FICCI CMSME

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NEWSLETTER

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

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MSME NEWS UPDATE

1. Budget 2021 carries vision of self-reliant India, says PM Narendra Modi

Lauding the Union Budget, Prime Minister Narendra Modi said one hardly comes across a Budget that elicits so much positive response within an hour or two of its presentation and noted that this was tabled under extraordinary circumstances when many experts were of the view that the government will put more burden on the common man.

The Budget carries the vision of 'Aatmanirbhar Bharat' (self-reliant India) and lays a strong foundation as a new decade begins, he said. "This Budget has a feel of reality and confidence of development as well and showcases India's self-belief. It will also infuse new confidence in the world in these difficult times," he said, in reference to the Covid pandemic hitting the global economy hard.

"We have taken the approach of widening new opportunities for growth, creation of new opportunities for our youth, giving a new dimension to human resources, develop new sectors for infrastructure development, and moving towards technology and bringing new reforms in this Budget," the PM said.

It's a pro-active Budget that gives a boost to wealth as well as wellness, Modi said. Asserting that villages and farmers are at the heart of the Union Budget, Prime Minister Narendra Modi said it has put a lot of emphasis on strengthening the farming sector and increasing farmers' income while making an allocation to further empower agriculture mandis.

In televised remarks after Finance Minister Nirmala Sitharaman presented the Budget, Modi said it has many provisions for the agriculture sector, including for making loans easier for farmers. This Budget talks of all-around development for all parts of the country with a focus on southern and North-east India besides Ladakh, he said, adding that it is a "big step" towards making coastal states like Tamil Nadu, Kerala and West Bengal a "business powerhouse".

It is also aimed at boosting people's ease of living by simplifying procedures and rules and seeks to bring about positive changes for the infrastructure sector, industry, investors and individuals, the prime minister said. Expressing happiness that the transparency factor of the budget has been appreciated by experts, he said it budget doesn't have an iota of "reactive" and has been "pro-active" "with its focus on wealth as well as wellness.

Noting that the MSME sector allocation has been doubled to improve employment opportunities, Modi said the budget's emphasis on research and innovation will help the youth. The common man and woman will benefit from stress on health, sanitation, nutrition, clean water and equality of opportunities while enhanced allocation in infrastructure and procedural reforms will lead to job creation and growth, he said.

Business Standard, February 01, 2021

2. GST collections surge to record ₹1.2 L-cr in January

The Goods and Services Tax (GST) collection in January 2021 was an all-time high at around ₹1.20 lakh crore, which exceeded the ₹1 lakh crore benchmark for the fourth consecutive month and posted positive growth for the fifth month in a row since September, indicating sustained business recovery. The tax collection in January 2021 beat the previous collection record of ₹1,15,174 crore in the last month, according to official data released.

So far, the GST collection in January 2021 is ₹1,19,847 crore, an 8.15% jump from ₹1,10,818 crore collected in January 2020. "The numbers are still being compiled. So far, figures are available up to

6pm on January 31. Thus, the final collection figure may go up further, marginally," an official said, requesting anonymity.

"The robust GST collection signifies full revival of Indian economy on the back of stimulus packages (over ₹20 lakh crore) announced by the government and the launch of the indigenously developed Covid-19 vaccines. This is also shown in the increased number of GST returns filed by businessmen," a second official said on condition of anonymity.

According to the official data, the total number of monthly returns filed for the month of December up to January 31 was 9 million, up from 8.7 million in the previous month, posting a 3.45% growth.

"Another major reason for an increasingly robust collection is better tax administration through systematic changes that helped in checking tax evasion. We have employed data analytics and artificial intelligence to find anomalies. Coordinated action with the income tax department and other arms of the government have borne results," he said.

An expert said: "The record GST collections coming on the eve of the budget signifies the sustained revival in economic activities across several sectors and states. The trend of good GST collections could continue in the remaining months of the current fiscal year as several service sectors such as hospitality, travel and entertainment open up further across states."

Hindustan Times, February 01, 2021

3. Duty on cotton a blow to downstream industries

The textile industry finds the 10 per cent import duty on cotton as a "severe blow" for the downstream industries. The duty will make products like bed sheets and fine shirting dearer. Cotton and cotton waste imports are currently have nil duty. The budget has imposed 5 per cent Basic Customs Duty and another 5 per cent Agricul-ture Infrastructure and Development Cess on cotton.

The cotton textile industry has to import Extra Long Staple cotton, organic cotton and contamination-free cotton to the tune of 10 to 12 lakhs bales per year. India produces just 3 per cent of its consumption and has to import the deficit to meet the demands of the global customers and also the domestic market.

"The extra-long staple cotton, in which India has a clear production deficit, are largely imported from Egypt and the US and are used for manufacturing bed sheets, fine shirting and other products made using fine yarn. The price of these products will go up and affect our competitiveness in the global market. Further, India does not produce contamination free cotton,' said an industry veteran.

The country is already flooded with cheaper imports of readymade garments from SAFTA countries and the import duty will further make Indian products costlier, said another expert.

However, the Budget sought to promote the man-made fibre industry by rationalising duties on raw material inputs. "We are now bringing nylon (value) chain on par with polyester and other manmade fibres.

We are uniformly reducing the basic customs duty rates on caprolactam, nylon chips and nylon fibre and yarn to 5 per cent. This will help the textile industry, MSMEs, and exports, too," the Budget said. The budget also reiterated the plan to set up mega textile parks, which will be fully integrated and globally competitive manufacturing and exporting hubs.

The Asian Age, February 02, 2021

4. Rs 1,000 crore for TIIC to boost MSMEs

Governor Banwarilal Purohit in his address to the Assembly said the State government will infuse an additional Rs 1,000 crore over the next three years into the Tamil Nadu Industrial Investment Corporation (TIIC) to expand its lending operations to cover MSME units that still do not have access to institutional credit.

Welcoming the move, an expert said, "It is a good move for the MSME sector. TIIC's interest rate is low compared to banks, which charge 12-13 per cent; TIIC charges only six per cent subvention interest. The only issue is that the entrepreneur has to provide collateral and pay on time or he would be penalised."

Echoing the sentiment, another expert said, "Under the Centre's Emergency Credit Line Guarantee Scheme (ECLGS), banks lend at two per cent higher rate compared to TIIC but they don't demand collateral. TIIC also must not demand collateral." He added that the State should come out with a mechanism where micro-institutions could also avail funds. The micro-industries are dependent on private lenders who charge higher interest rates.

Earlier, the Governor said that the State has a total of 23.6 lakh registered MSME units, with a total investment of Rs 2,73,241 crore, providing employment to almost 1.52 crore people. He said that the new MSME policy was finalised after consultation with multiple stakeholders and will be released by Chief Minister Edappadi K Palaniswami, shortly.

