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MSME News Update

1. Vibrant Gujarat to focus on MSME, creativity

The Vibrant Gujarat Global Summit in Gandhinagar in January will focus on micro, small and medium enterprises (MSME) and creativity, said two officials in the know. For the first time, the state government has invited Nobel Prize winners, innovators and inventors. "We will organize exhibitions by Nobel Prize winners for five weeks and create interest among youths and also push creativity," said a government statement. The state will showcase the service sector, environment, electricity supply, road connectivity, port management, and skilled manpower at the event.

(Mint, November 2nd, 2016)

2. Khadi to cross Rs. 5,000-crore sales in FY18: KVIC chairman

Riding high on the upsurge in demand for khadi products, Khadi and Village Industries Commission (KVIC) expects to surpass the sales target of Rs 5,000 crore by the end of 2017-18. "The sale of khadi products has recorded a quantum jump. We are getting good orders from the government. We will achieve the sales target of Rs 5,000 crore by the end of 2017 -18," KVIC Chairman Vinai Kumar Saxena said.

Sales of khadi goods shot up by about 29% to Rs 1,510 crore in 2015-16. He said that the KVIC is also setting up export cells to promote overseas sales of the products.

"There is a good demand in the countries like the US and UK. Currently, we are not doing direct exports but now we will start. It will help in making khadi an international brand," he said. Also to improve the quality and sales of products, KVIC is regularly organising training programmes for spinners and weavers in areas like designing and marketing. Overall sales of both khadi and village industries have jumped over 14% to Rs 37,935 crore in 2015-16. The khadi and village industries products are manufactured by about 7 lakh privately-owned household units. These units are funded through schemes such as Prime Minister's Employment Generation Programme.

(Business Standard, November 3rd, 2016)

3. 4 more STPI centres in Odisha

The number of software technology centres in Odisha is set to increase to eight with the state government signing a MoU with Software Technology Parks of India (STPI) for setting up facilities at four more places. The agreement was signed to set up STPI centres at Angul, Jajpur, Jeypore in Koraput and Sambalpur, an official release said.

"The proposed STPI centres would act as resource centres for IT, ITES and ESDM sector by offering general infrastructural facilities like ready to use Incubation Hi-Speed Data connectivity and other amenities required export of software and services," Chief Minister Naveen Patnaik said.

The incubation facility will be available for entrepreneurs, specially catering to the need of start-ups, MSMEs, SMEs to kick start their business without any hassles, Patnaik said adding the construction works for the proposed STPI centres will commence soon.

According to the provision of the agreement, the state government would provide three acres of developed land and minimum 20,000 sq ft built-up space for each centre.

(Business Standard, November 5th, 2016)

4. Support small enterprises to boost exports, says president

President Pranab Mukherjee said the Centre needs to ensure that India's exporters, particularly those in the Small and Medium Enterprises (SME) segment, are adequately supported through appropriate policy interventions to help them tide over the present downturn.

India's exports had contracted in 20 of the 21 months till August this year except in June 2016, when it expanded 1.27 per cent. Mr. Mukherjee said the Centre will have to consider strengthening India's institutional credit guarantee framework in the trade sector to put the country back on a high export growth path. The framework includes the state-owned ECGC (formerly Export Credit Guarantee Corporation of India) that promotes the country's exports by improving the competitiveness of the Indian exporters through credit risk insurance covers and related services.

"Export credit insurance and guarantees in the spectrum of trade financing are of critical importance in today's scenario of continuing high systemic risk," he said while speaking at the ECGC's diamond jubilee celebrations (The Hindu, November 09th, 2016)

5. IDBI Bank receives national award for excellence in Micro lending

IDBI Bank received the National Awards 2016 (First Prize), instituted by Ministry of MSME, for excellence in lending to MSMEs.

