

FOSMI

MSME *news*

FEDERATION OF SMALL & MEDIUM INDUSTRIES, WB

FOSMI



**In the future of
manufacturing
what's your strategy?**



The slowdown in the economy
has affected the MSMEs sector badly
**Manufacturing MSMEs
are in distress**



How the new definition of
**MSME Sector Benefits
your Business**

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India has taken a final decision to stay out of the Regional Comprehensive Economic Partnership (RCEP) agreement for the present. India want its domestic concerns need to be addressed, strict (ROO) Rules of Origin to ensure that Chinese goods with higher duties, do not enter India's markets through other member countries where the tariff may be lower, and the search for a fruitful conclusion to other long standing negotiations such as the proposed free trade agreement with EU must continue, this will help MSMEs.

Post Demonetization, GST introduction , Oil on the boil, Nationalized Bank NPA's increasing there has been a huge impact on business especially on small enterprises. Slower sales, piling stocks, compelling rate reduction, tapering production, block closure, Layoff, Harassment by Tax Depts. Officials are forced to meet targets. Widespread, inordinate delay in getting Dues in spite of law, even Govt. Depts. do not care and keep commitments. Most Govt. companies making huge losses at the cost of Tax payers money - Air India has debt current payables at 70,000 crore , Telecom losses top Rs. 1 lakh crore in Q2 & Bharat Petroleum, Shipping Corpn., Container Corpn., Tehri Hydro Power Development ,North Eastern Electric Power etc. are in line to be sold. Govt. should have kept a close watch on its performance when it starting making losses& quickly taken steps It is high time Govt. speeds up much needed reforms. . Industrial output contracts , worst fall in 8 years , decline in business confidence across industries. Business sentiments down, slowdown blues ,GDP lowering to say 5% , not satisfied with Govt. handling of economic slowdown, far slower than expected. Where is minimum Govt. maximum governance. GST, Labor laws, Income Tax and other laws to be further simplified, Corporate laws should be de criminalized. Respect wealth creators, it is high time to promote MSMEs whole heartedly De-Facto.

Single use plastic gradually being banned .It is time to use traditional Cloth Bags and Glass bottles as in past. Kolkata is a high polluted city as well bad water quality. Save water, Plant Trees- It is our individual duty and responsibility to be environment friendly.

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President's Message



Biswanath Bhattacharya
President, FOSMI

“
The AGM
also gave ample
opportunities
to members to
discuss many
important issues
specially relating
to delayed
payment,
incentive
schemes etc.
”

With the aroma of autumn air, and splashes of scattered rains which is moving over the high rises and suburbia like a shallow wave, and folks tilt their faces upwards to the warmth in the sun's rays which sometimes preps, amidst the uneven clouds.

We just have celebrated two great festival of Bengal the "DURGA PUJA" followed by "DEEPAWALI". Hope that each of you had a wonderful break and enjoyed special time with friends and family. Time away from our everyday tasks can be remarkably restorative. I am confident that, as always, you return to your work with renewed enthusiasm and vigour.

We celebrated our 58th AGM with great spirit and enthusiasm as usual and on the occasion, the seminar on topic MSMEs- Opportunities & Challenges was an additional attraction which was very successfully held, the deliberation of the esteemed panellists gave an extra merit to the seminar. The seminar witnessed a thumbing appreciation from all the participants. The AGM also gave ample opportunities to members to discuss many important issues specially relating to delayed payment, incentive schemes etc.

I am very much pleased to convey that, for last two years we had our persistent representation for the revision of unfavourable inverted duty structure on supply of goods to Railways & Tramways under tariff code 8607 & 8608 at different Government forums which ultimately fetched positive result. The extension of CLCSS scheme by the Govt. up to March 2020, which was also included in our last pre budget memorandum, would help the MSMEs a lot and MSMEs should plan the purchase of Plant and Machineries under the scheme and lodge the claim before its expiry date.

FOSMI is all set to organise a most prestigious Regional Quality Conclave on 29th of November 2019 in association with Quality Council of India, New Delhi. This is the most prestigious program entrustment on FOSMI by QCI and members must stand together to make the event to a great success.

MSME-DI in association FOSMI had a significant mindfulness programme on Intellectual property Right (IPR) at Howrah. The programme gave plentiful of chance to the members to comprehend the significance of the programme. The IPR subject is currently knowledgeable for each association and individuals should think earnestly for the appropriation of IPR in the ventures for economical improvement and gaining business.

We will begin to work out of planning for Central Pre-Budget Memorandum 2020-21 with the goal that equivalent can be sent to Ministry well ahead of time.

For a long time those before us have endeavoured to carry our Federation to where it is today. We anticipate inviting new individuals, better approaches to team up and new thoughts from individuals making a solid pertinent Federation that is comprehensive and supports our individuals for accomplishing their different business objectives which will make space for the league to thrive.

Want you to enjoy all that life has to offer.

Wish you all the best.

“E-commerce stands for “electronic commerce and refers trading in goods and services through electronic medium i.e. internet or phone”. It conducts business with latest and advanced information technology such as electronic data-interchange (EDI).”

What is E-Commerce

E-commerce or the online business is the internet commerce to upgrade the business/ exchanging exercises. The transaction will be considered as e-commerce if the ordering takes place digitally, whereas the payment and the delivery of goods may be conducted on / off-line and off line respectively. E-commerce is often used to refer to the sale of physical products online. E-Commerce also includes the purchase, through electronic means of digital products (software, apps, e-books, etc.) and services (airplane or train tickets, insurance, etc.)(1)

It is very much imperative to say that MSMEs are the key creation of jobs in India and its contribution to society can be remarkable assets through development of Society. The creation of e-platform/ commerce helped to boost the logistic business and these platforms would empower

the micro, small and medium industries to have adequate and desired logistic supports for efficient movement of goods as per the need and requirement of customers.

The Government of India, towards the development of MSMEs introduced GeM (Government e-Market place) which is an e-commerce portal where common user goods and services can be procured. GeM is dynamic, self sustaining and user friendly portal for making procurement by Government office. It is a completely paperless, cashless and system driven e-market place that enables procurement of common use goods and services with minimal human interface.

E-commerce is a huge platform and it is increasing very fast all over the world and the products consumers looking for are made available with attractive price tag with assured delivery terms.

It becomes simple to find anything on e-stores. In the years to come, it is expected that growth of e-commerce will increase like never before with all the current technologies.

In India, e-Commerce can broadly be segmented in two categories namely as B2B and B2C. There are enormous business opportunities in the B2B e-commerce market and therefore the companies operating under B2B strategies are making their own business platform. More & more SMEs are engrossed to tap huge potential of B2B e-commerce business.

The biggest advantage is the omnipresence of the benefit of e-commerce B2C that have created space of the participation of international marketplace operator like Amazon, along with Indian operators. If we see one of the

E-Commerce

Importance to MSMEs and role of express logistics players

A.K. Sengupta, Secretary, FOSMI

most important outcome of this e-Commerce B2C, that have created huge job opportunities. With the increasing demand of products through the B2C the e-commerce sector become highly competitive and business are being taking place in cut throat competition.