"In order to help MSMEs tide over the pandemic, the government front-loaded release of different kinds of subsidies and coordinated with banks and financial institutions to ensure that MSME units in TN benefit through ECLGS. To facilitate quicker access to loans under ECLGS and to provide relief to MSMEs, the State also exempted payment of Stamp Duty for registration of Agreements relating to the Memorandum of Deposit of Title Deeds (equitable mortgages) until March, 31, 2021," the Governor said. He added that the Registration Fee was reduced to 0.1 per cent from 1 per cent for Micro and Small Enterprises. The government will also amend the Registration Act, 1908, to permit online registration of agreements relating to Memorandum of Deposit of Title Deeds to avail term loans and working capital loans. This would eliminate the lenders.

The New Indian Express, February 03, 2021

5. FM doubles budgetary allocation for MSMEs, but one scheme gets the king's share

For the Covid hit MSMEs, the key highlight of the Union budget 2021 remained a higher outlay to the sector. To accelerate the revival of the Covid-hit sector, Finance Minister Nirmala Sitharaman has made a provision of Rs 15,700 crore for the sector. The sector, touted to be the backbone of the nation's economy, was allocated Rs 7,572 crore in the previous union Budget of 2020-21. "We have taken a number of steps to support the MSME sector in this Budget. I have provided Rs 15,700 crore to the sector more than double of the last year, Sitharaman said.

We delve deeper into key figures relating to various Central schemes and see how they stack up with that of last year's figures. In terms of total outlay earmarked for all the schemes/ projects falling under Development of Khadi, Village and Coir Industries, this year's outlay stands at Rs 905.04 crore compared to Rs 1525.94 crore last year, meaning a 40.68% drop. As a result, all the sub-schemes under this head have seen drastic reductions in their allocations. The Government's popular scheme called SFURTI scheme (Scheme for Fund for Regeneration of Traditional Industries) has been allocated Rs 170 Crore (a drop of 6342 YoY). It's noteworthy that the SFURTI Scheme was launched in 2005 for making traditional Industries more productive and competitive by organizing the traditional Industries and artisans into clusters to provide support for their long-term sustainability.

The steepest decline in this category came for the Solar Charkha Mission, whose previous figure of Rs 100 crore now stands at Rs 5.04 crore. Similarly, the allocation to Khadi Vikas Yojana has also been slashed from Rs 370 crore to Rs 250 crore (32.43% decline). At Rs 50.00 crore, Gramodyog Vikas Yojana also witnessed a cut to the tune of 51.41% vis-à-vis the last year's allocation. Looking at the finer details of this budget, it becomes clear that it brought massive cuts to technology centric schemes meant for MSMEs. The total outlay to all the Technology Upgradation and Quality Certification schemes has been slashed from Rs 683.91 crore Rs 330.31crore (51.70% decline)

A look at the figures for the MSME ministry's popular ASPIRE (Promotion of Innovation, Rural Industry and Entrepreneurship) scheme reveals that at Rs15 crore, its outlay has been halved compared to the last year's figure Introduced in 2015, ASPIRE is aimed at accelerating entrepreneurship and to promote startups for innovation and entrepreneurship in agroindustry.

Additionally, the government this time has cut the outlay of Credit Linked Capital Subsidy and Technology Upgradation Scheme from Rs 653.91 crore to Rs 315.31 crore (51.78% decline). To help the MSMEs face the challenging times, the government has increased outlays for many MSME targeted schemes as well. Noteworthy is the total outlay for Prime Minister Employment Generation Programme (PMEGP) and Other Credit Support Scheme, which has seen a steep hike this time from Rs 2800 crore to Rs 12499.70 crore. Within this subhead, PMEGP scheme in itself has seen a decline from Rs 2500 crore to Rs 2000 crore.

So where has the bulk of the money gone under this scheme? The biggest takeaway of this category has been the allocation earmarked to Guarantee Emergency Credit Line (GECL) facility to eligible MSME borrowers. With the introduction of the scheme, the Government wants to focus on helping Covid-hit MSMEs by allocating Rs 10,000 crore. This is about 64% of the total allocation for the MSME sector. Interestingly, this also means that the large share of the government's doubling of allocation to MSMEs this year will be dedicated towards its flagship ECLGS scheme. The Emergency Credit Line Guarantee Scheme, which provides 100% guarantee coverage of up to Rs 3 lakh crore to eligible MSMEs. Further, Distressed Assets Fund has been allocated Rs 300 crore this year, while allocation for Interest Subvention. Scheme for Incremental Credit to MSMEs is at Rs 199.66 crore this year.

This year, the government has drastically reduced the outlay to many marketing-based schemes for the MSMEs. The total outlay for Market Promotion Scheme has been reduced from Rs 74.63 crore to Rs 39.96 crore this year. Under the same category, the outlay for Procurement and Marketing Support Scheme -- has been reduced from Rs 54.59 crore to Rs 24.96 crore. With major fairs and exhibitions being cancelled this year, the Marketing Assistance Scheme (MAS) which provides MSMEs the support to market their products in the domestic and international markets, has not been allocated any amount. International Cooperation Scheme, another popular scheme in this category, saw a decline in its figures - from Rs 20 crore to Rs 15 crore. The scheme provides financial assistance to organizations with a view to facilitate visit/participation of MSMEs in international exhibitions/trade fairs/buyers-seller meets, etc.

The outlay for Entrepreneurship and Skill Development centered schemes has been increased slightly from its previous figures of Rs 556.47 crore to Rs 570.93 crore. Under this, the government has increased the share of Fund of Fund (FoF) scheme from Rs 200 crore to Rs 350 crore now.
The Economic Times, February 04, 2021

6. **MSMEs seeking factoring credit should get ratings: Parliament panel to govt**

The government should encourage rating agencies to provide ratings to MSMEs that seek loans based on receivables, or factoring credit, the Parliamentary Standing Committee on Finance said in its report. With the government proposing amendments to the Factoring Regulation Act, 2011, the volume of business through factoring credit is expected to expand, according to the report. "This may be accomplished by encouraging the existing credit rating agencies to provide ratings for the MSMEs that are actively seeking to factor in their receivables," it said. The Factoring Regulation (Amendment) Bill, 2020, was introduced in the Parliament in September 2020, and was referred to the Parliamentary Standing Committee on Finance for examination. There is often delay in MSMEs getting payment against their bills for supplying to various buyers. This leads to locking of working capital and hampering productive activities of MSMEs. The amendments proposed by the government seek to resolve these issues and permit more categories of NBFCs to undertake factoring business.
Factoring credit constitutes only 2.6 per cent of total formal MSME credit in India. It's estimated that only 10 per cent of the receivable market is presently covered under formal bill discounting mechanism, while the rest is covered under conventional cash credit overdraft arrangements with banks, the report said. As one of the principal instruments of working capital and trade finance, bill discounting and factoring remains underutilised, said the panel headed by BJP MP Jayant Sinha. The panel suggested that best global practices be adopted to bring domestic factoring companies on a par with global peers and make credit finance more accessible to MSMEs.
Business Standard, February 04, 2021

