



ISSUE - 65, EDITION - APRIL & MAY 2022

NEWSLETTER



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

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



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



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

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1. Govt to widen crackdown on low-grade imports; Move to hurt Chinese suppliers the most

The government is planning to firm up quality specifications for a broader range of imported products, as it intends to harden a crackdown on the inflows of substandard goods from overseas. Official sources told that the Bureau Of Indian Standards (BIS) has convened a meeting of officials from several ministries that oversee the trade of various products or develop standards for them.

“The idea is to identify imported products for which standard specifications are yet to be developed or revised,” said one of the sources. “BIS director general Pramod Kumar Tiwari, who will chair the meeting, will also monitor whether enough testing facilities are in place at the district level and whether common testing facilities can be developed for MSME clusters,” he added.

The move goes beyond the government’s initial plan to formulate standards/technical regulations or put in place quality control orders (QCOs) for 371 key products in the first phase. Imports of these 371 products were to the tune of \$128 billion, or a fourth of the total purchases from overseas, in FY19, before the Covid outbreak. The decision isn’t specific to any country but it could hurt China, as Beijing is the biggest supplier of low-grade products to India.

Nevertheless, keeping with the principle of free and fair trade and to ensure domestic consumers have access to quality products, both Indian manufacturers and foreign suppliers will have to conform to the same standard specifications.

Importantly, it will also prompt domestic producers to collectively enhance the quality of their products so that they will be better placed to take advantage of various trade agreements that the government has forged or is planning to conclude with even developed economies. Recently, it sealed a deal with Australia and is planning to get into free trade agreements with the UK, Canada and the EU.

India’s move to develop technical specifications for products in recent years marks a shift in its approach to curb low-grade imports; its earlier approach was to raise tariffs. Since substandard products are usually imported at much cheaper rates, they not just pose risks to consumer health and environment but also hit domestic manufacturing because of the price competitiveness.

Concerned about protectionism by stealth adopted by some nations, commerce and industry minister Piyush Goyal has been asking industry associations to flag non-tariff barriers faced by Indian exporters in various countries so that New Delhi can firm up appropriate remedial responses.

The dozens of products where quality control orders have been issued include air conditioner, toys, footwears, pressure cooker and microwave. The government has also firmed up standards as well as technical regulations for hundreds of products across sectors, including consumer electronics, steel, heavy machinery, telecom goods, chemicals, pharmaceuticals, paper, rubber articles, glass, industrial machinery, some metal products, furniture, fertiliser, food and textiles.

Analysts have said India seems to have taken a cue from developed and major developing nations that have erected non-tariff barriers to target non-essential and substandard imports. For instance, the US put in place as many as 8,453 non-tariff measures, followed by the EU (3,119), China (2,971), South Korea (1,929) and Japan (1,881), according to a commerce ministry analysis in 2020. In contrast, India had imposed only 504 of them. Of course, non-tariff measures are not always aimed at curbing imports (for instance, safety, quality and environmental standards are put in place by all countries for imported products). But what have often worried analysts is that they can be abused for trade protectionism.

Financial Express, April 16, 2022

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2. Become supply hub, set Rs 10 lakh crore target: Goyal to plastics sector

Commerce Minister Piyush Goyal asked the country's plastics sector to set a target to become a Rs 10 lakh-crore industry in the near future by expanding the domestic and export markets as well as by following import substitution.

Felicitating exporters at Exports Awards, Goyal said, "India's plastics industry's economic activity is worth Rs 3 lakh crore annually, out of which one-third is exported. There is a significant growth potential for the Indian plastics industry to become the world's premium supply hub."

"It can target to take its economic activity to a Rs 10-lakh crore industry. This could be achieved through more exports and import substitution, which in turn will create immense job opportunities," he added.

Goyal praised the plastics sector for its performance on the exports front, as the industry achieved exports of \$13 billion in FY22 with a growth of 30 per cent and lauded the export target of \$25 billion it has set for 2025. "The plastics industry has done well on the exports and domestic fronts and contributed significantly during the pandemic, particularly in supporting the healthcare supplies to the country." He said the Centre was supporting plastic manufacturers, particularly to ensure that more MSMEs take advantage of national and global opportunities and provide more job opportunities to marginalised sectors.

Goyal advised stakeholders of the Indian plastics industry to upgrade technology, equipment and capacities to manufacture world-class, quality products and grab global opportunities for plastics to become the prime player. A speaker at the event said, "The plastics industry is aggressively progressing on national and exports fronts by achieving \$13 billion of exports in the year 2021-22 with a 30 per cent growth and eyeing for \$ 25 billion of exports by 2025."

The Indian Express, April 17, 2022

3. Parl panel: Link Udyam portal with CIBIL, other databases; need UPI-like platform, credit card for MSMEs

The Parliamentary standing committee on finance has suggested developing the Udyam portal into a one-stop central data repository for the MSME sector by linking it with other databases such as CIBIL data, utility bills data etc. The portal is currently already linked with the Government e-Marketplace (GeM), Income Tax, GST and Trade Receivables Discounting System (TReDS) portals. However, "the committee still feel that whatever data is there with regard to MSME sector, they exist in a fragmented manner and there is no real integration across multiple datasets...Such a database could then be accessed by lenders, after getting the MSME borrower's consent, to extend timely credit to them," said a report tabled by the committee in Lok Sabha on strengthening credit flow to the MSME sector.