E-Commerce - Challenges of MSMEs

The MSMEs by now became well aware about the various opportunities and benefit that can be derived through e-commerce platforms with minimal costs. However, the challenges are being faced on

some aspects on B2C specially the logistics parts and to this aspect, the transshipment cost which are usually paid are at a very higher in availing the services of express logistics. Though the despatches through postal medium is less expensive but the biggest disadvantage of the use of postal medium is the traceability and lacking of proper support in case there is return of goods.

MSMEs really face the challenges to have very cost effective method for return of goods, specially such costs become very high in case of return from international

points. It is really very difficult for the MSMEs to have any fixed benchmark of effective cost of return and MSMEs have real struggle on this issue.

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“It is really very difficult for the MSMEs to have any fixed benchmark of effective cost of return and MSMEs have real struggle on this issue.”



Can embracing an innovative approach also translate into commercial gains? Experts are of the view that the nation's manufacturing firms will need to focus on developing capabilities in innovation and not merely rely on jugaad.

The very fact that India is now ranked 52nd on the Global Innovation Index (GII) 2019 (with a jump of five places over last year) does highlight the increasing popularity of an innovation-backed culture gaining prominence across country's factories and plants.

In the future of manufacturing what's your strategy?

Characterized by a slowing economy and a crashing demand across sectors, firms have to come up with strategies and innovations to stay afloat, grow and even outsmart the competition.

Presently, among the many methods being employed by manufacturers, include not just listening to the feedback from the products' end-users or competitive price positioning, but also leveraging the power of innovation to come up with commercially viable products that get them an extra edge -- setting them apart from the competitors.

Being innovation-led is futuristic

Out of the many business strategies being used by businesses, innovation that literally means, 'introducing something new', and in the world of business, stands for the commercial application of an idea, is increasingly being hailed as the way forward. And why not? The concept, as the bedrock of the next-gen manufacturing, does bring a host of benefits to producers, manufacturers and consumers alike. Apart from serving as a springboard for firms to

add to their brand image, increased operational efficiency and a significant reduction in operational costs are just a few of the proven benefits that getting innovative brings to enterprises world over.

Innovation fueling next gen manufacturing

The very fact that India is now ranked 52nd on the Global Innovation Index (GII) 2019 (with a jump of five places over last year) does highlight the increasing popularity of an innovation-backed culture gaining prominence across country's factories and plants.

“Research demonstrates that being a sustainability leader can significantly raise your company’s chances of being a top innovator- sustainability drives innovation, and it does so in a very significant way,”

There is no denying the fact that till now, riding high on skilled manpower and low production costs, the country today is one of the fastest growing economies in the world. However, going forward, experts hold that sustained growth in the long-term cannot solely be based on the nation's low-cost advantage. Moreover, to pip China, it's said that India will need to reorient its manufacturing processes from the bottom up.

Industry experts are of the view that if India is serious about maintaining its industrial growth trajectory over the long term then the nation's manufacturing firms will need to focus on developing capabilities in innovation. A pertinent question that arises here is whether embracing an innovative approach also translates into commercial gains? If PwC's pan-global study is to be believed, this looks to be the case. As per this study, the top innovators are getting three times as much revenue from new products or services. It further flags that while 92% of industrial manufacturing executives do admit that innovation is important to their future revenue growth, only two-thirds of executives across the sectors believe their companies already have a well-defined innovation strategy.

Why Innovation and sustainability mean the same thing

Believing in much-in-trend sustainability-push that aims

to mitigate the ill effects of industrial production on the environment has always been a priority for businesses. It's to this effect, innovation is said to act as a great enabler. But innovation's interplay with sustainability throws up a puzzling scenario too- the trade-off between the social benefits of developing sustainable products and the financial costs of doing so. Relevant research shows that, contrary to the belief held by some, sustainability has been a catalyst for organizational and technological innovations.

Further, there certainly is a unanimous view across the industry that becoming environment-friendly results in minimising costs since companies end up reducing the amount of inputs they use. Noteworthy here are the studies by the Harvard Business Review (HBR) and Deloitte that indicate organizations that were leaders in sustainability were, in fact, also leaders in innovation. "Smart companies now treat sustainability as innovation's new frontier," states one HBR study that examined sustain-ability's ability to fuel innovation across businesses.

Another study by Deloitte concludes that while many business leaders still view sustainability as disconnected from the core of the business— however, research suggests that is not the case at all - instead sustainability is found to be strongly tied to the ability of a company to innovate. "Research demonstrates that

being a sustainability leader can significantly raise your company's chances of being a top innovator- sustainability drives innovation, and it does so in a very significant way," contends the study.

India's case

Anil Bhardwaj, Secretary General of the Federation of Indian Micro Small & Medium Enterprises (FISME), believes that the bulk of the MSME sector responds to market conditions and consumer needs and presently the voluntary demand from citizens about sustainable products is low due to poor awareness.

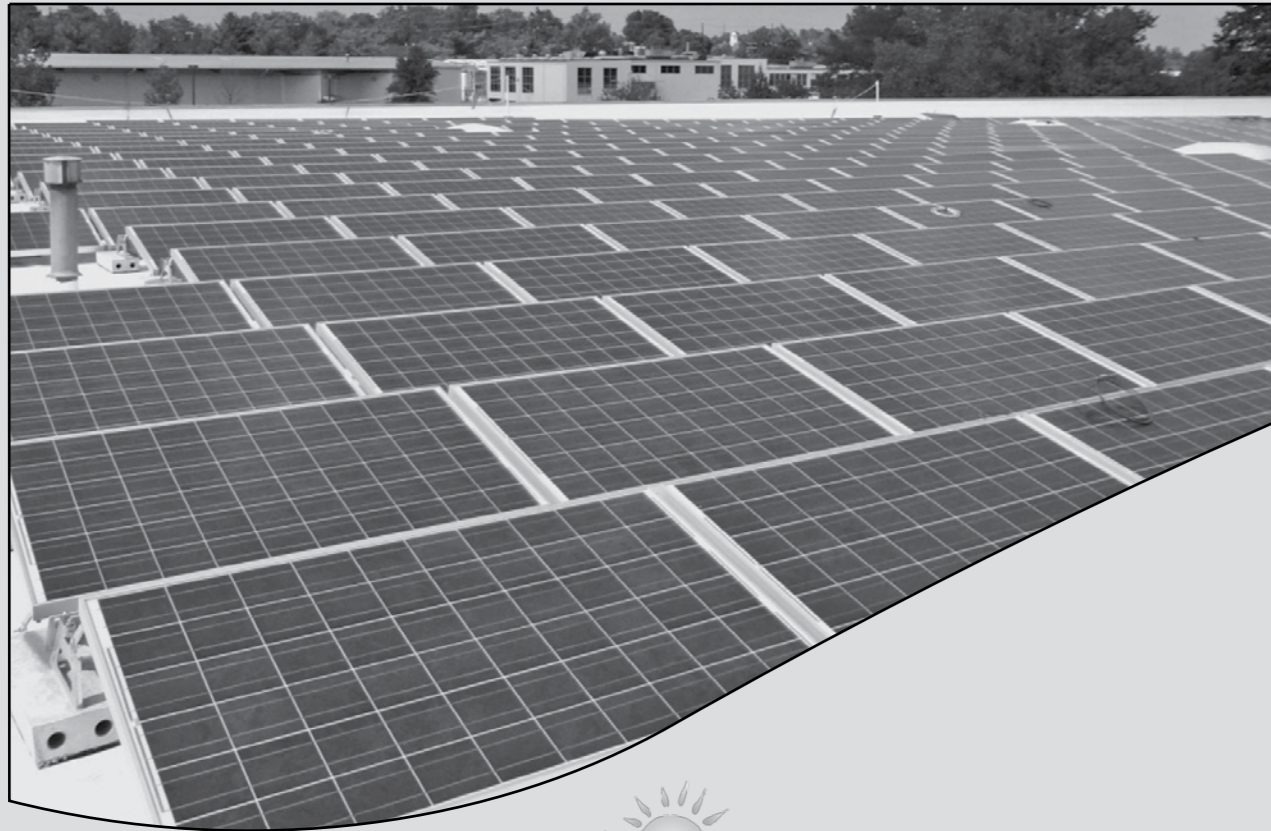
"In such a situation manufacturers do shy away from investing to produce or provide sustainable goods or services," he says. Is this really the case on the ground? When ET reached out to some of the end-users of various items traditionally produced by Indian MSMEs (e.g: handicrafts, hand-loom, cotton garments such as towels, etc.), FISME representative's view seems to hold good.

