SMB MEGA Survey 2021

On the Status of

Self-Employed & Micro/Small Businesses

EXEMPT | PROTECT | SUPPORT

Conducted by

Consortium of Indian Associations (CIA)

along with 40 Partner Associations

CONSORTIUM OF INDIAN ASSOCIATIONS (CIA)

The **Consortium of Indian Associations** (**CIA**) is a forum representing many Trade Associations across India, representing Entrepreneurs / Businessmen mainly engaged as Self-employed and in MSME category. It is created to be the **Voice of the Voiceless** and engage in identifying the problems faced by the members and to identify possible solutions to the issues. It acts as a knowledge bridge feedback between policy makers and ground reality.

Why this MEGA SURVEY:

Indian Entrepreneurs, since last 5 years have been going through tough times in adapting to various New Normal, Reforms and Policy changes which are being administered, be it Demonitisation or GST or the Economy slow down, to COVID-1 and now the COVID-2 situations.

Every stage has been too fast without a gap for a recuperation time in between. Also, technology upgrade and technology glitches had impacted the desired results. COVID-2 has stuck us too fast unexpectedly and has either killed Businesses or Enterprise-owners, for many. There has been many situations and predicament in the mind of self-employed, micro, and small enterprise owners on, what to do? When to do? and how to do?

Therefore CIA, like last year, has embarked on conducting a Mega Survey – between 10th June to 15th June 2021, across India.

The survey was conducted among SMBs - Self-Employed, Micro and small enterprise owners across India mainly to know

- How are they feeling?
- What are their pains?
- What is that they want as solutions?

Mr. KE Raghunathan, Former National President of All India Manufacturers Organisation and himself, a Self-employed MSME Owner for the last 36 years, has been the convenor of the Consortium of Indian Associations, and conducted the survey with the support and partnership of 40 Associations and experts engaged for specific and specialised detailing.

We are happy to present the survey findings and inference on what exactly needed to be done to save both Employers and Employees.

#SaveMSME #MSMESurvey

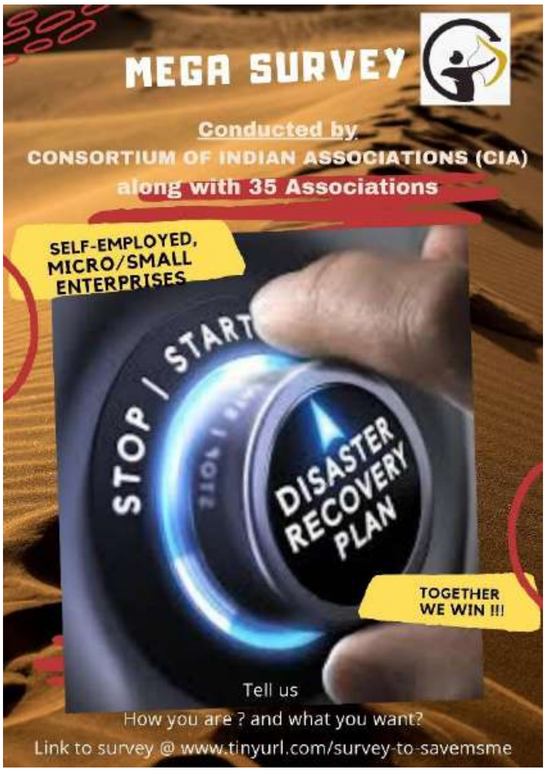
About the MEGA SURVEY

The primary objective is to collect field level data and information :

- It is always required to have a data backed analysis , before any prescription or corrective solutions can be made.
- CIA along with 40 Trade associations across India , embarked on a detailed survey among SMBs in India from 10.6.21 to 15.6.21.
- The questionnaire format was designed to be in simple language and selection of replies were made easy with tick marks.
- The form was also made in several local languages through the associations and volunteers were used to help them fill up.
- Circulation was done through social media/association members/personal contacts of partners/bulk mailing with data base.
- AIMO had carried out the similar survey in June 2020 , when the Lock down was in progress and new normal was being witnessed by everyone. That survey had 8 partner associations and received over 45000 respondents.
- Survey 2020 had brought several highlights of predicament and also early warning signs such as pent-up demand , manpower issues such as migrant labour movement , Raw material scarcity and price increase etc. and in fact suggested preventive measures.
- CIA was also the first to point out the corrections and relaxations required in the ECGLS scheme when announced and RBI directions on restructuring and Fund of Funds and NCLT changes in minimal requirements.
- CIA has been playing a very constructive role in the evolving of policy which are as per needs of the entrepreneurs.


MEGA SURVEY
10.6.21 - 15.6.21
JOIN
ARE YOU A
SELF-EMPLOYED, MICRO/SMALL
ENTERPRISE OWNER?
AIMO
We Need to know
How you are and
What you want?
27
ASSOCIATIONS


CONSORTIUM OF INDIAN ASSOCIATIONS
CONDUCTS
MEGA SURVEY
LET US MAKE YOUR LIFE
COLOURFUL
BETWEEN
10th to 15th
June
SURVEY LINK
HTTPS://TINYURL.COM/SURVEY-TO-SAVEMSME
CONDUCTED BY 34 ASSOCIATIONS


MEGA SURVEY
Conducted by
CONSORTIUM OF INDIAN ASSOCIATIONS (CIA)
along with 35 Associations
SELF-EMPLOYED,
MICRO/SMALL
ENTERPRISES
STOP | START
DISASTER
RECOVERY
PLAN
TOGETHER
WE WIN !!!
Tell us
How you are ? and what you want?
Link to survey @ www.tinyurl.com/survey-to-savemsme


Do you need
COVID-19
Vaccination for
business now !!!
MEGA SURVEY
IF YOU ARE A
SELF-EMPLOYED,
MICRO/SMALL ENTERPRISE OWNER
Participate in the Survey to convey
your needs and predicament.
Help us to help you !!!
CONDUCTED ALONG WITH
35 Partner
Associations

MEGA SURVEY

PARTNER ASSOCIATIONS

Partner Associations

1.	All India Manufacturers' Organisation	Mumbai
2.	United Council of Rajasthan Industries	Jaipur
3.	Tamil Nadu Small and Micro Industrial Entrepreneur Development Association (TANMEDA)	Coimbatore
4.	Skills India Foundation	Chennai
5.	Chennai Customs Broker's Association	Chennai
6.	Hosur Small and Tiny Industries Association	Bengaluru
7.	Rajajinagar Industrial Association	Bengaluru
8.	SPIEMA SIPCOT Pillaipakkam Industrial Estate Manufacturers Association	Sriperumbudur
9.	Eastern UP Chamber of Commerce and Industries	Prayagaraj
10.	Malviya Industries Association	Jaipur
11.	Consortium of Pondicherry Industrial Association	Pondicherry
12.	Karnataka Elevator Manufacturers Association (KEMA)	Bengaluru
13.	Badli Industrial Estate Association	Delhi
14.	COSIA, Vidarbha	Nagpur
15.	All India Hair and Beauty Association	Chennai
16.	Chitradurga District Chamber of Commerce	Chitradurga
17.	Chellekere Chamber of Commerce	Chellekere
18.	The Tamil Chamber of Commerce	Chennai
19.	Forum of Women Entrepreneurs (FOWE)	Bengaluru
20.	Industry and Trade Forum (ITF)	Bengaluru
21.	Kovai Pumpset and Spares Manufacturers Association	Coimbatore
22.	Southern Region Water Treatment Manufacturers and Traders Association	Chennai
23.	All India MSME Association	Mumbai
24.	Consortium of Women Entrepreneurs of India	New Delhi
25.	Cement Manufacturers Welfare Association of West Bengal	Kolkatta
26.	SIPCOT Irungattukottai Manufacturers Association, Chennai	Chennai
27.	MIDC Industries Association Chandrapur	Chandrapur (MS)
28.	Federation of Indian Women Entrepreneurs	Delhi
29.	First World Community	Chennai
30.	Industrial Users Association	Tinsukia, Assam
31.	Restaurant Owners of Bangalore	Bengaluru
32.	LaxmiRamaVarma Foundation	Kochi, Kerala
33.	SMB Connect	New Delhi
34.	Dyers Association of Tiruppur	Tiruppur
35.	Manesar Industries Welfare Association	Manesar
36.	SIDCUL Manufacturing Association	Uttrakhand
37.	Tamil Nadu Call Taxi and Drivers Association	Chennai
38.	Himachal Pradesh Corrugated Box Manufacturers Association	HP
39.	Vision Karnataka Foundation	Bengaluru
40.	SME Street	Faridabad

About SMBs – SELF-EMPLOYED, MICRO , SMALL BUSINESSES – in INDIA

The Micro Small and Medium Businesses (MSMEs) sector is a major contributor to the socio-economic development of the country.

India has approximately 6.33 crore MSMEs. The number of registered MSMEs grew 18.5% Y-o-Y to reach 2.5 million units in 2020 from 2.1 million units in 2019. The Indian MSMEs sector contributes about **29%** towards the GDP through its national and international trade. The sector has also contributed immensely with respect to entrepreneurship development especially in semi-urban and rural areas of India.

The Government has reclassified the MSMEs in India in 2020 , to also include Traders & Service Providers, which brings the total number of MSMEs to over 6.30 Cr Micro Businesses and it is estimated about 4.0 Cr Self-Employed, GIG Workers in existence, providing jobs for over 16.0 Cr citizens.

The Businesses are categorized based on investment in equipment and annual turnover.

