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NEWSLETTER



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

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



Confederation of Micro, Small and Medium Enterprises (CMSME) established in December 2013 with a vision to empower Indian MSMEs and build their competitiveness is an affiliated body under the umbrella of the Federation of Indian Chambers of Commerce and Industry (FICCI), an apex Chamber of Commerce & Industry of India. FICCI has tie ups with over 300 industry associations and chambers worldwide.



What we do.....

- Provide a holistic grid to connect MSMEs with mentors, incubators & accelerators and assist them through capacity building programs & services
- Help MSMEs explore different government schemes
- Deliberate on policy issues that impact performance of the MSME sector and provide effective channels to communicate issues and concerns to government at the center and states as well as to other regulatory bodies and banks
- Provide regular interface between Industry, Government and regulators through workshops, round tables and representations and interactive sessions with to create an enabling environment for further growth of the sector

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- Policy Consultation with Government
- Legal
- & Taxation
- Marketing & Quality Standards including Packaging
- Environment
- Procurement
- Finance
- Start-up & Entrepreneurship
- Technology & Innovation

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2 Business Services <ul style="list-style-type: none">Opportunity for participating in Sectoral delegations both in India and OverseasParticipation in trade fairs and exhibitionsDevelop business through buyer-seller meetsGovernment Notification UpdatesConnect with other CMSME Members and Explore Business possibilities	10% discount for CMSME members on participation Fee of FICCI events (<i>applicable only on the fee component charged by FICCI</i>)
3 Knowledge series	Free Access to Policy Papers, Studies & Surveys, MSME Newsletters

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- Associate Membership:** For enterprises involved in profit making activities in manufacturing/services
- Organisation Membership:** For Non-Profit Industry Associations involved in growth and development of MSME sector.

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How to Apply for Membership

- Online Application:** Link: <http://ficci-cmsme.in/membership/member-login.asp> Membership can be applied at the above link by selecting 'New Registration'. After a brief registration, one will receive an auto generated email in inbox (sometimes in spam folder) of registered email ID containing login-ID & Password for CMSME Membership. The above link may again be visited and now log-in can be done with the details received to registered email ID to complete the profile for Membership.
- Offline Application:** One can always apply offline by submitting Membership Form along with other necessary documents to the Secretariat. For forms you may contact FICCI-CMSME secretariat.

Membership Fee

There are two components in the fee structure of CMSME Membership and applicable GST (18%) is levied on both components. **(1) One-time Admission Fee:** Admission Fee needs to be paid at the time of enrolment of Membership **(2) Subscription Fee:** Annual Subscription Fee is based on Annual Turnover of Organisation in the immediate completed last Financial Year. If the enrolment is done during October - March, the annual subscription fee is reduced to 50%. Patron Membership Subscription Fee is not dependent on Annual Turnover.

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A graphic with the word "CONTENTS" in a bold, yellow, serif font, set against a dark, textured background that looks like a piece of wood or stone.

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1. EASE OF TRADE

Government introduces new trade policy to boost exports. More measures are needed to improve trade

The Foreign Trade Policy 2023, unveiled by the Union government Friday, comes after considerable delay - the last trade policy (2015-20), whose term ended in March 2020, has remained in effect till now. The aim of the new trade policy is fourfold - to shift from an incentive to a tax remission-based regime, to improve the ease of doing business, promote exports through collaborations and focus on emerging areas. The government has now articulated a goal of achieving \$2 trillion in export of goods and services by 2030, up from the \$900 billion target that the previous policy had hoped to achieve by 2020. At the end of 2022-23, India's total exports are likely to have touched \$760 billion, up from \$676 billion in 2021-22.

The focus of the new policy on reducing points of friction across the system is unmistakable. The measures focus on providing automatic approvals for various permissions. For instance, under the new framework, the processing time for revalidation of various authorisations, which currently ranges from three days to one month, is expected to be brought down to one day. Similarly, the processing time for extension of the export obligation period is also expected to be brought down sharply, as is the time for processing advance authorisation and EPCG issuances. The policy has also lowered the application fee for these schemes for MSMEs. This is a step in the right direction. As is the facilitation of e-commerce exports, widening the basket covered under RODTEP (Remission of duties and taxes on exported products), the steps being taken to boost manufacturing, rationalising the thresholds for recognition of exporters, merchanting trade reform, as well as the move towards greater use of the rupee in international trade. Further, a one-time amnesty scheme has been introduced that aims at faster resolution of trade disputes.

While this policy comes at a time of considerable uncertainty across the world, as India accounts for a minuscule portion of global trade (its share in global merchandise exports stands at around 1.8 per cent, while that in services is roughly 4 per cent), there is considerable scope for improvement for the country on this count. The new policy needs to be supplemented with other measures to boost the country's trade performance. These range from lowering import tariffs and ensuring a competitive exchange rate to signing broader and deeper free trade agreements.

Indian Express, April 01, 2023

2. Dedicated Zones to boost e-comm exports

The government has proposed to boost e-commerce exports, which may touch an estimate \$200-300 billion by 2030 from \$5 – 10 billion at present, by extending Foreign Trade Policy benefits, raising the value limit for exports through courier, and carrying out necessary IT enablement in the next six months.

The new Foreign Trade policy, which identified e-commerce exports as one of the thrust sectors, also proposed to set up e-commerce export hubs with warehousing facility to help aggregators in easy stocking, customs clearance and returns processing.

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“An inter-ministerial committee comprising officials from the department of revenue, post and DGFT are working on guidelines to facilitate further exports under e-commerce,” according to Santosh Sarangi, Director-General of foreign Trade.

