in fiscal 2013-14 also secured the first position in bank lending to MSMEs. The state government has made available 4,000 acres of land for investment and another 3,000 acres will be ready for investments in the next six months. Play and plug infrastructure is being created, apart from greenfield parks in both hardware and software, he said.

In a presentation, Mr Krishna Gupta, managing director, WBIDC, outlined that West Bengal is an ideal investment destination being well connected and can act as a gateway to South East Asia & North-east region. It also shares its international frontiers with Bangladesh, Nepal and Bhutan and the hinterland consisting of mineral-rich states of Bihar, Jharkhand and Odisha, he said.

Mr Gupta said the state enjoys a rapidly growing economy, expanding consumer market, best in the country.

(The Statesman, November 1st, 2014)

Trademark war: 'Khadi' registered in Germany, Spain

The government's efforts to promote 'khadi' are facing a trademark hurdle with the brand having been registered abroad, in countries such as Germany, as well as in India.

After haldi and basmati, this is the latest instance of infringement of intellectual property rights, which is essentially traditional knowledge. What makes the task more difficult for the government is that 'khaddar' and 'khadi' are common across the Indian sub-continent — from Bangladesh to Pakistan.

While the micro, small and medium enterprises (MSME) ministry has noticed 'khadi' being registered in Germany, sources said registrations have taken place in Spain and Hungary too. In fact, some of the 'khadi' products manufactured abroad, such as amla shampoos and heena, can be purchased online too.

Within the country there are around 90 trademarks which have been registered by several entities which includes brands and labels such as 'Khadi', 'Khadi Gramudyog' and 'Khadi Bharat'.

The government is contemplating future course of action, including taking up the issue with the European authorities. "We have noticed that there have been some IPR infringements and that is why we are trying to have our own trademark," said a senior MSME ministry official, adding that the khadi logo is a step in that direction.

The development comes at a time when Prime Minister Narendra Modi is pushing khadi and said that sales have more than doubled since he made his first radio address last month.

While experts are still worried over India's ability to get its IPR rights back, the MSME ministry official said that khadi is not just a way of life in India for centuries but also enjoys legal backing under the Khadi & Village Industries Commission (KVIC) Act, at least since 1956.

The official, however, ruled out seeking Geographical Indication registration like Darjeeling tea of champagne, which is based on the specific characteristics of a product and is linked to a particular part of the world where it comes from.

The department of industrial policy and promotion has suggested that KVIC should seek an international trademark under the World Intellectual Property Organization's Madrid Protocol. But for that KVIC and the government need to ensure that the brand is not registered elsewhere.

(Times of India, November 4th, 2014)

Govt plans Rs 10,000cr fund to create tech giants

The journey of tech behemoths like Google, Apple and Facebook — from startups to global giants — has caught the fancy of the Indian government, which is planning a Rs 10,000-crore electronics development fund to support ambitious startups in attaining scale.

The government feels that India needs to incubate tech giants from its soil — like those emanating from the West — as the country has a fast-growing mass of internet users and possesses a rich list of highly-skilled techies. The basic groundwork for kick-starting the initiative has been completed.

"It is in the process of finalization and we will get an approval very soon," a source in the ministry of information technology said. This is a different fund from the Rs 10,000-crore venture fund announced in the Budget for startups in micro, small and medium enterprise (MSMEs).

The government will not make the investments directly, but will rather route the money through venture capital funds that are focused on electronics hardware and IT startups. "We will take small subscription in them. Thus, we will invest in the capital of the fellows who do the investments," the source said.

Elaborating on the idea behind the creation of the fund, the source added, "Innovations are not happening in our country, products are not being made in our country. We are, at best, a labour market. Our highly-qualified boys and girls are doing research in Bangalore and other labs, but they are essentially creating intellectual property products for foreign companies. Why can't we have our own products where we have our own intellectual property rights?"

The government feels that India has missed the bus in terms of creating technology giants, both in software and electronics hardware. "For example, in software, a Google or a Facebook or a Microsoft Office has not been developed in India. Despite being such a big IT power, India has not been able to make any products. We are able to do just services," the source added.