The self – employed category as referred in this document means those who earn their bread and butter only when they work and give output such as Taxi owners , Plumbers , Electricians , GIG workers, Graphic designers , Media services , Architects , Consultants , Trainers , Shop owners etc.

This survey covers mainly SMB – referring to such Self-employed and Micro/Small Businesses, which are primarily owner driven.

SURVEY ON SELF-EMPLOYED, MICRO & SMALL BUSINESSES

Self Employed, Micro and Small Businesses have been badly impacted with the Covid Pandemic. Before any remedial efforts are to be taken, and it is important to first know their status. Keeping thisin mind, **Consortium of Associations (CIA)**,is conducting a **MEGA SURVEY** with the purpose of **#SaveMSME** in partnership with over 35 Associations across India between **10.6.21 & 15.6.21.**

The findings and recommendations of this survey will be presented to the Central and States Governments for their consideration and for timely action. In these difficult times, we MSMEs should come together and support each other to face our challenges and come out stronger than before.

Please take a few minutes to give your honest response to the questions below :

Thank you.

K.E.RAGHUNATHAN , CONVENOR , CONSORTIUM OF INDIAN ASSOCIATIONS
MOB 9840947485 MAIL ID – ciaofficial.msme@gmail.com

**Required Information*

* Your Email : ____

1. As an Entrepreneur- are you a ? *

【 】 Manufacturer
【 】 Service Provider
【 】 Consultant
【 】 Self Employed
【 】 Start-Up
【 】 Other: ______________________________

2. What is your Industry Sector? * -

【 】 Automobile
【 】 FMCG
【 】 Real Estate
【 】 Healthcare
【 】 IT/ITES
【 】 Electronics
【 】 Other: ___________________________

3. How are you feeling now as an entrepreneur? *

【 】 Very Happy
【 】 Hopeful
【 】 Uncertain beyond the initial upswing
【 】 Need help to restart
【 】 No hope
【 】 Don't know what to do
【 】 Other: ____________________________

4. Did you make a Profit in 2020-2021? *

【 】 YES
【 】 No
【 】 Other: ____________________________

5. Did you reduce staff 2021-22 as compared to 2020-21? (During the Covid 1 period)

【 】 Yes
【 】 No
【 】 Maybe

6. Did you avail any of the Government Stimulus Package so far? *

【 】 Yes
【 】 No

7. With respect to MONEY - What do you need? *

【 】 Loan
【 】 Pending Payments
【 】 Credit for Raw Materials

【 】 Interest waiver
【 】 One-time-settlement with Lenders
【 】 Capital Gains Waiver
【 】 Waiver of Penalties and Statutary Payments
【 】 Other:

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8. With respect to MATERIAL - What do you need? *

【 】 At a Fair Price for the next 6 Months
【 】 Supply in Short Notice
【 】 Supply in Smaller Quantity
【 】 Quality Assurance
【 】 Reduction in GST / Custom Duty
【 】 Other:

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9. With respect to MANPOWER - What do you need? *

【 】 Stipend yo engage Freshers
【 】 Waiver from PF/ESI
【 】 Comlulsary Internships for 3 Months
【 】 Other:

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10. What do you expect from your State Government urgently? *

【 】 Waiver of Fixed EB Charges
【 】 Reduction in Fuel Taxes
【 】 Interest Subsidised Loans
【 】 Preferential Purchased from Local Companies by Govt Tenders
【 】 Release of all pending payments from Govt and SUs
【 】 Offer with a Samadhan Scheme for all pending litigations
【 】 Govt to pay interest on loans taken by Micro and Small Businesses for 1 year
【 】 Open Fair Price Shops for Raw Material supply at all Industrial Estates
【 】 Construct Hostels for Workers at all Industrial Estates
【 】 Waiver from Property Tax / Professional Tax / Water Tax /Most Charges for 1 year

【 】 Addl Loan from State Govt Financial Institutions at Concessional Interest for Working capital with a Moratorium of 2 years

【 】 Priority Vaccination for Ages 22-35 who are working in Micro and Small Businesses by Government

【 】 Provide stipend to engage Students from State Educational Institutions for 6 Months

【 】 Provide Working Capital to match Input Tax Refund claimed Exporters

【 】 Comtrol Raw Material Hoarding g and black market sale

【 】 Other: ____

11. What do you expect from the Central Government urgently? *

【 】 Moratorium for 1 Year

【 】 Interest Free on Moratorium Period

【 】 Unconditional Loan Restructuring

【 】 Raisy GST exemption limit to Rs 5 Crores for 1 year

【 】 One-Time-Settlement for Loan Closure and allow for raising Alternate Loans

【 】 Abolish CIBIL Score/Previous year performance criteria for extension of Loans

【 】 Abolish Bank directly debiting EMIs from borrowers account without borrowers account without account holder's approval

【 】 Refix NPA norms with a 365 days window

【 】 Offer Cash Incentives to Staff, Rent payments, EB Charges to Units which are closed due to Vividh restrictions

【 】 Other: ____

12. Are you satisfied that the Central/State Govt are doing their best for Self-Employed/Micro & Small Entrepreneurs?

【 】 Yes

【 】 No

【 】 Other: ____________________________

13. Reasons for Satisfaction or Dis-satisfaction

____

____

14. Did you add or reduce your staff strength in this current year as compared to FY19-20? (Before the pandemic)

【 】 Added

【 】 Reduced

【 】 Other: ____________________________

15. What problem are you exactly facing in your sector, and what according to you is the solution for that? Please mention only what is not covered above.

____

____

16. Do you require any specific help or assistance from the Govts/Banks? Or anyone else not covered above? If none, please ignore if none.

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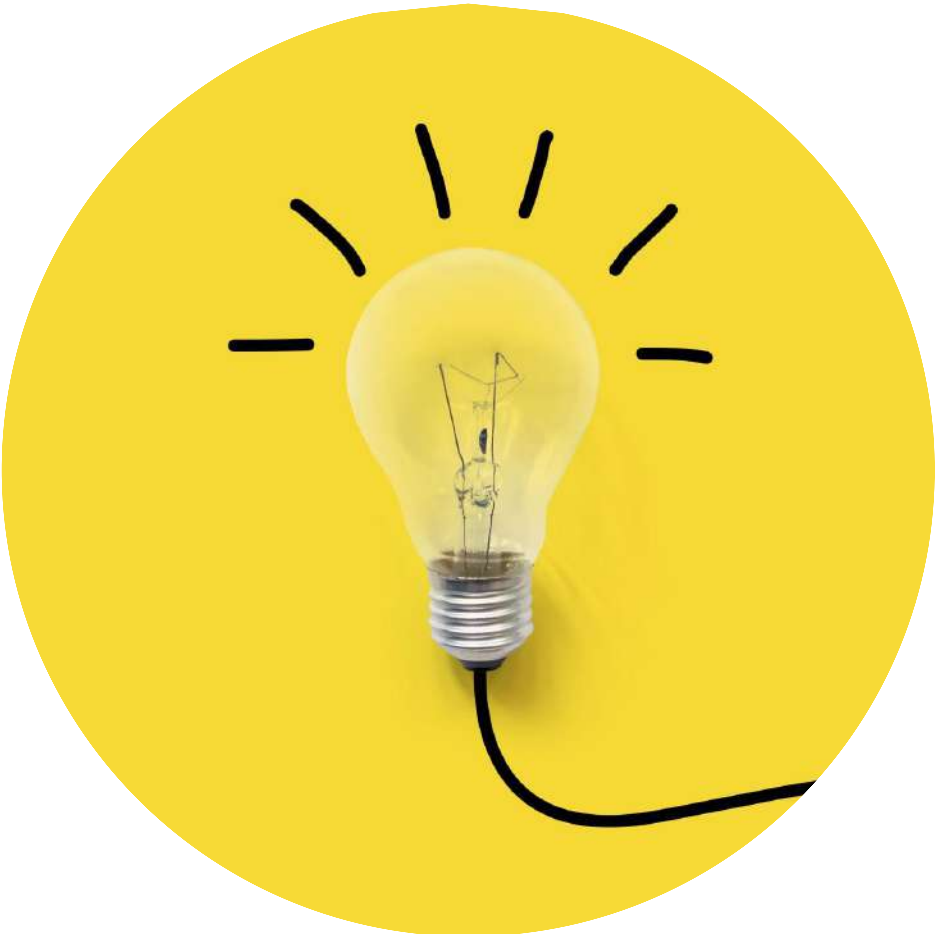
END OF SURVEY

Please return your Survey Sheets to your Association or mail directly **to ciaofficial.msme@gmail.com or by whatsapp to +919840947485**

RESULTS OF THE SURVEY

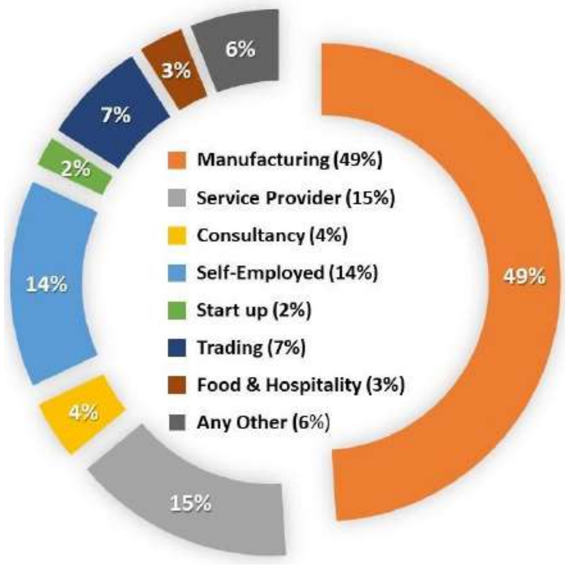
The next important step is to collage and analyze the survey feed backs. To have a greater impact and understanding , we choose to divide the responses into 3 main categories such as