(Business Line, November 12th, 2016)

6. Greater engagement with Japanese industries will help Indian MSMEs: Modi

Prime Minister Narendra Modi said that greater participation and engagement of industries in Japan will benefit India's micro, small and medium enterprises (MSME) sector. "Greater participation and engagement of industries in Hyogo (prefecture of Japan) will benefit Japan and India's MSME sector for which it could prove transformational," Modi said at a lunch hosted in his honour here by Japanese Prime Minister Shinzo Abe following the signing of a memorandum of understanding (MoU) between the state government of Gujarat and the government of Japan's Hyogo prefecture.

Modi recalled his visits to Kobe in 2007 and 2012 even before he became Prime Minister and said that the Indian community in this Japanese city has a long history of trade and commerce.

(Business Standard, November 12th, 2016)

7. Cap on cash withdrawal will hit industry: Trade bodies

Industry bodies sought the Centre's intervention to avert a payment crisis post demonetisation, saying the cap on cash withdrawal will impact daily functioning, especially that of SMEs and the construction sector.

In a memorandum to Prime Minister Narendra Modi, a local chapter of Indian Chamber of Commerce and Industry (ICCI) has raised serious concerns about the withdrawal cap, saying it will impact the day-to-day functioning of the industry.

The SMEs, which are primarily component suppliers to large and medium industries, rely heavily on cash transactions for ease of operation and not for tax evasion, President of ICCI, Vanitha Mohan said. "Because of the sudden move, their cash boxes have gone dry and almost all the SMEs will be paralysed by Monday," she claimed.

The effect is expected to spill over to overall production and the cap on withdrawal of Rs 20,000 per week has led to a cash crunch that is "certain" to upset labour payments.

A significant percentage of the workers' is migrant labourers without bank accounts and they have to be paid on a weekly basis, industry associations pointed out.

(Press Trust of India, November 11th, 2016)

8. Demonetization has hit hard those funding terrorism: Mishra

The central government's decision to demonetise 500 and 1,000 rupee notes has hit hard those funding terrorism and trying to disrupt the country's economy, Union Minister Kalraj Mishra said. "Fake currency notes printed in the neighbouring country have become obsolete after the Narendra Modi government's demonetisation of Rs 500 and Rs 1,000 notes," he said.

The Union Minister for Micro, Small and Medium Enterprises appealed to the public to lend their support to the scheme aimed at fighting terrorism, black money, corruption and fake currency.

"I can understand the sufferings of the people and I even apologise for that, but I will ask them to lend their support to the Narendra Modi-led NDA government in this fight against terrorism, black money, fake currency and corruption to strengthen our nation," he said.

He appealed to the Reserve Bank of India and banks to make special arrangements for those in need of money for medical purpose and marriage.

He said, "I would make all efforts to apprise the Union Finance Minister (Arun Jaitley) about people's problems and to work for solving those issues. I would try to meet and urge him to extend the date of scrapping of such notes and increase cash exchange amount at banks from the present Rs 4,000 limit."

(Press Trust of India, November 13th, 2016)

9. **Karnataka CM invites women entrepreneurs to set up shop**

Rolling out the red carpet to women entrepreneurs, Karnataka Chief Minister Siddaramaiah expressed the confidence that with the government taking several initiatives, the state would soon occupy the top slot for women entrepreneurship.

He invited women entrepreneurs to explore opportunities in Karnataka and make the state their base.

"I am happy to note that Karnataka's diversity ratio in employment and entrepreneurship is amongst the best in India. Our ecosystem is regarded as the benchmark for women to live and work and I am happy that we are in the right direction," Siddaramaiah said at the event 'ThinkBig 2016'.

He said that according to the fourth Medium, Small and Micro Enterprises (MSME) Census, Karnataka, Kerala, Tamil Nadu and West Bengal have 51.9 per cent of the country's women-owned business indicating the potential that exists in our State and country.

(The Hindu Business Line, November 15th, 2016)

10. **Large number of Indian MSMEs hit by cheap Chinese imports'**

A "significant proportion" of Indian MSMEs seem to be adversely affected by select Chinese imports, which grew at a higher rate compared to shipments from rest of the world, the Parliament was informed. According to data provided by Director General of Commercial Intelligence and Statistics, imports from China in 11 major product groups, largely manufactured by MSMEs in India, have grown at a higher rate than their respective imports from all countries combined during 2012-13 to 2015-16.