The government will create the electronic development fund to make the investments. "We are not directly funding the startups, but rather we will collaborate with some venture capital funds," the source said.

The segments earmarked for funds include electronics, components and software. "The idea is to create a startup culture, a product culture, and innovation," the source said. Both domestic and foreign venture capital funds will be targeted by the government to route its investments.

(The Times of India, November 5th, 2014)

World Bank offers to fund infra development in UP

The World Bank has offered to fund improvement of industrial infrastructure as well as in creation of new infrastructure for the MSME sector in Uttar Pradesh. This was informed by lead urban specialist of World Bank Barjor Mehta to principal secretary (industries and infrastructure development) Sanjiv Saran. A three-member team of World Bank, including Barjor Mehta and senior country economist, World Bank, Dennis Medvedev, met Saran in connection with submission of Infrastructure and Investment Strategy for the identified three sub-regional growth centres on Eastern Dedicated Freight Corridor to make each industrial cluster economically viable.

(Financial Express, November 8th, 2014)

Google betting big on small business in India

Google will invest in solutions that will cater to needs of SMBs and will introduce a new mobile app to help them get online.

Google announced its plans to significantly scale up its initiatives to help the small and medium businesses (SMBs) to log on to the internet to grow their enterprises. Google will invest in solutions that will cater to the needs of SMBs and will introduce a new mobile app to help them get online.

The company is in the process of building an ecosystem to support the app, which could be downloaded and used in mobiles for free.

Suryanarayana Kodukulla, head of SMB sales, Google India, said that the new mobile app, which will be useful for the small ventures will be launched by the end of this year. "A similar app has already been introduced in the US and we are launching in India next month. It will be a free app and we will provide necessary technical inputs to the consumers, through our trained certified partners."

"India is a strategic market for Google and we are committed to invest in solutions for SMBs here. As part of our Digitising India mission, we will introduce new mobile-based products that will help Indian SMBs to create and manage their internet presence and help them connect with potential customers online," he said.

(Financial Express, November 12th, 2014)

Proposal for MSME innovation fund

The Government proposes to launch an innovation fund exclusively for Micro, Small and Medium Enterprises (MSMEs) to encourage and promote knowledge-driven ventures, Union Minister Kalraj Mishra has said. He said the proposed fund would foster entrepreneurship in rural areas amongst women and the SC/STs. Mishra said the government has to play a key role in enhancing R&D potential through fund allocation and simplification of policies.

(Business Line, November 13th, 2014)

Government proposes norms for easier exits, revival of MSMEs

The government has proposed amendments to the MSME Act with the twin objectives of time-bound exit and revival of loss-making units to help them consolidate their businesses and re-deploy capital in other greenfield ventures.

It has invited suggestions related to the proposed changes with a view to formulate a policy in this regard.

"The objective of proposed amendment for MSME Act is two-fold - revival and exit of MSMEs.

"Revival: MSMEs that seek early assistance to tide over difficult financial times and provide a framework where a viable MSME can seek standard as well as customised relief and concession to revive and exit. To provide an easier and expeditious exit procedure for the benefit of promoters and guarantors through liquidation and change in management," the MSME Ministry said.

"It is proposed that a separate chapter on Restructuring & Exit of MSME can be added to the MSME Act, which mandates scheme for closure of sick MSMEs," it added.

The proposed amendments include establishment of revival and exit committee as an adjunct to MSME facilitation council and establishment of appellate authority.

Moreover, the MSME can file an application voluntarily if accumulated losses of the enterprise equals to half or more of its entire net worth for last financial year and enterprise apprehends failure of its business specifying revival plan or exit through liquidation proceedings.

Upon filing, an automatic moratorium for a period of 180 days shall operate (extendable to 30 days more at a time till revival plan or liquidation proceedings initiated).

Besides, on appeals and discharge, the first appeal by an aggrieved enterprise/creditor should be presented before appellate authority within 30 days; whereas the second appeal against appellate authority's order would lie before the Supreme Court.

