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NEWSLETTER



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MEDIUM ENTERPRISES (CMSME)**

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



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



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

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

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S. No.	News Headline	Page No.
1	Centre notifies new Income Tax forms to file returns for AY 2021-22	01
2	Govt okays PLI in food processing	01
3	Steel prices hiked by Rs 5,000 a tonne on global rally, iron ore rises too	02
4	Govt amends IBC, rolls out pre-pack plans for MSMEs	03
5	FM calls for greater coordination among BRICS	04
6	Mudra loan sanctions in FY21 drop 21% YoY to 2.7 trn as Covid-19 weighs	04
7	Accounting software with audit trail feature: MCA postpones implementation to FY23	05
8	Payment Bank client's balance limit doubled	05
9	Most MSMEs fall outside bankruptcy code ambit	06
10	Govt to launch National Programme on AI soon	06
11	Pre-pack insolvency scheme takes effect	06
12	New BIS license: Govt announces 50% rebate for start-ups, others	07
13	RBI tells banks to ensure credit flow to stressed sectors	07
14	MSMEs can initiate bankruptcy resolution with ₹15,000 fee	08
15	BHEL to procure 300 products worth ₹3,000 crore annually from MSMEs	09
16	Unemployment in urban India surges to 10.72%: CMIE	09
17	Exporters seek tax-free bonds in lieu of pending MEIS refunds	09
18	Digitalisation To Play Key Role in Growth of MSMEs: Gadkari	10
19	FM Urges Industry to Wait & Watch to Assess the Situation amid Second Wave of COVID	10
20	Limited oxygen supply to hit small businesses	11
21	Karnataka's annual credit plan target set at Rs 4,96,371 crore	12

MSME NEWS UPDATE

1. Centre notifies new Income Tax forms to file returns for AY 2021-22

The Central Board of Direct Taxes notified new forms to file Income Tax Returns (ITR) for the assessment year 2021-2022. According to a statement, no 'significant' changes have been made to the new ITR forms in comparison with the previous year's ones due to the ongoing coronavirus disease (Covid-19) pandemic in the country.

"Only the bare minimum changes necessitated due to amendments in the Income-tax Act, 1961 have been made," the statement added. Similarly, there has been no change in the manner of filing these forms as compared to last year. The CBDT has notified a total of seven forms for various kinds of taxpayers for this assessment year. They are as follows:

1. ITR Form 1 (Sahaj) is a simpler form which serves the majority of the small and medium taxpayers. Sahaj can be filed by an Individual who has an income up to ₹50 lakh and who receives the income from salary, one house property / other sources (interest etc).
2. ITR Form 4 (Sugam) also a simpler form caters to the small and medium taxpayers too. It can be filed by Individuals, Hindu Undivided Families (HUFs), and firms except Limited Liability Partnerships (LLPs) "having a total income of up to ₹50 lakhs and income from business and profession computed under the presumptive taxation provisions," the statement said.
3. ITR Form 2 is for those Individuals and HUFs which do not have an income from business or profession and are not eligible for filing Sahaj (ITR Form 1). Whereas those having income from business or profession can file ITR Form 3.
4. Those apart from an Individual, HUF and companies such as partnership firm, LLP etc can opt for ITR Form 5. Companies are eligible to file ITR form 6.
5. ITR Form 7 is for political parties, trust, and charitable institutions etc that claim exempt income under the Act.

Another major relief that the Centre gave to taxpayers in the view of the pandemic was the extension of the deadline to link Aadhaar card with the Permanent Account Number (PAN). The deadline has now been extended to June 30 from 31 March, according to the Income Tax Department. Earlier, failure to link Aadhaar with PAN post 31 March would have led to a fine of ₹1,000.

Hindustan Times, April 01, 2021

2. Govt okays PLI in food processing

India approved a ₹10,900 crore-production linked incentive (PLI) scheme for its food processing industry, aimed at helping farmers earn better prices and reduce crop wastage. The scheme, which will run over six years through 2026-27, was approved by the Union cabinet headed by Prime Minister Narendra Modi. The government said the scheme will create jobs for 250,000 people and attract investments from global and domestic companies in the food processing sector. It will also help expand the food processing capacity to generate processed food output worth ₹33,494 crore by 2026-27, the government said.

An expression of interest (EoI) will be floated, seeking applicants to commit to a minimum level of investments and sales. Increases in sales will be rewarded through the release of this subsidy, which may vary across segments. "The objectives of the scheme are to support food manufacturing entities with stipulated minimum sales and willing to make minimum stipulated investment for expansion of

MSME NEWS UPDATE

processing capacity and branding abroad to incentivize emergence of strong Indian brands," the government said in a note.