7. **Factoring Bill: 'Integrate TReDS with GSTN e-invoicing portal'**

The Standing Committee on Finance headed by Jayant Sinha has recommended the integration of Trade Receivables Discounting System (TReDS) platform with GSTN e invoicing portal leading to automatic uploading of all GST invoices onto the TReDS platform to enable real time sharing of data that will allow buyers and sellers to have a single window access to invoices.
The availability of e-invoices, vetted through GSTN, will provide an added layer of authenticity, which will make the TReDS platform more attractive and give more comfort to the financiers. "This would encourage enterprises to make a shift to TReDS platform, and creating an efficient working capital cycle for MSMEs," the Standing Committee said in its report on The Factoring Regulation (amendment) Bill 2020.
This report also recommended that receivables coming from the Central and State governments should compulsorily be brought under the ambit of TReDS through this legislation so that payments pending from governments, which have already been approved for various MSMEs, are made available to them on a timely basis. Government entities can use the TReDS platform to demonstrate that they are good at paying their bills and thus get more bidders for their projects.
The Hindu Business Line, February 04, 2021

8. Loans for first-time MSME borrowers exempt from CRR

In a push to ensure more credit to small businesses, the Reserve Bank of India (RBI) has exempted banks from keeping the cash reserve ratio (CRR) requirement against loans disbursed to first-time borrowers of micro, small and medium enterprises (MSMEs).

In its statement on development and regulatory policies, RBI said MSMEs that had not availed of any credit facility as of 1 January can be considered for this exemption. This includes exposures of up to ₹25 lakh per borrower for credit extended up to the fortnight ending 1 October 2021.

“In order to incentivise new credit flow to the MSME borrowers, scheduled commercial banks will be allowed to deduct credit disbursed to ‘new MSME borrowers’ from their net demand and time liabilities (NDTL) for calculation of CRR," RBI said.

According to State Bank of India chief economist Soumyakanti Ghosh, the exemption should result in disbursements of ₹2.33 trillion of fresh loans to MSMEs by the end of September 2021. Banks could save CRR of ₹8,000 crore from fresh loans to MSMEs.

“While the credit to MSMEs have improved in FY21, the same is supported by emergency credit line guarantee scheme (ECLGS) to existing borrowers of the banks. The proposal could incentivize banks to consider lending proposals for fresh credit to new MSMEs, however, the actual offtake could be muted given the continued risk aversion of lenders and limited impact on costing from CRR exemption," said ICRA rating agency.

In February 2020, RBI exempted banks from maintaining CRR for loans to all MSMEs for five years, if these loans were disbursed between 31 January and 31 July 2020. CRR is the slice of deposits that banks have to park with RBI. Currently, it is at 3% of banks’ deposits. Banks don’t earn any interest on CRR.

The announcement comes at a time when the budget did not announce the extension of the ₹3 trillion ECLGS for stressed MSME borrowers. The scheme is set to expire in March 2021. Banks and non-banks have sanctioned 76.6% of the funds allocated under the scheme, which offered small businesses loans of up to 20% of their entire credit outstanding as on 29 February. Initially, the Centre said companies with ₹100 crore turnover and ₹25 crore outstanding will be eligible for the scheme, but the cap on turnover was lifted in November.

Mint, February 05, 2021

9. UP extends red-carpet welcome to investors

In a bid to woo investors to the state, Uttar Pradesh minister for MSME, khadi and investment promotion, Siddharth Nath Singh met industry leaders in Mumbai and invited them to invest in key sectors such as infrastructure, agro and food processing, energy, IT/ESDM, defence, films and textiles.

Stating that the UP government has major plans to promote investments in all the projects related to infrastructure like industrial estates, energy, road, metro rail, etc, the minister informed that the government is offering world class infrastructure through a web of expressways complimented by upcoming Asia’s largest greenfield airport at Jewar and 100 acres plus freight village at Varanasi.

The state has also identified a land bank of around 1 lakh acres and has already acquired around 28,000 acres out of which more than 8,500 acres of land is ready to allot. “UP has seen rapid development of world class infrastructure comprising of expressways, airports, waterway, logistics, coupled with industrial parks townships.

The State Government is rapidly promoting industrial parks under active implementation along the Yamuna Expressway in Gautam Buddha Nagar District," he said, adding that post Covid, the State Government has renewed its focus to promote new industries and sectors that are largely gaining momentum.

Financial Express, February 14, 2021

10.MSME insolvency: Only debtors may get to start bankruptcy process

Only debtors can trigger their own bankruptcy process under the special insolvency resolution framework for micro, small and medium enterprises (MSMEs), which the government and the regulator are working on, sources told. However, to be able to do so, a stressed MSME will require the approval of unrelated financial creditors who account for at least 25% of outstanding claims. If creditors want to initiate bankruptcy proceedings against MSMEs, they would need to go through the usual Corporate Insolvency Resolution Process (CIRP) under the extant rules, the sources said.

As part of its measures to soften the Covid-19 blow, the government had last year proposed to bring in a special framework for these small businesses. It will form a part of the Insolvency and Bankruptcy Code (IBC). Given that MSMEs have limited wherewithal to go through a long and rigorous insolvency process, the time limit for the resolution will be drastically reduced.

Market participants will get 90 days to submit resolution plans and the National Company Law Tribunal will have another 30 days to approve them. The IBC currently stipulates a maximum of 270 days for the completion of the entire CIRP. However, the default threshold to trigger this process will remain unchanged at Rs 1 crore.

Promoters of MSMEs, who are not wilful defaulters, can continue to bid for their toxic assets. In fact, they will get to submit resolution plans first, which will then be placed before other potential suitors under a Swiss challenge. The resolution plan needs to be endorsed by financial creditors having at least 66% of the voting power. Some of these features are in sync with those of the so-called pre-pack insolvency scheme that the government has proposed to bring in. Also, promoters will continue to run the MSMEs, unlike in the CIRP where the resolution professional gets to run the affairs with guidance from financial creditors.

Similarly, several procedural requirements on issues, such as claims of creditors, may be simplified to make the entire process less rigorous. This is aimed at reducing the cost as well as time required for stress resolution. Firms with annual turnover less than Rs 250 crore or investments less than Rs 50 crore will be covered under the new mechanism. This is in step with the new definition of MSMEs, based on turnover and investment criteria, which the government announced last year.