Sarangi said while officially e-commerce exports are estimated at about \$2 billion annually, the actual figure could be anything between \$5 billion and \$10 billion because at present e-commerce shipments going through cargo are not counted and only shipments through postal and courier are included.

“Part of the mandate of the inter-ministerial committee is to determine how e-commerce export data is to be captured.” Sarangi said.

GROWTH POTENTIAL

The DGFT added that e-commerce exports had a lot of potential for growth and estimates suggested that it could increase to \$200-300 billion by 2030.

In another major boost, FTP2023 increased the value limit for exports through courier service Rs.10 Lakh per consignment from Rs. 5 Lakh. It also stated that necessary enablement of IT system in Department of commerce, post, CBIC will be completed in six months to enable exports.

“We welcome the FTP ’23 which aims to grow exports to \$2 trillion by 2030 with focus on e-comm exports that are estimated to hit \$200-300 billion. This opens growth avenues for Indian MSMEs and is aligned with our goal to enable \$20 billion in e-comm exports by 2025,” tweeted Amit Agarwal, SVP, India and Emerging Markets, Amazon.

Special outreach and training activities for small e-commerce exporters will also be formulated, the FTP noted.

KEY HIGHLIGHTS

- . Four new towns of exports excellence declared
- . Continuation of exports promotion schemes
- . Reduction in user charges for MSMEs under EPCG/AA schemes
- . Rationalisation of status holder export thresholds to benefits smaller exporters
- . FTP benefits for settlement of trade in Indian rupees
- . PM Mitra scheme to be eligible for EPCG export obligation
- . Special Advance Authorisation schemes for apparel sector
- . Revamp e-certificate of origin to provide for self- certification
- . Paperless filing of exports obligation discharge applications

Business Line, April 01, 2023

3. Revamped loan guarantee scheme for enterprises

A Revamped Credit guarantee scheme for India’s micro and small enterprises will come into effect from Saturday, with the annual guarantee fee for loans up to Rs 1 crore getting reduced from the peak 2 per cent to 0.37 per cent, reducing the overall cost of credit for small businesses.

The limit on ceiling for guarantees has also enhanced from Rs 2 crore to Rs 5 crore. Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) has issued guidelines in this regard.” The limit on ceiling for guarantees has been enhanced from Rs 2 crore to Rs 5 crore. For settlement of claims in respect of guarantees for loan outstanding up to Rs 10 lakh, initiation of legal proceedings will no longer be required,” the MSME ministry said.

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In Budget 2023-24, finance minister Nirmala Sitharaman announced the revamping of credit guarantee scheme for micro and small enterprises with effect from April 1, 2023.
Financial Express, April 01, 2023

4. Piyush Goyal lauds GeM crossing GMV of Rs 2 lakh cr

He highlighted the role of GeM as a digital tool in the public and national interest

In the financial year 2022-2023, procurement of goods and services from the government portal, Government e- Marketplace (GeM), has crossed the Rs. 2 lakh crore mark, which is a remarkable achievement, according to Union Commerce and Industry Minister Piyush Goyal. At a function in Mumbai today, he highlighted the role of GeM as a digital tool in the public and national interest.

“The GeM is a symbol of the speed with which Prime Minister Narendra Modi has taken the country forward through modern technology, “he added.

Goyal congratulated GeM and its strong ecosystem of buyers and sellers, whose unwavering support has been pivotal in achieving this historic feat.

The minister added that the Prime Minister desired that the government departments run at the highest levels of integrity and transparency, with the participation of people from the remotest corners of the country and enabled women entrepreneurs, startups and the MSME sector to participate in a fair and equitable manner in government procurements.

“I am confident that the GeM will grow faster, the future is very bright. I would like to appeal to more and more vendors to join GeM so that they too get chance to participate in the government procurement process.” He said.

After the GeM portal was launched in 2017, business worth about Rs. 400 crores was done, and in the second year, GeM did business of about Rs 5800 crores. The business through GeM has grown from around Rs.35000 crores two years ago and tripled last year to Rs. 106000 crores, the minister informed.

Goyal also mentioned that India has crossed total exports of \$750 billion for the financial year 2022-23 and the final figures was expected to cross \$765 billion.

The G20 Trade and Investment Working Group Meeting, held in Mumbai recently, also saw positive discussions, he said. The minister said that now India has got the Presidency of the G20, it was a great opportunity to showcase the achievements of the rapidly developing New India to the world.

Speaking about the Foreign Trade Policy 2023 released in New Delhi yesterday, he said this has been welcomed by industry and trade. A sense of stability was reflected in the foreign trade policy, he added.

Statesman, April 02, 2023

5. Govt keen to make IBC more robust, says FM

“Has No Hesitation in Amending it”

Finance minister Nirmala Sitharaman on Saturday said the Centre has no hesitation in amending the Insolvency and Bankruptcy Code (IBC) to make it more robust, amid growing criticism about a slowing of the resolution process and falling recovery for creditors.

Speaking at the inauguration of the renovated court premises of the National Company Law Appellate Tribunal (NCLAT) in Chennai, the FM said: “The laws require amendments to

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address the requirements of the industry, this has been well-taken by the Opposition as well, and there has never been a question or obstruction in having those amendments come through.”

On the delays in appointments to the tribunal benches, the FM said: “There has always been a bit of resentment outside about the benches not being filled sooner with both judicial and technical members. If only these members are appointed in time and the cycle is maintained in a well-oiled fashion...the purpose of holding the NCLAT would itself be served better. The government has taken the point very seriously, and of late a lot of appointments have been made with full speed.”