"As these 11 product groups accounted for 74% of India's total imports from China in 2015-16, a significant proportion of Indian MSMEs seem to be adversely affected from Chinese imports as compared to the rest of the world," Minister of State for MSME Giriraj Singh in a written reply in the Rajya Sabha.

These 11 product groups pertain to electrical and electronics, mechanical and metallurgical products, as well as chemical, glass and ceramics based items. Union MSME Minister Kalraj Mishra, during a recent visit to China, had invited the country's businesses to partner with Indian companies, including micro, small and medium enterprises (MSMEs) for technological collaboration and manufacturing in India. FDI policy places some restrictions on foreign investment in certain sectors. Subject to such restrictions, foreign investors can set up enterprises in India without a lower level ceiling on investment

(The Economic Times, November 16th, 2016)

11. **Unions seek higher tax exemption**

Trade unions called for an increase in the minimum personal income tax exemption limit to Rs. 5 lakh during their pre-Budget consultative meeting with Finance Minister Arun Jaitley. The unions also requested that pension for workers be increased from Rs.1,000 to Rs. 3,000 and be given to all kinds of workers. They also requested lower interest credit for the MSME sector as it generates large employment. "It was suggested to increase the minimum wages to Rs.18,000," a government release following the meeting said. "Other suggestions included more focus in the Budget on social security schemes for the workers especially those working in an un-organised sector."

The unions requested that anti-dumping measures especially in metal sector like steel be taken up on a priority basis.

(The Hindu, November 20th, 2016)

12. **Demonetization to lower GDP growth: CARE ratings**

Abolition of Rs 500 and Rs 1,000 notes is likely to lower GDP growth by 0.3-0.5 per cent in the current fiscal as business in various sectors is expected to get adversely affected, says a report.

According to CARE Ratings, while services and manufacturing sector would be impacted most from the move, the measure is positive for the banking sector and agriculture is expected to be the least impacted.

In an attempt to curb black money menace, Prime Minister Narendra Modi-led government recently withdrew Rs 500 and Rs 1,000 notes as legal tender. It has instead introduced new Rs 500 and Rs 2,000 notes.

The credit rating agency noted that the move is expected to have a significant effect on the economy, particularly on the GDP growth prospects "as various sectors would tend to get affected differentially on this score".

Prior to the demonetisation, CARE had estimated a GDP growth of 7.8 per cent for 2016-17. However, post-demonetisation, it has now projected that "the overall GDP growth would be affected by 0.3-0.5 per cent"

According to CARE, the services sector is expected to be affected the most, mainly on account of losses in trade, hotel and transport, among others, due to the volume of cash transactions involved in these economic activities.

"Importantly, these losses, due to their inherent nature, can't be recovered in the next quarter," it added.

The agency also noted that SMEs will have a major problem in adjusting production schedules as both payments and receipts flow are in cash given their structures.

For the rest of manufacturing, demand side issues would exist till such time that conditions stabilise and could get reversed in the fourth quarter," CARE said.

"Hence, the industry is also expected to be impacted which will be more significant in the first 2-3 weeks post the announcement," it added.

On the positive side, the agency noted that banking sector stands to gain from the move due to the increase in deposits, which will be somewhat countered by a slowdown in other sectors like real estate.

Interestingly, it noted that agriculture is expected to be least impacted with major shock being absorbed in the first 2-3 weeks itself as there have been issues in sales at mandis due to the current cash crunch.

(The Economic Times, November 18th, 2016)

13. **Entrepreneurs grin and bear the cash crunch**

Almost one-third of start-up and SME entrepreneurs have seen a reduction in transactions, reduced fund-raising for expansion and a drop in account receivables after the demonetization drive; but an overwhelming majority said the move will have a long-term positive impact.