Commenting on the need for such a special mechanism for small businesses, Insolvency and Bankruptcy Board of India (IBBI) chairman MS Sahoo recently said: "MSMEs are different from other companies in many ways for the purpose of resolution.

They generally have loans from informal sources, which do not have access to resolution frameworks as available to banks. Many of them do not have stamina to sustain a full-fledged CIRP-style resolution process."

Similarly, the value of an MSME often lies in informal arrangements, making it difficult for a third party to harness value through a resolution plan. “The market for resolution plans for an MSME firm is local, while the entire globe is the market for a bigger firm; etc. In recognition of their uniqueness, a special framework, tailor-made for resolution of MSMEs is under consideration,” Sahoo added.

According to the data compiled by the insolvency regulator, as many as 1,942 cases were in the resolution process as of September 2020. Since MSMEs typically account for the largest chunk of these cases, a special framework will help them resolve stress better and faster, analysts reckon.

Financial Express, February 15, 2021

11.TN unveils new industrial, MSME policies

The Tamil Nadu government announced a new industrial policy with a view to provide further fillip to industrial growth and attracting more investments into the State. Tamil Nadu Industrial Policy 2021-2025, which was unveiled by the Chief Minister Edappadi K Palaniswami, aims to achieve four key objectives — attract investments worth over ₹10-lakh crore ($135 billion) by 2025, achieve annual growth rate of 15 per cent in the manufacturing sector during the policy period, increase contribution of manufacturing sector to 30 per cent of the state’s economy by 2030 from 25 per cent now and create over 20 lakh jobs by 2025.

This policy is applicable for projects establishing or expanding industrial units, industrial parks, R&D, warehousing and logistics except in 14 sectors specified by the policy. Investments made from January 1, 2021, will be considered eligible for availing incentives. This policy provides a structured package of incentives for companies looking to invest more than ₹500 crore in the State. While it offers four different subsidy models to investors — SGST reimbursement, fixed capital subsidy, flexible capital subsidy and turnover subsidy. It also provides a bigger set of incentives investments in sunrise sectors. Tamil Nadu has been attracting lot of investments in sunrise sectors such as ESDM, EVs, EV cells & batteries, renewables parts. Also, potential exists to attract investments in aerospace, pharma, petrochemicals & technical textiles etc, said N Muruganandam, Principal Secretary – Industries, Government of Tamil Nadu. “With the Industrial Policy 2021, Tamil Nadu will emerge the leader not only in traditional industries like automobiles, textiles and industrial products but also a leader in electronics, which is emerging new field in Atmanirbhar Programme,” said an industry leader. The new industrial policy should help give a boost to the post-pandemic economy of the State and attract fresh investments, generating employment and creating value, added an expert.

The Chief Minister also unveiled a new MSME Policy to offer a vibrant ecosystem for MSMEs/Start-ups. The policy has set a target to attract new investments worth ₹2-lakh crore by 2025 and create additional employment opportunities for 20 lakh people. New MSMEs and start-ups will be exempted from approvals for establishment and operation for a period of three years based on self-certification subject to the condition that the unit shall have mandatory approval within a period of one year from the expiry of the 3-year period.

The new policy has also enhanced ceiling for various subsidies provided to MSMEs, while plug & play facilities, plots and sheds will be developed and made available to them on short term lease. A corpus of Rs.500 crore has been set aside for upgradation and maintenance of TANSIDCO estates. “The new

industrial policy has been designed to provide incentives for companies that provide jobs to transgenders and the differently-abled," said Palaniswami.
The Hindu Business Line, February 16, 2021

12.Leather sector should create more jobs to achieve Aatmanirbhar Bharat: Gadkari

"The MSME is the backbone of Indian economy. Without MSME, we cannot achieve the goal of Atmanirhbar Bharat, which is the dream of Prime Minister Narendra Modi," said Nitin Gadkari, Union Minister for Road Transport & Highways and MSME.
The MSME Ministry in the next five years plans to increase the sector's contribution to GDP from 30 to 40 per cent and exports to 60 per cent from 48 per cent. It plans to increase the number of jobs generated in the sector by another 5 crore from 11 crore now, he said here.
Gadkari was addressing a gathering after virtually inaugurating the additional capacity of one million litre a day and Zero Liquid Discharge system of the Common Effluent Treatment Plant at Ranipet Tannery Effluent Treatment Company Ltd (RANITEC), in Ranipet.
To achieve the goal of Aatmanirbhar Bharat, it is important to create more employment opportunities. The minister urged the leather industry to contribute to achieve this goal. He also urged the industry to create more auxiliary industries in rural areas to encourage young entrepreneurs and create more jobs to reverse the trend of rural population migrating to cities.
The Minister urged the institutions to encourage the leather industry clusters in other parts of the country also to adopt such eco-friendly practices so as to reduce the environmental pollutants generated by the leather sector.
The Hindu Business Line, February 16, 2021

13.The TReDS route to trade credit

A Parliamentary Standing Committee wanting to make the Trade Receivables Discounting System (TReDS), an online factoring platform, mandatory for all the arms of the central and state governments makes eminent sense. This is a necessary but insufficient condition to infuse life into the MSME sector, hit hard by demonetisation, the subsequent slowdown and then, the pandemic. Already, all companies with a turnover of Rs. 500 crore have to mandatorily register on TReDS. Adding to this lot the railways and defence, with huge outstanding payments to MSMEs, will help ease the latter's working capital shortage.
Failure to come on to the TReDS platform, which puts an end to the monopsony power of large buyers vis-à-vis small vendors, must be declared an offence. This will ensure compliance. Around 20,000 MSMEs and 1,600 buyers (with a turnover of over Rs. 500 crore) are now registered on TReDS. The total value of dues settled over the platform is estimated at over Rs. 30,000 crore. The process involves small suppliers raising invoices on large buyers, with participating banks and non-banking financial companies carrying out factoring, that is, taking over the bill collection and paying small suppliers their dues upfront minus a discount pegged to the creditworthiness of the large buyer, to whom the finance provider turns creditor. Realising the full potential of TReDS will reduce working capital costs and boost liquidity.
However, much TReDS smoothens MSME access to trade credit, the sector still needs more capital, preferably as equity that needs to be serviced only when profits are made. The fund of funds,

announced by the government last May, was meant to mobilise over Rs. 50,000 crores to invest in MSMEs. It must be operationalised swiftly.
The Economic Times, February 16, 2021