For many MSMEs, innovation and sustainability remain a second priority that could be put on a back-burner, experts hold.

For a majority of the respondents, cost consciousness seems to be the topmost concern.

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Manufacturing MSMEs are in distress

The recent corporate tax reduction is applicable only to companies. Ninety per cent of MSMEs are either partnership firms or proprietorships and are, therefore, not eligible for the reduced corporate tax rate.

Their miseries range from high cost of capital and higher tax rates to weak demand and delayed payments. The future does not look good.

Of late, there's lot of news about micro, small and medium enterprises (MSMEs) across media platforms. Ministers as well as economists and columnists have been highlighting the importance of the MSME sector. However, in spite of all the attention given to MSMEs, there hasn't been any improvement in their condition.

MSMEs are the largest provider of employment after agriculture. Manufacturing

MSMEs have witnessed manifold growth over the years, thanks mainly to large OEMs offloading the manufacture of components and sub-assemblies to them. However, over the last one year, the condition of manufacturing MSMEs has been deteriorating. It is time to bring to the notice of all concerned the ground reality and the plight of units in this sector.

Shortage of skilled manpower

MSMEs are established by technicians, technocrats and small entrepreneurs. Their experience and expertise are



the main investments. MSMEs employ unskilled and semi-skilled workers. Availability of skilled manpower is limited. Freshers and unskilled people are recruited and trained by MSMEs. So, the labour productivity in MSMEs is very low.

The skill development programme launched by the government has not been able to provide enough skilled manpower to industry. MSMEs can recruit/train freshers and the government has a scheme to reimburse part of the stipend paid to the trainees. Unfortunately, the reimbursements don't reach MSMEs due to bureaucracy and red tape.

Land prices high

State Industrial Area Development Boards develop industrial land and distribute to industries. The land cost fixed by these boards is very high. In addition, a lot of time and money have to be spent in getting the land allotted and registered. Hence, majority of MSMEs continue to operate in rented premises.

Private land is available, but without proper infrastructure and approvals. Running the units in such premises is risky.

Erratic power

The power supply to most MSMEs is erratic, with frequent power shedding and voltage fluctuations. The hi-tech machinery used need well-regulated power supply on a continuous basis. MSMEs are forced to install captive power plants (DG sets), voltage stabilisers and UPS. These are additional investments which add to the costs.

The slowdown in the economy has affected the MSMEs sector badly. A large number of manufacturing MSMEs are suppliers of parts to the automotive sector.

High cost of capital

Getting bank loans for MSMEs is not easy, especially during the starting stage. Government agencies have instructed banks to disburse loans to MSMEs on priority basis, but banks are reluctant to lend and insist on collateral. Hence MSMEs take loan from NBFCs, co-operative banks and borrow from friends/relatives at higher rate of interest. Due to the high cost of capital, exporting products at competitive prices is difficult.

MSMEs are classified based on the investment made on plant and machinery. The present limit fixed for investment on plant and machinery is too low. Banks and government departments take advantage of this definition and deny certain benefits and concessions MSMEs are supposed to get. It is time that the government revised the investment limit upwards. This will help MSMEs install hi-tech, productive machinery and be competitive in the international market.

Tax rates higher

The recent corporate tax reduction is applicable only to companies. Ninety per cent of MSMEs are either partnership

firms or proprietorships and are, therefore, not eligible for the reduced corporate tax rate. They have to pay a higher rate of tax (about 35 per cent). Majority of MSMEs cannot convert themselves to companies because of high cost of compliance and less flexibility.

The government should find a way to pass the reduced tax rate benefits to MSMEs as well.

Delayed payments

Payments for supplies from MSMEs are never received in time. The government directive to all corporates to make payment to MSMEs within 45 days is not followed. There is always a delay in getting the payments. MSMEs do not bring this to the notice of government agencies due to fear of losing the business.

The slowdown in the economy has affected the MSMEs sector badly. A large number of manufacturing MSMEs are suppliers of parts to the automotive sector. These MSMEs have not been getting enough orders for the last one year due to disruptions in the automotive sector. Many MSME units are either closed or working partially, and many of those working in these units have lost their jobs.

The capacity created by MSMEs is underutilised, and capacity expansion and modernisation have come to a halt. The recent loan melas organised by banks may not have had many takers from the MSME sector as the units are struggling even to repay the existing loans.

Exports

The US-China trade war

should increase export of goods from countries like India. But Indian MSMEs are not able to match Chinese prices. This is mainly because of lower labour productivity, higher cost of capital, land and power, less productive plant/machinery, and higher taxes and duties.

The procedures involved in importing of raw materials without customs duty is elaborate and cumbersome. It is not worth spending time and money in getting advance licences for getting duty free raw material in small quantities. Hence MSMEs import the raw materials by paying customs duty. This increases their input costs.

Many foreign customers expect products to be supplied on DDP (delivered duty paid) or DDU (delivered duty unpaid) basis. They like to get the items from warehouses close to them and draw items as and when needed. Logistics, customs clearing and warehousing are bottlenecks for export of goods from MSMEs. An agency should take care of these activities and help MSMEs in this regard.

Most of the MSMEs are engaged in manufacture of components as per customer requirements. They are also engaged in import substitution and providing cost-effective solutions to their customers. But no R&D activity for development of new products has been happening in the MSME sector.

The future for manufacturing MSMEs does not look good. They do not have enough resources to develop their own products or enter into joint ventures with foreign partners and grow big.