"The MSME facing insolvency/bankruptcy should be provided legal opportunities to revive its unit. This could be by way of re-organisation and rehabilitation scheme with comfort to creditors and a mechanism for interim suspension of enforcement rights," the MSME Ministry said.

As of now, there is no legal framework for re-organisation/winding up/exit for small units leading to a huge wastage of human resources (promoters and employees), capital (banks & financial institutions) and physical resources (industrial land & buildings, plant, machinery, etc.)

The changes proposed are in tune with "Body Corporate" as under Companies Act and Limited Liability Partnership (LLP) Act, 2008 with regard to limiting liabilities and improving process for winding up with affordable litigation process/administrative mechanism.

(The Times of India, November 17th, 2014)

Quality Council of India to raise quality of government services: Adil Zainulbhai

Quality Council of India chairperson Adil Zainulbhai, the first lateral hire in the Modi government, said improving the quality of government services is high on its agenda and several ministries and state governments have sought the Council's guidance on this front.

"Just because these (public) services are a monopoly and primarily provided by government to citizens, doesn't mean we shouldn't aspire to improve them to be of extraordinary quality," said Zainulbhai, who earlier headed McKinsey India and was asked to steer the autonomous council in September. "Now, many government departments are reaching out to us and asking for help in improving the quality of services they offer to citizens. Some states also want to do this and have approached the Council," Zainulbhai said.

The Council has identified improving the delivery of government services for end-users, whether they are businesses or consumers, and helping over one million small and medium enterprises to spruce up quality 'in a short period of time', as its top priorities.

"Both these objectives are relevant in the broad direction set by the Prime Minister for minimum government, maximum governance, making government's interface with citizens easier and Make in India," he said. Stressing that the PM's call for zero defect and zero effect shouldn't be restricted to manufacturing, he said that the quality of services, including government services, affect citizens and businesses as much as quality of products.

(Economic Times, November 21st, 2014)

MSME Ministry to push start-ups in agro industry

A Network of Technology Centres and promotion of start-ups by SIDBI are among steps to promote innovation and entrepreneurship in agro industry proposed by the MSME Ministry in a new scheme.

The scheme follows the announcement of a ₹200-crore fund by Finance Minister Arun Jaitley in his Budget speech this year for promoting innovation and entrepreneurship in agro industry. A draft scheme, prepared by the Ministry of Micro, Small and Medium Enterprises (MSME), has been put up on its website, invited suggestions within 15 days.

Network of schemes: The draft seeks to establish a network of schemes run by various Ministries and departments. "Most of these schemes/departments are working silos. There is a need for establishing a network, building a database... so that these are easily accessible to entrepreneurs," says the draft.

The corpus of ₹200 crore will be for automation of agricultural practices, value-addition to farm and forest produce, recycling of agricultural pre/post-harvest wastage among others.

The proposed 'Network of Technology Centres' will create a database of technologies available with Government as well as private agencies for 'hand-holding' prospective entrepreneurs.

To encourage innovation, the scheme proposes to create a framework for start-up promotion through the Small Industries Development Bank of India.

Job opportunities: In addition, 'Livelihood Incubation Centres' and "Technology Business Incubation Centres will be set up at the local level to create jobs and boost entrepreneurship. Also, National Small Industries Corporation will replicate its 'Rapid Incubation Model'. "Each incubator will be provided a one-time grant of 50 per cent of the cost of plant & machinery or ₹50 lakh, whichever is less," according to the draft.

The overall policy coordination will be done by a Governing Council, headed by the Secretary, MSME Ministry, with his counterparts in the Agriculture, Food Processing, Rural Development, Information Technology, Biotechnology, Labour & Employment, DIPP as members, among others.

(Business Line, November 22nd, 2014)

Ikea to double merchandise sourcing from India by 2020

Seeking to take benefits from Prime Minister Narendra Modi's 'Make in India' campaign, Swedish furniture giant IKEA is all set to have fresh tie-ups with small and medium enterprises (SMEs), which will help the company double the merchandise it sources in India by 2020.