14.Insolvency suspension not to be extended

The government has no plan yet to extend a one-year suspension of bankruptcy proceedings against Covid-related defaults once it expires, sources told. However, it will hold a series of review meetings in the coming weeks on the relief under the Insolvency and Bankruptcy Code (IBC) and also gauge the preparedness of the adjudicating system to tackle a potential rise in cases once the breather ends next month, one of the sources said.
"The suspension has served the purpose, but an extension now will potentially undermine bad loan resolution process and can create a systemic issue," the source added. Already, the Economic Survey for 2020-21 has suggested that an asset quality review be undertaken to gauge the actual stress once all Covid-related forbearance come to an end. Insolvency and Bankruptcy Board of India (IBBI) chairman MS Sahoo told that although the number of applications for initiating insolvency could increase once the suspension is lifted in late March but "the increase may not be significant".
"Nevertheless, being fully aware of the need to provide commensurate NCLT capacity, government has proposed in the budget that NCLT framework will be strengthened and e-Courts system shall be implemented," Sahoo said.
Also, the government has announced its decision to roll out a so-called pre-pack insolvency and a special framework for MSMEs (both envisage a shorter resolution time frame and easier processes) to further bolster the IBC ecosystem. The Centre had in March 2020, announced the suspension up to a maximum of one year to help thousands of cash-strapped firms tide over the Covid-19 impact without the fears of getting dragged to the National Company Law Tribunal (NCLT).
Accordingly, through the IBC (Second Amendment) Bill, 2020, it obtained Parliamentary approval to suspend up to a year the initiation of insolvency proceedings against new defaults from March 25, 2020. But initially, the suspension was kept valid for six months; it was then extended twice by three months each. While industry hailed the decision, some analysts, such as former RBI deputy governor Viral Acharya, were critical of the move on ground it would delay the bad debt resolution in the banking system.
The relief should have been restricted to a maximum of three months, and not one year, they argued. However, the IBBI chief had then defended the government's move, saying the likelihood of finding a "white knight" to rescue failing firms was remote at that time, when every company and every industry was under stress.
According to the IBBI data, as many as 1,942 cases were in the resolution process as of September 2020. Close to a half of insolvency cases ended in liquidation until September 2020, while only about 14% saw resolution since the IBC came into being in late 2016. However, close to three-fourths of the cases that ended in liquidation were already dead cases, as they were transferred from the earlier BIFR regime.
Explaining the reason as to why there won't be a massive flood of cases once the suspension is lifted, Sahoo said last week that stakeholders were not barred from invoking the IBC from resolving pre-Covid

stress (defaults that occurred before March 25, 2020). Similarly, other options for stress resolution, including the scheme of compromise or arrangement under the Companies Act, 2013, and the central bank's prudential framework, are already being tapped by creditors, Sahoo said.
Financial Express, February 16, 2021

15.ISRO on a mission to give leg-up to start-ups in space sector

ISRO has embarked on a mission to take startups in the space sector to a higher orbit with a string of initiatives to help them realise their business potential.
It is keen on formulating an exclusive space startup programme -- "Space Entrepreneurship & Enterprise Development (SEED)", Secretary in the Department of Space and Chairman of the Indian Space Research Organisation (ISRO) K Sivan said. SEED is conceived as a competitive early-stage encouragement programme to startups and MSMEs (Micro, Small, Medium Enterprises) keen on developing products/services in focus areas of interest to ISRO with the space agency helping them to use its facilities, officials said. A formal mechanism for the programme was expected to be announced soon, they said.
With recent reforms opening up doors for enhanced private sector participation in the space sector, ISRO is thrilled to receive several proposals from industries and startups, Sivan said. "These proposals reflect the true ambitions of young, innovative minds looking to make a mark in the space domain", added Sivan, describing startups as new-age industry partners of the space agency.
Bengaluru--headquartered ISRO, under the Department of Space (DoS), has set up three space technology incubation centres -- at the National Institute of Technology (NIT) in Tiruchirappalli, Jalandhar and Agartala. Three more are in progress. DoS has also collaborated with Atal Innovation Mission (AIM), Niti Aayog, to launch three challenges in space domain -- 'ARISE' programme as a part of Aatmanirbhar Atal New India Challenges [ANIC] for promotion of applied research and innovation in small enterprises (MSMEs-Startups).
Under this initiative, 28 proposals have been received from 24 private entities and are under evaluation, Sivan said. "Many start-ups approached us for direct collaboration and help in the area of launch vehicles, satellites and applications", he said. ISRO officials said various opportunities and provisions, including buy-back arrangements, are being created within the agency to encourage startups.
The primary objective of this workshop was to bring forth a greater synergy between the DoS and incubators/accelerators in India, showcasing intent of the Department to provide support and guidance to the start-ups working in the space sector. The NDA will enable the company access the facilities and technical expertise available in ISRO centres to proceed with their launch vehicle development programme, ISRO officials said.
Business Standard, February 19, 2021

16.Gadkari launches Agarbatti unit in Assam

Sustained efforts of Khadi and Village Industries Commission (KVIC) to strengthen Indian Agarbatti industry have begun yielding results with Assam leading the way. Minister of MSME, Nitin Gadkari through video conference inaugurated a major Bamboo Agarbatti Stick making unit named "Keshari Bio Products LLP" at Bajali district in Assam. Chief Minister of Assam, Sarbananda Sonowal and KVIC Chairman Vinai Kumar Saxena were present on the occasion.

The unit is a major step in the direction of "Aatmanirbhar Bharat" and an apt example of "Waste to Wealth" as apart from making Agarbatti sticks, it utilizes a huge quantity of waste bamboo into making bio-fuel and various other products. Set up at a cost of Rs 10 crore, the Agarbatti stick unit will provide direct employment to 350 people while also creating over 300 indirect employment.

These units in Assam assume great significance in wake of the Modi Government's decision of restriction on import of raw agarbatti from China and Vietnam and also a hike in import duty on round bamboo sticks for agarbatti. The two decisions were taken to curb the huge import of agarbatti and bamboo sticks from the two countries that had crippled the Indian agarbatti industries.

Gadkari and the THE KVIC Chairman had made great efforts to curb the import of these two commodities. As a result, hundreds of closed Agarbatti manufacturing units in India were revived in the last one and half years creating nearly 3 lakh new jobs. Keshari Bio Products LLP is the first big project that has come up after these policy decisions.

Gadkari expressed happiness over the new bamboo stick unit in Assam saying this would go a long way in strengthening the local Agarbatti industry which has a huge potential for local employment creation. "This is the most appropriate example of "Aatmanirbhar Bharat" which aims at creating local employment and sustainable livelihood," Shri Gadkari said. The Hon'ble Chief Minister also praised the initiative saying this manufacturing unit would create new employment avenues in the entire state.

The KVIC Chairman Saxena said the import restriction on raw agarbatti and hike in import duty on bamboo agarbatti sticks created a huge employment opportunity in India.