“That has been repeatedly proven that the suggestion comes from the judiciary, and we have taken it up from the government’s side frequently, and without any hesitation, we go to Parliament and have more and more amendments which only fine-tune the Act,” she added. The minister’s comments come at a time when another set of amendments to the IBC are likely to be tabled in Parliament soon. The corporate affairs ministry had proposed extending pre-packaged insolvency scheme — currently meant to resolve stress in only micro, small and medium enterprises (MSMEs) — to a certain category of larger firms and a special insolvency regime, as part of these amendments.

Whether it is an amendment to the IBC, filling up positions, or to make sure there are enough resolution professionals (RPs), the Centre has always been in touch with the Insolvency and Bankruptcy Board of India, the minister pointed out. The latest amendment wherein the number of cases handled by the RPs being made limited would only bring in greater scrutiny to the process and make it more transparent, she added.

Financial Express, April 02, 2023

6. CM opens golden silk park and commercial centre

GUWAHATI: Assam Chief Minister Dr Himanta Biswa Sarma on Saturday inaugurated a golden silk park and commercial centre at Resham Nagar at Khanapara in Guwahati.

Addressing the event, Assam Chief Minister Dr Himanta Biswa Sarma appealed to every Assamese person to take the pledge to purchase at least one handloom-woven gamusa in the upcoming Bihu celebration this month.

He said if the 6 million families in the State decided to purchase a gamusa each, it would prove beneficial to the indigenous weavers on one hand and would contribute towards strengthening of the State’s economy on the other.

He further appealed to the members of the general public to remain vigilant against the selling of powerloom-produced gamusas.

The Chief Minister further added that the Assamese gamusa bagging the Geographical Indications (GI) tag, coupled with numerous initiatives of the Government of Assam aimed at strengthening the handloom sector have led to build-up of a newfound confidence among the handloom entrepreneurs of the State. Schemes such as ‘Swanirbhar Nari’ through which 1.5 lakh gamusas have been procured by Artfed till date from the State’s weavers, have ensured middlemen and unscrupulous traders are no more able to lure the weavers to go for distress sale.

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He appealed to the Handloom and Textiles Department to launch a massive publicity drive to make the 'Swanirbhar Nari' scheme a household name across the length and breadth of the State.

The Chief Minister also stressed upon the need to diversify product portfolio of muga and eri silk, without which handloom entrepreneurs of Assam wouldn't be able to take advantage of the massive market across the country and abroad.

Assam Tribune, April 02, 2023

7. Indian tech SME revenue to reach \$40 billion by FY30,: NASSCOM

Small and medium-sized enterprises (SMEs) in the Indian technology sector are expected to generate revenues of \$35-40 billion by 2029-30 (FY30), a sharp uptick from \$15-20 billion in FY23, according to a report by industry body NASSCOM. Digital tech SMEs — which offer cloud services, advanced analytics, and AI solutions — will account for 35-40 per cent of overall tech SME revenue by FY30, up from 21 per cent in FY23, the report said. Overall tech industry revenue is expected to double to \$500 billion by FY30. Traditional demand, the report says, will be outgrown by digital, and many legacy services will cease to exist in light of newer tech demand.

Key enablers for digital tech SMEs

- . Growing demand for dedicated cloud, AI/ML, or IoT service providers
- . Local SMEs across smaller cities cater to AWS, Microsoft
- . Need for offshore digital first services partners

Headwinds

75%+ of clients are SMBs or foreign tech SMEs

- . Majority of SMEs depend on founder networks for business opportunities

75% of SMEs have minimal marketing budgets

- . Local tech SMEs in Eastern Europe and South- East Asia are growing

Tailwinds

- . Local tech SEMs in Eastern Europe & SE Asia are growing

- . India's share of global outsourcing is 57-58%

- . Subcontracting SEMs are providing tech platforms

- . Domestic tech buyers demand will rise

Business Standards, April 03, 2023

8. India wants to be \$1 trillion tourism economy by 2047, says G. Kishan Reddy

India wants to be a \$1 trillion tourism economy with 100 million international visitors by 2047, the centenary year of its Independence, the government said on Sunday.

In order to achieve this, the focus is being put on various government-led initiatives under Public-Private Partnership (PPP) mode, Union Tourism Minister G. Kishan Reddy said addressing the second G-20 Tourism Working Group (TWG) meeting in Siliguri, West Bengal. Mr. Reddy said the vision of the second G-20 TWG meeting was to project domestic tourism in a mission mode.

"It will also make India maximise its potential in the tourism sector," he added.

In order to give impetus to the tourism sector this year, the government is observing 'Vision India-2023', a programme which invites the world to explore India, he said.

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The Union Minister also said at the first G-20 TWG meeting hosted in the Rann of Kutch, Gujarat that more than 200 Buddhists monasteries, 40 UNESCO-listed world heritage sites, State, and national archaeological sites, living temples, and prayer centres had been highlighted.

“Priority was given to green tourism, digitalisation, skilling, tourism MSMEs and destination management,” he said.

Two mega trails

Mr. Reddy also said that two mega adventure tourism trails would be launched in the Himalayas and the Ganga this year. “The Ministry will work with States and industries for development of the two trails in 2023,” he said.

These trails would be followed by others like the Narmada trail from Amarkantak in Madhya Pradesh to Arabian sea, Cauvery river trail, West Coast trail from Kutch to Kanyakumari, and East Coast trail from West Bengal to Kanyakumari.

Observing that India’s topography makes the country an ideal destination for sustainable adventure tourism, the government is giving it a major push, he added.