The writer is CEO of Bhavani Industries, Bengaluru
Source: BL

Awareness Programme On FAMILY BUSINESS



A very interesting session on Family Business conducted by FOSMI held on 8 August 2019 where selected participants only having interest on the subject were present. The session was taken by Dr. Goutam Sengupta, Management Consultant and a member of FOSMI Advisory Board. Dr. Sengupta is also the Director of Videocon Infinity Structure (P) Ltd.

Dr. Sengupta inferred that as the subject is vast and difficult to complete within limited hours as such, he preferred to touch few important aspects of Family Business. While defining the Concept of Family Business, Dr. Sengupta quoted the definition of Professor John L Ward and Professor S Carlock and narrated that a family Business is a commercial organisation in which decision making is influenced by multiple generations of a family and subsequently defined the context elaborately.

Dr. Sengupta stressed that fairness is a fundamental issue in family business decision-making. Solutions that are perceived as fair by the family and business stakeholders are more likely to be accepted and supported. He further taken critical issues where the needs of the family and the demands of the business are efficiently blended to ensure that business success does not create a family or business disaster.

Dr. Sengupta, added in his discourse that the

succession planning is the most crucial aspect to carry forward the family legacy and advised the succession process to be planned in advance, and added that succession planning is the process of pinpointing key needs for leadership and intellectual talent throughout the organization over time and preparing individuals for present and future work responsibilities by which the incumbent and successor usually show higher levels of satisfaction. The incumbent gradually gives away his power to the successor. This happens step by step and may take several years. Eventually, the successor gains all the authority and influence while the incumbent steps down, leaves to company completely.

While explaining the family system theory, Dr. Sengupta inferred that as the family is an emotional unit, families are systems of interconnected and interdependent individuals, none of whom can be understood in isolation from the system and he quoted the definition of Bowen which states that, a family is a system in which each member has a role to play and rules to respect. Members of the system are expected to respond to each other in a certain way according to their role, which is determined by relationship agreements and none of whom can be understood in isolation of the system.

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58th AGM and Seminar on

MSMEs-Opportunities & Challenges



The 58th Annual General Meeting of FOSMI was held on 26th of September 2019 at The Park, Kolkata. The AGM was followed by a seminar on “MSMEs – Opportunities and Challenges”.

On the occasion, Shri S. Suresh Kumar IAS, Additional Chief Secretary, Labour Department, Government of West Bengal was the Chief Guest and other distinguished guests who attended the seminar session were Shri Devi Prasad Karanam IAS, Managing Director, West Bengal Small Industries Development Corporation Ltd., Dr. Tapas Gupta, Chief Engineer, West

Bengal Pollution Control Board., Prof. (Dr) Suman K Mukerjee, Director General, The Bhawanipur Education Society and Prof. Chandradeep Mitra, Advisor & Mentor, IIM Calcutta Innovation Park. Besides that there were other distinguished guests and members of Federation and representatives from both Print and Electronic media.

Shri Biswanath Bhattacharya, President, FOSMI in his welcome address emphasized about the FOSMI’s close association with the State Government and pledged full support to all government initiative for growth and

development of State MSMEs.

President acknowledged the effort of the District Administration of South 24 Parganas for locating land in establishing a Chemical Hub and felt that establishment of Chemical sector will change industrial scenario of West Bengal. President also recognized the endeavour of the State Administration to support the State MSMEs in resolving their problems and issues through monthly coordination meeting and the monthly Digital Synergy.

President concluded by saying that West Bengal has the potential to become the

leading state in terms of MSME productivity. With a vision to create a sustainable ecosystem in the MSME sector which can maximize the utilization of resource and widen the area of operation to make the state emerge as the MSME leader in the country in the next few

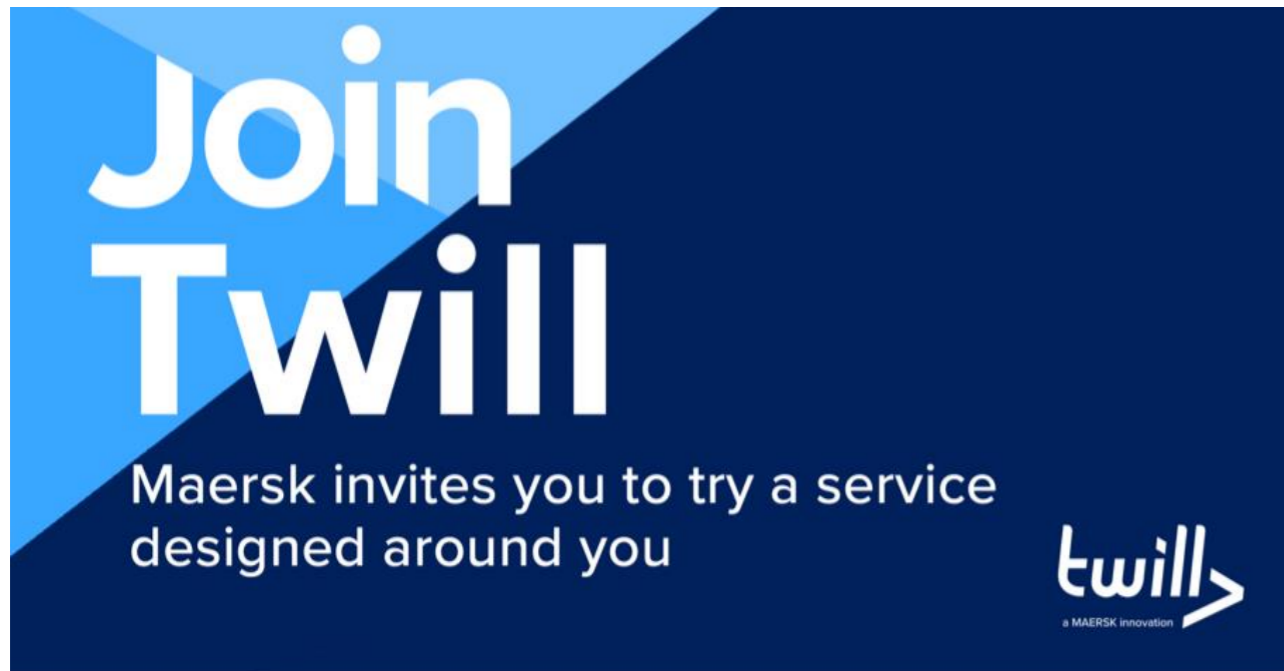
years to come.

At the end of the welcome address, President invited seminar moderator Prof. Chandradeep Mitra for starting of the seminar session .Prof Mitra after his brief welcome address formally introduced all the panellists.

Shri S. Suresh Kumar IAS was invited first for his deliberation. Shri Kumar on his deliberation briefly explained the significance of labour laws for the industries and requested for the compulsory factory registration for the industries.

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Interactive session with Director, Directorate of MSME

An interactive session with Shri Anurag Srivastava IAS, Director, Directorate of MSME, Government of West Bengal was organised by FOSMI on 3 September 2019 to discuss various issues of the members. Shri Srivastava at the outset after his brief introduction invited questions from the participants.