"IKEA Group is positive to all government initiatives that help in simplifying and making it easier to produce and export products in India," said Sandeep Sanan, head of sourcing, IKEA India, told HT. "We are actively looking for new suppliers

and to increase the categories sourced in India. We don't talk about 'Make in India' for India, but 'Make in India' for IKEA worldwide."

A senior official from the Department of Industry Policy and Promotion (DIPP) said: "IKEA by inking a deal with SMEs will be manufacturing products not only for its outlets in other countries but will also create products especially for its Indian outlets, through the Make in India initiatives for manufacturing."

IKEA, which enjoys the benefit of being one of the first companies in India to be allowed to bring in 100% foreign direct investment in single brand retail business, has been sourcing from India for the last 27 years for its stores around the world. At present, IKEA Group sources about 315 million euros of products in India.

IKEA is also said to have Indianised products, which would on consumer response then be exported to other global stores under specific categories.

"IKEA's products are produced in several countries. The sourcing that we have today in India and the planned doubling of sourcing will be for global IKEA, of course including our Indian future stores. This gives the current and future suppliers in India a much bigger market to aspire for. Apart from our core range, we also work with social entrepreneurs in UP, Rajasthan and Karnataka, producing limited collections for IKEA," Sanan added.

IKEA plans to open its first store in Telangana, with an investment of around Rs. 500-600 crore.

"We have been working with several SMEs in India and they have grown with us over the years. We would want to work with more SMEs that can align with our values," Sanan said.

(Hindustan Times, November 28th, 2014)

Parliament nod to Bill to amend labour laws

Parliament Okays labour law redefining small factories and frees small firms from giving separate labour returns amid the tussle between the Government and opposition parties, Parliament approved a labour law that redefines small factories and frees small companies from furnishing separate labour returns.

The approval comes two days after Parliament approved amendments to the Apprentices Act, 1961, and sets the ball rolling on labour reforms to ease the process of doing business in India. The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment Bill, 2011, was approved by Lok Sabha on Friday. On 25 November, Rajya Sabha had approved the draft law after a discussion on black money.

With this, a company employing between 10 and 40 workers will be called a small establishment. Earlier a small establishment was one with 10-19 employees. It will also allow them to furnish just one return rather than file separate labour returns, a move that Prime Minister Narendra Modi had spoken of during a function of the labour ministry on 16 October.

"The prime minister has already said on 16 October that the government should trust businesses. The ministry, too, believes that the labour laws need to be simplified for promoting entrepreneurship and manufacturing in India while keeping a firm tab on the interest of workers," a labour ministry official said, requesting anonymity.

Although the Bill faced little resistance in the Lok Sabha, it was severely criticized in the Rajya Sabha, where several opposition parties opposed the draft legislation.

(MINT, November 29th, 2014)

ARTICLE

New Age Technologies for Business Development and Ease

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We are all proud of our 40 million+ strong MSME community and its contribution to the GDP, manufacturing output, gross exports, employment generation and needless to say, being the backbone of our economy. I could also rattle off the oft repeated metrics and numbers that would make all readers happy, but the flip side is that MSMEs today also face challenges in the form of global competition, access to quality finance/credit at affordable interest rates, non-availability of skilled manpower, labour laws that need updating and limited use of IT and the power of the internet in their businesses.

While, I'm not an expert on any of the above challenge areas, I would like to share some thoughts and best practices around how to leverage the internet for building a brand and business development. These thoughts are based on my close to 2 decades in the IT sector and interaction with MSMEs across SE Asia.