The Hindu, April 03, 2023

9. Govt. to expand definition of ‘political risk’ under export guarantee scheme

Exporters may soon be able to get insurance cover for some losses suffered on account of countries’ sudden imposition of barriers to trade, under the new Foreign Trade Policy (FTP), which also envisages the formation of a “whole of government” ministerial panel to address the grievances of small exporters.

The government will expand the definition of “political risk” under the export guarantee scheme to cover any fresh imposition of non-tariff barriers by importing nations after a shipment has left Indian shores.

Typically, the Export Credit Guarantee Corporation (ECGC) indemnifies exporters for losses when buyers turn insolvent or default on payments, as well as political risks like war and sudden import restrictions or promulgations of laws or decrees but does not cover anti-dumping steps or non-tariff barriers.

“Some of the anti-dumping measures or non-tariff barriers introduced after a shipment has been made, will come under the purview of the political risk,” the new FTP states.

MSME grievances

The new policy also promises to set up an inter-ministerial committee to examine micro, small and medium enterprises’ (MSME) trade-related grievances, which have policy ramifications. “This will expedite decision making with a ‘whole of government’ approach,” it said. The FTP also does away an earlier requirement for importers who store their merchandise in bonded warehouses, which mandated them to re-export such goods if they were not cleared for domestic consumption within one year or “such extended period as the customs authorities may permit”.

“The clearance of the warehoused goods shall be as per the provisions of the Customs Act, 1962,” states the new policy, which does not have an expiry date.

The Hindu, April 03, 2023

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10. DBS Bank India to launch proprietary credit cards in three months, says MD

DBS Bank India will launch proprietary credit cards in the next three months, said Prashant Joshi, managing director and head — consumer banking group.

“Our first priority right now is to significantly scale the Bajaj Finserv-DBS Bank co-branded credit card. We have already crossed 200,000 customers and would like to reach 500,000 sooner rather than later,” he said.

“We are also getting our own proprietary credit cards and they will be in place in the next three months. We will also look at some other co-branding partners if there are interesting ideas,” Joshi said. Currently, the bank has a co-branding partnership with Bajaj Finance for the Bajaj Finserv DBS Bank SuperCard.

The bank’s outstanding credit cards stood at 196,282 as on February 28, the latest data from the Reserve Bank of India showed. Credit card spends clocked Rs 174.5 crore. Broadly, the bank has three consumer banking products – gold loans, unsecured personal loans and credit cards.

“After the amalgamation of Lakshmi Vilas Bank with DBS Bank India, we are present in close to 350 locations with more than 520 branches. It is logical that our emphasis on consumer and MSME lending is significant. Today, one-third of our balance sheet is consumer and MSME and the rest is exposure to large corporates. In the next five years, we need to inverse this proportion, which means that consumer and MSME segments will grow much faster and will constitute two-thirds of our balance sheet. So, it is a big area of focus for us,” he said.

The bank is also focussing on its digital platform. It recently launched ‘digiportfolio’, an investment solution that utilises technology and human expertise to create a set of options that match the risk preferences of different investors. The launch followed the government’s announcement that the indexation benefits available on debt mutual fund investments held for over three years would be removed from April 1.

“Effectively, around 10% of the overall AUM of the mutual fund industry is likely to get affected (by the removal of indexation benefit). If a person is an investor in debt mutual funds for over three years, it is possible that she could move to non-convertible debentures and tax-free bonds. There are enough avenues available where people are able to take credit risk and not just interest rate risk and deploy money for over three years. It is possible that people could come up with debt alternative investment funds and debt portfolio management services like they exist in the equity space. Needless to say that some portion of these investors could come to fixed deposits,” he said.

“Notwithstanding the surge in fixed deposit rates in the last six-eight months, fixed deposits used to be a residual investment option for HNIs (high-net-worth individuals). This will bring it back to the main consideration set. In a way, it creates a level playing field...” Joshi said.

Financial Express, April 04, 2023

11. Goods exports hit \$447 bn in FY23; final data awaited: Piyush Goyal

Commerce and industry minister Piyush Goyal said on Tuesday that India's merchandise exports touched \$447 billion in FY23, up from \$442 billion in FY22, though the final data is awaited.

This would translate into a 6 per cent year-on-year jump in exports. The data is collated, finalised, and released by the commerce department on the 15th of each month.

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Services exports are expected to surge much higher and are estimated to cross \$320 billion in FY23 from \$254 billion a year ago.

"The final numbers (exports of goods and services will be closer to \$765 billion... I wouldn't be surprised if we actually go up to \$772 billion which we figured while drawing the road map for \$2 trillion of exports by 2030," Goyal said, adding that if the data reaches \$772 billion, then the \$2 trillion target by 2030 will also be reset.

The minister was speaking at the release of the report titled 'Express Delivery Services Supporting the Journey towards India@2047' by ICRIER that suggested that the government should fast-track trade facilitation-related reforms, to give express delivery a level-playing field with general cargo.

The report said that the express delivery service (EDS) industry provides integrated door-to-door transport of documents and products and plays an important role in connecting enterprises, especially small and medium enterprises (SMEs), to the global value chains.

While India's EDS sector is small, it is one of the fastest growing markets, with 15.8 per cent CAGR at \$5.5 billion in 2020. The key growth drivers include the growth of e-commerce, growing middle class, government support for digitalisation, GST rollout, the focus on logistics sector under the PM Gati Shakti, national logistics policy, and government support for onboarding MSMEs to digital platforms.

Business Standards, April 05, 2023

12. FY24 Margins of 15% of MSMEs to lag pre-Covid level in: Report

High prices of commodities like crude oil and steel coupled with the inability to pass on these costs will keep the Ebitda margins of 10-15% of micro, small and medium enterprises (MSMEs) below the pre-pandemic level even in FY24, Crisil said on Tuesday.