Members raised issues about the problems of delayed payment and brought to his notice for quick hearing of the cases under Facilitation Council. Shri Srivastava narrated that now a days the intensity of filing application has been increased in many fold which is the main hurdles in quick hearing of the cases, however, steps has been taken for the quick hearing of the

cases to the extent it is possible.

Issues raised about the new industrial policy of the state which expired in March 2018 and members felt that the new industrial policy should come for the benefit of the MSMEs of the State.

Shri Srivastava, was found very optimistic about the redress of structural issues/ problems through monthly digital synergy and appreciated whole hearted participation of the Industry Associations and urged that Industry Associations to participate more proactively and make the best use of the monthly Single Window Meeting and Digital Synergy.

Members also have raised issues and various problems usually faced by the unit holders at Industrial Parks and drawn his attention for adequate measures which he assured and advised to contact respective DICs for their coordination and specific issues can be handled through Digital Synergy, Shri Srivastava added.

As it was a brief session aimed for personal interaction with Shri Srivastava by our members and the meeting was wrapped up with a very positive assurance from Shri Srivastava for his help and co-operation to the members of FOSMI and finally the session ended with a vote of thanks from the President FOSMI, Shri Biswanath Bhattacharya. ■ ■ ■

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MSMEs in India The Challenges in Government Policy and finance

The MSMEs in India is one of the country's biggest providers of jobs, right from workers to middle management levels. However, larger companies have sufficient funding to install machinery and automation, which small scale industries do not. The small scale businesses are mostly one-person shows, with the entrepreneur running their company with some assistants and workers. Even marketing is usually done by an entrepreneur. This owner runs a low-cost operation, as profits derive from low-cost of operations. Those who understand market dynamics well can run a successful enterprise and grow it. Some move up the value chain – from a few employees to several hundred, moving from small scale to medium. And they rely on support from MSME stakeholders such as government bodies, banks, and financial institutions.

Government organizations

MSMEs require a lot of government services and approvals, for which the entrepreneur has to run around. Taxmen, factory inspectors, govt clearances, etc, are part of the daily life of an entrepreneur. These often act as hindrances; there is also a gap between policy and implementation. Budget 2019 will also provide a great opportunity for the government to help this sector. The GST tool must also be used to reduce the multitude of taxes and procedures which hamper the smooth working of small businesses. Despite more availability of electricity, digitization of the payments system (direct benefits), better roads, and the government needs to infuse funds into the hands of the common man to facilitate consumer spending. Taxes are also a factor holding back the growth of MSMEs. Any small mistake can invite huge penalties. A small business entrepreneur cannot afford this in terms of cost and time.

Banks and financial institutions

MSME funding from banks has stalled, as decision-making managers are reluctant of loans going bad. These managers are penalized for their mistakes to the extent of losing their jobs. At this stage, the government should consider treating

small scale industry loans on par with farm loans, which could entail a one-time waiver of MSME loans and advances, including capital costs of machinery and plant. This will put working capital back in the hands of the entrepreneur.

Delayed payments from large industries to MSMEs are the next issue faced by small businesses. Further, small manufacturers of engineering components are kept running around in circles for months to get their dues. Despite these non-payments, these manufacturers have to pay their workers, suppliers, utility bills, and more. This drives the manufacturer to run to banks, and also to loan sharks, who charge high rates of interest. There must be a law for payments of MSME dues by large industries, which should not be more than 30 days. This would smoothen the working of these units and needs to be applicable to service suppliers and consultants as well. Internationally, there are financing options such as factoring and bill discounting. These are being present to some extent in India, but there are many complications, which disrupt their systematic working.

Other initiatives

The MSMEs must be supported for a few years through special incentives such as 10 percent incentive as reimbursement to MSMEs from the government, based on annual turnover. Further, the MSME sector is facing continuous demand in terms of boosting productivity and efficiency. Upcoming entrepreneurs are constrained by the high cost of setting up a business, availability of finance, and increasing complexity of doing business. ■



“According to the proposal, any unit with a turnover of up to Rs 5 crore will be classified as a micro enterprise, while those with up to Rs 75 crore annual revenue will be in the small unit category”



New definition of MSMEs will be linked to turnover

Until the 2006 law was enacted, there was only one category of manufacturing that was classified as small scale enterprise, eligible for several benefits, including on payment of excise

The government is finalising a new definition for micro, small and medium enterprises (MSMEs), which will be linked to turnover and do away with the current system of classifying units based on the capital deployed in plant and machinery.

The MSME ministry, which is finalising the proposal, is seeking to end the difference between the manufacturing and services sector that the current investment-based definition makes. The move requires an amendment to the Micro, Small & Medium Enterprises Development Act, which is being finalised.

Although an amendment had been proposed by the government during its previous term as well, it had to be dropped due to opposition from outfits

MSMEs oppose government move to redefine classification based on turnover

Several representatives from the Micro, Small, and Medium Enterprises (MSMEs) have criticised the Centre's proposed move to redefine the segment based on a company's turnover instead of investments in plant and machinery and have cautioned that the move may kill functioning units and affect several livelihoods.

“With the proposed definition on turnover basis and not on investments in plant and machinery, there will no difference between a manufacturer and traders. The benefits for the MSME sector will go to both manufacturing and traders. In such a scenario, manufacturers would not want to take the pain to do business. People who want to set up their units will be discouraged,” says Janak Bhatia, President, Laghu Udyog Bharti, Uttar Pradesh. The proposed move would encourage traders to import more and the consequent fall in manufacturing would adversely impact the country's GDP growth, Bhatia warned. “Employment will take a hit. With the increase in imports, the adverse balance of trade will worsen and local industries will be killed,” Bhatia said.

like Laghu Udyog Bharti, which is an affiliate of the Rashtriya Swayamsevak Sangh (RSS). But the government has renewed its efforts to amend the law as it sees the current definition to be outdated and prone to misuse.

According to the proposal, any unit with a turnover of up to Rs 5 crore will be classified as a micro enterprise, while those with up to Rs 75 crore annual revenue will be in the small unit category. Similarly, enterprises with turnover of up to Rs 250 crore will be classified as medium-scale enterprises. Until the 2006 law was enacted, there was only one category of manufacturing that was classified as small scale enterprise, eligible for several benefits, including on payment of excise.

Service sector outfits will, however, be ineligible for some of the benefits available to MSMEs, such as public procurement to prevent possible misuse. But they can avail of concessional bank finance and some of the other benefits available to small businesses.

According to the new criteria being considered by the Centre, units with a turnover up to ₹ 5 crores would be considered as micro, those with a turnover between ₹5 crores and ₹75 crore would be defined as small which medium industry would be those with turnover between ₹75 crores and ₹250 crores.

At present, MSMEs are classified on the basis of investment in plant and machinery for manufacturing units, and investment in equipment for services enterprises. Under the goods category, the slabs are up to ₹25 lakh for micro, ₹25 lakh to ₹5 crore for small and ₹5-10 crore for medium. In the case of services, the slabs are: up to ₹10 lakh, ₹10 lakh to ₹2 crore and ₹2-5 crore.