These findings are according to a survey by LocalCircles, a community-focussed social-media venture, which gathered data from 4,500 start ups and SME entrepreneurs.

The survey pointed out that 34 per cent of the businesses have seen reduced transaction flow due to the government's demonetisation move. In comparison, only 13 per cent saw an increase in transaction and 33 per cent did not see any transactions.

Around 31 per cent of the respondents said fund-raising for expansion will slow down, compared with 21 per cent who expect the government's move to result in increased fund flows. Around 20 per cent said the question was not applicable to them as they do not have plans for fund-raise or expansion.

Round 86 per cent of the respondents see the demonetisation having positive impact in the long term.

Of this, almost half of them, 44 per cent, see it having a positive impact in the short and long term.

Around 42 per cent said it will be negative in the short term and positive in the long term. Further, 13 per cent see this development to be a negative — both in the short and long term; while only 1 per cent said it was a positive in the short term but negative in the long term.

The survey also pointed out that though some of the customers were paying bills using old currency notes, overall, more start-ups and businesses are experiencing their receivables slowing.

About 28 per cent of them said receivables had gotten worse, 33 per cent experienced no impact, 14 per cent said receivables got better and 25 per cent did not have any receivables issues.

(Business Line, November 21st, 2016)

14. **Haryana NSIC to set up technology centre**

Haryana Technical Education Department today signed a Memorandum of Understanding (MoU) with National Small Industries Corporation (NSIC) to set up a Technology Centre at Neemka in Faridabad district.

The MoU was signed by the NSIC Chairman-cum-Managing Director Ravindra Nath and Haryana Technical Education Department Principal Secretary Anil Malik in the presence of Union MSME Secretary K K Jalan and Haryana Chief Secretary D S Dhesi. Mr. Jalan said the Centre at Neemka would be able to commence operations by April, 2017.

He said 18 such centres are functional across the country and 15 new centres are being set up. Training was being provided to about 2,000-5,000 persons in these centres and 98 per cent of the trainees get employment, he added.

Describing the day as significant for MSME sector of Haryana, Chief Secretary Dhesi said an approval was also given today for setting up of Project Management Unit (PMU) in Directorate of Industries for promotion of industries in the state.

Mr. Dhese said that the construction work of Technology Centre at Rohtak was under progress and it would soon be completed.

NSIC's Ravindra Nath said the Andhra Pradesh government has also approached the agency for setting up such centres in their state. Mr. Malik said the new centre would give boost to industrial development in NCR, especially Faridabad.

He said that about 2,000 students would be trained in the first year of the centre and this strength would rise with time. This centre will be the eighth centre by NSIC in the country.

He said that such centres would also be set up in PPP mode in Gurugram.

(Business Standard, November 22nd, 2016)

15. **MSME may see large-scale layoffs**

A large number of the 80 million people working in micro, small and medium enterprises (MSMEs) are likely to lose their jobs due to the cash crunch in the economy following the government's move to stop the circulation of ₹500 and ₹1,000 notes. The MSME sector, which has already been hit by a slowdown in exports and costlier credit from banks, are feeling the biggest pinch of the cash squeeze. Sources said several of these small units have no cash in hand and could resort to large-scale retrenchment.

Paper mills, leather, apparel, re-rolling of steel mills, pottery, woollen, brass are among those that have been worst affected.

Companies are planning to take up the demonetization issue with finance minister Arun Jaitley in the pre-budget meeting.

The sector, which transacts mostly in cash — accounts for about 20% of the country's GDP, and 40% of overall exports.

While the RBI has allowed small businesses to withdraw up to ₹50,000 in cash every week from their overdraft and cash-credit accounts besides current accounts, sources said the amount was "grossly insufficient", especially since most transactions happen via cash.

A senior government official said the Centre was reviewing the situation. "We will take steps that are necessary to ease the cash supply.