This is in sharp contrast to Corporate India, which logged a decadal-high Ebitda margin in fiscal 2021.

About 46% of the MSMEs lagged the pre-pandemic level in the previous fiscal, said a report by Crisil Market Intelligence and Analytics.

The twice-a-year report covers 69 sectors and 147 clusters that logged aggregate revenue of Rs 56 trillion, representing 20-25% of India's gross domestic product (implying coverage of two-thirds of the MSME universe) in fiscal 2022.

"The commodity cycle is turning, with crude oil and steel prices estimated to correct 13-15% and 3-5%, respectively, this fiscal. This, coupled with rising revenue, will help the MSME industry Ebitda margin cross the pre-pandemic level and reach 5.7-5.9% this fiscal. However, 10-15% MSMEs by value will still be below pre-pandemic level owing to limited pass-through of high commodity prices," said Pushan Sharma, Director – Research, Crisil Market Intelligence & Analytics.

In terms of revenue, however, the entire MSME universe has already crossed the pre-pandemic level, the agency said.

Prices of crude oil are likely to moderate due to slowdown in major economies and realignment of global supply chains but will still be high at 1.3 times the pre-pandemic average. Similarly, prices of steel, which are likely to be under pressure from weak global demand and correction in coking coal prices, will also remain high at 1.5 times the pre-pandemic level.

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High crude oil prices will contract Ebitda margin of dyes and pigments sector by 350-400 basis points (bps) and road construction sector by 100-150 bps compared with their pre-pandemic levels. and, high steel prices will keep the Ebitda margins of sectors such as farm equipment and light engineering 100-150 bps lower than their pre-Covid levels, said the agency.

“In fiscal 2022, the MSME industry had crossed the pre-pandemic level of revenue with growth driven by uptick in value. Indeed, value accounted for 75% of the incremental revenue, with commodity upcycle pushing up prices. In contrast, this fiscal, the MSME industry is expected to reach 1.36 times the pre-Covid level in terms of revenue, driven by volume, which will account for 88% of the incremental revenue,” said Elizabeth Master, Associate Director – Research, Crisil MI&A.

LOW MARGINS

. Ebitda margin of 10-15% MSMEs to remain below the pre-pandemic level even in FY24 due to high prices of commodities

. The twice -a-year report covers 69 sectors and 147 cluster that logged aggregate revenue of Rs.56 trillion, representing 20-25% of India’s gross domestic product.

Financial Express, April 05, 2023

13. State has 8,223 registered factories

GUWAHATI, : There were a total of 8,223 registered factories in Assam as of February this year. This was stated in a written reply to the Legislative Assembly on Thursday by Minister of Industries & Commerce and Public Enterprises Bimal Borah in response to a question by Independent MLA Akhil Gogoi. The registered factories have a total of over 3.19 lakh workers. Borah said that 5,661 small and 407 medium industries are registered in Assam, as per the Udyam portal of the Central government, and over 1095 lakh workers are employed in such firms.

Assam Tribune, April 07, 2023

14. TN to set up centre in Dubai to help startups

Global coordination centre in the middle east is aimed at raising investments and market-access opportunities.

In a bid to raise investments and increase market access opportunities for Tamil Nadu-based startups, MSME minister TM Anbarasan on Thursday announced that the state government will establish a Global Coordination Centre (GCC) in Dubai this year.

The centre will be established with the support of the Tamil diaspora. Reacting to the announcement, StartupTN Mission director and chief executive officer Sivarajah Ramanathan said the move follows extensive steps taken to directly reach out to the Tamil diaspora entrepreneurs, investors, and trade bodies in Dubai for investment, market access and research and development partnerships. “They are eager to give back to their homeland and their role will be instrumental in strengthening the Tamil Nadu startup ecosystem,” he said.

The minister also said new regional startup hubs will be established in Cuddalore, Hosur and Salem. This comes after the launch of regional startup hubs in Madurai, Tirunelveli and Erode districts creating a positive impact in spreading awareness of the startup culture and increasing startup activities in the respective regions.

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The minister also said a startup manufacturing centre will be established in Guindy, exclusively to provide manufacturing facilities for startups. One of the major misconceptions about startups is that they need just a few seats for a small team to work.

But many new-age enterprises in electric vehicles, the Internet of Things, robotics, and a host of other sectors require ample space for production. Investing in land and constructing physical structures for a manufacturing facility to commence operations is an uphill task for startups. The startup manufacturing centre is the first step to bridging the gap, said Sivarajah Ramanathan.

The minister also announced allocation for SC/ST startup funds will be increased from `30 crore to `50 crore in the current year (2023-2024). He said a bilingual call centre will be set up to get information pertaining to startups and entrepreneurship with ease.

New Indian Express, April 07, 2023

15. Credit lines via UPI, a boost for MSMEs, BNPL firms

RBI's proposal to allow UPI transactions via pre-sanctioned credit lines is being seen as a positive move for BNPL and MSMEs by broadening access to credit and credit-based transactions.

The linking of loan accounts to UPI will bypass the need for physical infrastructure and allow inclusion of borrowers who don't have access to cards. This is what most BNPL players currently do, albeit on their platforms.

"This will enable the linking of UPI to credit lines that are approved by banks for payment transactions of both secured and unsecured lending products like personal and working capital loans," Mihir Gandhi, Partner - Payments Transformation, PwC India, said. Restrictions on disbursements into prepaid wallets and cards from credit lines had hurt the business models of several BNPL players, who will now be able to extend credit at lower costs and turnaround times, industry players said.