In a joint press release issued by the Swadeshi Jagran Manch and the LUB, it was proposed that the definition criteria of micro and small industry should be based only on investment in plant and machinery with ceiling for micro enterprises fixed at ₹ 50 lakh and for small enterprises fixed between ₹ 50 lakhs and ₹ 5 crore.

“It is very important that the micro and small industry is not only protected but promoted and preferred in the national economic and industrial policy to get demographic advantage, boost GDP growth and make the ecosystem more equitable and inclusive,” the release stated.

The Karnataka Small Scale Industries' Association (KASSIA), in a separate release, alleged that the Centre was creating a hostile environment for the MSME sector. “The government's proposed redefinition of MSME units and the imposition of Goods and Services Tax could prove to be fatal for the sector with far-reaching negative impacts,” said Basavaraj S Javali, President, KASSIA.

MSMEs get a number of benefits in India. The government has been encouraging and supporting the sector through policies for preferential access to credit, preferential purchase policy and some reservation in manufacturing as well. *Source : BL*

Any unit with a turnover of up to Rs 5 crore will be classified as a micro enterprise, while those with up to Rs 75 crore annual revenue will be in the small unit category





It's been a long time coming: but the Indian Government is finalising a new definition of MSME sector that will benefit small businesses. From now, MSME classification will be based on turnover. Currently, it is classified based on plant and machinery investment of the company.

Why does the Government want to change the definition of MSMEs?

This is not the first time the government has proposed a new definition of MSME sector. A year ago, the proposal to change MSME classification based on turnover led to opposition from several political parties. However, the Government has decided to move along with the decision to change MSME definition to a more modern one – one that will help small businesses too.

Also, the main motive behind the MSME proposal is to end the difference between manufacturing and service industries – which the current investment based structure does.

What is the new MSME Classification?

How can the Government decide whether your business is a micro, small or medium enterprise? The last definition of MSME sector was made 13 years ago. The Government pushed for a new classification system after the introduction of GST and demonetization.

According to the new proposal, the MSME sector will now be classified on their annual turnover. The division is as follows:

For both the manufacturing and services industry:

Microenterprise: Businesses with an annual turnover of up to INR 5 crores



Small Enterprise : Businesses with an annual turnover of up to INR 75 Crores

Medium Enterprise : Businesses with an annual turnover of up to INR 250 Crores.

Previously, manufacturing and services industries carried separate classification criteria:

NEW LOOK MSMEs

CURRENT: LINKED TO INVESTMENT		
	Manufacturing	Services
Micro	Up to ₹25 lakh	Up to ₹10 lakh
Small	Over ₹25 lakh to ₹5 crore	Over ₹10 lakh to ₹2 crore
Medium	Over ₹5 crore to ₹10 crore	Over ₹2 crore to ₹5 crore

 **MANUFACTURING:** Plant & machinery investment
Source: Ministry of MSME
 **SERVICES:** Investment in equipment

PROPOSED: LINKED TO TURNOVER		
Micro:	Small:	Medium:
Up to ₹5cr	Over ₹5cr to ₹75cr	Over ₹75cr to ₹250cr

How will a new definition of MSMEs benefit Small Business?

If your business falls under the MSME sector, the Government grants you several benefits to help ease business operations.

GST exemption: If you are a small business with an annual turnover under INR 40 Lakhs, you need not be registered under GST. ▶▶▶▶

India SME Forum to showcase export prospects for SMEs

India SME Forum, with the support of MSME Ministry, has launched a programme to showcase export opportunities for MSMEs across the country.

At present, the number of SMEs participating in exports is 1.27 lakh and the government proposes to increase the number to five lakh and double their export output, said Vinod Kumar, president, India SME Forum.

In spite of the government's focus on SMEs and exports, less than 0.01 per cent of 65 million SMEs in the country currently participate in global trade, Kumar said. India SME Forum has decided to train around four lakh SMEs for exports in the next four years, he added. Speaking at Accelerating Business Xpo, the first of its kind initiative in Kochi, Kumar said SMEs contribute 11 per cent of the GDP, 45 per cent of total manufacturing output and more than 100 million jobs. They also play a crucial role in supporting large enterprises as ancillary units and even help



Vinod Kumar
President, India SME Forum

in promoting industry in rural and backward areas. A vibrant and financially inclusive India needs a vibrant SME sector, he added.

However, the barriers are many such as lack of reliable data on overseas markets, inability to contact potential overseas customers, unfamiliarity with export rules, procedures and documentation, lack of trained export staff for trade facilitation, difficulty in identifying foreign business

opportunities, insufficient access to export finance etc. Some of the barriers are about perception, and some related to lack of knowledge and information. Holistic and end-to-end global trade solution for SMEs is also lacking, he added.

Formed in May 2011 with the objective of propelling a small and medium business movement across the country, India SME Forum has over 76,000 members, including 7,000 women entrepreneurs. ■

“At present, the number of SMEs participating in exports is 1.27 lakh and the government proposes to increase the number to five lakh and double their export output.”

▶▶▶▶ At the beginning of the year, the GST council made a decision in their most recent meeting to double the current GST limit for MSMEs to ₹ 40 lakhs from the previous ₹20 lakhs. GST makes it easier to monitor turnover and classify businesses.

ISO Reimbursement: In a move to strengthen the MSME sector and provide better financial aid, the ISO MSME reimbursement scheme is expanded by the Government.

The new reimbursement scheme for small businesses that have acquired the ISO 9000/ISO 14001/HACCP certification.

As a registered MSME, you can enjoy several benefits. With Instamojo, you can collect payments by setting up your account for free with zero maintenance costs. Over the past few years, we have helped facilitate over 1 million MSMEs on our platform. ■

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58th AGM and Seminar on

It has been informed by Shri Kumar that, under the "Ease of Doing Business" initiative, massive re-engineering of the statutory procedure and simplification of the operating procedure relating to clearances under the labour laws have been undertaken by the Labour Department of West Bengal to facilitate the entrepreneurs and industries in setting up their business and compliance to statutory labour regulations through simplified procedure, time bound delivery of services, ease of access to information, transparency and massive reforms in inspection procedure.

The Second speaker Shri Devi Prasad Karanam IAS in his address briefly explained about the various steps taken by WBSIDCL under ease of doing business which are attributed to Land allotment, building plan sanction, Estate services, e-tender, e-marketing etc. and added that systems have already generated about the information on land availability. Shri Karanam emphasised that registration at GeM portal is must to become the supplier to WBSIDCL as all procurements are now done through GeM portal only because of its very transparent procedure.

Shri Karanam added that during the years, the WBSIDCL has developed a good numbers of Industrial and Commercial Estate widely scattered all over the state. All the estates have been developed in prime location wherein lands and sheds for setting up of industries are allotted at subsidized rates with all good infrastructural facilities. This has helped a large number of MSMEs towards industrial growth as well as generated extensive employment and recently, WBSIDCL has started functioning as a Nodal Agency for State Assisted Industrial Park (SAIP) of MSME&T Department. He assured to extend all help to entrepreneurs and start-ups.

Dr. (Prof) Suman K Mukerjee in his deliberation picked up few crucial points as challenges of MSMEs and discussed in details. He first pointed out that the most important challenge before the MSMEs is the matching of samples with the delivered products as most of the time it is found that there is mismatch of sample with delivered products which causes rejection.

