

NEWS LETTER

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As we step into New Financial year looks promising, some of the predictions state that the Industry (Manufacturing) will recoup and bounce back with equal bounciness by the 2nd quarter. Domestic/ Ancillary demand would raise owing to import substitution and exports to key markets.

The Fight with COVID still continues and may request the readers to maintain COVID Norms and Stay Safe

Dinesh Rai IAS (Retd)

Founder Chairman

The Alliance of Indian MSME's (AIM)



Last year, Government of India announced a series of initiatives for the sector. Many worked such as the Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS scheme) that offered a guarantee for full coverage to banks and NBFCs so they can provide emergency credit facilities to Covid-hit MSMEs and businesses. Under ECLGS, banks have sanctioned loans worth Rs 2.46 lakh crore to about 92 lakh borrowers.

AIM extends the support to members towards facilitating Collateral Free Loans CGTMSE Scheme Loans, we intend to Launch various capacity Building Programs namely : Leadership, Total Productivity Management, Amplifying Innovation, Trade Mark & IPR which would enable MSME's units to be competitive in the Global Arena.

Arunachalam Karthekeyan

Founder & Director of Board

"Cluster Development key strategy for Enhancing Productivity & Capacity Building for MSME's"

Union Minister for Micro Small and Medium Enterprises (MSMEs) Nitin Gadkari on Wednesday virtually launched a technology centre in Visakhapatnam.

Participating in the programme through a video link, Industries and Commerce Minister Mekapati Goutham Reddy felt that the new centre, set up in an area of 20 acres at Rs 133 crore, will play a crucial role in supporting the MSME units in the region.

Stating that the MSMEs are the backbone of industrial development, Goutham Reddy said the state government is giving utmost priority to the sector. The minister highlighted the support extended by the state government to the sector during the Covid-19 pandemic.

Explaining about the YSR AP One, an end-to-end business fulfilment centre being set up in the state, he said the facility will be a single-point of contact

for those looking to invest in Andhra Pradesh.

Asserting that the state government has created about 31 parks to provide lands to MSMEs at affordable costs, he said 1,557 allotments had been made to such units so far. The Industries



Minister also spoke about the MoU with Small Industrial Bank of India (SIDBI) to set up a project management unit (PMU) that will assist in designing schemes for the areas of equity support, interest

subvention and resolution of stressed assets.

Stating that the Centre and state government have adopted cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building for the micro and small enterprises, he said the MSE programme supports cluster development across the state.

Source : PTI

Policy Watch

The Indian government has come up with schemes to benefit the micro, small, and medium enterprises if one is registered as an MSME/SSI under the MSME Act. Read on to know more about benefits of MSME Registration

Introduction to MSME Registration

Micro, Small, and Medium Enterprises (MSME) are the entities that deal with the production of goods and services. Indian government initiated the Micro, Small, and Medium Enterprises Development (MSMED) Act, 2006, which facilitates a range of benefits to the businesses registered under the MSME Act as MSME/SSI.

MSME has a significant contribution to the socio-economic development of the country and is often referred to as the foundation of our economy. The Indian government has continually exhibited its support for small-scale industries and the unorganized business sector.

The ministry of MSME indirectly aids the government in dealing with the crisis of unemployment. There are 6,08,41,245 MSMEs actively running operations across the country, and they generate 45% employment, 50% exports, and 95% industrial units.

MSME registration at the Udyam portal revealed that the majority of the registration is from service-based enterprises, which are 6, 30,820 (62.9%). On the other hand, 3 71,937 (37.1%) registrations are from businesses in manufacturing industries.

Benefits of SME Registration for Indians

Banks & Govt offer collateral-free loans

The Government of India launched the Credit Guarantee Fund Scheme (CGS) to give collateral-free loans to the micro and small sector industries.

The Indian government, in association with the Ministry of Micro, Small and Medium Enterprises (MSME), and Small Industries Development Bank of India (SIDBI), started Credit Guarantee Fund Trust (CGTMSE) to allocate credit for small and micro-level enterprises.

The finance minister declared a collateral-free automatic loan of upto

3 lakhs crore for small businesses to recover their debts and losses during Covid-19.

Reservation policies for the manufacturing sector Development and Regulation Act, 1951 is considered a crucial act in favor of SSI (Small Scale Industries) that provides reservation policies for the exclusive manufacture of items.

Direct exemptions on Income tax

As mentioned in the government scheme, the businesses registered under MSME get a direct exemption of income tax for the first year of business, depending on its activities. It offers a major relief for enterprises from detailed bookkeeping habits and complex auditing processes.

A subsidy for Bar Code registration

Businesses registered at MSME get subsidies for bar code registration. Barcodes are given in the form of numbers and parallel lines, which are readable through machines. Barcodes are essential to keep track of goods in the entire process of supply and chain management.

Support against the delay of payment

The Ministry of Micro, Small, and Medium Enterprises protects the right of interest and delay in payment of goods from the buyers. An act emphasises on conciliation, arbitration and settlement of disputes within a minimum time limit.