The Pioneer, February 19, 2021

17.MSME credit up on govt guarantee

There has been a revival in bank credit to small businesses driven by public sector banks on the back of the government's emergency credit line guarantee scheme (ECLGS). According to a report, credit to small businesses grew twice as fast as advances to large borrowers. "The on-balance sheet commercial lending exposure in India stood at Rs 71.3 lakh crore in September 2020 with year-on-year growth of 2.1%. MSME segment's credit exposure is Rs 19 lakh crore, showing year on year growth of 5.7% and this credit growth is observed across all the sub-segments of MSME lending," the report said. The highest year-on-year growth of 9% was seen in the category of small businesses with a loan exposure of between Rs 10 lakh to Rs 50 lakh. This was followed by the Rs 50 lakh to Rs 1 crore segment which saw a growth of 8%.

According to the report, the stimulus package announced by the government through ECLGS has helped credit demand and supply bounce back to pre-Covid levels. It added that commercial credit enquiries in January 2021 have settled at pre-Covid levels. "The resurgence in MSME credit growth, which is back at pre-pandemic levels, is a very promising indicator of economic recovery in our markets. …Budget announcement by the FM have doubled the contribution to the MSME sector over last year, which shall further provide much needed financial support to the sector," said an expert.

The Times of India, February 19, 2021

18.Device-as-a-service adoption sees uptick

Indian companies, forced to reduce costs, are turning to device-as-a-service (DaaS) to support remote working. DaaS adoption witnessed 65% increase in India in the past 11 months, more so among small and medium enterprises (SMEs). Fast-moving consumer goods (FMCG), pharma, and banking, financial services, and insurance (BFSI) segments led the growth.

DaaS is a monthly or yearly subscription-based model where companies don't have to pay upfront for every device and for its management and service, separately. It comprises laptops, desktops, and tablets with a bevy of programmes covering support, remote hardware and software management, cybersecurity and asset recovery.

"DaaS provides companies a cost-efficient, all-in-one solution to source and manage personal computers, software requirements, and storage solutions, along with round-the-clock service through a simplified contract," said Sudhir Goel, chief business officer, Acer India. Buying, configuring, and managing a computing device on one's own can be costly, especially for SMEs, which typically have a lean IT team and small budget.

"This reduces capital expenditure, as well as operating costs for SMEs. They also benefit through a very nominal per seat expense spread over a three-to-four-year horizon," said an expert. The pandemic has hit cashflows of companies across sectors, forcing CIOs to reprioritise their IT spending. In 2020, IT spending in India declined 2.7%, as per Gartner. It is, however, expected to grow 6.8% in 2021.

DaaS also reduces a company's total cost of ownership (TCO) as well as protects them for concerns such as depreciation of devices after a few years of use. It also offers more flexibility as the plans are completely customisable and can be scaled up/down according to the company's requirements. It also allows companies to re-allocate IT budgets as well as talent to more pressing areas of operations such as digitisation of services and innovation.

According to a 2020 study by a research firm, maintenance and support takes up 77% of SME IT staff time, leaving only 23% of time for transformation or innovation related activities. "Moving away from onsite IT infrastructure to a device as a solution allows companies to offload aspects of IT responsibilities to external sources. This saves them time, money and frees up their IT teams to focus on driving the business forward," said another expert.

Post covid-19, the mindset is changing. DaaS adoption is still not very big in India as compared to other markets, but many companies including SMEs in India have finally started showing interest in it. The adoption of this model is expected to grow even more in the coming months.

Mint, February 19, 2021

19.SMEs feel the heat as copper prices hit the roof

The sharp spike in the benchmark LME (London Metal Exchange) copper prices to $8,806 a tonne from $7,755 from start of this month has put scores of small and medium enterprises in a tizzy — particularly when the demand is reviving slowly after the Covid impact. In fact, copper prices have jumped 24 per cent from $6,702 a tonne logged in October. Notwithstanding the unprecedented rally, Citigroup expects copper prices to touch $10,000-12,000 a tonne given the huge demand-supply gap globally.

An expert said the excess liquidity in the global markets has been driving metal prices on overseas exchange and upsetting the calculation of the domestic industries which work on 2-4 per cent margin. There is a huge pressure on mobilising working capital and some of the orders for wires, cables, automobile parts and appliances by domestic companies are either getting cancelled or being trimmed to meet their budget, he added.

Copper prices in India have more than doubled from ₹25,000 a tonne to ₹52,000 in a month when the economy has contracted by 7.5 per cent, said the expert. The sudden increase in zinc and copper prices, too, has pushed up cost of its alloy brass which is largely used in making valves for various applications.

Another expert said the company has received good orders for making valves for gas cylinders, but its margin is getting squeezed due to unexpected rise in raw material prices. Any default in delivery of finished products will lead to blacklisting of the company and future orders would be cancelled, he added. In a bid to ease the small industries' hardship, the government halved the import duty on copper scrap to 2.5 per cent in the Budget.

Copper exports jumped 173 per cent to 49,900 tonnes between April and November 2020 due to a sharp jump in exports to China by 186 per cent. Almost 99 per cent of total refined copper exports were to China.

The Hindu Business Line, February 20, 2021

20.Government approves eight toy manufacturing clusters worth Rs 2,300 crore

The government has approved eight toy manufacturing clusters at a cost of Rs 2,300 crore to boost India's traditional toys industry. These clusters will manufacture toys made of wood, lac, palm leaves, bamboo and fabric. The Department for Promotion of Industry and Internal Trade (DPIIT) and the Ministry of Micro, Small and Medium Enterprises (MSME) are looking to develop toy clusters under existing schemes such as the Scheme of Fund for Regeneration of Traditional Industries (SFRUTI).

"We are looking to establish toy clusters under the existing schemes of the government," an official said. "The government has approved eight new toy clusters in a recent meeting," a senior official in the MSME ministry said. The government has approved three clusters in Madhya Pradesh, two in Rajasthan, and one each in Karnataka, Uttar Pradesh and Tamil Nadu.

Two toy clusters are currently being implemented in Karnataka and Andhra Pradesh under the SFRUTI scheme, which offers incentives such as skill development, capacity building, creation of facilities such as common facility centres, rehousing facilities and marketing and e-commerce assistance to local industries. The plan is to have 35 toy clusters under the scheme, another official said. "The government is working very swiftly to develop clusters. Approvals are now coming in about six months and it takes another six months for them to be set up," the MSME ministry official added.

The development comes ahead of the first virtual India Toy Fair-2021, which will offer opportunities to explore and buy toys from over 1,000 exhibitors across the country. The measures are part of a National Action Plan for Indian Toy Story that seeks to reduce the country's dependence on imported toys and improve local manufacturing. India imported around $1.5 billion worth toys in financial year 2020. Imports from China and Taiwan account for around 90% of the domestic toy market.