The internet has truly made the world a global connected village with information available on demand. In India too, internet usage has increased exponentially with 350 million expected to be online by 2015 and a majority of this will be through some sort of mobile internet enabled device be it a smartphone or a tablet or a phablet. The story gets even better when one realizes that this 350 million will still be close to only 20-25% of our population and if other factors like 4G/improved broadband infrastructure and affordable mobile devices become a reality then the number could be substantially higher than estimates. Add, the growing numbers of ecommerce shoppers, mega internet success stories in India like Flipkart and SnapDeal, mobile wallets, improved credit/debit card penetration and you have all the makings of an internet boom with all cylinders firing. This boom is something that no business can afford to neglect because these are potential customers searching for your brand, your services and your products. Also, these customers could be coming in from any part of the country. If your business is not available online, then they will simply move onto the business which is discoverable on the internet and can showcase credibility online.

So what should an MSME do to improve its chances of getting to the next growth trajectory?

1. Be Discoverable:

Being discoverable on the internet can be achieved by a variety of routes. You could have a page on a social media platform or a listing on an online directory or marketplace or even a twitter handle. All of these are good starting points but let me reiterate...good STARTING points. A business has to be a credible trustworthy BRAND with whom other businesses or customers would be comfortable dealing with on the faceless internet. This leads me to my second point.

2 Establish your B-R-A-N-D and Credibility:

So how does one establish a brand? The easiest way is to have a credible web address for your business with a branded email. Given a choice while shopping online, how many of you would choose a generic email ID over a professional business ID or a business web address like a .com? I'm fairly certain, most of you reading this article will agree that a business domain like .com would seem more credible and trustworthy. Your online presence is an extension of your physical business so why should you not choose a web address which millions of successful businesses globally chose to be successful online?

Time and again, through interactions with MSMEs, we hear that they would love to build a web presence, have a professional email ID and build their online brand but are scared of the costs involved in building and managing it. But the truth unfortunately couldn't be further away. Getting your own .com domain is extremely inexpensive and can cost less than Rs. 1000 per year, probably the cost of dinner for a family at a Pizza Hut! In terms of management, there is nothing that needs to be done...you could redirect your domain to your business listing on your directory or your social media page. Incidentally, we at Verisign had done a global SME research in 2013 to understand benefits and barriers of bringing small businesses online and surprisingly found that only about 55% of SMEs interviewed in India, knew that they could point a domain name to an online presence hosted by another service, like a social media site but not surprisingly, 93% SMEs with online presence (out of those surveyed) agreed that having a professional email ID made them look credible.

3 Be "GloCal":

Having taken the first few steps in being discovered and building your brand on the internet, give serious thought to building your own website to become a global business while still fulfilling local opportunities. As part of this evolution to the next step, you could add customer testimonials (video or print), integrate payment engines, try search engine marketing and make it more secure using an SSL certificate. In all of this, do make sure your contact information is clearly visible so that potential clients and partners can reach out and that your site is uncluttered and easy to navigate.

Today, when global businesses and competition can leverage the internet to create disruption, what's stopping you, the Indian MSME from competing in global markets and becoming a truly global player? Some of you may recall the recent entry into India of an unknown Chinese cellphone manufacturer called Xiaomi. They relied completely on the internet as a brand marketing and channel engine, managing to completely remove a substantial operational cost of most businesses around marketing their brand and product and had 100,000 inquiries on day 1 of launch!

On the internet size does not matter. What matters is the speed of execution, delivery and being available 365x24x7. The internet and more specifically a business website provides small businesses the wherewithal to do just that. Go out there and conquer new territories, use your website as your extended sales and marketing resource with the added benefit that unlike a physical sales team, your website will provide information to potential clients anytime of the day or night and will help you capture leads and grow your revenue and even be your online cash register!

Of course with all the wonderful things that the internet enables, we still need to remember the basics....respond to customer queries in a timely fashion, have a good product/service and keep looking for new opportunities!

All the best!

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

INVITING MEMBERSHIP



FICCI CMSME

and IDBI Bank Partnership

Offering concession of 100 bps on interest rates and
charging only 0.10% processing fee from members

Other Membership Benefits

Free consultation & faster availability
of credit & finance @low cost

Decrease in raw material cost

Create brand and increase revenue
/leads through web presence

Lead generation at low cost
through digital advertising

Cost-effective & useful
MSME Insurance

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