Minister Nirmala Sitharaman had also announced linking the Udyam portal with e-Shram, National Career Service (NCS) and Atmanirbhar Skilled Employee-Employer Mapping (ASEEM) in the budget to enhance skilling and recruitment for MSMEs.

The committee also pitched for creating a 'UPI for MSME Lending' for all MSMEs in the formal sector to access small-ticket working capital loans in a mobile-based, contactless, paperless, and low-cost way. "To enable this digital vision of MSME credit to come to life, the committee believe that information needs to be used to replace physical collateral: this is cash flow lending or flow-based lending," the report noted.

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While lenders may not be comfortable giving large ticket loans to MSMEs over a five or 10-year period without collateral, unsecured small-ticket loans over a 60 or 90-day period can be profitable for lenders as the transaction cost under the cash flow-based approach can be brought down 'enough', the Parliamentary panel said.

For Udyam-registered MSMEs, the panel also recommended a 'Vyapar' credit card scheme for MSMEs under SIDBI akin to the Kisan Credit Card (KCC) scheme of the National Bank for Agriculture and Rural Development (NABARD) to bring crores of MSMEs into the formal financial system including street vendors and kirana stores.

The credit card can provide short-term working capital loans at low-interest rates and can be further extended to provide collateral-free loans like the Rs 1 lakh collateral-free facility available to KCC holders, the panel said.

The need for formalising the credit ecosystem for MSMEs has assumed significance as less than 40 per cent of 6.34 crore MSMEs, as per government data, borrow from the formal financial system, according to the report. Moreover, the lack of updated data on total MSMEs in the country and their profile has impacted the sector's growth.

The last MSME survey was conducted by National Sample Survey Office (NSSO), Ministry of Statistics and Programme Implementation six years ago while the government had revised the MSME definition in 2020 to enlarge the scope of the sector by bringing businesses with turnover up to Rs 250 crore under the MSME ambit.

"The committee strongly recommend that survey/census of MSMEs in line with the changed definition, be conducted at the earliest so as to estimate the actual number of MSMEs in the country along with realistic assessments of their credit requirements. This survey should be conducted regularly and, in addition, SIDBI can develop a fact-based MSME Annual Financing Report to guide policies and investments," the panel suggested.

Financial Express, April 17, 2022

4. MSMEs dues may get priority in bankruptcy resolution cases

Millions of India's small businesses may be ranked above unsecured financial creditors in the bankruptcy resolution process if a policy proposal by the Union ministry for micro, small and medium enterprises (MSMEs) is approved. According to two officials aware of the matter, the new MSME policy draft proposes priority payment of dues over all other unsecured payments after settling dues of employees when a company enters insolvency. Currently, MSMEs are categorized as operational creditors, the lowest on the priority list when creditors' dues are settled under the Insolvency and Bankruptcy Code (IBC).

Bringing MSMEs above unsecured financial creditors gives these companies, among the biggest employment generators in India, the charge on settlement money after dues to secured financial creditors are settled. Currently, very little is left for operational creditors, including MSMEs, in any IBC resolution, as settlements occur at a huge haircut and all financial creditors get priority.

Union MSME minister Narayan Rane will meet ministry officials to discuss the draft policy and related laws, payment delays faced by MSMEs, and their access to the global market, the people cited above said. The new policy may also include measures to amend the MSME Development Act. The ministry

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has also invited major industry bodies to discuss the issue. Later, it will finalize the MSME policy and take it for cabinet approval.

The change would be a major relief for MSMEs, as the sector waits for dues totalling several hundreds of crores of rupees in companies undergoing bankruptcy resolution. If MSMEs can recover a portion of their dues, their liquidity position will improve, pushing up investment from this key segment.

The proposed MSME policy is also likely to redraft the MSME Development Act, 2006 for a comprehensive and holistic MSME Code having a provision for sunset on a plethora of complex laws. The MSME Code will also provide a detailed procedure for implementing the Act, which will bring clarity over the procedural aspects and bring uniformity in the implementation of the Act at the state level and remove any ambiguity.

According to the meeting's agenda, the government also proposes adopting a cluster development approach for MSMEs in collaboration with companies offering innovation infrastructure, R&D institutions, and universities specializing in a specific industry or knowledge area. The MSME ministry is also expected to formalize loan restructuring schemes for MSMEs after the meeting.