- **GENERAL FEED BACK**
- **PAIN POINTS**
- **SUGGESTIONS AND SOLUTIONS FOR A WAY-FORWARD**



FEED BACK FROM THE RESPONDENTS

Spectrum of Participants background



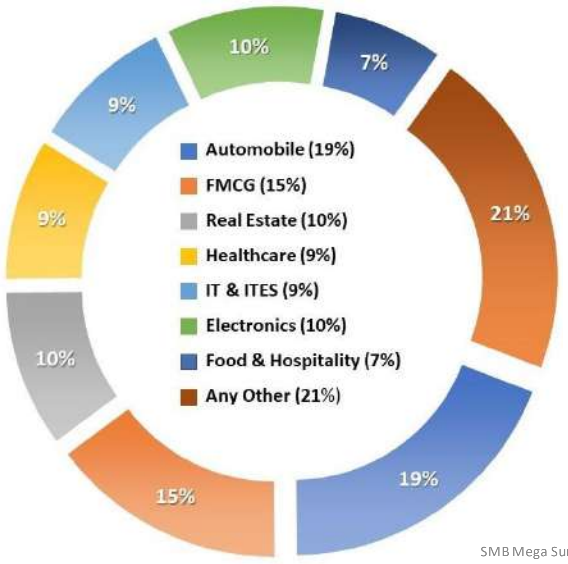
We reached out to the Self-Employed, Micro & Small Enterprises (SMB) across India through our members, our partners and the media and received an overwhelming response.

81017

Respondents representing the cross section of the SMB sector in India participated in the Survey

SMB Mega Survey 2021, by CIA

Participants Breakdown

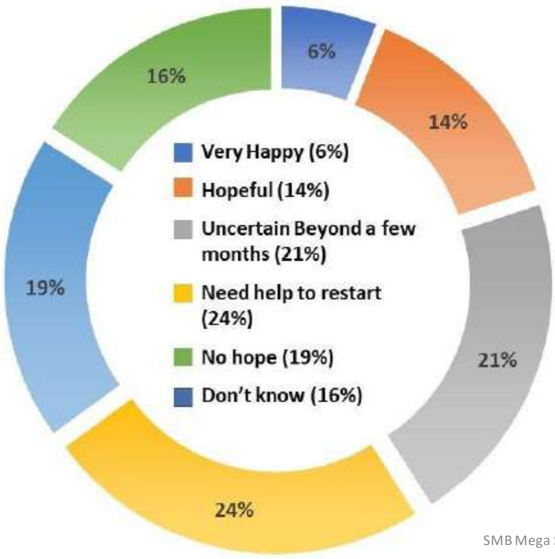


The breakdown of the respondents by sector resembles very closely with the actual structure of the MSME Industry in India, and reflects the sectors in distress

SMB Mega Survey 2021, by CIA

These above two slides give us an idea of the type of the respondents and the various sectors they are involved in.

How confident are our Entrepreneurs today about their future ?

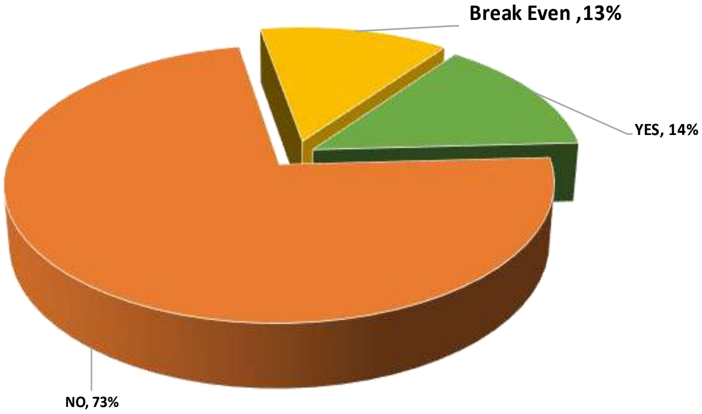


SMB Mega Survey 2021, by CIA

80%

Of the entrepreneurs are very insecure about their future, with the double whammy of the pandemic crisis & economic implosion coupled with the lack of any support base.

How many made profit in FY 2020-21?



73%

Of the SMBs have not made profit during last FY; about **13%** had just broken even

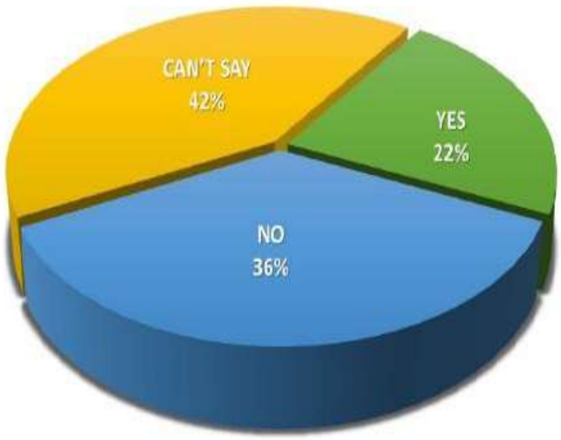
SMB Mega Survey 2021, by CIA

It is important to know first, how their confidence level is and how is their profitability or health of their Businesses. The above two charts depict the same.

Any economy is weighed from the employment opportunity as that is the key for per capita income and general wellbeing of a family.

Employment

How many Reduce/Add/ Cant say
on staff strength now , as compared to last year period



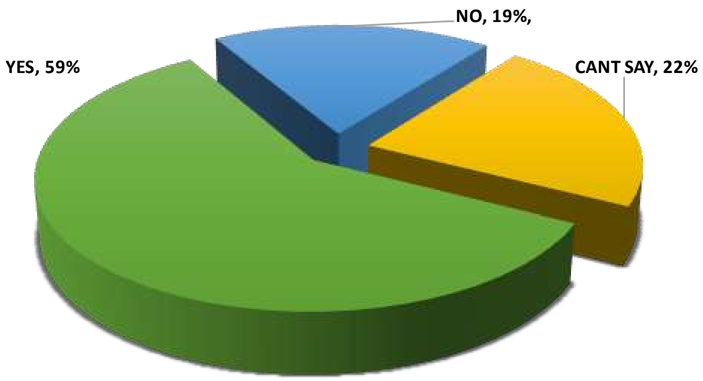
2021, by CIA

Almost **42%** of the SMB are confused at this moment on employment. It reflects the uncertainty and insecurity and volatile situation at ground.

22% have already reduced/sacked/ removed their staff as compared to Covid period last year.

Employment

How many Reduce/Add/ Cant say
on staff strength now , as compared to Pre Covid period



SMB Mega Survey 2021, by CIA

Almost **59%** of the SMB have already reduced / sacked / removed their staff as compared to Pre Covid period last year.

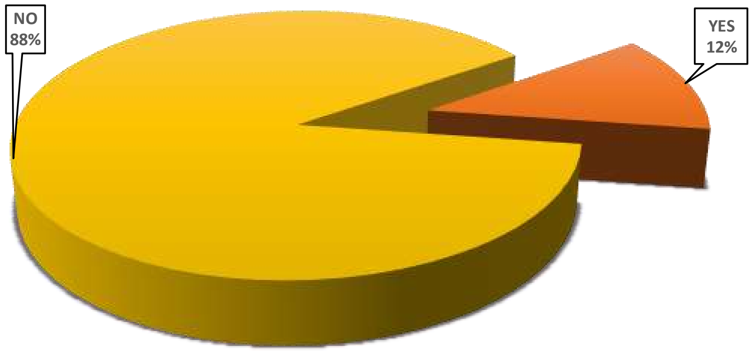
This is **SERIOUS.**

During COVID 1 – we lost **37%** and during the COVID 2 – we lost **22%**

The Government of India has offered various support measures in the last 15 months, and it is important to know how the entrepreneurs SMBs feel about it.

Government Support Feedback

How many availed any of the Govt Stimulus Package ?



The GOI had introduced 3 stimulus packages in the last 13 months.

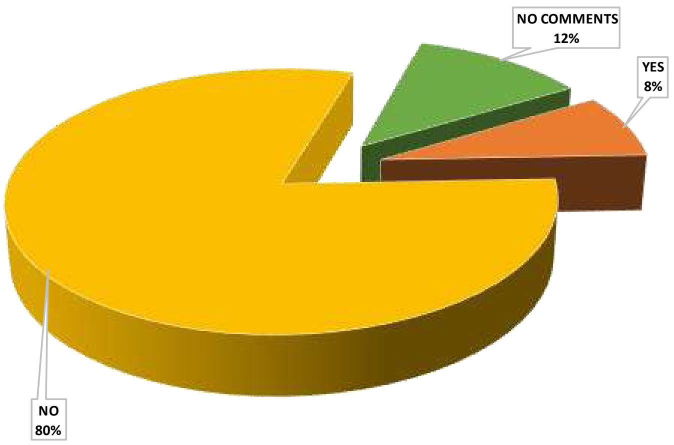
Almost **88%** of the respondents have not availed any stimulus so far, whether due to ineligibility or in-adequate or unable to fulfill strict conditions.