Some of the products identified for providing support are ready-to-cook and ready-to-eat foods, processed fruits and vegetables, marine products and mozzarella cheese. An expert said the scheme will be a "game changer in boosting food processing investments, agri-exports, farmer incomes and in building Indian brands for the global market. We compliment the Hon'ble Prime Minister for the vision and the government for spearheading this transformative step forward." India's largest dairy cooperative that sells products under the Amul brand said it is awaiting further details to start exporting buffalo mozzarella cheese.

Mint, April 01, 2021

3. Steel prices hiked by Rs 5,000 a tonne on global rally, iron ore rises too

After a pause, prices of steel and iron ore are on the rise. Steel companies have increased prices by up to Rs 5,000 a tonne beginning April while state-owned iron ore producer, NMDC has hiked prices of lump ore by Rs 500 a tonne. Steel producers said that prices of hot rolled coil – a benchmark for flat steel (used in automobile, domestic appliances and construction) – have been increased by Rs 4,500-5,000 a tonne; prices of long steel (used in infrastructure and construction) have increased by up to Rs 3,000 a tonne.

Post-increase, the price of HRC is at Rs 57,600; in longs, TMT is at Rs 52,500. The increase in steel prices is led by a surge in global prices. An expert said, price parity of the world has been changing from last year onwards. "HRC (hot rolled coil) prices in Europe is inching towards \$1,000 a tonne, in West Asia to around \$900 and China \$870. The difference between average global price and Indian HRC price is about Rs 11,000 a tonne," he added. "We are looking at providing support to MSMEs, but overall, it appears that the market has gone through a structural change," he further said.

The last time the price of steel increased was in January when it touched an all-time high. However, it came off those highs as China moved into the new year holiday season on pressure from end users in the domestic market. Producers rolled over prices in February and in the early part of March, prices dropped by about a Rs 1,000 a tonne. But sentiments started improving towards the middle of March and prices in the trade segment showed an upward trend. The trend is across the value chain.

An India Ratings report said, international iron ore prices in mid-March were at \$195 a tonne, \$8 a tonne lower month-on-month, but still at elevated levels with prices in mid-March 2021 being 81 per cent higher year-on-year. That played out in the domestic market as well. NMDC had kept prices unchanged from February to beginning March. But effective March 21, prices of lump ore and fines were revised upwards. Lump ore prices were increased to Rs 5,350 a tonne from Rs 5,100 a tonne and fines from Rs 4,200 a tonne to Rs 4,310 a tonne. Prices were increased again effective April by about Rs 500 in lump ore and Rs 250 a tonne in fines.

Domestic pellet prices, according to the India Ratings report, were at Rs 12,125 a tonne in mid-March, up five per cent month-on-month and 92 per cent year-on-year. Analysts expect prices to remain strong in the months ahead on the back of domestic demand and cues from China. Domestic steel consumption over April 2020-February 2021 at 79.2 million tonnes was down by only 8.8 per cent despite Covid-19, reflecting the improving end-use demand, the India Ratings report mentioned. Steel

MSME NEWS UPDATE

prices in the domestic market have been on an uptrend since July last year and that reflected on steel stocks. The BSE Metal index has gained about 156 per cent in the last one year. Major steel stocks touched fresh 52-week highs during market hours with Tata Steel at Rs 882.30, JSW Steel at Rs 541, Jindal Steel & Power at Rs 397 and Steel Authority of India Ltd at Rs 93.40 on the Bombay Stock Exchange. Globally, measures in China are expected to lend support to prices. China is looking to reduce its steel output to curb pollution and according to World Steel Association, its crude steel output stood at 83 million tonnes in February, which was lower than 90 million tonnes in January, even though year-on-year it was higher by 10.9 per cent.

Business Standard, April 06, 2021

4. Govt amends IBC, rolls out pre-pack plans for MSMEs

The Union government moved an ordinance to introduce pre-packaged insolvency resolution options for micro, small and medium enterprises (MSMEs), following global best practices. The ordinance introduces a new chapter in the Insolvency and Bankruptcy Code to offer the pre-pack scheme to those defined as medium and small enterprises or MSMEs under the MSME Development Act. The scheme also covers businesses incorporated as partnerships, in addition to companies.

The scheme is available to entities that have neither undergone bankruptcy proceedings in the preceding three years nor are facing liquidation orders. Pre-packs are a form of restructuring that allow creditors and debtors to work on an informal plan and then submit it for approval. The incumbent management typically retains control until the final deal. The scheme disallows a business to avail of the scheme if the major shareholder is an undischarged insolvent or wilful defaulter. The most significant feature is that, unlike the general bankruptcy provisions, it allows the management of the defaulting small business to continue to be in control of operations.