If the enterprise registered under the MSME act is a supplier of goods, buyers are responsible for clearing dues earlier than the date of the agreement. 15 days are allowed for payment in case the date is not mentioned, but it can not exceed 45 days.

Minimum interest rates of banks

An interest rate is lower for the enterprises under MSME. The targets of banks include a 20% hike in credit to micro and small businesses, 10% annual growth in bank accounts of micro, and small enterprises and 60% growth in lending credits to the small scale industries. Enterprises registered under MSME benefit from quick granting of loans for their initial run in the market.

15% subsidy of CLCSS

Credit Linked Capital Subsidy Scheme (CLCSS) is a scheme of The Ministry of Micro, Small, and Medium Enterprises (MSME) for technological upgradation of the businesses. The government of India launched the scheme in October-2000, and it offers a 15% subsidy which can not go beyond 15 lakhs. The maximum limit of loans for subsidy's calculation under the scheme is 100 lakhs.

Following industries can avail benefits of CLCSS:

- Biotech Industry
- Pharmaceuticals
- Common Effluent Treatment Plant
- Food Processing (Ice-cream included)
- Rubber Processing including vehicle Tyres
- Dyes and Intermediates
- Industry based on Medicinal and Aromatic plants
- Corrugated Boxes
- Plastic Moulded / Extruded Products and Parts/ Components
- Poultry Hatchery & Cattle Feed Industry

Concession in payment of electricity bill

Enterprises having a registered certificate of MSME get a concession on electricity bills if they submit an application to the electricity department.

Reimbursement of ISO certification

MSME registered businesses can get total exemption ISO certificate charges if they send an application with the registration certificate to the respective authority. ISO certification is required for promoting the standards of enterprises registered as MSMEs at the time of bidding to multiply their performance.

50% subsidy for registration of patent

Businesses registered with MSME own a 50% subsidy in patent registration after making such an application with an MSME certificate.

Opportunity for Gender Inclusivity in the work Force

by Mrs ShobanaPrakash, Board of Director, AIM

'Shift to remote working, digitized operations to augur well for women entrepreneurs in India in long run'

Women entrepreneurs have quickly shifted gears to cater to new demands and challenges that the pandemic had brought on. In fact, more than 50 per cent of businesswomen took COVID-19 as an opportunity to alter their business models from traditional to digital.

There has been enough talk around gender equality in the past few years, however, gender inclusivity continues to be a distant dream for most organizations around the world. In our country, women constitute almost half the population and if we can close the gender gap, they have the potential to contribute approximately 6.8 per cent to India's GDP. That's reason enough for countries, economies, and organizations to provide women with opportunities and access to resources. A bit of encouragement and empowerment is all it takes to spark a revolution, one that will truly serve this country well in decades to come. And what better time to get started than now, as we recover from the economic impact of the pandemic.

Most companies globally were forced to transform their operations overnight last March with employees required to work from home (WFH). With over a year of this becoming the norm; organizations have openly supported the concept of a 'remote workplace' and in some instances, even announced plans to permanently do away with physical office setups. And therein perhaps lies the opening that we have been looking for. Remote hiring and 'work from anywhere' may be the latent solutions for workplaces to become more gender-inclusive.

A shift to remote working or hybrid workforce models has opened possibilities for employable women in India who had withdrawn from the workforce – for various reasons like elder care, family commitments, etc. – and found it unviable to return. Now, businesses are becoming more comfortable with flexible work hours and a phygital presence, enabling more such women to enter or re-enter the job market with the freedom to tailor their working hours. Corroborating this, a recent report stated that 38 per cent of Indian women working in the tech or IT industry prefer work from home and 36 per cent experienced more autonomy when not working in an office. The current scenario thus lends itself well to improving our gender mix as a community, a spike often seen as spurring a directly proportional surge in creativity, innovation, and technological advancement.



Organizations are making concerted efforts across different roles and functions to have a diverse and inclusive workforce. And, the pandemic may just have opened new doors for this. For example, companies have realized the importance of creating an environment that ensures adequate female representation in candidates and interviewing panels and follows a no discrimination recruitment process. Diversity-focused initiatives in our view, help us attract, retain and propel more women into leadership roles than before.