The draft policy, prepared by the Indian Institute of Public Administration (IIPA), said the move is in continuation of measures to promote competitiveness, technology upgradation, infrastructure, cluster development, dedicated credit, procurement of products and financial assistance to MSME. To ensure liquidity issues do not bog down MSMEs during the pandemic, the government introduced the Emergency Credit Line Guarantee Scheme (ECLGS) in 2020. In the same year, the Centre also widened the definition of MSMEs to cover more firms under its ambit. According to the new definition, a firm with up to ₹1 crore investment and up to ₹5 crore revenue qualifies as a micro-unit. Businesses with an investment of up to ₹10 crore and revenue of up to ₹50 crore are classified as small. For medium enterprises, the investment limit is up to ₹50 crore and turnover up to ₹250 crore. Over 60 million MSMEs in India employ 110 million people (next only to agriculture). The sector contributes nearly 30% to the country's GDP and accounts for 40% of the exports.

Mint, April 18, 2022

5. MSME dept to double exports to Rs 3 lakh crore in 5 years

The Uttar Pradesh government plans to lay the foundation stones of three flatted factory complexes in Agra, Kanpur Nagar and Gorakhpur, a mini-industrial area in Aligarh as well as convenience centres at Sant Kabir Nagar and Chandauli in the next 100 days. Besides, the MSME department will start infrastructure improvement works at Farrukhabad and Talkatora (Lucknow), while increasing the cost of Mukhyamantri Yuva Swarojgar Yojana from Rs 25 lakh to Rs 1 crore.

Chief Minister Yogi Adityanath has directed the Micro, Small and Medium Enterprises and Export Promotion department to achieve its ambitious targets in a time-bound manner in order to enhance investments and production, generate employment for the youth on a massive scale and boost exports. The chief minister's directive follows a presentation by the department to the Yogi cabinet 2.0 on its targets for 100 days, six months, two years and five years.

The MSME and Export Promotion department seeks to increase MSME exports to Rs 2 lakh crore in the next couple of years and Rs 3 lakh crore in five years through an array of initiatives. The initiatives include setting up of six MSME parks across the state, setting up of mega leather clusters in Kanpur

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Nagar and increasing the disbursement of credit to MSME sector to Rs 5 lakh crore in cooperation with banks, which will pave the way for creation of five crore jobs.

It is worth mentioning here that Uttar Pradesh has witnessed 41 per cent jump in its export value in the last five years from Rs 88,967 crore in 2017-18 to Rs 125,903.76 crore in 2021-22 (till January 2022), which is expected to reach Rs 150,000 crore by the end of this year.

Meanwhile, the department aims to distribute tool kits and facilitate loans for five lakh and 1.5 lakh artisans under Vishwakarma Shram Samman Yojana and the One District One Product (ODOP) scheme in the next five years. Furthermore, the department has set the ambitious target of attracting investments worth Rs 8 lakh crore and double sale of ODOP products in the next five years.

The Pioneer, April 18, 2022

6. MoD spends 65% of FY22 budget on local markets

As India increases focus on Make-in-India, defence ministry said that it overachieved its budget target to buy locally manufactured arms and ammunition in just concluded financial year 2021-22. The defence ministry had earmarked 64 per cent of Capital Acquisition Budget for domestic industry in Financial Year (FY) 2021-22. "At the end of FY 2021-22, Defence ministry has been able to overachieve this target and has utilised 65.50 per cent of Capital Acquisition Budget on indigenous procurements through Indian industry to achieve Prime Minister Narendra Modi's vision of 'Aatmanirbhar Bharat'," said defence ministry.

As per estimates, Rs. 75,000 crore was spent on procurement from Indian sources and Rs. 39,770 crores on procurement from foreign vendors. Defence ministry said that as per preliminary expenditure report of March 2022, it has been able to utilise 99.50 per cent of the defence services budget in FY 2021-22. For the current financial year 2022-23, around 68 per cent of capital procurement budget for the defence has been earmarked for the domestic industry. Defence ministry has set up a high-profile panel under Director General (Acquisition) to ensure that the target is achieved.

This means that Rs. 84,597.89 crore worth of arms and ammunition will be bought from the domestic defence industry (Defence PSUs and domestic private industry) in current Financial Year. Defence ministry had also decided to acquire arms and ammunitions worth Rs. 21,000 crore from domestic private companies in current financial year 2022-23 to promote private industry, MSMEs and start-ups in defence production ecosystem. Further, to foster innovation and encourage technology development in defence, it was also decided that an amount of Rs. 1,500 crore will be earmarked for procurement from start-ups.

The Asian Age, April 21, 2022

7. India's apparel exports see over 30% growth in FY22

India's apparel exports registered more than 30% growth during April-March 2021-22 to \$16.02 billion compared to the same period last year, official data showed. The apparel sector contributes nearly 4.4% of the total exports. The main markets for Indian textiles and apparel export are the USA, the European Union, Parts of Asia and the Middle East. Amongst these markets, for knitted garments; the USA holds the maximum share with 26.3% followed by UAE at 14.5% and UK with 9.6%.

According to Minister of State for Textiles Darshana Jardosh Apparel Export Promotion Council is one of the first councils to create a virtual business-to-business platform for connecting Indian MSME

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exporters to foreign buyers during the pandemic. The Union Cabinet had recently approved Rs 10,683 crore for enhancing India's manufacturing capabilities and exports competitiveness under the 'Atma Nirbhar Bharat' initiative with a focus on the promotion of identified man-made fibre apparel and technical textiles lines to create 60-70 global champions in the field.