(Hindustan Times, November 24th, 2016)

16. **Jobs will be safe in MSME sector, Government assures workers**

Government today sought to soothe concerns of layoff in micro, small and medium enterprises (MSMEs) that employ 80 million people against the backdrop of demonetization, saying the decision might cause initial problems but will not impact job scenario in the sector.

"There can be initial problems due to demonetization, but after the currency flow regularizes, it will help the sector," Union MSME Minister Kalraj Mishra told to the news agency in an interview here.

Asked about apprehension of the Federation of Indian Micro and Small and Medium Enterprises (FISME) of layoffs in the sector, he said, "We are trying to instill confidence in them and talks are on... Our officers are on the job and we will find out a solution. There will be no impact in the sector and outcome (of demonetization) will be good."

He added: "It's a big decision of the Centre to curb blackmoney and people of the country despite initial problems are supporting the move."

Mishra's assurance came amid fears that a number of the 80 million people working in MSMEs are likely to lose their jobs due to the cash crunch in the economy following the withdrawal of ₹500 and ₹1,000 notes.

MSME companies are planning to take up the demonetization issue with Finance Minister Arun Jaitley in their pre-budget meeting so that the Centre could review the situation immediately to ease cash supply.

The MSME sector, which has already been hit by a slowdown in exports and costlier credit from banks, is feeling the biggest pinch of the cash squeeze.

Sources said several of these small units have no cash in hand and could resort to large-scale retrenchment.

Paper mills, leather, apparel, re-rolling of steel mills, pottery, woollen and brass units are among those that have been severely affected after the note ban decision.

(The Economic Times, November 27th, 2016)

17. Modified policy to boost NE small-scale industries

The Government of India has revived the North East Industrial and Investment Promotion Policy, 2007 with major modifications, with the basic aim being to give a boost to small-scale industries.

The Union Ministry of Commerce and Industries, by a notification, said the policy through which a package of incentives and concessions were given to promote industrialization in the eight Northeast states, was suspended with effect from December 1, 2014 to review the outcome of the implementation of the same. After the review, the Centre, by a notification issued on November 22, revived the same but made some major modifications in it.

Official sources informed that the freight subsidy given to the industries under the policy has been withdrawn. The freight subsidy was earlier termed as transport subsidy and from 2013 onwards it came to be termed as freight subsidy. Sources admitted that there were lots of allegations about misuse of the transport or freight subsidy and the Comptroller and Auditor General of India (CAG) had also pointed out a number of irregularities in the same. However, the transport or freight subsidy might have helped day-to-day functioning of the industries, but that did not help much in asset creation, the sources said.

Earlier, there was no limit for capital investment subsidy. But, as per the new notification, the capital investment subsidy will be limited to Rs 5 crore for the industrial units operating in the manufacturing sector, and to Rs 3 crore for the units operating in the service sector. Sources said that this was being done to give a boost to the small-scale units.

Similarly, the interest subsidy will be limited to term loans up to Rs 10 crore, the notification said.

The notification further said that from now on, the subsidies payable to the industrial units would be disbursed through direct benefit transfer mechanism by the Chief Controller of Accounts (Industry), for which the units would have to register themselves on the e-payment portal by providing requisite documents. The quantum of eligible subsidies will be based on the recommendations of the state-level committee and credited directly into the bank accounts of the beneficiaries after due check, verification and audit, the notification said

(The Assam Tribune, November 26th, 2016)

18. BSE tightens norms for cos shifting from SME

Tightening norms for companies seeking to migrate from its SME platform to the main board, BSE today said firms, directors and promoters who have been barred by markets regulator Sebi will not be eligible for the move. Accordingly, companies that are seeking migration from the small and medium enterprises (SME) platform to the main board, would be required to submit an undertaking that the company, its promoters and directors have not been debarred by Sebi. "Where there is any Sebi debarment order against the company, its promoters, directors, such company will not be eligible to migrate from SME to main board of BSE till such Sebi debarment order is in force," the exchange said in a circular. Putting in place additional eligibility criteria for migration from SME to main platform of the BSE, the exchange said that if a company has been debarred from accessing the securities market, it cannot raise any funds. However, bonus issues (not amounting to raising of funds from public) would be permitted to such extent as to not increase the post-issue capital to beyond Rs 25 crore.