The push for local manufacturing is significant as the toy industry in India is primarily unorganised, comprising around 4,000 MSMEs. Dolls, playing cards, videogame consoles and board games are all considered toys. A recent study by the Quality Council of India (QCI) had revealed that 67% of imported toys failed a testing survey prompting an aggressive effort to produce safe toys locally.

The Economic Times, February 21, 2021

21.Rs 70K cr kept for domestic defence purchase: Rajnath

Defence Minister Rajnath Singh said it was planned to allocate about Rs 70,221 crore for procurement of defence equipment that is made in India. This means more than half of procurement would be done from Indian firms. The capital allocation for the fiscal 2021-22 is Rs 1,35,060 crore. “This increase will have a positive impact on enhanced domestic procurement, having multiplier effect on our industries, including MSMEs and start-ups,” Rajnath told at a webinar organised by the industry chambers. The theme was “Budget Announcements 2021-22: Galvanising Efforts for Aatmanirbhar Bharat”. At the same webinar, PM Narendra Modi delivered a keynote address saying, “It has been the endeavour of the government to move forward in the defence sector with transparency, predictability and ease of doing business.”

The Tribune, February 22, 2021

22.5,000 clusters for artisans can be started under SFURTI scheme: Gadkari

MSME Minister Nitin Gadkari said 5,000 clusters for artisans can be started under the SFURTI scheme by fast-tracking the approval processes and reducing red tape. The ministry is implementing the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) with an aim to organise traditional industries and artisans into clusters to make them competitive and increase their income.

Under the scheme, it provides support for creating infrastructure through Common Facility Centres, procurement of new machineries, creating raw material banks and improved packaging. The minister said there is a need to step up the pace of formation of such clusters, "since only 82 of the 371 announced so far are actually functional, and a target of 5,000 clusters is easily achievable if red-tape can be reduced." He asked the ministry officials to look into the issues and address problems to start the remaining clusters which are not operational. The minister was speaking after inaugurating 50 artisans based SFURTI clusters spread over 18 states. In these 50 clusters, over 42,000 artisans have been supported in the traditional segments of muslin, khadi, coir, handicraft, handlooms, wood craft, leather, pottery, carpet weaving, bamboo, agro processing and tea. The ministry has provided funds of around Rs 85 crore for development of these 50 clusters. Gadkari also said a web portal is also required, on the lines of Amazon or Alibaba, to market these products effectively, both in India and abroad. As on date, there are 371 clusters which have been funded by the ministry with a total assistance of Rs 888 crore.

Gadkari further said the government is looking to increase the share of MSME sector in the country's GDP to 40 per cent from the current 30 per cent and share of exports to about 60 per cent from 48 per cent. "We want to create 5 crore new jobs in the next five years in MSME," he told.

Business Standard, February 22, 2021

23.Cabinet approves Rs 15,000 cr PLI scheme for pharma sector

The Government approved a production-linked incentive (PLI) scheme for the pharmaceutical sector, entailing an outlay of Rs 15,000 crore. The Union Cabinet, chaired by Prime Minister Narendra Modi, approved the scheme which will benefit domestic manufacturers, help create employment and is expected to contribute to the availability of a wider range of affordable medicines for consumers. The duration of the scheme would be from 2020-21 to 2028-29 and is expected to promote the production of high value products in the country and increase the value addition in exports, an official release

said.The total incremental sales of Rs 2,94,000 crore and total incremental exports of Rs 1,96,000 crore are estimated during six years from 2022-23 to 2027-28, it added. The scheme is expected to generate 20,000 direct jobs and 80,000 indirect employment for both skilled and unskilled personnel, as a result of growth in the sector, the release said.
The Pioneer, February 25, 2021

24.Telecom PLI norms: For incentives, up to 20 times incremental sales value to be considered

The Department of Telecommunications (DoT) notified the norms for the production-linked incentive (PLI) scheme for the manufacturing of core and peripheral telecom equipment such as switches, routers, radio access network, wireless equipment and other internet of things (IoT) access devices. The Rs 12,195 crore PLI scheme had been cleared by the Union Cabinet.
As per the norms, the new scheme to be effective from April 1 this year, shall consider only those companies eligible who achieve a minimum threshold of cumulative incremental investment over a period of four years and incremental sales of manufactured goods net of taxes over the base year. For giving out the incentives under the scheme, the government will consider up to 20 times the value of incremental sales, while the incentives will be in the range of 4 to 7 per cent.
Eligible Micro, Small and Medium Enterprises (MSMEs) will get an incentive of 7 per cent for the first and the second year, followed by an incentive of 6, 5, and 4 per cent in the third, fourth and fifth year, respectively.
Other companies, which do not fall under the MSME category but are eligible, will receive an incentive of 6 per cent for the first two years, 5 per cent for the next two years and 4 per cent in the fifth and final year. The minimum investment threshold for MSMEs has been kept at Rs 10 crore, while for other companies it has been kept at Rs 100 crore. The DoT has released a list of products it will consider eligible for production under the scheme. These include core transmission equipment like optical transport network, multi-service provisioning platform, multi-protocol label switching and optical line terminals.
The New Indian Express, February 26, 2021

25.Govt tweaks norms for public procurement deals: Officials

Companies will be eligible to bid for public procurement contracts even if they aren't profitable, two officials aware of the matter said, as the government seeks to save pandemic-hit private suppliers, particularly small and medium entities, from disqualification.
The profit criterion for prequalification in government tenders has been discontinued with immediate effect, the officials said on condition of anonymity. Now, the eligibility of a supplier will be judged solely on the basis of its net worth (equity plus free reserves). Until now, a company has been required to both have a positive net worth and be profitable to be an eligible bidder for government contracts.
"The government has accepted the industry suggestion that the financial capability of the bidder to execute the contract should not be judged on the basis of profitability, but on the basis of net worth," one of the two officials said. The net worth of a company is the total value of its assets minus debt.
Before this amendment, a clause in the Manual for Procurements of Goods-2017, the guidebook for public procurement, forbade loss-making companies from participating in public tenders. The clause

read: "Bidder Firm (manufacturer or principal of authorised representative) should not have suffered any financial loss for more than one year during the last three years..". The clause stipulating positive net worth for prequalification has been retained, the first person said. The clause reads: "The net worth of the bidder firm should not be negative," and also "should have not eroded by more than 30% in the last three years." The move will be of immense help to micro, small and medium enterprises (MSMEs), many of which have suffered financial losses in 2020-21 because of the devastating impact of the Covid-19 pandemic and the 68-day nationwide hard lockdown to curb the spread of the viral disease, industry experts said. "The change made in the prequalification criteria in respect of profitability of bidders to government tenders is a welcome initiative and it will also benefit MSMEs, which would have been adversely affected due to the impact of Covid-19 and suffered financial losses," an expert said.
"However, it is desirable that the net worth criteria laid down in the policy be reviewed and the condition that their net worth should not have been eroded by more than 30% also needs to be removed if the bidders have adequate financial strength to execute the tendered quantity," the expert said. Another expert said the retention of the clause means any loss would have an impact on a company's net worth although the margin of 30% prescribed in the manual would provide a bit of a cushion. "The pandemic has impacted various MSMEs severely and there is every possibility that net worth of some of the MSMEs would have been eroded by 30% on account of this. An additional exemption for the pandemic year would have been even better," he added.
Hindustan Times, February 26, 2021

