

COVID –19 Acting as a catalyst for Indian MSME to become globally competitive

The Medium, Small and Micro Enterprises (MSME) sector is the most vibrant and crucial industrial sector for the Indian economy. The sector provides employment to over 130 million people and contributes to nearly 30% of GDP. The MSMEs contribute nearly 45% to manufacturing, forming the backbone of the Indian manufacturing economy. MSMEs have contributed significantly towards domestic employment generation, increased revenues and have boosted international trade. Over the years, MSMEs in India have transitioned from manufacturing low-tech labour-intensive goods to medium-tech capital-intensive products and have also entered the services sector in recent past.

The significant contribution of MSMEs to the Indian economy on one hand, and the hard blow that the sector has received from the present crisis on the other, have called for a renewed and carefully thought-out focus on the situation of MSME units. In this background, the present article highlights the pertinent role that a vibrant and dynamic MSME sector can play in helping India capitalize on the opportunities thrown open by the pandemic and aid the process of economic recovery. It also suggests a three-pointer action plan that focuses on technology adoption, rural cluster development programme and strategic partnership development programme to bolster the MSME sector.



Mr. Nitin Gadkari
Union Minister of Micro, Small & Medium Enterprises (MSME).

MSME sector contributes 30% to GDP: Gadkari

MSME sector accounts for 30% of India's Gross Domestic Product (GDP) and 48% of exports. Currently, MSME is the country's most important market, and the backbone of the Indian economy. It makes a 30% contribution to GDP. It is 48% as far as exports are concerned.

11 crore jobs have been generated by MSME so far, Mr. Nitin Gadkari, the Union Minister of Micro, Small & Medium Enterprises (MSME).

Source: PTI

Opportunities for India

Supply chain restructuring: An opportunity to be the next global production hub

The COVID-19 has significantly disruptions in the global supply chain, especially for countries who were excessively dependent on China for sourcing of raw materials, intermediate and finished goods.

The reconfiguration of global supply chains has opened up a window of opportunity for India to present itself as a business-friendly nation and an attractive, alternative investment destination for companies looking to relocate their production facilities. According to the Reshoring Index released by consulting firm Kearney, because of the COVID-19 crisis, "companies will be compelled to go much further in rethinking



To make the best of the opportunities arising from the biggest challenge of this century, Indian economy needs a thriving MSME sector.

The substantial contribution that the sector has made to the economy has got it to be acknowledged as the "backbone". It is also true that this backbone has been hit severely by the COVID19 pandemic and as the economy tries to stand up on its feet, strengthening of the backbone assumes an imperative task ahead for the policy Makers.

Interlinkages between the sectors would help in increase in success rate of Manufacturing units, While infusion of liquidity could help the distressed MSMEs recoup the losses in the short term, in order to really hit the ground running and help the economy realize its potential, strategies and policy actions with a long term vision in mind need to be enacted urgently. The focus has to be widened from the survival in the short-run to building up a productive and competent MSME sector for the future.

Dinesh Rai, *Founder Chairman, AIM*



Indian MSMEs face challenges and obstacles towards developing strategic tie-ups with large MNCs, hence AIM has planned to conduct series of programs on Modern

Production Techniques to employees of MSME's and engage in transfer of Technological , Managerial & Leadership know how, these in turn could help in ensuring quality of final products enabling MSME's preparedness to compete globally.

Arunachalam Karthekeyan
Founder and Board of Director

IMPORTANCE OF CHANGE

by Mr Anurag Agarwal
Managing Partner, P K Industries



Covid 19 – the pandemic surely is once in a lifetime experience, unparalleled and unprecedented. I am sure no one in our generation knew how to deal with it when the 1st lockdown kicked in on 22nd March. It started and progressed following the copycat format of 5 stages of grief – denial, anger, bargaining, depression and acceptance. From umpteen

whatsapp jokes and memes to people and businesses limping back to normalcy some bruised and some buoyant.