However, where the directors and promoters of the company are debarred from accessing the securities market, then the company would be allowed to increase its capital to such extent so as to not increase the post-issue capital to more than Rs 25 crore. BSE said that debarred entities would not be eligible to participate in any such further issue of capital.

(Business Standard, November 29th, 2016)

ARTICLE

Propelling MSME Growth: Ways and Means

By: R. Narayan

Founder & CEO, Powe2SME

The micro, small and medium enterprises (MSME) sector is emerging as the future of the Indian economy by contributing significantly to its socio-economic development. The spread of Indian MSMEs has helped the creation of more employment opportunities for the rural as well as the urban population and is spearheading the industrialisation of rural and backward areas. According to a recent report published by the Micro Small & Medium Enterprises (MSME) Ministry, the sector has more than 36 million MSME units spread across the country, producing more than 6,000 products—from traditional to high-tech items, is emerging as the one of the most niche blocks of the Indian business scenario contributing 8% to the gross domestic product (GDP) and accounting for 45% to the total manufacturing output and 40% to the exports from the country. The sector holds great potential and can help address various critical issues of the economy.

For India, pushing growth of the MSME sector would mean:

- ✓ Improvement in financial inclusion of the nation
- ✓ Generation of significant level of employment
- ✓ Support to next-gen entrepreneur and innovation/indignation
- ✓ Discouraging urban-rural mitigation

Sector growth inevitable despite road blocks

India, as a developing economy is going through multitude changes and at this phase the Indian government has chosen to tread the path to make India a global manufacturing hub. With 90% of industrial units as MSMEs in the manufacturing sector (IBEF data), the government realizes the need to push the growth in this sector. It is the development of this sector which will decide the success or failure of the government's flagship campaign – 'Make in India'.

In this light, it is crucial for India to tap the potential of MSME segment as it embarks on the new wave economy. With less than 10% contribution to India's GDP, the manufacturing MSME segment is in dire need of level playing field, not only great policies and campaigns but also with proper implementation of those policies. The policies must be aimed at eradicating the challenges such as access to quality raw material, to financial aid, and to suitable technology solutions. All these factors hamper the growth of MSMEs and lead to their closure due to cash crunch, lack of recognition and support.

Means to propel growth for MSMEs

Access to good quality raw material at best prices: On an average, manufacturing MSMEs spend 70% of their recurring costs to raw material procurement from market vendors. This can be attributed to the poor bargaining power of MSMEs, compared to large corporate customers. Also, the compulsion to deal with larger firms (source) to avail materials in bulk prevents an MSME, whose size of demand for raw materials usually is smaller from procuring good quality materials.

It is imperative to create an ecosystem for SMEs which enables them to access large suppliers for quality raw materials at affordable prices. In past some players have emerged to bridge the gap, however, given the market size it is necessary for the government to intervene or work with the existing players to support larger section of the sector.

Access to funds: The sector's most pressing problem is the lack of adequate and timely finance, caused by the delay in payments received and the inability of these small businesses to access the organized financial sector for their financial needs. As per various studies conducted, there is a huge gap in demand and supply of credit facilities. In most of the cases, banks or financial institutes are unable to analyse the creditworthiness of MSMEs. While establishment of MUDRA Bank is a great initiative but given the high demand for we credit we must:

- Set up more institutions such as the MUDRA Bank initiative that should in addition to providing financing solutions, also mentor these enterprises on how to optimize their existing financial resources.
- Set up a lending model with existing government banks that promote lending of smaller amounts up to a certain established limit.
- Create a special task force of industry player including NBFCs, private banks, and other firms that work in close collaboration with SMEs to form an ecosystem that enables accelerated lending to SMEs.
- **Address issue of delayed payments:** Development of an online portal that allows firms to maintain a record of their customers/buyers' credit transactions, with a feature that allows the same to send automated requests to customers/buyers to make the payment before and even after legally defined 45 days of credit period.