Corporate debtors remaining in possession is a global best practice in such schemes. “Pre-pack gives you a platform where you can do a resolution as ‘debtor in possession’ rather than creditor in control under resolution professional. That’s the major distinction. The company under debtor in possession is able to arrive at a solution. In IBC, the bulk of the litigation is by promoters, which creates roadblocks for resolution,” said an expert.

The ordinance refers to the increase in the minimum amount of default for initiation of the corporate insolvency resolution process to ₹1 crore introduced last year and the suspension of bankruptcy proceedings for one year in case of defaults during the period beginning March 25, 2020, as steps already taken to support small units.

Businesses can voluntarily file for a pre-pack scheme by adopting a special resolution by the board or by a resolution by three-fourths of the partners. The scheme stipulates that though the control stays with the management, it has to “make every endeavour to protect and preserve the value of the property of the corporate debtor and manage operations as a going concern.” The existing management of the defaulting small business is allowed to be in control of the affairs of the firm during the pre-pack resolution process as chances of new investors lining up for small businesses are fewer than those for large companies.

Hindustan Times, April 06, 2021

MSME NEWS UPDATE

5. FM calls for greater coordination among BRICS

India pitched for greater coordination among BRICS nations on the issue of the 16th general review of quotas of the International Monetary Fund (IMF) to give more say to developing countries. As per an IMF resolution, the 16th General Review of Quotas should be concluded by December 15, 2023.

Any adjustment in quota shares would be expected to result in increase in the voting rights of emerging countries in line with their relative positions in the world economy. It would likely result in an increase in the share of emerging markets and developing countries as a whole, while protecting the voice and representation of the poorest members.

Finance Minister Nirmala Sitharaman, while chairing the BRICS Finance Ministers and Central Bank Governors Meeting, emphasised on the need for the five-nation grouping to respond to the COVID-19 crisis through policy support and enhanced international coordination. Brazil, Russia, India, China and South Africa (BRICS) are members of the grouping. As the 2021 BRICS Chair, India's approach is focused on strengthening intra-BRICS cooperation based on continuity, consolidation and consensus, the finance ministry said in a statement. "This was the first meeting of the BRICS Finance Ministers and Central Bank Governors under India Chairship in 2021.

"BRICS Finance Ministers and Central Bank Governors discussed financial cooperation agenda set by India for 2021 - Global Economic Outlook and Response to COVID-19 pandemic, New Development Bank (NDB) Activities, Social Infrastructure Financing and Use of Digital Technologies, Cooperation on Customs related issues, IMF reforms, Fintech for SMEs and Financial Inclusion," it said. On the BRICS priorities and agenda for 2021, Sitharaman said efforts should be made towards delivering outcomes that reflect the needs and aspirations of the group in particular and emerging markets and developing economies in general.

Millennium Post, April 07, 2021

6. Mudra loan sanctions in FY21 drop 21% YoY to 2.7 trn as Covid-19 weighs

Loans sanctioned to small businesses and entrepreneurs under the Pradhan Mantri Mudra Yojana (PMMY) dropped to Rs 2.7 trillion in financial year 2020-21 as the Covid-19 pandemic weighed on business activity. Loans sanctioned under PMMY were Rs 3.4 trillion in FY20 and Rs 3.2 trillion in FY19. About 42 million loans worth Rs 2.7 trillion were sanctioned under the PMMY scheme in the last financial year as on March 19, 2021, said a statement from Ministry of Finance.

The PMMY was launched in 2015 to provide loans up to Rs 10 lakh to non-corporate, non-farm small and micro enterprises. In FY21, about 88 per cent of the loans were sanctioned with amount up to Rs 50,000 which fell under the 'Shishu' category, the statement said. Around 24 per cent of the total loans were been given to new entrepreneurs, while 68 per cent of the loans have been given to women entrepreneurs. Loans under the scheme are divided into three categories Shishu that covers loans up to Rs 50,000; Kishore that covers loans from over Rs 50,000 to Rs 5 lakh; and Tarun with loans above Rs 5 lakh to Rs 10 lakh.