The size of the current global market of manmade fibre garments & made ups is nearly \$200 billion but India's share is a minuscule \$1.6 billion in that or nearly 0.8% of the total global market of man-made fibre. The trade agreements with UAE and Australia and a few in the pipeline with the UK, Canada, Japan and Korea are likely to help boost apparel exports. Apparel shipments are also getting boosted in the aftermath of the Sri Lankan economic crisis as global brands have started diverting their orders from Sri Lanka to India. Sri Lanka exports nearly \$5.5 billion worth of garments to global markets per year. According to AEPC Chairman Narendra Goenka India currently has the largest availability of cotton, jute, silk and wool in the world which is supported by the second largest spinning and weaving capacity, providing the industry with an opportunity for a 95% domestic value addition.

Deccan Herald, April 23, 2022

8. MSME Min revamps Zero Defect, Zero Effect scheme for MSMEs; trims number of parameters for certification

The MSME Ministry launched the revamped Zero Defect, Zero Effect (ZED) scheme christened as MSME Sustainable (ZED) Certification scheme for Udyam-registered MSMEs. The number of parameters for the certification, categorised into three stages — bronze, silver, and gold, was also narrowed to a total of 20 from 50 in the erstwhile scheme. While bronze certification marks MSMEs on five parameters including workplace safety, quality management etc., silver certification has 14 parameters for MSMEs to comply with. On the other hand, gold certification involves 20 parameters such as supply chain management and corporate social responsibility.

The erstwhile ZED scheme was launched in October 2016 by Prime Minister Narendra Modi to help reduce wastage in the manufacturing process substantially, increase the productivity of MSMEs, enhance their environmental consciousness, save energy, expand their markets, etc., in order to boost MSMEs' competitiveness. The number of categories has also been trimmed in the new scheme from the earlier five including bronze, silver, gold, diamond, and platinum.

“We had received feedback from MSMEs and industry associations that it is tough to comply with all 50 parameters. Hence, we have reduced them while ensuring that there is no compromise on the quality and safety of products,” said Ateesh Kumar Singh, Joint Secretary, Ministry of MSME during his presentation of the scheme. The scheme will help MSMEs with improved quality, reduced rejection rate, higher revenues with credible recognition from the industry for being ZED certified, said Singh.

The government also proposed an 80 per cent subsidy on the certification cost for micro enterprises, 60 per cent for small enterprises, and 50 per cent for medium enterprises. There would be an additional 10 per cent subsidy for women or SC/ST entrepreneurs-owned units.

Speaking at the launch of the scheme, MSME Minister Narayan Rane said the new scheme is among the measures taken by the government in terms of new technologies and policies to support MSME entrepreneurs toward a self-reliant India. “The scheme will help MSMEs to improve their quality, boost production, increase profits, and protect the environment. The feedback from MSMEs for such

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schemes should continue to reach us so that we can work towards enhancing MSMEs' contribution to India's GDP," said Rane.

In terms of benefits, ZED-certified MSMEs will be offered subsidies up to Rs 1 lakh in stall charges, up to Rs 75,000 in airfares, and up to Rs 25,000 in freight charges for participating in businesses exhibitions and fairs abroad. Certified MSMEs would also be eligible for concession in banks' processing fees and rate of interest along with preference in lending. Also, the credit rating of certified MSMEs is also likely to be better.

"We have been working with various credit bureaus to look at how credit rating of ZED certified MSMEs will improve," said Singh without disclosing details on the cost of certification and concessions offered. The new scheme will be implemented in two phases. Currently, the certification will be provided to manufacturing enterprises under the first phase while the second phase will include services MSMEs and enterprises that are registered with a state government but not on the Udyam portal. However, the launch date for the second phase wasn't disclosed by Singh.

According to the data shared by MoS MSME Bhanu Pratap Singh Verma in a written reply to a question in the Lok Sabha on March 24, 2022, 23,948 MSMEs had registered under the ZED scheme, of which the site assessment was carried out for 503 MSMEs. The bronze certification was provided to 131 MSMEs, silver to 132 MSMEs, gold to 62 units, and diamond certifications to four MSMEs.

Financial Express, April 28, 2022

9. ECGC to seek RBI nod for payment in forex to exporters

ECGC Ltd., the government enterprise that provides export credit insurance, will soon approach the Reserve Bank of India for approval to deal in foreign currency for the benefit of exporters. "We are trying various methods to help reduce the cost for exporters," M. Senthilnathan, CMD, ECGC, said. "Once permission is given to ECGC as authorised dealer of factoring in foreign currency, may be, we will do more factoring. Currently only 3 to 4 exporters are doing factoring," he added.

He was speaking at a webinar organised by ECGC on 'The importance of Export Credit Insurance for MSME exporters in post-COVID trade'. An expert urged the ECGC to devise credit insurance products for MSMEs that form a large chunk of the export community. He also said the ECGC should consider setting a fixed time limit for claims settlement.

Another expert said commodity-specific insurance covers will help reduce costs for coffee exporters. "If ECGC is increasing the rates, they should do a commodity-wise analysis," he said.