The government should also pitch for a better cash-flow management system for the MSMEs, that includes actions related to cash payment, collection and liquidity management, and encourage banks—public as well private ones—and other sources of credit, such as, venture capitalists and angel investors to have better relations with MSMEs to get a robust financial support.

Access to technology: Technology has proved to become business enabler and a pivotal tool to bring efficiency in business and gain competitive edge at global level. Also the marketplaces for MSMEs are gradually shifting towards virtual platforms, making it necessary for MSMEs to adopt tech tools. However, when it comes to technology adoption, Indian MSMEs lag behind. They are either unaware or misinformed about the dynamics of technology and its relation to profitability. Also, most of the SMES do not have adequate funding and proper infrastructure to invest in IT systems. Many of the SME owners are not sure about the return of investment of setting up an IT based business.

The government should encourage technology adoption and provide MSMEs with the necessary funding, mentoring and tools to adopt them easily. They can help the SMEs in developing a IT based business model that works best for the niche. Also, addressing their concerns about technology adoption, giving real examples of how technology has had a tremendous impact on various business entities, world over, would be some practical approaches.

The government must set up special team within MSME Ministry to promote awareness on technology via workshops, events, etc and also consider collaborating with industry players that have suitable technology solutions for SMEs.

Promote growth of sectors that support SME growth: SMEs should see e-commerce as a key enabler for fast paced growth, better visibility, better customer reach and fast delivery of services/products. B2B ecommerce players can help SMEs address their traditional challenge related to logistics and reach in other states. Apart from logistics, the new age digital finance firms, National Banking Financial companies (NBFCs) and private banks are key to bridge the credit gap in MSME sector and aid in financial inclusion. Government should make structural reforms that promote cordial business alliances among these player and the MSME sector.

Develop policies that are SME friendly: To give an impetus to the MSME sector, the government has undertaken a number of SME- friendly initiatives such as:

1. Setting up **MUDRA Bank** to disburse loans of smaller amounts and refinancing MSME entrepreneurs who seldom get loans from banks.
2. Establishment of **Small Industries Development Bank of India (SIDBI)** and Credit Guarantee Fund Trust (CGFT) to facilitate credit flow into this sector without the need for collateral/third party guarantees.
3. **National Small Industries Corporation (NSIC)** offers digital facilitation of loan proposals of MSMEs with various banks, provide collective funding options from various Banks to MSMEs.
4. **Public Procurement Policy:** The policy mandates all Central Government Ministries/Departments and PSUs to procure 20% of their annual procurements from SMEs. This would enable MSMEs to enhance production and strengthen the vendor development mechanisms.

Role of FICCI in nurturing the growth of MSME sector

Since its inception in 2013, the Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of MSMEs (CMSME), an affiliated body to FICCI - have been playing a consequential role in empowering startups and Micro, Small and Medium Enterprises (MSMEs), as well as fostering entrepreneurship in the country. FICCI-CMSME, as a pan-India body, strives to encourage the culture of entrepreneurship and innovation among Indian startups and small businesses in the days to come. With an aim to unleash the potential of startups and MSMEs, FICCI-CMSME also plays a significant role in connecting startups and MSMEs with mentors, advisors, incubators and accelerators.

Concluding remarks

MSMEs can play a big role in making India self-reliant by an innovative approach and power to use cheap and local resources. MSMEs act as low-cost alternatives to the corporates, relying solely on their expertise in their niche, unique manufacturing process and ability to bring about innovation. Provided with the right support at the right time, MSMEs in India can not only spearhead growth of the Indian industry, but also help cut its high dependence on costly exports.

Opportunity for MSMEs to increase 'COST COMPETITIVENESS, QUALITY & ON-TIME DELIVERY'

Productivity Affected?

Are these factors affecting your enterprise' performance?