The average ticket size of the loans sanctioned in the last financial year, up to March 19, was about Rs 52,000. About 287 million loans worth Rs 14.9 trillion have been sanctioned since launch of the scheme, the statement said. With the Covid-19 pandemic severely impacting the economy, and the subsequent lockdown leading to closure of several small business units, there are concerns that the non-performing

MSME NEWS UPDATE

assets under the scheme may increase. NPAs under the scheme were 2.56 per cent in 2019-20 as compared to 2.51 per cent a year ago. The latest quantum of NPAs has not been disclosed yet. NPAs under PMMY for public sector banks as on March 31, 2020 were Rs 18,836 crore against the total disbursed amount of Rs 3.82 trillion.

Business Standard, April 07, 2021

7. Accounting software with audit trail feature: MCA postpones implementation to FY23

The ministry of corporate affairs (MCA) has given companies a year to implement its latest regulation which mandates the use of accounting software that records each and every transaction made by them. Companies will now have time till March 31, 2022 for deploying the software. Earlier, the MCA directed all businesses using accounting software to maintain books of accounts to have audit trail features that includes recording audit trail and creating an edit log of each change made in the books of account along with the date when such change was made. Also the audit trail cannot be disabled.

The postponement of the rule, a senior government official said, is in view of the Covid situation in the country. "Giving a year's time to companies will ensure better compliance," he added. Most entities in the MSME sector do not have such software. Large companies already use such accounting software. AMRG & Associates CEO Gaurav Mohan said. "This will definitely bring in more transparency, compliance and its need cannot be stressed more. But with-it certain challenges come forth such as genuine errors corrected will always remain in logs and increase burden on the companies and auditors. Such a software has to be hack-free and tamper-free where no one is able to manipulate the same". Moreover, this software will be used by all companies as well and shall be cost effective. An increase in compliance cannot put an undue financial stress on the companies. The regulator should consider providing free or cost-effective software to all which follow the necessary compliance. This change is good for regulators and auditors but it's practical execution with the availability of such software at the ground level has to be seen, he added.

Financial Express, April 08, 2021

8. Payment Bank client's balance limit doubled

The RBI has doubled the limit of maximum balance that an individual customer can hold with payments banks (PBs) to ₹2 lakh from ₹1 lakh earlier with immediate effect to expand the ability of lenders to cater to the needs of MSMEs and other businesses. The announcement in this regard was made by RBI Governor Shaktikanta Das after the meeting of the Monetary Policy Committee.

The extant norms allow payments banks (PBs) to hold a maximum balance of ₹1 lakh per individual customer. "Considering the progress made by PBs in furthering financial inclusion and with the objective of giving more flexibility to the PBs, it has been decided to enhance the limit of maximum balance from ₹1 lakh to ₹2 lakh per individual customer with immediate effect," the RBI said.

The decision to double the limit was based on a review of the performance of payments banks and with a view to encourage their efforts for financial inclusion and to expand their ability to cater to the needs of their customers, including MSMEs, small traders and merchants. There are about half a dozen payments banks in the country.

The Hindu, April 08, 2021

MSME NEWS UPDATE

9. Most MSMEs fall outside bankruptcy code ambit

The vast number of micro, small and medium enterprises (MSMEs) in the country fall outside a brand-new scheme for their turnaround under the Insolvency and Bankruptcy Code (IBC) as these are not registered as companies, official data show. According to figures from the ministry of statistics and programme implementation, there are over 63 million unincorporated non-farm MSMEs in the country, going by a 2015-16 survey.

These far outnumber the MSMEs which are registered as companies—around 780,000, or 60% of all active companies in the country—which will benefit from the pre-pack bankruptcy resolution scheme. These represent just above 1% of all the unincorporated MSMEs, implying that the informal sector businesses far outnumber the organized sector and will not be covered by the pre-pack bankruptcy resolution plan.

They, however, have access to other schemes meant to relieve the stress in this sector including the rehabilitation plans of the MSME ministry, the Reserve Bank of India (RBI) and the ₹3 trillion emergency credit line guarantee scheme rolled out last year. Extending a bankruptcy resolution scheme under the IBC to unincorporated entities and proprietorships, however, is hugely challenging given the large number of such enterprises and the limited infrastructure including the number of National Company Law Tribunal (NCLT) benches, explained a government official, who spoke on condition of anonymity. Mint, April 09, 2021

10. Govt to launch National Programme on AI soon

The Centre is going to launch a National Programme on Artificial Intelligence soon. The programme will identify high value data sets in the public sector and provide access to the data to AI models. The government will also set up a Centre for Transformational AI to tap the data in various sectors and make it available for AI models, according to Saurabh Gaur, Joint Secretary in the Ministry of Electronics and Information Technology.