STIMULUS

SMB Mega Survey 2021, by CIA

Government Support Feed back

How many are satisfied that the Central/State Govts are doing their best for SMB



The GoI and State Governments, must know that nearly **80%** of the respondents feel, they are not getting adequate support from them and **12%** say 'no comments'.

SMB Mega Survey 2021, by CIA

The Summary of the above Charts :

- **On Stimulus: About 88% of the respondents feel , the Stimulus package announced in the last 15 months , did not reach them and they were not considered for support.**
- **On Government Care to SMB: Only about 8% of the respondents are of the opinion that the State and Central Governments are looking after the interest of SMBs satisfactorily.**
- **On Job Loss: There is a loss of 59% reduction in employment now, as compared with prior to Covid 1 period.**
- **On PROFIT: About 14% of the respondents have made Profit during 20-21 FY. This indicates future NPA increase, to watch out.**

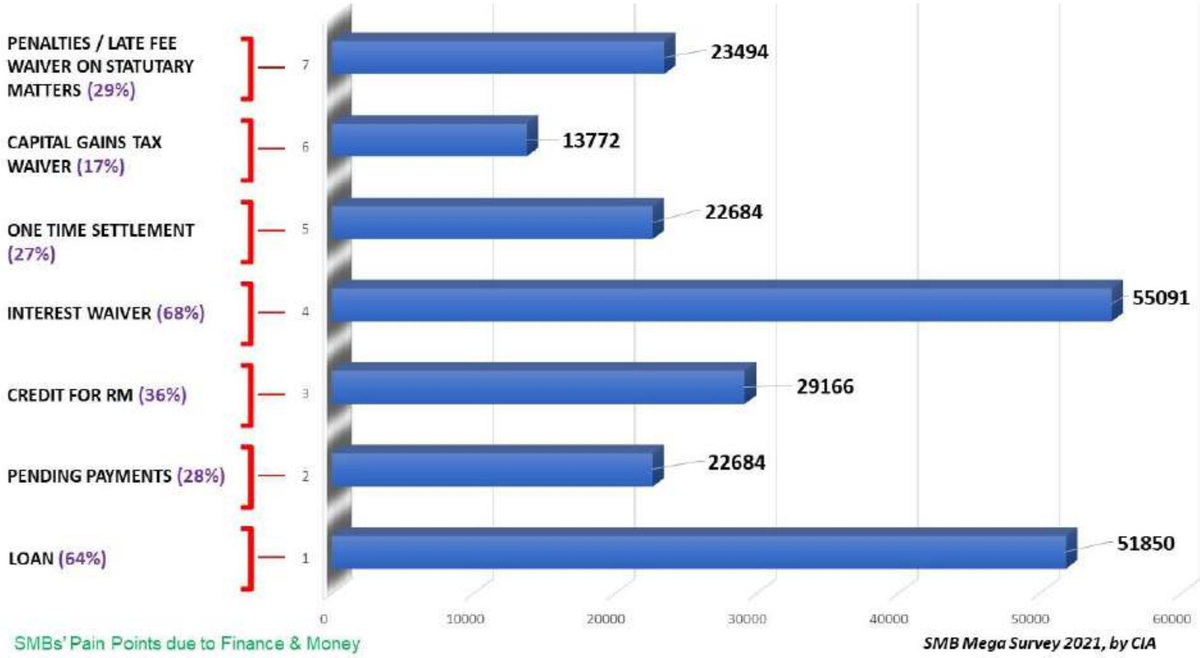
After the initial General feedback , our survey wanted to understand the Pain points of the SMBs with Respect to

<u>Money/Manpower/Material</u>

Under each heading we had sub divided the points with several options and asked them to choose as per their priority of concern.

The reflection from the field is as under :

PAIN POINTS FROM 'MONEY'



1. LOANS (64%)

Raising money to handle long-term and short-term cash flows are of primary need of the hour. Many respondents report that most of the Nationalised Bank managers are not giving loans or clear project financing or Addl. Secured loan or under ECGLS Scheme - due to CIBIL Score / NPA Norms/ Rating for Last year performance/ Eligibility criteria.

2. PENDING PAYMENTS (28%)

Many respondents report that they are unable to get their payments dues from their customers both in the Private as well as the Government Sectors, as either the amount is less than Rs.10 lakhs or unable to follow up or unable to spend on legal recovery or fear of losing further business or the customer has wound up business. There is no recourse available.

3. CREDIT FOR RM (36%)

Most of the RM suppliers/Traders have stopped offering Credit for purchase and therefore, with just 10 to 25% advance from customer, and without working capital facilities from banks and with huge outstanding stuck in receivables, many SMBs are unable to rotate cash and sustain their business cycle. This further reduces their ability to increase their Turnover/ Profitability.

4. INTEREST WAIVER (68%)

Many report that they are unable to service high interest burden for existing loans, especially when the Govt has not allowed them to perform and are worried how to meet the growing higher outflow every month. Their concern is with no revenue and high maintenance costs , how to service the loans and added burden of interest during the non performing days.

5. ONE TIME SETTLEMENT (28%)

Many people have expressed their desire to close the present business and restart in life. They wish to avail a One- Time-Settlement to get out of the situation. Most of them have pledged security of a property which is much higher than the loan outstanding. If there is a easy offer to settle even on cases which are pending under DRT courts , it will help them close and restart as early as possible.

6. CAPITAL GAINS WAIVER (17%)

Many have reached a point, where they have to create further money in hand to either close the existing loan pressure or settle suppliers and outstanding dues or plough it back to business as working capital. For them, the capital gains tax of near 30% is killing and leaving them with nothing in hand as the realization value is already far less.

7. WAIVER OF PENALTIES (29%)

Many have not been able to comply with statutory returns in time because of the delay from consultants or auditors or lock down situations. They are being put under severe penalties for delay and unable to afford the same and also live with that stigma and burden. This is mostly felt with GST/TDS return filings.

Pain-Points due to 'Materials'

SMBs' Pain Points due to Material

SMB Mega Survey 2021, by CIA

1. RAW MATERIAL HIGH PRICE (58%)

The Raw Material price increase is killing those working on rate contract business or with fresh order which requires about 3 months to execute and generally the quotes are made as early as 6 months before. There is no control on RM prices and no recourse as well.

2. SUPPLY IN SHORT NOTICE (42%)

There is a huge crisis in getting supplies in short time durations for Service Providers / AMC Contractors/ Site Activity Executions. This puts their execution and collections under stress and cancellations.

3. SUPPLY IN SHORT QUANTITY (62%)

There is a problem is sourcing RM in smaller quantity as needed, from traders and suppliers. They always want a higher Minimum order qty which small and micro Businesses are unable to afford. Neither they can buy more than their needs nor able to get what they need and therefore caught in between without any redressal forum.

4. QUALTITY ASSURANCE (33%)

The biggest challenge today is circulation of Spurious/Rejected/Recycled materials. Taking advantage of the shortage, many companies and importers are pushing out 2nd and 3rd quality materials in Trader's market and finally to SMBs who are fired at the customer point and that leads to loss of business.

5. *REDUCTION IN GST/CUSTOMS DUTY ON SERVICES , SPARES AND CONSUMABLES (60%)*

Many SMBs are unable to collect 18% GST on services rendered to consumers. Also, they are not able to take input tax credit as they are below the exemption norms of the GST and therefore need to charge higher sale prices. The GST/Customs duty on locally sourced items for retail purchase in small qty , for spares and consumable is extremely high and unaffordable.

Pain-Points due to 'Manpower'

1. **STIPEND TO FRESH GRADUATES to undergo 6 months Training (68%)**

Many freshers are without employment. If the Govt offers them stipend for 6 months and ask them to undergo training for 6 months in micro and small Businesses, it will solve needs and Skill Imparting.

2. **WAIVER OF PF/ESI (66%)**

Today the norms of coverage under PF/ESI are fixed, based on salary and number of employees.
In the current situation, many are unable to offer continuous jobs and unable to pay employer side contribution as additional outflow.

3. **COMPULSORY INTERNSHIP (30%)**

Micro and Small Businesses are finding very difficult to source staff for short-term working when they receive an order, and their needs are for just 3 weeks. The Govt should make internship compulsory for every student to undergo compulsory field internship for 6 weeks in a year.

4. **MIGRANT LABOURS (74%)**

The Government must immediately engage community centers, hostels in every industrial cluster to house migrant labours and also open canteens with subsidised foods.

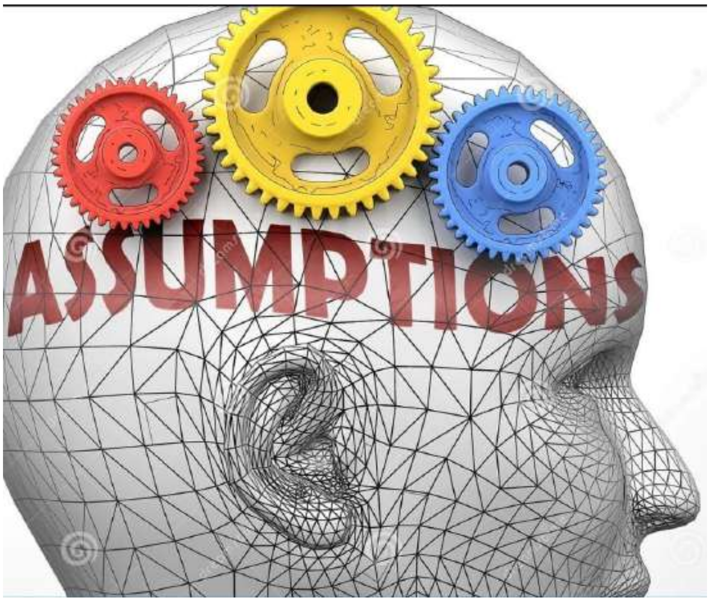
SUGGESTIONS & SOLUTIONS

We have analyzed the need of the SMBs from different angels of their being impacted due to covid and to control that spread with Government actions.