In Mohali, I feel recovery was quicker as almost 40-50% of the Industry is directly or indirectly associated with manufacture of tractor and agricultural implements which bounced back with vengeance much before any other Industry and even clocked 20-30% growth. These industries were up and running mid May onwards. Other Industries also showed lot of resilience as they quickly diversified into Covid related products like Sanitiser, Masks, Sanitizer dispensers, Cleaning aids and so on. Some sectors especially those supplying components to railways, commercial vehicles have been hit with markets not picking up. Same has been the case of those serving hospitality industry.

During the lockdown, it was great to see the cooperation and collaboration between various Industries especially members of MIA. Lot of Industries made contribution towards mitigating the suffering of migrants and labour by running free langars, providing door delivery of essential goods to Mohali residents. MIA came to

rescue of many people and industry which were at times stuck due to sudden imposition of curfew by coordinating with the District Administration to provide curfew permits. When the Shramik Trains started, there too MIA was involved in the coordinating efforts. It helped to bring about lot of bonding and closeness amongst the members of MIA. This is one good I think which came out this pandemic.

Besides the closeness part I think pandemic helped people to realize the importance of change and emotional well being. Lot of discussion and focus came on EQ, sustainable development, pollution, slowing down. We had beautiful and heart warming pictures of rejuvenating earth being circulated on the social media. I hope people remember these once life returns to normal.

Talking about change, I saw many industries exploring technology upgradation options, exploring newer markets, becoming globally competitive, reducing costs. This was encouraging as this will help industries in Mohali to sustain.

Glad to share the October 2020 saw quite an upswing in the Industrial activity in our region thanks to start of festive season and slight tapering down of the Covid peak. People entering the acceptance and fatigue phase of the pandemic grief also. Industries in Mohali have done well by following strict Covid safety protocols and with some luck and as a result there have not even a single case of Industry shutdown due to Covid outbreak there. We are hopeful that as we move forward the industry will leave much of the pain back and emerge more resilient and stronger.

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their sourcing strategies—indeed, their entire supply chain.” It is this compulsion and urgency that India needs to act upon. If exploited at the right time, this opportunity could provide the much needed boost to Indian Government’s flagship program -Make in India- which has now culminated into the aspiration of making in India for the world.

The MSME sector can be used as an catalyst to exploit the opportunity and realize the dream of making India a global production hub in three ways. MSMEs are the harbinger of entrepreneurship and innovation which are important pillars for lifting the nation’s capacity in shifting towards the manufacture and exports of sophisticated high tech products, and help move up the global value chains. Thus, to build and sustain competitive manufacturing enterprises, both large and small, and realize the vision of Make in India for the world, MSMEs need to be strengthened and supported.

Reverse Migration- An opportunity to boost rural entrepreneurship

The covid-19 situation has worsened the situation of unemployment in India. The stalling of economic activity has forced businesses to lay off workers.. According to the Center of Monitoring Indian Economy (CMIE), the rate of unemployment in India has risen to over 23 percent as of April 2020 (25 percent in urban areas and 22 percent in rural) up from 7 percent (10 percent in urban areas and 6 percent in rural) in the beginning of the year (January 2020). Even as lockdown restrictions continue to ease, businesses in both formal and informal sectors, including construction, manufacturing, restaurants, travel and housekeeping are facing severe shortages of workforce due to reverse migration from urban to rural areas. The extent of reverse migration is estimated to be at least 23 million migrants moving back to rural India.

GROWTH STRATEGY FOR MSME'S



There are two types of Businesses,

- 1) People dependent
- 2) System dependent

People dependent systems are the ones that depend on a specific person to do some work and if that person is not available the work does

not get done.

Imagine a day or week of your business without you ? What will happen if you are not available to manage your business for a week? Will it sustain?

While System dependent systems provide and help organise businesses that have proper processes and workflows to do certain tasks.

Mostly MNCs and Corporates are system-dependent while the majority of the SME industry is people dependent.

System Dependent systems help you grow the business and achieve great success. While people dependent systems keep on struggling with daily firefighting in their business.

Systems help people become accountable for their work, hence you start seeing amazing results.

Imagine if your key team member, who currently handles major business operations has to leave or quits the organisation ? What would you do?