Addressing an event, he said the government will launch Digital India 2.0 with an aim to take the digital service offerings, infrastructure and cyber security to next level. Talking on key pillars of the Digital India 2.0, he said more services will be offered through digital platforms, India will focus on developing indigenous cybersecurity products and robust digital infrastructure. Gaur said the MSME ministry will set up a ₹1,000-crore fund to give small and medium companies access to capital. The Department of Electronics and IT to set up a digital product fund to invest in start-ups through accelerators and incubators. A Nationwide Enterprise Architecture would be established as part of the Digital India 2.0, Gaur added.

The Hindu BusinessLine, April 09, 2021

11. Pre-pack insolvency scheme takes effect

The insolvency regulator notified regulations for the so-called pre-pack scheme for micro, small and medium enterprises (MSMEs), enable its operationalisation. The regulations are based on an amendment to the Insolvency and Bankruptcy Code (IBC), effected through the promulgation of an ordinance on April 4.

The new scheme, which allows only debtors to file for their own bankruptcy with the approval of financial creditors having 66% of voting power, will yield much faster resolution than the extant corporate

MSME NEWS UPDATE

insolvency resolution process (CIRP) and cut costs, analysts reckon. The scheme will also reduce litigation, often triggered by defaulting promoters to retain control of their firms and help thousands of MSMEs struggling to cope with the havoc wrought by the Covid-19 pandemic.

The regulations notified by the Insolvency and Bankruptcy Board of India (IBBI) deal with various operational aspects, ranging from the eligibility of resolution professionals to the invitation and submission of resolution plans for stressed MSMEs. Some other key regulations include those on the eligibility of registered valuers; identification and selection of authorised representative; public announcement and claims of stakeholders; meetings of the creditors; competition between the base resolution plan and the best resolution plan; evaluation and consideration of resolution plans and vesting management of corporate debtor with resolution professional. The IBC (amendment) Ordinance 2021 comes within two weeks of the lifting of a one-year suspension of insolvency proceedings against Covid-related defaults, amid heightened possibilities of a rise in bad loan cases.

Financial Express, April 10, 2021

12.New BIS license: Govt announces 50% rebate for start-ups, others

The government slashed the annual marking fee to get a new BIS license and certification by 50 per cent for micro-industry, startups and women entrepreneurs. It also said the services of BIS are now made available free of cost to everyone and can be downloaded from the standardisation port of e-BIS. Bureau of Indian Standards (BIS), a government quality standards-setting body, issues licenses with a standard mark to help identify the unit, which has manufactured the product at a specific location.

"The government has given 50 per cent rebate on (new) BIS certification of products for start-up, micro-industry and women entrepreneurs," Food and Consumer Affairs Minister Piyush Goyal tweeted.

An additional 10 per cent rebate has been given to the existing licence holders, which will give a boost to the government 'Vocal for Local' campaign, he added. According to BIS Director-General Pramod Kumar Tiwari, the rebate offered for the new licence is expected to bring more companies under the ambit of licensing and certification regime. For existing license holders, a 20 per cent rebate was already given and now an additional 10 per cent will be given to them, he said in a virtual press conference. The minimum annual marking fee for a new licence differs from product to product. For instance, on water, the fee is about Rs 1,60,000, he added. Listing out the new initiatives taken by BIS to bring in efficiency and transparency, Tiwari said several steps have been taken to ease the compliance burden on the stakeholders. The entire process of certification -- including granting and renewal of license -- has been automated through Manak Online Portal of e-BIS, he added.

BIS has set strict timelines for the disposal of applications and real-time basis monitoring of compliance, he noted. Tiwari said that more than 80 per cent of products being brought under 'simplified procedure'. This means a license for the manufacturing of these products will be granted within a period of one month. He informed that as a result of these initiatives, it has been possible to dispose of more than 90 per cent of applications within the prescribed time frame.

Business Standard, April 13, 2021

13.RBI tells banks to ensure credit flow to stressed sectors

Reserve Bank of India (RBI) governor Shaktikanta Das cautioned bankers to remain watchful of the evolving pandemic situation and also ensure credit flow to different sectors, including to stressed

MSME NEWS UPDATE

sectors, small borrowers and retail. Banks should also keep vigil on payment systems, in the wake of reports of digital outages and data breach, Das said in his meeting with the heads of public and private sector banks through videoconferencing.

"He touched upon the importance of credit flows in sustaining the nascent economic recovery and advised banks to remain watchful of the evolving situation and continue taking measures pro-actively for maintaining their business continuity, sharpening business strategies and raising adequate capital for strengthening balance sheets. He also emphasized the need for banks to maintain a close vigil on the payments and other IT systems operated by banks and fortifying those for enhanced efficiency and resilience to offer seamless and uninterrupted customer service," said the RBI.