We will analyze the needs in the following areas:

- Identification of Affected sectors , purely due to covid government restrictions and lock downs
- What are the existing schemes and offers from the government and analyze on what Parameters of Change required?
- Submission to Central Government – short terms need.
- Submission to State Government – short term needs
- Submission to Central and State Governments – Long term needs

Assumptions for the solutions :



Any proposal is based on few assumptions and parameters. In this report , we have assumed , that:

- The Complete Unlock , through out in India will be in place from latest 1st September 2021.
- There will be NO 3rd COVID wave.
- All to be vaccinated by Dec 21.

Objective and Deliverable:

Again , every suggestion and prescription has an objective and deliverables – towards which the whole suggestions and way forward is aimed at. This report aims at achieving the following :

- To save as many Honest Entrepreneurs as possible.
- To retain as many Employment Opportunity as possible.
- Not to protect Willful Defaulters or unscrupulous businessmen.

The survey identifies 52 sectors which needs hand holding much different to general stimulus.

52 sectors which have lost Earnings for
14 months – ***Not due to their Fault***

SECTORS WHICH ARE IMPACTED DUE TO COVID RESTRICTIONS IMPOSED BY GOVERNMENT			
SALONS	LAWYERS	MEDIA - PRINT/DIGITAL/VISUAL	PUMP & FOUNDRY
GYMS	AUTOMOBILE SHOWROOM	RETAIL SHOPS OTHER THAN ESSENTIALS	TILE INDUSTRY
SPAS	FIRE WORK MFRS	CLOTHING INDUSTRY	AUTOMOBILE ANCILLARIES
ENT CLINICS & HOSPITALS	PRINTING PRESS	ADVT AGENCY	EXPORTERS
BONE & JOINT clinics	OFFICE EQUIPMENT MFRS	TRAVEL AGENCY	TEXTILE YARN
FOOTWARE	ARTISTS - FOLF/TV/MOVIE	TOURISM RELATED	MATCH INDUSTRY
CINEMA THEATERS	ENTERTAINMENT INDUSTRY	HOTELS AND RESTAURENTS	TANNERY
PRIVATE TAXI OWNERS	SPORTS GOOD MFRS	TRAINERS	OFFICE FURNITURE MFRS
PRIVATE TOURIST BUS OWNERS	FABRICATION/SHEET METAL MFR	DIAMOND/GOLD MAKERS	SUMMER NEEDS INDUSTRY
CANTEEN OWNERS	EDCUATIONAL SECTOR	FRUIT PROCESSING UNITS	TRANSPORTATION/FRIEGHT FORWARDING SECTOR
CONSTRUCTION CONTRACTORS	PARKING CONTRACTORS	GEO MAPPED SPECIALISSED MFRS	EXHIBITION & EVENT MANAGERS
ARCHITECTS	RURAL ARTISENS	REPAIR SHOPS	MALLS
CONSULTANTS	PAPER MFRS	STREET VENDORS	E TRAVEL PLATFORMS

Steps towards Recovery:

CATEGORISE BUSINESS BUSINESSES AS PER BELOW CATEGORY

Due to COVID IMPACT

1. **Completely Dead**
2. **Partially hurt**
3. **No impact**

This can be voluntarily done by those engaged in business or self-employed through a mobile app – cowin – economy.

Consider the following for each of these categories , as a broad guideline of needs :

1. Completely Dead

- Give them Honorable exit route.
- Offer One time settlement to come clean in life from Loans.
- Make sure ONLY 'Businesses' die and not their 'Entrepreneurship'.
- Reward them for their past contributions.

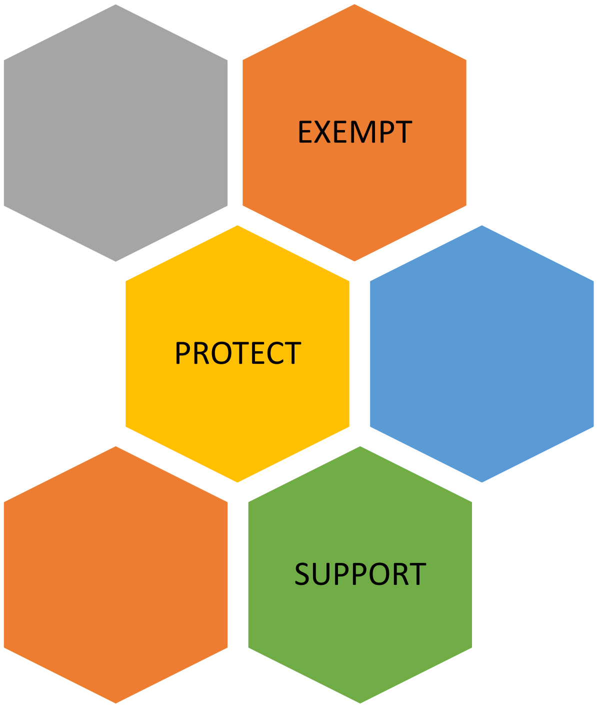
2. For Partially Hurt

  - Identify their needs
  - Give them unconditional support
  - Offer stimulus without eligibility condition
  - Compensate if they were hurt due to covid restrictions ONLY
  - Assure Longer rope to recover.

3. For No impact Businesses

- Enable them do better
- Support for their profitability
- Technically upgrade
- Give them short term relief for long term benefits.

The Way - Forward Towards Recovery



Exempt – **SMBs – for till March 2022**

- From statutory compliances – to enable them concentrate in running business.
- From penal actions and delayed submissions due to disruption in covid period.
- From litigations and punishments

Protect – **SMBs – for till March 2022.**

- Start up to get incentive to survive. Remember a bird in the hand is better than two in the bush.
- High interest burden
- Onslaught of price war with giants
- Ever Rising RM costs
- Fear of becoming NPA and losing out on CIBIL score.
- Losing employees for not able to provide continuous work.
- Penalties and Late fees

Support – **SMBs – for till March 2022**

- Liberal Loans – both for term loan and working capital.
- Clear all the pending payments – Central Govt/ PSU/State Govt/ SU/Corporates/ Medium companies
- Offer Moratorium with interest waiver for affected sectors and with nominal interest for others for 12 months , unconditionally , whoever wants it.
- By not declaring NPA for next 12 months but keeping them under incubation
- With support for engaging Freshers and students as Trainees

ANALYSIS OF VARIOUS PROBLEMS BEING FACED BY MSMEs, THEIR CURRENT STATUS AND SUGGESTED SOLUTIONS

1. ON COMPLIANCES

DESCRIPTION OF THE ISSUE: There are too many and too complicated compliances which must be complied with by MSMEs.

CURRENT STATUS / GOVT. ACTION: Though the Govt. talks about "Ease of doing business" and has simplified and scrapped a few outdated laws, the MSMEs largely continue to be governed by complicated and outdated laws and dispensable compliances.

SUGGESTED REMEDIAL ACTION: The entire gambit of laws concerning MSMEs need to be revisited and scrapped or redrafted in tune with modern times.

2. LAWS CONCERNING MSMEs

DESCRIPTION OF THE ISSUE: Most of the present laws which apply uniformly across the board are too complicated, multiple, outdated and overwhelming for MSMEs which are largely single owner managed entities to comply with.

CURRENT STATUS / GOVT. ACTION: Though the Govt. talks about "Ease of doing business" and has simplified and scrapped a few outdated laws, the MSMEs largely continue to be governed by complicated and outdated laws and dispensable compliances.

SUGGESTED REMEDIAL ACTION: The various compliance under the various provisions of the existing laws too need to be revisited, redefined, simplified, made online and even scrapped wherever required. Committees involving running MSME owners should be constituted to check practicality and usefulness of laws in context of the changed times.

3. NEW DEFINITION OF MSMEs

DESCRIPTION OF THE ISSUE: While redefining the criteria of MSME classification is a step in the right direction, it has thrown many new challenges such as the following, which need to be addressed: 1. Clubbing MSMEs based on PAN Card may prove to be detrimental to their growth in the long run. 2. The reclassification has left almost the entire sector as Micro which would have its own specific set of problems which may be quite different from those faced by Small and Medium Businesses.

CURRENT STATUS / GOVT. ACTION: Though the Govt. has been trying to address such issues through various amendments in the rules and procedures, a lot more needs to be done to address this issue properly and in totality.

SUGGESTED REMEDIAL ACTION: The Govt. should consider creating a separate Ministry for the Micro Sector so that the problems and issues specific to the micro sector can be addressed and attended to in a better way. Multi-locational Businesses with single PAN may be allowed to operate as separate entities for the purpose of their classification under MSMED Act.

4. DELAYED PAYMENTS

DESCRIPTION OF THE ISSUE: Delayed Payments of MSMEs from Customers. Enforcing penalties for delays. Helping MSMEs whose payments are stuck and under litigation either with MSCFC's or with courts to provide them with quick relief.