The Hindu, April 29, 2022

10. Industrial policy tweaked in Himachal, more incentives provided

The state government today made more changes in the Industrial Policy 2019 to woo investors. An official spokesperson said here that the government had notified the Himachal Pradesh Industrial Investment Policy on August 16, 2019 to provide incentives and concessions for the promotion of investment. "However, now based on the demand raised by industrialists and the feedback from the field offices, the state government made some major changes in the industrial investment policy," he said. He said, "Major incentives include 50 per cent subsidy towards the cost of a detailed project report, 3 per cent interest subvention, 50 per cent assistance for transportation of plant and machinery, 3.5 per cent transport subsidy, 50 per cent assistance for quality certification, 25 per cent assistance

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for setting up of effluent treatment plants and 50 per cent to 90 per cent net SGST reimbursement for MSMEs, and large and anchor enterprises”.

He added, “Enterprises with a minimum fixed capital investment of Rs 200 crore and employing minimum 200 bona fide Himachalis will fall under the category A. Enterprises with a minimum fixed capital investment of Rs 150 crore and employing minimum 150 bona fide Himachalis will fall under the category B. Enterprises with minimum fixed capital investment of Rs 100 crore and employing minimum 100 bona fide Himachalis would fall under the category C”. The spokesperson said, “The sunset clause for providing incentives under the policy has been extended from December 31, 2022, up to December 31, 2025. The eligible enterprises for SGST reimbursement, who could not claim it due to pending assessment of the net SGST by the Excise and Taxation Department, can now apply for it up to December 31, 2022”. He said, “Five per cent reservation in land/ plots/ sheds shall be done where these are to be used for the purpose of setting up an enterprise by person(s) with disability either individually or collectively in new notified industrial areas. Existing as well as new enterprises providing 5 per cent employment to persons with benchmark disability in the total work force will be eligible for an additional incentive of Rs 1,000 per month per such employee for three years”. He said that new development blocks of Shri Naina Devi Ji, Bali Chowki, Dhanotu, Nihri, Churag, Totu, Kupvi, Kothkhai and Tilordhar had been added to the category B areas of the state.

The Tribune, April 29, 2022

11. India launches pilot phase of open network for digital commerce, ONDC aims to democratise e-commerce

India launched the pilot phase of open network for digital commerce (ONDC), a UPI-type protocol, in five cities with an aim to democratise fast growing e-commerce sector, help small retailers and reduce dominance of online retail giants. "After UPI, another game changing idea to democratise commerce - ONDC soft launch today to select consumers, sellers and logistics providers. Get ready for a world of choice, convenience and transparency," Commerce and Industry Minister Piyush Goyal said in a tweet. The initiative is also aimed at curbing the dominance of two large multinational e-commerce players, which control more than half of the country's e-commerce trading, limit access to the market, and give preferential treatment to certain sellers and squeeze supplier margins. Giving details, Additional Secretary in the Department For Promotion of Industry and Internal Trade (DPIIT) Anil Agrawal, said that the ONDC is a set of standards for voluntary adoption by sellers or logistics providers or payment gateways. As many as 80 firms are currently working with the ONDC and they are at different stages of integration. These companies are making their apps for sellers or buyers or logistics or payment gateways. At the pilot phase, the target is to onboard 150 retailers in five cities - Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore.

"With this pilot phase, we want to learn as to how this rolls out in the real-life environment where you actually make payments, do the deliveries, cancel orders and how refund works," Agrawal said adding "once these lessons are known, we would create a playbook, which will be a set of standards". In the pilot phase, the ONDC has roped in eSamudaay, ERP Player Gofrugal, digital marketing outfit Growth Falcon, and automation and data insights outfit Sellerapp to work with sellers.

Millennium Post, April 30, 2022

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12. India and Germany discuss cooperation in MSME sector

The Department for Promotion of Industry and Internal Trade and German Small and Medium Enterprises discussed opportunities for greater investment and cooperation in the micro, small and medium enterprises sector between India and Germany. Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Anurag Jain who is part of the official delegation accompanying Prime Minister Narendra Modi on his tour to Germany chaired a round table of German Small and Medium Enterprises (SMEs) in Berlin.

Jain discussed a number of areas for a possible collaboration including green technology, startups, digitalization and sustainable growth, according to the press release by the ministry of commerce and industry. "German SMEs shared their future plans for investment in India. The Secretary reaffirmed Government of India's firm commitment towards improving ease of doing business in India," the Ministry said in an official statement.

Jain also met Markus Jerger, Chairman, German Association for Small and Medium Enterprises and discussed opportunities for greater investment and cooperation in the MSME sector between India and Germany, the Ministry added.

Mint, May 03, 2022

13. MSME capital rules may be revised often

The government plans to revise the capital investment criteria to qualify as micro, small and medium enterprises (MSMEs) on a regular basis to make them more realistic and aligned with changing inflation levels, two officials aware of the proposal said. The revision could happen every three or five years, depending on the view emerging after consultations with stakeholders on the draft MSME policy, the officials said on condition of anonymity.