It will also create a safe mechanism for urgent credit payments to MSMEs, who will be able to use their credit lines to pay vendors, and integrate lenders, borrowers, and borrowers' payees on one platform.

Soumya Kanti Ghosh, Group Chief Economic Adviser at SBI, said that the initiative will enable SMEs to access credit in a hassle-free manner while boosting microcredit.

The industry body Assocham too agreed that it would help millions of MSMEs better manage their trade finance.

MULTIPLE BENEFITS

"UPI can act like the credit card product for banks that don't today issue credit cards. It has all the plus points of a credit card and also the UPI," said Mandar Agashe, Founder and MD, Sarvatra Technologies.

For the same reason, it is likely to hurt credit card networks with the utility of cards declining as newer revolving credit products come up.

However, it also opens up an opportunity for other card networks to work with banks and develop credit products and offer credit lines which can be linked to UPI, believes Mihir Gandhi.

Banks on their part are happy as it will help them monetise the UPI network, which was difficult due to the non-allowance of MDR and limited access to link only RuPay cards. It will open up

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a revenue stream for banks and help them offset some of the investment costs being incurred for UPI payments, experts said.

Already there are calls from NBFCs, which continue to be major partners for fintech and payments platforms, to also allow them to extend pre-sanctioned credit through the platform, with Rajesh Sabhlok, MD, Asia Pacific, Vymo saying that permitting NBFCs that offer revolving credit products to retail and small business customers will help them expand their customer base and improve efficiency.

Business Line, April 08, 2023

16. FinMin relaxes performance security norms for procurement of goods

Entities bidding for government contract to supply goods will get some relief as the Finance Minister has lowered the floor limit of performance security. However, there is no change in the upper limit. The same will be applicable on contract for work and consultancy.

This is the second big move on performance security in three months.

In another change, the Ministry has extended the exemption for procurement of certain drugs and medical equipment from relaxation on Global Tender Enquiry (GTE). Both the changes have been made in General Finance Rules (GFR).

To ensure due performance of the contract, performance security is to be obtained from the successful bidder awarded the contract. Unlike contracts of works and plants, in case of contract of goods, the need for the performance security depends on the market condition and commercial practice for the particular kind of goods. "Performance security should be for an amount of 3 to 10 per cent of the value of the contract as specified in the bid documents," the change in GFR, dated April 03 said. Earlier, the lower limit was 5 per cent and upper limit was 10 per cent.

CONTRACTUAL OBLIGATION

There is no change in other conditions. Like earlier, security may be furnished in the form of an account payee demand draft, fixed deposit receipt from a commercial bank, bank guarantee (including e-bank guarantee) from a commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects. The security should remain valid for a period of 60 days beyond the date of completion of all contractual obligations of the supplier including warranty obligation.

Another big move on performance security was announced in the budget this year. Within six days of announcement in February, the Finance Minister issued order to implement "Vivad se Vishwas-I" scheme for micro, small, medium enterprises (MSMEs). The schemes envisage relief by returning the forfeited amount obligation during covid.

"Ministries have been asked to refund performance security/bid security and liquidated damages forfeited/deducted during the Covid-19 pandemic." an office memorandum (OM) issued by Expenditure Department had said.

In her budget speech, Finance Minister Nirmala Sitharaman has said: "In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security will be returned to them by government undertakings. This will provide relief to MSMEs".

The latest move is also expected to provide some comfort to the small business more.

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MEDICAL GEAR, DRUGS

Meanwhile, based on the request from Health Ministry, Finance Ministry has decided to continue the exemption from conditions of Global Tender Enquiry for certain medical equipment and drugs for one more year i.e., March 31, 2024.

However, the exemptions will be available for only 364 medical devices and 70 drugs, for which there is no local manufacturers available.

GFRs stipulates that no Global Tender Enquiry (GTE) will be invited for tenders up to Rs.200 crore. However, exemption can be given in special reasons.

Business Line, April 08, 2023

17. MUDRA Yojana completes 8 years, Rs 23.2 lakh crore sanctioned

MUDRA Yojana completes 8 years, Rs 23.2 lakh crore sanctioned in 40.82 crore loan accounts under Pradhan Mantri MUDRA Yojana since its inception back in 2015.

“About 68 per cent of accounts under scheme belong to women entrepreneurs of SC/ST and OBC categories. This demonstrates that easy availability of credit to the budding entrepreneurs of the country has led to innovation and sustained increase in per capital income,” Sitharaman said on the eighth anniversary of the scheme. The Pradhan Mantri Yojana (PMMY) was launched on April 8, 2015, by Prime Minister Narendra Modi with an aim to facilitate easy collateral – free micro-credit of up to Rs.10 lakh to non-corporate, non-farm small and micro-entrepreneurs.

Highlighting indigenous growth through MSMEs has contributed massively to the make in India programme as strong domestic MSMEs lead to increased indigenous production both domestic markets as well as for exports.

“The PMMY scheme has helped in the generation of large-scale employment opportunities at the grassroots level and also has proved to be a game changer while boosting the Indian economy” she added.

Statesman, April 10, 2023

18. Big Cos may also be Offered Pre-packaged Insolvency Plans

India is looking to offer pre-packaged insolvency resolution process (PIRP) to bigger companies as part of large-scale changes to the Insolvency and Bankruptcy Code likely in the Monsoon session of Parliament.

A bill to amend the Companies Act could also be introduced in the same session, a senior government official said.

The session is likely to commence in late July or August.