CURRENT STATUS / GOVT. ACTION: Though the Govt. has established State Facilitation Councils under the MSMED Act, they have been of limited help in realisation of delayed payments of MSME's as they lack power and are like toothless tigers. Even awards of MSEFCs are not implemented. Though the MSMED Act has a provision of payment of interest @ 3 times the normal rate, MSEFCs are unable to enforce it as they lack powers. Presently, no visible action.

SUGGESTED REMEDIAL ACTION: MSMED Act should be suitably amended to strengthen the State Facilitation Councils, given more powers to enforce their decisions and directions to conduct their proceedings online in a transparent and time bound manner. MSMED Act should be suitably amended to provide powers to MSEFCs to enforce payment of the specified interest to the aggrieved MSMEs. MSMED Act should be suitably amended to provide for Bank finance to the affected MSMEs against guarantees to be provided by offending customers.

5. AVAILABILITY OF FINANCE TO MSMEs

DESCRIPTION OF THE ISSUE: Long, cumbersome, and stereo-type procedures for loan/limit sanction from financial institutions. High rate of interest and other charges associated with lending to MSMEs makes finance cost high leaving MSMEs uncompetitive wrt large companies and NMCs who have access to international credit sources which lends money at exceptionally low interest rates. MSMEs availing credit facilities are facing loan repayment issues post 2nd wave of Covid-19 due to closure during lockdown announced by the Govts. Severe defaults in repayment of loan and interest have been there among the existing MSME loan accounts. Specially after the 2nd attack of Covid-19 pandemic, MSMEs need some relief in Bank interest. Stringent and bank centric norms make restructuring of loans to MSME Sector exceedingly difficult.

CURRENT STATUS / GOVT. ACTION: Presently, no visible action. Presently Bankers are not extending instalments and are debiting MSME accounts as per normal terms resulting in widespread defaults in repayment of loans and interest thereon.

SUGGESTED REMEDIAL ACTION: Treating MSMEs as a priority Sector, Govt. should reduce lending rates to it at par with internationally available funds to which only large companies have access. The one-time processing charges and recurring charges on loans to MSMEs need to be brought down considerably. The Govt. should announce moratorium on debits to MSME loan Accounts for a period of at least 12-15 months, as the 2nd wave of Covid-19 has caused severe adverse effect on businesses. The Govt. should intervene in the matter quickly and save millions of affected MSMEs from turning NPAs. The Govt. should announce full interest waiver to MSMEs for the lockdown period and application of special concessional rate of interest for next 12-15 months at least. Easy and standardized norms for restructuring of MSME loans should be made where restructuring should be allowed under normal circumstances except exceptional cases.

6. GST related

DESCRIPTION OF THE ISSUE: MSMEs must pay GST on their sale after a specified period which includes payment of GST on unrealised sales too adding to their burden. Staff deprived MSMEs often struggle to make payments of their GST dues within the prescribed time periods.

CURRENT STATUS / GOVT. ACTION: Presently, no visible action. Though some relief has been provided by the Govt. but that is temporary only for the Covid period.

SUGGESTED REMEDIAL ACTION: Suitable amendments should be made in both MSMED Act and GST act to provide for the requested provision. MSMEs should be allowed more time to discharge their GST liabilities and system of imposition of fines on MSMEs for delays should be dispensed with as they must bear the tax burden for the delay period in any case.

7. LABOUR LAWS & EMPLOYEE AND THEIR RECRUITMENT RELATED ISSUES

DESCRIPTION OF THE ISSUE: Labour laws applicable to Industry are old outdated and difficult to comply with by MSMEs. While we are talking of One Nation - one Tax and removing interstate barriers, there are conditions imposed for employment of same state people. There are wide variations in minimum wages specified for various states creating complications specially in case of disparity among adjoining states.

CURRENT STATUS / GOVT. ACTION: While as per Govt. utterances, there are efforts in this direction but there is no change in the ground realities. For rest presently, no visible action.

SUGGESTED REMEDIAL ACTION: As suggested earlier, committees involving running MSME owners should be made a part of such committees should be constituted to revisit every labour related law and suggest suitable amendment / scrapping. To help the MSME Sector to revive, all adverse actions against MSMEs should be stayed for at least next 2 years except for exceptional cases. Govt. should make efforts to remove all such restrictive policies at least for MSMEs. Govt. should implement the uniform wage bill across the country with allowance of minor changes based on local conditions but there should be parity in wages across the border of two states.

8. UTILITY BILLS FOR LOCKDOWN PERIOD

DESCRIPTION OF THE ISSUE: MSMEs are unable to bear the burden of payment of Fixed Charges on their Utility Bills such as Electricity, Water, etc.

CURRENT STATUS / GOVT. ACTION: Though partial relief has been provided at state level, there is no relief across the country.

SUGGESTED REMEDIAL ACTION: The Govt. Of India should formulate a policy for waiving off the payment of Fixed Charges during a declared lockdown period for MSMEs

9. ECGLS SCHEME FOR LOANS

DESCRIPTION OF THE ISSUE: ECGLS scheme was announced as a stimulus package and allocation is Rs.3 lakhs crore.

CURRENT STATUS / GOVT. ACTION: Even after nearly 12 months, not many could avail them, and the amount is insufficient.

SUGGESTED REMEDIAL ACTION: The ECGLS scheme must be extended to all MSME units which are interested to avail irrespective of their being classified as Standard account as on 31.3.21 and the moratorium must be extended till 31.3.22 for all such loans availed last year. For the 52 affected sectors mentioned, the amount shall be 40% of their existing loan outstanding as on 31.3.21 and the interest shall be at par with RBI interest.

10. LAWS RELATING TO LAND USE

DESCRIPTION OF THE ISSUE: The current laws relating to land use by industry and particularly MSMEs are not conducing to their growth. Some examples are: 1. Land titles of MSME units are such that these cannot be mortgaged to secure Bank Loans. 2. No Capital Gain Tax exemption under the IT Act is available to an entrepreneur on selling his/her residential property to setup an industry whereas it is available if he/she purchases another residential property. 3. Apart from a host of other compliances, a Factory License is required in many cities even to setup a factory in an industrial area.

CURRENT STATUS / GOVT. ACTION: Presently, no visible action.

SUGGESTED REMEDIAL ACTION: Major reforms are needed with respect to use of land for industry, particularly MSMEs which have limited resources at their disposal to ensure the following: MSMEs should be allowed to hold titles of their industrial properties on free-hold basis so that they can use them for securing loans and other banking facilities. Exemption under the IT Act should be available to entrepreneurs who sell their residential properties to setup industrial units especially MSMEs. The requirement of having to secure a separate Factory License to setup a factory in a Govt. approved industrial estate should be dispensed with as it only leads to red tapisms and corruption.

Submission to Central Government : Short term – till March 2022

On Finance

- Provide Moratorium without Interest to all Loans up to Rs.2 crs –viz -Term loan/ Working capital / Credit card / Personal / Vehicle / Housing.
- Take over gold loans up to Rs.25,000/ from Private financiers and waive interest on the loan.
- Allow OTS settlement of all loans @ 60 % value of principal outstanding up to Rs.5 cr loans.
- Not to insist on CIBIL score or Past performance or loss-making balance sheet to extend loans up to Rs.2 crs and turn over up to Rs.5 cr. Especially for startups.
- Not to classify any account below Rs.2 crs loan as NPA unless they are willful defaulters and those not wanting to continue.
- Offer additional ECGLS loans @40% of the outstanding's as on 31.3.21 for loans less than Rs.5 cr, without insistence on being a standard account as on 31.3.21.
- Allow refinancing on Property to settle OTS with an existing lender.
- Exempt from capital gains for SMBs from any sale of property up to the value of Rs. 5 cr, belonging to the company or in promoter name , sold for the purpose of settling the existing loans and/or plough back into business and/or starting a new business venture and/or settling vendors and dues.
- CGTMSE - credit guarantee fund trust for micro and small Businesses set by Ministry of MSME, Govt. of India and SIDBI to catalyse the flow of Institutional credit to MSE's without any collaterals/third party guarantees in August 2000 was meant for providing working capital tenure of 5 years, after that period the bankers can review and extend the period. This needs to be extended to 10 years as many bankers are insisting on repayment of the loan or creation of the security for the same by borrowers.
- Any SMB who is keen to add capital assets till 31.3.22 shall be offered loan at 5% interest rate, 2 years moratorium and 5 years repayment. This will help them modernize.

On GST

- To exempt all Micro Businesses from GST for up to Rs. 5 cr turn over. They will save on both input tax burden and service tax burden, and this will stir demand.
- Allow Micro and Small Businesses to claim Taxes paid of Petrol/diesel to be taken for input tax credit. This will reduce end product pricing and help uniform 'one Price one India'.
- Allow Exporters to get instant refunds from their banks for the input tax credits and banks in turn to collect from GST authorities with interest for the delayed payments.
- To classify Medical and Vehicle insurance @ 0% GST rates. Though the vehicles did not run for 9 months in the last 13 months, insurance needs to be taken with 18% GST. This will help those involved in Transport sector.

On Demand increase

- To create spending, exempt Income tax up to Rs.15 lakhs for individuals and Rs.25 lakhs for companies.
- To allow 100% depreciation on all items purchased during this FY by Individuals or Companies, above Rs. 2 lakhs. This will induce interest to spend and create demand.