The Union MSME ministry is planning to include the proposal in the upcoming MSME policy and will send it for cabinet approval once the policy is final. Currently, there is no provision in the Micro Small and Medium Enterprises Development Act, 2006, for revising the investment-based definition of MSMEs at regular intervals. Once the MSME Act is amended, the Centre will be empowered to change the qualification norms at frequent intervals through notifications.

"This would be a good development as the size and scale of the MSME segment are also growing with the growth in business and opportunities," said an expert from a consulting firm, asking not to be named.

"Regular revision of investment-based definition would help MSMEs to grow. The government revised the definition in the pandemic year 2020 after a gap of 14 years since the enactment of the MSME Act, 2006. This was a long gap for such action. Regular revisions giving weightage to prevailing inflation will make the process realistic," he said.

MSMEs are the second-biggest employers, employing over 110 million people across industries. They were adversely affected by the pandemic outbreak in 2020, and the sector's recovery is vital to bring about an early recovery of the Indian economy.

In the Atmanirbhar Bharat package announced in June 2020, the government increased the definition of micro-manufacturing and services units to ₹1 crore of investment and ₹5 crore of revenue. The limit for small units was increased to ₹10 crore of investment and ₹50 crore of revenue, and the limit for a medium unit was increased to ₹50 crore of investment and ₹250 crore of revenue. At the time, the

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government called it another step to improve the ease of doing business, attract investments and create more jobs in the MSME sector.

The Union government is also looking at drafting a model law on the MSME sector for circulation among states in an attempt to bring uniformity in laws pertaining to the sector, as states have varying laws and ordinances to regulate small businesses.

The people cited above said that apart from institutionalizing regular revision of capital investment norms for the MSME segment, the government is also looking to set up a separate group of officials to look into the structures of different industries and suggest appropriate investment bands for each sub-sector. This was also suggested by the Prabhat Kumar panel, which submitted its recommendations to the Centre in 2017.

MSMEs command a 28% share of India's GDP and 40% of its exports. The sector is fairly diversified, including activities in the agro-based industries and accommodating surplus labour from structural transformation and service centres in the rural hinterland. They also partner and collaborate with domestic and external enterprises to develop manufacturing and multipronged supply chains. MSMEs are widening their domain across sectors, producing a diverse range of products and services to meet the demands of domestic as well as global markets.

Mint, May 09, 2022

14. Russian importers seek deals with smaller Indian firms to avoid sanctions

Russian importers are reaching out to small Indian businesses to secure fresh produce, auto parts, medical devices and other key goods that are growing scarce due to international sanctions, people familiar with the matter in both Russia and India said. Private sector players in Russia have met with potential suppliers in India's big cities and are opening specialised bank accounts at home for roubles-to-rupees transactions, with the blessing of the two governments, the sources said.

As the Ukraine conflict drags on and sanctions tighten around Russia's economy, the stakes have risen both for Russian businesses needing overseas goods and for big global companies wanting to avoid those businesses, lest they run afoul of sanction rules. In India, one of the most prominent world economies to continue trade with Russia, this has put the spotlight on small and medium enterprises (SMEs) as a potential trade route that, while limited in size, could remain under the sanctions radar.

"It is absolutely clear that large Indian conglomerates having exposure to the West will not conduct business with Russian companies," said a senior Indian foreign ministry official based in New Delhi. "But SMEs can export and settle payments through banks that are not under the Western sanctions regime." The official, who requested anonymity because he was not authorised to speak to the media, said representatives from Russian chambers of commerce were travelling to New Delhi, Mumbai and Bengaluru to identify companies willing to set up new subsidiaries or joint ventures to export goods to Russia.

They are especially seeking consumer durables, spare parts for the transport sector, medical devices, construction materials for large infrastructure projects, and frozen food ahead of the winter season, the official said. Among them was a Russian trader in Mumbai this week to meet exporters of vegetables and spare parts for the public transport sector. "We are not facing any food shortages right now, but it is critical to secure a steady supply chain in the next 60 days," the trader said.

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Three other senior government officials and one banking official based in New Delhi, Moscow and St. Petersburg said Russian companies were actively opening accounts in Commercial-Indo Bank LLC, a joint venture between two Indian banks with headquarters in Moscow.

These so-called Nostro accounts, used in the Soviet era mainly to settle international transactions by converting home currency to a foreign currency, provided a direct roubles-to-rupees payment mechanism for trade between the two countries when tensions were high between Washington and Moscow. Officials at the Commercial-Indo Bank and its two parent banks, the State Bank of India and Canara Bank, did not respond to questions from Reuters.

The Indian embassy in Moscow and Russia's industry and trade ministry declined to comment. India's trade and foreign ministry did not comment. A senior government official with close knowledge of the matter in New Delhi added that Russia was offering dedicated ships for cargo along with insurance and re-insurance, since no European bank would provide it, although sources at India's finance and foreign ministries said terms were still under discussion.

New Delhi has not joined the widespread condemnation of Russia, its second-largest supplier of defence equipment and a valued source of oil imports, as well as a potential export market.