I have a question here,

Do you want to become a system-dependent business?

If "Yes", Then this the time to go completely digital. In this new era of Digitalisation you cannot play with traditional business module alone.

In this lockdown have you upgraded your cell phones ? If your answer is a "Yes" then are you planning to upgrade your business model ?

For SME's it's really important to acquire knowledge and get professionally trained on current trends in the market in a affordable way. It is not a necessity to pay a hefty price on marketing and creatives. listed below are a few ideas to go digital immediately,

1: Understand your Niche and Target Audience

What services / products are you offering to your clients? If you have experience in a particular type of industry, you may want to choose to focus on that as your niche. You may want to specialize in specific

areas or a specific product line that you may intend to take online through Social Media Marketing and Paid Promotions, Website Building, E-mail Marketing Campaigns, Newsletters, Catalogues etc. Whatever medium you choose make sure it is according to your Target Audience, Age group, Interest, Demography, Culture and many other factors of human phycology which plays very important role.

Engagement and Account-Based Marketing

Engagement metrics can be a mixed bag for marketing measurement. On one hand generating engagement is table stakes — if no one is engaging with your content or ads, why create and distribute them? On the other hand, if they're being driven by the right audiences, it can be an indication that your content, message and ads are landing in a way that's spurring action.

This is why engagement becomes much stronger as an ABM measurement. Because you have already identified the Target Accounts as being valuable, there's no mystery around the meaningfulness of the interactions and mindshare gains.

As such, it's no wonder that nearly 60% of ABM marketers measure the success of their programs by engagement. Here's how we're bringing new levels of ease and accuracy to this critical area of reporting.

Article contributed by Ms Ummi Ansaari

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Indian MSME has demonstrated resilience during this unprecedented period especially facing both Global and Economic Consequences.

The sector has shown a consistent growth of nearly 10% year on Year these positive tractions would motivate new age entrepreneurs to who see an opportunity to set up his/ her own enterprise.

Few Basic points which needs to be attended are as follows:

- Constitution of the organisation- Proprietorship, Partnership, Private Limited, HUF, LLP
- GST
- Shops and Establishment
- UDYAM Registration
- Estimated number of Employees, to ascertain applicability of PF & ESI

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How trademarks can work as assets for MSMEs

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As the Government of India has been very supportive by providing various reliefs for MSMEs and with the recent “Make in India” drive, giving a promising outlook, it thus, makes trademarks as the most important IP asset for MSMEs as they now stand a chance to make their mark even more extensively and literally. While MSMEs, in my experience, do understand trademarks, but their understanding on ‘brand’ and the importance of protecting it with trademarks and converting it into an easily transferrable asset is often lacking.

Understanding the connection between brand and trademark

Brands have evolved and have become more subjective. The names and logos are just a fraction of what a brand is and merely serves as a business card. The intricate part of a brand comprises several elements namely image, character, identity, personality, essence, culture and reputation. This is by an MSME’s brand, through which their products can be easily identified and consequently, provide their business with an unchallenged competitive advantage in the market.



A pragmatic approach to trademarks for MSMEs

The MSMEs in India, in my experience, rely on common law tort of passing off to protect their brand name (in a court), products’ name, logos and any other visible sign that allows their customers/clients to identify them in a marketplace. This approach, in simpler terms, is basically, the quintessential Indian approach of taking ad hoc measures, instead of coming up with long term advance planning, and this too is again led by the he myopic cost saving measures.

As Indian MSMEs expand wings, and as Indian market opens up for foreign competition, which is much more aggressive in obtaining and enforcing trademarks, it will do a world of good to Indian MSMEs to prepare well for securing and enforcing their own trademarks, and registering them will just be the first step, and inexpensive one at that.

Conclusion

Therefore, it can be concluded that the Trademark can work as an asset for MSME as registered Trademark shall provide protection to a MSME’s brand from loss of prestige and it will help in strengthening the relationship among the customers. Use of Registered Trademarks by MSME’s, in the long run, can benefit them by preventing others from using the same or deceptively similar brand or logo etc.

Alliance of Indian MSMEs

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