T - Transport (moving materials, information)

O - Over Production (poor production planning, effect on production cost)

I - Inventory (stock of materials, finished goods, storage)

O - Over Processing (poor quality, lack of employee efficiency)

M - Motion (unnecessary motion within work area resulting in time waste)

D - Defects (repeated errors, avoidable errors)

W - Waiting (materials, information)

H - Human Resources (absenteeism, lack of team effort)

E - Environmental Waste (natural resource inputs such as Energy, water, fuel etc)

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SCORE Modules

Module 1:
Workplace Cooperation
- A foundation for business success

The starting point for all training
 ↳ Unite employees around shared targets
 ↳ Involve the entire workplace in continuous improvement

Module 2:
Quality - Managing
Continuous
Improvement

↳ Identity customer needs
 ↳ Develop quality assurance culture
 ↳ Reduce defects systematically

Module 3:
Productivity Through
Cleaner Production

↳ Save costs and increase efficiency
 ↳ Systematically reduce waste & energy usage

Module 4:
Workforce Management
For Cooperation and
Business Success

↳ Develop Human Resource strategies for better recruitment & retention
 ↳ Motivate & develop the right people to make staff a competitive advantage

Module 5:
Safety & Health at
Work: A Platform for
productivity

↳ Eliminate or minimise workplace health & safety risks that lead to injuries, expenses & lower productivity

Module 1 is mandatory, modules 2-5 are optional for the enterprise to choose as per their need)

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- i. Subsidised training as only **20% cost borne** by the participating enterprise.
- ii. **High return** on training investment including **cost savings** within 3 months.
- iii. **Flexible training designs** modified to address specific hurdles faced by the enterprise.
- iv. Flexible curriculum and easy learning.
- v. Customized coaching on a range of topics.
- vi. Training results in improved robust management systems and practices.
- vii. Association with FICCI and ILO bringing market visibility

More than 100 Indian SMEs benefited since 2012 with proven results such as enhanced productivity, improved cost competitiveness, waste reduction, defect elimination and more.



Contact us for details:

Ms. Shraddha S. Sabharwal

National Coordinator

FICCI-Centre for SCORE & IR Training Services in India

Federation House, Tansen Marg, New Delhi - 110001

Ph: + 91 11 23708215, 23487230

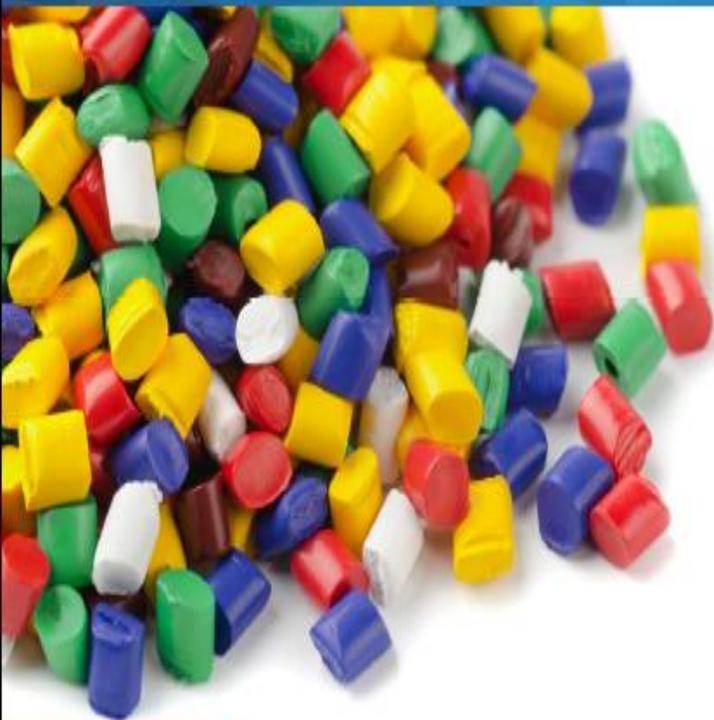
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