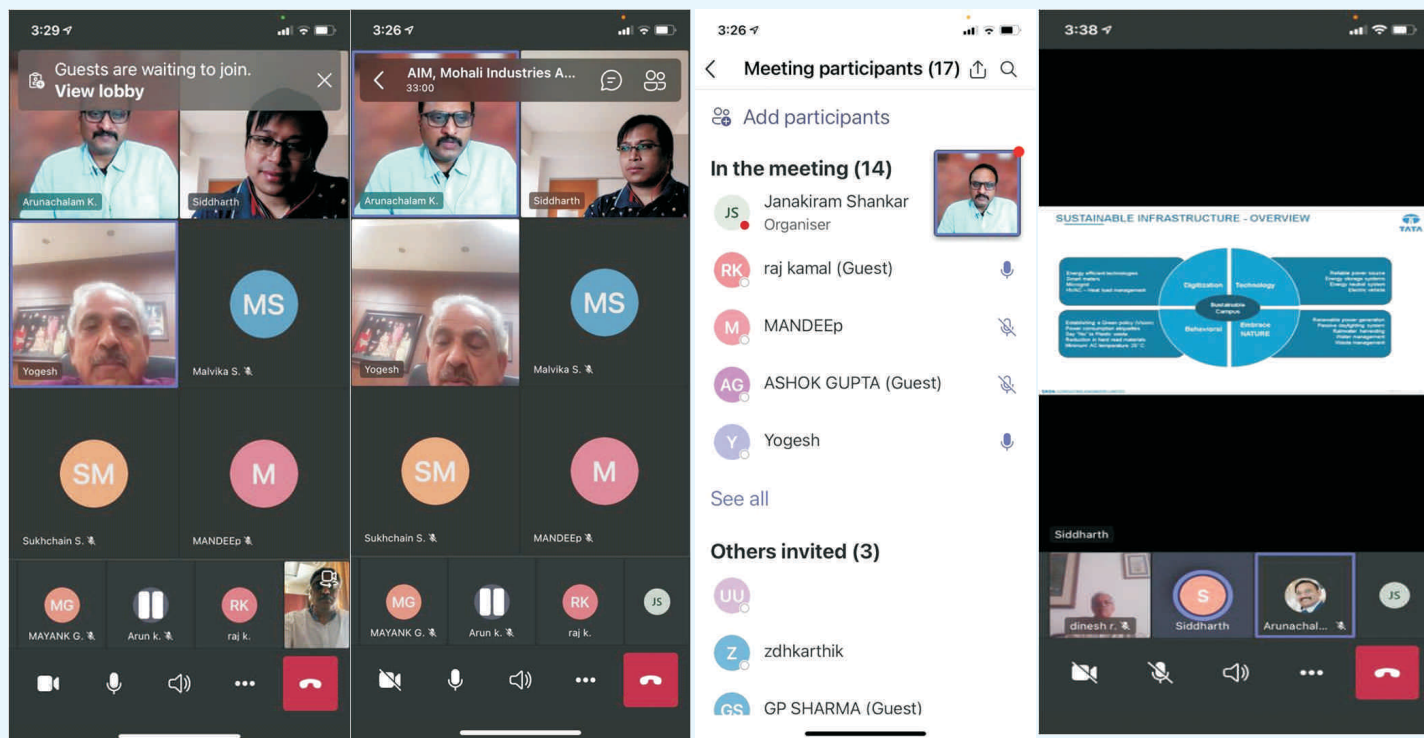


Women entrepreneurs have quickly shifted gears to cater to new demands and challenges that the pandemic had brought on. In fact, more than 50 per cent of businesswomen took COVID-19 as an opportunity to alter their business models from traditional to digital. By changing supply chains, facilitating digital sales and delivery channels, and introducing new offerings, the shift to remote management and digitized operations will augur well for the women entrepreneur ecosystem in India in the long run. These businesses have also

shown resilience with gig economy workers establishing businesses from the ground up amidst the pandemic by unearthing new opportunities.

ACTIVITIES OF THE MONTH

AIM, Mohali Industries Association, TATA Consulting Engineers Ltd presents Sustainability Amongst MSME's was held on 24th March with participation of 24 companies.



MARKET ACCESS Key to Success

A key aspect of MSME (micro, small and medium enterprises) growth is improved market access. This, in turn, is dependent on market information, which is severely limited due to low levels of awareness. Criticality of the information challenge is evident from a high proportion of large-sized firms (42%) reported having faced difficulty in accessing information and benefits under Covid-19-related programmes for MSMEs announced by their corresponding governments.

the proportion of medium, small, and micro firms reporting difficulty was even higher at 51%, 60% and 60%, respectively. Considering these responses, it may be normal to expect even more severe constraints while dealing with international partners. As a result, their participation in trade remains disproportionately low, also contributing to underutilization of the existing free trade agreements.

Typically, MSMEs are marked with low economies of operations reducing their profit per unit, leaving little room to accommodate expenses on developing a networking expertise. In the absence of an internal expertise and lack of resources to pay for consultancy, they often face issues while venturing into new markets.

Even though such information is available online from government portals and accessible through web-navigation; the language barriers, and the legal and technical nature of the text lowers usefulness and effectiveness. These matters are complex and often limited/absent knowledge keeps MSMEs at arm's length from participating in trade.

Another potential problem, particularly in pandemic-like situations, is the need for demand revival through real-time information on global demand patterns. This is particularly important for SMEs, as they are likely to be left behind with low levels of digitization.

In India, expanding the subject matter of the forthcoming national Foreign Trade Policy (FTP) to include an information programme will go a long way by providing exposure to non-trading SMEs through a consultative mechanism for their trade-related queries. The format can vary from organizing periodic sensitization workshops, to responding to queries in an online platform, or organizing exhibitions. Interactive sessions will help in boosting confidence.