The changes to the IBC will be based on discussion paper floated by the ministry of corporation affairs in January which mooted Fast Track Corporate Insolvency (FIRP) through which corporate debtors of a company can choose to opt for resolution process outside the judicial process.

The proposed changes could also expand the scope of PIRP. During Covid-19 outbreak, the government allowed debtors classified as micro, small, medium enterprises (MSMEs) to avail PIRPP scheme to alleviate the disruption caused by IBC proceedings. While the mechanism may not be extended to all large companies below a certain turnover to avail it.

Under PIRP, the creditors can scout for potential buyers for the debtor company without having to put company through a moratorium under IBC.

Economic Times, April 14, 2023

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19. Credit Guarantee Fund scheme raises ceiling for micro, small units

WELCOME MOVE. 'Hike in cap Rs. 5 crore per borrower from April 1 will encourage banks to set up lending'.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has increased the coverage ceiling under its Credit Guarantee Fund Scheme from Rs.2 crore to Rs.5 crore per borrower for credit facilities extended by lending institutions to Micro and Small Enterprises (MSEs).

CGTMSE, set up by the Government of India and SIDBI provide guarantee to enable MSEs access credit, reduction in guarantee fee for loans up to Rs.1 crore to bring down the cost of credit and doubled the threshold limit for waiver of legal action by lenders while invoking guarantee to Rs.10 lakh per claim.

The changes are effective from April 1, comes when the loan growth to the MSE segment slowed to 13.2 per cent year-on-year as February 24, 2023, against 24 per cent as of February 25, 2022, as per RBI data. This move is expected to encourage the public and private sector banks, member financial institutions, and foreign banks to set up lending to MSEs

ANNUAL GUARANTEE FEE

As of February 24, 2023, the scheduled commercial banks credit to MSEs stood at Rs.5,87,494 crore compared with Rs.5,18,873 crore as of February 25, 2022.

The annual guarantee fee (AGF), which is generally passed on to the borrowers for loans up to Rs.10lakh has been reduced to 0.37 per cent (from 0.75 per cent) and for loans above Rs.10lakh up to Rs.50lakh to 0.55 per cent (from 1.10 per cent). The AGF for loans above Rs.50lakh up to Rs.1crore is 0.06 per cent; above Rs.1crore up to Rs.2 crore (1.20 per cent); and for loans above Rs.2crore up to Rs.50 crore (1.35 per cent).

Earlier, there was a single slab of Rs.50lakh up to 2 crore for which the AGF was 1.20 per cent.

Banking expert V Viswanathan observed that the increase in guarantee coverage ceilings up to Rs.5 crore for micro- and small enterprises is a welcome change and will be a bigger booster to these enterprises as they can avail loans without collateral obligations.

"A unit that has exhausted its collateral can apply for enhancement without bringing in surety by agreeing to join the guarantee scheme for the enhanced amount," he said.

Referring to the enhanced threshold for waiver of legal actions to Rs.10lakhs from Rs.5lakhs, Viswanathan said: "This means lender can invoke the guarantee even if they consider waiving legal actions in respect of a MSE account if the aggregate outstanding is equal to or less than Rs.10lakhs. Incidentally, the maximum loan granted under MUDRA is Rs.10 lakhs"

The credit guarantee scheme (CGS) assures a lender that if an MSE unit that has availed itself of collateral-free credit facilities (fund-based and/or non-fund-based) fails to discharge its liabilities, the trust will make good the loss to the tune of 75-85 per cent of credit facility.

Business line, April 14, 2023

20. Sidbi offers scheme to help small cos buy EVs

MUMBAI: Small Industries Development Bank of India (Sidbi) has announced a new scheme under which it will provide direct finance at competitive rates for the purchase of electric vehicles (EVs) to micro, small and medium enterprises (MSMEs). This would cover vehicle aggregators, fleet operators, and leasing companies.

The financial institution will also fund non-banking finance companies (NBFCs) that provide loans for EV purchases and push electrification in the three-wheeler segment. The direct finance will also be available to those developing charging infrastructure, including

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battery-swapping. The indirect scheme targeted at NBFCs will reach out to the last mile by inducing access to funds as well as reducing landed costs.

The scheme was introduced after the institution received feedback that access to adequate finance, including a competitive rate of interest, is a challenge faced by MSMEs as well as NBFCs catering to the EV ecosystem. On the supply side, bankers perceived these projects as high risk. "This pilot shall be followed by scaling up support to the ecosystem from multilateral support," said Sidbi CMD Sivasubramanian Ramann.

Times of India, April 15, 2023

21. Steel PSUs clear dues of MSMEs worth Rs 7,674 cr during 2022-23

New Delhi: State-owned steel companies have cleared dues worth Rs 7,674 crore of various micro small and medium enterprises (MSMEs) during 2022-23, which is 39.3 per cent higher than Rs 5,511.07 crore paid during the previous fiscal, the steel ministry said.

"The status of pending payments to MSMEs by central public sector enterprises (CPSEs) of the ministry is being monitored on a weekly basis to ensure payments to them within the 45 days' time limit for such payments," it said.

Rs 876.10 crore was paid by steel CPSEs to MSMEs during March 2023, which was up 38.1 per cent year-on-year (y-o-y) and 23.1 per cent higher than the previous month, the ministry said.

CPSEs under the administrative control of the steel ministry include SAIL, NMDC, RINL, KIOCL, MOIL, MECON, MSTC and its subsidiary FSNL.

Statesman, April 20, 2023

22. NSE introduces new policy for SME to main board migration

Leading Stock exchange NSE on Thursday came out with a new framework for companies seeking to migrate from its small and medium enterprises (SME) platform to the main board, requiring the net worth of such firms be at least Rs.50 crore.