"But it is critical to ensure that the West does not get upset with India's increased economic involvement, as New Delhi cannot jeopardise its ties with the West," said Nandan Unnikrishnan, the head of Eurasian Studies at Observer Research Foundation, a private sector think tank.

India's total merchandise trade with Russia is relatively modest, at about \$8.1 billion in 2021 or about 1.2% of India's total trade, although two Indian officials estimated that exports to Russia would rise by more than \$500 million in the next three months, as trade channels open up for small Indian businesses. An Indian exporter in Kolkata, who requested anonymity due to the sensitivity of the matter, said that after war broke out many traders stopped dealing with Russian buyers, fearing defaults, but their wariness was easing. "People have started selling goods to Russia again, and in the past few weeks Russia has ramped up purchases of tea and coffee."

Business Standard, May 12, 2022

15. Exports rise by 30% in April, trade deficit widens by 31.5%

India's merchandise exports grew more than 30% in April on a year-on-year basis on the back of improved performance in petroleum products, electronic goods, cereals, coffee, processed food and leather products, as per the data released by the Ministry of Commerce.

Services also fared well and grew 50% on year. Overall exports - merchandise and services combined in April - registered a growth of 38.90%, at \$67.79 billion. Imports in the same month stood at \$75.87 bn, exhibiting a positive growth of 36.31% over the same period last year, as per the government estimates. Meanwhile, the merchandise trade deficit widened by 31.5% in April, estimated at \$20.11 bn as compared to \$15.29 bn in April 2021.

The New Indian Express, May 14, 2022

16. Madhya Pradesh's new startup policy to aid ecosystem: Secretary

The new startup policy will support in creating a vibrant ecosystem in Madhya Pradesh and help in mobilising the external funding support to state-based startups, said P Narahari, secretary-MSMEs and commissioner, Industries, Government of Madhya Pradesh.

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In an interaction, he said MP startup portal and MP startup centre will play a key role in establishing and harnessing the entire entrepreneurial culture in the state. “The key factors for creating an attractive hub for startup is the proactive policy measures and immensely proactive ecosystem that supports startups. Startups interacts with various organisations of scale in their growth lifecycle,” Narahari stated. With the help of elements such as innovation challenge and procurement-easing support in the policy, now state-based startups can easily engage with the government and can try to get early traction, which will help them in establishing credibility in the market. This will eventually support in fundraising activity of the state, the secretary added.

Highlighting the key features of the policy, Narahari said independent agency establishment – MP Startup Centre, funding/matching grant to early-stage startup i.e, 15% max - Rs 15 lakhs -will help in enabling growth lifecycle of startups. All government tenders of up to Rs 1 crore will get exemption in prior experience, turnover and earnest money deposit (EMD).

“Additional incentive to women entrepreneurs being provided and more than 40% of the existing startups have at least one-woman director. The startup portal will act as a one-stop platform for startups and enablers of the ecosystem,” he said. All the stakeholders related to start-ups are being onboarded on the portal (startup.mp.gov.in).

The New Indian Express, May 24, 2022

17.Govt approves revised guidelines of cluster development scheme to boost small businesses’ productivity

The government has approved revised guidelines of its key scheme for cluster development – Micro and Small Enterprises-Cluster Development Programme (MSE-CDP) to be implemented during the 15th Finance Commission cycle – FY22-FY26. In an office memorandum, the Office of the MSME Development Commissioner on said various consultations with MSME-Development Institute, Special Purpose Vehicle and state governments suggested to bring simplification in the scheme guidelines so as to reduce layers of various processes and reduce the time required for approval of the projects and which can help in better execution.

“Impact of Covid-19 pandemic on MSME sector and various initiatives of government such as Atma Nirbhar Bharat Abhiyan, Vocal for local to Global and Zero effect to Zero defect to boost indigenous manufacturing and industry has started a new interest in this scheme,” the memorandum said.

Under the new guidelines, the central government grant will be restricted to 70 per cent of the cost of common facility centre (CFC) project from Rs 5 crore to Rs 10 crore and 60 per cent of the cost of project from Rs 10 crore to Rs 30 crore. In case of north-east (NE) and hill states, island territories, aspirational Districts, government grant will be 80 per cent of the cost of project from Rs 5 crore to Rs 10 crore and 70 per cent of the cost of project from Rs 10 crore to Rs 30 crore, the guidelines said.

In October 2007, the erstwhile cluster development scheme Small Industries Cluster Development Programme (SICDP) was renamed MSE-CDP and was last revised in 2019. The scheme intends to support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills, quality, market access, etc., through a cluster approach.

For infrastructure development, the guidelines noted that government grant will be restricted to 60 per cent of the cost of project from Rs 5 crore to Rs 15 crore for the setting up of new industrial estate/flatted

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factory complex. For upgradation of existing industrial estate/flatted factory complex the grant will be 50 per cent of the cost of project from Rs 5 crore to Rs 10 crore for upgradation of existing industrial estate/flatted factory complex.