On Raw material Pricing

- Open Fair price Shop on the lines of Ration shops at every Industrial estate and district HQ to supply to SMBs the needed RM such as steel , plastic , construction materials etc., at Reasonable price and @ credit of 15 days @ without insisting on minimum qty @ at reasonably good quality . Such a system was in vogue through NSIC in the past.
- To ban export of essential items such as Steel , Cement , Plastic for 6 months to enable local buyers receive materials on time.
- To set up a Price monitoring committee for essential commodities.

On Job Opportunities

- To make Internship for 180 days as compulsory in colleges
- To offer stipend of Rs.6000 pm for 6 months to those fresh graduates who take up Training in MSME establishments.

On General

- Offer Samadhan schemes for settlement of any business-related disputes currently on going, as even a slightest hope of running and settling the dues might be lost due to covid situations.
- Exempt from PF/ESI for those below Rs.2 cr Turn over. To enable them concentrate in revival.
- Open a Trading account – on the lines of Current account / occ account / savings account as an add on for companies seeking for discounting their bills drawn in favour of Govt departments/ corporates for values below Rs.2 crs per invoice and allow them to draw the funds based on acceptance of the invoice by the buyer and charge interest to the buyers account. The buyers bank can also report delay in remittances to SMBs by the buyer.
- Fix RoDTEP urgently and arrange for refunds to exporters pending since Jan 21 and settle old dues payable.
- Extend all due dates to March 2022 thereby allowing MSBs to concentrate on running business.

Submission to State Government : Short term – till March 2022

- Waiver from Property Tax , Water Tax , EB Minimum charges , Professional Tax – for Micro Businesses.
- Release of all pending payments to contractors and ensuring in turn , their settlement to their suppliers.
- Price control committee to protect from hoarding and cartel of RM.
- To provide interest subvention compensation for startup registered in the state.
- To pay Rs.6000/ pm as stipend for fresh graduates studied from the state to be employed in SMBs situated in the same state for a period of 6 months.
- To set up a Single window Facilitation center to help Businesses looking for voluntary closure and speed the process of settlement and help the entrepreneur restart again.
- To set up a committee to address harassment from lenders in recovery and over charging of interest and penalty.
- To provide moratorium for loans taken from State Finance corporations.
- To exempt from any permit charges (Road, Route, Bar) required for renewal.
- To offer additional 25% ad hoc working capital loans from Cooperative banks to local Businesses at concessional rate of interest.
- To offer workspace at every police station jurisdiction for WFH space for women who do not have adequate space at their home to function , with Wi-Fi connection.
- To offer Vaccination to all those employed, and self-employed on priority.
- To waive Registration charges for creation of hypothecation of property documents , sale deeds of industrial properties.
- Allot minimum 50% of orders in govt procurements from locally registered companies.
- To immediately identify and allocate hostels for Migrant Labour's with subsidized canteens.
- To offer concessions in participation in Trade Fairs & Exhibitions both within India and in Abroad for those registered in the State up to 75% of the cost for a minimum of 2 such participation.

Submission to Central & State Governments : Long term

- To get data of Self Employed , MSME Businesses in the Country. The easiest method to get this into the radar is – collect from all Banks – to provide the list of Current Account holders , Name of the main person, year of account opening , business engaged in , facilities enjoyed , number of employees etc. This is the fastest manner and while collecting this , we can also segregate them into Traders , Professionals , Service providers , Exporters , Engg Businesses etc. We lack data and we have it readily but do not want to capture it.
- To get data on labour force employed – both Migrant and intra migrant. To know both formal and informal sector jobs in different sectors and types of Entrepreneurs.
- To set up a separate Ministry for Self Employed , Micro Businesses – Ministry of SMB and focused development of the same.
- Currently Businesses pay more to the government than the profit they make in terms of – at the time of sale / purchase/ profits. To refix revenue sharing pattern between Businesses and government based on Turn over and profits , to enable entrepreneurs' benefit and stay within legal framework.
- To reward honest businessman beyond balance sheet numbers . If the Entrepreneur has been paying Taxes on time , EMI on time , suppliers on time in the past but has been undergoing difficulty in the last 3 years to maintain the same , consider his past track record and allow him to function with reconsideration. One yardstick for all – does not work efficiently.
- To make **'Ease of Closing'** simple and fast.

VOICE FROM THE FIELD

Ravi Sood
General Secretary
Badli Industrial Estate Association

Some of the major issues being faced by our members post the second wave of Covid-19 are as under:

- Stuck up payments with customers.
- Unprecedented hike in the cost of major inputs.
- Non-availability of adequate workforce due to their returning back to their hometown during Covid crisis.
- Lack of Govt. support in areas like extended moratorium on bank loans, rescheduling of loan repayments, withdrawal of Fixed Charges Components of Utility Bills during lockdown period, etc..

Raja Rajeev Kumar
Investor and Social Entrepreneur
LaxmiRamaVarma Foundation

Startups in Kerala have been struggling since the last 4 years. With the collapse of the global & national economy, the Disastrous floods and the Covid pandemic wrecking havoc on the startups & small enterprises and intensified their struggles. There has been very little support from the National nor the State Govts, and many startups have closed shop here. There have been instances where some have even relocated elsewhere. Its been very difficult to get work for startups. There has been layoffs. Payments have been delayed. And funding is almost nonexistent today. Investors are channeling their funds to sustain their previous investments. With very little business in the horizon, the business plans of startups & small enterprises have been totally shattered.

Entrepreneurs are unable to work out a revival plan, in the absence of clear policy guidelines. Moreover, we haven't seen any of the previous policy initiatives on the ground, nor realization of the covid stimulus packages. The only way, we can survive the crisis is by all of us working together to help each other. The Central & State Govts must understand the realities of the economy and announce a new policy for the MSMEs & startups, and actively support them. Even in normal times, its impossible for us to sustain ourselves & grow, and one can only understand how much support we need during these hard times. We hope for the best.

M. Nandakumar

Secretary

Consortium of Puducherry Industries Association

MSME's are badly affected in Pondicherry due to :

- Abnormal increase in raw materials costs, some of which are increased as much as 45-50% in the last 6 months.
- Increase in Power Tariff over the last two years
- Working Capital Pressures
- Supply Chain Constrains
- Increase in Logistics costs
- Rising Unemployment due to poor industrial growth.

G.L Pareek

Chairman

Industrial Estate Users Association, Borgudi, Tinsukia, Assam.

To transform the Northeast, the approach of the central government should change from "planning for the Northeast to planning with the Northeast".

Economy of the region is largely agrarian in nature with over 70% of the population engaged in agriculture for livelihood, service sector comes next and the manufacturing sector is still at a nascent stage. North-East Region (NER) is one of the backward regions of India characterized by low per-capita income, lack of private investment, low capital formation, inadequate infrastructure facilities, geographical isolation, and inadequate exploitation of natural resources like minerals, hydro power potential, and forests.

Concentration of economic power in the hands of few, regional imbalances, sickness of industries, loss in public sector industries, unsatisfactory labour relations, lack of capital and industrial raw materials, changing policy of the government, Dearth of Skilled and Efficient Personnel and defective licensing policy are some of the problems faced by region

C. Velmurugan
President
Hosur Small & Tiny Industries Association

MSME's are badly affected in Pondicherry due to :

- Abnormal increase in raw materials costs, some of which are increased as much as 45-50% in the last 6 months.
- Increase in Power Tariff over the last two years
- Working Capital Pressures
- Supply Chain Constrains
- Increase in Logistics costs
- Rising Unemployment due to poor industrial growth.

Ms. Ruparani
President
Forum of Women Entrepreneurs

SURVIVAL OF EMPLOYER: Implement schemes to safeguard the interest of the Employer since without his survival in crisis how will he happen to manage the employees. Resources beyond employers' control to be included in the labor laws which is safeguarding the employees but nowhere there is any laws to safeguard the employer. Solutions to safeguard has to be seriously taken into consideration during such pandemic to help the employer instead of shutting down the industry restructure his burden with the government policy.

WOMEN ENTREPRENEURS: All concessions and benefits to be made available to women entrepreneurs to the existing policy OF SC/ST applicable to women entrepreneurs also to be made uniform policy. Loans during the pandemic to be waived off and restructure the loan after moratorium the interest rate to be discounted with 50% of the nominal rate of interest for MSME.

CIBIL SCORE: To be totally abolished for MSME's

URBAN CENTRIC DEVELOPMENT: Union Government in consultation with entrepreneur's experts in the related field and due consultation to device a mechanism for shifting urban centric development. To be distributed development across the country by providing adequate infrastructure for improving the general economic condition if the country.

Murali Kasinath
Chief Operating Officer
Skills India Foundation

Indian skilling eco system is badly affected and facing crucial time. The COVID-19 pandemic has totally spoiled, mostly 58 percent of the skilling company facing NPA and 72 percent of skill Assessment Company facing NPA issue. The skilling projects has majorly funded by government of India. Due to pandemic lockdown huge due payment on Training center Rent, salary, maintenance, affiliation and accreditation expenses etc. The online classes for most of the skill courses are impracticable.

SKiLLS INDiA
Skills India Foundation

Vinay Tandon
President
Eastern U.P Chamber of commerce and Industry, Allahabad

1. Uttar Pradesh has always been the neglected one with regard to a clear industrial and MSME development plan. Even after being the most populous state, most of the state's manpower is forced to migrate to other states as most enterprises are either sick, closed or struggling for mere existence.
2. The socio-political scenario in the state has always led to a fear of instability amongst entrepreneurs be it red-tapism, corruption or poor law and order, due to which the state of UP has never been a preferred place of business. Most government policies for industries have been a farce and never been implemented in ground.
3. Many departments of the State Government have put heavy license fees and other charges such as very High maintenance charges by U.P. State Industrial Development Corpn., Fixed and demand charges by U.P.P.C.L. (Electricity Board) resulting in costly electricity and other input costs which has impacted the cost of production and there have been no attempts by most governments to provide special packages, economic attractions forward investors to invest in the State.