Dr. Mukerjee felt that the most important aspect is the definition of MSMEs which need to be amended in the context of Indian scenario. Dr. Mukerjee felt the necessity of marketing intelligence for MSMEs, as Marketing Intelligence is dire necessity for MSMEs to acquire and analyse

the information to understand the both existing and potential customers, determine the current and future needs and preferences, attitudes and behaviour of the market; and to assess changes in the business environment that may affect the size and nature of the market in the future, added by the Dr. Mukerjee. He further corroborated that, the aim to promote business horizons of MSMEs of India through Marketing Intelligence by which MSMEs seeking business collaboration and co-production opportunities, joint ventures, exporters and importers, and those looking for technology transfer would be benefited.

In the opinion of Dr. Mukerjee, that in the current era of globalization, MSMEs need marketing information about the changing pattern of fashions/ tastes in the domestic and international market besides information about the trends in exports and potential for exports. Usually, MSMEs are handicapped because of the non availability of information pertaining to Central Government/ State Government policies and programmes.

He also stressed that MSMEs must adopt Lean Management under the NMCP program of the Govt and update the performance of unit and working pattern which are the main bottleneck for the development and to equip themselves to accept the challenges of global requirements. Dr. Mukerjee felt that the parameters set in ZED accreditation are very apt for the development of quality and working style of the industries; industries must think to have ZED accreditation as it will help the industries to establish themselves as supplier to globalised market with up-gradation of quality and working performance. Dr. Mukerjee felt that necessity of Executive Management programs as these management programs develop the essential cross-functional perspective that prepares the individual to lead with vision, build a focused strategy, strengthen organizational structures and processes, and make the tough decisions that drive performance and sustain success.

The Last Speaker invited by the moderator was Dr. Tapas Kumar Gupta. He narrated about the necessity of Environmental management and explained that, as it is concerned with the understanding of the structure and function of the earth system, as well as of the ways in which humans relate to their environment and therefore, environmental management is concerned with the description and monitoring of environmental changes, with predicting future changes and

with attempts to maximize human benefit, to minimize environmental degradation due to human activities.

Dr. Gupta urged for the adoption of an eco- friendly business or "green business" that demonstrates a commitment to an environmentally sustainable future and added that Green businesses strive to have a positive impact on the environment and the community and eco-friendly small business idea is commitment to the environment which is the dire necessity of the present day environmental requirement moreover.

Dr. Gupta felt that the most important aspect to control the pollution is the efficient management of waste because proper waste management is to protect the environment and for the health and safety of the population, Dr. Gupta added that certain types of waste can be hazardous and can pollute the environment. Bad waste management practices can also cause land and air pollution which can result in serious medical conditions in humans and animals. So implementing good waste management practices not only helps to protect the environment but can be beneficial to business.

In his deliberation, Dr. Gupta defined briefly about National Green Tribunal and its function

and he said that the National Green Tribunal was established in the year 2010 for effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected therewith. It is a specialized body equipped with necessary expertise to handle environmental disputes.

Dr. Gupta in detail explained about the process of getting consent from the Pollution Control Board and why such consents are necessary for running the business. Dr. Gupta expressed that in the days to come the pollution control norms will be more stronger due to menace created by the plastic waste that have posed a great threat to global environment.

At the end Prof. Chandradeep Mitra summed up the entire deliberations of the different speakers and the program was conducted by Prof. Mitra in a professional way with very effective manner. There was a QA session after the end of the program which was handled by the panellist very effectively. The program concluded with vote of thanks by Shri A. K. Sengupta, Secretary FOSMI. ■

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Awareness Programme on family....

Dr. Sengupta briefly covered family Genograms, which is basically is a picture of a person's family relationships and history and he added that a, genogram is an expanded version of the family tree which includes behavioural patterns, descriptions on the quality of relationships, individual traits, historical facts and other family dynamics and he presented graphical pictures to make the participants to understand the family Genograms in a very simple manner.

The very important part of the family business is the Family Council, which Dr. Sengupta felt that the very essentialities of Family Councils that address key matters are impacting the family and its relationship to the business resulting in different types of family agreements. Dr. Sengupta corroborated that the Family Council's job is to develop a recommended family employment policy. They may start by initiating a task force of a few of their members to explore the matter further and recommend to the full Family Council guidelines for

the development and employment of future family employees, as well as the rules for application and advancement within the company. The Family Council communicates continuously with the family during this process so that a final policy can gain consensus approval and support, Dr. Sengupta added.

Dr. Sengupta advocated that the council needs to have a process in place for benchmarking internal talent against the external market and business environment and assessing the different strength and weaknesses of family for which external head could be more useful, however the external head should have well acquaintance with the family whom he will be heading. Dr. Sengupta concluded by saying that vibrant Family Council is able to work on and achieve longer-term, bigger picture goals and outcomes consistent with their core purpose.

It was a very interesting session of different taste and participants opted for one more program on Family Business in a much bigger way in the near future. ■

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In the future of

This makes it evidently clear that there exists a demand-supply relationship, which to some degree explains as to why for a large number of smaller firms, the idea of innovation-backed green manufacturing has largely remained a no go area till date. The above example also highlights that unless a big push in demand for sustainable items is not generated, MSMEs would, as things stand, continue to cherish the idea of jugaad economics (low-cost indigenous solutions), (mis)taking it as a panacea for many of their structural woes.

Further, going innovative does cost money, at least initially, as companies have to align/realign their production patterns and entire assembly lines in accordance with globally followed best practices. The process often requires adhering to strict norms and guidelines laid out by various regulatory and compliance bodies. Meeting such norms also call for initial expenditures. Highlighting this, Satish W Wagh, former Chairman, Chemexcil, holds that the country's SME sector does not have access to capital to upgrade technology on its own. For such firms, innovation and sustainability remain a second priority that could be put on a backburner, experts hold.

Deciphering manufacturing firms' psyche, Joyjeet Maity, Vice President, Moglix, adds that Indian manufacturing is still under the ambit of a developing nation with a high ambition of growth. "This growth is mainly in terms of economic value for the direct stakeholders. Somehow, when we talk about the environment and larger society value, the potential of longer economic value or Life Time Value (LTV) is overlooked. I think this myopic view and mindset about economic value is one of the key impediments." Further, negating the long-held notion that Indian businesses prefer jugaad economics by choice, Maity opines that the so called 'Jugaad' mindset is intrinsic to Indian MSMEs but the driver of this behaviour is rather financial and economic, rather than cultural. "The interest to maintain a sustainable environment through clean, green and lean production and manufacturing is always nurtured somewhere within as an ambition among Indian businesses," he argues.

Innovate or perish

Issues notwithstanding, increasingly Indian

players have begun to realise the merits in investing in innovation. It's no longer seen as an avoidable cost. Instead, the industry, along with the products' end-users, now realise the benefits of the premium placed on new ideas.