In case of NE and hill states, island territories, aspirational districts, grant will be 70 per cent of the cost of project from Rs 5 crore to Rs 15 crore for setting up of new industrial estate/flatted factory complex and 60 per cent of the cost of project cost from Rs 5 crore to Rs 10 crore for upgradation of existing industrial estate/flatted factory complex.

The projects would have to be completed within 18 months from the date of approval order of the project by the National Project Approval Committee (NPAC) chaired by Secretary MSME. Moreover, the existing digital portal of the scheme would be revamped to digitise different stages of the journey of the project.

“The portal should capture the entire scheme workflow including application submission for MSE CDP proposals (both CFC and infrastructure development), uploading of approvals by states, application routing to the desired bank branch, uploading of sanction letter by banks, final approval order by the ministry, marking of disbursement by Banks, etc. The portal should also be used to map all the clusters in the country,” the ministry said in the guidelines.

During FY22, 31 projects (17 CFCs and 14 infrastructure development projects) were approved of which 16 were completed in comparison to 20 projects completed in FY21 and 22 projects completed in FY20, according to the data available on the MSME Dashboard portal.

Financial Express, May 29, 2022

18. Govt to soon launch common platform for delivery of various schemes

To improve the ease of living for the common man, the Government is planning to launch 'Jan Samarth' — a common portal for delivery of various schemes run by different Ministries and Departments. As part of the Narendra Modi Government's vision of minimum Government maximum governance, the new portal plans to initially onboard 15 credit-linked government schemes, sources said. The offerings will be gradually expanded, depending on compatibility, as some of the Centrally Sponsored Schemes have involvement of multiple agencies, they added.

For example, schemes like Pradhan Mantri Awas Yojana and Credit Linked Capital Subsidy Scheme (CLCSS) are being administered by different ministries. The proposed portal intends to bring these schemes on a single platform so that they can be accessed by the beneficiaries without much hassle. Pilot testing is being done and loose ends are being tied up before the actual launch takes place, they said, adding State Bank of India (SBI) and other lenders are doing the testing. They said the portal will have open architecture enabling state governments and other institutions to also onboard their schemes on this platform in the future.

To provide comfort to borrowers, the government in 2018 had launched a portal <http://psbloansin59minutes.Com> for various kinds of credit products, including MSME, home, auto and personal loans. The portal facilitates in-principle approval of loans for MSMEs and other borrowers in 59 minutes by various state-owned banks compared to the earlier turnaround time of 20-25 days.

After receiving an in-principle approval letter, the loan is expected to be disbursed in 7-8 working days. The portal processes loan applications without human intervention till the sanction stage. Any MSME

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borrower does not need to submit any physical document for in-principal approval for a loan. Instead, the portal depends on advanced algorithms to analyse data points from several sources such as Income Tax returns, GST data, bank statements etc.

The platform is integrated with the government's Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to check borrowers' eligibility. In the first two months of the launch of the portal, state-owned banks had given in-principle approval to 1.12 lakh loan applications of micro, small and medium enterprises, totalling Rs 37,412 crore.

The Pioneer, May 30, 2022

19. Govt to provide financial aid to small hardware traders, exporters

The State Government has decided to provide financial help to the small and medium hardware traders and exporters of Aligarh. Regarding this, the grant amount in the Accelerated Export Promotion Scheme has been increased to two times. Along with this the rules have also become simpler so that they can export their products directly. The amount of grant has also been increased for wire.

In order to compete with hardware exports from China, Taiwan and other countries, the state government is preparing to connect the small and medium enterprises of Aligarh hardware with direct export. More than 500 small and medium businessmen are likely to benefit from this.

Apart from America, Britain, France and Germany, arrangements will be made to organize exhibition of hardware and building fitting materials in Arab countries. This will also include the entrepreneurs who produce the hardware and the wires.

Till last year, under the export promotion scheme, financial assistance was available only up to Rs 30 lakh in all items. Only entrepreneurs with large and high turnover were involved in this. Now the grant amount will be available up to Rs 75 lakh. There is a provision of providing two lakh rupees for quality related certification.

Application has to be made for 20 days in advance to put up a stall in the exhibition. Modifications can be made up to seven days from the date of application. The in-charge of the District Industries Center will send the application along with the recommendation to the Export Promotion Bureau within 21 days. Which will be finalized by a committee constituted under the chairmanship of the Export Commissioner.

The business of the district is about six thousand crores, which is planned to be made 8 thousand crores. In this, the business of hardware and building fitting materials is Rs 2000 crore, while Rs 4,000 crore is of frozen meat. Preparations are being made to export hardware up to Rs 4 thousand crore by holding exhibitions abroad. Shrinath Paswan, Joint Commissioner, District Industries Center told that the government has given a good opportunity to small and medium entrepreneurs for export. By taking advantage of this scheme of simplification and two times the grant amount, these entrepreneurs will be able to directly connect with exports. If this happens, more exports will be done from here in comparison to China and other countries.

Representative of an association said that this decision of the government is welcomed. Industries will get a boost due to more grants and simplification of rules, as well as the participation of small entrepreneurs in the exhibitions held abroad will also bring innovation in the industries of Aligarh.

The Pioneer, May 30, 2022



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