EASTERN U.P. CHAMBER OF COMMERCE & INDUSTRY
EUPCCI
ALLAHABAD
Estd. : 1958

S. R. Rao Sahib
Director and Co Promoter
Cafe Udupi Ruchi

Cafe Udupi Ruchi is a restaurant chain operating though franchising model, thereby creating many entrepreneurs who in turn generate large employment. Innovative concept of chef less kitchens, operate on the ready premixes manufactured by us. Because of the concept, we generate a lot of employment for the unskilled rural citizens through internal training program. With pandemic hitting the industry badly twice, restaurant chains like us have impacted devastatingly and thereby making the sustenance doubtful. Unemployment rate has neared 75% and the losses at the outlet level are irrecoverable, forcing franchisees to not pay royalty and expecting discounts on our fees and supplies. Having spent huge resources on R&D, Cafe Udupi Ruchi has reduced food wastage (farm to fork) from 35% to less than 5% and operates highly efficiently. Because of this revenue dip, we are also struggling to maintain our staff and infrastructure, and this sudden impact has made our future seem bleak.

M.H. Roongta
President
MIDC Industries Association, Chandrapur

Due to Covid 19 pandemic, MSME sectors are worse affected, and 40% industries are going to close down because of:

- Payments are not received by MSME from Govt/Corporates / PSU since last 1 year
- Banks are not supporting and even whatever Packages given from bank last year, full amount recovered from MSME in March, 2021.
- Slow down production in Giant Industries affected on production of small Industries sectors.
- High rise in prices of steel, plastics, make adverse effect on MSME and become Sick and Close operation. No Escalation Clauses in Govt Tender on hike of rises price by more than 25%, caused a huge losses to our MSME.
- Hike in rates of diesel, petrol by more than 40% increase freight rates, Transportation cost increases by more than 25%.

Vasanthi Shankar

TN General Secretary

All India Hair & Beauty Association

- Salons and Beauty industry are completely affected due to lock down measures and social distancing norms introduced by Govt during 8 months out of last 13 months.
- Every entrepreneur, mostly women, are completely ruined with income and investment.
- Need capital of restart/ retained the parlor without interest
- Not able to pay Commercial Rental /EB.
- Not able to pay Staff salary because of no customer flow in beauty parlor.
- Many beauty parlors are closed due to this pandemic situations.

Harindra Garg

Chairman

SIDCUL Manufacturers Association Uttarakhand

Rising rates of Raw Materials , especially Food items, Edible oil, Iron & Steel, Petroleum Products,

Limited working capital, the cost of all inputs increased by 10-15% resultant Working increased by minimum 2.5to 3 Times.

limited price-cost margins/profitability- Interest /Cost burden & enhanced Working capital pressured margin to drop even in some field MSME is working only on BEP(Break Even Point).

Weakening of demand – Lockdown impacts all over demand of industry & overall market shrink by 50%

Retaining of the full workforce , Costs of deployed workforce, Payment of wages/salaries to workers/employees

Repayment of loans/payment of EMIs , Costs of capital and Costs of compliances - In spite of Government efforts of Ease of doing Business it's not easy to switch new business & permission for expansion / modification becomes jeopardies to Manufacturers.

Industrial output and export. The only area where India shows a significant growth, but MSME could not find the way to contribute in the absence of Ground support of infrastructure. Only big houses could do better results.

Sharad Kankaria
General Secretary
United Council of Rajasthan Industries

To summarize the problem of MSME in the state of Rajasthan

1. Extra protection in labour laws by the Government
2. Non availability of funds due to late implementation of schemes of RBI/Govt

Mani Raj
President
Kovai Pumpset & Spares Manufacturers Association

The peak demand of pump set is summer months. With the loss of 2 years business due to Covid and lock down , the entire pump set manufacturers , employees are suffering. Nearly 3000 Pump set manufacturers, 15000 suppliers are completely wiped out due to financial crisis.

Sandipan Ray
Founder, **SMB Connect**

Hit by the Covid-19 pandemic, followed by social distancing and a nationwide lockdown, businesses are experiencing major impacts no matter how established they are and are having to re-look at how they manage and operate their business including re-visitation of their business plan. Instead of blaming each other, all business entrepreneurs should stand together and help each other to overcome this challenging face.

Kenny Ramanand

National General Secretary
All India Manufacturers Organisation

The second wave have impacted over 72% members severely both on the personal levels with loss of lives of family members, colleagues , staff and their families and professionally with continued losses in businesses and challenges in numerous areas.

We are confident our members are resilient and with the support of fellow members will live to fight another day. Long live the spirit of an Indian Entrepreneur . We request the Government to salute and motivate these Business Warriors.

Manmohan Gaind

General Secretary
Manesar Industries Welfare Association

Sudden and steep increase of CORE Raw Material: There is sudden and Steep increase in fact nearly doubling of price of all core raw material be it be Metals (Copper, Steel, Brass etc) Plastic (PVC , PP, LD) or chemicals (Polymers, Essential Processing Chemicals etc) . This has affected the financial strength of MSME as the capital requirement to run the business has gone up substantially.

Reduction in Demand : Pandemic has affected the demand as most of the retail markets were either closed or operational on few days, this led to greatly reduced sentiments of customers to buy, resulting in high reduction in demand for 'products', is affecting the MSME.

No Financial Support: Financial Strength of MSME also got depleted in Manesar because in spite of less sales we had to fulfil the statutory obligations and obligation on payment for his fixed cost and no support from govt was ever received whether the soft loans or some financial support as given by Govt s of other countries especially in western world, Nor Govt gave more time in recovery of electricity bills or any other taxes. This further crippled MSME strength and confidence to operate its manufacturing unit due to Pandemic.

Anand Gowda

Head of Finance Committee

Karnataka Elevator Manufacturers Association (KEMA)

- The Elevator industry is a booming industry. The market for elevators in India is projected to grow at a compounded annual growth rate of over 8% between 2016 and 2021 with the size of the market forecast to cross $1.6 billion in 2020.
- Industry is facing few challenges like skilled labour issue, scarcity of raw materials for few components and import duties and so on. MSME's are struggling to collect payments from customers, need R&D support and flexibility on the license renewal process from respective State governments.
- Micro and small enterprises playing major role in this industry even though plenty of MNC's dominating the industry.

Er.R.MOHANRAJ ,

State Past President

Federation of All Civil Engineers Association of Tamilnadu and Pondy

After the curfew was announced in March 2020, economic slowdown was occurred, affecting the construction industry badly. Last year a bag of cement was Rs.340. It rose to Rs.520 now. A ton of steel rose from Rs.58000 to Rs.72000. A load of 3000 bricks rose from Rs.20000 to 27000, a unit of gravel from Rs.3500 to Rs.4900, a unit of sand from Rs.3800 to Rs.5000 and paint from Rs.60 to Rs.80 per litre. The price of raw materials for the production of building materials did not rise.

Due to artificial price rise, the construction industry has stalled. Due to curfew, 15 lakhs north indian construction labour have gone home. Labour shortages are acute.

We have several Initiatives from GoI to support MSME

Schemes implemented by M/o MSME & its organisatons

1. Prime Minister's Employment Generation Programme (PMEGP)

2. 2nd Loan for up-gradation of the existing PMEGP/MUDRA units

3. Credit Guarantee Scheme for Micro & Small Businesses (CGTMSE)

4. Credit Linked Capital Subsidy Component (CLCS & TU Scheme)

5. Procurement and Marketing Support (PMS) scheme

6. International Cooperation (IC) Scheme

7. Micro & Small Businesses Cluster Development Programme (MSE – CDP)

8. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

9. A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)

10. ZED Certification Scheme

11. Lean Manufacturing Competitiveness for MSMEs

12. Design Clinic for Design Expertise to MSMEs

13. Digital MSME

14. Entrepreneurial and Managerial Development of SMEs through Incubators

15. Awareness on Intellectual Property Rights (IPR)

16. Entrepreneurship Skill Development Programme (ESDP) Scheme

17. National SC-ST Hub

18. Assistance to Training Institutions (ATI) Scheme

19. Coir Industry Technology Upgradation Scheme

20. Skill Upgradation and Mahila Coir Yojana

21. Interest Subsidy Eligibility Certificate (ISEC)

22. Work-Shed Scheme for Khadi Artisans

23. Rojgar Yukt Gaon

24. Mahatma Gandhi Institute for Rural Industrialization (MGIRI)

New Schemes

1. Pottery Activity under Gramodyog Vikas Yojana (GVY) scheme

2. Beekeeping Activity under "Gramodyog Vikas Yojana(GVY) Scheme

3. Agarbatti Making Project under "Gramodyog Vikas Yojana(GVY) Scheme

4. Tool Rooms and Technical Institutions

But, Are you aware? Have you used them?

Can we see this Smile everywhere?

Conclusion

This survey and document is an attempt of Consortium of Indian Associations, and we are only acting as a consolidation of data from the field. The suggestions are reflection of various experts, associations and entrepreneurs and it must be evaluated for its merit and feasibility and repercussions.

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