For shifting to the mainboard applicant should have been listed on the SME platform of the exchange for at least three years and the total number of public shareholders on the last day of the preceding quarter from the date of application should be at least 1,000, the bouse said in the circular.

KEY CRITERIA

In addition, the applicants company should have positive cash accruals (Earnings before Interest, Depreciation, and Tax) from operations for each of the financial years preceding the migration application. Also, it is required to have positive profit after tax in the immediate fiscal of making the migration application to exchange. Among other criteria, the applicant company should not be referred to the Board of Industrial & Financial Reconstruction (BIFR). As per the framework, the paid-up enquiry capital of the applicant should be at least Rs.10 crore and the capitalisation of the applicant's equity should not be less than Rs.25 crore.

NSE said the applicant desirous of listing its securities on the main board, should have made disclosures for all material litigation and regulatory action to the stock exchanges where its shares are listed in an adequate and timely manner.

Business Line, April 22, 2023

23. Govt plans 50 new tourist places & 59 Udaan routes

Union tourism secretary Arvind Singh on Monday said that India to develop 50 new destinations and 59 new air routes under "Udaan" to promote tourism in the country.

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Mr. Singh said, “Amidst India’s G-20 Presidency, India’s tourism sector is showing one of the strongest recoveries in the Asia-Pacific region. Despite the challenges posed by the pandemic, India registered 6.19 million foreign tourists arrivals in 2022 registering a growth of 305 percent as compared to 1.52 million in 2021. To promote tourism further, we plan to promote ‘Green Tourism’ and open 50 new tourism destinations and launch publicity in the overseas market”.

The union minister of tourism has already organised two G-20 Tourism Working Group meetings and is exploring promotion of green tourism, digitalisation, skill development, promotion of MSMEs and destination management. Besides, the Government is also focusing on robust infrastructure development.

“We are taking a 360- degree view of developing the tourism infrastructure with focus on enhancing rail, road, and air connectivity. We have recommended 59 new routes to ministry of civil aviation under the Udaan Scheme, which is very successful and out of these 51 tourism routes have already been operationalised,” said Mr. Singh while highlighting the initiatives.

Asian Age, April 25, 2023

24. Bengal’s handloom reaches London

A Bengal government’s initiative to take its traditional craft to a global audience has had its first shipment reach the UK. One of the major attractions at a Naboborsho mela on Saturday Salvatorian college Harrow, London, was a Biswa Bangla stall displaying saris, shirts and top made of indigenous handloom and stitches like baluchari and jamdani. Biswa Bangla, the flagship brand of Bengal under the aegis of MSME department of the government, has joined hands with a non-profit organisation run by Bengali member in the UK to set up stalls.

Morning Standard, April 25, 2023

25. PLI scheme attracted Rs. 53k cr investment till dec’22

Fourteen sectors, which are beneficiaries of the Production Linked Incentive (PLI) schemes received a total investment of Rs. 53,500 crores till December 2022, resulting in incremental production or sales of over Rs.5 lakh crore.

According to the data released by the Department of Promotion of Industry and Internal Trade (DPIIT), the government has disbursed Rs.2,800 crore to eight sectors against Rs. 3,400 crore claims raised under the scheme. These eight sectors include large-scale electronics manufacturing, IT hardware, pharmaceuticals, telecoms, food products among others. According to DPIIT additional secretary Rajeev Singh Thakur, these eight PLI sectors are doing well, while some of them need to enhance their pace. The PIL scheme was announced in 2020 for 14 sectors with a total outlay of Rs.1.97 lakh crore to increase domestic manufacturing capabilities and give impetus to exports.

“The next two-three years will be crucial, and we hope that things will move at a faster pace.” Singh said while briefing the media.

As per the government data, 717 applications have been approved in 14 sectors with expected investment of Rs.2.74 lakh crore. This has resulted in generation of more than 3 lakh jobs. Large scale electronics manufacturing has attracted Rs.5,100 crore investment so far due to the PIL scheme, leading to total production worth Rs.2.4 lakh crore and generation of over 52,000 jobs. The ministry disbursed Rs.1,649 crore to the sector against the actual claims of Rs.1,651.45 crore.

Nearly 19,000 crore investments have been made under the PIL schemes in area like drugs, medical devices, and pharmaceuticals. An investment of about Rs.6,000 crore has been made under the scheme for the food processing sector resulting in the creation of 1.24 lakh jobs.

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The government said that the PLI scheme has attracted leading global manufacturers, even as leading domestic companies & MSMEs have actively participated in these schemes, Morning Standard, April 27, 2023

26. TN must grow at 16.5% to reach \$1tn economy by 2030

TO achieve the target of trillion- dollar economy by 2030, Tamil Nadu will need to grow at 16.5% on an average, which is way above the current rate of growth of 10% according to a report by Deloitte.

The report, which was released by Chief Minister M K Stalin on Saturday, said going by the current rate, the state may reach the target only by 2034. The report stressed the need to introduce path-breaking policies and economic planning to attract investments, enhanced production and expand exports to achieve higher growth, adding that the state would need to climb up the value chain in primary, secondary and tertiary sectors. The primary sector is required to grow at 16%, while the manufacturing and professional services sectors, at 18%. The state will need to bring in strategic investment over the next seven years to achieve the required sectoral growth, said the report.

The Deloitte knowledge paper on 'Acceleration TN's progress to becoming a one trillion-dollar economy by 2023-31' was released at the national executive meeting of FICCI.

New Indian Express, April 30, 2023

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