The meeting, which came less than a week after the post policy announcement, was attended by deputy governors M.K. Jain and M. Rajeswar Rao, as well as a few other senior officials of the RBI. Progress in the implementation of the covid restructuring framework, under which banks can do a one-time restructuring for entities facing financial stress on account of the pandemic, was also discussed at the meeting. Das also discussed the outlook on stressed assets amid concerns of the second wave of the pandemic and the need for capital augmentation. The bankers also discussed the current liquidity scenario and the need for monetary transmission to customers. Following the monetary policy meeting, the central bank had announced a ₹1 trillion bond-buying plan to keep long-term interest rates in check amid a massive government borrowing programme.

As part of the government security acquisition programme (G-SAP 1.0), the RBI will buy bonds worth ₹1 trillion from the secondary market in the three months to 30 June. The RBI had been under intense pressure from bond traders, worried about a glut of government papers, to announce a purchase plan to mop up the surge in supply.

Mint, April 13, 2021

14.MSMEs can initiate bankruptcy resolution with ₹15,000 fee

Small businesses that are on the verge of collapse can initiate the new bankruptcy resolution scheme by paying a fee of ₹15,000, as per rules notified by the government under the 'pre-pack' resolution scheme. The fee for MSMEs to file for pre-pack resolution scheme has been kept lower than the ₹25,000 applicable under the general bankruptcy code provisions.

The corporate affairs ministry has brought out the finer details of the procedure to be followed by small businesses while moving a tribunal with a turnaround plan backed by shareholders and creditors. The paperwork required at the time of filing, which involves 16 annexures along with the application, suggests the groundwork done should be extensive so that no time is lost at the tribunal.

With the rules on the finer aspects of the pre-pack scheme and the forms to be used notified, the scheme is fully operational now. Under the scheme, lenders have extensive oversight but the business in distress enjoys moratorium from all recovery proceedings and remains in control of the operations so that there is no disruption to business and employment.

"It is informal up to a point and formal thereafter. It blends debtor-in possession with creditor-in-control. It is neither a fully private nor a fully public process - it allows the company, if eligible under section 29A (which disqualifies wilful defaulters), to submit the base resolution plan which is exposed to swiss challenge for value maximisation," Insolvency and Bankruptcy Board of India (IBBI) chairman M S

MSME NEWS UPDATE

Sahoo said in a quarterly newsletter of the regulatory body. The pre-pack scheme safeguards the rights of stakeholders and has adequate checks and balances to prevent any potential misuse, Sahoo said. The scheme offers a quick turnaround opportunity without business disruption to micro, small and medium enterprises. Almost 60% of the over 13 lakh active companies in the country will be eligible to make use of the scheme. It, however, is not applicable to businesses which are unincorporated.

Mint, April 14, 2021

15. BHEL to procure 300 products worth ₹3,000 crore annually from MSMEs

State-run Bharat Heavy Electricals Ltd has identified 300 products for exclusive procurement from micro, small and medium enterprises (MSMEs) worth around ₹3,000 crore on an average annually, said Anil Joshi, Executive Director, of the company. "Going by the government's thrust areas, we see lot of market potential for local manufacturing in fields such as e-mobility, railway electrification, renewables and in energy conservation, for which we will need products such as inverters, transformers, power conditioning units, solar modules, LEDs, batteries, battery chargers, IP based public address system, FRP cable trays etc," Joshi said. Joshi was speaking at a webinar on 'Reigniting Manufacturing Growth through MSME Development - Electrical and Electronic sector'.

Mint, April 16, 2021

16. Unemployment in urban India surges to 10.72%: CMIE

Unemployment rate in urban India has been on the upswing since the beginning of the current month. From 7.21% on April 4, it jumped to 9.81% for the week ended April 11 and further to 10.72% for the week ended April 18, CMIE's latest data showed. This reflects a shift in the burden of job losses to urban India, reversing the trend of rural India largely bearing the brunt of Covid-induced strain on employment. The overall unemployment rate was marginally down to 8.4% for the week ended April 18 compared with 8.58% a week ago. The rural unemployment rate, which had been on the upswing for the entire month of March — from 5.86% on March 7, it rose to 6.17% on March 14, 6.41% on March 21 and to 8.58% on April 4 — fell to 8% on April 11 and further to 7.31% on April 18.

The rural sector workers have been hit because MSMEs and other industrial units are in trouble, an expert said. In the absence of opportunities in companies and small establishments, there has been a shift of the labour force to the agriculture space, creating a fair bit of disguised unemployment, he noted. Unemployment rate reached its peak for the week ended May 3, 2020 at 27.11%.