26.PM Modi pushes for 'vocal for local' mantra as he inaugurates India toy fair

Prime Minister Narendra Modi inaugurated the India Toy Fair via video conferencing. During the event, PM Modi interacted with toymakers from various parts of the country and said, making toys is not just a business opportunity, "but a way to strengthen the centuries-old tradition of the country."
"Our relationship with toys is as old as the civilisation itself. and our temples stand testimony to the rich culture of toymaking in India," he also said, adding, "Our temples stand testimony to the rich culture of toymaking in India." "We used to develop toys which helped in all-round development of a child," said the prime minister while interacting with the toymakers. "Toys imbibed with Indian thought helped our children get imbued in our values," he also said. He also highlighted how toys help children develop scientific temperament. "These toys help them understand concepts like rotation etc in practical aspect," he said. PM Modi also appealed to toymakers to make toys that are beneficial to ecology and psychology. He also urged toymakers to minimise the use of plastics in toys and use recyclable materials. PM Modi also raised concerns about the popularity of imported toys and said that India's heritage of artists has been ignored over the last 70 years. He further said "the imported toys brought external thoughts with them. We will have to change this situation together and be more vocal for local." National toy action plan has been launched to make toymaking competitive and make India more self-reliant, PM Modi also said, adding, "states will have equal participation in development of toy clusters." The fair aims to bring together all stakeholders including buyers, sellers, students, teachers, designers etc on a virtual platform to create sustainable linkages and encourage dialogue for the overall development of the industry. Over 1000 exhibitors from across 30 states and union territories will

display their products in e-commerce enabled virtual exhibition. It will showcase traditional Indian toys as well as modern toys including electronic toys, plush toys, puzzles and games.
Hindustan Times, February 27, 2021

27.KVIC's e-market portal achieves Rs 1.12 cr turnover in 8 months

The e-market portal unveiled by Khadi and Village Industries Commission (KVIC) has achieved a gross turnover of over Rs 1.12 crore in just eight months of its launch, the MSME Ministry said. "Launched on 7 July 2020, Khadi e-portal has delivered orders to over 10,000 customers out of the 65,000 people who visited the e-portal till date. KVIC has also delivered more than 1 lakh articles/commodities to these customers," an official statement said. During this period, the average online purchase has been recorded at Rs 11,000 per customer.

MSME Minister Nitin Gadkari has lauded Khadi's successful e-commerce venture saying this provided a wide marketing platform for various khadi and village industry products to a larger population. He said e-marketing of Khadi is proving to be a game-changer. Gadkari also said the effort should be to reach a turnover of Rs 200 crore per year.

KVIC Chairman Vinai Kumar Saxena said all expenses incurred on operating Khadi e-portal are borne by KVIC. "While in case of other e-commerce sites, product cataloguing, packaging and dispatch are the responsibility of the respective sellers; KVIC has a policy that the Khadi institutions and PMEGP units are exempted from any such financial and logistical burden," Saxena said. He added that this saves them a lot of money and, therefore, Khadi's e-portal is a unique platform for lakhs of Khadi artisans.
The Times of India, February 27, 2021

28.PM Narendra Modi urges banks to lend to start-ups and MSMEs amid Covid-19

Prime Minister Narendra Modi urged banks to lend to start-ups and micro, small and medium enterprises (MSMEs), hit hardest by the Covid-19 pandemic. “As our economy is growing, credit flow has also become equally important. You have to see how credit reaches new sectors, new entrepreneurs,” Modi said while addressing a webinar on effective implementation of Budget announcements for financial services. “Supporting MSMEs and start-ups and expanding credit flow to them is necessary.”

Amid the pandemic, the government has extended credit worth Rs 2.4 trillion to 9 million MSMEs. “Now it’s the responsibility of the financial sector to understand the aspirations of rural and smaller cities and make them the strength of Aatmanirbhar Bharat.” He said the government’s priority is to ensure that depositors and investors have trust in the financial sector by making it transparent.

“The old ways and old systems of banking and non-banking sectors are being changed,” said Modi, adding the government has taken steps to free the country from non-transparent credit culture. The banking sector was severely harmed 12 years ago due to aggressive lending practices. He said now, instead of brushing the non-performing assets (NPAs) under the carpet, it is mandatory to report even one-day NPA. Emphasising the government's committed to strengthening the banking sector, he said reforms in the sector would continue. The Union Budget, too, presented a road map for strengthening the financial sector along with expanding participation of the private sector, and strengthening public sector institutions, Modi said.

On the new Public Sector Enterprises policy, he said it includes the financial sector, and banking and insurance sector has a lot of potential. Private enterprises are being promoted wherever possible, but effective participation of the public sector in banking and insurance is needed, Modi said.

Pointing out the importance given to equity capital infusion, he said it is being done to strengthen public sector banks. The government has allocated Rs 20,000 crore each for the current and next financial year as infusion in public sector banks. Modi said an asset reconstruction company is being created to keep track of banks' NPAs, and will address loans in a focussed way. "This will strengthen public sector banks," he said.

He urged the sector to come up with innovative financial products for farmers and fishermen, among others, to free them from clutches of informal lending. Lauding the Self-Help Groups, he said they have capabilities in manufacturing and services, and have good credit discipline. Their financial discipline makes them an ideal channel for investment in the rural infrastructure which can turn out to be good financial model for the sector, he said.

Business Standard, February 27, 2021

29.Haryana govt to give all business clearances to MSMEs in 15 days

The micro, small and medium enterprises (MSMEs) in Haryana will soon be given all requisite business clearances within 15 days, beyond which there will be a provision for automated deemed clearance on the Haryana Enterprises Promotion Centre (HEPC) portal. For this, Chief Minister, Manohar Lal Khattar, approved a proposal for the amendment of Haryana Enterprises Promotion Rules, 2016 to give effect to the proposed regulatory reforms in Haryana Enterprises and Employment Policy-2020.

These Rules may be called Haryana Enterprises Promotion (Amendment) Rules, 2021. Divulging more details, an official spokesperson said after the amendment a provision in Rule 8(1) and Rule 9 of the Haryana Enterprises Promotion Rules, 2016 will be added to give effect to the regulatory reforms in the Haryana Enterprises and Employment Policy-2020.

The Statesman, February 27, 2021

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