On how innovation in sustainability is aiding firms in creating a distinct brand identity, Sanjesh Thakur, Partner, Deloitte India, affirms brands today are tightly connected to the consumer and sustainability is playing a lead role in building their brand image. "They [brands and end consumers] are all interconnected and thus companies need to constantly rethink and innovate. Consumers today are placing a premium for products manufactured through the sustainable supply chain and we see enough examples across categories," he says, citing, in apparel retail, for example, khadi has a huge influence on the consumer.

At present, there certainly is an increased realisation on how even taking baby steps towards embracing innovation (that ultimately fuels sustainability) can make a big difference in the long run. According to Thakur of Deloitte, businesses can no longer afford to miss the sustainability bandwagon since with increased awareness, innovation-led sustainable manufacturing will soon become a 'must-have' for companies. "A corporation's success in the future will depend on its corporate sustainability scorecard," he forewarns. ■

Source : ET



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E-Commerce - Importance to

Government Initiatives towards development of E-Commerce

- (2)The Reserve Bank of India (RBI) has decided to allow "inter-operability" among Prepaid Payment Instruments (PPIs) such as digital wallets, prepaid cash coupons and prepaid telephone top-up cards. RBI has also instructed banks and companies to make all know-your-customer (KYC)-compliant prepaid payment instruments (PPIs), like mobile wallets, interoperable amongst themselves via Unified Payments Interface (UPI).

- The Government of India has distributed rewards worth around US\$23.8 million to 1 million customers for embracing digital payments, under the Lucky Grahak Yojana and Digi-Dhan Vyapar Yojana.

- The Government of India launched an e-commerce portal called TRIFED and an m-commerce portal called 'Tribes India' which will enable 55,000 tribal artisans get access to international markets.

- To increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).

- The e-commerce industry been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well.(2)

Role of Express Logistics in E-Commerce

According to industry reports, the logistics industry is projected to grow at a CAGR (Compound Growth rate) of 15-20 percent between 2015-16 and 2019-20. The implementation of GST where inter-state removal of check-posts will accelerate growth of the sector, it will also bring in digitisation in the process which in turn will cut down on the time taken at the check-posts for time taking documentation and help faster movement of goods across the country with a uniform tax structure. Apart from that, this iconic bill implementation will enable the operators to rationalise and restructure their warehouses and other logistics infrastructure which will also help

bring down the overall costs.(3)

It is an essential demand to have an efficient and a pragmatic transport mechanism that would boost the logistic industries in terms of serving the service sectors too which MSMEs would extremely be benefited. Moreover the express transport services have significant role that is being played for MSME sectors, since MSMEs are the sectors where there is ever increasing demand to have proper logistic supports for quick handling of small despatches and this particular segment requires hassle free delivery system with fastest mode.

With the increase of digital revolution there was considerable transformation of business strategies of MSMEs by adapting new mode of business operations through e-commerce. The Logistic industries, specially the express service providers are the main facilitators to these SMEs to support in transporting goods in time bound manner with utmost care avoiding damages in transit.

Evidently for better customer services, timely delivery is the most important criteria for every marketer and thereby the role of express logistics is assuming much importance. In this way the MSMEs are also striving their best to make the best use of the efficient express logistic services to increase business of their fast moving consumer products through time bound delivery.

Undoubtedly, with the implementation of GST rules in cargo movements, the transit time has been remarkably improved; the transport operators are making brisk services through small trucks to ensure the timely delivery. This kind of development also have merited small transporters having few small trucks or carriers with business opportunities and are doing sizeable business and thereby it becomes a very positive impact left on today's express logistic operators. The express logistics facilities not only have capitalised its efficiency but at the same time cross border trade has also gained momentum with the efficient logistic support leaving aside the procedural delay of the commercial formalities at border authorities.

Every MSMEs relying on e-commerce prefers to have unified operation system starting from production to supply and collection of payment. Here, express logistics finds its role very crucial to support MSMEs with on time deliveries of material. The on time delivery assurances helps MSMEs to concentrate to increase the productivity as organised customers who prefers time bound supplies to their orders are well

served through express logistics.

With the increase of ongoing development of Information and technologies, the advancement of logistics services are getting more organised day by day, however, the demand of flaw less despatch from the Transporters end too improved with the adoption innovative sorting method, rout planning, arranging POD through electronic mode, fastest settlement of disputes are the most important key features of present day logistics operators that helps lot to MSMEs as a whole for establishing an unified operation. The express logistics also helps the consignor/ consignee with the information of location of carrier of the goods.

With the increased availability of express services under e-commerce platform, the MSMEs has been immensely benefited for the delivery of their small consignments as well to comply the time bound deliveries through the help of express logistics services and now leading express logistics services are the indispensable support for MSMEs which have helped in increasing the consumers and maximising business transactions and increasing profits under e-commerce.

Conclusion

The express logistic industries are committed to have increase in consumer demand and

expectation for on time delivery with adequate handling of packing. The express logistic industries are continuously striving their best in improving their performances and gaining customers' confidence. The MSMEs striving hard to place their credibility before their esteemed logistics providers with time bound supplies and undamaged articles. With the changing scenario and increase of the importance of e-commerce platform, postal department is also found to become a keen operator in improvising services to cope up with the swell of e commerce business environment.

The ongoing digital transformation in India will help the increase the E-commerce revenue very appreciably and will increase at an steady annual rate with lots of rooms for development for the enhancement of growth rate and also open up the opportunities of logistics supports to meet the growing demand of customers.

Ref : 1.Luisa Rodriguez, Article No. 17 [UNCTAD Transport and Trade Facilitation Newsletter N°77 – First Quarter 2018]

2.<https://www.export.gov/article?id=India-e-Commerce>.

3.<http://www.itln.in/future-of-express-delivery-will-stride-on-growth-of-e-commerce/>

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Subject	Consultant	Days	Time
GST & Professional Tax	Saurav Chandra	Thursday	1600hrs to 1800 hrs.
GST	Swagatam Das	Monday & Thursday	1300hrs to 1400 hrs.
Labour, PF , ESI, etc.	Bilwadal Bhattacharyya	Monday & Friday	1500 hrs to 1600 hrs.
NSIC	Representative of NSIC	Tuesday	1600 hrs to 1800 hrs
Project & Finance	Tapas Kumar Ghosh	Tuesday	1500 hrs to 1600 hrs
Marketing & export	Asit Sharma Sarkar	Wednesday	1600 hrs to 1800 hrs
ISO 9000 etc, Certification on ISI, BSI	T K Banerjee	Wednesday	1600 hrs to 1800 hrs 1600 hrs to 1800 hrs
General guidance & counselling to entrepreneurs	A K Sengupta	Monday to Friday	1400 hrs to 1700 hrs


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88, K.G.R. Path, Kanchrapara, Gandhi More,
Opposite SBI ATM, Bijpur, North 24 Parganas, Pin - 743 145
Phone : 033 2585 0104 / 98756 31894

GARIAHAT
Gariahat Shopping Complex, Ground Floor,
153, Rashbehari Avenue, Near Basanti Devi
College, Opposite Bedouin Restaurant, Kolkata - 29.
Phone : +91 98756 30855 / 56

CHANDANNAGAR
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