The strain on urban India is now intensifying, Vyas said, adding "we could see more livelihoods lost as states enforce more restrictions." Half the factories in Maharashtra are either shut or on the verge of shutting down. CMIE's 30-day moving average unemployment measure, which is drawn from a fairly large sample, indicates joblessness which was 7% on April 11, has gone up to 7.4%, a fairly swift uptick in a short time.

Financial Express, April 20, 2021

17. Exporters seek tax-free bonds in lieu of pending MEIS refunds

Exporters have proposed that the government issue tax-free bonds in lieu of pending refunds under the Merchandise Export from India Scheme (MEIS), in the wake of the country's poor revenue realisation.

MSME NEWS UPDATE

A leading export organisation has proposed a mechanism of tax-free bonds attracting 6% annual interest with a three-year lock-in period to provide certainty of refund and ensure liquidity for exporters. "Exporters may be allowed to file the claim so as to verify the value of the tax-free bond to be given to them, which can be encashed after 3 years, by which time the government revenue would be on sound footing." The organisation said in a letter, adding that the bonds will also help those exporters who want to raise funds from the bank by pledging the bonds. An expert said exporters have yet to receive tax refunds of around 40,000 crore under the MEIS as they were not allowed to file their claims under the scheme April 2019 onwards. "This has affected the liquidity of exporters, particularly the micro and small ones. This has also added to the uncertainties which are rising day by day," the letter said. The Economic Times. April 21, 2021

18. Digitalisation To Play Key Role in Growth of MSMEs: Gadkari

Digitalisation across areas like marketing and manufacturing would play a critical role in development of small businesses in the country, Micro, Small and Medium Enterprises Minister Nitin Gadkari said. He also emphasised on the need for technologies that can help expand economically viable MSMEs in the rural and tribal areas. 'Digitalisation in MSMEs is the most important subject...digitalisation is a solution by which we can make our system transparent and time bound,' he said at an event. He noted that marketing is an important arena for MSMEs and a number of small companies that have started marketing online are seeing excellent results.

Also, digitalisation can play an important role for the manufacturing sector in enhancing processes, he said, urging the tech sector to collaborate with MSMEs to help them in these processes. The minister pointed out that MSMEs account for 30 per cent of the GDP, 48 per cent of the exports and have created 11 crore jobs. The government aims to take this to 40 per cent GDP contribution, 60 per cent exports and create 5 crore new jobs.

The most important agenda for the government is development of MSMEs in the rural, agriculture, tribal areas and 115 aspirational districts, he said. 'This area is where GDP contribution is very negligible...So we need to find technology which is useful for making economically viable MSMEs in the village, rural, agricultural and tribal area,' he noted. He added that while these areas have raw materials, a digital system that is result-oriented can be brought in that will create a win-win situation for all.

Business World, April 21, 2021

19. FM Urges Industry to Wait & Watch to Assess the Situation amid Second Wave of COVID

Union Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman urged the industry to wait and watch for next few days to assess the situation amid the second wave of COVID-19 pandemic. The Finance Minister also assured the industry of full government support. Addressing the FICCI National Executive Committee Members through virtual mode, Ms Sitharaman said that with the Prime Minister's address to the nation, along with the new vaccination guidelines and with the five-fold strategy adopted in handling the COVID-19 cases - i.e., test, track, treat, COVID-19 protocols and vaccination - there will be a sense of reassurance. "I would request the industry to watch the next few days a bit more carefully, and then assess for yourself what this quarter is going to be like," the Finance Minister exhorted.

Ms Sitharaman further stated that sectors like hospitality, aviation, travel, tourism and hotels faced great difficulty since the start of COVID-19 pandemic. "We have extended the Emergency Credit Line

MSME NEWS UPDATE

Guarantee Scheme (ECGLS 2.0) for these sectors, and I will ensure the efficiency with which it was performing last year shall perform even for the aviation and tourism sector," the Finance Minister said. Speaking on the oxygen supply, Ms Sitharaman said that the supply has been very neatly mapped and new permissions have been given particularly for the hard stressed 12 states (Delhi, Maharashtra, UP, Chhattisgarh, MP, Gujarat, Rajasthan, Punjab, Haryana, Karnataka, Tamil Nadu and Kerala). The supply is being monitored at district level along with reviews which are being undertaken and for next 15 days they will be closely monitored. "The government has exempted all inter-state movement of oxygen tankers, exempted from registration and permits, they can operate round the clock, and cylinder filling plants are operating 24 hours to fill the gaps with necessary safeguards," the Finance Minister stated. Elaborating on the augmented pharma capacity, Ms Sitharaman stated that steps have been taken adequately for drugs which are important, we have given fast-track approvals for Remdesvir production. The Finance Minister also said that as soon as the medical oxygen demand will be met, the industry would also get the necessary supply of oxygen since the import of medical oxygen has been allowed. Mr Uday Shankar, President, FICCI said that some clarity may be needed over essential and non-essential supply of goods. He further stressed on the need to support the MSME sector which is currently under difficulty.

Business Standard, April 22, 2021

20.Limited oxygen supply to hit small businesses

The Centre's decision to prohibit oxygen supply for industrial purposes in order to take care of treatment requirements for the rapidly rising number of Covid-19 patients will have an adverse impact on small businesses in at least five sectors, according to a report from.

The domestic ratings agency, however, said that the "hiccup" seems temporary for now, and that it would only lead to a limited decline in revenue. "The disruption in the supply of oxygen for industrial use would temporarily impact the revenues of small and mid-sized companies into metal fabrication, automotive components, shipbreaking, paper, and engineering," said an expert, "These typically do not have captive oxygen plants and source their requirement through merchant suppliers for operations such as welding, cutting, cleaning and chemical processes."

Demand for medical oxygen is estimated to have rocketed five-fold in the second week of April compared to pre-pandemic levels as Covid-19 infections took off. As a result, the central government has barred the industrial use of oxygen, except in nine designated sectors, in an attempt to divert supplies for medical use.

The consequent higher supply of medical oxygen will save lives but will have a bearing on select sectors. The impact will be greater for companies in Maharashtra, Rajasthan, New Delhi, Madhya Pradesh, and Gujarat, where medical oxygen demand has increased multiple times due to high Covid-19 case loads, the expert added.

Oxygen is consumed by industry in two ways—onsite, and merchant sales. Onsite is through captive plants for process-driven industries (including the nine sectors exempted by the government), which account for 75-80 per cent of oxygen manufactured in India. The balance is supplied through merchant sales (called liquid oxygen) through cryogenic tanks and cylinders. The healthcare sector consumes about 10 per cent of merchant sales, and others the rest.

MSME NEWS UPDATE

Setting up an air-separation plant or importing oxygen requires significant lead time and involves relatively prohibitive cost. That leaves them more vulnerable compared with larger peers, the expert noted, adding that a prolonged and intense second wave that curtails oxygen supply to industries for a longer period than expected will exacerbate downside risk in affected sectors.

With several states flagging an oxygen shortage as Covid-19 cases surge, the Tata Group on Tuesday said that it is importing 24 cryogenic containers to transport liquid oxygen and help ease the shortage. Other large manufacturers including Reliance Industries, JSPL, SAIL, JSW Group, Vedanta, and AMNS India are also ramping up production of liquid medical oxygen. According to the steel ministry, 28 oxygen plants located in the steel facility of both public and private sectors are supplying about 1,500 tonnes of medical oxygen every day.

The New Indian Express, April 22, 2021

21.Karnataka's annual credit plan target set at Rs 4,96,371 crore

Karnataka's annual credit plan (ACP) target for 2021-22 has been set at Rs 4,96,371 crore, up 35.78 per cent compared to the previous fiscal. The figure for 2020-21 was Rs 3,65,556 crore. The ACP for 2021-22 was launched at the 153rd meeting of the State-level Banker's Committee, Karnataka, an official release said.

The total priority sector credit target for 2021-22 works out to Rs 2,92,391.90 crore, a growth of 14.24 per cent over the previous year's figure of 2,55,940 crore. Share of agriculture credit is Rs 1,25,992.10 crore, constituting 43.09 per cent of total priority sector credit. Share of crop production credit is Rs 71,923.31 crore accounting for 57.09 per cent of the total agriculture credit. The share of MSME is Rs 1,11,826.96 crore, education loan is Rs 5,969.86 crore, housing loan is Rs 30,164.89 crore, and other sectors Rs 9498.22 crore, constituting 38.24 per cent, 2.04 per cent, 10.31 per cent and 3.24 per cent of the total priority sector respectively.

The State as a whole has achieved 80.62 per cent of ACP target under MSME, 77.97 per cent under agriculture and 102.27 per cent under total credit at the end of the third quarter (December 2020), it was stated. The ACP was launched by Karnataka Chief Secretary P Ravi Kumar, along with Additional Chief Secretary and Development Commissioner Vandita Sharma, RBI's Regional Director Jose J Kattoor and NABARD's Chief General Manager Niraj Kumar Verma.

Deccan Herald, April 28, 2021



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